

P R O S P E C T U S

THIS PROSPECTUS IS DATED 10 APRIL 2025



WEST RIVER BERHAD

Registration No. 202301037127 (1531050-H)
(Incorporated in Malaysia)

INITIAL PUBLIC OFFERING ("IPO") IN CONJUNCTION WITH OUR LISTING ON THE ACE MARKET OF BURSA SECURITIES COMPRISING:

- (I) PUBLIC ISSUE OF 71,540,000 NEW ORDINARY SHARES IN OUR COMPANY ("SHARES") IN THE FOLLOWING MANNER:
- 17,885,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
 - 8,942,500 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO OUR SUCCESS; AND
 - 44,712,500 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY;
- (II) OFFER FOR SALE OF 35,770,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS, AT AN ISSUE/OFFER PRICE OF RM0.39 PER SHARE, PAYABLE IN FULL UPON APPLICATION.

Principal Adviser, Sponsor, Underwriter and Placement Agent



M & A SECURITIES SDN BHD
(Registration No.: 197301001503 (15017-H))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Bursa Securities has approved this IPO and this Prospectus has been registered by Bursa Securities. The registration of this Prospectus should not be taken to indicate that Bursa Securities recommends the offering or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus. Bursa Securities has not, in any way, considered the merits of the securities being offered for investment. Bursa Securities is not liable for any non-disclosure on the part of the company and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus. No securities will be allotted or issued based on this Prospectus after 6 months from the date of this Prospectus.

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 178.

THE ACE MARKET OF BURSA SECURITIES IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET OF BURSA SECURITIES. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET OF BURSA SECURITIES. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.

THE ISSUE, OFFER OR INVITATION FOR THE OFFERING IS NOT A PROPOSAL REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SECURITIES COMMISSION MALAYSIA UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.



WEST RIVER BERHAD

PROSPECTUS



WEST RIVER BERHAD

Registration No. 202301037127 (1531050-H)
(Incorporated in Malaysia)

C-6-7, Centum @ Oasis Corporate Park
Oasis Damansara, No. 2, Jalan PJU 1a/2
Ara Damansara, 47301 Petaling Jaya, Selangor

Tel: +603-9132 5326 Fax: +603-9132 5326

Email: corporate@westriver.com.my

www.westriver.com.my



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

M & A Securities Sdn Bhd, being our Principal Adviser, Sponsor, Underwriter and Placement Agent to our IPO (as defined herein), acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

This Prospectus, together with the Application Form (as defined herein), has also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

You should note that you may seek recourse under Sections 248, 249 and 357 of the Capital Markets and Services Act 2007 ("**CMSA**") for breaches of securities laws including any statement in the Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectus or the conduct of any other person in relation to our Group (as defined herein).

Securities listed on Bursa Securities are offered to the public premised on full and accurate disclosure of all material information concerning our IPO, for which any person set out in Section 236 of the CMSA, is responsible.

Approval has been obtained from Bursa Securities for the listing of and quotation for our IPO Shares (as defined herein) on 7 November 2024. Our admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares. Bursa Securities shall not be liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, 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 Prospectus.

The SC has on 21 November 2024 approved the resultant equity structure of our Company under the equity requirements for public listed companies pursuant to our Listing (as defined herein).

Our Shares are classified as Shariah compliant by the Shariah Advisory Council of the SC. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review undertaken by the Shariah Advisory Council of the SC. The new status is released in the updated list of Shariah compliant securities, on the last Friday of May and November.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

It shall be your sole responsibility if you are or may be subject to the laws of countries or jurisdictions other than Malaysia, to consult your legal and/or other professional advisers as to whether our IPO would result in the contravention of any law of such countries or jurisdictions.

Further, it shall also be your sole responsibility to ensure that your application for our IPO Shares would be in compliance with the terms of our IPO as stated in our Prospectus and the Application Form and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected. We will further assume that you had accepted our IPO in Malaysia and will be subjected only to the laws of Malaysia in connection therewith.

However, we reserve the right, in our absolute discretion to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

No action has been or will be taken to ensure that this Prospectus complies with the laws of any country or jurisdiction other than the laws of Malaysia. It shall be your sole responsibility to consult your legal and/or other professional adviser on the laws to which our IPO or you are or might be subjected to. Neither us nor our Principal Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

ELECTRONIC PROSPECTUS

This Prospectus can be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus and the copy of this Prospectus registered with Bursa Securities are the same.

You are advised that the internet is not a fully secured medium, and that your Internet Share Application (as defined herein) may be subject to the risks of problems occurring during the data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions or Participating Securities Firms (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions or Participating Securities Firms.

If you are in doubt of the validity or integrity of an Electronic Prospectus, you should immediately request from us, the Principal Adviser or Issuing House (as defined herein), a paper printed copy of this Prospectus.

In the event of any discrepancy arising between the contents of the electronic and the contents of the paper printed copy of this Prospectus for any reason whatsoever, the contents of the paper printed copy of this Prospectus which are identical to the copy of the Prospectus registered with the Bursa Securities shall prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "**Third Party Internet Sites**"), whether by way of hyperlinks or by way of description of the Third Party Internet Sites, you acknowledge and agree that:

- (i) We and our Principal Adviser do not endorse and are not affiliated in any way with the Third Party Internet Sites and are not responsible for the availability of, or the contents or any data, information, files or other material provided on the third party internet sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;
- (ii) We and our Principal Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Principal Adviser are also not responsible for any loss or damage or costs that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance of any data, information, files or other material provided by such parties; and
- (iii) Any data, information, files or other material downloaded from Third Party Internet Sites is done at your own discretion and risk. We and our Principal Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

- (i) The Internet Participating Financial Institutions or Participating Securities Firms are only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions or Participating Securities Firms and shall not be responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions or Participating Securities Firms and thereafter communicated or disseminated in any manner to you or other parties; and
- (ii) While all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The Internet Participating Financial Institutions or Participating Securities Firms shall not be liable (whether in tort or contract or otherwise) for any loss, damage or costs, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institutions or Participating Securities Firms, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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INDICATIVE TIMETABLE

*All terms used are defined under "**Definitions**" commencing from page vii.*

The indicative timing of events leading to our Listing is set out below:

Events	Indicative date
Issuance of this Prospectus/Opening of Application	10 April 2025
Closing Date/Closing of Application	17 April 2025
Balloting of Application	22 April 2025
Allotment/Transfer of our IPO Shares to successful applicants	29 April 2025
Date of Listing on the ACE Market of Bursa Securities	5 May 2025

In the event there is any change to the timetable, we will make announcement on Bursa Securities' website and advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

*All terms used in this section are defined under "**Definitions**" commencing from page vii.*

All references to "**West River**" and the "**Company**" in this Prospectus are to West River Berhad [Registration No.: 202301037127 (1531050-H)]. Unless otherwise stated, references to "**Group**" are to our Company and our subsidiary taken as a whole; and references to "**we**", "**us**", "**our**" and "**ourselves**" are to our Company, and, save where the context otherwise requires, our subsidiaries. Unless the context otherwise requires, references to "**Management**" are to our Directors and key senior management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

The word "**approximately**" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest thousand or million or one decimal place (for percentages) or one sen (for currency). Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Certain abbreviations, acronyms and technical terms used are defined in the "**Definitions**" and "**Technical Glossary**" appearing after this section. Words denoting singular shall include plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

All reference to dates and times are references to dates and times in Malaysia.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

This Prospectus includes statistical data provided by our management and various third-parties and cites third-party projections regarding growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from internal data. In each such case, the source is stated in this Prospectus. Where no source is stated, such information can be assumed to originate from us. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by the Independent Market Researcher. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate. Third party projections, including the projections from the Independent Market Researcher, cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. Hence, you should not place undue reliance on the third-party projections cited in this Prospectus.

The information on our website, or any website directly or indirectly linked to such websites do not form part of this Prospectus.

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FORWARD-LOOKING STATEMENTS

*All terms used are defined under "**Definitions**" commencing from page vii.*

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as "**may**", "**will**", "**would**", "**could**", "**believe**", "**expect**", "**anticipate**", "**intend**", "**estimate**", "**aim**", "**plan**", "**forecast**", "**project**" or similar expressions and include all statements that are not historical facts.

Such forward-looking statements include, without limitations, statements relating to:

- (i) demand for our products and services;
- (ii) our business strategies;
- (iii) our future plans;
- (iv) our future earnings, cash flows and liquidity; and
- (v) our ability to pay future dividends.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- (i) the COVID-19 pandemic and possible similar future outbreak(s);
- (ii) the economic, political and investment environment in Malaysia; and
- (iii) Government policy, legislation or regulation in Malaysia.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 8 – "**Risk Factors**" and Section 11 – "**Financial Information**". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

Should we become aware of any subsequent material change or development affecting matters disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment/transfer of our IPO Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMA and Paragraph 1.02, Chapter 1 of Part II (Division 6 on Supplementary and Replacement Prospectus) of the Prospectus Guidelines of the SC.

DEFINITIONS

The following terms in this Prospectus bear the same meanings as set out below unless otherwise defined or the context requires otherwise:

COMPANIES WITHIN OUR GROUP:

West River or Company	: West River Berhad [Registration No.: 202301037127 (1531050-H)]
West River Group or Group	: West River Berhad and its subsidiaries, collectively
West River Engineering	: West River Engineering Sdn Bhd [Registration No.: 200301030276 (632696-K)]
West River M&E	: West River M&E Sdn Bhd [Registration No.: 201501043871 (1169192-W)]
Neutron Letrik	: Neutron Letrik Sdn Bhd [Registration No.: 201701027053 (1241219-U)]
Neutron Power	: Neutron Power Sdn Bhd (formerly known as Voon M&E Sdn Bhd) [Registration No.: 202001033047 (1389368-U)]

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DEFINITIONS (*Cont'd*)

GENERAL:

ACE Market	: ACE Market of Bursa Securities
Acquisition of West River Engineering or Acquisition	: Acquisition by West River of the entire equity interest of West River Engineering from Neutron Capital and Lim Yong Lai for a total purchase consideration of RM20,025,600 which was wholly satisfied by the issuance of 286,080,000 new Shares at an issue price of RM0.07 per share, which was completed on 16 December 2024
Act	: Companies Act, 2016, as amended from time to time and any re-enactment thereof
ADA	: Authorised Depository Agent
Application	: Application for IPO Shares by way of Application Form, Electronic Share Application or Internet Share Application
Application Form	: Printed application form for the application of our IPO Shares accompanying this Prospectus
ATM	: Automated teller machine
BFR	: Base Financing Rate
BLR	: Base Lending Rate
BNM	: Bank Negara Malaysia
Board	: Board of Directors of West River
Bursa Depository or Depository	: Bursa Malaysia Depository Sdn Bhd [Registration No.: 198701006854 (165570-W)]
Bursa Securities	: Bursa Malaysia Securities Berhad [Registration No.: 200301033577 (635998-W)]
CAGR	: Compound annual growth rate
CCC	: Certificate of completion and compliance
CDS	: Central Depository System
CDS Account	: Account established by Bursa Depository for a depositor for the recording and dealing in securities by the depositor
CF	: Certificate of fitness
Central Depositories Act	: Securities Industry (Central Depositories) Act, 1991, as amended from time to time and any re-enactment thereof
CIDB	: Construction Industry Development Board
CIDB Act	: Lembaga Pembangunan Industri Pembinaan Malaysia Act, 1994, as amended from time to time and any re-enactment thereof

DEFINITIONS (*Cont'd*)

Closing Date	: Date adopted in this Prospectus as the last date for acceptance and receipt of the Application
CMSA	: Capital Markets and Services Act, 2007, as amended from time to time and any re-enactment thereof
Constitution	: Our constitution, as amended from time to time
COVID-19	: Coronavirus disease 2019, an infectious disease which was a global pandemic
DBKL	: Dewan Bandaraya Kuala Lumpur
Depository Rules	: Rules of Bursa Depository, and any appendices thereto as they may be amended from time to time
Director(s)	: An executive director or a non-executive director of our Company within the meaning of Section 2 of the Act
DOSH	: Department of Occupational Safety & Health, Malaysia
EBIT	: Earnings before interest and tax
EBITDA	: Earnings before interest, tax, depreciation and amortisation
Electronic Prospectus	: Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium
Electronic Share Application	: Application for IPO Shares through a Participating Financial Institution's ATM(s)
Eligible Persons	: Eligible Directors, employees and persons who have contributed to the success of our Group, collectively
EPS	: Earnings per share
Financial Year Under Review	: FYE 2020, FYE 2021, FYE 2022, FYE 2023 and FYE 2024, collectively
FYE	: Financial year(s) ended/ending 31 December, as the case may be
Government	: Government of Malaysia
GP	: Gross profit
IFRS	: International Financial Reporting Standards
IMR or Providence	: Providence Strategic Partners Sdn Bhd [Registration No.: 201701024744 (1238910-A)]
IMR Report	: Independent Market Research Report titled "Outlook of the Mechanical and Electrical Engineering Industry in Malaysia" dated 12 March 2025
Initial Public Offering or IPO	: Our initial public offering comprising the Public Issue and Offer for Sale

DEFINITIONS (Cont'd)

Internet Participating Financial Institution(s)	: Participating financial institution(s) for Internet Share Application as listed in Section 15.6
Internet Share Application	: Application for IPO Shares through an online share application service provided by Internet Participating Financial Institution or Participating Securities Firms
IPO Price	: Issue/offer price of RM0.39 per Share pursuant to our Public Issue and Offer for Sale
IPO Share(s)	: Issue Share(s) and Offer Share(s), collectively
ISO	: International Organisation for Standardisation
Issue Share(s)	: New Share(s) to be issued under the Public Issue
Issuing House	: Tricor Investor & Issuing House Services Sdn Bhd [Registration No.: 197101000970 (11324-H)]
LOA	: Letter of award
Listing	: Listing of and quotation for our entire enlarged share capital of RM47,931,800 comprising 357,700,000 Shares on the ACE Market of Bursa Securities
Listing Requirements	: ACE Market Listing Requirements of Bursa Securities, as amended from time to time
Listing Scheme	: Comprising the Public Issue, Offer for Sale and Listing, collectively
LPD	: 11 March 2025, being the latest practicable date for ascertaining certain information contained in this Prospectus
M & A Securities	: M & A Securities Sdn Bhd [Registration No.: 197301001503 (15017-H)]
Malaysian Public	: Malaysian citizens and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
Market Day(s)	: Any day between Monday to Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for the trading of securities which may include a surprise holiday
MCO	: The nationwide movement control order that was imposed by the federal government of Malaysia under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 as a measure to contain the outbreak of the COVID-19 pandemic
MFRS	: Malaysian Financial Reporting Standards
MITI	: Ministry of Investment, Trade and Industry, Malaysia
MOF	: Ministry of Finance, Malaysia
NA	: Net assets

DEFINITIONS (*Cont'd*)

NBV	:	Net book value
Neutron Capital	:	Neutron Capital Sdn Bhd [Registration No.: 201601037082 (1208023-X)]
Neutron M&E	:	Neutron M&E Sdn Bhd [Registration No.: 201901031558 (1340888-H)]
NRP	:	National Recovery Plan
Offer for Sale	:	Offer for sale of the Offer Shares by our Selling Shareholder at our IPO Price
Offer Share(s)	:	35,770,000 existing Shares to be offered under our Offer for Sale
Participating Financial Institution(s)	:	Participating financial institution(s) for Electronic Share Application as listed in Section 15.5
Participating Securities Firms	:	Participating securities firm(s) for Internet Share Application as listed in Section 15 of this Prospectus
PAT	:	Profit after tax
PBT	:	Profit before tax
PE Multiple	:	Price-to-earnings multiple
Pink Form Allocations	:	Allocation of 8,942,500 Issue Shares to our Eligible Persons, which forms part of our Public Issue
Pre-IPO Restructuring	:	Comprising the Pre-IPO Shareholding Restructuring in West River Engineering and Acquisition of West River Engineering
Pre-IPO Shareholding Restructuring in West River Engineering	:	Acquisition by Lim Yong Lai of 393,800 ordinary shares representing 26.25% equity interest in West River Engineering from Neutron Capital for a total purchase consideration of RM5,257,388 which was fully satisfied via cash and was completed on 13 December 2024
Principal Adviser or Sponsor or Placement Agent or Underwriter	:	M & A Securities
Promoters or Specified Shareholders	:	Collectively, Neutron Capital and Lim Yong Lai
Prospectus	:	This prospectus dated 10 April 2025 in relation to our IPO
Prospectus Guidelines	:	Prospectus Guidelines issued by the SC, as amended from time to time
Public Issue	:	Public issue of 71,540,000 Issue Shares at our IPO Price
QC	:	Quality control
ROC	:	Registrar of Companies

DEFINITIONS (Cont'd)

SEDA	: Sustainable Energy Development Authority, Malaysia
Selling Shareholder	: Neutron Capital, who is undertaking the Offer for Sale
SC	: Securities Commission Malaysia
Share(s) or West River Shares	: Ordinary share(s) in our Company
SOP	: Standard operating procedures
ST or Suruhanjaya Tenaga	: Energy Commission of Malaysia
TNB	: Tenaga Nasional Berhad [Registration No.: 199001009294 (200866-W)]
Underwriting Agreement	: Underwriting agreement dated 10 March 2025 between West River and M & A Securities for the purpose of our IPO

CURRENCY:

RM and sen	: Ringgit Malaysia and sen respectively
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UNIT OF MEASUREMENT:

kV	: Kilovolt
sq ft	: Square foot

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TECHNICAL GLOSSARY

This glossary contains an explanation of certain terms used throughout this Prospectus in connection with our Group's business. The terminologies and their meanings may not correspond to the standard industry usage of these terms:

ACMV	: Air-conditioning and mechanical ventilation, the technology of indoor environmental comfort to provide thermal comfort and acceptable indoor air quality
AC	: Alternating current, a type of electrical current in which the direction of the flow of electrons switches back and forth at regular intervals or cycles
AI	: Artificial intelligence, a computer system or machine that leverages on algorithms to mimic the problem-solving and decision-making capabilities of the human mind
Air handling unit	: An equipment that collects outside air and room air, removes dust and other particles from the collected air, adjusts the temperature and humidity and then supplies comfortable and refreshing air-conditioned air into the rooms through ducts
CCTV	: Closed circuit television, the use of video cameras to transmit signals to a specific place on a limited set of monitors
Chiller	: A cooling system that removes heat away from a space that requires climate control by circulating a heat-absorbing refrigerant through a series of cooling mechanisms (typically water) through which the heat is released. The variable frequency drives in a chiller controls the speed of the chiller's motor for energy savings compared to a conventional chiller
Control cable	: A low voltage cable that is designed to help equipment function as it is supposed to via automation
DC	: Direct current, a type of electrical current which flows consistently in one direction
Distribution board	: A component of an electricity supply system that divides an electrical power feed into one or more circuits to distribute electricity
Earthing systems	: A grounding system that connects specific parts of an electrical and electronic system to the earth's conductive surface for safety and functional purposes
ELV	: Extra low voltage, with AC voltage of less than 50 volts or DC voltage of less than 120 volts
ELV systems	: Systems that operate on ELV, which include security and surveillance systems comprising CCTV systems, public address systems as well as intercommunication systems
Final circuit	: An electrical circuit connected directly to a current-using equipment, or to a socket outlet or other outlet points, for the connection of such equipment
Fit-out works	: The process of making an interior space suitable for occupation

TECHNICAL GLOSSARY (Cont'd)

Generator set	: A device that converts motion-based power or fuel-based power into electric power for the use of an external circuit
HMI	: Human machine interface, a device or software through which a user interacts with and controls machines or systems
HV systems	: High voltage systems, which are used for distribution systems with voltages of more than 50kV but less or equal to 230kV
IoT	: Internet of things, a system that uses a common Internet Protocol platform to connect multiple devices (such as sensors or microchips) to exchange and analyse information, thereby automatically optimising each device's controls
Intelligent building solutions	: The practice of creating structures and using processes that are resource-efficient and environmentally responsible throughout a building's lifecycle from design, construction, operation, maintenance, renovation and deconstruction
Inverter	: A device or circuitry that controls the voltage and frequency of the power supply and seamlessly changes the rotation speed of motors used in electrical appliances and industrial machineries
JavaScript	: JavaScript is a lightweight, interpreted programming language designed for creating network-centric applications
LV systems	: Low voltage systems, which are used for distribution systems with voltages more than 50 volts but less than or equal to 1kV
Machine learning	: The use and development of computer systems that are able to learn and adapt without following explicit instructions, by using algorithms and statistical models to analyse and draw inferences from patterns in data
MCC	: Motor control centre, an enclosure panel which functions to feed, control and protect circuits where the primary load consists of motors
M&E	: Mechanical and electrical
MQTT	: Message Queuing Telemetry Transport, a lightweight, open-source messaging protocol designed for small sensors and mobile devices in low-bandwidth, high-latency, or unreliable networks, and it is used in the context of IoT for communication between devices
MV systems	: Medium voltage systems, which are used for distribution systems with voltages above 1kV but less than or equal to 50kV
PLCs	: Programmable logic controllers, industrial computers that has been adapted for the control of manufacturing processes or activities that require high reliability, ease of programming and process fault diagnosis
Python	: Python is a general-purpose, interpreted, high-level programming language used for website development, data analytics and automation

TECHNICAL GLOSSARY (*Cont'd*)

Switchboard	: A single large panel or a combination of electrical panels on which switches and other power control equipment are mounted
Switchgear	: A combination of electrical disconnect switches, fuses or circuit breakers used to control, protect and isolate electrical equipment
Transformer	: An electrical component that transfers electrical energy from one electrical circuit to another circuit, or multiple circuits
Value engineering	: A systematic and organised approach to analyse designed building features, systems, equipment, and material selections to achieve essential functions and enhance results while optimising the life-cycle cost

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Designation	Residential address	Nationality	Gender
Dato' Sri Dr Shahril bin Mokhtar	Independent Non- Executive Chairman	16, Sunway Montana Jalan Desa Melawati 53100 Kuala Lumpur Wilayah Persekutuan	Malaysian	Male
Lim Yong Lai	Managing Director	No. 17, Jalan Alam Sutera 15 Alam Sutera 57000 Kuala Lumpur Wilayah Persekutuan	Malaysian	Male
Cheong Wee Kim	Executive Director	No. 22A, Jalan Putra Impiana 8 Taman Putra Impiana 47120 Puchong Selangor	Malaysian	Male
Tan Yiing Fung	Independent Non- Executive Director	89, Jalan Limau Kasturi Taman Slim Jaya 35800 Slim River Perak	Malaysian	Female
Kho Zhen Qi	Independent Non- Executive Director	23-08, Sentul Village Service Apartment No. 10, Jalan Sentul Perdana 51100 Kuala Lumpur Wilayah Persekutuan	Malaysian	Female
Wong Kian Leon	Independent Non- Executive Director	33-1, Jalan 4/93 Taman Miharja 2 ½ Miles, Jalan Cheras 55200 Kuala Lumpur Wilayah Persekutuan	Malaysian	Male

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Wong Kian Leon	Chairperson	Independent Non-Executive Director
Tan Yiing Fung	Member	Independent Non-Executive Director
Kho Zhen Qi	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Kho Zhen Qi	Chairperson	Independent Non-Executive Director
Tan Yiing Fung	Member	Independent Non-Executive Director
Wong Kian Leon	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Tan Yiing Fung	Chairperson	Independent Non-Executive Director
Wong Kian Leon	Member	Independent Non-Executive Director
Kho Zhen Qi	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY (Cont'd)

COMPANY SECRETARIES : Tan Tong Lang (MAICSA 7045482)
(SSM Practicing Certificate No. 202208000250)
(Associate Member of the Malaysian Institute of Chartered Secretaries and Administrators)

Ang Wee Min (MAICSA 7076022)
(SSM Practicing Certificate No. 202208000334)
(Associate Member of the Malaysian Institute of Chartered Secretaries and Administrators)

B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No.1, Medan Syed Putra Utara
59200 Kuala Lumpur
Wilayah Persekutuan

Telephone: 03-9770 2200

REGISTERED OFFICE : B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No.1, Medan Syed Putra Utara
59200 Kuala Lumpur
Wilayah Persekutuan

Telephone: 03-9770 2200

HEAD OFFICE : C-6-7, Centum @ Oasis Corporate Park
Oasis Damansara
No. 2, Jalan PJU 1a/2
Ara Damansara
47301 Petaling Jaya
Selangor

EMAIL ADDRESS AND WEBSITE : Website: www.westriver.com.my
Email address: corporate@westriver.com.my

PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT : **M & A Securities Sdn Bhd**
[Registration No.: 197301001503 (15017-H)]

Level 3 and 7, 45 & 47, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Wilayah Persekutuan

Telephone: 03-2284 2911

SOLICITORS FOR OUR LISTING : **Ilham Lee**

C3-5-2, Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
Wilayah Persekutuan

Telephone: 03-6211 3221

1. CORPORATE DIRECTORY (*Cont'd*)

AUDITORS AND REPORTING ACCOUNTANTS FOR OUR LISTING	: Ecovis Malaysia PLT [Registration number.: 201404001750] LLP number: LLP0003185-LCA Firm number: AF001825 D-10-03, Level 10 Exsim Tower, Millerz Square @ Old Klang Road Megan Legasi, No. 357, Jalan Kelang Lama 58000 Kuala Lumpur Partner-in-charge: Chua Kah Chun Approval number: 02696/09/2025 (J) (Chartered Accountant of the Malaysian Institute of Accountants and Fellow Member of the Association of Chartered Certified Accountants) Telephone number: 03-7986 0066
INDEPENDENT RESEARCHER	MARKET : Providence Strategic Partners Sdn Bhd [Registration No.: 201701024744 (1238910-A)] 67-1, Block D, Jaya One Jalan Prof Diraja Ungku Aziz 46200 Petaling Jaya Selangor Telephone: 03-7625 1769 Executive Director: Elizabeth Dhoss <i>(Bachelor of Business Administration from the University of Malaya)</i>
ISSUING HOUSE AND SHARE REGISTRAR	: Tricor Investor & Issuing House Services Sdn Bhd [Registration No.: 197101000970 (11324-H)] Unit 32-01, Level 32, Tower A Vertical Business Suite, Avenue 3 Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur Wilayah Persekutuan Telephone: 03-2783 9299
LISTING SOUGHT	: ACE Market
SHARIAH STATUS	: Approved by Shariah Advisory Council of SC

2. APPROVALS AND CONDITIONS**2.1 APPROVALS AND CONDITIONS****2.1.1 Bursa Securities approval**

Bursa Securities had, vide its letter dated 7 November 2024, approved our admission to the Official List of the ACE Market and the listing of and quotation for our entire enlarged issued share capital on the ACE Market. The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
1.	Submit the following information with respect to the moratorium on the shareholdings of the Specified Shareholders to Bursa Depository: (i) Name of shareholders; (ii) Number of Shares; and (iii) Date of expiry of the moratorium for each block of Shares.	Complied
2.	Confirm that approvals from other relevant authorities have been obtained for implementation of the Listing;	Complied
3.	The Bumiputera equity requirements for public listed companies as approved/exempted by the SC including any conditions imposed thereon;	Complied
4.	Make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Guidance Notes 15 of the Listing Requirements;	To be complied
5.	Furnish to Bursa Securities a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of West River on the first day of Listing;	To be complied
6.	In relation to the Public Issue to be undertaken by West River, to announce at least 2 market days prior to the Listing date, the result of the offering including the following: (i) Level of subscription of public balloting and placement; (ii) Basis of allotment/allocation; (iii) A table showing the distribution for placement tranche; and (iv) Disclosure of placees who become substantial shareholders of West River arising from the Public Issue, if any. M & A Securities to ensure that the overall distribution of West River's securities is properly carried out to mitigate any disorderly trading in the secondary market; and	To be complied
7.	West River / M & A Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission of West River to the Official List of the ACE Market.	To be complied

2. APPROVALS AND CONDITIONS *(Cont'd)*

2.1.2 SC approval

Our Listing is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The SC had, vide its letter dated 21 November 2024, approved our application under the Bumiputera equity requirement for public listed companies pursuant to our Listing. The approval from the SC is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
1.	West River allocating Shares equivalent to 12.50% of its enlarged number of issued Shares to Bumiputera investors to be approved by the MITI in conjunction with the Listing	Complied
2.	West River to make available at least 50.00% of the Shares offered to the Malaysian public investors via balloting to Bumiputera public investors	Complied

The Shariah Advisory Council of SC had classified our Shares as shariah-compliant based on our audited combined financial statements for FYE 2023 on 13 September 2024.

2.1.3 MITI

The MITI had, vide its letter dated 19 September 2024, taken note and has no objection to our Listing.

2.2 MORATORIUM ON OUR SHARES

2.2.1 Specified Shareholders

In accordance with Rule 3.19(1) of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of those West River Shares held by our Specified Shareholders as follows:

- (a) The moratorium applies to the entire shareholdings of our Specified Shareholders after the Offer for Sale for a period of 6 months from the date of our admission to the ACE Market ("**First 6-Month Moratorium**");
- (b) Upon the expiry of the First 6-Month Moratorium, our Company must ensure that our Specified Shareholders' aggregate shareholdings amounting to at least 45.00% of the total number of our issued Shares remain under moratorium for another period of 6 months ("**Second 6-Month Moratorium**"); and
- (c) On the expiry of the Second 6-Month Moratorium, our Specified Shareholders may sell, transfer or assign up to a maximum of 1/3 per annum (on a straight line basis) of those Shares held under moratorium.

2. APPROVALS AND CONDITIONS (Cont'd)

Details of our Specified Shareholders and their Shares which will be subject to the abovementioned moratorium, are set out below:

Specified Shareholders	Moratorium shares during the First 6-Month Moratorium ⁽¹⁾		Moratorium shares during the Second 6-Month Moratorium		Year 2		Year 3	
	No. of Shares	(2)%	No. of Shares	(2)%	No. of Shares	(2)%	No. of Shares	(2)%
Neutron Capital	175,284,464	49.00	112,675,500	31.50	75,117,000	21.00	37,558,500	10.50
Lim Yong Lai	75,105,536	21.00	48,289,500	13.50	32,193,000	9.00	16,096,500	4.50
	250,390,000	70.00	160,965,000	45.00	107,310,000	30.00	53,655,000	15.00

Notes:

(1) After Offer for Sale.

(2) Based on the enlarged share capital of 357,700,000 Shares after IPO.

The moratorium has been fully accepted by our Specified Shareholders, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the abovementioned moratorium period.

The moratorium restrictions are specifically endorsed on the share certificates representing the Shares under moratorium held by the abovementioned Specified Shareholders to ensure that our Share Registrar does not register any transfer or assignment that contravenes with such restrictions.

Separately, the ultimate shareholder of Neutron Capital, namely, Lim Yong Lai has also undertaken not to sell, transfer or assign his shareholding in Neutron Capital during the abovementioned moratorium period.

3. PROSPECTUS SUMMARY

THIS PROSPECTUS SUMMARY ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE PROSPECTUS PRIOR TO DECIDING ON WHETHER TO INVEST IN OUR SHARES.

3.1 PRINCIPAL DETAILS RELATING TO OUR IPO

The following details relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with that text.

Allocation	No. of Shares	Amount to be raised (RM)	%⁽ⁱ⁾
<u>Public Issue</u>			
Malaysian Public via balloting process:			
- Public investors	8,942,500	3,487,575	2.50
- Bumiputera public investors	8,942,500	3,487,575	2.50
Eligible Persons	8,942,500	3,487,575	2.50
Private placement to Bumiputera investors approved by MITI	44,712,500	17,437,875	12.50
<u>Offer for sale</u>			
Private placement to selected investors	35,770,000	13,950,300	10.00
Enlarged no. of Shares upon Listing		357,700,000	
IPO Price per Share		RM0.39	
Market capitalisation ⁽ⁱⁱ⁾		RM139,503,000	

Notes:

- (i) Based on our enlarged share capital of 357,700,000 Shares after IPO.
- (ii) Based on our IPO Price and our enlarged number of Shares upon Listing.

Further details of our IPO are set out in Section 4 of this Prospectus.

In compliance with the Listing Requirements, our Specified Shareholders' entire shareholdings after our IPO will be held under moratorium for 6 months from the date of our admission to the ACE Market. Thereafter, their shareholdings amounting to 45.00% of our share capital will remain under moratorium for another 6 months. Our Specified Shareholders may sell, transfer or assign up to a maximum of one-third per annum (on a straight-line basis) of their shares held under moratorium upon expiry of the second 6 month period.

Our Specified Shareholders have provided written undertakings not to sell, transfer or assign their shareholdings under moratorium during the moratorium period (as applicable). Further details on the moratorium on our Shares are set out in Section 2.2 of this Prospectus.

3.2 GROUP STRUCTURE AND BUSINESS MODEL

Our Company was incorporated in Malaysia under the Act as a private limited company on 21 September 2023 under the name of West River Sdn Bhd. On 12 December 2023, we converted into a public limited company and assumed our present name to facilitate our Listing.

3. PROSPECTUS SUMMARY (Cont'd)

We are principally an investment holding company. Through our subsidiaries, we provide M&E engineering service and are principally involved in the:

- (i) provision of electrical engineering and ACMV; and
- (ii) provision of intelligent building solutions.

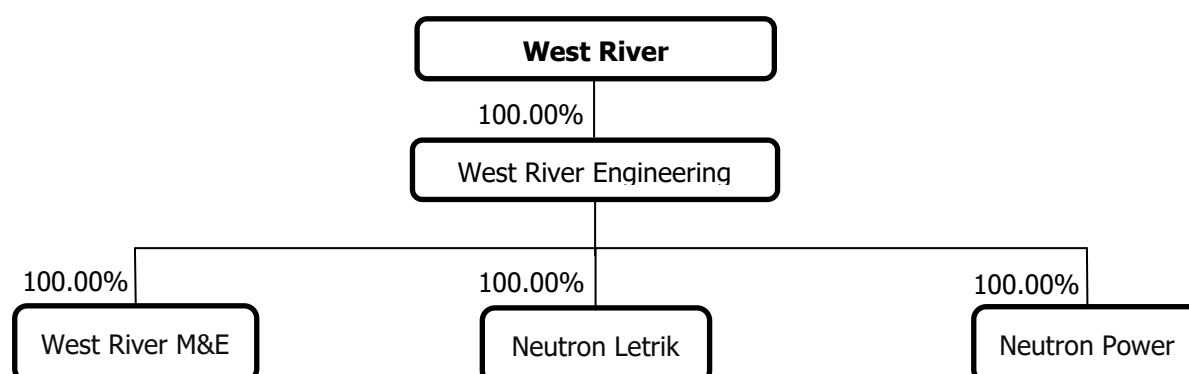
We also manufacture electrical panels and distribution boards, primarily to support our M&E engineering services projects and sale to third party.

We principally operate in Malaysia. Our services involve projects in the private sectors, such as development or redevelopment of high rise residential properties, mixed-use properties, commercial buildings and industrial buildings.

Our business model is as follows:

Principal business activities	M&E engineering services:		
Segments	Provision of electrical engineering and ACMV services	Provision of intelligent building solutions	Manufacturing of electrical panels and distribution boards
FYE 2024 revenue contribution	96.06%	3.67%	0.27%
Principal market	Malaysia		
Roles	• Main contractor • Subcontractor		• Manufacturer
Type of properties	• High rise residential • Commercial • Industrial		

Our Group structure after the Pre-IPO Restructuring but before IPO is as follows:



Further details of our Group and our business model are set out in Sections 6 of this Prospectus.

3. PROSPECTUS SUMMARY (Cont'd)

3.3 COMPETITIVE STRENGTHS AND BUSINESS STRATEGIES

3.3.1 Competitive strengths

Our competitive strengths are summarised as follows:

(i) Our comprehensive range of M&E engineering services has enabled us to establish our presence in the M&E industry in Malaysia

We have been in the M&E engineering industry in Malaysia for approximately 19 years. Over the years, we have expanded our scale of operations and our services to intelligent building solutions and manufacturing of electrical panels and distribution boards. Further, we are able to provide our customers with a package of services comprising the design, supply, installation, testing and commissioning of electrical engineering and ACMV services as well as intelligent building solutions, either as part of interior fit-out solutions or on a standalone basis. We are also able to design all the contracted M&E systems' functionality and connectedness. This allows us to better understand our customers' requirements, assist our customers in modifying and improving the design drawings and ensure that the implementation of the design drawings is within the estimated costs and project schedule.

(ii) We hold registrations and certifications with ST and the CIDB

Our subsidiary West River Engineering holds the Class A registration, the highest class of electrical contractor registration with the ST which allows us to tender for electrical projects of any amount. Further, West River Engineering also holds the G7 licence, the highest grade of licence issued by the CIDB which allows us to tender for projects with unlimited project value.

(iii) We have a track record of undertaking M&E projects in Malaysia

We have secured and completed several M&E engineering projects of varying scale and contract values for various types of properties. This has enabled us to established a track record in delivering M&E engineering works and built a portfolio of diverse engineering projects comprising electrical engineering and ACMV services as well as intelligent building solutions for high rise residential properties, commercial properties as well as industrial properties.

(iv) Our software platform, Neutron IoT system, serves as a platform for our business expansion and growth

Our Neutron IoT system was designed and developed by our engineer in the Project team. This gives us the ability to provide our customers with a customised intelligent building performance monitoring solution that is robust and flexible to meet their business needs. We also have in-house IT programming capabilities where we are able to continually improve and enhance our existing systems and at the same time design and developing similar or related systems. In addition, our Neutron IoT system facilitates real time data sharing and data analytics of installed M&E systems, all in one platform.

(v) We have contracts to sustain us in the near-mid term

As at the LPD, we have 26 subsisting contracts with a total unbilled order book of RM247.30 million for the provision of electrical engineering and ACMV services as well as intelligent building solutions. We have also submitted tenders and proposals for electrical engineering and ACMV services as well as intelligent building solutions. This will provide us with the opportunities to replenish or enlarge our order book if awarded.

3. PROSPECTUS SUMMARY (Cont'd)

(vi) We are able to leverage between the synergies of our business segments for growth

As an M&E engineering service provider that is principally involved in the provision of electrical engineering and ACMV services and intelligent building solutions, we are able to leverage on our manufacturing of electrical panels and distribution boards business segment to support our electrical engineering and ACMV services as well as intelligent building solutions projects, thereby allowing us to have a control on costing and not being subjected to fluctuations in prices when securing orders for such products from external suppliers.

(vii) We have an experienced management team

We have a qualified and experienced management team headed by our Promoter and Managing Director, Lim Yong Lai who has more than 22 years of experience in the M&E engineering industry. He is also supported by our key senior management who have relevant experience in their respective fields covering finance, project tendering, project management and implementation, contract matters, procurement and human resource management.

Further details of our competitive strengths are set out in Section 6.5.11 of this Prospectus.

3.3.2 Business strategies

Our business strategies are summarised as follows:

(i) We intend to expand our manufacturing and warehousing capacity to capture more business opportunities.

As part of our Group's business strategies, we have allocated RM10.00 million, representing 35.84% of the proceeds from the Public Issue, for the purchase of a parcel of vacant land in the Klang Valley area with an approximate size of 65,340 sq ft and construction of a new manufacturing factory cum warehouse on this parcel of land, for the manufacturing of our electrical panels and distribution boards as well as storage of inventories and finished goods. For clarity, the storage will be for the inventories that we require for our manufacturing of electrical panels and distribution boards, finished goods from our manufacturing activities as well as our M&E engineering project-related inventories.

We intend to allocate approximately RM5.81 million of the gross proceeds from the Public Issue to finance the entire acquisition cost of the land to be acquired and to allocate approximately RM4.19 million of the gross proceeds from the Public Issue to finance the entire construction cost of the new manufacturing factory cum warehouse on the land.

Presently, we carry out the manufacturing of electrical panels and distribution boards at our manufacturing facility at Bandar Teknologi Kajang, Semenyih which has a built up area of approximately 2,088 sq ft. We intend to construct a new manufacturing factory cum warehouse with an approximate built-up area of approximately 35,000 sq ft which will allow for sufficient space to carry out our manufacturing activities and to better organise storage of our M&E engineering project-related inventories, such as cables, wires and spare parts which we use in all our electrical engineering and ACMV services as well as intelligent building solutions projects.

3. PROSPECTUS SUMMARY (Cont'd)

The current annual production capacity of our manufacturing of electrical panels and distribution boards at the manufacturing facility is 1,317 units. The utilisation rates of our manufacturing facility were 78.28%, 93.32% and 95.67% in FYE 2022, FYE 2023 and FYE 2024, respectively, indicating that the Group is unable to increase the output of electrical panels and distribution boards without increasing space for manufacturing activities. We intend to increase our annual production capacity progressively to 300.00% (from the current 1,317 units) over a period of 3 years from the commencement of operations at the new manufacturing factory cum warehouse. In addition, we intend to recruit 3 Business Development employees who will be responsible for sourcing new opportunities for our electrical engineering, ACMV and intelligent building solutions projects as well as promoting our electrical panels and distribution boards to potential customers.

(ii) We intend to strengthen our business development team to capture growth opportunities

Our Group plans to capture growth opportunities by expanding our headcount in our Business Development team, led by our Managing Director and Executive Director, Lim Yong Lai and Cheong Wee Kim, respectively. The team will be responsible for planning and executing business development activities, attending inquiries from potential customers, preparation and presentation of proposals to customers as well as preparation of quotations.

Since the commencement of our business, our business development activities have been carried out by Lim Yong Lai and Cheong Wee Kim. With the expansion of our business development team, we will be able to undertake more business development activities to promote our M&E engineering services to our existing customers as well as to new potential customers.

As at the LPD, we have 1 personnel for our business development team. We intend to hire 3 additional business development personnel, which comprises a manager and 2 executives. The hiring of these 3 additional business development personnel shall be funded via the proceeds from the IPO Issue. The expansion of headcount in our business development team is expected to take place within 12 months from our Listing.

Further details of our business strategies are set out in Section 6.7 of this Prospectus.

3.4 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risk factors as set out in Section 8 of this Prospectus. Some of the more important risk factors are summarised below:

- (i) We derived the majority of our revenue from projects which were non-recurring in nature, and most of our projects were awarded on a project-by-project and potentially one-off basis. It is therefore critical that we are able to continuously and consistently secure new projects of similar value and volume. As the contracts are awarded on a project-by-project basis, our customers are under no obligation to award contracts to us in the future. As such, there is no assurance that we will be able to successfully tender or secure projects from our existing customers in the future or that our existing customers will continue to engage us in their upcoming projects. If we cannot continue to maintain the number of contracts at a similar level or obtain new projects of similar or even larger contract sums, our business, financial position, results of operations as well as business prospects may be materially and adversely affected.

3. PROSPECTUS SUMMARY (*Cont'd*)

- (ii) Our historical results may not be indicative of our future revenue and profit margins. For FYE 2020, FYE 2021, FYE 2022, FYE 2023 and FYE 2024, our revenue amounted to approximately RM45.87 million, RM55.29 million, RM83.30 million, RM125.24 million and RM122.74 million respectively, and our gross profit margin was approximately 11.80%, 12.02%, 12.96%, 14.47% and 15.34% respectively. Such historical financial information is solely derived from our projects during the Financial Year Under Review, which does not necessarily have any implication on our future financial performance. Our revenue and gross profit margins may fluctuate from project to project, depending on factors that are specific to particular projects, including our determination of tender or quotation price and the actual cost of services. There is no assurance that we will always be able to obtain a similar or greater number of projects in the future and to maintain our profits at similar levels as we did during the Financial Year Under Review.
- (iii) We are dependent on main contractors and property developers as the majority of our projects are obtained through invited tenders from them. These main contractors or property developers may not invite us to tender and quote for a project if they find that we do not have relevant CIDB gradings or ST license or adequate track record to carry on the scope and responsibilities required for a particular project or sufficient manpower or financial resources to perform a project. Our revenue and financial performance would be materially and adversely affected in the event we are no longer invited by main contractors or property developers to quote on new projects.
- (iv) We are required to obtain and hold valid certificates of registration issued by the CIDB in order for us to operate our business. To maintain such certificates of registration, we are required to comply with the relevant standards and conditions imposed by the CIDB, ST and MOF, including the need to notify the CIDB on projects that we have secured and to provide the corresponding required information on these projects. Failure in compliance may result in downgrading, suspension, revocation of our registration, subject to reinstatement by CIDB and ST, or penalties to be imposed on our Group by CIDB and ST. In addition, when seeking for renewal of such certificates of registration upon its expiry, we may be exposed to the risk of delay or non-renewal of these certificates of registration. If we are unable to maintain or renew our certificates of registration with the CIDB and ST, we will be restricted or prohibited from providing M&E engineering services, thereby adversely affecting our business and financial position.
- (v) We are dependent on the services of our suppliers and subcontractors. Despite possessing our own direct labour resources for providing M&E engineering services, depending on the availability of our direct labour resources and the types of work involved, we may from time to time need to engage subcontractors for our projects. There is no assurance that the quality of work of our subcontractors can meet the requirements of our Group or our customers. We may not be able to monitor the performance of our subcontractors as directly and efficiently as with our own direct labour. Therefore, the engagement of subcontractors exposes us to the risks associated with non-performance, late performance or substandard performance of our subcontractors. In addition, we do not enter into any long-term agreements with our suppliers. As such, there is no assurance that our suppliers will continue to provide goods and services at prices acceptable to our Group.

Further details and the full list of the risk factors are set out in Section 8 of this Prospectus.

3. PROSPECTUS SUMMARY (Cont'd)**3.5 DIRECTORS AND KEY SENIOR MANAGEMENT**

Our Directors and key senior management are as follows:

Name	Designation
Directors	
Dato' Sri Dr Shahril bin Mokhtar	Independent Non-Executive Chairman
Lim Yong Lai	Managing Director
Cheong Wee Kim	Executive Director
Tan Yiing Fung	Independent Non-Executive Director
Kho Zhen Qi	Independent Non-Executive Director
Wong Kian Leon	Independent Non-Executive Director
Key senior management	
Yip Lay Huat	Chief Operating Officer
Ng Jin Yee	Chief Financial Officer

Further details of our Directors and key senior management are set out in Section 5 of this Prospectus.

3.6 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The shareholdings of our Promoters and substantial shareholders in our Company before and after our IPO are set out below:

Name	Nationality / Country of incorporation	(1)After Acquisition but before our IPO				(2)After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Neutron Capital	Malaysia	211,054,464	73.75	-	-	175,284,464	49.00	-	-
Lim Yong Lai	Malaysian	75,105,536	26.25	(3)211,054,464	73.75	75,105,536	21.00	(3)175,284,464	49.00

Notes:

- (1) Based on the share capital of 286,160,000 Shares after Acquisition but before our IPO.
- (2) Based on the enlarged share capital of 357,700,000 Shares after our IPO.
- (3) Deemed interested by virtue of his interest held in Neutron Capital pursuant to Section 8 of the Act.

Further details of our Promoters and substantial shareholders are set out in Section 5.1 of this Prospectus.

3. PROSPECTUS SUMMARY (Cont'd)**3.7 UTILISATION OF PROCEEDS**

The gross proceeds to be raised by our Company from the Public Issue of RM27.90 million shall be utilised in the following manner:

Description of utilisation	RM'000	%	Estimated timeframe for utilisation from the Listing date
Purchase of land and construction of new manufacturing factory cum warehouse	10,000	35.84	Within 36 months
Repayment of borrowings	5,600	20.07	Within 12 months
General working capital	7,801	27.96	Within 12 months
Listing expenses	4,500	16.13	Within 1 month
Total	27,901	100.00	

There is no minimum subscription to be raised from our IPO. Detailed information on our utilisation of proceeds is set out in Section 4.9 of this Prospectus.

The gross proceeds from the Offer for Sale of approximately RM13.95 million shall accrue entirely to the Selling Shareholder.

3.8 FINANCIAL AND OPERATIONAL INFORMATION

The selected financial and operational information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows.

3.8.1 Historical combined/consolidated statements of profit or loss and other comprehensive income

The following table sets out the financial highlights based on our combined/consolidated statements of profit or loss and other comprehensive income for the Financial Year Under Review:

	Audited				
	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	45,873	55,292	83,302	125,235	122,742
GP	5,412	6,646	10,792	18,125	18,829
PBT	4,551	4,772	8,040	14,272	14,362
PAT	3,728	3,633	5,959	10,243	11,463
Basic EPS (sen) ⁽ⁱ⁾	1.30	1.27	2.08	3.58	4.01
Diluted EPS (sen) ⁽ⁱⁱ⁾	1.04	1.02	1.67	2.86	3.20
GP margin (%) ⁽ⁱⁱⁱ⁾	11.80	12.02	12.96	14.47	15.34
PAT margin (%) ^(iv)	8.13	6.57	7.15	8.18	9.34

Notes:

(i) Calculated based on PAT attributable to owners of our Group divided by our share capital of 286,160,000 Shares before IPO.

(ii) Calculated based on PAT attributable to owners of our Group divided by our enlarged share capital of 357,700,000 Shares after IPO.

3. PROSPECTUS SUMMARY (Cont'd)

(iii) Calculated based on GP divided by revenue.

(iv) Calculated based on PAT divided by revenue.

There were no exceptional items during the Financial Year Under Review. Our audited combined/consolidated financial statements for the Financial Year Under Review were not subject to any audit qualifications.

3.8.2 Pro forma consolidated statements of financial position

The following table sets out a summary of the pro forma consolidated statements of financial position of our Group based on our audited consolidated financial statements as at 31 December 2024 to show the effects of the IPO and utilisation of proceeds. It is presented for illustrative purposes only and should be read together with the pro forma consolidated statements of financial position as set out in Section 13 of this Prospectus.

	Audited	I	II
	As at 31		After I and
	December	After IPO	utilisation of
	2024		proceeds
	RM'000	RM'000	RM'000
ASSETS			
Total non-current assets	7,116	7,116	7,116
Total current assets	70,932	98,833	89,460
TOTAL ASSETS	78,048	105,949	96,576
EQUITY AND LIABILITIES			
TOTAL EQUITY	31,902	59,803	57,293
Total non-current liabilities	10,267	10,267	4,667
Total current liabilities	35,879	35,879	34,616
TOTAL LIABILITIES	46,146	46,146	39,283
TOTAL EQUITY AND LIABILITIES	78,048	105,949	96,575
No. of Shares in issue ('000 units)	286,160	357,700	357,700
NA per Share (RM)	0.11	0.17	0.16
Borrowings (RM'000)	10,954	10,954	5,354
Gearing (times) ⁽ⁱ⁾	0.34	0.18	0.09
Current ratio (times) ⁽ⁱⁱ⁾	1.98	2.75	2.58

Notes:

(i) Computed based on current assets over current liabilities as at each financial year end.

(ii) Computed based on total interest-bearing borrowings (excluding lease liabilities for right-of-use assets) over total equity as at each financial year end.

Further details on the financial information are set out in Sections 11 and 12 of this Prospectus.

3. PROSPECTUS SUMMARY (Cont'd)**3.9 DIVIDEND POLICY**

Our Company presently does not have any formal dividend policy. The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any final dividends for the year are subject to our shareholders' approval. It is our intention to pay dividends to shareholders in the future. However, such payments will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant by our Board.

For the Financial Year Under Review and up to the LPD, dividends declared and paid by our Group were follows:

	Audited					Unaudited
	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	up to LPD
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Dividends declared and paid	4,020	3,500	4,300	5,000	4,000	-
Dividends declared but not paid	-	-	-	-	-	-

The dividends above were funded by internally generated funds. The dividends will not affect the execution and implementation of our business strategies. Together with the IPO proceeds, we believe that we have sufficient funding of cash from operations and bank borrowings for the funding requirement for our operations and our expansion plans.

As at the LPD, the Group does not intend to declare any further dividend prior to the Listing.

Further details of our dividend policy are set out in Section 11.7 of this Prospectus.

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4. DETAILS OF OUR IPO

4.1 OPENING AND CLOSING OF APPLICATION PERIOD

The Application period will open at 10.00 a.m. on 10 April 2025 and will remain open until 5.00 p.m. on 17 April 2025. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

4.2 INDICATIVE TIMETABLE

Events	Indicative date
Issuance of this Prospectus/Opening of Application	10 April 2025
Closing Date/Closing of Application	17 April 2025
Balloting of Application	22 April 2025
Allotment/Transfer of IPO Shares to successful applicants	29 April 2025
Date of Listing	5 May 2025

In the event there is any change to the timetable, we will make an announcement on Bursa Securities' website and advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

4.3 LISTING SCHEME

4.3.1 Public Issue

A total of 71,540,000 Issue Shares, representing 20.00% of our enlarged share capital are offered at our IPO Price. The Issue Shares shall be allocated in the following manner:

(i) Malaysian Public

17,885,000 Issue Shares, representing 5.00% of our enlarged share capital, are reserved for application by the Malaysian Public, to be allocated via balloting process as follows:

- (a) 8,942,500 Issue Shares, representing 2.50% of our enlarged share capital, made available to public investors; and
- (b) 8,942,500 Issue Shares, representing 2.50% of our enlarged share capital, made available to Bumiputera public investors.

(ii) Pink Form Allocations

8,942,500 Issue Shares, representing 2.50% of our enlarged share capital, are reserved for our Eligible Persons under the Pink Form Allocations. Further details of our Pink Form Allocations are set out in Section 4.3.3 of this Prospectus.

(iii) Private placement to Bumiputera investors approved by MITI

44,712,500 Issue Shares, representing 12.50% of our enlarged share capital are reserved for private placement to Bumiputera investors approved by MITI.

4. DETAILS OF OUR IPO (Cont'd)

The basis of allocation of the Issue Shares shall take into account our Board's intention to distribute the Issue Shares to a reasonable number of applicants to broaden our Company's shareholding base to meet the public spread requirements, and to establish a liquid and adequate market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Directors. There is no over-allotment or "greenshoe" option that will result in an increase in the number of our Issue Shares. Our Public Issue is subject to the terms and conditions of this Prospectus.

4.3.2 Offer for Sale

Our Selling Shareholder will undertake an offer for sale of 35,770,000 Offer Shares, representing 10.00% of our enlarged share capital by way of private placement to selected investors to be identified at the IPO Price. The details of our Selling Shareholder and its relationship with our Group are as follows:

Name/ Registered address	Relationship with our Group	Before IPO		Offer Shares offered			After IPO	
		No. of Shares	(1)%	No. of Shares	(1)%	(2)%	No. of Shares	(2)%
Neutron Capital/ Suite 165-6-1 Wisma Mutiara 165 Jalan Sungai Besi Kuala Lumpur Wilayah Persekutuan	Promoter and substantial shareholder	211,054,464	73.75	35,770,000	12.50	10.00	175,284,464	49.00
Total		211,054,464	73.75	35,770,000	12.50	10.00	175,284,464	49.00

Notes:

(1) Based on the share capital of 286,160,000 Shares after completion of the Pre-IPO Restructuring but before our IPO.

(2) Based on the enlarged share capital of 357,700,000 Shares after our IPO.

The Offer for Sale is subject to the terms and conditions of this Prospectus. Further details of our Selling Shareholder, which is also our Promoter and substantial shareholder are set out in Section 5.1.2 of this Prospectus.

4. DETAILS OF OUR IPO (Cont'd)**4.3.3 Pink Form Allocations**

We have allocated 8,942,500 Shares under the Pink Form Allocations to our Eligible Persons as follows:

Category	No. of eligible persons	Aggregate no. of Issue Shares allocated
Eligible Directors	5	1,500,000
Eligible employees	35	3,710,000
Persons who have contributed to our success	45	3,732,500
Total	85	8,942,500

Pink Form Allocations which are not accepted by certain eligible Directors, employees and/or persons who have contributed to our success will be re-allocated to other eligible Directors as set out in the table below as well as eligible employees and persons who have contributed to our success at the discretion of our Board.

(a) Allocation to eligible Directors

The criteria for allocation to our eligible Directors are based on amongst others their anticipated contribution to our Group.

Lim Yong Lai (our Managing Director) has opted not to participate in the Pink Form Allocations as he is already our substantial shareholder with 26.25% direct shareholding and 73.75% indirect shareholding via his interest held in Neutron Capital after the Pre-IPO Restructuring but before our IPO. Details of the proposed allocation to our other Directors are as follows:

Name	Designation	No. of Issue Shares allocated
Dato' Sri Dr Shahril Bin Mokhtar	Independent Non-Executive Chairman	250,000
Cheong Wee Kim	Executive Director	500,000
Kho Zhen Qi	Independent Non-Executive Director	250,000
Tan Yiing Fung	Independent Non-Executive Director	250,000
Wong Kian Leon	Independent Non-Executive Director	250,000
Total		1,500,000

(b) Allocation to eligible employees

The criteria of allocation to our eligible employees (as approved by our Board) are based on, inter-alia, the following factors:

- (i) our employees must be an eligible and confirmed employee and on the payroll of our Group;
- (ii) the number of Shares allocated to our eligible employees are based on their seniority, position, length of service and respective contribution made to our Group as well as other factors deemed relevant to our Board; and

4. DETAILS OF OUR IPO (Cont'd)

- (iii) full time employee of at least 18 years of age.

Included in the allocation to our eligible employees are the proposed allocations to our key senior management as set out below:

Name	Designation	No. of Issue Shares allocated
Yip Lay Huat	Chief Operating Officer	500,000
Ng Jin Yee	Chief Financial Officer	300,000
Total		800,000

(c) Allocation to persons who have contributed to our success

Persons who have contributed to our success include business associates, customers and suppliers.

The number of Issue Shares to be allotted to those persons who have contributed to our success are based on amongst others, the nature and terms of their business relationship with us, length of their relationship with us and the level of contribution and support to our Group.

As at the LPD, to the extent known to our Company:

- (i) there are no substantial shareholder(s), Directors or key senior management of our Company who have indicated to our Company that they intend to subscribe for the IPO Shares other than the Pink Form Allocations; and
- (ii) there are no person(s) who have indicated to our Company that they intend to subscribe more than 5.00% of the IPO Shares.

4.3.4 Clawback and re-allocation

Any of our Issue Shares not subscribed for by the Malaysian Public or Pink Form Allocations (after re-allocation to the other Eligible Persons) will be made available to selected investors via private placement.

However, if all Issue Shares offered to the Malaysian Public are oversubscribed, Shares not subscribed for under the Pink Form Allocations (if any), will firstly be made available for application by way of private placement to selected investors to be identified before being made available to the Malaysian Public.

Likewise, if any Issue Shares offered to the Malaysian Public are undersubscribed, Shares not subscribed for will be made available to selected investors via private placement before being allocated for excess application by our Eligible Persons.

Thereafter, any remaining Issue Shares that are not subscribed for will be subscribed by our Underwriter based on the terms of the Underwriting Agreement.

Any of our Issue Shares not subscribed or accepted by Bumiputera investors approved by MITI under the private placement as stated in Section 4.3.1(iii) above will be firstly offered to Bumiputera general public via the balloting process. Subsequently, any Issue Shares not taken up will be offered to Malaysian institutional investors and thereafter to other public investors via balloting process.

Our Board will ensure that any excess IPO Shares will be allocated on a fair and equitable manner.

4. DETAILS OF OUR IPO (Cont'd)

4.3.5 Minimum and over-subscription

There is no minimum subscription to be raised from our IPO. However, in order to comply with the public spread requirements of Bursa Securities, the minimum subscription in terms of the number of IPO Shares will be the number of IPO Shares required to be held by public shareholders to comply with the public spread requirements as set out in the Listing Requirements or as approved by Bursa Securities.

In the event of an over-subscription, acceptance of Applications by the Malaysian Public shall be subject to ballot to be conducted in a manner approved by our Directors.

Under the Listing Requirements, at least 25.00% of our enlarged share capital for which listing is sought must be in the hands of a minimum of 200 public shareholders, each holding not less than 100 Shares upon our admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing on the ACE Market.

In such an event, we will return in full, without interest, all monies paid in respect of all Applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

4.4 BASIS OF ARRIVING AT OUR IPO PRICE

Our IPO Price was determined and agreed upon by us and M & A Securities, as our Principal Adviser, Sponsor, Underwriter and Placement Agent, after taking into consideration the following factors:

- (i) our pro forma NA per Share as at 31 December 2024 after IPO and utilisation of proceeds of RM0.16, calculated based on our pro forma NA as at 31 December 2024 of approximately RM57.29 million and enlarged share capital of 357,700,000 Shares upon Listing;
- (ii) the PE Multiple of our IPO Price of approximately 12.19 times based on our EPS of 3.20 sen, calculated based on our PAT for FYE 2024 of RM11.46 million and our enlarged share capital of 357,700,000 Shares upon Listing;
- (iii) Our historical financial track record as follows:

	Audited				
	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
	RM	RM	RM	RM	RM
Revenue	45,873,393	55,292,050	83,301,810	125,235,578	122,741,881
GP	5,412,925	6,646,009	10,791,791	18,125,309	18,828,785
PAT	3,728,415	3,632,579	5,959,254	10,242,597	11,462,744

- (iv) our competitive strengths as set out in Section 6.5.11 of this Prospectus; and
- (v) our business strategies as set out in Section 6.7 of this Prospectus.

You should note that the market price of our Shares upon and subsequent to our Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares. You should form your own views on the valuation of our IPO Shares before deciding to invest in them. You are reminded to carefully consider the risk factors as set out in Section 8 before deciding to invest in our Shares.

4. DETAILS OF OUR IPO (Cont'd)**4.5 SHARE CAPITAL, CLASSES OF SHARES AND RANKING**

Upon completion of our IPO, our share capital will be as follows:

Details	No. of Shares	RM
Share capital		
As at the date of this Prospectus	286,160,000	20,031,200
To be issued under our Public Issue	71,540,000	27,900,600
Enlarged share capital upon our Listing	357,700,000	47,931,800

As at the date of this Prospectus, we have only one class of shares, being ordinary shares, all of which rank equally amongst one another.

Our Issue Shares will, upon allotment and issuance, rank equally in all respects with our existing ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of allotment of our Issue Shares.

Our Offer Shares rank equally in all respects with our existing ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of transfer of the Offer Shares.

Subject to any special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions and any surplus if our Company is liquidated in accordance with our Constitution.

Each of our shareholders shall be entitled to vote at any of our general meetings in person or by proxy or by other duly authorised representative. Every shareholder present in person or by proxy or other duly authorised representative shall have one vote for each ordinary share held.

4.6 PURPOSES OF OUR IPO

The purposes of our IPO are as follows:

- (i) to enable our Group to raise funds for the purposes specified in Section 4.9 herein;
- (ii) to gain recognition through our listing status to enhance our reputation in the marketing of our products/services and to retain and attract new as well as skilled employees from the M&E engineering industry;
- (iii) to provide an opportunity for the Malaysian Public, including our eligible Directors, employees and persons who have contributed to our success to participate in our equity; and
- (iv) to enable us to tap into the equity capital market for future fund raising and to provide us the financial flexibility to pursue future growth opportunities as and when they arise.

4. DETAILS OF OUR IPO (Cont'd)**4.7 TOTAL MARKET CAPITALISATION UPON LISTING**

Based on our IPO Price and enlarged share capital of 357,700,000 Shares upon Listing, our total market capitalisation will be RM139,503,000.

4.8 DILUTION

Dilution is the amount by which our IPO Price exceeds our pro forma NA per Share immediately after our IPO. The following table illustrates such dilution on a per Share basis:

	RM
IPO Price	0.39
Pro forma NA per Share as at 31 December 2024 before IPO	0.11
Pro forma NA per Share as at 31 December 2024 after the IPO and utilisation of proceeds	0.16
Increase in pro forma NA per Share attributable to existing shareholders	0.05
Dilution in pro forma NA per Share to our new public investors	0.23
Dilution in pro forma NA per Share as a percentage of our IPO Price	58.97%

Further details of our pro forma NA per Share as at 31 December 2024 are set out in Section 13.

The following table shows the average effective cost per Share paid by our existing shareholders for our Shares since our incorporation up to the date of this Prospectus:

Name	No. of Shares received after the Acquisition	Total consideration RM	Average effective cost per Share RM
Neutron Capital	211,054,464	14,773,812	0.07
Lim Yong Lai	75,105,536	5,257,388	0.07

Save as disclosed above and the Pink Form Allocations to our eligible Directors and key senior management, there has been no acquisitions or subscription of any of our Shares by our Directors or key senior management, substantial shareholders or persons connected with them, or any transaction entered into by them which grants them the right to acquire any of our existing Shares, in the past 3 years up to the LPD.

4. DETAILS OF OUR IPO (Cont'd)**4.9 UTILISATION OF PROCEEDS****4.9.1 Public Issue**

The estimated gross proceeds from our Public Issue of RM27,900,600 will accrue entirely to us and are planned to be utilised in the following manner:

Description of utilisation	Notes	RM'000	%	Estimated timeframe for utilisation from the Listing date
Purchase of land and construction of new manufacturing factory cum warehouse	(i)	10,000	35.84	Within 36 months
Repayment of borrowings	(ii)	5,600	20.07	Within 12 months
General working capital	(iii)	7,801	27.96	Within 12 months
Listing expenses	(iv)	4,500	16.13	Within 1 month
Total		27,901	100.00	

Pending the deployment of the proceeds raised from our Public Issue as aforementioned, the funds will be placed in short-term deposits with licensed financial institutions.

Notes:**(i) Purchase of land and construction of new manufacturing factory cum warehouse**

As part of our Group's business strategies, we have allocated RM10.00 million, representing 35.84% of the proceeds from the Public Issue, for the purchase of a parcel of vacant land in the Klang Valley area with an approximate size of 65,340 sq ft and construct a new manufacturing factory cum warehouse on this parcel of land, for the manufacturing of electrical panels and distribution boards as well as storage of inventories and finished goods. We intend to allocate approximately RM5.81 million of the gross proceeds from the Public Issue to finance the entire acquisition cost of the land to be acquired.

We intend to construct a new manufacturing factory cum warehouse with an approximate built-up area of approximately 35,000 sq ft which will allow for sufficient space to carry out our manufacturing activities and to better organise storage of our M&E engineering project-related inventories, such as cables, wires and spare parts which we use in all our electrical engineering and ACMV services as well as intelligent solutions projects.

During the Financial Year Under Review and up to the LPD, we procured these M&E engineering project-related inventories on a project basis depending on the progress of our electrical engineering, ACMV as well as intelligent solutions projects. Upon procurement, our suppliers will deliver these M&E engineering project-related inventories to our project sites as we do not have any storage space for these inventories. Presently, our suppliers for M&E engineering project-related inventories are trading companies from whom we are able to purchase these inventories in small volumes based on our project requirements. However, because we purchase these inventories on a frequent basis and in small volumes, we are not able to fully benefit from rates that are as competitive as that offered by trading companies and product manufacturers for large volume purchases.

4. DETAILS OF OUR IPO (Cont'd)

These M&E engineering project-related inventories are bulky in nature and require large storage space. Further, we intend to purchase these inventories in bulk form to support the anticipated growth in our electrical engineering and ACMV services as well as intelligent solutions project activities. The bulk purchases of these M&E engineering project-related inventories will allow us to benefit from competitive rates from our suppliers and the option to purchase directly from product manufacturers, instead of going through trading companies. Presently, we are able to store our project-related inventories at the warehouses of our suppliers who are trading companies. These suppliers will then deliver these project-related inventories to the project site upon request by our Group and in the volumes that we require. As such, the larger storage space at the new manufacturing factory cum warehouse will provide sufficient space for the storage of bulk purchases of M&E engineering project-related inventories that we intend to procure.

The bulk purchases of these M&E engineering project-related inventories also allow us to hedge against price increase, as we will be able to stock up on inventories at the new manufacturing factory cum warehouse. By committing to a larger volume of orders, we will be in a better position to negotiate for more competitive prices with suppliers, which amongst others, include volume discounts, rebates and longer payment terms. We may also be able to engage directly with manufacturers for bulk purchases of M&E engineering project-related inventories, thereby eliminating intermediaries and reducing our purchasing costs. Further, by purchasing these inventories during periods of low prices, we are able to create a stockpile of essential M&E engineering project-related inventories, which would not only provide a buffer during periods of price hikes but also help us avoid material shortages and ensure the continuity of our projects. For clarity, our Group intends to purchase these M&E engineering project-related inventories primarily based on project confirmations in order to avoid overstocking.

Presently, we carry out the manufacturing of electrical panels and distribution boards at our manufacturing facility at Bandar Teknologi Kajang, Semenyih which has a built up area of approximately 2,088 sq ft. We also store inventories of materials for the manufacturing of electrical panels and distribution boards and finished goods which are bulky in nature at this manufacturing facility which has limited space. Thus, we are not able to use the manufacturing facility for the storage of M&E engineering project-related inventories. We do not carry a large volume of inventory as we plan the procurement of materials based on the project activity requirements to optimise the storage space at our manufacturing facility. As a result, our average inventory turnover periods for the Financial Year Under Review were between 21 and 48 days.

The current annual production capacity of our manufacturing of electrical panels and distribution boards at the manufacturing facility is 1,317 units. The utilisation rates of our manufacturing facility were 78.28%, 93.32% and 95.67% in FYE 2022, FYE 2023 and FYE 2024, respectively, indicating that the Group is unable to increase the output of electrical panels and distribution boards without increasing space for manufacturing activities.

4. DETAILS OF OUR IPO (Cont'd)

The new manufacturing factory cum warehouse will increase the manufacturing and storage space as well as production capacity to the following:

Usage	Existing Manufacturing factory	New manufacturing factory cum warehouse
• Manufacturing floor space (sq ft)	1,788	10,000
• Storage/Warehouse (sq ft)	300	25,000
Total production capacity (units)	1,317	3,951
Total space (sq ft)	2,088	35,000

We plan to allocate approximately 10,000 sq ft in the new manufacturing factory cum warehouse for the manufacturing of electrical panels and distribution boards, while the remaining 25,000 sq ft will be allocated for the storage of M&E engineering project-related inventories such as cables, wires and spare parts, which include galvanised iron coils, cable trunking, cable tray, copper tubes, thermostats, switch socks and connectors. We intend to increase our annual production capacity progressively to 300.00% (from the current 1,317 units) over a period of 3 years from the commencement of operations at the new manufacturing factory cum warehouse.

Additionally, the purpose for the acquisition of land and construction of the manufacturing factory cum warehouse is also to allow the Group to increase our production output of electrical panels and distribution boards internally to meet the Group's M&E engineering project requirements, as well as increase the sales of our manufactured electrical panels and distribution boards to third party customers.

We intend to recruit 3 Business Development employees who will be responsible for sourcing new opportunities for our electrical engineering, ACMV and intelligent building solutions projects. These Business Development employees will also be responsible for promoting our electrical panels and distribution boards to potential customers, mainly comprising project owners and other M&E engineering subcontracting companies in Malaysia. We believe that Neutron Letrik will be able to leverage on its capabilities to offer customised electrical panels and distribution boards that meet the technical requirements of these customers.

The new manufacturing factory cum warehouse will accommodate the growth in the Group's business which involves the increased production output of electrical panels and distribution boards as well as purchase of additional M&E engineering project-related inventories.

We intend to allocate approximately RM4.19 million of the gross proceeds from the Public Issue to finance the entire construction cost of the new manufacturing factory cum warehouse on the land. The estimated expenditure is detailed as follows:

Usage	New manufacturing factory cum warehouse (sq ft)	Estimated expenditure⁽¹⁾ via gross proceeds from Public Issue (RM'000)
• Manufacturing floor space	10,000	1,197
• Storage/ warehouse	25,000	2,933
Total	35,000	4,190

4. DETAILS OF OUR IPO (Cont'd)**Note:**

- (1) The estimated construction cost of the new manufacturing factory cum warehouse of approximately RM4.19 million is based on quotation from a contractor.

Subsequent to the completion of the new manufacturing factory cum warehouse, we will relocate our Group's existing manufacturing facility at Bandar Teknologi Kajang, Semenyih to this new premise. We expect to incur transportation and manpower cost amounting to RM0.10 million to be funded via internally generated funds for the relocation to the new premise. We do not foresee any impact to the Group's operations in relation to the relocation as additional manufacturing facilities will be set up at the new manufacturing factory cum warehouse prior to the relocation. Subsequent to the relocation, our manufacturing facility at Bandar Teknologi Kajang, Semenyih and the rental of the premise will be discontinued.

The indicative timeline from the date of listing for acquisition of land and construction of the new manufacturing factory cum warehouse is targeted to be as follows:

Timeframe	Details
1st – 6th month	Identify suitable land and negotiate with vendor(s) of land
7th – 12th month	Acquisition of land
13th – 15th month	Obtain approval for building plans and other approvals required from local councils and authorities
16th – 26th month	Commence construction of new manufacturing factory cum warehouse
25th – 35th month	- Obtain CCC for the new manufacturing factory cum warehouse - Obtain the relevant licences and approvals for operation (i.e DBKL, MITI and DOSH)
36th month	- Relocate to new manufacturing factory cum warehouse - Commence commercial operations at new manufacturing factory cum warehouse

As at the LPD, our Group is still in the midst of identifying a suitable piece of land for the new manufacturing factory cum warehouse. The details on the exact location and size of the land in Klang Valley are subject to changes depending on the price and availability of land parcels.

In the event the allocated proceeds are insufficient for the purchase of land and construction of the new manufacturing factory cum warehouse, the shortfall in proceeds will be funded via internally generated funds and/or bank borrowings.

Please refer to Section 6.7 of this Prospectus for further details on our Group's business strategies.

4. DETAILS OF OUR IPO (Cont'd)**(ii) Repayment of borrowings**

We have allocated RM5.60 million, representing 20.07% of the proceeds from the Public Issue, to pare down part of our Group's outstanding borrowings. We have prioritised to repay borrowings that have a higher interest rate and/or those without any repayment penalties. The details are set out in the table below:

Financial institution/ Type of facility	Purpose	Interest rate per annum	Maturity date	Balance as at LPD RM'000	Amount to be repaid RM'000
Hong Leong Bank Berhad/ Term loan	Working capital requirement	4.40% based on BLR – 2.49% ⁽¹⁾	October 2046	1,816	1,800
CIMB Bank Berhad/ Term loan	Working capital requirement	4.85% based on BFR – 2.00% ⁽²⁾	November 2047	2,203	2,200
Public Bank Berhad/ Term loan	Working capital requirement	4.52% based on BLR – 2.20% ⁽³⁾	December 2038	432	380
Public Bank Berhad/ Term loan	Working capital requirement	4.52% based on BLR – 2.20% ⁽³⁾	September 2039	427	375
Maybank Islamic Berhad/ Term loan	Working capital requirement	7.15% based on BFR + 0.50% ⁽⁴⁾	January 2034	845	845
Total				5,723	5,600

Notes:

- (1) The BLR as at LPD is 6.89%
- (2) The BFR as at LPD is 6.85%
- (3) The BLR as at LPD is 6.72%
- (4) The BFR as at LPD is 6.65%

The repayment of the above-mentioned borrowings is expected to have a positive financial impact on our Group with interest savings of approximately RM0.29 million per annum based on existing prevailing nominal interest rates ranging from 4.40% per annum to 7.15% per annum for the term loans. However, the actual interest savings may vary depending on the then applicable interest rates. For avoidance of doubt, the repayment of the above-mentioned borrowings will not result in any penalty or early settlement fee.

The proposed repayment of borrowings coupled with the increase in total equity from the issuance of new Shares under our Public Issue will provide us with better borrowing capability to undertake larger projects in the future where larger financing is required. The proposed repayment of bank borrowings will reduce our gearing level of 0.34 times as at 31 December 2024 to 0.09 times upon completion of our Listing and utilisation of the proceeds from the IPO Issue as illustrated in the pro forma statements of financial position as at 31 December 2024 as set out in Section 13.

4. DETAILS OF OUR IPO (Cont'd)**(iii) General working capital**

Our Group has allocated RM7.80 million, representing 27.96% of the proceeds from the Public Issue to supplement the working capital requirements in tandem with the expected growth in our business.

No.	Details	RM'000
1	Expansion of workforce ⁽¹⁾	204
2	Purchases of inventories ⁽²⁾	7,597
Total		7,801

Notes:

- (1) We intend to hire 3 additional employees to strengthen our Business Development team to support the anticipated growth in our business, and have allocated RM0.20 million for their salaries over 12 months from the proceeds of the IPO, details of which are as follows:

Position	No. of staffs	Role	Salary RM'000
Business Development Manager	1	Develops and oversees the implementation of sales and business development strategies. In addition, securing new clients and projects as well as cultivate business relationships with new customers.	84 ^(a)
Business Development Executives	2	To support the Business Development Manager by identifying new potential customers and business opportunities.	120 ^(b)
Total			204

Notes:

- (a) Based on the estimated salary per month of RM7,000 over a 12-months period.
- (b) Based on the estimated salary per month of RM5,000 for each business development executive for over a 12-months period.

The estimated staff salaries are based on management's internal estimations using the existing market data. The estimated staff salaries are for a period of 12 months beginning from the date of employment of the respective staffs and the payments of new staff salaries will subsequently be funded through internally generated funds.

- (2) We intend to allocate RM7.60 million from the proceeds of the IPO for the purchase of materials such as metal plates for the manufacturing of electrical panels and distribution boards, as well as M&E engineering project-related inventories, such as cables, wires and spare parts which the Group uses in all its electrical engineering and ACMV services as well as intelligent solutions projects.

4. DETAILS OF OUR IPO (Cont'd)

The purchase of materials would primarily be based on project confirmations, particularly for secured projects, to avoid overstocking.

(iv) Estimated listing expenses

An amount of RM4.50 million or 16.13% of the total proceeds from our Public Issue is allocated to meet the estimated cost of our Listing. The following summarises the estimated expenses incidental to our Listing to be borne by us:

Estimated listing expenses	RM'000
Professional fees ⁽¹⁾	2,851
Underwriting, placement and brokerage fees	829
Fees to authorities	76
Printing, advertising fees and contingencies ⁽²⁾	744
Total	4,500

Notes:

(1) Includes advisory fees for, amongst others, our Principal Adviser, solicitors, reporting accountants, IMR and Issuing House.

(2) Other incidental or related expenses in connection with our IPO.

Any variations from the amounts budgeted for Section 4.9.1 (i), (ii) and (iv) above, shall be adjusted towards or against, as the case may be, the proceeds allocated for general working capital requirements. Pending the receipt of proceeds from our Public Issue, we may proceed with our plans as set out in Section 4.9.1 (i), (ii), (iii) and (iv) above by utilising our internally generated funds. Therefore, when the proceeds from our Public Issue are received, we will use the proceeds allocated to replenish our internally generated funds.

Pending the deployment of the proceeds raised from the Public Issue, the funds (including accrued interest, if any) or the balance thereof will be placed in interest-bearing deposit accounts with licensed financial institutions or in short-term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as the Group's additional funding for the general working capital requirements as set out in Section 4.9.1 (iii) above.

Where applicable and required under Rule 8.24 of the Listing Requirement, our Group will seek the shareholders' approval for any material variation to the utilisation of proceeds raised from our Listing.

4.9.2 Offer for Sale

The Offer for Sale is expected to raise gross proceeds of approximately RM13.95 million which will accrue entirely to our Selling Shareholder and we will not receive any of the proceeds.

The Selling Shareholder shall bear all of the expenses relating to the Offer Shares, the aggregate of which is estimated to be approximately RM0.35 million.

4. DETAILS OF OUR IPO (Cont'd)

4.10 UNDERWRITING, PLACEMENT AND BROKERAGE

4.10.1 Underwriting arrangement and commission

Our Underwriter has agreed to underwrite 26,827,500 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. The balance 44,712,500 Issue Shares reserved for private placement to Bumiputera investors approved by MITI and 35,770,000 Offer Shares reserved for private placement to selected investors shall be placed out by our Placement Agent and will not be underwritten.

We will pay our Underwriter an underwriting commission of 2.50% of our IPO Price multiplied by the number of Shares underwritten.

4.10.2 Placement arrangement and fees

Our Placement Agent will place out a total of 44,712,500 Issue Shares to identified Bumiputera investors approved by MITI and 35,770,000 Offer Shares to selected investors.

We will pay our Placement Agent a placement fee of 2.50% of our IPO Price multiplied by the number of Issue Shares placed out by to identified Bumiputera investors approved by MITI by our Placement Agent.

The Selling Shareholder will pay the placement fee of 2.50% of the value of those Offer Shares placed out to the selected investors by our Placement Agent.

4.10.3 Brokerage fees

Brokerage is payable in respect of the Issue Shares at the rate of 1.00% of our IPO Price in respect of successful applicants which bear the stamp of member companies of Bursa Securities, member of the Association of Banks in Malaysia, members of the Malaysia Investment Banking Association in Malaysia or Issuing House.

4.11 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We have entered into the Underwriting Agreement with M & A Securities, to underwrite 26,827,500 Issue Shares ("**Underwritten Shares**") as set out in Section 4.10.1 above.

The salient terms in the Underwriting Agreement are as follows:

4.11.1 The obligations of the Underwriter under the Underwriting Agreement shall further be conditional upon:

- (a) the Underwriter being provided with such reports or confirmation and being satisfied on the Closing Date that:
 - (i) no material adverse change, or any development likely to result in a material adverse change in the financial position, business operations or conditions (financial or otherwise) of our Group from the date of the Underwriting Agreement; or
 - (ii) there has not occurred any event or the discovery of any facts of circumstances which would render any representations, warranties or undertakings by our Company contained in the Underwriting Agreement materially untrue or inaccurate or result in a material breach of the Underwriting Agreement by our Company;

4. DETAILS OF OUR IPO (Cont'd)

- (b) the Underwriter receiving a certificate dated the Closing Date signed by the duly authorised officers of our Company stating inter alia that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in the Underwriting Agreement;
- (c) the Underwriter receiving copies certified by a director or the company secretary of our Company to be a true and accurate copy and in full force and effect of a resolution of the directors and the shareholders in general meeting:
 - (i) approving the issue of the Issue Shares;
 - (ii) approving the Prospectus and the application forms, the Listing, the Public Issue, Offer for Sale, the Underwriting Agreement and the transactions contemplated by it; and
 - (iii) authorising a person(s) to sign and deliver the Underwriting Agreement on behalf of our Company and the issuance of the Prospectus;
- (d) the issue, offer and subscription of the Issue Shares is not being prohibited or impeded by any statute, order, rule, directive, guideline (whether or not having the force of law) or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia or any condition imposed by the regulators in approving the Issue Shares and Offer Shares and all consents, approvals, authorisations or other orders required by our Company under such laws for or in connection with the Public Issue, Offer for Sale and Listing have been obtained, complied with and are in force on the Closing Date or the Underwriter being reasonably satisfied that the same will be in force on the Closing Date;
- (e) the offering of, listing of and quotation for the Issue Shares / issued and paid-up share capital of our Company on the ACE Market of Bursa Securities having been approved by Bursa Securities and any other relevant authority or authorities and remaining in full force and effect and that all conditions to the approvals (except for any which can only be complied with after the offering of the Issue Shares to the Malaysian Public has been completed) have been complied with or subject only to conditions which are acceptable to the Underwriter and such approval is not withdrawn;
- (f) the launching of Prospectus taking place within three (3) months from the date of the Underwriting Agreement or such other later date as the Underwriter and our Company may from time to time agree in writing;
- (g) the Prospectus having been lodged with the Companies Commission of Malaysia and registered with the Bursa Securities together with all the required documents in accordance with the Act and Listing Requirements and the relevant laws and regulations;
- (h) the Underwriter having been satisfied that arrangements have been made by our Company to ensure payment of the expenses referred to in the Underwriting Agreement;
- (i) the Underwriting Agreement and the required agreements/letters of undertaking in relation to the Offer for Sale in the form acceptable to the Underwriter have been duly executed by all relevant parties and are in full force and effect, valid and enforceable (and not amended or supplemented, save as agreed in writing by the Underwriter), there shall not have occurred any breach or non-compliance by any of the parties thereto of their obligations and agreements under such documents and each of the conditions precedent (save for this condition precedent) in each of these

4. DETAILS OF OUR IPO (*Cont'd*)

agreement and the other documents shall have been satisfied or waived (in accordance with the provisions in the Underwriting Agreement or thereto);

- (j) the Listing occurs within one (1) month from the Closing Date or any later date as may be approved by the authorities and agreed in writing by the Underwriter; and
- (k) upon the Underwriter's (in this regard, in its capacity as the placement agent for the placement shares) receipt of the full subscription monies for the placement shares on or before the last date for payment of the placement shares.

(collectively, the "**Conditions Precedent**")

4.11.2 If after the Conditions Precedent have been complied with and our Company decides not to proceed with the IPO, the Underwriter may treat itself as so released or discharged from its obligations and the Underwriting Agreement shall terminate and be of no further force or effect provided that our Company shall remain liable, subject always to the Underwriting Agreement for the payment of the sum stated therein and of all other costs and expenses including but not limited to those referred to in the Underwriting Agreement.

4.11.3 In the event any of the conditions set out in the Underwriting Agreement are not satisfied on or before the Closing Date, the Underwriter shall be entitled to terminate the Underwriting Agreement by notice given to our Company not later than the Closing Date and upon such termination, our Company and the Underwriter shall be released and discharged from their respective obligations under the Underwriting Agreement provided that our Company shall remain liable, subject always to the Underwriting Agreement for the payment of the sum stated therein and of all other costs and expenses including but not limited to those referred to in the Underwriting Agreement. The Underwriter reserves the right to waive or modify all or any of the conditions aforesaid (except for any required by a mandatory rule of law or a mandatory requirement of governmental, public or regulatory authorities in connection with the Underwriting Agreement) and such waiver or modification shall not prejudice the Underwriter's rights under the Underwriting Agreement.

4.11.4 Notwithstanding anything contained in the Underwriting Agreement, the Underwriter may at any time on or before the Closing Date, terminate its obligations under the Underwriting Agreement if:

- (a) any of the Conditions Precedent as contained in the Underwriting Agreement is not duly satisfied by the Closing Date;
- (b) there is any material breach by our Company of any of the representations, warranties or undertakings contained in the Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied to the reasonable satisfaction of the Underwriter within ten (10) Market Days from the date our Company is notified by the Underwriter of such breach;
- (c) there is withholding of material information by our Company which, in the reasonable opinion of the Underwriter, would have or can reasonably be expected to have a material adverse effect on the business or operations of our Group, the success of the IPO, or the distribution or sale of the Issue Shares;
- (d) the approval of Bursa Securities in respect of the Listing or the approval-in-principle of Bursa Securities for the listing and quotation of the entire issued and paid-up share capital of our Company on the ACE Market of Bursa Securities is withdrawn;
- (e) there shall have occurred, or happened any material and adverse change in the business or financial condition of our Company or our Group;

4. DETAILS OF OUR IPO (Cont'd)

- (f) our Company or any of its subsidiaries becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as they fall due or enters into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors;
- (g) there shall have occurred, or happened any of the following force majeure events, if the success of the Public Issue and Offer for Sale is, in the opinion of the Underwriter, seriously jeopardised by:
 - (i) any government requisition or other occurrence of any nature whatsoever which in the opinion of the Underwriter seriously affects or will seriously affect the business and/or financial position of our Group;
 - (ii) any material change or any development involving a prospective change, in national or international monetary, financial, economic or political conditions or exchange control or currency exchange rates (including but not limited to conditions on the stock market in Malaysia or outside of Malaysia, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or the occurrence of any combination of any of the foregoing which would have, or can reasonably be expected to have, in the reasonable opinion of the Underwriter, a material adverse effect on, and/or materially prejudice the business or the operations of our Company or our Group as a whole, the success of the IPO, or the distribution or sale of the Issue Shares, or which has or is reasonably likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms;
 - (iii) any new law or regulation or any change in existing laws or regulations, directive, policy or ruling in any jurisdiction or any change in the interpretation or application thereof by any court or other competent authority, which in the opinion of the Underwriter has or is likely to have a material adverse effect on the condition (financial or otherwise) or the earnings, business affairs or business prospects (whether or not arising in the ordinary course of business) of our Group;
 - (iv) the imposition of any moratorium, suspension or material restriction on trading in securities generally on ACE Market due to exceptional financial circumstances or otherwise;
 - (v) there having been on or prior to the Closing Date and in the reasonable opinion of the Underwriter, any adverse and material change or development reasonably likely to involve a prospective adverse and material change in the financial or business condition of our Group from that set out in the Prospectus which is material in the context of the offering of the Issue Shares and/or Offer Shares thereunder or any occurrence of any event rendering untrue or incorrect or misleading or not complied with to an extent which is material as aforesaid, any of the warranties and representations in the Underwriting Agreement as though given or made on such date;
 - (vi) any event or series of events beyond the reasonable control of the Underwriter (including without limitation, acts of government, national disorder, declaration of a state of national emergency, pandemics, acts of terrorism, strikes, lockouts, fire, explosion, earthquake, flooding, civil commotion, acts of war, sabotage, acts of God or accidents) which would have, or can reasonably be expected to have, in the reasonable opinion of the Underwriter, a material adverse effect on, and/or materially prejudice the business or the operations of our Company or our Group as a whole, the success of the IPO, or the distribution or sale of the Issue Shares, or which

4. DETAILS OF OUR IPO (*Cont'd*)

has or is reasonably likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or

- (vii) if the FTSE Bursa Malaysia Kuala Lumpur Composite Index ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day on or after the date of the Underwriting Agreement and prior to the allotment of the Issue Shares, lower than 90% of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least three (3) Market Days;

- (h) there is any failure on the part of our Company to perform any of its material obligations under the Underwriting Agreement.

4.11.5 In the event that the Underwriting Agreement is terminated pursuant to the terms and conditions of the Underwriting Agreement, the Underwriter and our Company may confer with a view to deferring the Public Issue by amending its terms or the terms of the Underwriting Agreement and may enter into a new underwriting agreement accordingly, but neither the Underwriter nor our Company shall be under any obligation to enter into a fresh agreement.

4.11.6 If the Underwriter terminates its obligation pursuant to Section 4.11.4 above, the parties shall be released and discharged from their respective obligations under the Underwriting Agreement save for the Underwriter's rights to the following:

- (a) the payment of underwriting commission in accordance with terms of the Underwriting Agreement;
- (b) costs and expenses incurred by the Underwriter in connection with the underwriting of the Underwritten Shares (including late interest payment, if applicable); and
- (c) right to be indemnified by our Company.

4.12 TRADING AND SETTLEMENT IN SECONDARY MARKET

Our Shares will be admitted to the Official List of the ACE Market and an official quotation will commence after, among others, the receipt of confirmation from Bursa Depository that all of our IPO Shares have been duly credited into the respective CDS Accounts of the successful applicants and the notices of allotment have been issued and despatched to all the successful applicants.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as securities to be deposited into the CDS. Following this, we will deposit our Shares directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the SICDA and Depository Rules. We will not issue any share certificates to successful applicants.

Upon our Listing, transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS Account being debited with the number of Shares sold and the buyer's CDS Account being credited with the number of Shares acquired.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares will trade under the odd lot board. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the second Market Day following the transaction date, and payment for the securities is generally settled on the second Market Day following the transaction date.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Promoters' and substantial shareholders' shareholdings

The shareholdings of our Promoters and substantial shareholders in our Company before and after our IPO are set out below:

Name	Nationality / Country of incorporation	⁽¹⁾ After Acquisition but before our IPO				⁽²⁾ After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Neutron Capital	Malaysia	211,054,464	73.75	-	-	175,284,464	49.00	-	-
Lim Yong Lai	Malaysian	75,105,536	26.25	⁽³⁾ 211,054,464	73.75	75,105,536	21.00	⁽³⁾ 175,284,464	49.00

Notes:

⁽¹⁾ Based on the share capital of 286,160,000 Shares after Pre-IPO Restructuring but before our IPO.

⁽²⁾ Based on the enlarged share capital of 357,700,000 Shares after our IPO.

⁽³⁾ Deemed interested by virtue of his interest in Neutron Capital pursuant to Section 8 of the Act.

Our Promoters and substantial shareholders do not have different voting rights from other shareholders of our Company.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.1.2 Profiles of Promoters and/or substantial shareholders

The profile of Lim Yong Lai who is our Promoter, substantial shareholder and Director are set out in Section 5.2. The profile of our Promoter and substantial shareholder is as follows:

(i) Neutron Capital

Promoter and substantial shareholder

Neutron Capital was incorporated in Malaysia on 7 November 2016 under the Act as a private limited company. The principal activity of Neutron Capital is an investment holdings as well as property management and maintenance. As at the LPD, the issued capital of Neutron Capital is RM450,000.00 comprising 100,700 ordinary shares.

As at the LPD, the director and shareholder as well as his shareholding in Neutron Capital is as follows:

Director and Shareholder	Nationality	Direct		Indirect	
		No. of ordinary shares	%	No. of ordinary shares	%
Lim Yong Lai	Malaysian	100,700	100.00	-	-
	Total	100,700	100.00	-	-

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.1.3 Changes in Promoters' and substantial shareholders' shareholdings

The changes in our Promoters and substantial shareholders' respective shareholdings in our Company since our incorporation and up to completion of the IPO are as follows:

Name	As at incorporation				⁽¹⁾ After Acquisition				After our IPO ⁽²⁾			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Neutron Capital	80,000	100.00	-	-	211,054,464	73.75	-	-	175,284,464	49.00	-	-
Lim Yong Lai	-	-	-	-	75,105,536	26.25	⁽³⁾ 211,054,464	73.75	75,105,536	21.00	⁽³⁾ 175,284,464	49.00

Notes:

- (1) Based on our issued share capital of 286,160,000 after completion of the Pre-IPO Restructuring but before our IPO.
- (2) Based on our enlarged share capital of 357,700,000 Shares after our IPO.
- (3) Deemed interested by virtue of his interest in Neutron Capital pursuant to Section 8 of the Act.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)

5.1.4 Persons exercising control over the corporation

Save for our Promoters as set out in Section 5.1.1 of this Prospectus, there is no other person who is able to, directly or indirectly, jointly or severally, exercise control over our Company. There is no arrangement of which may, at a subsequent date, result in a change in control of our Company.

5.1.5 Benefits paid or intended to be paid

Save for the remuneration and benefits as disclosed in Section 5.5.1 and dividends as disclosed in Section 11.7, there is no amount and benefit that has been or is intended to be paid or given to our Promoter and/or substantial shareholder within the 2 years preceding the date of this Prospectus.

5.2 DIRECTORS

5.2.1 Profiles of Directors

The profiles of our other Directors are as follows:

(i) Dato' Sri Dr Shahril Bin Mokhtar
Independent Non-Executive Chairman

Dato' Sri Dr Shahril bin Mokhtar, a Malaysian male aged 52, is our Independent Non-Executive Chairman. He was appointed to the Board on 26 April 2024.

He graduated from the University of Missouri, St. Louis, the United States of America in 1995 with a Bachelor of Arts in Psychology. He later obtained a Degree of Master of Management from the University of Malaya in 2008. He has also attended the Advanced Management Program from Kellogg School of Management in Northwestern University, Chicago, the United States of America in 2016. In 2023, he obtained a Doctor of Philosophy in Political Science from Universiti Utara Malaysia.

He began his career in 1995 as an Executive at Maybank Berhad in the human resource department. In 1999, he left Maybank Berhad and joined PricewaterhouseCoopers (PwC) Malaysia as a Manager in its Human Capital Centre where he was responsible for overseeing the recruitment, employee relations, industrial relations and matters relating to employees' welfare. He left the firm in January 2002 and joined British American Tobacco (M) Berhad as a Senior Manager at its human capital and government relations department. He left British American Tobacco (M) Berhad in September 2002 and joined Penerbangan Malaysia Berhad (Parent company of Malaysia Airlines Berhad) as a General Manager in its corporates services division where he was responsible for overseeing the corporate services functions of the company.

He left Penerbangan Malaysia Berhad in 2006 and joined Rangkaian Pengangkutan Integrasi Deras (RAPIDKL) Sdn Bhd as its General Manager of Corporate Planning where he was involved in the preparation and implementation of the company's 10-year Public Transport Strategic Roadmap. He also served as a Deputy Leader for the National Key Results Area (NKRA) for Public Transport Lab led by the Ministry of Transport under the Malaysian Government's Transformation Program.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)

In 2009, he left the company and was appointed as an Advisor in the Economic Planning Unit of the Prime Minister's Department. As an Advisor, he served as a key team member in the setting up of the Land Public Transport Commission and was involved in the drafting of the Suruhanjaya Pengangkutan Awam Darat Act 2010. He left his position in March 2010 and joined Suruhanjaya Pengangkutan Awam Darat (SPAD) in the same year as its Chief Operating Officer where he co-led in spearheading its long-term reforms in land-based passenger and transportation sector.

He left the Suruhanjaya Pengangkutan Awam Darat in October 2010 and joined Prasarana Malaysia Berhad as its Managing Director where he was responsible for charting the business strategies of the company according to Prasarana Group's Business Turnaround Plan and Business Transformation Plan. In January 2015, he left Prasarana Malaysia Berhad and joined Mass Rapid Transit Corporation Sdn Bhd (MRT Corp) as the Chief Executive Officer/Executive Director. He was responsible for overseeing and monitoring the multibillion Mass Rapid Transit Line 1 (Sg. Buloh - Kajang Line) and Mass Rapid Transit Line 2 (Sg. Buloh - Serdang - Putrajaya Line) overall project development and construction.

He left Mass Rapid Transit Corporation Sdn Bhd in December 2018 and joined DWL Resources Berhad (now known as Velocity Capital Partner Berhad, a company listed on the Main Market of Bursa Securities) in May 2019 as its Managing Director where he was responsible for overseeing the company's businesses in property construction, property investment, property development and technology services.

He left DWL Resources Berhad in April 2020 and joined Sungai Kelang Expressway Sdn Bhd, as the Managing Director, where he was responsible for overseeing the company's infrastructure and property development business. He left Sungai Kelang Expressway Sdn Bhd in September 2023.

In October 2023, he joined Green Packet Berhad, a company listed on the Main Market of Bursa Securities, as its Group Managing Director. In his present capacity, he is responsible for the overall business strategies as well as overseeing the daily operations of the company. He left Green Packet Berhad in September 2024.

Apart from his other executive positions, he joined UiTM Holdings Sdn Bhd and UiTM Private Healthcare Sdn Bhd, both as Chairman in November 2021. He left both positions in May 2023 and joined UTM Holdings Sdn Bhd as Chairman in July 2023.

Presently, he sits on the board of directors of Taghill Holdings Berhad (formerly known as Siab Holdings Berhad), a company listed on the ACE Market of Bursa Securities, as its Independent Non-Executive Director since June 2021 and EVD Berhad, a company listed on the ACE Market of Bursa Securities, as its Independent Non-Executive Chairman since February 2025.

He presently holds directorship and shareholdings in several private limited companies.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)

(ii) Lim Yong Lai

Promoter, substantial shareholder and Managing Director

Lim Yong Lai, a Malaysian male aged 45, is our Promoter, substantial shareholder and Managing Director. He was appointed to the Board on 21 September 2023. He is responsible for developing our Group's overall business strategies and direction, including business development, project implementation, corporate affairs and operations management. He is also involved in client and stakeholder engagement such as attending monthly project meetings with clients and subcontractors to update progress of projects and resolve matters arising from these projects. He is also responsible for pursuing new business ventures that can contribute to the growth of our Group.

He has more than 22 years of working experience in the M&E engineering industry.

He graduated with a Bachelor of Engineering (Mechanical) from Universiti Teknologi Malaysia in 2002.

Upon graduation, he began his career as a Project Engineer in June 2002 with Sunway Engineering Sdn Bhd where he assisted in scheduling, coordinating and monitoring the M&E engineering projects undertaken by the company.

In October 2002, he left Sunway Engineering Sdn Bhd and joined Menang Engineering Sdn Bhd as a Project Engineer where he was involved in managing the M&E engineering projects undertaken by the company. In October 2003, while he was still attached to Menang Engineering Sdn Bhd he co-founded West River Engineering (then known as West River Dynasty Sdn Bhd) with his siblings, Lim Heng Lai, Lim Lye Ting and Lim Soon Lai, and his father, Lim Yok Beng, which commenced operations as a bookstore.

In 2005, he left Menang Engineering Sdn Bhd and took over the leadership and daily management of West River Engineering after acquiring shares from his father and siblings. Under his leadership, West River Engineering ventured into the provision of M&E engineering services and he played a significant role in building the company's business in terms of securing new customers and projects. He assumed his present role as Managing Director in 2023.

He also holds directorship and/or shareholdings in several private limited companies.

(iii) Cheong Wee Kim

Executive Director

Cheong Wee Kim, a Malaysian male, aged 45, is our Executive Director. He was appointed to the Board on 1 November 2023. He is responsible for planning, coordinating and managing our Group's M&E and intelligent building solutions projects where he is involved in cultivating business relationships with customers and suppliers, overseeing the preparation of tender documents and communicating with customers on operational matters (i.e., project claims, variation orders and compliance with timelines and project requirements).

He has more than 21 years of working experience in the M&E engineering industry.

He graduated with a Bachelor of Engineering (Electrical) from Universiti Teknologi Malaysia in 2002. He is registered with the Board of Engineers Malaysia as a Graduate Engineer (Electronic) since 2015. He is also certified by the Energy Commission as a Wireman (PW4) and Chargeman (A4) since 2014 and 2021, respectively.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

In 2003, he began his career with Syarikat Letrik Chen Guan Sdn Bhd as a Project Engineer, where he assisted in preparing, scheduling, coordinating and monitoring M&E engineering projects undertaken by the company.

Subsequently in 2009, he left Syarikat Letrik Chen Guan Sdn Bhd and joined Rixon Technologies Sdn Bhd as a Project Director, where he was responsible for managing M&E engineering projects undertaken by the company, including client management.

In 2013, he left Rixon Technologies Sdn Bhd and joined West River Engineering as a Project Director, where he was responsible for project management and operations management, which includes M&E engineering project planning and management and client management. He assumed his present role as Executive Director on 1 November 2023.

(iv) Tan Yiing Fung

Independent Non-Executive Director

Tan Yiing Fung, a Malaysian female, aged 37, is our Independent Non-Executive Director. She was appointed to our Board on 26 April 2024.

She graduated with Bachelor of Laws (Honours) from the University of Leeds in 2010. She was called to the Malaysian Bar and admitted as an Advocate and Solicitor of the High Court of Malaya in 2012.

In September 2012, she began her career at Messrs. Teh & Lee as an Associate. During her tenure at Messrs. Teh & Lee, her main areas of practice consisted of corporate and commercial laws where she was engaged in equity and debt transactions such as mergers and acquisitions, joint ventures, corporate restructuring, takeovers as well as private debt securities, corporate loans and private fund transactions. She left Messrs. Teh & Lee in March 2021 and joined Messrs. CY Poon & CM Lim as a Partner in April 2021. In her present capacity, she oversees the operations of the firm's branch office in Kuala Lumpur and her main areas of practice consists of corporate, conveyancing and banking specialising in equity and debt capital market and advising on setting up of venture capital funds.

Currently, she sits on the board of Aldrich Resources Berhad, a company listed on the ACE Market of Bursa Securities, as its Independent Non-Executive Director since August 2024, Malaysian Genomics Resource Centre Berhad, a company listed on the ACE Market of Bursa Securities, as its Independent Non-Executive Director since February 2025 and Manforce Group Berhad, a company listed on the LEAP Market of Bursa Securities, as its Independent Non-Executive Director since March 2025. She also holds directorship and shareholding in a private limited company.

(v) Kho Zhen Qi

Independent Non-Executive Director

Kho Zhen Qi, a Malaysian female aged 37, is our Independent Non-Executive Director. She was appointed to our Board on 1 November 2023.

She graduated with Bachelor of Laws (Honours) from the University of Malaya in 2012. She then obtained her Master of Business Administration (with Distinction) from the University of Malaya in 2024. She was admitted as an advocate and solicitor of the High Court of Malaya in September 2013 and has been a registered member of the Malaysian Bar since December 2013.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

In December 2013, she began her career at Justin Voon Chooi & Wing as a Legal Assistant, where she was tasked to assist in dispute resolution and general litigation matters. During her tenure with the firm, she had undertaken various dispute resolution cases, among others, including estate administration and management disputes, acting for foreign clients in relation to recovery of ownership and building construction contract disputes in both arbitration and litigation.

In April 2016, she left Justin Voon Chooi & Wing and joined Ng, Gan & Partners (previously known as Li Kian & Co) as a Partner. In her present capacity, she oversees the operations of the firm, and handles various disputes resolution matters including civil and commercial litigation, corporate and banking litigation, industrial relations and construction, as well as land-related litigations.

Currently, she sits on the board of MN Holdings Berhad, a company listed on the ACE Market, as its Independent Non-Executive Director since 2021. She does not hold any directorship or shareholding in other private limited companies.

(vi) Wong Kian Leon

Independent Non-Executive Director

Wong Kian Leon, a Malaysian male aged 52, is our Independent Non-Executive Director. He was appointed to our Board on 1 November 2023.

He graduated with a Bachelor of Accounting from Universiti Kebangsaan Malaysia in 1998. He has been a Member of the Malaysian Institute of Accountants (MIA) since 2002.

He began his career at KB Chiu & Co as an Audit Assistant in 1998, where he was involved in audit and taxation engagements for clients of the firm.

In 2001, he left KB Chiu & Co and joined H.W. Phong & Associates as an Audit Associate, where he was involved in leading auditors to perform audit engagements, taxation and financial due diligence for clients of the firm.

In 2004, he left H.W. Phong & Associates to set up K L Wong & Co to undertake bookkeeping and accounting works for clients. Subsequently, in 2006, he founded CCA Consulting Sdn Bhd (now known as GlobalCCAI Holding Sdn Bhd), a company providing external company secretarial services, where he assumed the role of Managing Director. In his capacity as the Managing Director, he is responsible for business development and managing the daily operations of the company. He subsequently dissolved K L Wong & Co in 2011. He presently holds directorship and shareholdings in several private limited companies.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.2.2 Principal business performed outside our Group

Save as disclosed below, none of our Directors has any other principal directorship and/or principal business activities performed outside our Group in the past 5 years up to LPD:

(i) Dato' Sri Dr Shahril bin Mokhtar

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
<u>Present involvement</u>						
Neom Logistics Sdn Bhd	Total logistics services	Executive Director	15 December 2021	-	40.00	-
RGFC Ventures Sdn Bhd	Venture capital companies; investment advisory services; real estate activities with own or leased property N.E.C.	Non-Executive Director	26 July 2023	-	-	-
UTM Holdings Sdn Bhd	General trading and services, hospitality services, project management, renting out premises owned by University Teknologi Malaysia	Non-Executive Chairman, Director	1 July 2023	-	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Taghill Holdings Berhad (formerly known as Siab Holdings Berhad) (Listed on the ACE Market of Bursa Securities)	The provision of construction services, focusing on high-end commercial and mixed development projects, high-rise grade A office developments, hypermarkets, industrial buildings, institutional buildings (including hospitals), high-rise residential and township development	Non-Executive Director	24 June 2021	-	-	-
Red Giants FC Sdn Bhd	Involve in the operation of sports clubs such as football club, bowling club, swimming club	Non-Executive Director	12 January 2021	-	-	-
Mekar Haulage Sdn Bhd	Port, harbours and piers operation services; other service activities incidental to land transportation N.E.C.; other cargo handling activities N.E.C.	Non-Executive Director	31 October 2022	2 March 2025	25.00%	-
Lagenda Fas Sdn Bhd	Operator of petrol station and convenience store	Executive Director	29 November 2024	-	-	-
FAS Facilities Management Sdn Bhd	Hotels and resort hotels; organization, promotions and/or management of event	Executive Director	7 October 2024	-	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
EVD Berhad (listed on the ACE Market of Bursa Securities)	Investment holding while its subsidiaries are mainly involved in providing Information and Communications Technology (ICT) system solutions tailored for transportation infrastructure, healthcare, integrated security systems and engineering	Independent Non-Executive Chairman	1 February 2025	-	-	-
<u>Past involvement</u>						
Akari Software Asia Pacific Sdn Bhd	Software and consultancy information technology provider	Non-Executive Director	20 August 2021	2 December 2021	-	-
UITM Holdings Sdn Bhd	Investment holding involved in energy, healthcare, technology and creative industries	Non-Executive Chairman, Director	17 November 2021	18 May 2023	-	-
UITM Hospitality Management Services Sdn Bhd*	Providing hotel and lodging activities	Non-Executive Director	27 August 2021	2 December 2021	-	-
Petra Transit Technologies Sdn Bhd (formerly known as Magnum Interest Sdn Bhd)	Activities of holding companies; wholesale of a variety of goods without any particular specialization N.E.C.	Non-Executive Director	24 June 2022	10 October 2023	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Kiplepay Sdn Bhd^	Provision of internet portal services, e-commerce and other web related business	Executive Director	1 November 2023	16 March 2024	-	-
Hydro Gate Sdn Bhd	Sewerage and similar activities; purification and distribution of water for water supply purposes	Non-Executive Director	3 May 2018	9 December 2019	-	-
Velocity Capital Partner Berhad (formerly known as CSH Alliance Berhad)	Investment holdings while its subsidiaries are mainly engaged in property construction, property investment and property development	Managing Director	19 April 2019	30 April 2020	-	-
KJ Facilities Management Sdn Bhd	Combined facilities support activities	Non-Executive Director	14 October 2019	15 September 2021	-	-
Prima Paradigm Sdn Bhd	Export and import of tanks, reservoirs and containers of metal	Non-Executive Director	2 March 2020	3 August 2020	-	-
Esper Logistics Sdn Bhd (formerly known as Gaia Ventures Sdn Bhd)	Consultancy and general engineering services and investment holding	Non-Executive Director	23 July 2020	6 August 2021	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
SDL Synergy Group (M) Sdn Bhd	Dissolved on 30 December 2022. It was previously involved in providing Engineering services involving in manufacturing of other basic iron, steel products and prefabricated structural components for building or civil engineering of cement, concrete or artificial stone	Non-Executive Director	18 September 2020	25 June 2021	50.00%	-
Mariner Services Sdn Bhd	Providing facilities for the ship-to-ship transfer operation; business of transferred via STS methods including crude oil, liquefied gas and petroleum products; investment holdings	Non-Executive Director	5 October 2020	5 February 2024	(a)-	-
Red Book Capital Sdn Bhd	Telecommunication consultancy and Advisory services	Non-Executive Director	1 October 2020	8 November 2023	(b)-	-
Stone Care Europe Sdn Bhd (formerly known as Bitu Sang Riz (M) Sdn Bhd)	Trading of stones and marbles	Non-Executive Director	17 December 2020	2 October 2023	(c)-	-
UITM Private Healthcare Sdn Bhd*	Private hospital	Non-Executive Chairman, Director	27 August 2021	18 May 2023	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Go Energy Sdn Bhd (formerly known as Talent Cloud Sdn Bhd)	Business of green energy and green technology solutions inclusive but not limited to solar PV, energy optimisation and efficiency, renewable energy and sustainable energy	Non-Executive Director	27 August 2021	2 December 2021	-	-
UITM Energy & Facilities Sdn Bhd* (formerly known as UITM Property Management Sdn Bhd)	Engaged in the development of a large-scale solar (LSS) photovoltaic generating facility and the generation of solar photovoltaic energy	Non-Executive Director	27 August 2021	2 December 2021	-	-
UITM Solar Power Dua Sdn Bhd* (formerly known as UITM Johor Services Sdn Bhd)	Operation and the development PF 25MWAC large scale solar photovoltaic plant	Non-Executive Director	27 August 2021	2 December 2021	-	-
UITM Solar Power Sdn Bhd*	Business of solar power plant, general trading, general investment	Non-Executive Director	27 August 2021	2 December 2021	-	-
Myren Network Sdn Bhd	Development of ICT network infrastructure	Non-Executive Director	27 August 2021	2 December 2021	-	-
Monorail Guideway Engineering Sdn Bhd (formerly known as Factreplex (M) Sdn Bhd)	Construction; design, manufacture and production of rolling stock (train car) and related components; general trading	Non-Executive Director	26 September 2022	24 May 2024	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
SA Central Park Sdn Bhd	Development of building projects for own operation, i.e. for renting of space in these buildings; residential buildings; other management consultancy activities N.E.C.	Non-Executive Director	12 April 2023	20 May 2024	-	-
SKE Ventures Sdn Bhd	Investment holding engaged in construction and operation of infrastructure and property developments	Executive Director	16 November 2020	24 May 2024	-	-
Sungai Klang Expressway Sdn Bhd	Construction and operation of infrastructure and property developments	Managing Director	27 November 2020	24 May 2024	-	-
RZAC Immunesafe Sdn Bhd (formerly known as Aura Koperat Sdn Bhd)	Dissolved on 21 September 2023. It was previously involved in the sales of medical products, drugs and vaccine; information technology & communication services; supply & service of power and water utility products	-	-	-	60.00%	-
Green Packet International Sdn Bhd^	Providing shared service function including finance, human resources, IT, administrative and others	Managing Director	1 November 2023	19 September 2024	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Green Packet Berhad (Listed on the Main Market of Bursa Securities)	Principally engaged in the business of provision of communication services, solutions and products; provision of internet portal services, e-commerce and other web related business; investment holding, research, development, marketing and distribution of wireless networking and telecommunication products and networking solutions	Managing Director	16 October 2023	19 September 2024	-	-
Mobiduu Solutions Sdn Bhd^	Dormant. Intended for mobile application development	Executive Director	20 December 2023	19 September 2024	-	-
Kiple X Sdn Bhd^	Engaged in the business to acquire, subscribe for and hold for investment shares	Executive Director	20 December 2023	19 September 2024	-	-
Green Packet Cloud Sdn Bhd^	Provision of cloud computing services	Executive Director	20 December 2023	19 September 2024	-	-
Green Packet Capital Sdn Bhd^	Engaged in the business to acquire, subscribe for and hold for investment shares	Executive Director	20 December 2023	19 September 2024	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Enrich Bonus Sdn Bhd^	Dormant. Intended for wholesale of other construction materials, hardware, plumbing and heating equipment and supplies N.E.C; activities of holding companies as well as business management consultancy services	Executive Director	20 December 2023	19 September 2024	-	-
Kiple Capital Partners Sdn Bhd^ (formerly known as Kiple Kendall Capital Partners Sdn Bhd)	Dormant. Intended for investment into fund management company	Executive Director	20 December 2023	19 September 2024	-	-
Packet One Sdn Bhd^	Investment holding relating to telecommunication business	Executive Director	20 December 2023	19 September 2024	-	-
Kiple Digital Sdn Bhd^	Dormant. Intended for provision of media service provider and investment holding	Executive Director	20 December 2023	19 September 2024	-	-
Rypcot Assets Sdn Bhd^	Dormant. Intended for activities auxiliary to finance N.E.C and investment advisory services	Executive Director	20 December 2023	19 September 2024	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Kiple ID Sdn Bhd^	Dormant. Intended for providing infrastructure for hosting, data processing services and related activities; other information technology service activities N.E.C as well as information communication technology ("ICT") system security	Executive Director	20 December 2023	19 September 2024	-	-
GP Smart City Sdn Bhd^	Research and development on ICT; activities of providing infrastructure for hosting, data processing services and related activities; development of building projects for own operations, i.e. for renting of space in these buildings	Executive Director	20 December 2023	19 September 2024	-	-
Kiple Sdn Bhd^	Provision of internal portal services, e-commerce and other web related business	Executive Director	1 November 2023	19 September 2024	-	-
Benua Maju Metal Sdn Bhd	Wholesale of metal and non-metal waste and scrap and materials for recycling; collection of recyclable materials; export and import of metal and non-metal waste and scrap and materials for recycling	Non-Executive Director	19 January 2024	31 December 2024	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Packet Interactive Sdn Bhd [^]	Investment holding involve in the provision of financial technology, digital and money lending services	Executive Director	12 March 2024	14 November 2024	-	-
Pestech Technology Sdn Bhd ^{**}	Provision of design, build, installation, testing and commissioning and maintenance of power plant automation control, rail electrification and transportation related services	Non-Executive Director	20 December 2024	5 March 2025	-	-

Note:

- [^] Subsidiary and/or associated company of Green Packet Berhad, listed on the Main Market of Bursa Securities.
- ^{*} Subsidiary and/or associate company of UITM Holdings Sdn Bhd, a wholly owned subsidiary of University Teknologi MARA.
- ^{**} Subsidiary of Pestech International Berhad, listed on the Main Market of Bursa Securities
- (a) He had disposed his entire shareholding on 5 February 2024.
- (b) He had disposed his entire shareholding on 19 May 2023.
- (c) He had disposed his entire shareholding on 20 October 2023.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)
(ii) Lim Yong Lai

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
<u>Present involvement</u>						
Neutron Capital	Investment holding in West River Engineering as well as property management and maintenance	Executive Director	7 November 2016	-	100.00	-
M & H Game Sdn Bhd	Dormant. Intended for the development of mobile game application	-	-	-	3.70	-
<u>Past involvement</u>						
Ivest M & E Enterprise	Sole proprietor providing project management service majoring in mechanical and electrical system	-	21 December 2004	(a)-	-	-
Xenon Consult	Dormant. formerly a consultant for mechanical and electrical services	Partner	15 February 2006	(b)-	-	-
Binajaya Corporate	Sole proprietor involved in renovation and construction works	-	24 June 2009	(a)-	-	-
Century Energy Sdn Bhd (formerly known as Neutron Energy Sdn Bhd)	Operation of transmission, distribution and sales of electricity, operation of generation facilities that produce electric energy	Non-Executive Director	13 December 2021	6 November 2023	(c)-	(d)-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Total Elements Furniture Sdn Bhd ^(e)	Dissolved on 13 November 2020. It was previously involved in the design, renovation and trading of all kinds of furniture and fittings	Executive Director	22 May 2008	13 November 2020	-	51.00 ^(e)
Megah Sejati Sdn Bhd (formerly known as Neutron M&E Sdn Bhd) ^(f)	Mechanical and Engineering Contractor	Executive Director	3 September 2019	13 October 2023	-	-

Notes:

- (a) The business registration was terminated on 8 November 2023.
- (b) He had withdrawn from the partnership on 13 November 2023.
- (c) He had disposed his 55.00% shareholding on 15 November 2023.
- (d) Deemed interested by virtue of his interest in Neutron Capital pursuant to Section 8 of the Act. Neutron Capital had disposed its 45.00% shareholding on 6 December 2023.
- (e) Deemed interested by virtue of his interest in Neutron Capital pursuant to Section 8 of the Act whereby Neutron Capital held 100.00% equity interest in West River Engineering, company that at the time held 51.00% equity interest in Total Elements Furniture Sdn Bhd.
- (f) Deemed interested by virtue of his interest in Neutron Capital pursuant to Section 8 of the Act whereby Neutron Capital held 100.00% equity interest in West River Engineering, a company that in turn held 100.00% equity interest in Megah Sejati Sdn Bhd (formerly known as Neutron M&E Sdn Bhd). West River Engineering had disposed its shareholding on 6 November 2023.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)
(iii) Cheong Wee Kim

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
<u>Past involvement</u>						
Powertech Solutions	Sole proprietor trading in electrical products, manufacturing in electrical products and transportation service	-	10 April 2013	-	(a)-	-
Quantum Multiverse Sdn Bhd	Research and development on engineering and technology, engineering services and electrical installation	Non-Executive Director	10 June 2020	26 April 2023	(b)-	-

Notes:

(a) The business registration was terminated on 24 November 2023.

(b) He had disposed his 50.00% shareholding on 19 April 2023.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)
(iv) Tan Yiing Fung

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
<u>Present involvement</u>						
Messrs. CY Poon & CM Lim	Legal Firm	Limited Partner	31 March 2021	-	-	-
Aldrich Resources Berhad (listed on the ACE Market of Bursa Securities)	Principally engaged in the business of provision of computerised maintenance management systems and other information technology services such as systems integration, support services and training	Independent Non-Executive Director	29 August 2024	-	-	-
Malaysian Genomics Resource Centre Berhad (listed on the ACE Market of Bursa Securities)	Principally engaged in the business of enabling personalised and precision medicine through genetics, genomics, immunotherapy and biopharmaceutical services, nurturing investment holding in new ventures	Independent Non-Executive Director	19 February 2025	-	-	-
Qun Yin Sdn Bhd	Durian cultivation	Non-Executive Director	19 February 2025	-	25.00	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Manforce Group Berhad (listed on the LEAP Market of Bursa Securities)	Investment holding company while its subsidiaries are engaged in provision of foreign workers' management services, provision of manual labour services and construction works, provision of employment, recruitment and worker placement, provision of insurance products and services, human resource consultancy services, labour recruitment and provision of personnel service and cleaning general services	Independent Non-Executive Director	7 March 2025	-	-	-

(v) Kho Zhen Qi

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
<u>Present involvement</u>						
MN Holdings Berhad (listed on the ACE Market of Bursa Securities)	Investment holding company engaged in the provision of infrastructure utilities construction services and solutions	Independent Non-Executive Director	15 June 2021	-	0.13	
Ng, Gan & Partners	Legal firm	Partner	25 April 2016	-	50.00	

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)
(vi) Wong Kian Leon

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
<u>Present involvement</u>						
GlobalCCAI Holding Sdn Bhd (formerly known as CCA Consulting Sdn Bhd)	External company secretarial services	Executive Director	20 September 2006	-	80.00	-
GlobalCCAI Sdn Bhd (formerly known as CCA Global I Venture Sdn Bhd)	Auditing activities, tax consultancy and business advisory	Executive Director	22 December 2022	-	100.00	-
CCA Global Venture PLT	Accounting and bookkeeping	Partner	15 March 2022	-	80.00	-
Venturescca PLT	Accounting, bookkeeping and auditing activities, tax consultancy and other management consultancy activities	Partner	25 August 2023	-	-	-
Tropical Continental Sdn Bhd	Dormant. Intended for investment holdings relating to properties	Non-Executive Director	1 April 2024	-	13.33	-
3 Midas Solutions	Sole proprietor providing accounting and bookkeeping services, business management and consultancy services	-	18 December 2024	-	100.00	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Wise Quest Sdn Bhd	Engaging in the business of telecommunication, mobile networking, system integration and development, maintenance and otherwise related to information, communication and technology, providing business activities support services and human resource services	Non-Executive Director	27 June 2024	15 January 2025	60.00	-
<u>Past involvement</u>						
Let it Rain Sdn Bhd	Dissolved on 6 September 2019. Previously engaged in business of café and handmade arts workshop.	Non-Executive Director	29 November 2017	-	66.67	-
NTD Sdn Bhd	Dissolved on 12 November 2020. Telecommunication, mobile networking, system integration and development, maintenance and otherwise related to information communication and technology (ICT); Builders, sub-contractors, purchasers, sellers, commission agents or otherwise deal in any other property matters.	Executive Director	10 October 2018	1 April 2019	100.00	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Ultimate Charisma Sdn Bhd	Dissolved on 13 April 2022. Other information technology service activities; research and development on information communication technology (ICT).	Non - Executive Director	10 February 2021	1 April 2021	-	-
Bonito Mulher Enterprise Sdn Bhd	Telecommunication, mobile networking, system integration and development, maintenance and otherwise related to information communication and technology (ICT); Providing any kinds of business activities support services; Providing human resource services	Non - Executive Director	5 October 2020	2 April 2021	-	-
Golden Spears Consultancy Sdn Bhd	Telecommunication, mobile networking, system integration and development, maintenance and otherwise related to information communication and technology (ICT); Builders, sub-contractors, purchasers, sellers, commission agents or otherwise deal in any other property matters	Non - Executive Director	29 January 2021	4 May 2021	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Lightspeed Venture PLT	Business advisory services	Partner	2 December 2021	3 October 2022 ^(b)	-	-
Pantera Capital PLT	Business advisory services	Partner	12 April 2021	1 November 2022 ^(c)	-	-

Notes:

- (a) He had disposed his 0.04% shareholding on 19 May 2022.
- (b) He had withdrawn from the partnership on 3 October 2022.
- (c) He had withdrawn from the partnership on 1 November 2022.

As at the LPD, the directorships of our Directors in other companies are in compliance with the Listing Requirements.

As at the LPD, our Executive Director, Cheong Wee Kim is not actively involved in other businesses. The involvement of Executive Director, Lim Yong Lai in Neutron Capital and M & H Game Sdn Bhd does not give rise to any conflict of interest situation with our business as Neutron Capital is principally involved in investment holding and property management and maintenance and M & H Game is a dormant company. The involvement of Lim Yong Lai in Neutron Capital does not require significant amount of time as the business operations are managed by the company's personnel, and hence does not affect his ability to perform his roles and responsibilities in our Group.

The involvement of our Independent Non-Executive Directors in those business activities outside our Group are not expected to affect their contribution to our Group as they are not involved in our Group's day-to-day operations and does not give rise to any conflict of interest situation with our business.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.2.3 Board practice

(i) Board

Our Board has adopted, amongst others, the following duties and responsibilities for effective discharge of its functions:

- (a) to oversee the conduct of the Group's businesses to evaluate whether the businesses are being properly managed;
- (b) to review and approve strategic initiatives including corporate business restructuring or streamlining and strategic alliances;
- (c) to ensure the Company has appropriate corporate governance structures in place including standards of ethical behaviour and promoting a culture of corporate responsibility;
- (d) to identify principal risks and ensure the implementation of appropriate systems to manage these risks;
- (e) to review and approve the annual corporate plan for the Group, which includes the overall corporate strategy, sustainability strategy, business development and marketing plan, human resources plan, financial plan, budget, regulatory plan and risk management plan;
- (f) to review and approve the financial statements encompassing annual audited accounts and quarterly reports, dividend policy, credit facilities from financial institutions and guarantees;
- (g) to review the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines (including the securities laws, Act, and Listing Requirements);
- (h) to develop and implement an investor relations programme or shareholders' communications policy for the Group; and
- (i) to approve the nomination, selection, succession policies, and remuneration packages for the Board members, Board committee members, Nominee Directors on the functional Boards of the subsidiaries and the principal officers, and the annual manpower budget for the Group, including managing succession planning, appointing, training, fixing the compensation of, and where appropriate replacing senior management or key management personnel.

In accordance with our Constitution, at the first annual general meeting of the Company, all the Directors shall retire from the office and be eligible for re-election and an election of Directors shall take place each year at the annual general meeting of our Company, where one-third of our Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to one-third shall retire from office. This is provided always that all Directors shall retire from office once at least in each 3 years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)

Save for Lim Yong Lai who was appointed to our Board on 21 September 2023, Kho Zhen Qi, Wong Kian Leon and Cheong Wee Kim were appointed to our Board on 1 November 2023, while Dato' Sri Dr Shahril Bin Mokhtar and Tan Yiing Fung were appointed to our Board on 26 April 2024. All of our Directors have retired and were subsequently re-elected at our first annual general meeting held on 28 June 2024.

As at the LPD, our Group's practices are in line with the Malaysian Code on Corporate Governance recommendations.

(ii) Audit and Risk Management Committee

The main function of our Audit and Risk Management Committee is to assist our Board in fulfilling its fiduciary responsibilities relating to corporate accounting, financial reporting practices, system of risk management and internal control, the audit process and the process of monitoring compliance with laws and regulations. The Audit and Risk Management Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

- (a) to review the quarterly and annual financial statements of the Group for recommendation to the Board, focusing particularly on:
 - (aa) any significant changes to accounting policies and practices;
 - (bb) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
 - (cc) significant adjustments arising from the audit;
 - (dd) compliance with accounting standards and other legal requirements; and
 - (ee) going concern assumption;
- (b) to review the external auditors' audit plan, nature and scope of the audit plan, audit report, evaluation of internal controls and co-ordination of the external auditors;
- (c) to review the annual performance assessment, including the suitability and independence of the external auditors and make recommendations to the Board, the appointment or re-appointment of the external auditors;
- (d) to review any matters arising concerning the appointment and re-appointment, audit fee and any questions of resignation or dismissal of the external auditors;
- (e) to consider the effectiveness of the internal control system and risk management framework adopted within the Group and to be satisfied that the methodology employed allows identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner that will allow the Group to mitigate losses and maximise opportunities;
- (f) to recommend to the Board steps to improve the system of internal control derived from the findings of the internal and external auditors and from the consultations of the Audit and Risk Management Committee itself;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)

- (g) to review any related party transactions and conflict of interest situations that arose, persist or may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity and the measures taken to resolve, eliminate or mitigate such conflicts;
- (f) to review the external auditors' findings arising from audits, particularly any comments and responses in audit recommendations as well as the assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken; and
- (g) to carry out any other function that may be mutually agreed upon by the Audit and Risk Management committee and the Board.

The recommendations of our Audit and Risk Management Committee are subject to the approval of our Board.

Our Audit and Risk Management Committee was formed by our Board on 21 December 2023. The members of our Audit and Risk Management Committee as at the LPD are as follows:

Name	Designation	Directorship
Wong Kian Leon	Chairperson	Independent Non-Executive Director
Tan Yiing Fung	Member	Independent Non-Executive Director
Kho Zhen Qi	Member	Independent Non-Executive Director

Our Nomination Committee will review the composition, performance and effectiveness of our Audit and Risk Management Committee annually.

(iii) Remuneration Committee

The duties and responsibilities as stated in the terms of reference of our Remuneration Committee include the following:

- (a) To review and recommend to the Board the framework of remuneration of the Executive Directors, principal officers and senior management (if any), taking into account the performance of the individual, the inflation price index and information from independent sources on the rates of salary for similar jobs in selected group of comparable companies;
- (b) To review and determine the annual salary increment, performance bonus, and short term/long term incentives (including share grant and bonus) for Executive Directors, principal officers and/or senior management (if any) depending on various performance measurements of the Group;
- (c) To review and determine the other benefits in kind including but not limited to salary, bonuses, allowances, other emoluments for the Executive Directors, principal officers and/or senior management (if any);
- (d) To review and make recommendations to the Board in respect of fees and benefits payable to the Non-Executive Directors; fees and any non-contractual benefits payable to the Executive Directors (if any), and any compensation for loss of employment of an Executive Director or former Director of the Group (if any) shall be approved at the General Meeting pursuant to Section 230(1) of the Act and Listing Requirements;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

- (e) To review the Group's compensation policy and ensure alignment of compensation to corporate performance, and compensation offered in line with market practice; and
- (f) To recommend the engagement of external professional advisors to assist and/or advise the Remuneration Committee and the Board, on remuneration matters, where necessary.

The recommendations of our Remuneration Committee are subject to the approval of our Board.

Our Remuneration Committee was formed by our Board on 21 December 2023. The members of our Remuneration Committee as at LPD are as follows:

Name	Designation	Directorship
Kho Zhen Qi	Chairperson	Independent Non-Executive Director
Tan Yiing Fung	Member	Independent Non-Executive Director
Wong Kian Leon	Member	Independent Non-Executive Director

(iv) Nomination Committee

The duties and responsibilities as stated in the terms of reference of our Nomination Committee include the following:

- (a) To undertake an annual review of the Board's succession plans, taking into consideration, the present size, structure and composition of the Board and Board Committees as well as the required mix of skills, experience and competency required and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- (b) To facilitate the evaluate the effectiveness of the Board as a whole, the various Committees and each individual Director's contribution to the effectiveness on the decision-making process of the Board;
- (c) To give full consideration to succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the company, and the skills and expertise needed on the Board in the future;
- (d) To identify and make recommendation to the Board on new candidates for election/appointment to the Board or to fill board vacancies as and when they arise;
- (e) To ensure that orientation and education programmes are provided for new members of the Board;
- (f) To recommend to the Board concerning the re-election/re-appointment of Director to the Board pursuant to the provisions in the Company's Constitution; and
- (g) To undertake an annual review of the training programmes attended by the Directors for each financial year as well as the training programmes required to aid the Directors in the discharge of their duties as Directors and to keep abreast with industry developments and trends.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

The recommendations of our Nomination Committee are subject to the approval of our Board.

Our Nomination Committee was formed by our Board on 21 December 2023. The members of our Nomination Committee as at LPD are as follows:

Name	Designation	Directorship
Tan Yiing Fung	Chairperson	Independent Non-Executive Director
Wong Kian Leon	Member	Independent Non-Executive Director
Kho Zhen Qi	Member	Independent Non-Executive Director

5.2.4 Existing or proposed service agreements

As at the LPD, there are no existing or proposed service agreements entered into between our Company with our Directors which provides for benefits upon termination of employment. For avoidance of doubt, the employment agreements are not service agreements as the same do not provide for benefits upon termination of employment.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.2.5 Directors' shareholdings

The shareholdings of our Directors in our Company before and after the IPO are set out below:

Name	Designation/ Nationality	⁽¹⁾ After Pre-IPO Restructuring but before our IPO				⁽²⁾ After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Sri Dr Shahril Bin Mokhtar	Independent Non-Executive Chairman/ Malaysian	-	-	-	-	⁽³⁾ 250,000	0.07	-	-
Lim Yong Lai	Managing Director/ Malaysian	75,105,536	26.25	⁽⁴⁾ 211,054,464	73.75	⁽³⁾ 75,105,536	21.00	⁽⁴⁾ 175,284,464	49.00
Cheong Wee Kim	Executive Director/ Malaysian	-	-	-	-	⁽³⁾ 500,000	0.14	-	-
Tan Yiing Fung	Independent Non-Executive Director/ Malaysian	-	-	-	-	⁽³⁾ 250,000	0.07	-	-
Kho Zhen Qi	Independent Non-Executive Director/ Malaysian	-	-	-	-	⁽³⁾ 250,000	0.07	-	-
Wong Leon Kian	Independent Non-Executive Director/ Malaysian	-	-	-	-	⁽³⁾ 250,000	0.07	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)

Notes:

- (1) Based on the share capital of 286,160,000 Shares after Pre-IPO Restructuring but before IPO.
- (2) Based on the enlarged share capital of 357,700,000 Shares after IPO.
- (3) Assuming our Directors will fully subscribe for their respective allocation under the Pink Form Allocations.
- (4) Deemed interested by virtue of his interest in Neutron Capital pursuant to Section 8 of the Act.

5.3 KEY SENIOR MANAGEMENT

5.3.1 Profiles of key senior management

Save for the profile of Lim Yong Lai (our Group's Managing Director) and Cheong Wee Kim (our Group's Executive Director), which are set out in Section 5.2.1 (ii) and (iii), respectively, the profiles of the other key senior management of our Group are as follows:

(i) **Yip Lay Huat** *Chief Operating Officer*

Yip Lay Huat, a Malaysian male aged 45, is our Chief Operating Officer. He is responsible for the daily operations of our Group including managing our Group's procurement, information technology, human resources and manufacturing functions.

He graduated from Universiti Teknologi Malaysia with a Bachelor of Engineering (Mechanical – Automotive) in 2002.

Upon graduation, he began his career with BT Automotive Systems Sdn Bhd as a Product Development Engineer, where he was involved in the design and development of automotive components. He left BT Automotive Systems Sdn Bhd in July 2007.

In August 2007, Yip Lay Huat joined Lotus Engineering Malaysia Sdn Bhd as a Senior Engineer in the Vehicle Engineering Department, where he was involved in the design of automotive electrical systems.

In February 2013, he left Lotus Engineering Malaysia Sdn Bhd and joined West River Engineering as a Project Director, where he was responsible for project management and operations management. He was subsequently appointed as a director of West River Engineering in May 2013. On 1 January 2023, he assumed the role of Chief Operating Officer of our Group.

He is presently a sole proprietor of a business that is currently dormant.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

(ii) Ng Jin Yee
Chief Financial Officer

Ng Jin Yee, a Malaysian female aged 33, is our Chief Financial Officer. She is responsible for the overall finance and accounting functions of our Group.

She graduated from Universiti Tunku Abdul Rahman with a Bachelor of Commerce in Accounting in 2015. She has been a Member of the Association of Chartered Certified Accountants (ACCA) and a Member of the Malaysian Institute of Accountants (MIA) since 2018 and 2022, respectively.

Upon graduation, she began her career in 2016 at Baker Tilly Malaysia PLT as an Audit Associate, where she was involved in audit and reporting accountant tasks, as well as audits for IPO exercises and various corporate initiatives.

In 2019, she left Baker Tilly Malaysia PLT and joined Grant Thornton Malaysia PLT as an Assistant Audit Manager, where she was also involved in audit engagements for clients of the firm. She was subsequently promoted to the position of Audit Manager in 2020, where her responsibilities included risk assessment, audit planning and ensuring clients' compliance with applicable regulatory requirements.

In 2021, she left Grant Thornton Malaysia PLT and joined Herman Corporate Advisory Sdn Bhd as an Assistant Manager in the Corporate Finance Division, where she was responsible for providing financial and business consulting services, assisting clients in developing comprehensive financial analysis, overseeing internal control protocols as well as evaluating business expansion opportunities.

In 2022, she left Herman Corporate Advisory Sdn Bhd and joined our Group as Chief Financial Officer.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.3.2 Principal business performed outside our Group

Save as disclosed in Section 5.2.2 (ii) and (iii) and below, none of our key senior management has any other principal directorships and/or principal business activities performed outside our Group in the past 5 years up to the LPD:

(i) Yip Lay Huat

					% of shareholdings held	
Company	Principal activities	Position held	Date of appointment	Date of resignation	Direct	Indirect
<u>Present involvement</u>						
Dream Inn Enterprise	Dormant. Formerly involved in trading and management for hotel	Sole Proprietor	17 January 2013	-	100.00	-
<u>Past involvement</u>						
Neutron Capital Sdn Bhd	Investment holding in West River Engineering as well as property management and maintenance	Executive Director	7 November 2016	30 June 2023	-	-

(ii) Ng Jin Yee

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
<u>Past involvement</u>						
BX Management Services	Business management, accounting and book keeping	Sole Proprietor	1 March 2023	-	⁽¹⁾ 100.00	-

Note:

⁽¹⁾ The business registration was terminated on 1 November 2023.

The involvement of Yip Lay Huat in a business activity outside our Group does not require a significant amount of his time or attention as the business is currently dormant.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.3.3 Existing or proposed service agreements

As at the LPD, there are no existing or proposed service agreements entered into between our Company with our key senior management which provides for benefits upon termination of employment. For avoidance of doubt, the employment agreements are not service agreements as the same do not provide benefits upon termination of employment.

5.3.4 Key senior management shareholdings

The details of our key senior management and their direct and indirect shareholdings before and after the IPO are set out below:

Name	Designation/ Nationality	⁽¹⁾ After Pre-IPO Restructuring but before our IPO				⁽²⁾⁽³⁾ After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Lim Yong Lai	Managing Director/ Malaysian	75,105,536	26.25	⁽⁴⁾ 211,054,464	73.75	⁽³⁾ 75,105,536	21.00	⁽⁴⁾ 175,284,464	49.00
Cheong Wee Kim	Executive Director/ Malaysian	-	-	-	-	⁽³⁾ 500,000	0.14	-	-
Yip Lay Huat	Chief Operating Officer/ Malaysian	-	-	-	-	⁽³⁾ 500,000	0.14	-	-
Ng Jin Yee	Chief Financial Officer/ Malaysian	-	-	-	-	⁽³⁾ 300,000	0.08	-	-

Notes:

- ⁽¹⁾ Based on the share capital of 286,160,000 Shares after Pre-IPO Restructuring but before IPO.
- ⁽²⁾ Based on our enlarged share capital of 357,700,000 Shares after our IPO.
- ⁽³⁾ Assuming our key senior management will fully subscribe for their respective allocation under the Pink Form Allocations.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)

(4) Deemed interested by virtue of his interest held in Neutron Capital pursuant to Section 8 of the Act.

5.4 RELATIONSHIPS AND/OR ASSOCIATIONS

As at the LPD, save for Lim Yong Lai being the sole shareholder and sole director of Neutron Capital, there are no family relationships or association between or amongst our Promoters, substantial shareholders, Directors and key senior management.

5.5 REMUNERATION AND BENEFITS

5.5.1 Directors remuneration and benefits

The remuneration of our Directors including fees, salaries, bonuses, other emoluments and benefits-in-kind, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board. The Director's fees and any benefits payable to Directors shall be subject to annual approval by our shareholders pursuant to an ordinary resolution passed at a general meeting in accordance with our Constitution. Please refer to Section 14.3 for further details.

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for FYE 2022, FYE 2023, FYE 2024 and proposed to be paid for FYE 2025 are as follows:

	Directors' fees	Salaries	Bonuses	Other emolument	Benefits-in-kind	Total
	RM'000					
FYE 2022 (Paid)						
Lim Yong Lai	-	80	150	30	-	260
Cheong Wee Kim	-	40	150	25	-	215
FYE 2023 (Paid)						
Dato' Sri Dr Shahril Bin Mokhtar ⁽¹⁾	-	-	-	-	-	-
Lim Yong Lai	-	106	-	14	-	120
Cheong Wee Kim	-	106	-	14	-	120
Tan Yiing Fung ⁽¹⁾	-	-	-	-	-	-
Kho Zhen Qi ⁽²⁾	6	-	-	-	-	6
Wong Kian Leon ⁽²⁾	6	-	-	-	-	6
FYE 2024 (Paid)						
Dato' Sri Dr Shahril Bin Mokhtar ⁽¹⁾	31	-	-	-	-	31
Lim Yong Lai	-	138	-	18	-	156
Cheong Wee Kim	-	138	-	18	-	156
Tan Yiing Fung ⁽¹⁾	17	-	-	-	-	17
Kho Zhen Qi	25	-	-	-	-	25
Wong Kian Leon	25	-	-	-	-	25
FYE 2025 (Proposed)						
Dato' Sri Dr Shahril Bin Mokhtar	45	-	-	-	-	45
Lim Yong Lai	-	144	(3)-	18	-	162

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

	Directors' fees	Salaries	Bonuses	Other emolument	Benefits-in-kind	Total
	RM'000					
Cheong Wee Kim	-	144	(3)-	18	-	162
Tan Yiing Fung	25	-	-	-	-	25
Kho Zhen Qi	25	-	-	-	-	25
Wong Kian Leon	25	-	-	-	-	25

Notes:

- (1) Pro-rated based on their appointment dates on 26 April 2024.
- (2) Pro-rated based on their appointment dates of 1 November 2023.
- (3) The bonuses for FYE 2025 are not included. Such bonuses, if any, will be determined at a later date based on our Group's performance, and will be subject to recommendation of our Remuneration Committee and approval by our Board.

5.5.2 Key senior management remuneration and benefits

The remuneration of our key senior management including salaries, bonuses, other emoluments and benefits-in-kind, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board.

The aggregate remuneration and material benefits-in-kind (in bands of RM50,000) paid and proposed to be paid to our key senior management for services rendered in all capacities to our Group for FYE 2022, FYE 2023 and FYE 2024, and proposed to be paid for FYE 2025 are as follows:

	⁽¹⁾ Remuneration band			
	FYE 2022 (Paid)	FYE 2023 (Paid)	FYE 2024 (Paid)	⁽²⁾ FYE 2025 (Proposed)
	RM('000)			
Yip Lay Huat	250-300	100-150	150-200	150-200
Ng Jin Yee	0-50 ⁽³⁾	50-100	100-150	100-150

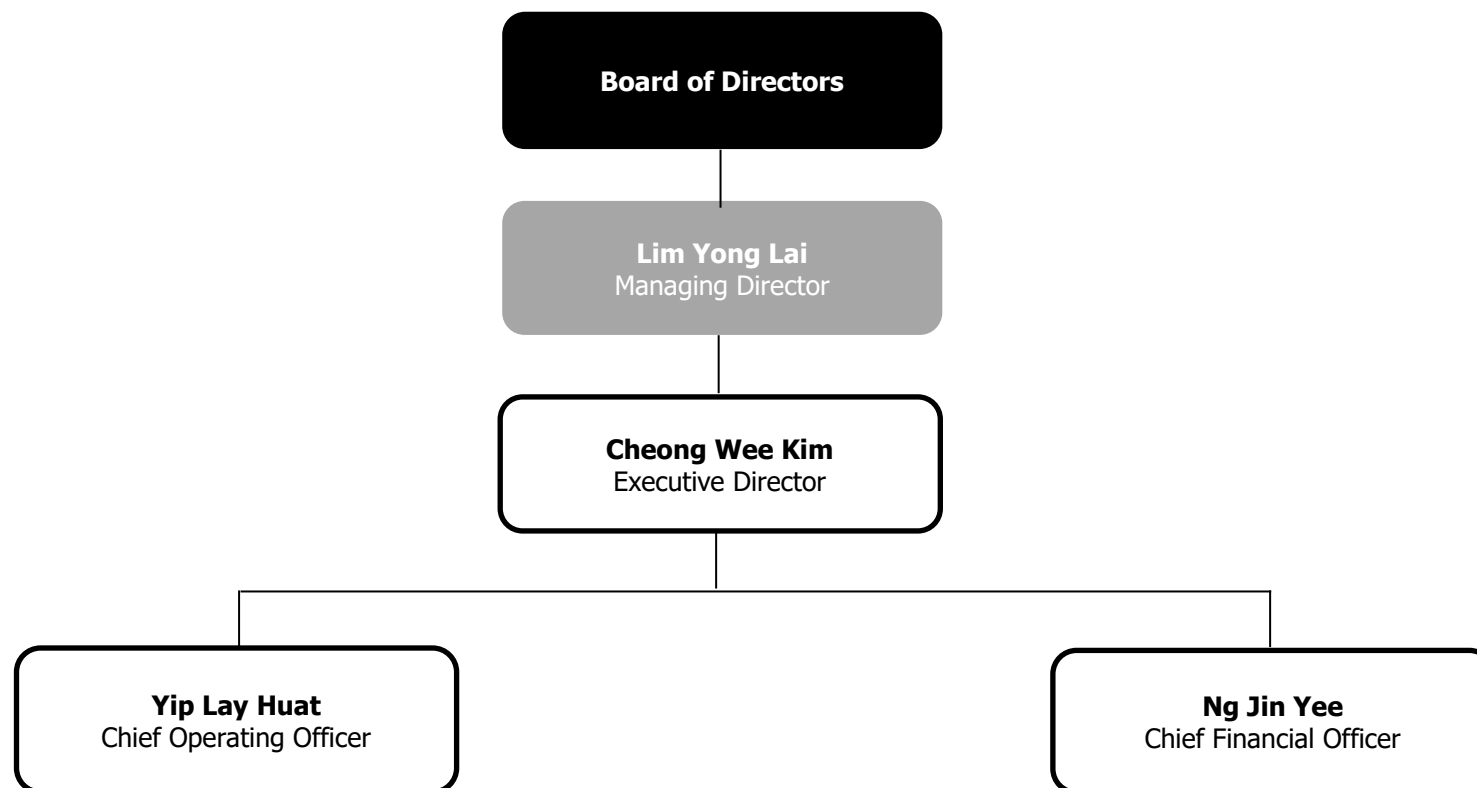
Notes:

- (1) The remuneration for key senior management includes salaries, bonuses, allowances and other emoluments.
- (2) The bonuses for FYE 2025 are not included. Such bonuses, if any, will be determined at a later date based on our Group's performance, and will be subject to recommendation of our Remuneration Committee and approval by our Board.
- (3) Pro-rated based on her joined date on 1 December 2022.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)

5.6 MANAGEMENT STRUCTURE

The management reporting structure of our Group is as follows:



5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.7 DECLARATIONS FROM PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD, none of our Promoters, Directors or key senior management is or has been involved in any of the following (whether in or outside Malaysia):

- (i) in the last 10 years, a petition under any bankruptcy or insolvency laws that was filed (and not struck out) against him/her or any partnership in which he/she was a partner or any corporation of which he/she was a director or a member of key senior management;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) in the last 10 years, charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) in the last 10 years, any judgment that was entered against him/her, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his/her part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (v) in the last 10 years, was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his/her part that relates to the capital market;
- (vi) being the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him/her from engaging in any type of business practice or activity;
- (vii) in the last 10 years has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and
- (viii) has any unsatisfied judgment against him/her.

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6. INFORMATION ON OUR GROUP

6.1 BACKGROUND INFORMATION

6.1.1 Incorporation

Our Company was incorporated in Malaysia under the Act as a private limited company on 21 September 2023 under the name of West River Sdn Bhd. On 12 December 2023, we converted into a public limited company and assumed our present name to facilitate our Listing.

We are principally an investment holding company. Through our subsidiaries, we provide M&E engineering services and are principally involved in the:

- (i) provision of electrical engineering and ACMV services; and
- (ii) provision of intelligent building solutions.

We also manufacture electrical panels and distribution boards, primarily to support our M&E engineering services projects and sale to third party.

6.1.2 History and development

Group Structure

West River Engineering

Our Group's history can be traced back to the incorporation of West River Engineering (formally known as West River Dynasty Sdn Bhd, before adopting its present name on 13 February 2006) on 29 October 2003 by Lim Yong Lai, Lim Heng Lai (being the brother of Lim Yong Lai), Lim Soon Lai (being the brother of Lim Yong Lai), Lim Lye Ting (being the sister of Lim Yong Lai) and Lim Yok Beng (being the father of Lim Yong Lai), each of whom held 20.00% equity interest in West River Engineering. Lim Yong Lai, Lim Heng Lai, Lim Lye Ting, Lim Yok Beng and Lim Soon Lai were also concurrently appointed as directors. West River Engineering commenced business as an operator of a bookstore in Cheras, Kuala Lumpur.

On 15 October 2005, Lim Yong Lai acquired the entire equity interest of Lim Heng Lai, Lim Lye Ting and Lim Yok Beng, resulting in him owning 80.00% equity interest in West River Engineering, while Lim Soon Lai retained his original shareholding interest in West River Engineering. On 24 November 2005, Lim Heng Lai, Lim Lye Ting and Lim Yok Beng ceased to be directors of West River Engineering. Under Lim Yong Lai's leadership, West River ceased operations as a bookstore and diversified into the provision of M&E engineering services, mainly focusing in the provision of electrical engineering and ACMV services.

On 12 August 2008, Chan Teng Chun became a shareholder of West River Engineering, resulting in Chan Teng Chun, Lim Yong Lai and Lim Soon Lai having equity interests of 50.00%, 40.00% and 10.00% in West River Engineering, respectively.

On 20 August 2008, Lim Yong Lai and Lim Soon Lai acquired the entire equity interest of Chan Teng Chun, resulting in Lim Yong Lai and Lim Soon Lai having equity interests of 80.00% and 20.00% respectively.

On 10 February 2010, Lim Soon Lai ceased to be a director. On the same day, Lim Yong Lai increased his shareholding to 84.00% in West River Engineering.

On 4 November 2010, Tey Eng (being Lim Yong Lai's mother), became a shareholder of West River Engineering upon injecting capital. Lim Soon Lai then transferred his entire equity interest in West River Engineering to Lim Yong Lai, ultimately resulting in Lim Yong Lai and Tey Eng each having 50.00% equity interest in West River Engineering.

6. INFORMATION ON OUR GROUP (Cont'd)

Subsequently, Lim Yong Lai on 29 January 2018 and Tey Eng on 5 October 2018 transferred their entire equity interests in West River Engineering to Neutron Capital resulting in Neutron Capital being the sole shareholder of West River Engineering. Upon completion of the Acquisition, West River Engineering became our wholly-owned subsidiary.

West River M&E

On 15 December 2015, West River M&E was co-founded and incorporated in Malaysia under the name of Eco Quantum Sdn Bhd by Cheong Wee Kim and Yap Seng Poi, before adopting its present name on 20 June 2016. Cheong Wee Kim and Yap Seng Poi each held 1 share in West River M&E and they were the first directors of West River M&E. Subsequently, on 21 December 2015, Lim Yong Lai was appointed as a director.

On 3 May 2016, both Cheong Wee Kim and Yap Seng Poi ceased to be shareholders of West River M&E after disposing their entire equity interests to West River Engineering.

In 2019, West River M&E commenced business in the provision of M&E engineering services.

On 3 January 2020, West River Engineering ceased to be a shareholder of West River M&E after disposing its entire equity interest to Mohd Abraham Shah Bin Mohamad Fuad, a former employee of West River Engineering who had left in 2015 to start his own business. In December 2019, Mohd Abraham Shah Bin Mohamad Fuad proposed to acquire West River M&E to bid for an M&E engineering project tender and jointly cooperate with West River Engineering to implement the project. However, West River M&E did not succeed in securing the project. Subsequently, on 16 March 2020, West River Engineering re-emerged as a shareholder after acquiring the entire equity interest in West River M&E from Mohd Abraham Shah Bin Mohamad Fuad.

Neutron Letrik

Neutron Letrik was incorporated in Malaysia on 1 August 2017 with Lim Yong Lai as the sole shareholder and director. On 18 September 2018, Lim Yong Lai ceased to be a shareholder after transferring his entire equity interest to West River Engineering but retained his position as a director.

In 2017, Neutron Letrik commenced operations in the manufacturing of casings for electrical panels. In 2020, Neutron Letrik commenced the manufacturing of electrical switchboards.

Neutron Power

Neutron Power was incorporated in Malaysia on 15 October 2020 with Voon Chun Foo and Tan Hooi Chiah (who is the wife of our Executive Director, Cheong Wee Kim) as the shareholders and directors, holding 51.00% and 49.00% equity interest respectively, to pursue business opportunities in M&E engineering services. Neutron Power commenced operations in 2020 as a provider of M&E engineering services under the name of Voon M&E Sdn Bhd and changed its name to Neutron Power on 3 April 2024.

On 13 January 2021, Voon Chun Foo ceased to be a shareholder after disposing his entire equity interest to Yap Pui Chen (who is the wife of our Managing Director, Lim Yong Lai), as he wanted to focus on his other businesses. Voon Chun Foo subsequently ceased to be a director on 9 August 2021.

On 6 September 2021, West River Engineering acquired the entire equity interest in Neutron Power from Yap Pui Chen and Tan Hooi Chiah. On 20 April 2023, Tan Hooi Chiah ceased to be a director and Lim Yong Lai was appointed a director on the same day.

6. INFORMATION ON OUR GROUP (Cont'd)**Business growth**

Between 2005 and 2013, we pursued and participated in tendering opportunities for the provision of project design and M&E engineering services primarily from main contractors for commercial buildings and high rise residential properties.

Over the years, we have grown and secured various M&E engineering as well as intelligent building solutions projects. Our major projects are as follows:

Year	Milestones
2013	West River Engineering secured a project to undertake the supply, delivery, installation, testing, commissioning and maintenance of electrical and telephone services at Nova Saujana, a high rise residential property in Selangor, with a contract value of RM5.52 million
2015	West River Engineering secured a project to undertake the supply, installation, testing, commissioning and maintenance of ACMV services at Paramount Utropolis, a mixed development property in Selangor, with a contract value of RM9.71 million
2016	West River Engineering secured a project to undertake the provision of electrical engineering and ACMV services and fire protection services at Kuantan City Mall, a commercial property in Pahang, with a contract value of RM34.60 million
2017	- West River Engineering secured a project to undertake the supply, delivery, installation, testing, commissioning and maintenance of electrical and ELV services at Cinta Subang, a high rise residential property in Selangor, with a contract value of RM11.86 million - West River Engineering secured a project to undertake the provision of electrical engineering such as electrical, telephone and ELV services as well as ACMV services at Majlis Agama Islam Wilayah Persekutuan (MAIWP), a public sector property Kuala Lumpur, with a combined contract value of RM26.29 million
2019	West River Engineering secured a project to undertake the supply, delivery, installation, testing, commissioning and maintenance of electrical, lightning and earthing services as well as the installation of generator sets at Duta Park Residence, a high rise residential property in Kuala Lumpur, with a contract value of RM26.40 million
2021	- West River Engineering secured a project to undertake the supply, delivery, installation, testing, commissioning and maintenance of electrical and ELV services at Ava Residence, a high rise residential property in Kuala Lumpur, with a contract value of RM19.20 million - We also secured our very first intelligent building solutions project for a retail outlet in a commercial property in Kuala Lumpur, with a contract value of RM0.57 million
2022	West River Engineering secured a project to undertake the supply, delivery, installation, testing, commissioning and maintenance of electrical and ELV services at Emerald 9, a high rise residential property in Kuala Lumpur, with a contract value of RM19.61 million

6. INFORMATION ON OUR GROUP (Cont'd)

Year	Milestones
2023	West River Engineering secured a project to undertake the supply of the necessary labour and equipment for completion of building works at LJK warehouse, Selangor, with a contract value of RM28.80 million
2024	- West River Engineering secured a project to undertake the supply, delivery, installation, testing, commissioning and maintenance of electrical services for a luxury resort at Teluk Burau, Langkawi, with a contract value of RM23.88 million - West River Engineering secured a project to undertake the supply of labour and equipment for completion of building works for a medical centre in Kuala Lumpur, with a contract value of RM28.98 million

The key milestones in our Group's history are as detailed below:

Year	Milestones
2009	West River Engineering was registered as a G5 contractor under CIDB for the categories of Building (B), Civil Engineering (CE) and Mechanical and Electrical Engineering (ME). The CIDB G5 contractor registration allows West River Engineering to tender for projects with a contract value of up to RM5.00 million throughout Malaysia
2013	- West River Engineering was registered as a G6 contractor under CIDB for the categories of Building (B), Civil Engineering (CE) and Mechanical and Electrical Engineering (ME). The CIDB G6 contractor registration allows West River Engineering to tender for projects with a contract value of up to RM10.00 million throughout Malaysia - West River Engineering was registered with the ST as an Electrical Contractor under Class A, which allows West River to carry out electrical works with unlimited contract value
2015	West River Engineering was registered as a G7 contractor under CIDB for the categories of Building (B), Civil Engineering (CE) and Mechanical and Electrical Engineering (ME). The CIDB G7 contractor registration allows West River Engineering to tender for projects with unlimited contract value throughout Malaysia
2018	West River Engineering was certified compliant with ISO 9001:2015 Management System Standards
2019	- West River Engineering obtained Sijil Perolehan Kerja Kerajaan (SPKK) as a G7 contractor from CIDB for the categories of Building (B), Civil Engineering (CE) and Mechanical and Electrical Engineering (ME) that permits West River Engineering to participate in Government projects with unlimited contract value - West River Engineering was registered as a G7 work contractor with TNB for the categories of Building (B), Civil Engineering (CE) and Mechanical and Electrical Engineering (ME). The TNB G7 contractor registration allows West River Engineering to participate in tenders for projects with unlimited contract value throughout Malaysia
2020	Neutron Letrik was registered with the ST as a switchboard manufacturer
2021	West River Engineering was registered as a supplier and service contractor with TNB

6. INFORMATION ON OUR GROUP (Cont'd)

Year	Milestones
2022	- Neutron Letrik was registered with the ST as an Energy Service Company (ESCO) to implement energy efficiency projects based on Energy Performance Contracting (EPC) concept for government buildings - Neutron Letrik was granted by Malaysian Green Technology And Climate Change Corporation the rights to use the MyHijau mark for its IoT energy saving solution for the period of 30 December 2022 to 25 January 2024 effectively certifying such product as a green product that meets local and international environmental standards
2023	- West River Engineering was registered with the MOF, thereby allowing it to supply materials and services to agencies under the Government - West River M&E was registered as a G5 contractor under CIDB for the categories of Building (B), Civil Engineering (CE) and Mechanical and Electrical Engineering (ME). The CIDB G5 contractor registration allows West River M&E to tender for projects with a contract value of up to RM5.00 million throughout Malaysia - Neutron Power was registered as a G4 contractor under CIDB for the categories of Building (B), Civil Engineering (CE) and Mechanical and Electrical Engineering (ME). The CIDB G4 contractor registration allows Neutron Power to tender for projects with a contract value of up to RM3.00 million throughout Malaysia - Neutron Letrik was registered as a Solar Photovoltaic Service Provider with SEDA

Please refer to Appendix I of this Prospectus for details of the approvals, major licenses and permits obtained by our Group.

Submission of previous material corporate proposal

On 29 December 2023, we submitted an application to Bursa Securities on the admission to the Official List of ACE Market and the listing of and quotation for our entire enlarged issued share capital on the ACE Market. However, on 8 January 2024, Bursa Securities had returned the Previous Submission in view of, among others, documentation issues.

6.1.3 Pre-IPO restructuring**(i) Disposal of Neutron M&E**

Neutron M&E was a wholly-owned subsidiary of West River Engineering. The disposal was undertaken in view that Neutron M&E is dormant with no business activities as detailed below:

Details	RM
Audited NA as at 30 June 2023	183,088
Audited loss after tax as at 30 June 2023	(3,389)
Disposal consideration	183,088
Original cost of investment	10,000
Gain on disposal	-

6. INFORMATION ON OUR GROUP (Cont'd)

Prior to the disposal and until his resignation on 13 October 2023, Lim Yong Lai was the sole director of Neutron M&E. On 23 October 2023, West River Engineering had entered into a share purchase agreement with a third party, Poh Chou Chuen for the disposal of 10,000 ordinary shares in Neutron M&E, representing 100.00% equity interest in the company, for a total cash consideration of RM183,088.00.

The disposal consideration was arrived based on a "willing-buyer willing-seller" basis after taking into consideration the audited NA Neutron M&E as at 30 June 2023 of RM183,088.00. The disposal of Neutron M&E was completed on 23 October 2023 and the shares were transferred on 6 November 2023. Lim Yong Lai has resigned as the Director of Neutron M&E on 13 October 2023.

(ii) Pre-IPO changes in shareholding of Neutron Capital

On 14 June 2023, Tey Eng (mother of Lim Yong Lai) had transferred 2,300 ordinary shares in Neutron Capital to Lim Yong Lai for a total consideration of RM2,300.00. The disposal by Tey Eng resulted in the following changes in the shareholdings of Neutron Capital:

Shareholders	Before		After	
	No. of ordinary shares	%	No. of ordinary shares	%
Lim Yong Lai	98,400	97.72	100,700	100.00
Tey Eng	2,300	2.28	-	-
	100,700	100.00	100,700	100.00

The above exercise was undertaken in view that Tey Eng is not involved in the operation of Neutron Capital.

(iii) Pre-IPO Shareholding Restructuring in West River Engineering

On 16 November 2023, Lim Yong Lai had entered into a conditional share sale agreement with Neutron Capital to acquire 393,800 ordinary shares in West River Engineering for a total purchase consideration of RM5,257,388.00, which was fully satisfied via cash.

The details of the changes to the shareholdings of West River Engineering are as follows:

Promoters	Before restructuring		After restructuring	
	No. of shares	% of share capital	No. of shares	% of share capital
Neutron Capital	1,500,000	100.00	1,106,200	73.75
Lim Yong Lai	-	-	393,800	26.25
	1,500,000	100.00	1,500,000	100.00

The above exercise is conditional upon the approval of Bursa Securities being obtained for the Listing, which was obtained on 7 November 2024. The exercise was completed on 13 December 2024.

The purchase consideration of RM5,257,388.00 was arrived at based on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of West River Engineering as at 30 June 2023 of RM20,016,526.00.

6. INFORMATION ON OUR GROUP (Cont'd)

The above exercise was undertaken with the objective that Neutron Capital will remain as a majority shareholder of West River pursuant to the Acquisition of West River Engineering while Lim Yong Lai is provided with the flexibility to sell, transfer or assign his individual shareholding.

(iv) Acquisition of West River Engineering

In preparation for our Listing, we have undertaken the Acquisition of West River Engineering. On 16 November 2023, we entered into a conditional share sale agreement with Neutron Capital and Lim Yong Lai to acquire their entire equity interests in West River Engineering comprising 1,500,000 ordinary shares for a purchase consideration of RM20,025,600.00. The purchase consideration was satisfied by the issuance of 286,080,000 new Shares to Neutron Capital and Lim Yong Lai at an issue price of RM0.07 each share.

Details of the vendors of West River Engineering and the number of Shares issued to the vendors under the Acquisition of West River Engineering are as follows:

West River Engineering Vendor	Shareholdings in West River Engineering		Purchase consideration	No. of Shares issued
	No. of shares acquired	% of share capital		
			RM	
Neutron Capital	1,106,200	73.75	14,768,212	210,974,464
Lim Yong Lai	393,800	26.25	5,257,388	75,105,536
	1,500,000	100.00	20,025,600	286,080,000

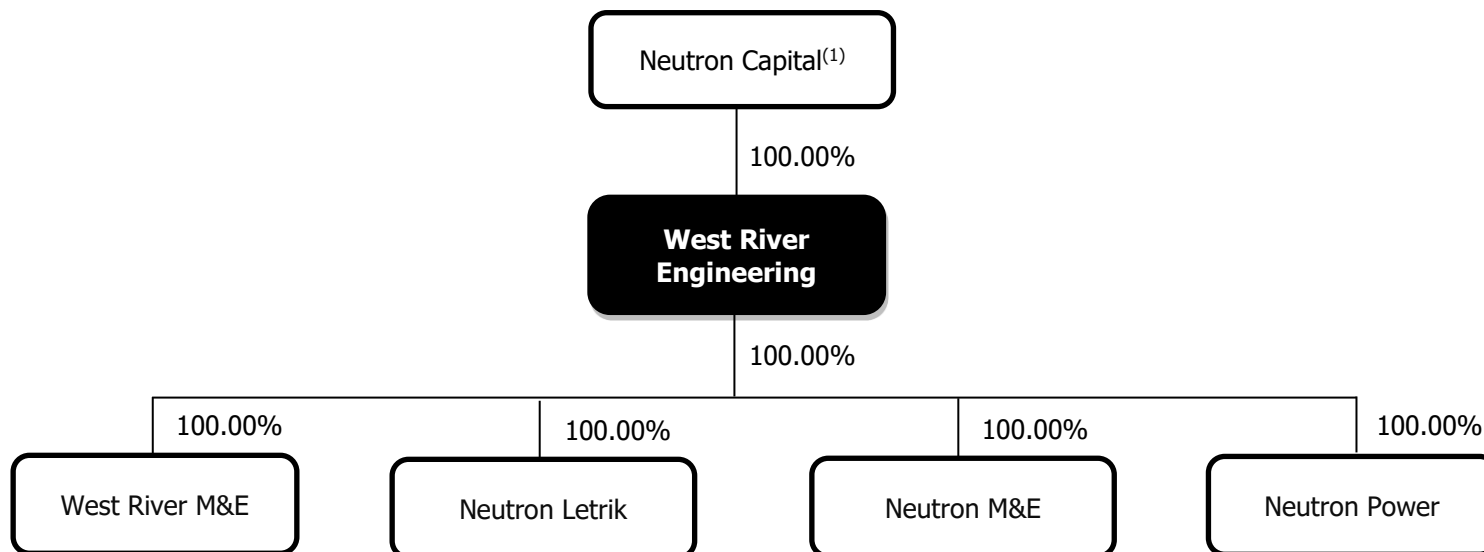
The Acquisition of West River Engineering is conditional upon the completion of the Pre-IPO Shareholding Restructuring in West River Engineering as detailed in section 6.1.3(iii) above and approval of Bursa Securities being obtained for the Listing, which was obtained on 7 November 2024. The Acquisition of West River Engineering was completed on 16 December 2024. Thereafter, West River Engineering became our wholly-owned subsidiary. The total purchase consideration of RM20,025,600.00 for the Acquisition of West River Engineering was arrived based on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of West River Engineering as at 30 June 2023 of RM20,016,526.00.

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

6. INFORMATION ON OUR GROUP *(Cont'd)*

6.1.4 Group structure

(i) Before the Pre-IPO Restructuring and our IPO

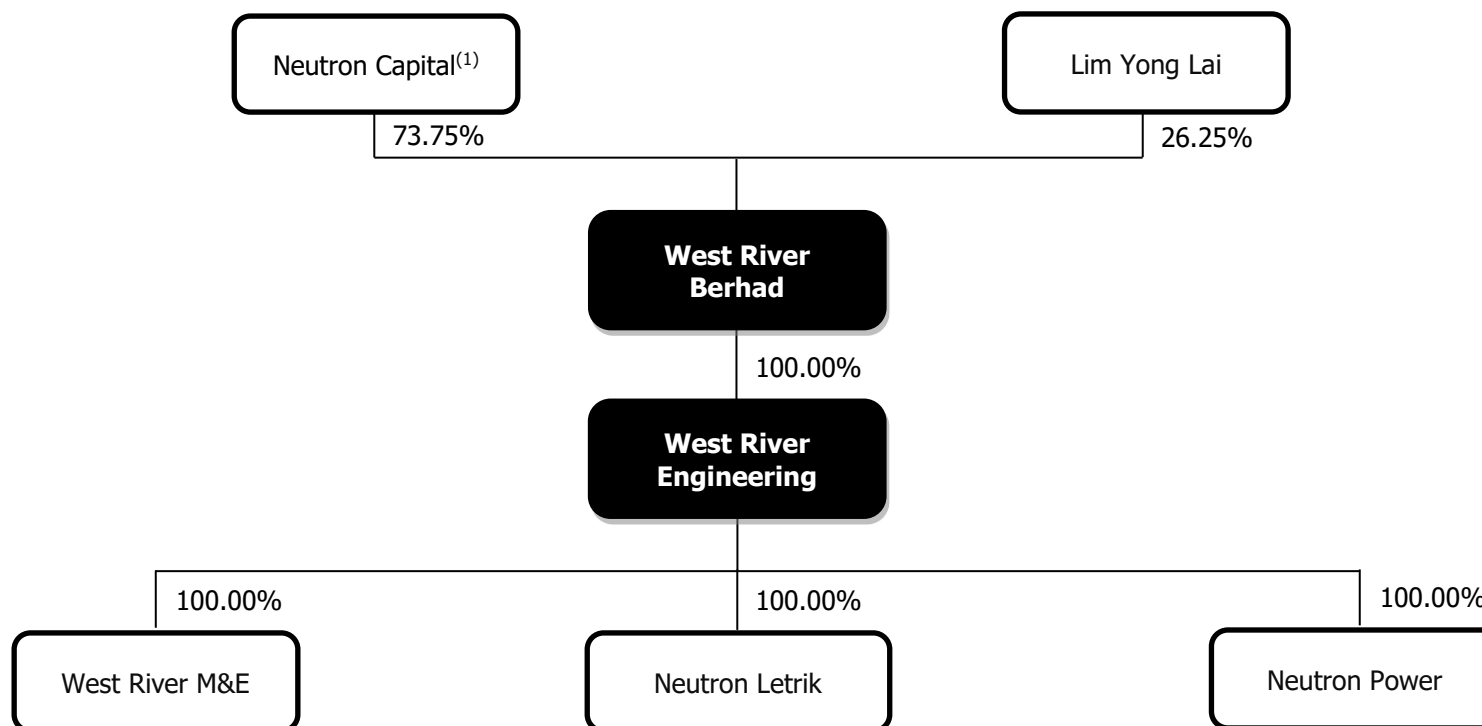


Note:

⁽¹⁾ Lim Yong Lai and Tey Eng (mother of Lim Yong Lai) are the shareholders of Neutron Capital.

6. INFORMATION ON OUR GROUP (Cont'd)

(ii) After the Pre-IPO Restructuring but before our IPO

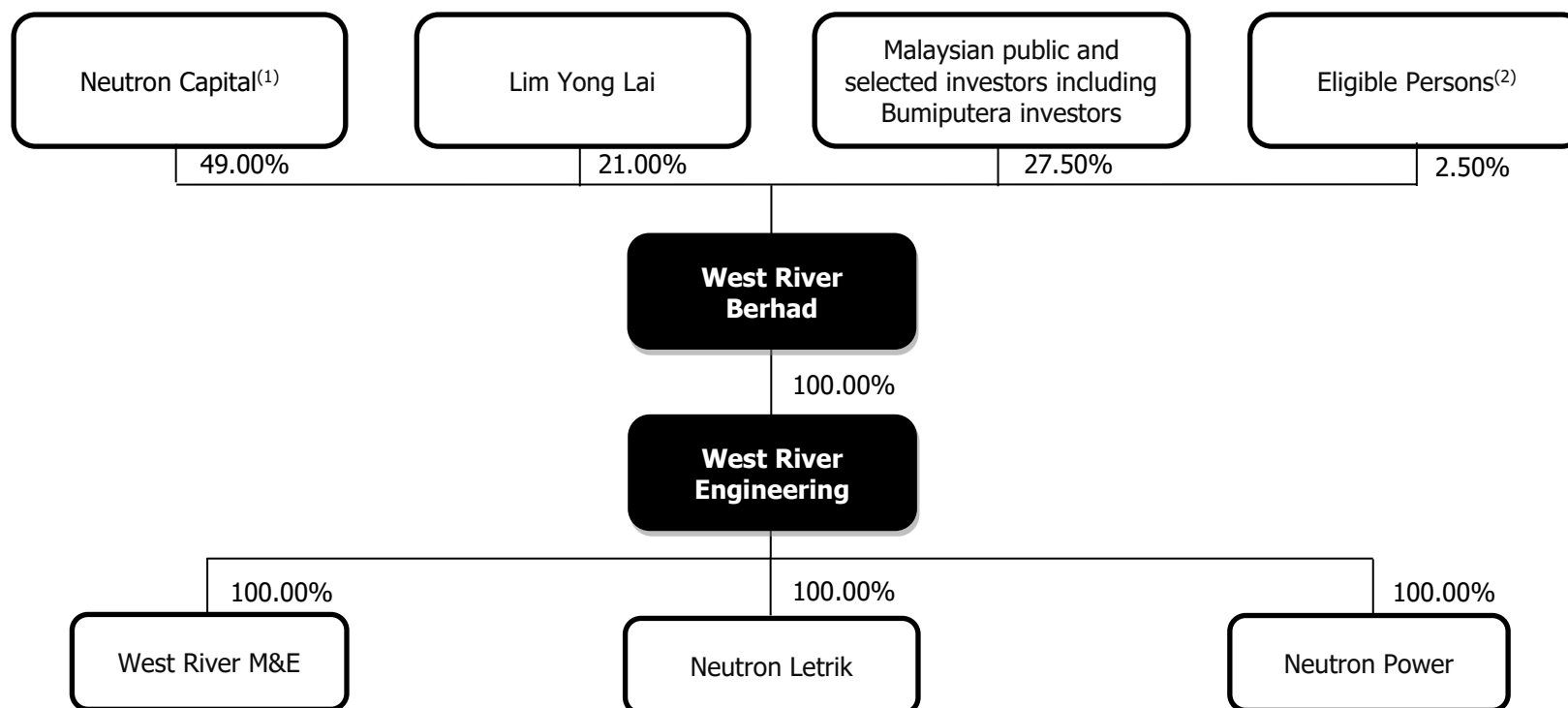


Note:

⁽¹⁾ Lim Yong Lai is the sole shareholder of Neutron Capital.

6. INFORMATION ON OUR GROUP (Cont'd)

(iii) After the Pre-IPO Restructuring and our IPO



Notes:

- (1) Lim Yong Lai is the sole shareholder of Neutron Capital.
- (2) Assuming that all our Eligible Persons will subscribe for the Pink Form Allocations.

6. INFORMATION ON OUR GROUP (Cont'd)**6.2 OUR SUBSIDIARIES**

As at the LPD, we do not have any associated companies. Details of our subsidiaries are as follows:

Company	Date/ Place of incorporation	Principal place of business	Effective equity interest (%)	Principal activities
West River Engineering	29 October 2003 / Malaysia	Malaysia	100.00	Provision of M&E engineering services comprising electrical engineering, ACMV as well as intelligent building solutions
West River M&E	15 December 2015 / Malaysia	Malaysia	100.00	Provision of M&E engineering services comprising electrical engineering, ACMV as well as intelligent building solutions
Neutron Letrik	1 August 2017 / Malaysia	Malaysia	100.00	Manufacture of electrical panels, distribution boards and related products
Neutron Power	15 October 2020 / Malaysia	Malaysia	100.00	Provision of M&E engineering services comprising electrical engineering, ACMV as well as intelligent building solutions

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6. INFORMATION ON OUR GROUP (Cont'd)**6.3 MATERIAL CAPITAL EXPENDITURES AND DIVESTITURES****6.3.1 Material capital expenditures**

Save for the expenditures disclosed below, there were no other capital expenditures (including interests in other corporations) made by us for the Financial Year Under Review and up to the LPD:

	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	1 January 2025 up to LPD
Capital expenditures	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Leasehold buildings	260	-	-	-	-	-
Right-of-use assets premises	-	-	102	167	174	-
Motor vehicles	-	-	-	368	207	-
Computer and equipment	-	-	17	39	54	1
Furniture and fittings	-	-	1	9	1	-
Total	260	-	120	583	436	1

The above capital expenditures were primarily financed by a combination of bank borrowings and internally generated funds.

In FYE 2020, we incurred capital expenditure of RM0.26 million mainly due to the purchase of an office unit, 22-2-1, 2nd floor in our current business premise in Cheras Business Centre. The sale and purchase agreement for this acquisition was entered between West River Engineering (as purchaser), Ngiam Kim Eng @ Yap Kim Eng and Nghoh Tee Peng (as third party vendors) on 2 December 2019 and it was subsequently completed within FYE 2020 on 21 January 2020.

In FYE 2021, we did not incur any capital expenditure.

In FYE 2022, we incurred capital expenditure of RM0.12 million mainly to acquire right-of-use for a shop office in Bandar Teknologi, Kajang, Semenyih. Please refer to Section 6.9 (ii)(b) of this Prospectus for further information on the property.

In FYE 2023, we incurred capital expenditure of RM0.58 million mainly to purchase 2 motor vehicles amounting to RM0.37 million mainly for the use by the Project team for work-related travel and to acquire right-of-use for a shop office in Bandar Teknologi, Kajang, Semenyih and an office unit, 22-4-1, 4th floor in our current business premise in Cheras Business Centre amounting to RM0.17 million.

In FYE 2024, we incurred capital expenditure of RM0.44 million mainly to acquire right-of-use for an office space in Oasis Damansara, Petaling Jaya, the renewed tenancy for the shop office in Bandar Teknologi, Kajang, Semenyih and the purchase of 3 motor vehicles for the use by the Project team for work-related travel as well as the purchase of laptops and desktops for use by our employees.

From 1 January 2025 up to the LPD, we incurred capital expenditure of less than RM0.01 million for the purchase of a printer for our employees.

6. INFORMATION ON OUR GROUP (Cont'd)**6.3.2 Material divestitures**

Save for the divestitures disclosed below, there were no other divestitures made by us for the Financial Year Under Review and up to the LPD.

	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	1 January 2025 up to LPD
Divestitures	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Leasehold buildings	-	-	-	-	-	-
Right-of-use assets premises	-	-	-	-	-	-
Motor vehicles	-	-	-	-	-	-
Computer and equipment	-	-	-	-	-	-
Furniture and fittings	-	-	-	-	-	-
Disposal of property	1,398	-	-	11,465	-	-
Disposal of Neutron M&E	-	-	-	183	-	-
Total	1,398	-	-	11,648	-	-

In FYE 2020, we completed the disposal of 2 parcels of vacant industrial land to a third party, namely, PLO 6, Segamat II Industrial Area as well as PLO 7, Segamat II Industrial Area in Segamat, Johor. The sale and purchase agreements for the disposals were entered between West River Engineering (as vendor) and Gantang Tinggi Sdn Bhd (as purchaser) on 26 September 2019 and it was subsequently completed within FYE 2020 on 18 June 2020.

In FYE 2023, we completed the disposal of 5 units of shop offices (classified as non-current asset held for sale) to our Promoter, namely Neutron Capital. Please refer to Section 6.8 (ii), (iii), (v), (vi) and (vii) and Section 9.1 of this Prospectus for more details on this disposal. We further completed the following disposal:

- (i) 1 unit of shop office (classified as non-current asset held for sale) at No. 8, Jalan Temenggung 25/9, Bandar Mahkota Cheras, 43200 Cheras, Selangor to a third party for the purchase consideration of RM2,300,000.00. Please refer to Section 6.8(iv) of this Prospectus for more details on this disposal; and
- (ii) 100.00% equity interest in Neutron M&E to a third party for the purchase consideration of RM183,088.00. Please refer to Section 6.1.3(i) of this Prospectus for more details on this disposal.

In FYE 2024 and from 1 January 2025 up to the LPD, there were no divestitures made by us.

6.3.3 Material commitment

Save for the proposed utilisation of proceeds from our Public Issue and our material commitment for our capital expenditure as disclosed in Section 4.9(i) and Section 11.3.5 of this Prospectus, we confirm that we do not have any material commitments contracted and divestitures currently in progress, within or outside Malaysia, which may have a material impact on our Group's financial position or business as at the LPD. All the above material commitments are located in Malaysia.

6. INFORMATION ON OUR GROUP (Cont'd)

6.3.4 Material plans to construct, expand or improve our facilities

Save for the proceeds from our Public Issue to be used for establishing of a new manufacturing cum warehouse facility as set out in Section 4.9(i) of this Prospectus, our Group does not have any other immediate plans to construct, expand and/or improve our facilities as at the LPD.

6.4 PUBLIC TAKE-OVERS

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

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

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6. INFORMATION ON OUR GROUP (Cont'd)**6.5 BUSINESS OVERVIEW****6.5.1 Description of our business**

Our Group is an M&E engineering services provider and we are principally involved in the:

- (i) Provision of electrical engineering and ACMV services; and
- (ii) Provision of intelligent building solutions.

We also manufacture electrical panels and distribution boards, primarily to support our M&E engineering services projects and sale to third party.

We principally operate in Malaysia. Our services involve projects in the private sectors, such as development or redevelopment of high rise residential properties, mixed-use properties, commercial buildings and industrial buildings.

Our business model is as follows:

Principal business activities	M&E engineering services:		
Segments	Provision of electrical engineering and ACMV services	Provision of intelligent building solutions	Manufacturing of electrical panels and distribution boards
FYE 2024 revenue contribution	96.06%	3.67%	0.27%
Principal market	Malaysia		
Roles	• Main contractor • Subcontractor		Manufacturer
Type of properties	• High rise residential • Commercial • Industrial		

6.5.2 Provision of electrical engineering and ACMV services

We are engaged by our customers on a project basis for the installation of M&E components and equipment for high rise residential, commercial and industrial properties. Our capabilities span from the design and planning for equipping a building to the physical installation of M&E systems according to our customer's technical requirements where our main responsibilities include:

- (i) Site survey and site logistical planning;
- (ii) M&E plan designing for buildings;
- (iii) Value engineering services; and
- (iv) Resource planning, procurement and management in relation to machinery, equipment and labour.

6. INFORMATION ON OUR GROUP (Cont'd)

- **Electrical engineering services**

We are able to undertake the design, installation, testing and commissioning of HV, MV, LV, and ELV electrical systems.

HV, LV and MV electrical installations comprise incoming electricity supply, main and sub-main distribution systems, final circuits, switchboards, control cables, earthing systems, lightning protection systems and ancillaries such as essential power supply systems, power sockets, light fittings for buildings and amenity projects.

ELV systems are deployed in buildings for purposes of telecommunications, security and surveillance. ELV systems in buildings comprise CCTV system, access control system, public address system and intercommunication system.

We have a track record in the supply and installation of electrical systems for buildings, where this involves the supply, installation, testing and commissioning of networks of high-voltage switchgears, transformers, main switchboards and distribution boards, generators, underground piping works, submain cables including cable supporting systems, final circuit wiring for lightings and powers, ELV systems, light fittings, fans, uninterruptible power supply, earthing systems and lightning protection systems.

- **ACMV services**

The range of ACMV services that we provide includes:

- (i) design and build, supply, installation, testing and commissioning of centralised air-conditioning system for high rise residential, commercial, institutional and industrial buildings;
- (ii) supply and installation of split or multi-split type and variable refrigerant volume type air-conditioning system as well as chiller systems for high rise residential and commercial buildings;
- (iii) supply and installation of mechanical ventilation system for carparks and plantrooms of high rise residential and commercial buildings; and
- (iv) design and installation of smoke extraction system for high rise residential, commercial, institutional and industrial buildings.

We are able to provide M&E engineering services to our customers as part of our interior fit-out solutions or on a standalone basis. Fit-out works is the process of making an interior space suitable for occupation. Our fit-out works comprise the design, supply and installation of electrical engineering and ACMV systems in commercial properties tenanted by our customers comprising operators of chain F&B outlets nationwide in Malaysia.

In the M&E engineering services projects that we undertake, we are responsible for project design, project planning and management, procurement, value engineering activities as well as installation works. We may also engage subcontractors to perform selected parts of the M&E engineering project such as the physical cabling and equipment installation works to support our internal installation team.

6. INFORMATION ON OUR GROUP (Cont'd)

Our past M&E engineering projects include the following:



Installation of ventilation fan system for a high rise residential property in Selangor

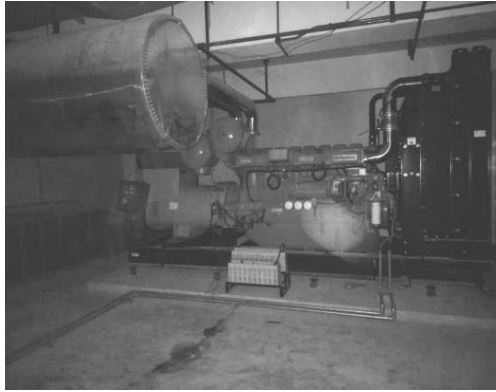


Installation of electrical wiring system for a retail property in Selangor



Installation of electrical panels and wiring system for high rise residential and commercial properties in Kuala Lumpur and Selangor

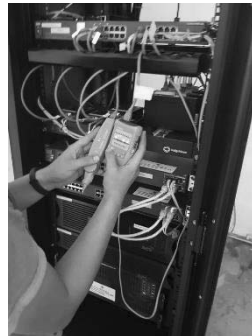
6. INFORMATION ON OUR GROUP (Cont'd)



Installation of generator sets for high rise residential and commercial properties in Kuala Lumpur and Selangor



Installation of electrical wiring systems and cable trays for high rise residential and commercial properties in Kuala Lumpur and Selangor



CCTV system installation and testing for a commercial property in Putrajaya

6. INFORMATION ON OUR GROUP (Cont'd)



Lighting installation works for a commercial property in Cyberjaya

The typical duration of the defect liability period covers a period of up to 24 months upon commissioning of electrical engineering and ACMV systems, depending on contractual agreement. During this phase, we will provide on-site and/or remote support for our electrical engineering and ACMV systems that we have installed.

Upon completion of the defect liability period, our customers can opt to continue engaging us to provide operational, maintenance, upgrading and repair services, where we would carry out the monitoring and management of electrical engineering and ACMV systems over a specified period as detailed in a service agreement. We are positioned favourably to bid for and secure service and maintenance contracts for projects in which we have been engaged to provide electrical engineering and ACMV services.

Our scope of works for service and maintenance varies based on the needs of our customers, and comprises system inspection, replacement and repair works. Our customers can select a monthly, quarterly or annual service and maintenance tenure cycle based on their needs. During the Financial Year Under Review and up to the LPD, the average tenure of our service agreements was 12 months.

6.5.3 Intelligent building solutions

Intelligent building solutions refer to the practice of creating structures and using processes that are resource-efficient and environmentally responsible throughout a building's lifecycle from design, construction, operation, maintenance, renovation and deconstruction. Intelligent buildings are designed to reduce the overall impact of the built environment on human health and the natural environment by:

- efficiently using energy, water and other resources;
- protecting occupant health and improving employee productivity; and
- reducing waste, pollution and environmental degradation.

Our Group provides intelligent building solutions leveraging on IoT technology to integrate building automation, energy measurement and information technology systems, into tailor-made total solutions to customers in a wide range of industries catering to the needs of different customers. An energy management system is defined as the combination of a building automation system with energy analytics solutions and services that are utilised to achieve improved energy efficiency within a single building or a multi-site facility while providing comfort to the occupants. Our customers utilise this intelligent building solution with a goal to save energy consumption.

6. INFORMATION ON OUR GROUP (Cont'd)

Our intelligent building solutions provide automated control over various M&E sub-systems in a building, including air-conditioning, lighting, elevators, ventilation systems, and power supply systems that are linked to a centralised automation system installed in the building or on the cloud.

A typical intelligent building solution designed and developed by our Group has the following features:

- (i) CCTV with AI features for automated air-conditioning on/off and temperature setting, as well as weather settings for automated air-conditioning temperature control by detecting occupants in the building;
- (ii) an on/off for building systems that allows for separate building M&E systems to be turned on and off from a central location;
- (iii) a maintenance schedule that identifies the frequency and scope of preventive maintenance works to be carried out on M&E equipment and systems, as well as unscheduled repair works;
- (iv) alarm notification for building operators and occupants in the event of equipment malfunction such as breakdowns, or emergency situations such as fire;
- (v) asset condition management system, a registry of equipment and pertinent information such as its location in the building and operating hours; and
- (vi) constant monitoring for irregularities in M&E equipment and systems such as incidences of high temperature for ACMV systems, attempted entry by persons without access clearance and incidences of malfunction.

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6. INFORMATION ON OUR GROUP (Cont'd)

The integration of various M&E sub-systems in our intelligent building solutions can be illustrated as follows:



M&E sub-system	Description
Fire	- Serves as an operating module for remote fire control - Receives, displays and verifies information from various surveillance points of a fire alarm system
Access	Centralised access control system management for a building's entry and exit points
Security	- Serves as an operating module for remote security control - Integrates access control, intrusion and surveillance systems - Receives, displays and verifies information from various surveillance points of access control, intrusion and surveillance systems
Energy	- Receives, displays and verifies information on energy consumption - Manages energy consumption by using IoT devices to monitor building occupancy and adjust energy consumption to suit users' needs
Lighting	- Alters lighting levels, typically based on the level of occupancy - Automatically switches lights on or off based on a pre-determined schedule or occupancy parameters

6. INFORMATION ON OUR GROUP (Cont'd)

M&E sub-system	Description
	Manages electricity consumption by monitoring room occupancy and adjusting lighting to suit users' needs
Lifts	Displays and verifies operating data such as frequency of lift movements between building floors, as well as peak and non-peak operating hours based on lift usage
Communication	Enables voice and data services, such as telephones, voicemails, intercommunications systems, video and audio conferencing
ACMV	- Use of IoT devices to adjust indoor air quality based on room occupancy and building requirements, where this relates to the provision of cooling, filtered outdoor air, humidity control and/or heating to maintain a comfortable environment - Use of IoT devices to monitor temperature and adjusts systems according to usage profile - Adjusts humidity, temperature and air flow

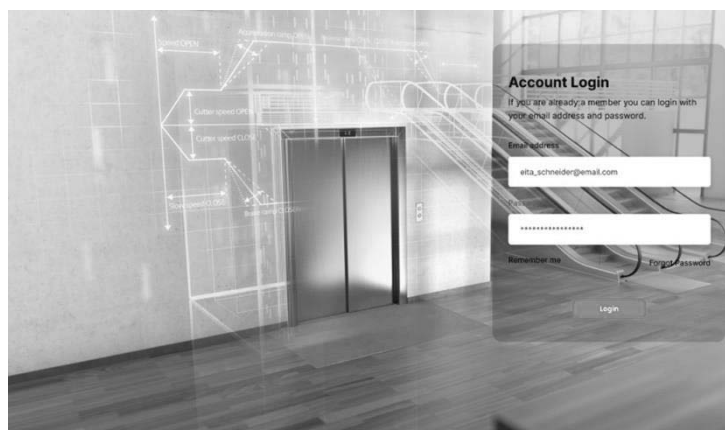
To support our intelligent building solutions, we have developed internally Neutron IoT system, our proprietary intelligent building management and control system, where the programming and installation of Neutron IoT system is carried out by an employee under our Project department using open source software. The said employee is one of our electrical engineers but has pursued his interest in programming and Information Technology ("IT") through self-study and participation in the MyReskill IoT Programme organised by Malaysia Productivity Corporation, a statutory body under MITI. For avoidance of doubt, the said employee handles our Group's website and IT-related issues in addition to his electrical engineering role. Customers are able to procure Neutron IoT system in a one-off sale transaction, and we do not impose annual software renewal fees on customers.

The Neutron IoT system integrates, monitors and controls various building systems and processes. It is designed to manage and optimise the operation of critical production equipment, mechanical and electrical systems, and other building systems to ensure the efficient and reliable operation of a building and the comfort and safety of occupants. It includes hardware, software and networking such as sensors, controllers, devices, communications networks, software applications and user interfaces.

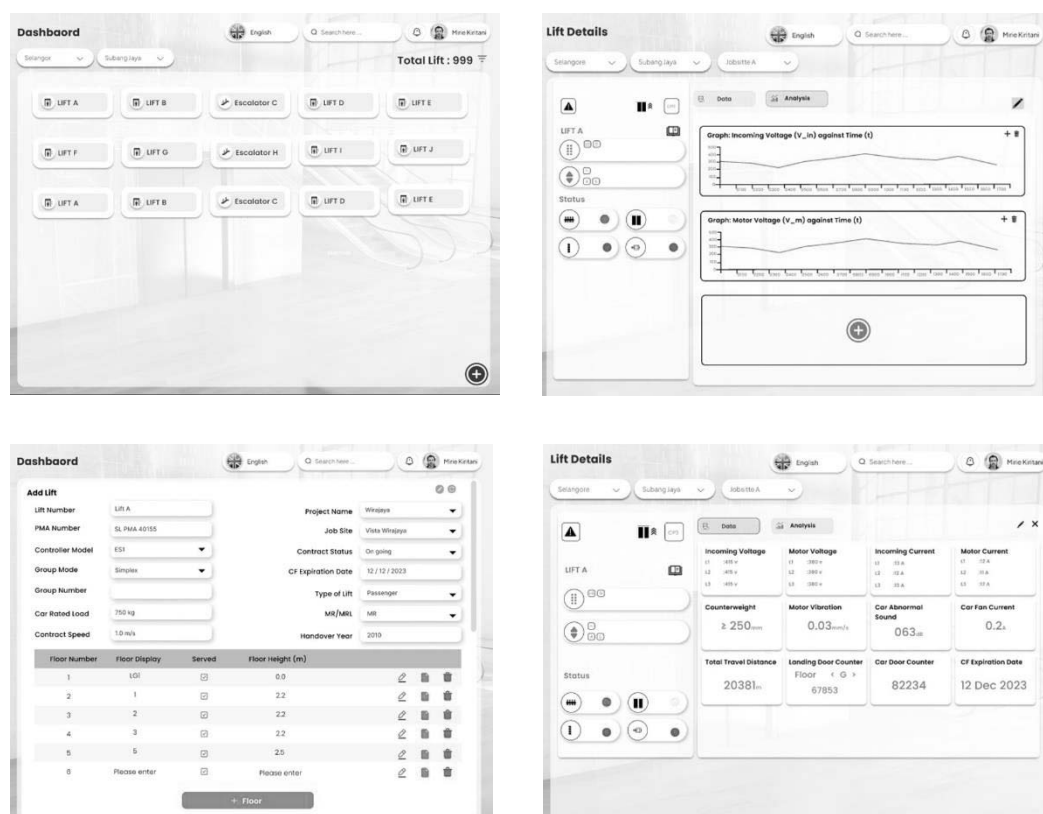
Through Neutron IoT system, users are able to access pertinent M&E system information, such as remote fire control, access to entry and exit points of buildings, security management, energy consumption, lighting control, lift operations, operating status of the ACMV as well as communication infrastructure inside the building. Users will also be able to accept and/or execute control instructions using the system. Neutron IoT system also has inbuilt statistical algorithms and machine-learning capabilities. Collectively, these technologies can identify details of a building's characteristics (such as occupancy levels and zone temperature) and energy use, and integrate various data streams to optimise building operations.

All information collected is analysed in real-time in order to facilitate any decision-making for the management of the building. Our intelligent building solutions can usually be accessed online to provide for remote control of the building and facilitate the distribution of information.

6. INFORMATION ON OUR GROUP (Cont'd)



User login to Neutron IoT system for IoT-based lift management



Various lift performance management and reporting dashboards on Neutron IoT system

We are responsible for project design, project planning and management, procurement, value engineering activities as well as installation works for the intelligent building solutions projects that we undertake. We may also engage subcontractors to perform the physical cabling and equipment installation works. Although these scopes of work may overlap with our provision of electrical engineering and ACMV services segment, they are carried out with the objective of supporting the functionality of our Group's provision of intelligent building solutions. As such, our provision of intelligent building solutions segment has been segregated from our provision of electrical engineering and ACMV services segment. For purposes of segmental analysis of our financial results for the Financial Year Under Review, revenue and costs relating to projects which integrate various M&E sub-systems in our intelligent building solutions will entirely be classified under our intelligent building solutions segment.

6. INFORMATION ON OUR GROUP (Cont'd)

Neutron IoT system is also able to manage and optimise the operation of critical production equipment, mechanical and electrical systems, and other building systems to ensure the efficient and reliable operation of a building and the comfort and safety of occupants.

The typical duration of the defect liability period covers a period of up to 24 months upon commissioning of the intelligent building solutions, depending on the contractual agreement. During this phase, we will provide on-site and/or remote support for our intelligent building solutions that we have installed. For clarity, this defect liability period is a warranty period where we provide service and maintenance for any defects or system malfunction of our intelligent building solutions. This includes on-site support, remote support and system maintenance.

Upon completion of the defect liability period, our customers can opt to continue engaging us to provide operational, maintenance, upgrading and repair services, where we would carry out the monitoring and management of intelligent building solutions over a specified period as detailed in a service agreement of which we would then enter into with our customers. We are positioned favourably to bid for and secure service and maintenance contracts for projects in which we have been engaged to install intelligent building solutions.

Our scope of works for service and maintenance varies based on the needs of our customers, which comprises system inspection, replacement, repair and upgrading works based on system technology and technical developments. Our customers can select a monthly, quarterly or annual service and maintenance tenure cycle based on their needs. During the Financial Year Under Review and up to the LPD, the average tenure of our service agreements was 12 months.

6.5.4 Manufacturing of electrical panels and distribution boards

We design and manufacture electrical panels and distribution boards to primarily support our internal project requirements, specifically in relation to our electrical engineering and ACMV services as well as intelligent building solutions. In the FYE 2024, approximately 88.58% of our internally manufactured electrical panels and distribution boards was for projects undertaken by our Group. The remaining 11.42% of electrical panels and distribution boards manufactured by the Group are sold to third party customers. The Group generated RM0.35 million, RM1.14 million, RM0.34 million, RM0.21 million and RM0.33 million from the sales of its electrical panels and distribution boards to third party customers during the Financial Year Under Review, respectively.

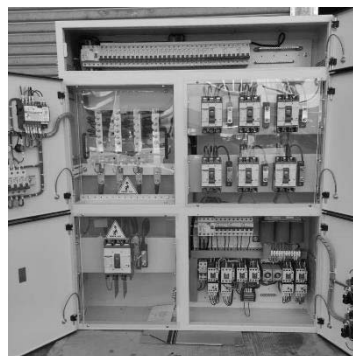
Our manufacturing activities entail the design, procurement of materials such as metal plates and components such as programmable logic controllers (PLCs) and human machine interfaces (HMIs), fabrication, assembly, testing and packaging.

The key components of our electrical panels and distribution boards are its metal enclosure and electrical circuitry contained within the metal enclosure. The metal enclosures are customised for each project in terms of size, compartments, input and output access points. The electrical circuitry of electrical panels and distribution boards are customised based on the number and type of M&E systems being managed and controlled, load factor as well as technical specifications of customers. Thus, our electrical panels and distribution boards are not standard products and require a high degree of customisation to meet the technical requirements of our customers.

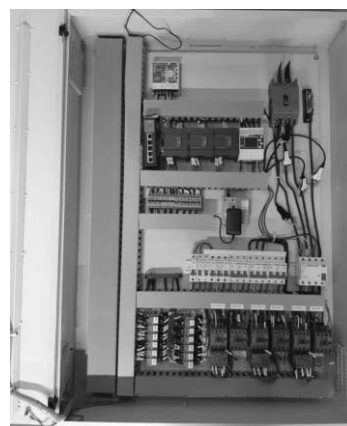
6. INFORMATION ON OUR GROUP (Cont'd)

The electrical panels and distribution boards that we manufacture are as follows:

Electrical
switchboards



Distribution
boards



Our electrical panels and distribution boards are customised according to our project and customer's requirements, in terms of technical specifications and components used, to suit different applications by taking into consideration factors such as installation environment, voltages and temperature.

Our manufacturing operations are carried out in a shop office in Bandar Teknologi Kajang, Semenyih. Please refer to Section 6.9 (iii) (b) of this Prospectus for more information on this property. Prior to moving into the shop office in Bandar Teknologi Kajang, Semenyih in January 2022, Neutron Letrik sub-contracted its manufacturing works to third parties. The current annual production capacity of our manufacturing of electrical panels and distribution boards is 1,317 units. The utilisation rates of our manufacturing facility were 62.11%, 69.40%, 78.28%, 93.32% and 95.67% in FYE 2020, FYE 2021, FYE 2022, FYE 2023 and FYE 2024, respectively.

6. INFORMATION ON OUR GROUP (Cont'd)

Due to the timing of its projects' requirements during FYE 2024, we are required to plan the utilisation of its manufacturing facility to prioritise on projects where we were able to fully meet the manufacturing of all the electrical panels and distribution boards for the said projects in a timely manner. In view that each project will require specific design for its electrical panels and distribution boards, we must first ensure that we have the capacity to fully manufacture for each project. During FYE 2024, projects that we were able to fully manufacture the required electrical panels and distribution boards internally constituted 90.71% of our utilisation rates of our manufacturing facility, indicating that the Group is unable to increase the output of electrical panels and distribution boards without increasing space for manufacturing activities. As such, we also purchase electrical panels and distribution boards from external manufacturers to meet our project requirements.

We are able to realise cost savings ranging up to 20.00% annually while shortening the lead time which ranges between 2 weeks and 10 weeks in the case of external purchases to between 3 days and 5 weeks by manufacturing internally, depending on the complexity of the product design (i.e. as the complexity of the electrical circuitry design depends on the number of M&E systems to be connected to the electrical panels and distribution boards) and location of the external manufacturers' facilities (i.e. local or overseas). External manufacturers from overseas typically require a longer lead time as these products are generally transported via sea.

In the case of external purchases of electrical panels and distribution boards, the onsite installation works will be carried out by us. In some instances, we may receive minor requests from customers, which may include increasing the outgoing power voltages as well as upgrading the size of circuit breaker to the latest standards and requirements, all of which require minor modifications to be carried out onsite on the electrical panels and distribution boards. We will issue variation orders to our customers when the cost of modifications carried out onsite on the electrical panels and distribution boards exceeds RM6,000. However, for modification works that cost up to RM6,000, we will absorb such costs as a gesture of goodwill to our customers.

Further, we may also encounter situations where the electrical panels and distribution boards are damaged during delivery or during storage onsite prior to installation works, and require rectification onsite. For clarity, it is industry norm that damages not due to manufacturers' defect are not covered under product warranties. In such cases, we will engage the external manufacturer or an appointed party of the external manufacturer to perform the required modification or rectification onsite. Depending on the complexity of the request and/or damage, the modification or rectification can range up to RM40,000 for each item. For clarity, these modifications and rectification are not covered under product warranty, as product warranty only commences upon onsite installation of the electrical panels and distribution boards. During the Financial Year Under Review, we incurred costs ranging from RM80,000 to RM100,000 annually for rectifications of damages during delivery or during storage onsite prior to installation works, and require rectification onsite, which is not material to our total cost of sales.

Comparatively, when facing situations whereby modifications and rectifications are required for internally manufactured electrical panels and distribution boards, we are able to despatch our internal employees to project sites to perform the necessary works. As at the LPD, we have 3 technicians who are responsible for the manufacturing of electrical panels and distribution boards that can be dispatch promptly to the project sites to perform the necessary works.

6. INFORMATION ON OUR GROUP (Cont'd)**6.5.5 Our ongoing and completed projects****(i) Ongoing projects**

The following table sets forth our ongoing projects with contract values of RM8.00 million and above for the Financial Year Under Review and up to the LPD:

No.	Project details/ scope	Customer	Scope of role	Commencement/ expected completion period	Contract value/ Balance contract value as at the LPD (RM million)	Stage of completion (% as at the LPD)
(a)	Supply, delivery, installation, testing, commissioning and maintenance of electrical and ELV services at Emerald 9, Kuala Lumpur	Pembinaan Tuju Setia Sdn Bhd	Subcontractor	December 2022 / November 2025	19.61 / 15.38	21.57
(b)	Supply, delivery, installation, testing, commissioning and maintenance of Neutron IoT system and electrical LV services at Idaman Residence, Kuala Lumpur	Sigmal Construction Sdn Bhd	Subcontractor	May 2023 / August 2025	11.50 / 11.44	0.52
(c)	Supply, delivery, installation, testing, commissioning and maintenance of electrical services at Hana Residence, Selangor	Inta Bina Sdn Bhd	Subcontractor	May 2023 / May 2025	10.65 / 5.18	51.36
(d)	Supply, delivery, installation, testing and commissioning of electrical, telephone and ELV services at Sierra 5, Selangor	Jasmurni Construction Sdn Bhd	Subcontractor	July 2023 / January 2026	9.45 / 3.88	58.94

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Project details/ scope	Customer	Scope of role	Commencement/ expected completion period	Contract value/ Balance contract value as at the LPD (RM million)	Stage of completion (% as at the LPD)
(e)	Supply, delivery, installation, testing, commissioning and maintenance of electrical and ELV services at SkyVogue Residences, Kuala Lumpur	Axventure Sdn Bhd	Subcontractor	September 2021 / March 2025	9.18 / 0.91	90.09
(f)	Provision of high tension and low voltage works for a high rise residential property at Selangor	Domain Resources Sdn Bhd	Subcontractor	January 2023 / May 2025	8.60 / 3.29	61.74
(g)	Provision of electrical works at Quaver Residence, Selangor	Kayangan Kemas Sdn Bhd	Subcontractor	August 2023 / November 2025	10.68 / 8.44	20.97
(h)	Supply, delivery, installation, testing, commissioning and maintenance of Neutron IoT system, ELV services and ACMV services for a high rise residential property at Kuala Lumpur	Coneff Corporation Sdn Bhd	Subcontractor	January 2024 / December 2025	15.98 / 15.97	0.06
(i)	Supply, delivery, installation, testing and commissioning for electrical, ELV and lighting services for a high rise residential property at Kuala Lumpur	Axventure Sdn Bhd ⁽¹⁾	Subcontractor	August 2024 / December 2026	17.30 / 16.44	4.97

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Project details/ scope	Customer	Scope of role	Commencement/ expected completion period	Contract value/ Balance contract value as at the LPD (RM million)	Stage of completion (% as at the LPD)
(j)	Supply, delivery, installation, testing, commissioning and maintenance of electrical services for a high rise residential property at Kuala Lumpur	China State Construction Engineering (M) Sdn Bhd	Subcontractor	September 2023 / July 2026	29.38 / 26.76	8.92
(k)	Supply, delivery, installation, testing, commissioning and maintenance of electrical services for a luxury resort at Teluk Burau, Langkawi	Laubros Holdings (M) Sdn Bhd	Subcontractor	August 2023 / April 2025	23.88 / 14.73	38.32
(l)	Supply, delivery, installation, testing and commissioning for electrical, ELV and lighting services for a high rise residential property in Kuala Lumpur	Alphazen Contract Sdn. Bhd.	Subcontractor	February 2024 / February 2026	23.38 / 22.67	3.04
(m)	Supply, delivery, installation, testing and commissioning for electrical and ELV services for a high rise residential property in Selangor	Inta Bina Sdn Bhd	Subcontractor	August 2024 / July 2026	10.28 / 10.19	0.88
(n)	Supply, delivery, installation, testing, commissioning and maintenance of electrical services for a hotel in Pulau Pinang	Pena Builders Sdn Bhd	Subcontractor	September 2024 / June 2025	27.82 / 26.08	6.25

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Project details/ scope	Customer	Scope of role	Commencement/ expected completion period	Contract value/ Balance contract value as at the LPD (RM million)	Stage of completion (% as at the LPD)
(o)	Supply of the labour and equipment for completion of building works for a medical centre in Kuala Lumpur	Cardiac Vascular Sentral (KL) Sdn Bhd	Subcontractor	November 2024 / November 2025	28.98 / 28.33	2.24

Note:

- (1) On 25 September 2024, our Group received a notification from the project owner that the main contractor for this project has been changed from Orangebeam Construction Sdn Bhd to Axventure Sdn Bhd. Pursuant to this change, Axventure Sdn Bhd issued a new letter of award to our Group with new commencement and expected completion dates. For avoidance of doubt, there was no changes to the contract value of this project.

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6. INFORMATION ON OUR GROUP (Cont'd)

(ii) Completed projects

The following table sets forth our completed projects with contract values of RM8.00 million and above for the Financial Year Under Review and up to the LPD:

No.	Project details/ scope	Customer	Scope of role	Commencement / completion period	Contract value (RM million)
(a)	Supply, delivery, installation, testing, commissioning and maintenance of ACMV services at Imperial Lexis, Kuala Lumpur	China State Construction Engineering (M) Sdn Bhd	Subcontractor	August 2019 / December 2023	18.50
(b)	Supply, delivery, installation, testing, commissioning and maintenance of electrical services at Imperial Lexis, Kuala Lumpur	China State Construction Engineering (M) Sdn Bhd	Subcontractor	August 2019 / December 2023	17.54
(c)	Supply, delivery, installation, testing, commissioning and maintenance of electrical services at Soho Kuantan, Pahang	Aim Realty Construction Sdn Bhd	Subcontractor	March 2017 / February 2022	11.20
(d)	Supply, delivery, installation, testing and commissioning of electrical, telephone and ELV services at Secret Recipe's manufacturing facility and warehouse, Selangor	SLG Construction Sdn Bhd	Subcontractor	December 2021 / March 2023	11.10
(e)	Supply, delivery, installation, testing and commissioning of electrical, telephone and ELV services at Clio 2 Residence, Selangor	Sri Binaraya Sdn Bhd	Subcontractor	October 2017 / April 2021	8.49

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Project details/ scope	Customer	Scope of role	Commencement / completion period	Contract value (RM million)
(f)	Supply, delivery, installation, testing, commissioning and maintenance of electrical services at Alaf Cahaya, Selangor	MITC Engineering Sdn Bhd	Subcontractor	April 2017 / August 2020	8.15
(g)	Supply, delivery, installation, testing and commissioning of Neutron IoT system, mechanical and electrical services as well as supply, delivery, installation, testing and commissioning for architecture and structure works	Wawasan Sepadu Sdn Bhd	Subcontractor	February 2022 / October 2023	8.00
(h)	Supply, delivery, installation, testing, commissioning and maintenance of ACMV services at Majlis Agama Islam Wilayah Persekutuan	Intechcity Construction Sdn Bhd	Subcontractor	March 2018 / September 2023	16.46
(i)	Supply, delivery, installation, testing and commissioning of electrical, telephone, ELV and earthing services at Majlis Agama Islam Wilayah Persekutuan	Intechcity Construction Sdn Bhd	Subcontractor	March 2018 / September 2023	15.32
(j)	Supply, delivery, installation, testing, commissioning and maintenance of electrical, lightning and earthing services as well as the installation of generator sets at Duta Park Residence, Kuala Lumpur	Fajarbaru Builders Sdn Bhd	Subcontractor	August 2019 / March 2024	26.40
(k)	Provision of electrical works at Eco Ardence, Selangor	Inta Bina Sdn Bhd	Subcontractor	March 2021 / January 2024	16.21

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Project details/ scope	Customer	Scope of role	Commencement / completion period	Contract value (RM million)
(l)	Supply, delivery, installation, testing and commissioning of electrical, telephone and ELV services at Gems Residence, Selangor	Gamuda Engineering Sdn Bhd	Subcontractor	February 2020 / October 2023	13.87
(m)	Supply, installation, testing, commissioning and maintenance of ELV services for a high rise residential property at Selangor	Voon Electrical Contractors Sdn Bhd	Subcontractor	November 2020 / May 2024	8.42
(n)	Supply, delivery, installation, testing and commissioning of electrical, telephone and ELV services at Secret Recipe's manufacturing facility and warehouse, Selangor	SLG Construction Sdn Bhd	Subcontractor	December 2021 / July 2024	11.10
(o)	Supply, delivery, installation, testing, commissioning and maintenance of ACMV services at Secret Recipe's manufacturing facility and warehouse, Selangor	SLG Construction Sdn Bhd	Subcontractor	December 2021 / July 2024	8.40
(p)	Supply of the necessary labour and equipment for completion of building works at LJK warehouse, Selangor	Two Brothers Construction Sdn Bhd	Subcontractor	August 2023 / February 2025	28.80
(q)	Supply, delivery, installation, testing, commissioning and maintenance of electrical and ELV services at Ava Residence, Kuala Lumpur	Orangebeam Construction Sdn Bhd	Subcontractor	February 2021 / February 2025	19.20

6. INFORMATION ON OUR GROUP (Cont'd)

6.5.6 Quality control and assurance procedures

6.5.6.1 Quality management system

We recognise that the adoption of a stringent quality control and assurance system is vital to maintaining our reputation and market standing as a reliable contractor. As such, our Group places strong emphasis on quality management to ensure that the quality of our deliverables comply with the relevant industry standards, regulations and meet the expectations and requirements of our customers.

As a testament to our quality commitment, our subsidiary West River Engineering has been certified compliant to ISO 9001:2015, details of which are included below:

Year first awarded	Current validity period	Certification	Scope	Awarding body
2018	21 October 2024 – 29 October 2027	ISO 9001: 2015	Provision of supply, installation, testing and commissioning for mechanical and electrical works	Bureau Veritas Certification Holding SAS – UK Branch

6.5.6.2 Quality assurance measures

We ensure that the projects we undertake are completed in accordance with requirements and specifications set out in the project as well as in compliance with relevant industry standards and regulations (if any).

We make sure that the equipment and materials used during the project are purchased from our approved list of suppliers who are certified to meet the regulatory and industry standards and requirements based on the project. We will request the suppliers to provide relevant certificates issued by relevant authorities before placing purchase orders. We also perform inspections on our procurement orders before the onsite deployment of said equipment and materials, as well as those brought on site by our subcontractors.

In selecting subcontractors, we assess them based on several criteria including quality of materials and services provided, track record, timeliness of delivery, qualifications, ability to comply with the requirements and specifications set out in the project contract as well as pricing. The selected subcontractor will be closely supervised by our project team throughout the project duration.

For every project, we would assign a project management team comprising a team leader, project engineers and project supervisors to monitor the construction works throughout the project. The project management staff will report the project progress to the assigned team leader. The team leader is responsible for supervising the day-to-day site activities, ensuring the project is progressing as scheduled as well as monitoring the work quality in accordance to the requirements of our customers.

The project team conducts regular on-site inspections on a daily basis for quality assurance together with customers and/or consultants and conducts regular internal discussion within the project team members and the team leader. Any issues arising will be notified promptly within the project team and corrective actions will be taken. In cases where the works of the subcontractor do not meet our technical specifications and requirements, our project management staff will liaise with the subcontractor's site representative, so that the corrective measures and rectification works can be carried out promptly.

6. INFORMATION ON OUR GROUP (Cont'd)

A defect liability period that ranges up to 24 months is usually incorporated in the contractual terms of the project, where we are responsible to perform repairs and rectifications if we fail to perform satisfactorily under our project contracts.

6.5.7 Business Processes and Facilities

6.5.7.1 Business processes

(i) Electrical engineering and ACMV services as well as intelligent building solutions

We adopt the following process flow in the provision of electrical engineering and ACMV services as well as intelligent building solutions:



(a) Tender and contracts

We primarily participate in tenders extended to us directly by our customers, who are either main contractors or project owners. Upon the receipt of invitation to tender, we will perform a preliminary assessment before deciding whether to participate in the tender exercise by reviewing the scope of services and timeline, understanding the customer's requirements and identifying any industry standards, statutory or regulatory requirements.

When we decide to participate in the tender exercise, our Contracts team is responsible for preparing the proposal and project costing details for the tender. The Contracts team will also need to collaborate with other members of our Project department to complete the tender documents for bidding, under the guidance of our Managing Director, Executive Director and key senior management.

For most tenders, we may be required to submit a tender bond with a specified amount as part of tender documents, to provide assurance to our customer that we will proceed with the contract upon acceptance of the tender by our customer. The tender bond will be returned to us upon the announcement of the results of the tender, regardless of whether we secure the project.

6. INFORMATION ON OUR GROUP (Cont'd)

During the tendering phase, we may be requested to attend tender interviews, where we will be required to present the details of or provide clarifications on our proposals. If we are successful, the customer will present us with a letter of award prior to the signing of a contract and/or issuance of letter of award or purchase order.

(b) Project planning

Upon award of a contract, a team leader will be assigned to the project and a project team comprising project engineers and project supervisors will be assembled. The project team will hold a project kick-off meeting with the customer to establish a common understanding of project requirements and perform a site visit.

The project planning phase involves the preparation of a detailed master project development plan which covers project costing and resource allocation, roles and responsibilities of the project team members, work schedules, project deliverables, control and monitoring mechanisms and quality requirements. The plan will also be submitted to our customer and their consultants, who will assist in monitoring the project. The implementation of the project plan will also be monitored by our team leader and our Executive Director, who will ensure that the contractual requirements and the needs of our customers are aligned.

We may engage subcontractors, based on required expertise and track record, to carry out the project, as and when required.

(c) System design

Our project team seeks to understand and determine the specific requirements of the system required through a series of discussions with the customer and consultant. Such specifications include functionalities, quality and performance of the M&E system or intelligent building solution as well as applicable regulatory compliance requirements. This information is vital as it determines the nature of customisation required by the customer based on the project scope and user application needs. These requirements will be further reviewed and analysed, following which a finalised version of the requirements will be documented and submitted to the customer and/or consultant for approval. These requirements will form the basis of our design and development works.

(d) Procurement

Our procurement activities mainly involve identifying relevant equipment as well as components and subsequently sourcing of quotations from our pre-approved suppliers or as advised by our customers. Upon identifying suitable suppliers for the project, our procurement team will commence the purchase of and perform inspection on these systems or equipment.

For projects subcontracted to third parties, the subcontractors will be responsible for installation as we will focus on the project design, planning, value engineering, procurement and quality control aspects as well as project management.

6. INFORMATION ON OUR GROUP (Cont'd)

(e) System build and installation

Our project team will carry out system build comprising the manufacturing of electrical panels and distribution boards as well as hardware and software configuration, assembly of casing and printed circuit board assemblies to form the controller, program firmware into the controller, and program software platform based on the technical requirements and project specifications.

During this phase, we may carry out system development works, if required, to include features and functionalities such as remote monitoring and control of equipment or devices by using internet or wireless connection as well as AI which may be customised to specific performance parameters based on the technical specifications of the project and customer.

The customisation of software platform based on project scope and user application needs will also be carried out at this stage.

Our project team or third party subcontractors under the supervision of our project team will oversee a building-wide installation of M&E systems which may include M&E equipment, supporting devices such as controllers and control panels for the relevant M&E systems, as well as software platform.

The scope of the installation process includes the supply and configuration of the abovementioned devices and equipment, installation and customisation of related software and firmware, and the setting-up of devices and equipment in accordance with the system design. It also includes the installation of control panels and IT systems in the control room at a later stage of the process, as well as ensuring IT connectivity and IT configuration.

Our project team will be stationed on-site to supervise and monitor the progress of the subcontractors, to ensure that the works carried out are in accordance with the drawing plan and contract specifications as well as in compliance with the relevant regulations and standards. The customer as well as their consultants and/or architects will also perform periodic site visits to keep track of the progress of the project and adherence to the specifications.

(f) Testing and commissioning

Upon the completion of the building-wide installation, our project team will conduct a pre-commissioning exercise to ensure that all M&E equipment and supporting devices are properly installed. The project team will further carry out an initial field test on the installed devices, followed by load tests which involve the live testing of electrical signals running through the system. Finally, an integrated system test is performed to test the entire installed system. This is to ensure that each sub-system can operate independently as well as interface effectively with each other.

We also conduct relevant quality and safety tests during this stage before project completion and handover to client. For selected specialised M&E equipment, such as generator sets, transformers and chillers, we ensure that the relevant suppliers have tested and commissioned the equipment prior to delivery, such that it meets the relevant contractual specifications and requirements of our customers.

6. INFORMATION ON OUR GROUP (Cont'd)

All specified inspections, testing and commissioning are typically carried out under the supervision of the consultant appointed by our customer, and are intended to verify that our works meet all technical requirements and contractual obligations.

In some instances, we may be required to undertake rectification works and/or re-commissioning works and subsequently re-inspect to ensure regulatory and contractual compliance.

(g) Handover

After all the necessary tests have been completed and approvals have been obtained, project implementation will be deemed completed and the Certificate of Practical Completion will be issued to us by our customer. This also marks the commencement of the defect liability period.

(h) Defect liability rectification

During the defect liability period, upon receiving report on defects identified by the customer, our project team will investigate and rectify the issue by getting our technicians or the relevant subcontractors to rectify the defects.

The length of the defect liability period generally ranges from 12 months to 24 months after issuance of the Certificate of Practical Completion. Upon expiry of the defect liability period and the complete rectification of all defects identified, the engaged personnel will issue a certificate of making good defects. For installation works that are subcontracted to third parties, our practice is to maintain a back-to-back defect liability period with our subcontractors, whereby our subcontractors are responsible for performing the rectification works and bearing the associated rectification costs. As at the LPD, there has not been any defect liability claims filed by our customers against our Group.

(i) Service and maintenance

During the defect liability period, we will provide on-site and/or remote support. All support requests are logged, tracked and compiled according to the quality and customer service procedures of our Group.

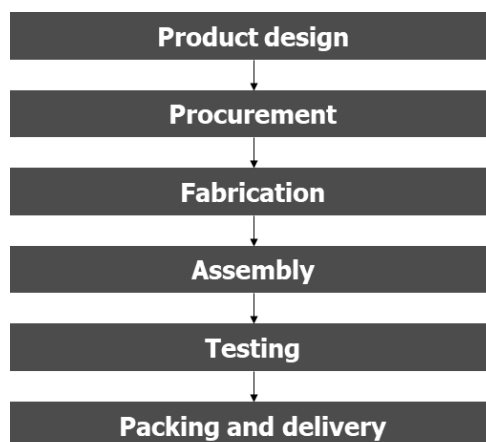
After the defect liability period is over, we may continue to provide our customers with operational, maintenance, upgrading and repair services if they engage us to do so, where we would carry out the monitoring and management of electrical engineering and ACMV services as well as intelligent building solutions over a specified period as detailed in a service agreement.

Our scope of works for service and maintenance varies based on the needs of our customers, comprising system inspection, replacement and repair works.

6. INFORMATION ON OUR GROUP (Cont'd)

(ii) Manufacturing of electrical panels and distribution boards

We adopt the following process flow in the manufacturing of electrical panels and distribution boards:



(a) Product design

We primarily manufacture electrical panels and distribution boards for the M&E engineering projects that we undertake.

Specific to electrical panels and distribution boards for our M&E engineering projects, our panel team will design the panel board electrical circuitry based on our project requirements. Once the design drawing is approved by customers and their appointed consultants, we will begin to develop a prototype of the product based on the product design and technical information. We will test the prototype accordingly to ensure it meets the specifications and design of our M&E engineering projects. The final prototype will then be approved by customers and their appointed consultants.

(b) Procurement

We will identify the relevant parts and components that we require and suitable suppliers based on pricing, credit terms, quality as well as delivery timeline. Upon identifying suitable suppliers, our procurement team will commence the purchasing of these parts and components.

Our panel team will perform inspection on incoming parts and components purchased.

(c) Fabrication

We utilise plasma cutting machine to cut metal plates into sizes based on technical specifications in the design drawings. Cut metal plates are then bent into shape with a hydraulic bending machine to form electrical panel boxes and distribution boards.

(d) Assembly

We will then assemble the electrical circuitry in the panels and distribution boards. This is a manual process that involves wiring to connect all the relevant wiring and cables, including optimising the routing of all the wires and cables.

6. INFORMATION ON OUR GROUP (Cont'd)

(e) Testing

The completed final product will be inspected before packing and delivery. We perform electrical testing as well as visual inspection.

(f) Packing and delivery

Upon completion of the testing process, the final products will be labelled and packed prior to delivery to the designated destinations.

We also procure electrical panels and distribution boards from external manufacturers to meet our project requirements, whereby the time from placement of orders to delivery ranges from 2 weeks to 10 weeks depending on the complexity of the product design. We adopt the following process flow for the procurement of electrical panels and distribution boards from external manufacturers:

(a) Product design

Our manufacturing team will design the panel board electrical circuitry based on our project requirements and determine material specifications. Once the material specifications and design drawing are approved by customers and their appointed consultants, we will identify a suitable external manufacturer based on pricing, credit terms, quality as well as delivery timeline and proceed to negotiate on the pricing. We will subsequently issue a purchase order to the external manufacturer who is able to meet the technical and commercial requirements for the project. The appointed external manufacturer will develop a construction drawing, which essentially is a blueprint for the metal enclosure as well as electrical circuitry. This construction drawing will be submitted to the customers and their appointed consultants for approval.

In comparison, we are also able to manage the project timeline more effectively when manufacturing internally, as we have direct interactions with customers and their appointed consultants to understand their requirements during the system design stage up to the development of a construction drawing. Any modification to the design can be promptly resolved internally by our Manufacturing team, thus eliminating the need to engage additional parties for further discussion and negotiation (particularly if the modification involves changes in costing).

(b) Procurement

Upon approval of the construction drawing, the external manufacturer will proceed to procure the necessary parts and components.

(c) Fabrication and assembly

Once the procured parts and components have been received, the external manufacturer will commence fabrication and assembly works based on the construction drawing approved by the customers and their appointed consultants.

6. INFORMATION ON OUR GROUP (Cont'd)

(d) Testing

We will perform a factory acceptance test on the final products at the external manufacturers' premise prior to accepting the order. The factory acceptance test involves electrical testing and visual inspection to ensure the finished products have been completed to the required quality and meet contractual specifications as per the construction drawing approved by the customers and their appointed consultants.

(e) Packing and delivery

Upon completion of the factory acceptance test, the final products will be labelled, packed prior to delivery to the designated destinations.

6.5.8 Technologies used

The technologies that we use are mainly in the following areas:

(i) Computer systems and modules

We use various programming languages (such as JavaScript, Python and MQTT for our applications software), for our embedded software and operating systems including Windows and Linux as well as open source modules for applications.

(ii) Information and data analytics

We use information technologies comprising both hardware and software for data input, processing, storage and output. Our business activities include the collection and storage of data in various forms including text and images, which we carry out data analytics to provide meaningful trends as well as summarised and analysed data for management decision making. Most of the data analytics carried out are based on data science largely using statistics.

(iii) IoT

IoT is a system that uses a common Internet Protocol platform to connect multiple devices (such as sensors or microchips) to exchange and analyse information, thereby automatically optimising each devices' controls. When aggregated across an entire building, IoT allows for asset digitisation, and therefore contributes to improving efficiency. As part of our electrical engineering and ACMV services as well as intelligent building solutions project, we may carry out system development works, if required, to include features and functionalities such as remote monitoring and control of equipment or devices by using internet or wireless connection which may be customised to specific performance parameters based on the technical specifications of the project and customer.

(iv) AI and machine learning

AI is the process by which machines or software mimic human behaviour and intelligence, with an ability to both acquire and apply knowledge. This allows for automation and decision-making within the machine or software without human intervention. Machine learning is a technique for realising AI as it refers to the process by which a machine acquires knowledge or skill.

6. INFORMATION ON OUR GROUP (Cont'd)

The applications of AI within intelligent building solutions are extensive, especially being that AI is easily integrated with IoT sensors and devices. Such devices apply deep learning to hierarchically understand objects and environments, make adjustments according to learned user preferences or analyse historical trends.

As part of our electrical engineering and ACMV services as well as intelligent building solutions project, we may integrate AI features and functionalities in Neutron IoT system, which may be customised to specific performance parameters based on the technical specifications of the project and customer.

6.5.9 Principal markets**(i) Geographical locations**

We derive all our revenue from Malaysia for the Financial Year Under Review.

(ii) Revenue segmentation

Details of our Group's revenue by segment for the Financial Year Under Review are as follows:

Revenue segments	by	business	Audited					
			FYE 2020		FYE 2021		FYE 2022	
			RM'000	%	RM'000	%	RM'000	%
Provision of electrical engineering and ACMV services			45,523	99.24	53,553	96.85	82,352	98.86
Provision of intelligent building solutions			-	-	600	1.09	615	0.74
Manufacturing of electrical panels and distribution boards			350	0.76	1,139	2.06	335	0.40
Total			45,873	100.00	55,292	100.00	83,302	100.00

Revenue segments	by	business	Audited			
			FYE 2023		FYE 2024	
			RM'000	%	RM'000	%
Provision of electrical engineering and ACMV services			111,335	88.90	117,903	96.06
Provision of intelligent building solutions			13,691	10.93	4,506	3.67
Manufacturing of electrical panels and distribution boards			209	0.17	333	0.27
Total			125,235	100.00	122,742	100.00

6.5.10 Significant products/services introduced

There are no other significant products/services introduced or to be introduced by our Group as at the LPD.

6. INFORMATION ON OUR GROUP (Cont'd)

6.5.11 Competitive strengths

We believe our success and potential for future growth are attributable to our competitive strengths set out below:

(i) Our comprehensive range of M&E engineering services has enabled us to establish our presence in the M&E industry in Malaysia

We have been in the M&E engineering industry in Malaysia for approximately 19 years, undertaking the provision of M&E engineering services primarily focusing on electrical engineering and ACMV services. Over the years, we have expanded our scale of operations and our services to intelligent building solutions and manufacturing of electrical panels and distribution boards.

Our Group holds a number of licences, registrations, permits and approvals which enable us to carry on our businesses. As at the LPD, our Group is registered with the CIDB, ST and MOF. Please refer to Appendix I of this Prospectus for details of the major approvals, licences and permits obtained by our Group.

We are able to provide our customers with a package of services comprising the design, supply, installation, testing and commissioning of electrical engineering and ACMV services as well as intelligent building solutions, either as part of interior fit-out solutions or on a standalone basis. By engaging our services, our customers would be able to obtain cost-effective, comprehensive and reliable solutions in respect of their needs. We are also able to design all the contracted M&E systems' functionality and connectedness. This allows us to better understand our customers' requirements, assist our customers in modifying and improving the design drawings and ensure that the implementation of the design drawings is within the estimated costs and project schedule.

We leverage upon IoT to deliver M&E engineering services. IoT enables the integration of various devices and systems of a building, creating a unified network that can be monitored and controlled remotely. The integration allows for optimised energy consumption and improved occupants' comfort.

We believe that our presence and profile in the M&E engineering industry in Malaysia as well as the possession of the relevant CIDB grades and our ability to provide quality, timely and integrated services give us an advantage in maintaining existing customers and securing new business opportunities, which is crucial to our daily business operations and future business development. In addition, we are also not overly dependent on a single M&E category or customer source for our revenue.

Our Managing Director and Executive Director's experience in the M&E engineering industry have also allowed us to readily establish our presence in the industry. Throughout the years, we have built a reputation as a quality and reliable contractor with a portfolio of completed and ongoing projects across Malaysia, as evidenced by the growth in our Group's revenue.

6. INFORMATION ON OUR GROUP (Cont'd)

(ii) We hold registrations and certifications with ST and the CIDB

Our subsidiary West River Engineering holds the Class A registration, the highest class of electrical contractor registration with the ST which allows us to tender for electrical projects of any amount. Further, West River Engineering also holds the G7 licence, the highest grade of licence issued by the CIDB which allows us to tender for projects with unlimited project value for the following categories:

- General building works
- Installation of internal water pipes
- Road and pavement construction
- General civil engineering works
- Telecommunications civil engineering work
- Building automation system
- Low voltage installation
- Special lighting system
- Internal telecommunication system
- External telecommunications system
- Dedicated control panel
- General electrical works
- Computer network cable
- Street Lights & Signal Lights
- Low Voltage Underground Cables
- Low Voltage Overhead Lines
- Low voltage power
- Air conditioning and air distribution system
- Fire prevention and protection system
- Building automation system
- Various mechanical equipment
- General mechanical maintenance

As such, we are able to tender for various types of M&E engineering works in Malaysia's construction sector. Our customers are primarily main contractors appointed by project owners, as well as project owners. Given our knowledge, expertise and track record in M&E engineering and the range of the relevant licences that we hold, we are able to secure contracts for a wide range of properties in the private and public sector.

(iii) We have a track record of undertaking M&E projects in Malaysia

Our Group's track record under our Promoters can be traced back to 2005, when Lim Yong Lai took over the leadership of West River Engineering and diversified into the provision of M&E engineering services, mainly comprising electrical engineering and ACMV services. Since then, we have secured and completed several M&E engineering projects of varying scale and contract values for various types of properties. This has enabled us to established a track record in delivering M&E engineering works and built a portfolio of diverse engineering projects comprising electrical engineering and ACMV services as well as intelligent building solutions for:

- high rise residential properties such as apartments and condominiums;
- commercial properties such as shopping complexes, retail outlets, food and beverage chain outlets, hotels, office towers; and
- industrial properties such as factories and warehouses.

The evaluation criteria of private sector projects generally include historical performance and quality of services provided in previous private sector projects of similar nature and complexity. Our track record in the private sector projects enables us to develop a solid understanding of the service quality in terms of standards and timelines expected by our private sector customers.

6. INFORMATION ON OUR GROUP (Cont'd)

Further, mutual reliance between the M&E engineering contractor and customers is not uncommon in the private sector, where the customer is more likely to retain the same contractor who has accumulated experience in carrying out their projects and works orders for better coordination and more effective project management. Our Directors believe that our past participation in private sector projects would be considered favourably by other private sector customers, as reflected in the increasing number of private sector projects awarded to us.

Our Directors consider that our CIDB registration as a Grade G7 contractor for the Building (B), Civil Engineering (CE) and Mechanical and Electrical (ME) categories distinguishes us in the M&E engineering industry in Malaysia, considering that achieving such grading allows us to participate in tendering and executing M&E engineering projects with unlimited contract value throughout Malaysia. In light of our qualifications in tendering for projects of varying scale, our Directors consider that we are well-positioned to capture any future growth in the M&E engineering market.

(iv) **Our software platform, Neutron IoT system, serves as a platform for our business expansion and growth**

Our Neutron IoT system was designed and developed by our engineer in the Project team. This gives us the ability to provide our customers with a customised intelligent building performance monitoring solution that is robust and flexible to meet their business needs.

We have in-house IT programming capabilities where we are able to continually improve and enhance our existing systems and at the same time design and develop similar or related systems. Our in-house IT programming is a key advantage as our software platform incorporates technologies that are constantly improving as well as new and innovative technologies which reduces our reliance on external parties.

Our Neutron IoT system facilitates real time data sharing and data analytics of installed M&E systems, all in one platform. As this system was developed in-house, we are able to expand our business domestically to cover other states and local authorities in Malaysia. Our capabilities in designing and developing our Neutron IoT system for M&E systems and intelligent building solutions enable us to provide customised systems to meet our customers' needs and specifications.

(v) **We have contracts to sustain us in the near-mid term**

Our order book is contract based. As at the LPD, we have 26 subsisting contracts with a total unbilled order book of RM247.30 million comprising the provision of electrical engineering and ACMV services as well as intelligent building solutions.

The unbilled order book will be recognised progressively up to the FYE 2027. Of the total unbilled amount of RM247.30 million, we expect to bill and recognise revenue of approximately RM145.38 million for the FYE 2025, RM92.67 million for the FYE 2026 and RM9.25 million for the FYE 2027.

We have also submitted tenders and proposals for electrical engineering and ACMV services as well as intelligent building solutions. This will provide us with the opportunities to replenish or enlarge our order book if awarded.

6. INFORMATION ON OUR GROUP (Cont'd)**(vi) We are able to leverage between the synergies of our business segments for growth**

As an M&E engineering service provider that is principally involved in the provision of electrical engineering and ACMV services and intelligent building solutions, we are able to leverage on our manufacturing of electrical panels and distribution boards business segment to support our electrical engineering and ACMV services as well as intelligent building solutions projects.

We manufacture electrical panels and distribution boards primarily to support our internal project requirements at our manufacturing facility, a shop-office in Bandar Teknologi Kajang, Semenyih. Our manufacturing capabilities allow us to support M&E engineering projects undertaken by our Group, thereby allowing us to have a control on costing and not being subjected to fluctuations in prices when securing orders for such products from external suppliers.

(vii) We have an experienced management team

We have a qualified and experienced management team headed by our Promoter, substantial shareholder and Managing Director, Lim Yong Lai, who has contributed to the growth and development of our Group. Lim Yong Lai is responsible for managing and implementing our Group's business development plans and strategies as well as overseeing the day-to-day operations of our Group. He brings with him approximately 23 years of experience in the M&E engineering industry. He is supported by our key senior management who have relevant experience in their respective fields covering finance, project tendering, project management and implementation, contract matters, procurement and human resource management. Please refer to Section 5 of this Prospectus for the profiles of our Directors and key senior management.

Our Directors and key senior management comprise:

Director / Key senior management	Designation	Years of relevant working experience
Lim Yong Lai	Managing Director	23
Cheong Wee Kim	Executive Director	22
Yip Lay Huat	Chief Operating Officer	12
Ng Jin Yee	Chief Financial Officer	9

Our Directors and key senior management team have strong industry and functional expertise as a result of years of experience in their respective fields. Further, they take an active, hands-on role in spearheading their respective departments to support the growth of our Group. As a result, there is a transfer of skills and knowledge to employees at all levels in our organisational structure. Their hands-on involvement in our Group demonstrates their strong commitment to our growth as we continue to expand.

6.5.12 Seasonal or cyclical effects

Our operations are not significantly affected by seasonal/cyclical effects as our customers generally operate throughout the year. However, the demand for our services may be affected by local economic conditions and government policies, which may affect the construction industries.

6. INFORMATION ON OUR GROUP (Cont'd)**6.5.13 Types, sources and availability of inputs**

The breakdown of our Group's purchases and services procured during the Financial Year Under Review are as follows:

Inputs	Audited									
	FYE 2020 ⁽¹⁾		FYE 2021 ⁽¹⁾		FYE 2022 ⁽¹⁾		FYE 2023 ⁽¹⁾		FYE 2024 ⁽¹⁾	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Subcontractors' costs ⁽²⁾	22,663	56.01	17,312	35.59	19,843	27.37	32,445	30.29	44,543	42.87
Direct staff costs ⁽³⁾	1,917	4.74	1,994	4.10	2,596	3.58	4,087	3.81	4,660	4.48
Project related expenses ⁽⁴⁾	356	0.88	289	0.59	291	0.40	532	0.50	888	0.85
Purchases:										
Cables and wires	5,205	12.87	10,030	20.62	21,072	29.06	25,801	24.09	22,728	21.87
Major equipment ⁽⁵⁾	1,463	3.62	6,040	12.42	13,672	18.86	15,160	14.15	11,469	11.04
Accessories ⁽⁶⁾	4,423	10.93	7,785	16.00	11,244	15.51	21,294	19.88	17,593	16.93
Air-conditioning systems	2,041	5.04	3,696	7.60	2,164	2.98	5,528	5.16	747	0.72
Others ⁽⁷⁾	2,393	5.91	1,500	3.08	1,628	2.24	2,263	2.12	1,285	1.24
Total	40,461	100.00	48,646	100.00	72,510	100.00	107,110	100.00	103,913	100.00

Notes:

- (1) All of our purchases are sourced locally from Malaysia for the Financial Year Under Review
- (2) Comprises fees for subcontractors engaged by our Group to carry out labour intensive works
- (3) Comprises salaries, bonuses and allowance directly related to the provision of the services for our customers
- (4) Mainly includes foreign workers' work permits, travelling expenses, and project insurances
- (5) Comprises generator sets, transformers, electrical switchboards and switchgears
- (6) Mainly includes galvanised steel coil, copper tubes, cable lugs and exhaust fans
- (7) Mainly includes system testing services, tools calibration services and metal products such as angle bars

6. INFORMATION ON OUR GROUP (Cont'd)

Subcontractors' fee was our largest component of the purchases and services procured in FYE 2020, FYE 2021, FYE 2023 as well as FYE 2024 and second largest component of the purchases and services procured in FYE 2022. During the Financial Year Under Review, subcontractors' fees contributed approximately 56.01%, 35.59%, 27.37%, 30.29% and 42.87% of our total purchases and services procured, in FYE 2020, FYE 2021, FYE 2022, FYE 2023 and FYE 2024, respectively. Subject to our existing workload, resource availability, cost effectiveness and the complexity of the project, we may source, receive quotations and appoint subcontractors that meet our Group's technical, cost and quality requirements from our list of subcontractors. We engage subcontractors to scale up our project capabilities and to carry out selected parts of our activities, particularly those which require labour intensive tasks.

As at the LPD, we have engaged more than 54 subcontractors for our ongoing projects. We engage subcontractors on a project basis to carry out selected parts of our activities, particularly those which require labour intensive tasks such as the installation of electrical cables and ducting works. Thus, in these instances, we take on the role of overall project manager, whereby we manage and monitor the works performed by our subcontractors. Our Group is not materially dependent on any of the subcontractors that we engage. We have a list of subcontractors that we approach to source comparable quotations prior to engaging a subcontractor. By engaging subcontractors, we are able to scale up our project capabilities to complete our projects in a timely manner and undertake more projects.

Cables and wires were our largest component of the purchases and services procured in FYE 2022 and second largest component of the purchases and services procured in FYE 2020, FYE 2021, FYE 2023 and FYE 2024. During the Financial Year Under Review, cables and wires contributed approximately 12.87%, 20.62%, 29.06%, 24.09% and 21.87% of our total purchases and services procured, respectively. Our purchases of cables and wires increased in FYE 2022 as the rising copper prices globally since FYE 2020 affected the purchasing prices of cables. Please refer to Section 11.2.2 of this Prospectus for more details on the impact of the price fluctuations of cables on our profitability and performance.

It is our strategy to maintain sufficient buffer in our budgeted project cost which allows better planning for potential cost overruns that may arise due to increased price of raw materials. The buffers in our budgeted project cost had been sufficient to contain the price fluctuations in commodity prices such as copper (being a raw material in the manufacturing of copper cables) for the Financial Year Under Review. As at the LPD, we have not experienced any significant price increases for our materials.

We maintain a list of suppliers which meet our project requirements. We select these suppliers based on multiple factors, including the availability of materials, quality, pricing and lead time for delivery as well as their reliability. We generally purchase materials on a project basis or purchase order basis. We have good business relationships with our suppliers, which we believe contributes to our purchasing and cost efficiency.

We have not faced acute shortages or major price differentials for any of our required materials during the Financial Year Under Review which has materially affected our financial performance. In addition, we have not experienced major cost differentials for any of our subcontract agreements during the Financial Year Under Review which materially affected our financial performance.

6. INFORMATION ON OUR GROUP (Cont'd)

6.5.14 Business development

Our projects mainly come from private tenders extended to us directly via project owners or main contractors.

We believe that our ability to procure new projects is attributable to various factors, including our expertise in the M&E engineering industry. In addition, with the experience of our Promoter, Directors and engineering team in design expertise, timely delivery of services, quality of workmanship and track record, we have well established our presence and reputation over the years in the M&E engineering industry.

We have also managed to build and maintain good relationships with our customers whom are the project owner and main contractors. The goodwill from satisfied customers is expected to continue contributing to new projects and business opportunities either through recurring businesses or recommendations to other prospective customers.

6.5.15 Major approvals, licences and permits

Kindly refer to **Appendix I** for further details of our major approvals, licences and permits.

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6. INFORMATION ON OUR GROUP (Cont'd)

6.5.16 Intellectual property rights

Our Group has applied for a number of our trademarks to be registered with the Intellectual Property Corporation of Malaysia. Details of our trademarks that we have applied to be registered as at the LPD are set out below:

Trademark	Company/ Application Trademark Application Date	or No./ Date	Class/ Description	Status/ Registration Date
 WEST RIVER ENGINEERING SDN BHD	West Engineering TM2023014405 / 23 May 2023	River /	Class 37: Advisory services relating to the installation, maintenance and repair of mechanical and electrical equipment; installation, maintenance and repair of electronic, electrical and mechanical apparatus; air-conditioning system installation and repair; construction services relating to the installation of heating, ventilating and air-conditioning systems; installation, maintenance and repair of apparatus for heating, purifying air, refrigerating, drying, ventilating, temperature control and air-conditioning; construction work relating to the installation and maintenance of electrical systems; installation, maintenance and repair of electrical and electronic apparatus and equipment; advisory services relating to the installation of fire prevention equipment; installation and maintenance of fire alarm, detection and suppression systems; advisory services relating to the installation of plumbing; plumbing services; installation and maintenance of sanitary apparatus; installation of apparatus for lighting, heating, steam generating, cooking, refrigerating, drying, ventilating, water supply and sanitary purposes; advisory services relating to the installation of security and safety equipment; installation, maintenance and repair of security and authentication apparatus; installation of security and safety equipment.	Registered / 23 May 2023

6. INFORMATION ON OUR GROUP (Cont'd)

Trademark	Company/ Application Trademark Application Date	or No./ Date	Class/ Description	Status/ Registration Date
	Neutron Letrik TM2023014406 / 23 May 2023	/	Class 9: Automatic switchboards; switchboards; telecommunications switchboards; telephone switchboards; apparatus for monitoring and recording the performance of machinery; electrical control, testing and monitoring apparatus; internet of things [IoT] gateway; computer programs for internet of things [IoT] enabled devices; detectors for internet of things [IoT] enabled devices; monitoring apparatus for internet of things [IoT] enabled devices; sensors for internet of things [IoT] enabled devices; building automation control systems.	Pending registration ⁽¹⁾

Note:

⁽¹⁾ This application has been provisionally refused for registration by the Intellectual Property Corporation of Malaysia vide a written notice dated 16 November 2023 on the following grounds, pursuant to Section 23(1)(b) and (c), as well as Section 24(2)(b) of the Trademarks Act 2019 ("**Trademark Provisional Refusal**"):

- Trademark is devoid of any distinctive element;
- Trademark consists exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, other characteristics of goods or services or the time of production of goods or of rendering services. Upon reviewing the application, it is found that the word 'NEUTRON' on the trademark is descriptive of the class of goods that the applicant is applying for and as 'Neutron' is a type of electrical charge, it can be associated with goods that are traded by the applicant; and
- Trademark is similar to a mark that has already been registered under the same class.

On 16 February 2024, our Group submitted a written appeal in response to the Trademark Provisional Refusal and as at LPD, the results of the appeal are still pending. The process of reviewing the appeal is estimated to take between 12 to 24 months from the date of submission of the appeal.

Our Group's business and profitability are not dependent on any trademark as we have established a strong presence in the industry, where we have developed business relationships with industry players attributable to the technology used by us, range and quality of our services as well as timeliness of our project delivery. As such, we will not be affected in the event of any non-approval of registration of trademark.

6. INFORMATION ON OUR GROUP (Cont'd)

6.5.17 Dependency on contracts, intellectual property rights, licences or processes

As at the LPD, our Group's business or profitability is not materially dependent on any contracts, intellectual property rights, licences and permits, and production or business processes.

6.5.18 Research and development

We do not carry out research and development activities for the purpose of commercialising novel systems and solutions.

As part of our electrical engineering and ACMV services projects as well as intelligent building solutions projects, we may carry out system development works, if required, to include features and functionalities such as remote monitoring and control of equipment or devices by using internet or wireless connection as well as AI which may be customised to specific performance parameters based on the technical specifications of the project and customer.

As such, we have not recognised any research and development expenditure during the Financial Year Under Review.

6.5.19 Regulatory requirements and environmental issues

Our Group's business operations are subject to the following laws and regulations:

(i) CIDB Act

The CIDB Act and the regulations made thereunder, govern the establishment of the CIDB and provide for its function in relation to the construction industry and all matters in connection therewith.

The CIDB Act prescribes that a contractor must register with the CIDB and hold a valid certificate of registration issued by the CIDB under the CIDB Act in order to carry out or complete, undertake to carry out or complete any construction works or hold himself as a contractor. Failure to comply with the above shall render a person liable to a fine of not less than RM10,000 but not more than RM100,000.

The CIDB G4 and G5 contractor registration allows the contractor to tender for projects with contract values of up to RM3.00 million and RM5.00 million respectively throughout Malaysia.

The CIDB Act also prescribes that every contractor shall declare and submit to CIDB any contract which it has been awarded. Failure to do so shall render a contractor liable, upon conviction, to a fine of exceeding RM50,000.

The CIDB Act further provides that where an offence against the CIDB Act has been committed by a body corporate, firm, society or other body of persons, any person who at the time of committing the offence is a director, manager, secretary or other similar officer of the body corporate, firm, society or other body of persons or was purporting to act in such capacity, or is in any manner or to any extent responsible for its management may be charged severally or jointly in the same proceedings and where the body corporate, firm, society or other body of persons is found guilty of the offence, shall be deemed to be guilty of that offence unless, having regard to the nature of his functions in that capacity and to all the circumstances, he proves that the offence was committed without his knowledge, consent or connivance and that he took all reasonable precautions and had exercised due diligence to prevent the commission of the offence.

6. INFORMATION ON OUR GROUP (Cont'd)

West River Engineering was not in compliance with the CIDB Act during the Financial Year Under Review. West River Engineering had previously received a notice from CIDB dated 18 September 2023 notifying the company that it had failed to declare and submit to CIDB a contract dated 17 March 2021 which has a contract value of RM19.20 million, as required under Section 34(1) of the CIDB Act which sets out that every contractor shall declare and submit to CIDB any construction work contract that has been awarded to the contractor and thus had committed a breach of the CIDB Act. West River Engineering had subsequently made the requisite declaration and submission of the contract relating to construction works to CIDB on 27 September 2023. On 21 June 2024, West River Engineering was imposed a compound amounting to RM5,000 by CIDB, which was fully settled on 26 June 2024. As West River Engineering had fully settled the compound amount of RM5,000 and in view of Section 38C(4) of the CIDB Act that bars the prosecution of any offence when such offence has been compounded, the Directors are of the view that no other action can or will be taken against West River Engineering in respect of its failure to declare the contract.

West River Engineering had also previously failed to declare and submit to CIDB a contract dated 8 October 2021 which has a contract value of RM1.98 million, as required under Section 34(1) of the CIDB Act which sets out that every contractor shall declare and submit to CIDB any construction work contract that has been awarded to the contractor and thus had committed a breach of the CIDB Act. In relation thereto, West River Engineering was imposed a compound amounting to RM2,500 by CIDB on 19 July 2022, which was fully settled on 1 August 2022. Prior to the offer of compound, West River Engineering had also made the requisite declaration and submission of the contract relating to construction works to CIDB on 16 May 2022. As West River Engineering had fully settled the compound amount of RM2,500 and in view of Section 38C(4) of the CIDB Act that bars the prosecution of any offence when such offence has been compounded, the Directors are of the view that no other action can or will be taken against West River Engineering in respect of its failure to declare and contract.

In both occurrences above, West River Engineering's failure to declare and submit the respective contract within the prescribed time was due to an internal oversight by the Company and miscommunication between two different departments within the Company, when the contract department failed to inform the admin personnel of the awarded contracts.

West River Engineering had also received a notice from CIDB dated 26 May 2024 notifying the Company that it had failed to submit the required information to CIDB on a new construction work located in Teluk Burau on Lot 1718, PT 301, Mukim Padang Maksirat, Daerah Langkawi, Kedah Darul Aman ("**Burau Bay Project**") within 30 days of the award pursuant to Regulation 16(2) of the Registration of Contractors (Construction Industry) Regulations 1995. As such, West River Engineering had committed a breach of the CIDB Act, and upon conviction may be liable to a fine not exceeding RM5,000. On 23 May 2024, CIDB had conducted an inspection of the Burau Bay Project site and issued a notice to West River Engineering, who is one of the identified subcontractors, to appear before CIDB on 26 May 2024 to assist in its investigation ("**Notice**"). Subsequent to the receipt of the Notice, West River Engineering has approached CIDB and explained that the letter of award in respect of the Burau Bay Project has yet to be issued and no on-site work has commenced, therefore it did not submit the required information of the Burau Bay Project to CIDB for purposes of compliance with the relevant requirements of CIDB. It was subsequently informed by CIDB that West River Engineering may submit the information based on the draft letter of award for the Burau Bay Project, which West River Engineering promptly submitted on 24 May 2024. On 9 October 2024, West River Engineering was imposed a compound amounting to RM2,500 by CIDB, which was fully settled on 21 October 2024. As West River Engineering had fully settled the compound amount of RM2,500, the Directors are of the view that no other action will be taken

6. INFORMATION ON OUR GROUP (Cont'd)

against West River Engineering in respect of its failure to submit the required information within the prescribed period.

West River M&E was not in compliance with the CIDB Act during the Financial Year Under Review. Previously, West River M&E had carried out construction works as a subcontractor for 2 projects, in breach of Section 25(1) of the CIDB Act which sets out that no person shall carry out or complete, undertake to carry out or complete any construction work or hold himself out as a contractor, unless he is registered with CIDB and holds a valid certificate of registration issued by CIDB. The first project, where the contract is dated 25 October 2019 which has a contract value of approximately RM5.00 million, commenced on 1 December 2019 and was completed on 28 February 2021 whilst the second project, where the contract was dated 17 February 2022 which has a contract value of RM3.80 million, commenced on 28 February 2022 and was completed on 10 July 2023. West River M&E had subsequently registered with CIDB as a G5 contractor on 9 June 2023 and all the projects undertaken by West River M&E are in compliance with its CIDB registration.

Neutron Power was not in compliance with the CIDB Act during the Financial Year Under Review. Previously, Neutron Power had also carried out construction works as a subcontractor for 2 projects, in breach of Section 25(1) of the CIDB Act which sets out that no person shall carry out or complete, undertake to carry out or complete any construction work or hold himself out as a contractor, unless he is registered with CIDB and holds a valid certificate of registration issued by CIDB. The first project, where the contract is dated 20 October 2020 and has a contract value of RM2.90, commenced on 1 November 2020 and was completed on 31 December 2022. The second project had 2 contracts, both dated 1 December 2020, with contract value of RM0.66 million and RM2.59 million, respectively. The second project commenced on 8 December 2020 and were completed on 8 June 2022. Neutron Power had subsequently registered with CIDB as a G4 contractor on 9 June 2023 and all the projects undertaken by Neutron Power are in compliance with its CIDB registration.

Both West River M&E and Neutron Power believed that they could rely on their holding company's (i.e. West River Engineering) CIDB registration and that it was not necessary for them to obtain separate CIDB registrations. Nevertheless, as at LPD, neither West River M&E nor Neutron Power have been fined or issued with any notice of non-compliance from the relevant authorities. The Directors are of the view that the risk of being charged, convicted, penalised and/or compounded retrospectively is low given that CIDB has provided verbal confirmation to our Listing's solicitors that no investigation or action will be and/or have been taken.

As at LPD, our Group holds a Grade G7, Grade G5 and Grade G4 CIDB certification as well as the Sijil Perolehan Kerja Kerajaan, which are all valid and subsisting. Please refer to Appendix I for further details of the CIDB certification.

(ii) Factories and Machinery Act 1967 ("FMA")

The objective of FMA is to provide for the control of factories on matters relating to safety health and welfare of factory workers and the registration and inspection of machineries. All owners and occupiers of factories must notify the DOSH prior to the commencement of its operations.

6. INFORMATION ON OUR GROUP (Cont'd)

For the purposes of the FMA, the term "factory" means any premise where:

- (a) within the close or curtilage or precincts of the premises or part thereof persons are employed in manual labour in any process for or connected with or incidental to the making, altering, repairing, ornamenting, sorting, finishing, cleaning, washing, breaking, demolishing, constructing, reconstructing, fitting, refitting, adjusting or adapting of any article or part thereof; and
- (b) the said work is carried on by way of trade for the purposes of gain or incidentally to any business so carried on,

but does not include:

- (i) any premises used for the purposes of housing locomotives or vehicles where only cleaning, washing, running repairs or minor adjustments are carried out; or
- (ii) any premises where five or less persons carry on any work in which machinery is not used notwithstanding that the premises, by virtue of the work, would constitute a factory within the meaning of this section.

The FMA sets out the requirement that a written notification must be given to the Chief Inspector of DOSH before occupying or using any premise as a factory. Failure to do so shall render a person guilty of an offence and on conviction, he shall be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding 2 years or to both and to a further fine not exceeding RM2,000 for each day or part of a day during which the offence continues after the first day in respect of which the conviction is recorded.

Neutron Letrik was not in compliance with the FMA throughout the Financial Year Under Review up until the registration of the factory premise with DOSH on 28 September 2023. Previously, Neutron Letrik was occupying and using its premise located at No. 11, Jalan P2/16, Seksyen 2, Bandar Teknologi Kajang, 43500, Semenyih, Selangor as a factory without notifying DOSH, from 1 January 2022 until 11 July 2023. Neutron Letrik was under the wrong impression that its premise did not fall under the definition of "factory" as prescribed by FMA and therefore need not notify DOSH of its occupation of the said premise. Neutron Letrik had on 11 July 2023 provided the requisite notification to DOSH and following an inspection carried out on the premise by DOSH on 6 September 2023, the premise has been registered as a factory with DOSH effective 28 September 2023.

As at the LPD, Neutron Letrik has not been fined or issued with any notice of non-compliance from DOSH for this past non-compliance. Our Directors are of the view that the risk of being charged, convicted, penalised and/or compounded retrospectively is low given that DOSH has provided verbal confirmation to our Listing's solicitors that no investigation or action will be and/or have been taken in respect of past non-compliances as Neutron Letrik has taken necessary steps and actions to rectify the matter as evidenced by the registration of the premise as a factory by DOSH effective 28 September 2023.

With effect from 1 June 2024, the FMA has been repealed by the Factories and Machinery (Repeal) Act 2022 ("**FMRA 2022**"). Any registration made or order, notice, direction, written authority, approval, certificate of fitness, special scheme of inspection or certificate of competency given or issued, under the FMA 1967 shall, on the coming into operation of FMRA 2022, be dealt with under the Occupational Safety and Health Act 1994 ("**OSHA 1994**") and its subsidiary legislations.

6. INFORMATION ON OUR GROUP (Cont'd)

Save as disclosed above, our Group has been in compliance with the FMA throughout the Financial Year Under Review and up to the LPD.

(iii) OSHA 1994

The OSHA 1994 was enacted to promote and ensure the safety and health of workers in connection with the activities of individuals at work. Pursuant to Section 16 of the OSHA 1994, it is the duty of every employer and every self-employed person, except in such cases as may be prescribed, to prepare and as often as may be appropriate revise a written statement of his general policy with respect to the safety and health at work of his employees and the organisation and arrangements for the time being in force for carrying out that policy and to bring the statement and any revision of it to the notice of all of his employees. Failure to comply with the general duties of employers under Part IV of OSHA 1994 constitutes an offence and upon conviction, be liable to a fine not exceeding RM500,000 or to imprisonment for a term not exceeding two (2) years or both.

Section 29A of the OSHA 1994 provides where an employer's place of work is not designated as a place of work under the OSHA 1994, the employer shall appoint one of his employees to act as an occupational safety and health coordinator if he employs 5 or more employees at his place of work for the purpose of coordinating occupational safety health issues. Failure to comply with Section 29A of the OSHA 1994 shall be guilty of an offence and shall on conviction be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 6 months or to both.

Where a body corporate contravenes any provision of the OSHA 1994 or any regulation made thereunder, every person who at the time the offence was committed is a director, manager, secretary or other like officer of the body corporate shall be deemed to have contravened the provision and may be charged jointly in the same proceedings with the body corporate or severally, and every such director, manager, secretary or other like officer of the body corporate shall be deemed to be guilty of the offence. Where a person convicted in respect of an offence under the OSHA 1994 or any regulation made thereunder is a body corporate or a trade union, it shall only be liable to the imposition of a fine provided therefor.

Throughout the Financial Year Under Review and up to the LPD, our Group is in compliance with the abovementioned provisions under the OSHA 1994.

(iv) Electricity Supply Act 1990

The Electricity Supply Act 1990 (Act 447) ("**ESA**"), including the Electricity Regulations 1994 ("**ER**") regulate the electricity supply industry, the supply of electricity, the licensing of any electricity installation, as well as the registration of any electrical contractors, manufacturers, importers and any competent person involved in the supply or use of electricity.

The ER states that no person shall perform or carry out any electrical work unless he holds a valid Certificate of Registration as an Electrical Contractor issued under the ER. An Electrical Contractor can be classified into 4 classes, Class A, B, C and D, each permitted to undertake electrical work of certain value and is further required to keep in employment a certain number of Wireman of certain qualification, depending on the classification of its registration. The ER also provides that the Wireman shall possess a valid Certificate of Competency appropriate to such classes, with restrictions, if any, issued to him by the ST.

6. INFORMATION ON OUR GROUP (Cont'd)

The ER also states that no person shall, in the course of or in connection with or for the purposes of any trade or business carried on by him, make any switchboard unless he holds a valid Certificate of Registration as a Switchboard Manufacturer issued under the ER. A registered Switchboard Manufacturer is required to keep in employment a certain number of Wireman and Chargeman who hold valid Certificate of Competency issued by the ST.

Generally, unless otherwise specified in the ER, a person who contravenes or fails to comply with any of the provisions of the ER shall be guilty of an offence and shall on conviction, be liable to a fine not exceeding RM5,000 or to imprisonment for a term not exceeding 1 year or both.

As at LPD, our subsidiaries, namely West River Engineering and Neutron Letrik are registered under the ER to carry out electrical work business as an Electrical Contractor (Class A) and a Switchboard Manufacturer, respectively. Both companies have employed on a full time basis the required Wireman and Chargeman who hold valid Certificate of Competency by ST in accordance with the ER.

Our Group is in compliance with the abovementioned provisions under the ESA throughout the Financial Year Under Review and up to the LPD. Please refer to Appendix I for further details of the certificates issued by ST to our Group.

(v) Local Government Act 1976

Under the Local Government Act 1976 (Act 171) ("**LGA**") and the by-laws of the respective local councils and authorities, our business operation premises are required to have business and signboard/advertising licences, display the licences at the business premises, and produce the licences upon request.

Section 102 of the LGA provides that local authorities are empowered to make, amend and revoke the by-laws of the respective local councils.

Pursuant to the LGA, a person who fails to exhibit or produce his licences on the licensed premises shall be liable to a fine not exceeding RM500 or to imprisonment for a term not exceeding 6 months or to both.

As our office are located in Kuala Lumpur, Petaling Jaya and Semenyih, we come under the jurisdiction of DBKL, Majlis Bandaraya Petaling Jaya ("**MBPJ**") and the Kajang Municipal Council ("**MPKj**"), and consequently we are required to comply with the Licensing of Trade, Business and Industries (Wilayah Persekutuan) By-Laws 2016, Licensing of Trades, Businesses and Industries (Petaling Jaya City Council) By-Laws 2007 and the Licensing, Business Trade and Industrial By-Laws (MPKj) 2007 (collectively the "**By Laws**"). The By-Laws provides that no person shall operates any activity, trade, business and industry or use any place or premise in the respective areas of each local council for any activity of trade, business and industry without a licence issued by the licensing authority of the respective local council. A contravention of the By-Laws if convicted, will result in a fine not exceeding RM2,000 or to imprisonment for a term not exceeding 1 year or to both and in the case of a continuing offence to a fine not exceeding RM200 for each day during which such offence is continued after conviction.

6. INFORMATION ON OUR GROUP (Cont'd)

Prior to moving into the shop office in Bandar Teknologi Kajang, Semenyih in January 2022, Neutron Letrik had rented a premise at Jalan Penchala, Petaling Jaya, from August 2019 to July 2020, without a trade, business and industries licence. In August 2020, Neutron Letrik relocated to another premise located at Jalan Klang Lama, Kuala Lumpur, which Neutron Letrik had obtained the trade, business and industries licence. In March 2021, Neutron Letrik relocated back to the premise at Jalan Penchala and had obtained the necessary trade, business and industries licences. However, Neutron Letrik had subsequently carried out its business at the shop office in Bandar Teknologi Kajang, Semenyih without a trade, business and industries licence. As the shop office in Bandar Teknologi Kajang, Semenyih is a rented premise, Neutron Letrik had to obtain the supporting documents from the landlord to enable the submission of the application for the trade, business and industries licence. The landlord took some time in gathering and furnishing to Neutron Letrik the required documents, resulting in the delay in the submission of the application to MPKj. Subsequently, Neutron Letrik has obtained its trade, business and industries licence from MPKj on 21 June 2023. Our Directors are of the view that the risk of being imposed with any penalty or fines for this non-compliance is low given that MPKj has provided verbal confirmation to our Listing's Solicitors, that no penalty or fines will be and/or have been taken since the Group has been issued with trade, business and industries licence from MPKj on 21 June 2023.

Save for the non-compliances of Neutron Letrik, our Group is in compliance with the abovementioned provisions under the By Laws throughout the Financial Year Under Review and up to LPD. As at the LPD, our Group holds and maintains valid business licences issued by DBKL, MBPJ and MPKj. Please refer to Appendix I of this Prospectus for further details of the business licences.

(vi) Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990

The Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 (Act 446) ("**EMSHA 1990**") and regulations made thereunder, prescribe the minimum standards of housing for employees and centralised accommodations, requirement for employers to provide health, hospital, medical and social amenities and all matters incidental thereto.

Pursuant to the EMSHA 1990, no accommodation shall be provided to an employee unless the accommodation is certified with a Certificate for Accommodation issued by the Department of Labour. With effect from 26 February 2021, the Employees' Minimum Standards of Housing Accommodations and Amenities (Employees Required to be Provided with Accommodations) Regulations 2021 mandates that foreign workers must be provided with accommodations.

The EMSHA 1990 provides that an employer who contravenes the above provision commits an offence and shall, on conviction, be liable to a fine not exceeding RM50,000. If the offence is committed by a company, pursuant to Section 29A of EMSHA 1990, a person who at the time of the commission of the offence was a director, compliance officer, partner, manager, secretary or other similar officer of the company, or was purporting to act in the capacity or was in any manner or to any extent responsible for the management of any of the affairs of the company or was assisting in its management may be charged severally or jointly in the same proceedings with the company and if the company is found guilty of the offence, shall be deemed to be guilty of that offence and shall be liable to the same punishment or penalty as an individual unless, having regard to the nature of his functions in that capacity and to all circumstances, he proves that the offence was committed without his knowledge, or that the offence was committed without his consent or connivance and that he had taken all reasonable precautions and exercised due diligence to prevent the commission of the offence.

6. INFORMATION ON OUR GROUP (Cont'd)

The above offence is a compoundable offence and as such, pursuant to the EMSHA 1990, the Director General may make an offer to compound the offence upon payment to the Director General of a sum of money not exceeding 50.00% of the amount of the maximum fine to which the person would have been liable to if he had been convicted of the offence, within such time as may be specified in the written offer. Where an offence has been compounded under this section, no prosecution shall be instituted in respect of the offence against the person to whom the offer to compound was made.

All of our foreign workers are housed in accommodations that are certified with Certificates of Accommodation. Our Group is in compliance with the abovementioned provisions under EMSHA 1990 throughout the Financial Year Under Review and up to the LPD.

Save as disclosed above, during the Financial Year Under Review and up to the LPD, there are no breach of laws, regulations, rules and requirements governing the conduct of the Group's business and environmental issue which may materially affect our Group's business or operations. Please refer to Appendix I for details of the major approvals, licences and permits issued to our Group in order for us to carry out our operations, other than those pertaining to the general business requirements.

6.6 INTERRUPTIONS TO BUSINESS AND OPERATIONS

Save for the interruptions to our business operations arising from the COVID-19 pandemic, we did not experience any other interruptions to our operations which had a significant effect on our business and operation during the past 12 months preceding the LPD. The impact on our business operations pursuant to the COVID-19 pandemic is detailed as follows:

6.6.1 Impact of COVID-19 on our Group's business operations

Due to the outbreak of COVID-19, the Government has imposed various forms of MCO. The imposition of this lockdown impacted most of the economic sectors and, especially those operating in non-essential services, and led to work stoppages in construction activities.

As such, our business operations were temporary halted from 18 March 2020 to 20 April 2020. Upon obtaining the MITI approval, our Group resumed activities on 21 April 2020 in accordance with the specific guidelines and the applicable standard operating procedures, including workforce capacity restrictions.

When movement and workforce capacity restrictions were in place, we temporarily suspended our office operations. Our office-based employees were required to work remotely from home while employees and our subcontractors working on-site were operating at 30.00% capacity. During the COVID-19 period, we adopted cost cutting measures, namely voluntary salary reduction by Directors, our Chief Operating Officer, executives and managers.

Malaysia transitioned to the endemic phase on 1 May 2022. Since then, all restrictions limiting business operating hours and number of employees in a workplace have been uplifted and our Group has been operating at 100.00% capacity.

6.6.2 Measures and precautions to safeguard our employees and customers

As part of the requirements to commence operations during the COVID-19 pandemic, we implemented COVID-19 safety and health instructions and procedures, where this involved adopting physical distancing guidelines imposed by the Government, relevant authorities and local councils.

6. INFORMATION ON OUR GROUP (Cont'd)

Since Malaysia transitioned to the endemic phase, we adopt the following practices:

- (i) requiring all employees to be quarantined immediately if they have tested positive for COVID-19; and
- (ii) reminding all employees and workers of the importance of health protection, good hygiene practices and physical distancing.

Since the beginning of the COVID-19 pandemic and up to the LPD, the total cost for the implementation of COVID-19 standard operating procedures is approximately RM0.35 million, which is not material to our Group.

6.6.3 Impact of COVID-19 on our supply chain

The imposition of MCOs had temporarily halted our suppliers' and subcontractors' operations and resulted in delays in the supply and cost of materials, equipment and services from our suppliers and subcontractors.

Notwithstanding the above, we did not experience any cancellation in contracts as a result of the COVID-19 and the imposition of the MCOs. However, due to the temporary suspension of project sites and limitation of workforce capacity imposed under various stages of the MCOs, the initial work plan for 12 of our Group's projects had been deferred which resulted in delays to our project timelines. In light of this, we applied for and had been granted extension of time to deliver the impacted project(s) with no additional cost for preliminaries or loss and/or expenses for this extension of time.

6.6.4 Impact of COVID-19 on our liquidity, financial position and financial performance

We did not experience material disruptions in our business operations as a result of the impositions of various phases of the MCOs since March 2020.

With the upliftment of the MCO restrictions and the current endemic phase of the COVID-19, we currently do not expect any material impact to the sustainability of our business operations in the foreseeable future as:

- (i) our business operations have resumed to full capacity;
- (ii) we did not experience any cancellation in purchase orders or contracts during the lockdown period, as it has since been resolved with the resumption of business activities by our customers and suppliers; and
- (iii) our Group recorded cash and cash equivalents of approximately RM10.32 million and total banking facilities as at the LPD of approximately RM32.88 million, of which RM15.34 million have been utilised.

We have not experienced any material impact to our liquidity, financial position and financial performance from the impact of the COVID-19 and the MCO.

Despite the challenging environment, we managed to secure approximately RM68.61 million and RM64.50 million worth of contracts from new customers during FYE 2021 and FYE 2022 respectively. During FYE 2021 and FYE 2022, we recorded revenues of RM55.29 million and RM83.30 million, respectively, as compared to RM45.87 million revenue in FYE 2020. The increase was primarily attributed to higher revenue contribution from our provision of electrical engineering and ACMV services segment.

We do not anticipate any financial difficulties in meeting our obligations to sustain our business operations in the future.

6. INFORMATION ON OUR GROUP (Cont'd)

6.7 OUR BUSINESS STRATEGIES

(i) We intend to expand our manufacturing and warehousing capacity to capture more business opportunities

As part of our Group's business strategies, we have allocated RM10.00 million, representing 35.84% of the proceeds from the Public Issue, for the purchase of a parcel of vacant land in the Klang Valley area with an approximate size of 65,340 sq ft and construct a new manufacturing factory cum warehouse on this parcel of land, for the manufacturing of electrical panels and distribution boards as well as storage of inventories and finished goods. We intend to allocate approximately RM5.81 million of the gross proceeds from the Public Issue to finance the entire acquisition cost of the land to be acquired.

We intend to construct a new manufacturing factory cum warehouse with an approximate built-up area of approximately 35,000 sq ft which will allow for sufficient space to carry out our manufacturing activities and to better organise storage of our M&E engineering project-related inventories, such as cables, wires and spare parts which we use in all our electrical engineering and ACMV services as well as intelligent building solutions projects.

During the Financial Year Under Review and up to the LPD, we procured these M&E engineering project-related inventories on a project basis depending on the progress of our electrical engineering, ACMV as well as intelligent building solutions projects. Upon procurement, our suppliers will deliver these M&E engineering project-related inventories to our project sites as we do not have any storage space for these inventories. Presently, our suppliers for M&E engineering project-related inventories are trading companies from whom we are able to purchase these inventories in small volumes based on our project requirements. However, because we purchase these inventories on a frequent basis and in small volumes, we are not able to fully benefit from rates that are as competitive as that offered by trading companies and product manufacturers for large volume purchases.

These M&E engineering project-related inventories are bulky in nature and require large storage space. Further, we intend to purchase these inventories in bulk form to support the anticipated growth in our electrical engineering and ACMV services as well as intelligent building solutions project activities. The bulk purchases of these M&E engineering project-related inventories will allow us to benefit from competitive rates from our suppliers and the option to purchase directly from product manufacturers, instead of going through trading companies. Presently, we are able to store our project-related inventories at the warehouses of our suppliers who are trading companies. These suppliers will then deliver these project-related inventories to the project site upon request by our Group and in the volumes that we require. As such, the larger storage space at the new manufacturing factory cum warehouse will provide sufficient space for the storage of bulk purchases of M&E engineering project-related inventories that we intend to procure.

The bulk purchases of these M&E engineering project-related inventories also allow us to hedge against price increase, as we will be able to stock up on inventories at the new manufacturing factory cum warehouse. By committing to larger volume of orders, we will be in a better position to negotiate for more competitive prices with suppliers, which amongst others, include volume discounts, rebates and longer payment terms. We may be able to engage directly with manufacturers for bulk purchases of M&E engineering project-related inventories, thereby eliminating intermediaries and reducing our purchasing costs. Further, we would have a buffer of inventories during periods of price hikes if we are able to create a stockpile of essential M&E engineering project-related inventories by purchasing these inventories during periods of low prices.

6. INFORMATION ON OUR GROUP (Cont'd)

For clarity, our Group intends to purchase these M&E engineering project-related inventories primarily based on project confirmations in order to avoid overstocking.

Presently, we carry out the manufacturing of electrical panels and distribution boards at our manufacturing facility at Bandar Teknologi Kajang, Semenyih which has a built up area of approximately 2,088 sq ft. We also store inventories of materials for the manufacturing of electrical panels and distribution boards and finished goods which are bulky in nature at this manufacturing facility which has limited space. Thus, we are not able to use the manufacturing facility for the storage of M&E engineering project-related inventories. We do not carry a large volume inventory as we plan the procurement of materials based on the project activity requirements to optimise the storage space at our manufacturing facility. As a result, our average inventory turnover periods for the Financial Year Under Review were between 21 and 48 days.

The current annual production capacity of our manufacturing of electrical panels and distribution boards at the manufacturing facility is 1,317 units. The utilisation rates of our manufacturing facility were 78.28%, 93.32% and 95.67% in FYE 2022, FYE 2023 and FYE 2024, respectively, indicating that the Group is unable to increase the output of electrical panels and distribution boards without increasing space for manufacturing activities.

The new manufacturing factory cum warehouse will increase the manufacturing and storage space as well as production capacity to the following:

Usage	Existing Manufacturing factory	New manufacturing factory cum warehouse
• Manufacturing floor space (sq ft)	1,788	10,000
• Storage/Warehouse (sq ft)	300	25,000
Total production capacity (units)	1,317	3,951
Total space (sq ft)	2,088	35,000

We plan to allocate approximately 10,000 sq ft in the new manufacturing factory cum warehouse for the manufacturing of electrical panels and distribution boards, while the remaining 25,000 sq ft will be allocated for the storage of M&E engineering project-related inventories such as cables, wires and spare parts which include galvanised iron coils, copper tubes, thermostats, switch sockets and connectors. We intend to increase our annual production capacity progressively to 300.00% (from the current 1,317 units) over a period of 3 years from the commencement of operations at the new manufacturing factory cum warehouse.

Additionally, the purpose for the acquisition of land and construction of the manufacturing factory cum warehouse is also to allow the Group to increase our production output of electrical panels and distribution boards internally to meet the Group's M&E engineering project requirements, as well as increase the sales of our manufactured electrical panels and distribution boards to third party customers.

We intend to recruit 3 Business Development employees who will be responsible for sourcing new opportunities for our electrical engineering, ACMV and intelligent building solutions projects. These Business Development employees will also be responsible for promoting our electrical panels and distribution boards to potential customers, mainly comprising project owners and other M&E engineering subcontracting companies in Malaysia. We believe that Neutron Letrik will be able to leverage on its capabilities to offer customised electrical panels and distribution boards that meet the technical requirements of these customers.

6. INFORMATION ON OUR GROUP (Cont'd)

We intend to allocate approximately RM4.19 million of the gross proceeds from the Public Issue to finance the entire construction cost of the new manufacturing factory cum warehouse on the land. The estimated expenditure is detailed as follows:

Usage	New manufacturing factory cum warehouse (sq ft)	Estimated expenditure⁽¹⁾ via gross proceeds from Public Issue (RM'000)
• Manufacturing floor space	10,000	1,197
• Storage/ warehouse	25,000	2,933
Total	35,000	4,190

Note:

- (1) The estimated construction cost of the new manufacturing factory cum warehouse of approximately RM4.19 million is based on quotation from a contractor.

Subsequent to the completion of the new manufacturing factory cum warehouse, we will relocate our Group's existing manufacturing facility at Bandar Teknologi Kajang, Semenyih to this new premise. We expect to incur transportation and manpower cost amounting to RM0.10 million to be funded via internally generated funds for the relocation to the new premise. We do not foresee any impact to the Group's operations in relation to the relocation as additional manufacturing facilities will be set up at the new manufacturing factory cum warehouse prior to the relocation. Subsequent to the relocation, our manufacturing facility at Bandar Teknologi Kajang, Semenyih and the rental of the premise will be discontinued.

The indicative timeline from the date of listing for acquisition of land and construction of the new manufacturing factory cum warehouse is targeted to be as follows:

Timeframe (from the date of listing)	Details
1 st – 6 th month	Identify suitable land and negotiate with vendor(s) of land
7 th – 12 th month	Acquisition of land
13 th – 15 th month	Obtain approval for building plans and other approvals required from local councils and authorities
16 th – 26 th month	Commence construction of new manufacturing factory cum warehouse
25 th – 35 th month	- Obtain CCC for the new manufacturing factory cum warehouse - Obtain the relevant licences and approvals for operation (i.e DBKL, MITI and DOSH)
36 th month	- Relocate to new manufacturing factory cum warehouse - Commence commercial operations at new manufacturing factory cum warehouse

6. INFORMATION ON OUR GROUP (Cont'd)

As at the LPD, our Group is still in the midst of identifying a suitable piece of land for the new manufacturing factory cum warehouse. The details on the exact location and size of the land in Klang Valley are subject to changes depending on the price and availability of land parcels.

We intend to purchase new machinery for installation at the new manufacturing factory cum warehouse to manufacture electrical panels and distribution boards. As such, we have allocated RM0.29 million from internally generated funds to acquire the following machinery to be placed at the new manufacturing factory cum warehouse:

Description	Purpose	No. of units	Total estimated cost
			RM'000
Fibre laser cutting machine	To cut sheet metals and metal plates	1	138
Press brake	To bend sheet metal and metal plates	1	98
Hydraulic busbar machine	To cut, punch and bend sheet metals and metal plates	1	50
			286

We intend to hire 8 additional employees to strengthen our workforce for the production of electrical panels and distribution boards at the new manufacturing factory cum warehouse and have allocated RM0.34 million over 12 months from internally generated funds for this, details of which are as follows:

Description	No. of pax	Total estimated cost
		RM'000
Wiremen / chargemen	4	240
Production workers	4	96
		336

(ii) We intend to strengthen our business development team to capture growth opportunities

Our Group plans to capture growth opportunities by expanding our headcount in our Business Development team, led by our Managing Director and Executive Director, Lim Yong Lai and Cheong Wee Kim, respectively. The Business Development team will be responsible for planning and executing business development activities, attending inquiries from potential customers, preparation and presentation of proposals to customers as well as preparation of quotations.

Since the commencement of our business, our business development activities have been carried out by Lim Yong Lai and Cheong Wee Kim. With the expansion of our business development team, we will be able to undertake more business development activities to promote our M&E engineering services to our existing customers as well as to new potential customers.

As at the LPD, we have 1 personnel for our business development team. We intend to hire 3 additional business development personnel, which comprises a manager and 2 executives. The hiring of additional business development personnel shall be funded via the proceeds from the IPO Issue. The expansion of headcount in our business development team is expected to take place within 12 months from our Listing.

6. INFORMATION ON OUR GROUP (Cont'd)

6.8 MATERIAL CONTRACTS

Save as disclosed below, there were no contracts which are or may be material (not being contracts entered into in the ordinary course of business) entered into by our Group for the Financial Year Under Review and up to the LPD:

- (i) Agreement dated 15 March 2021 between Mujur Sepakat Sdn Bhd ("**MSSB**") (as main contractor), West River Engineering (as sub-contractor) and AIM Realty Development Sdn Bhd ("**ARDSB**") (as developer) in relation to the settlement of debts between the parties. ARDSB is indebted to MSSB for an outstanding amount and MSSB in turn is indebted to West River Engineering for the sum of RM2,673,100.00 ("**Final Payment**"). MSSB agreed to fully settle the Final Payment within a period of 2 years from the date of this Agreement ("**Payment Period**"), failing which ten 10 units of Valley Suite Apartments (Section 6.8(i), item (a) to (j)) situated in Bandar Indera Mahkota (where the agreed aggregate value thereof is RM2,500,000.00) shall be transferred by ARDSB to West River Engineering to set-off against the Final Payment due and payable by MSSB to West River Engineering ("**Set-Off**"). The remaining outstanding balance after the Set-Off shall be payable by MSSB to West River Engineering. As at LPD, the Valley Suite Apartments have been transferred to West River Engineering by ARDSB and MSSB has fully settled the remaining outstanding balance to West River Engineering.

In relation to the transfer of the 10 units of Valley Suite Apartments, West River Engineering had entered into the following agreements:

- (a) Sale and purchase agreement dated 22 March 2021 between ARDSB (as developer), West River Engineering (as purchaser) and AIM Realty Sdn Bhd ("**ARSB**") (as proprietor) for the acquisition by West River Engineering of a condominium unit bearing the postal address of C-L5-02 Valley Suite Apartment, Jalan IM 9/2, Indera Mahkota 9, 25247, Kuantan, Pahang measuring approximately 465 square feet for the purchase price of RM250,000.00. The acquisition of this property was completed on 22 March 2021.
- (b) Sale and purchase agreement dated 22 March 2021 between ARDSB (as developer), West River Engineering (as purchaser) and ARSB (as proprietor) for the acquisition by West River Engineering of a condominium unit bearing the postal address of C-L5-02A Valley Suite Apartment, Jalan IM 9/2, Indera Mahkota 9, 25247 Kuantan, Pahang measuring approximately 465 square feet for the purchase price of RM250,000.00. The acquisition of this property was completed on 22 March 2021.
- (c) Sale and purchase agreement dated 22 March 2021 between ARDSB (as developer), West River Engineering (as purchaser) and ARSB (as proprietor) for the acquisition by West River Engineering of a condominium unit bearing the postal address of C-L5-22 Valley Suite Apartment, Jalan IM 9/2, Indera Mahkota 9, 25247 Kuantan, Pahang measuring approximately 465 square feet for the purchase price of RM250,000.00. The acquisition of this property was completed on 22 March 2021.
- (d) Sale and purchase agreement dated 22 March 2021 between ARDSB (as developer), West River Engineering (as purchaser) and ARSB (as proprietor) for the acquisition by West River Engineering of a condominium unit bearing the postal address of C-L5-22A Valley Suite Apartment, Jalan IM 9/2, Indera Mahkota 9, 25247 Kuantan, Pahang measuring approximately 465 square feet for the purchase price of RM250,000.00. The acquisition of this property was completed on 22 March 2021.

6. INFORMATION ON OUR GROUP (Cont'd)

- (e) Sale and purchase agreement dated 22 March 2021 between ARDSB (as developer), West River Engineering (as purchaser) and ARSB (as proprietor) for the acquisition by West River Engineering of a condominium unit bearing the postal address of C-L6-02 Valley Suite Apartment, Jalan IM 9/2, Indera Mahkota 9, 25247 Kuantan, Pahang measuring approximately 465 square feet for the purchase price of RM250,000.00. The acquisition of this property was completed on 22 March 2021.
- (f) Sale and purchase agreement dated 22 March 2021 between ARDSB (as developer), West River Engineering (as purchaser) and ARSB (as proprietor) for the acquisition by West River Engineering of a condominium unit bearing the postal address of C-L6-02A Valley Suite Apartment, Jalan IM 9/2, Indera Mahkota 9, 25247 Kuantan, Pahang measuring approximately 465 square feet for the purchase price of RM250,000.00. The acquisition of this property was completed on 22 March 2021.
- (g) Sale and purchase agreement dated 22 March 2021 between ARDSB (as developer), West River Engineering (as purchaser) and ARSB (as proprietor) for the acquisition by West River Engineering of a condominium unit bearing the postal address of C-L9-26 Valley Suite Apartment, Jalan IM 9/2, Indera Mahkota 9, 25247 Kuantan, Pahang measuring approximately 465 square feet for the purchase price of RM250,000.00. The acquisition of this property was completed on 22 March 2021.
- (h) Sale and purchase agreement dated 22 March 2021 between ARDSB (as developer), West River Engineering (as purchaser) and ARSB (as proprietor) for the acquisition by West River Engineering of a condominium unit bearing the postal address of C-L9-28 Valley Suite Apartment, Jalan IM 9/2, Indera Mahkota 9, 25247 Kuantan, Pahang measuring approximately 465 square feet for the purchase price of RM250,000.00. The acquisition of this property was completed on 22 March 2021.
- (i) Sale and purchase agreement dated 22 March 2021 between ARDSB (as developer), West River Engineering (as purchaser) and ARSB (as proprietor) for the acquisition by West River Engineering of a condominium unit bearing the postal address of C-L9-30 Valley Suite Apartment, Jalan IM 9/2, Indera Mahkota 9, 25247 Kuantan, Pahang measuring approximately 465 square feet for the purchase price of RM250,000.00. The acquisition of this property was completed on 22 March 2021.
- (j) Sale and purchase agreement dated 22 March 2021 between ARDSB (as developer), West River Engineering (as purchaser) and ARSB (as proprietor) for the acquisition by West River Engineering of a condominium unit bearing the postal address of C-L10-30 Valley Suite Apartment, Jalan IM 9/2, Indera Mahkota 9, 25247 Kuantan, Pahang measuring approximately 465 square feet for the purchase price of RM250,000.00. The acquisition of this property was completed on 22 March 2021.
- (ii) Sale and purchase agreement dated 14 April 2023 between West River Engineering (as vendor) and Neutron Capital (as purchaser) for the disposal by West River Engineering of a piece of land held under PN 12983, Lot 789, Seksyen 13, Bandar Shah Alam, District of Petaling, State of Selangor measuring approximately 156 square metres, together with a 3 storey shop office erected thereon bearing the postal address of No. 44, Jalan Bola Tampar 13/14, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan at sale consideration of RM1,075,000.00. The disposal of this property was completed on 10 May 2023.

6. INFORMATION ON OUR GROUP (Cont'd)

- (iii) Sale and purchase agreement dated 20 April 2023 between West River Engineering (as vendor) and Neutron Capital (as purchaser) for the disposal by West River Engineering of a piece of land held under Geran 24907, Lot 55, Seksyen 13, Bandar Kuala Lumpur, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur measuring approximately 120 square metres, together with a double storey intermediate terraced shop office erected thereon bearing the postal address of No. 74, Jalan Tun H.S Lee, 50000 Kuala Lumpur at sale consideration of RM2,180,000.00. ("**Tun H.S Lee SPA**"). The Tun H.S Lee SPA was rescinded via a deed of rescission dated 5 October 2023. The parties subsequently transferred the property through a memorandum of transfer ("**MOT**") at the same sale consideration and the disposal of the aforesaid property is deemed completed on 31 May 2023. The rescission of the Tun H.S Lee SPA and the transfer of the property via the MOT was at the request of Neutron Capital for purposes of complying with its financier's condition for the loan obtained for the acquisition of the property.
- (iv) Sale and purchase agreement dated 17 May 2023 between West River Engineering (as vendor) and MYWZ Property Sdn Bhd (as purchaser) for the disposal by West River Engineering of a piece of land held under Geran 314816, Lot 64629, Mukim Cheras, Daerah Ulu Langat, Negeri Selangor Darul Ehsan measuring approximately 153 square metres, together with a three storey shop office erected thereon bearing the postal address of No. 8, Jalan Temenggung 25/9, Bandar Mahkota Cheras, 43200 Cheras, Selangor Darul Ehsan at sale consideration of RM2,300,000.00. The disposal of the property was completed on 2 November 2023.
- (v) Sale and purchase agreement dated 20 April 2023 between West River Engineering (as vendor) and Neutron Capital (as purchaser) for the disposal by West River Engineering of a piece of land held under PN 13769, Lot 1800, Seksyen 13, Bandar Shah Alam, District of Petaling, State of Selangor measuring approximately 143 square metres, together with a double storey shop office erected thereon bearing the postal address of No. 22, Jalan Renang 13/26, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan at sale consideration of RM1,000,000.00. The disposal of this property was completed on 13 June 2023.
- (vi) Sale and purchase agreement dated 20 April 2023 between West River Engineering (as vendor) and Neutron Capital for the disposal by West River Engineering of a piece of land held under HSD 117383, PT8602, Mukim Kuala Lumpur, Daerah Kuala Lumpur measuring approximately 181 square metres, together with a 4 storey end terrace shop office erected thereon bearing the postal address of No. 43, Jalan Dwitasik 2, Dataran Dwitasik, Bandar Sri Permaisuri, Cheras, 56000 Kuala Lumpur at sale consideration of RM3,200,000.00. The disposal of this property was completed on 15 June 2023.
- (vii) Sale and purchase agreement dated 7 June 2023 between West River Engineering (as vendor) and Neutron Capital (as purchaser) for the disposal by West River Engineering of a piece of land held under HSD 165984, PT14983, Mukim Beranang, Daerah Ulu Langat, Negeri Selangor measuring approximately 181 square metres, together with a 3 storey shop office erected thereon bearing the postal address of No. 2A, 2A-1 & 2A-2, Jalan Puteri 2A/8, Bandar Puteri Bangi, 43000 Kajang, Selangor Darul Ehsan at sale consideration of RM1,710,000.00. ("**Bandar Puteri Bangi SPA**"). The Bandar Puteri Bangi SPA was rescinded via a deed of rescission dated 5 October 2023. The parties subsequently transferred the property through a memorandum of transfer at the same sale consideration and the disposal of the aforesaid property is deemed completed on 15 June 2023. The rescission of the Bandar Puteri Bangi SPA and the transfer of the property via the MOT was at the request of Neutron Capital for purposes of complying with its financier's condition for the loan obtained for the acquisition of the property.

6. INFORMATION ON OUR GROUP (Cont'd)

- (viii) Share sale agreement dated 23 October 2023 between West River Engineering (as vendor) and Poh Chou Chuen (as purchaser) in relation to the disposal of 100.00% equity interest in Neutron M&E for the purchase consideration of RM183,088.00 which was arrived at based on a "willing-buyer willing-seller" basis after taking into consideration the audited NA Neutron M&E as at 30 June 2023 of RM183,088.00. The disposal was undertaken in view that Neutron M&E is dormant with no business activities. The share sale agreement was completed on 23 October 2023.
- (ix) Conditional share sale agreement dated 16 November 2023 in relation to the Acquisition of West River Engineering. Supplemental share sale agreement dated 11 November 2024 between the Company, Neutron Capital and Lim Yong Lai in relation to the Acquisition of West River Engineering, for the extension of the cut-off date for the fulfilment of the conditions precedent set out in the share sale agreement dated 16 November 2023, which was completed on 16 December 2024.
- (x) Underwriting Agreement.

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6. INFORMATION ON OUR GROUP (Cont'd)

6.9 PROPERTY, PLANT AND EQUIPMENT

Material Properties

(i) Properties owned by our Group

The summary of the material properties owned by our Group as at the LPD are set out below:

No.	Registered owner / Postal address / Title details	Description of property / Existing use / Expiry of lease (if any) / Category of land use (if any)	Express Conditions / Restriction-in-interest / Encumbrances	Land area/ Built-up area sq ft	Date of issuance of CF / CCC	Audited NBV as at 31 December 2024
						RM'000
(a)	West River Engineering No. 12 Jalan Suria Puchong 6, Pusat Perdagangan Suria Puchong, 47110 Puchong Selangor HS(D) 314987 PT82512, Mukim Petaling, Daerah Petaling, Negeri Selangor	Description of property: Three storey shop-office lot Existing use: Leased Expiry of lease (if any): 99 years expiring on 27 May 2097 Category of land use (if any): Building	Express condition: Business Building Restriction-in-interest: This land cannot be transferred, leased or charged unless with the approval of the State Authority Encumbrances: Charged to Public Bank Berhad	Land area: Approx 2,540 Built-up area: Approx 6,000	10 February 2012	1,145

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Registered owner / Postal address / Title details	Description of property / Existing use / Expiry of lease (if any) / Category of land use (if any)	Express Conditions / Restriction-in-interest / Encumbrances	Land area/ Built-up area sq ft	Date of issuance of CF / CCC	Audited NBV as at 31 December 2024
						RM'000
(b)	West River Engineering No. 22-2-1, Jalan 2/10C, Cheras Business Centre, 56100 Kuala Lumpur Pajakan Negeri 48849/M1/3/89, Lot 54946, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur	Description of property: Second floor office unit (intermediate lot) Existing use: Management office of Neutron Power Expiry of lease (if any): 99 years expiring on 3 October 2109 Category of land use (if any): Building	Express condition: Office Restriction-in-interest: Nil Encumbrances: Charged to Alliance Islamic Bank Berhad	Land area: N/A Built-up area: Approx 1,066	18 December 2006	234
(c)	West River Engineering No. 22-4-2, Jalan 2/10C, Cheras Business Centre, 56100 Kuala Lumpur Pajakan Negeri 48849/M1/5/120, Lot 54946, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur	Description of property: Fourth floor office unit (corner lot) Existing use: Management office of West River Engineering Expiry of lease (if any): 99 years expiring on 3 October 2109 Category of land use (if any): Building	Express condition: Office Restriction-in-interest: Nil Encumbrances: Charged to OCBC Bank (Malaysia) Berhad	Land area: N/A Built-up area: Approx 1,292	18 December 2006	264

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Registered owner / Postal address / Title details	Description of property / Existing use / Expiry of lease (if any) / Category of land use (if any)	Express Conditions / Restriction-in-interest / Encumbrances	Land area/ Built-up area sq ft	Date of issuance of CF / CCC	Audited NBV as at 31 December 2024
						RM'000
(d)	West River M&E No. 2, Jalan BCU 1, Kawasan Perindustrian Batu Caves Utara, 68100 Batu Caves, Selangor Darul Ehsan HS(D) 87988 PT11801, Bandar Selayang, Daerah Gombak, Negeri Selangor	Description of property: Two and a half storey shop office Existing use: Leased Expiry of lease (if any): Freehold Category of land use (if any): Building	Express condition: Business building Restriction-in-interest: Nil Encumbrances: Charged to Public Bank Berhad	Land area: Approx 1,862 Built-up area: Approx 4,370	18 August 2021	2,336
(e)	West River Engineering C-L5-02, Valley Suite Apartment, Jalan IM 9/2, Indera Mahkota 9, 25247, Kuantan, Pahang Darul Makmur Master Title PN 26657, Lot 158109 (formerly held under HS(D) 47341 PT 128527), Mukim Kuala Kuantan, Daerah Kuantan, Negeri Pahang	Description of property: Studio apartment Existing use: Leased Expiry of lease (if any): 99 years expiring on 6 April 2115 Category of land use (if any): Building	Express condition: This land must be used for a multi-storey building and issuance of strata title for residential use only Restriction-in-interest: This land shall not be transferred, leased or charged without prior written consent of the State Authority Encumbrances: N/A	Land area: N/A Built-up area: Approx 465	11 February 2022	239

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Registered owner / Postal address / Title details	Description of property / Existing use / Expiry of lease (if any) / Category of land use (if any)	Express Conditions / Restriction-in-interest / Encumbrances	Land area/ Built-up area sq ft	Date of issuance of CF / CCC	Audited NBV as at 31 December 2024
						RM'000
(f)	West River Engineering C-L5-02A, Valley Suite Apartment, Jalan IM 9/2, Indera Mahkota 9, 25247, Kuantan, Pahang Darul Makmur Master Title PN 26657, Lot 158109 (formerly held under HS(D) 47341 PT 128527), Mukim Kuala Kuantan, Daerah Kuantan, Negeri Pahang	Description of property: Studio apartment Existing use: Leased Expiry of lease (if any): 99 years expiring on 6 April 2115 Category of land use (if any): Building	Express condition: This land must be used for a multi-storey building and issuance of strata title for residential use only Restriction-in-interest: This land shall not be transferred, leased or charged without prior written consent of the State Authority Encumbrances: N/A	Land area: N/A Built-up area: Approx 465	11 February 2022	239
(g)	West River Engineering C-L5-22, Valley Suite Apartment, Jalan IM 9/2, Indera Mahkota 9, 25247, Kuantan, Pahang Darul Makmur Master Title PN 26657, Lot 158109 (formerly held under HS(D) 47341 PT 128527), Mukim Kuala Kuantan, Daerah Kuantan, Negeri Pahang	Description of property: Studio apartment Existing use: Leased Expiry of lease (if any): 99 years expiring on 6 April 2115 Category of land use (if any): Building	Express condition: This land must be used for a multi-storey building and issuance of strata title for residential use only Restriction-in-interest: This land shall not be transferred, leased or charged without prior written consent of the State Authority Encumbrances: N/A	Land area: N/A Built-up area: Approx 465	11 February 2022	239

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Registered owner / Postal address / Title details	Description of property / Existing use / Expiry of lease (if any) / Category of land use (if any)	Express Conditions / Restriction-in-interest / Encumbrances	Land area/ Built-up area sq ft	Date of issuance of CF / CCC	Audited NBV as at 31 December 2024
						RM'000
(h)	West River Engineering C-L5-22A, Valley Suite Apartment, Jalan IM 9/2, Indera Mahkota 9, 25247, Kuantan, Pahang Darul Makmur Master Title PN 26657, Lot 158109 (formerly held under HS(D) 47341 PT 128527), Mukim Kuala Kuantan, Daerah Kuantan, Negeri Pahang	Description of property: Studio apartment Existing use: Leased Expiry of lease (if any): 99 years expiring on 6 April 2115 Category of land use (if any): Building	Express condition: This land must be used for a multi-storey building and issuance of strata title for residential use only Restriction-in-interest: This land shall not be transferred, leased or charged without prior written consent of the State Authority Encumbrances: N/A	Land area: N/A Built-up area: Approx 465	11 February 2022	239
(i)	West River Engineering C-L6-02, Valley Suite Apartment, Jalan IM 9/2, Indera Mahkota 9, 25247, Kuantan, Pahang Darul Makmur Master Title PN 26657, Lot 158109 (formerly held under HS(D) 47341 PT 128527), Mukim Kuala Kuantan, Daerah Kuantan, Negeri Pahang	Description of property: Studio apartment Existing use: Leased Expiry of lease (if any): 99 years expiring on 6 April 2115 Category of land use (if any): Building	Express condition: This land must be used for a multi-storey building and issuance of strata title for residential use only Restriction-in-interest: This land shall not be transferred, leased or charged without prior written consent of the State Authority Encumbrances: N/A	Land area: N/A Built-up area: Approx 465	11 February 2022	239

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Registered owner / Postal address / Title details	Description of property / Existing use / Expiry of lease (if any) / Category of land use (if any)	Express Conditions / Restriction-in-interest / Encumbrances	Land area/ Built-up area sq ft	Date of issuance of CF / CCC	Audited NBV as at 31 December 2024
						RM'000
(j)	West River Engineering C-L6-02A, Valley Suite Apartment, Jalan IM 9/2, Indera Mahkota 9, 25247, Kuantan, Pahang Darul Makmur Master Title PN 26657, Lot 158109 (formerly held under HS(D) 47341 PT 128527), Mukim Kuala Kuantan, Daerah Kuantan, Negeri Pahang	Description of property: Studio apartment Existing use: Leased Expiry of lease (if any): 99 years expiring on 6 April 2115 Category of land use (if any): Building	Express condition: This land must be used for a multi-storey building and issuance of strata title for residential use only Restriction-in-interest: This land shall not be transferred, leased or charged without prior written consent of the State Authority Encumbrances: N/A	Land area: N/A Built-up area: Approx 465	11 February 2022	239
(k)	West River Engineering C-L9-26, Valley Suite, Bandar Indera Mahkota 25200, Kuantan, Pahang Darul Makmur Master Title PN 26657, Lot 158109 (formerly held under HS(D) 47341 PT 128527), Mukim Kuala Kuantan, Daerah Kuantan, Negeri Pahang	Description of property: Studio apartment Existing use: Leased Expiry of lease (if any): 99 years expiring on 6 April 2115 Category of land use (if any): Building	Express condition: This land must be used for a multi-storey building and issuance of strata title for residential use only Restriction-in-interest: This land shall not be transferred, leased or charged without prior written consent of the State Authority Encumbrances: N/A	Land area: N/A Built-up area: Approx 465	11 February 2022	239

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Registered owner / Postal address / Title details	Description of property / Existing use / Expiry of lease (if any) / Category of land use (if any)	Express Conditions / Restriction-in-interest / Encumbrances	Land area/ Built-up area sq ft	Date of issuance of CF / CCC	Audited NBV as at 31 December 2024
						RM'000
(l)	West River Engineering C-L9-28, Valley Suite Apartment, Jalan IM 9/2, Indera Mahkota 9, 25247, Kuantan, Pahang Darul Makmur Master Title PN 26657, Lot 158109 (formerly held under HS(D) 47341 PT 128527), Mukim Kuala Kuantan, Daerah Kuantan, Negeri Pahang	Description of property: Studio apartment Existing use: Leased Expiry of lease (if any): 99 years expiring on 6 April 2115 Category of land use (if any): Building	Express condition: This land must be used for a multi-storey building and issuance of strata title for residential use only Restriction-in-interest: This land shall not be transferred, leased or charged without prior written consent of the State Authority Encumbrances: N/A	Land area: N/A Built-up area: Approx 465	11 February 2022	239
(m)	West River Engineering C-L9-30, Valley Suite Apartment, Jalan IM 9/2, Indera Mahkota 9, 25247, Kuantan, Pahang Darul Makmur Master Title PN 26657, Lot 158109 (formerly held under HS(D) 47341 PT 128527), Mukim Kuala Kuantan, Daerah Kuantan, Negeri Pahang	Description of property: Studio apartment Existing use: Leased Expiry of lease (if any): 99 years expiring on 6 April 2115 Category of land use (if any): Building	Express condition: This land must be used for a multi-storey building and issuance of strata title for residential use only Restriction-in-interest: This land shall not be transferred, leased or charged without prior written consent of the State Authority Encumbrances: N/A	Land area: N/A Built-up area: Approx 465	11 February 2022	239

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Registered owner / Postal address / Title details	Description of property / Existing use / Expiry of lease (if any) / Category of land use (if any)	Express Conditions / Restriction-in-interest / Encumbrances	Land area/ Built-up area sq ft	Date of issuance of CF / CCC	Audited NBV as at 31 December 2024 RM'000
(n)	West River Engineering C-L10-30, Valley Suite Apartment, Jalan IM 9/2, Indera Mahkota 9, 25247, Kuantan, Pahang Darul Makmur Master Title PN 26657, Lot 158109 (formerly held under HS(D) 47341 PT 128527), Mukim Kuala Kuantan, Daerah Kuantan, Negeri Pahang	Description of property: Studio apartment Existing use: Leased Expiry of lease (if any): 99 years expiring on 6 April 2115 Category of land use (if any): Building	Express condition: This land must be used for a multi-storey building and issuance of strata title for residential use only Restriction-in-interest: This land shall not be transferred, leased or charged without prior written consent of the State Authority Encumbrances: N/A	Land area: N/A Built-up area: Approx 465	11 February 2022	239

(ii) Properties rented by our Group

The summary of the material properties rented by our Group as at the LPD are set out below:

No.	Address	Landlord/ Tenant	Description/ Existing use	Land area/Built- up area sq ft	Period of tenancy / Rental per annum
(a)	22-4-1, Jalan 2/101C, Cheras Business Centre, Taman Cheras, Kuala Lumpur 56100, Wilayah Persekutuan Kuala Lumpur	Lem Li Gin / West River M&E	Fourth floor office unit utilised by West River M&E as office premise	Land area: N/A Built-up area: Approx 1,066	1 August 2023 to 1 August 2027/ First year to third year: RM19,200 Fourth year: RM21,600

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Address	Landlord/ Tenant	Description/ Existing use	Land area/Built- up area sq ft	Period of tenancy / Rental per annum
(b)	No. 11, Jalan P2/16, Seksyen 2, Bandar Teknologi Kajang, 43500, Semenyih, Selangor	Hew Wai Meng / Neutron Letrik	Ground floor unit of an intermediate two-storey shop office utilised by Neutron Letrik as a manufacturing facility and office premise	Land area: N/A Built-up area: Approx 2,088	1 January 2025 to 31 December 2025/ RM40,800
(c)	Block C-33, Tingkat 4, Flat Taman Desa Aman, Jalan Desa Aman 2, Taman Desa Aman, 56100 Kuala Lumpur	Tan Ho Song / West River Engineering	Fourth floor unit of an apartment utilised by West River Engineering as workers' accommodation	Land area: N/A Built-up area: Approx 579	15 October 2024 to 14 October 2025/ RM7,200
(d)	C-6-7, Centum @ Oasis Corporate Park, Oasis Damansara, No. 2, Jalan PJU 1a/2, Ara Damansara 47301, Petaling Jaya, Selangor	Asha A/P Gopalakrishan / West River Engineering	Sixth floor office unit utilised by West River Engineering as office premise	Land area: N/A Built-up area: Approx 1,297	15 June 2024 to 14 June 2026/ RM50,400

The properties rented by our Group are not in breach of any other land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations/by-laws, which will have material adverse impact on our operations as at the LPD.

(iii) Acquisition of properties

Save as disclosed in Section 6.8, item (a) to (j) above, we have not entered into any agreements to acquire any properties during the Financial Year Under Review and up to LPD.

6. INFORMATION ON OUR GROUP (Cont'd)**6.10 KEY MACHINERY AND EQUIPMENT**

A summary of the key machinery and equipment owned and used by our Group are set out below:

Key machinery and equipment	Function	No. of units	Approximate age as at the LPD⁽¹⁾ (Years)
Hydraulic bending machine	Used for bending sheet metals	1	18
Air compressor	Used to supply compressed air	1	15
Plasma cutting machine	Used for the cutting of sheet metal	1	13
Welding machine	To assemble or remove metal parts by melting them with thermal energy	1	6

Note:

⁽¹⁾ Computed based on the year of manufacture

All of our key machineries and equipment are fully depreciated. All the equipment and machineries listed above are currently being utilised for our ongoing projects. Although our equipment and machineries are fully depreciated, routine maintenance is being performed to ensure that they are in good conditions and fit to use. However, there is no assurance that such routine maintenance could prevent the occurrence of potential hazards associated with the use of these equipment and machineries.

6.10.1 Production Capacities and Output

Our manufacturing activities are primarily to support our internal project needs for electrical engineering and ACMV projects as well as intelligent building solution projects.

While we are able to use machinery to cut and bend metal plates, the manufacturing of electrical panels and distribution boards is labour intensive and customised to order. The final assembly requires our technicians to assemble the electrical components into metal enclosures to produce finished products ready for delivery. This process includes connecting all the necessary components, optimising the routing of all the wires and cables, and performing throughout testing. Thus, we compute the production capacity of our electrical panels and distribution boards based on technician availability and productivity.

Our production capacities and production output in respect of the manufacturing of electrical panels and distribution boards for the Financial Year Under Review is outlined below:

	Production capacity (units)	Actual production output (units)	Utilisation rate (%)
FYE 2020	1,317 ⁽¹⁾	818	62.11
FYE 2021	1,317 ⁽¹⁾	914	69.40
FYE 2022	1,317 ⁽¹⁾	1,031	78.28
FYE 2023	1,317 ⁽¹⁾	1,229	93.32
FYE 2024	1,317 ⁽¹⁾	1,260	95.67

6. INFORMATION ON OUR GROUP (Cont'd)**Note:**

- (1) Based on operations of 4 technicians working 8 hours per day over 247 working days per year. The average time to assemble 1 electrical panel and 1 distribution board is 6 hours, respectively. For avoidance of doubt, the production capacity of the metal enclosures 3,952 units. However, as the final assembly of the finished products depends on technician availability and productivity, thus our Group's overall production capacity of finished products is 1,317 units per year.

6.11 EMPLOYEES

As at the LPD, our Group has a total workforce of 122 permanent employees of which:

- (i) 77 permanent employees are Malaysians and accounted for approximately 63.11% of our total workforce; and
- (ii) 45 permanent employees are foreigners and represents 36.89% of our total workforce. These foreigners hold valid employment pass which is renewable every 12 months.

As at the LPD, our Group does not employ any contractual employees.

A summary of the Group's total workforce by departments as at FYE 2024 and the LPD are as set out below:

Department	As at FYE 2024			As at the LPD		
	Employees					
	Local	Foreign	Sub-total	Local	Foreign	Sub-total
Directors/ Key senior management	4	-	4	4	-	4
Finance and Accounts	4	-	4	4	-	4
Human Resource and Administration	6	-	6	6	-	6
Business Development	1	-	1	1	-	1
Project	51	(1)45	96	54	(1)45	99
- Electrical Engineering	42	-	42	45	-	45
- ACMV	9	-	9	9	-	9
Manufacturing	3	-	3	3	-	3
Contract	3	-	3	3	-	3
Purchasing	2	-	2	2	-	2
Total	74	45	119	77	45	122

Note:

- (1) Shared labour resources between Electrical Engineering division and ACMV division. Allocation of foreign labour resource between Electrical Engineering division and ACMV division will be carried out periodically based on our electrical engineering and ACMV project scheduling and delivery timeline.

None of our employees belong to any labour union. As at the LPD, there have not been any major industrial disputes pertaining to our employees. Over the Financial Year Under Review and up to the LPD, there has not been any incidence of work stoppage or labour dispute that has materially affected our operations.

6. INFORMATION ON OUR GROUP (Cont'd)

6.12 MAJOR CUSTOMERS

Our Group's top 5 major customers for the Financial Year Under Review are as follows:

FYE 2020

No.	Customers	Role	Services provided	Revenue contribution		Length of relationship (2)Years
				RM'000	(1)%	
1	Intechcity Construction Sdn Bhd	Main contractor	Provision of electrical engineering and ACMV services	11,020	24.02	2
2	Sigmal Construction Sdn Bhd	Main contractor	Provision of ACMV services	4,753	10.36	1
3	Fourth Wave (M) Sdn Bhd	Main contractor	Provision of electrical engineering services	4,361	9.51	2
4	Aim Realty Construction Sdn Bhd	Main contractor	Provision of electrical engineering services	3,215	7.01	3
5	Ban Lee Hin Construction Sdn Bhd	Main contractor	Provision of electrical engineering services	2,246	4.90	1
Total				25,595	55.80	

FYE 2021

No.	Customers	Role	Services provided	Revenue contribution		Length of relationship (2)Years
				RM'000	(1)%	
1	China State Construction Engineering (M) Sdn Bhd ⁽³⁾	Main contractor	Provision of electrical engineering and ACMV services	11,480	20.76	2
2	Intechcity Construction Sdn Bhd	Main contractor	Provision of electrical engineering and ACMV services	5,902	10.67	3
3	Voon Electrical Contractors Sdn Bhd	Subcontractor	Provision of ELV services	3,641	6.58	1
4	Aim Realty Construction Sdn Bhd	Main contractor	Provision of electrical engineering services	2,934	5.31	4

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Customers	Role	Services provided	Revenue contribution		Length of relationship (2)Years
				RM'000	(1)%	
5	Inta Bina Sdn Bhd ⁽⁴⁾	Main contractor	Provision of electrical engineering services	2,862	5.18	<1
Total				26,819	48.50	

FYE 2022

					Revenue contribution		Length of relationship
No.	Customers		Role	Services provided	RM'000	(1)%	(2)Years
1	Fajarbaru Sdn Bhd ⁽⁵⁾	Builder	Main contractor	Provision of electrical engineering and ACMV services	17,590	21.12	3
2	China Construction Engineering Sdn Bhd ⁽³⁾	State (M)	Main contractor	Provision of electrical engineering and ACMV services	15,665	18.81	3
3	Inta Bina Sdn Bhd ⁽⁴⁾		Main contractor	Provision of electrical engineering services	7,561	9.08	1
4	Gamuda Engineering Bhd ⁽⁶⁾	Sdn	Main contractor	Provision of electrical engineering and ELV services	5,613	6.74	3
5	Aikbee Buiders Sdn Bhd		Main contractor	Provision of ACMV services	3,262	3.92	3
Total					49,691	59.67	

FYE 2023

					Revenue contribution		Length of relationship
No.	Customers		Role	Services provided	RM'000	(1)%	(2)Years
1	Orangebeam Construction Bhd	Sdn	Main contractor	Provision of electrical engineering services	15,436	12.33	2
2	Fajarbaru Sdn Bhd ⁽⁵⁾	Builder	Main contractor	Provision of electrical engineering and ACMV services	11,795	9.42	4

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Customers	Role	Services provided	Revenue contribution		Length of relationship (2)Years
				RM'000	(1)%	
3	Two Brothers Construction Sdn Bhd ⁽⁷⁾	Main contractor	Provision of labour and equipment for building construction	11,332	9.05	1
4	SLG Construction Sdn Bhd	Main contractor	Provision of electrical engineering and ACMV services	11,083	8.85	1
5	TCS Construction Sdn Bhd ⁽⁸⁾	Main contractor	Provision of ACMV services	7,289	5.82	1
Total				56,935	45.47	

FYE 2024

No.	Customers	Role	Services provided	Revenue contribution		Length of relationship (2)Years
				RM'000	(1)%	
1	Two Brothers Construction Sdn Bhd ⁽⁷⁾	Main contractor	Provision of labour and equipment for building construction	13,821	11.26	2
2	Topgen Engineering Sdn Bhd	Subcontractor	Provision of electrical engineering services	11,650	9.49	2
3	SLG Construction Sdn Bhd	Main contractor	Provision of electrical engineering and ACMV services	9,163	7.47	2
4	Orangebeam Construction Sdn Bhd	Main contractor	Provision of electrical engineering services	8,660	7.06	3
5	Heng Huat Engineering Sdn Bhd	Subcontractor	Provision of ACMV services	8,560	6.97	2
Total				51,854	42.25	

Notes:

(1) As a percentage of the Group's total revenue for each respect financial year

(2) Length of relationship as at each financial year.

6. INFORMATION ON OUR GROUP (Cont'd)

- (3) A subsidiary of China State Construction Engineering Corporation Limited, a state-owned enterprise of the People's Republic of China (PRC).
- (4) A wholly owned subsidiary of Inta Bina Group Berhad, a company listed on the Main Market of Bursa Securities.
- (5) A wholly owned subsidiary of Fajarbaru Building Group Berhad, a company listed on the Main Market of Bursa Securities.
- (6) A wholly owned subsidiary of Gamuda Berhad, a company listed on the Main Market of Bursa Securities.
- (7) Two Brothers Construction Sdn Bhd (the Group's Major Customer) and Exceltech International Trading Sdn Bhd (the Group's Major Supplier) have the same shareholders and directors.
- (8) A wholly owned subsidiary of TCS Group Holdings Berhad, a company listed on the ACE Market of Bursa Securities.

All of our customers are based in Malaysia. Revenue from our major customers collectively comprised 55.80%, 48.50%, 59.64%, 45.47% and 42.25% of our revenue for the Financial Year Under Review, respectively.

The composition of our major customers varies from year to year depending on the value of contracts secured which is determined by the type and nature of projects undertaken, complexity of the projects and the timing of the work-in-progress claims given the nature of our business being conducted on a contract basis. As such, our Group is not dependent on any particular customer.

The contracts that we enter into with our customers typically range between 3 months to 36 months, depending on the scope of services in which we have been engaged to perform. We may not secure similar contracts in terms of size and scope or with the same customers every year.

Apart from our major customers, our Group has also been securing contracts from different customers who have also increasingly contributed to our Group's revenue. We continuously diversify our customer base to replenish our order book. However, this does not preclude our Group to tender for new contracts from our existing major customers should the opportunities arise. Our Group had 60, 73, 84, 86 and 69 customers during the Financial Year Under Review, respectively. For clarity, the number of customers in FYE 2024 was lower compared to that of FYE 2023 as we had more than a project with a particular customer, and we focused on completing our projects from prior years.

6. INFORMATION ON OUR GROUP (Cont'd)**6.13 MAJOR SUPPLIERS**

Our Group's top 5 major suppliers for the Financial Year Under Review are as follows:

FYE 2020

No.	Suppliers	Materials / services procured	Purchases / services contribution		⁽²⁾ Length of relationship (years)
			RM'000	⁽¹⁾ %	
1	Lim Ventilation Engineering Sdn Bhd	ACMV installation and ducting works	4,327	11.33	8
2	Wawasan Sepadu Sdn Bhd	Electrical works	4,312	11.29	2
3	Oon Brothers Electrical Trading Co. Sdn Bhd	Electrical and wiring supplies	4,183	10.95	8
4	Chen Yi Electrical Sdn Bhd	Electrical works	4,064	10.64	7
5	PKK Electrical Engineering Sdn Bhd	Electrical works	2,060	5.39	4
Total			18,946	49.60	

FYE 2021

No.	Suppliers	Materials / services procured	Purchases / services contribution		⁽²⁾ Length of relationship (years)
			RM'000	⁽¹⁾ %	
1	Oon Brothers Electrical Trading Co. Sdn Bhd	Electrical and wiring supplies	8,430	18.18	9
2	Lim Ventilation Engineering Sdn Bhd	ACMV installation and ducting works	5,510	11.88	9
3	Chen Yi Electrical Sdn Bhd	Electrical works	2,743	5.92	8
4	Quantum Multiverse Sdn Bhd	Electrical works	2,093	4.51	1
5	Dunham-Bush Sales & Services Sdn Bhd	Air-conditioning supplies	2,002	4.32	5
Total			20,778	44.81	

6. INFORMATION ON OUR GROUP (Cont'd)
FYE 2022

No.	Suppliers	Materials / services procured	Purchases / services contribution		⁽²⁾ Length of relationship (years)
			RM'000	⁽¹⁾ %	
1	Oon Brothers Electrical Trading Co. Sdn Bhd	Electrical and wiring supplies	17,325	24.88	10
2	Chen Yi Electrical Sdn Bhd	Electrical works	4,642	6.67	9
3	Lim Ventilation Engineering Sdn Bhd	ACMV installation and ducting works	3,092	4.44	10
4	Metromass Venture Sdn Bhd	Electrical and M&E works	3,038	4.36	<1
5	Starlite Electrical Trading Sdn Bhd	Electrical and wiring supplies	2,670	3.83	6
Total			30,767	44.18	

FYE 2023

No.	Suppliers	Materials / services procured	Purchases / services contribution		⁽²⁾ Length of relationship (years)
			RM'000	⁽¹⁾ %	
1	Oon Brothers Electrical Trading Co. Sdn Bhd	Electrical and wiring supplies	22,256	21.72	11
2	Exceltech International Trading Sdn Bhd ⁽³⁾	Equipment supplies	6,591	6.43	1
3	Chen Yi Electrical Sdn Bhd	Electrical works	6,123	5.97	10
4	Wawasan Sepadu Sdn Bhd	Manpower supply	5,078	4.96	5
5	Lim Ventilation Engineering Sdn Bhd	ACMV installation and ducting works	4,063	3.96	11
Total			44,111	43.04	

6. INFORMATION ON OUR GROUP (Cont'd)**FYE 2024**

No.	Suppliers	Materials / services procured	Purchases / services contribution		⁽²⁾Length of relationship (years)
			RM'000	⁽¹⁾%	
1	Oon Brothers Electrical Trading Co. Sdn Bhd	Electrical and wiring supplies	20,497	20.84	12
2	Quantum Multiverse Sdn Bhd	Electrical works	8,289	8.43	4
3	Lim Ventilation Engineering Sdn Bhd	ACMV installation and ducting works	7,648	7.78	12
4	Megah Sejati Sdn Bhd	Manpower supply	6,581	6.69	1
5	Wawasan Sepadu Sdn Bhd	Manpower supply	5,168	5.25	6
Total			48,183	48.99	

Notes:

- (1) As a percentage of our total purchases of material and subcontractors' costs for each respective financial year.
- (2) Length of relationship as at each financial year.
- (3) Two Brothers Construction Sdn Bhd (the Group's Major Customer) and Exceltech International Trading Sdn Bhd (the Group's Major Supplier) has the same shareholders and directors.

All of our suppliers are based in Malaysia. We do not have any long-term agreements or arrangements with any of our suppliers as this allows us to have the flexibility to source for quality materials and services at competitive prices. During the Financial Year Under Review, we have not faced any material supply disruptions or delays by our suppliers.

Our suppliers comprise suppliers of inputs ranging from ACMV installation and ducting works, electrical and M&E works. We select our major suppliers from our internal approved list of suppliers. As at the LPD, our internal approved list comprises 184 suppliers (130 suppliers of materials and 54 suppliers of services).

Our major suppliers contributed to 46.60%, 44.81%, 44.18%, 43.04% and 48.99% of our total purchases for the Financial Year Under Review, respectively. Oon Brothers Electrical Trading Co. Sdn Bhd has contributed to 10.95%, 18.18%, 24.88%, 21.72% and 20.84% of our total purchases for the Financial Year Under Review, respectively. Our purchases from Oon Brothers Electrical Trading Co. Sdn Bhd have increased over the Financial Year Under Review owing to the long business relationship that we established with them and timely supply of electrical and wiring supplies that meet our requirements at competitive rates. In addition, we recognise the importance of sourcing materials from the same supplier to ensure consistency in quality and reliability of supplies of materials. Apart from Oon Brothers Electrical Trading Co. Sdn Bhd, we also source electrical and wiring supplies from our other suppliers.

6. INFORMATION ON OUR GROUP (Cont'd)

Our Group is not dependent on Lim Ventilation Engineering Sdn Bhd which contributed 11.33% and 11.88% during FYE 2020 and FYE 2021, respectively as there are other suppliers in the local market who are able to provide ACMV installation and ducting works with similar quality of services that we require. Subsequently in FYE 2022, FYE 2023 and FYE 2024, our purchases from Lim Ventilation Engineering Sdn Bhd contributed to a much lower 4.44%, 3.96% and 7.78% of our Group's total purchases respectively, further demonstrating that we are not dependent on this major supplier. In addition, we are of the view that our Group is also not dependent on any other supplier, as there are alternative suppliers in the local market with similar quality of materials and services that we require.

6.14 EXCHANGE CONTROL

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

6.15 ENVIRONMENT, SOCIAL AND GOVERNANCE ("ESG")

As at LPD, there are no environmental, social and governance issues which may materially affect our Group's business or operations as set out in this Prospectus. The formation and initiation of a Management Working Sustainability Committee is in motion to formulate and monitor environmental, social and governance compliance with the Group's sustainability related framework, policies and strategies.

Our Group has implemented and is in the midst of implementing, the following practices and measures:

(i) Environment

Our Group is committed in adopting continuous sustainable practices in response to environmental issues. We are continuously working hand-in-hand with our key suppliers and sub-contractors to adopt and promote sustainable practices in the supply chain and materials management especially in the manufacturing of our electrical panels, distribution boards and related products.

In addition, the Group is working towards undertaking feasibility studies for the incorporation and development of sustainable and energy efficient solutions by promoting the use of renewable energy sources in operations and projects in relations to electrical engineering and ACMV. We are also incorporating intelligent building practices and standards in our electrical engineering and ACMV projects concurrently.

Further, our Group in line with the Malaysia Renewable Energy Roadmap direction, implements and develops energy-efficient designs and technologies in the electricity sector. By doing so, we are also working towards the Government's goal of achieving zero carbon emission.

Our Group is developing strategies for responsible waste management by encouraging the implementation of optimising usage of materials in projects via recycling and repurposing initiatives. In accordance to the latest sustainability reporting regulations and standards, our Group is also working towards collecting data as part of our process to assess and disclose carbon footprint associated with electrical engineering and ACMV projects.

6. INFORMATION ON OUR GROUP (Cont'd)

(ii) Social

Our Group is committed in maintaining a safe and healthy workplace for our employees especially at project sites. In accordance with the OSHA 1994, we have a certified Occupational Safety & Health Coordinator ensuring a safe working environment and promoting overall health and safety within the organisation. In addition, every Project Director oversees the stringent implementation and compliance to the Site Safety and Health Guidelines which is reflective of current Malaysian laws, regulations, rules and regulations. Every personnel attached to a project are equipped with adequate safety tools, information, training and personal protective equipment. All of this reflects our Group's strong emphasis on the wellbeing of our employees by providing a healthy work environment.

Our Group is also committed in serving the interests of stakeholders which includes our employees by promoting gender and cultural diversity and inclusion in our workplace. This is reflected as we embrace diverse genders and cultures among the Board members and employees and constantly working towards this goal. Our Group highly encourages diversity in project teams to bring varied perspectives to engineering solutions.

Further, our Group has taken various corporate social responsibility initiatives to serve the needs of the community. Plans are also in place to engage with local communities by contributing through education and training engagements.

In addition, we also prioritise the well-being and comfort of the building occupants whereby our ventilation system designs ensure indoor air quality

(iii) Governance

Our Group is committed to conducting our business ethically and in compliance with all relevant laws and regulations as disclosed in Section 6.5.19 of this Prospectus.

Our Group as a whole together is progressively adopting the principles and practices of the latest Malaysian Code on Corporate Governance, where appropriate. In seeking to conduct our business ethically, our Group has adopted a zero-tolerance policy towards any form of bribery and corruption in our business dealings and as such we have put in place policies and procedures to manage our corporate liability risks. This includes the formalisation and adaptation of the Whistleblowing Policy and Code of Conduct and Ethics.

In relation to our Group's Risk Management Framework, our management is constantly updating the Risk Register to reflect the current risks faced by our Group and monitoring the mitigation plans and actions in place. This will ensure the risks identified are at an acceptable level towards achieving our Company's objectives. Our Group assures a transparent reporting on risk exposure and mitigation measures especially to the unique risks associated with the industry.

In addition, our Group aims for a diverse representation on the Board whom can provide impartial perspectives, including professionals with expertise in electrical engineering, ACMV, intelligent building solutions and business.

6. INFORMATION ON OUR GROUP (*Cont'd*)

Our Group is also committed in implementing stringent quality control measures to ensure the reliability and efficiency of the business processes by adhering to the ISO 9001:2015 and providing transparent reporting on quality assurance processes. We are committed in maintaining an open and transparent communication with stakeholders, including customers, employees and regulatory authorities.

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7. IMR REPORT



PROVIDENCE STRATEGIC PARTNERS SDN BHD
(1238910-A)
67-1, Block D, Jaya One, Jalan Prof Diraja Ungku Aziz,
46200 Petaling Jaya, Selangor, Malaysia.
T: +603 7625 1769

12 March 2025

The Board of Directors
WEST RIVER BERHAD
22-4-2, Jalan 2/101C
Cheras Business Centre
56100 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur
Malaysia.

Dear Sirs,

Independent Market Research Report on the Outlook of the Mechanical and Electrical Engineering Industry in Malaysia in conjunction with the Listing of WEST RIVER BERHAD on the ACE Market of Bursa Malaysia Securities Berhad

PROVIDENCE STRATEGIC PARTNERS SDN BHD ("**PROVIDENCE**") has prepared this independent market research report on the Outlook of the Mechanical and Electrical Engineering Industry in Malaysia for inclusion in the Prospectus of WEST RIVER BERHAD.

PROVIDENCE has taken prudent measures to ensure reporting accuracy and completeness by adopting an independent and objective view of these industries within the confines of secondary statistics, primary research and evolving industry dynamics.

No part of this publication may be copied, reproduced, published, distributed, transmitted or passed, in whole or in part, without the prior express written consent of PROVIDENCE.

For and on behalf of PROVIDENCE:

A handwritten signature in black ink, appearing to read 'Elizabeth Dhoss', with a horizontal line underneath.

ELIZABETH DHOSS
EXECUTIVE DIRECTOR

About PROVIDENCE STRATEGIC PARTNERS SDN BHD:

PROVIDENCE is an independent research and consulting firm based in Petaling Jaya, Selangor, Malaysia. Since our inception in 2017, PROVIDENCE has been involved in the preparation of independent market research reports for capital market exercises. Our reports aim to provide an independent assessment of industry dynamics, encompassing aspects such as industry performance, demand and supply conditions, competitive landscape and government regulations.

About ELIZABETH DHOSS:

Elizabeth Dhoss is the Executive Director of PROVIDENCE. She has more than 15 years of experience in market research for capital market exercises. Elizabeth Dhoss holds a Bachelor of Business Administration from the University of Malaya, Malaysia.

7. IMR REPORT (Cont'd)



1 MECHANICAL AND ELECTRICAL ENGINEERING INDUSTRY IN MALAYSIA

1.1 INTRODUCTION AND BACKGROUND

Engineering is the field or discipline, practice, profession and art that relates to the development, acquisition and application of technical, scientific and mathematical knowledge about the understanding, design, development, invention, innovation and use of materials, machines, structures, systems and processes for specific purposes. This report focuses on the mechanical and electrical (“**M&E**”) engineering as well as intelligent building solutions sub-fields whereby:

- Mechanical engineering relates to the theory and application of physical or mechanical systems. It comprises the design, manufacture, and operation of a wide range of mechanical components, devices, and systems. Many mechanical engineers are involved in the design and production of machines to lighten the burden of human work while others practice in the areas of heating, ventilation and air-conditioning (“**HVAC**”), automotive, manufacturing, and refrigeration engineering;
- Electrical engineering relates to the theory and application of electrical systems. It is the field of engineering that focuses on the study and application of electricity and electromagnetism. The discipline of electrical engineering includes the subjects of power generation and distribution, electric circuits, transformers, motors, electromagnetic and associated devices. In a broad perspective, electrical engineering deals with larger scale systems of electricity, power transmission and distribution systems and energy; and
- Intelligent building solutions refer to the practice of creating structures and using processes that are resource-efficient and environmentally responsible throughout a building’s life-cycle from design, construction, operation, maintenance, renovation and deconstruction. Intelligent buildings are also known as sustainable buildings. Intelligent buildings are designed to reduce the overall impact of the built environment on human health and the natural environment by efficiently using energy, water and other resources, protecting occupant health and improving employee productivity, reducing waste, pollution and environmental degradation. The provision of intelligent building solutions involves M&E engineering specialities.

M&E engineering is required to support the residential, commercial and industrial properties sector.

M&E engineering service providers may either procure M&E equipment and systems for the provision of M&E engineering services or assemble selected electrical components to support their project requirements.

West River Berhad is an M&E engineering service provider that is principally involved in the:

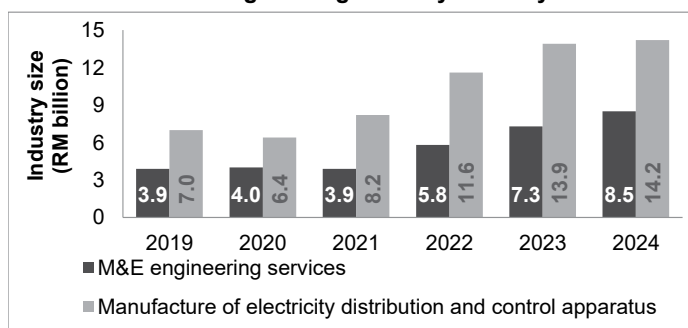
- provision of electrical engineering and air-conditioning and mechanical ventilation (“**ACMV**”) services;
- provision of intelligent building solutions; and
- manufacturing of electrical panels and distribution boards, primarily to support its M&E engineering services projects.

1.2 INDUSTRY SIZE AND GROWTH

The M&E engineering industry in Malaysia, measured in terms of value of M&E engineering works done, increased from RM3.9 billion in 2019 to RM8.5 billion in 2024 at a compound annual growth rate (“**CAGR**”) of 16.9%. During the same period, the manufacturing of electricity distribution and control apparatus, which includes the manufacturing of electrical panels and distribution boards, increased from RM7.0 billion to RM14.2 billion at a CAGR of 15.2%.

M&E engineering is specialised construction work that is performed during the erection, reconstruction, renovation, retrofit or upgrade of buildings or structures, and entails the design, installation, commissioning and maintenance of M&E systems such as heating, ventilation and air conditioning systems; water supply and sanitation; fire protection systems; escalators and lifts, electrical systems such as electricity transmission and

M&E engineering industry in Malaysia



Source: Department of Statistics Malaysia, PROVIDENCE analysis

7. IMR REPORT (Cont'd)



distribution systems; communications and information technology networks; lighting systems; security and alarm systems; and process utilities such as steam, industrial gases and corresponding infrastructure.

PROVIDENCE projects the value of M&E engineering to rise from RM8.5 billion in 2024 to RM10.9 billion in 2026 at a CAGR of 13.2%. The growth in M&E engineering will be supported by the:

- growth in the residential and commercial property markets support demand for M&E engineering services;
- growth in end user industries which drives demand for M&E engineering services;
- foreign investment and domestic investment growth which support investments in M&E engineering services;
- increased outsourcing and relocation of electrical and electronics ("E&E") manufacturing activities to Southeast Asia; and
- growing awareness on the benefits of centralised building automation and control create demand for intelligent building solutions.

1.3 DEMAND CONDITIONS: KEY GROWTH DRIVERS

Growth in the residential and commercial property markets support demand for M&E engineering services

Between 2018 and 2024, total property transactions rose from RM113.2 billion to RM192.9 billion at a CAGR of 9.3%. From this, residential property transactions rose from RM68.7 billion to RM106.9 billion at a CAGR of 7.6%, while commercial property transactions rose from RM29.5 billion to RM58.1 billion at a CAGR of 12.0% and industrial property transactions rose from RM15.0 billion to RM27.9 billion at a CAGR of 10.9%.

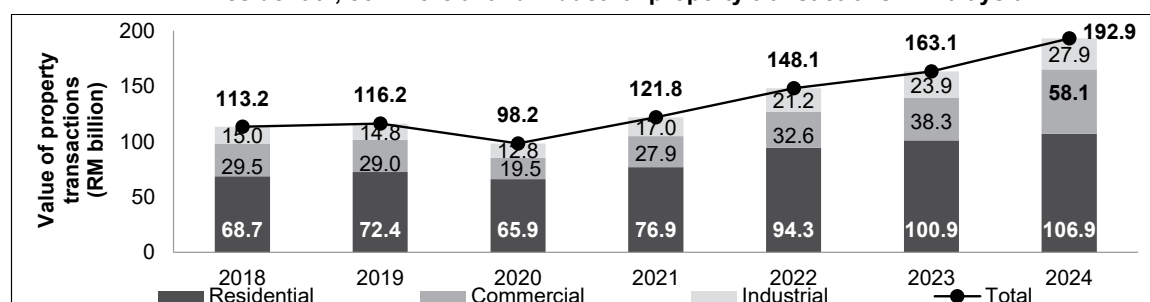
In 2020, all economic sectors registered a contraction in growth. While the COVID-19 pandemic containment measures aided Malaysia's efforts to rein in the outbreak, the tighter operating procedures (such as operating hours, capacity limit on premise, activity restrictions), mobility restrictions and supply-chain disruptions affected economic activity. Additionally, most industries also faced weaker demand conditions both domestically and externally, which further weighed on production and business activities. As a result, residential and commercial property transactions were affected in 2020.

In 2021, the property market in Malaysia began showing signs of recovery, mainly supported by the implementation of various stimulus under Pelan Jana Semula Ekonomi Negara (PENJANA) and Prihatin Rakyat Economic Stimulus Package (PRIHATIN), as well as measures under Budget 2021 which sustained consumer confidence and spending.

Growth in the property market in 2022 was supported by the implementation of various government initiatives and assistance, improving labour market conditions and higher tourist arrivals. Several initiatives which outlined under Budget 2022 contributed to improving property market activities lifting the imposition of Real Property Gains Tax on the disposal of properties in the 6th year onwards by Malaysian citizens, permanent residents and other than companies, as well as guarantees of up to RM2.0 billion to banks via Skim Jaminan Kredit Perumahan in assisting gig works, small entrepreneurs and farmers in obtaining home financing.

In particular, the reopening of Malaysia's international borders on 1st April 2022 was a turning point for Malaysia's tourism sector which began welcoming back international tourists after two years of closure. The border reopening has revitalised Malaysia's tourism sector and encouraged investments in the upgrading, refurbishment and construction of hotels, retail as well as food and beverage ("F&B") premises, which ultimately has driven demand for M&E engineering services and intelligent building solutions.

Residential, commercial and industrial property transactions in Malaysia



Source: National Property Information Centre (NAPIC), PROVIDENCE analysis

7. IMR REPORT (Cont'd)



According to the Central Bank of Malaysia, Malaysia's economy grew by 5.1% in 2024, due to continued expansion in domestic demand and a rebound in exports. Growth was mainly driven by household spending, policy measures to support households, investment approvals and further progress of multi-year projects by the private and public sectors. The latter includes initiatives under national master plans, namely the New Industrial Master Plan, National Energy Transition Roadmap and National Semiconductor Strategy. provided further impetus to investment growth. On the external front, exports recovered amid steady global growth, continued technology upcycle as well as higher tourist arrivals and spending.

The Economic Outlook 2025 by the Ministry of Finance highlights that Malaysia's economy is projected to expand between 4.5% and 5.5% in 2025. This economic growth is expected to be driven by the recovery of tourism activities and inbound tourists, as well as domestic private investments to support ongoing projects and programmes under the New Industrial Master Plan, National Energy Transition Roadmap and National Semiconductor Strategy.

The property market is expected to continue its growth momentum supported by the various initiatives outlined by the Government under Budget 2025 which aim to encourage home ownership as well as achieve inclusive and sustainable economic growth in Malaysia. This is expected to bode well for the M&E engineering industry in Malaysia.

Growth in end user industries drives demand for M&E engineering services

The growth in the following end user industries bode well for the demand for M&E engineering services in relation to the design, installation, maintenance and servicing of M&E equipment and systems for continued business operations:

▪ Foodservice industry

The food and beverage industry consists of the retail and wholesale sales of food and beverages products by industry players that produce food and beverages products. Companies in the food and beverages industry process raw materials into food and beverage products, package and distribute them through various distribution channels to both individual customers and commercial establishments. The food service industry encompasses activities involved in preparing and serving food and beverages to people consuming food away from home. This includes all types of restaurants, institutional food operations at locations such as schools and hospitals, as well as other specialty vendors such as food truck operators and catering businesses.

The retail sales of food and beverages through foodservice channels in terms of sales value rose from RM31.1 billion in 2019 to RM48.3 billion in 2024 at a CAGR of 9.2%. In 2020, arising from the COVID-19 pandemic, at-home consumption of food and beverages increased while out-of-home consumption was severely affected by the containment measures and operating capacity restrictions imposed by the Government of Malaysia to curb the spread of the virus. Food delivery began gaining momentum in 2020 as the foodservice industry adapted to cope with pandemic-related restrictions and movement controls.

The foodservice sector began showing recovery in the last quarter of 2021 as more consumers resumed dining-in. This recovery comes after a long period of decline in 2020 and the early part of 2021 due to the COVID-19 pandemic which saw the imposition of containment measures and operating restrictions to curb the spread of the virus. By the last quarter of 2021, food and beverage outlets were allowed to open for business with normal operation hours, while diners returned to physical premises while observing social distancing rules. As a result, the sales value of wholesale trade of food and beverages as well as sale of food and beverages through retail and foodservice channels registered a year-on-year growth rate of 3.2% (2020: -7.1%), nonetheless the sales of food and beverages through foodservice channels experienced a year-on-year contraction of 10.0% (2020: -21.6%).

The return to normal business with the reopening of international borders on 1 April 2022 and the transition to the endemic phase of the COVID-19 outbreak has supported retail spending as it boosts human traffic at shopping malls. Several malls have begun strengthening their food and beverage lineup with new tenants. The introduction of new eateries and lifestyle retail concepts aim to position shopping malls as a meeting destination for shoppers to socialise. Selected shopping malls in the Klang Valley are also transforming their properties, with more retail operators remodelling their retail spaces into food and beverage outlets.

▪ Semiconductor and electronics industry

The semiconductor and electronics industry encompasses the manufacturing and sales of semiconductor and electronics products, where manufacturers require cleanrooms in their production processes and plantrooms to house the factory's mechanical and electrical equipment. Semiconductors are manufactured products that are easily affected by pollutants and airborne particles, and thus are manufactured in

7. IMR REPORT (Cont'd)



cleanrooms where parameters such as temperature, humidity, airflow, vibration, lighting and airborne particles are controlled to maintain high air quality standards and optimising productivity. Plantrooms in semiconductor and electronics factories house critical mechanical and electrical equipment.

Thus, semiconductor and electronics manufacturing firms require mechanical and electrical engineering for critical facilities to support production operations. Between 2015 and 2024, the global semiconductor and electronics industry size, in terms of sales, has been increasing from USD335.2 billion (RM1.3 trillion) to USD627.6 billion (RM2.8 trillion), registering a CAGR of 7.2%.^{1, 2} The rising worldwide demand for semiconductor and electronics products has been largely driven by:

- the technological revolution with 5G adoption and the emergence of internet of things ("IoT"), artificial intelligence and big data analytics, which have resulted in the emergence of new final electronic products. New final electronic products that have been introduced to the market as a result of these technologies include smart factories (where machinery, equipment and tools are fully interconnected), autonomous cars (which are self-driving or driverless cars) and smart home devices (such as smart lighting, door locks and home appliances). This technological revolution of semiconductor and electronic products is expected to continue driving new developments in the semiconductor and electronics industry to produce more advanced semiconductor and electronic products in terms of performance, capacity and technology; and
- rapid technological advancements which have led to continuous introductions of new product innovations and advancements. Final electronic products, especially consumer electronic products, are subject to relatively shorter product lifecycles, given that consumers are highly receptive to new product innovations and advancements.

Increasingly, multinational semiconductor and electronics companies (comprising outsourced semiconductor assembly and test as well as electronic manufacturing service providers) have been relocating their manufacturing facilities to countries in Southeast Asia such as Malaysia. This is due to the lower operating costs and/or availability of talent; established local ecosystem of electronics manufacturing machinery, equipment, tools and supplies; as well as growing demand for final electronic products in these countries. Further, there are also new semiconductor chip assembly and test facilities being set up in Southeast Asia in order to alleviate the present semiconductor chip shortage. Southeast Asia also stands to benefit from the trade war between the United States of America ("United States") and the People's Republic of China ("China") which has led to more multinational semiconductor and electronics companies setting up or expanding their operations in Southeast Asian countries.

Such expansions include that of Intel Corporation that intends to invest approximately USD7.0 billion (approximately RM30.0 billion) in a new chip packaging and testing factory in Malaysia which is expected to begin production in 2024,³ as well as Infineon Technologies AG which will be investing over EUR2.0 billion (approximately RM9.5 billion) to expand its operations in Malaysia by 2024.⁴ In particular, exports of semiconductor and electronics products from Malaysia grew from RM277.9 billion in 2015 to RM601.2 billion in 2024 at a CAGR of 9.0%.⁵

However, the recent Russia-Ukraine war which began in February 2022 could lead to a shortage in microchips globally if the war prolongs. Both Russia and Ukraine are key suppliers of palladium and neon, which are raw materials used in microchip manufacturing. While foundries have stocked up on these materials, a prolonged war could affect the supply of microchips globally which would consequently have an adverse impact on the manufacturing of new final electronic products, which could affect demand for automated manufacturing solutions. Despite this, the semiconductor and electronics industry is still expected to witness growth driven by factors identified above.

▪ Telecommunications industry

Telecommunications refers to the electronic transmission of data, in the form of audio, visual and text, over a distance. The transmission of such data enables the Internet or broadband as well as mobile calls. The global mobile broadband penetration rate has grown from 44.6% in 2015 to 87.4% in 2023.⁶ The growth of the telecommunications industry will continue to be driven by the following factors:

- Increased demand for broadband services

¹ Semiconductor Industry Association

² Exchange rates from USD to RM in 2015 at USD1 = RM3.9064 and 2024 at USD1 = RM4.4700. Sourced from the Central Bank of Malaysia

³ Intel to invest USD7 billion in chip packaging facility in Malaysia, The Economic Times, 14 December 2021

⁴ Infineon to boost Kulim capacity, The Star, 18 February 2022

⁵ Malaysia External Trade Development Corporation (MATRADE), PROVIDENCE analysis

⁶ International Telecommunication Union. Latest available statistics as at 12 March 2025

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In 2023, there were approximately 5.4 billion Internet users globally⁷ compared to the 3.0 billion Internet users globally in 2015. The growth was likely driven by the introduction of new devices which utilise the Internet into the market, such as smart televisions, television streaming boxes, game consoles and smartwatches.

➤ **Advancement of telecommunications technology to 5G**

The advancement of telecommunications technology to 5G is expected to become the standard technology for mobile communications. This is due to the advantages of 5G such as higher reliability, speed and connectivity, allowing faster data sharing as data can be transmitted at a faster rate (exceeding 10 gigabytes per second) relative to 4G technology. 5G has led to the emergence of IoT, artificial intelligence and big data for businesses, as well as new final electronic products such as smart home devices, smart factories and autonomous cars. Thus, the adoption of these new technologies in both consumer and business premises is expected to drive the usage of broadband services as user experience improves and networks become more reliable and interconnected.

➤ **Affordability of mobile services**

Over the years, the increased accessibility to mobile devices has led to greater affordability of mobile services. Subscription to mobile services, including both cellular and broadband data, has become more affordable globally. Between 2015 and 2023, the global median price for mobile broadband data has decreased from USD12.0 to USD7.1, while median price for mobile cellular has also dropped from USD10.9 to USD6.7.⁸ In view of more affordable mobile services globally, the usage of Internet-enabled applications is expected to continue to grow, thus benefiting the telecommunications industry.

Growth in demand in the telecommunications industry is expected to bode well for M&E engineering providers as telecommunication device manufacturers seek greenfield investments for capacity expansion or upgrades or retrofitting of existing plants.

▪ **Data centre industry**

Data centres are a critical digital enabler. The development of digital infrastructures, such as data centres, are central to enabling 5G applications. Due to a growth of cloud computing, demand for data centres is growing significantly and Malaysia is fast becoming a hub. The data centre colocation market in Malaysia has been witnessing very steady growth due to the increasing volume of data generated and the increased usage of Internet-based services. The use of the internet in commerce, social media, entertainment and cloud adoptions has become more extended during the COVID-19 lockdowns. The pandemic has accelerated the migration towards cloud infrastructure as organisations look for business agility and growth in digital services.

Data centre development in Malaysia has predominantly taken place in Cyberjaya, Selangor, as well as Sedenak Tech Park, Nusajaya Tech Park and YTL Green Data Centre Park in Johor. Cyberjaya has been a primary location for data centre development in Malaysia due to its proximity to Kuala Lumpur. Malaysia's data centre market has witnessed investments in recent times, partly attributable to the increasing adoption of technology by local businesses, especially small and medium enterprises ("**SMEs**").

In February 2021, the Government announced conditional approvals to four cloud service providers, namely Microsoft, Google, Amazon and Telekom Malaysia, to build and manage hyper-scale data centres and cloud services, thus improving digital infrastructure in the country. These cloud service providers are expected to invest between RM12.0 and RM15.0 billion over the next five years.

In 2021, Microsoft Corp announced plans to establish its first data centre in Malaysia to deliver cloud services locally. Further in 2024, Microsoft Corporation announced that it would invest RM10.5 billion over the next four years to support Malaysia's digital transformation.⁹

In 2021, NASDAQ listed Chindata Group Holdings Ltd also announced the construction of its fourth hyperscale data centre in Johor with an investment value of about RM2.5 billion over a five-year period. Malaysia has also attracted Hong Kong-listed GDS Holdings Ltd, which broke ground in Johor in April 2022 for the development of a data centre with a total investment value of RM1.38 billion. YTL Power International Bhd, through its subsidiary, YTL Data Center Holdings Pte Ltd, announced investments of RM1.5 billion for the first phase of the YTL Green Data Centre Park in Johor. During the year, Japan-listed Nippon Telegraph and Telephone Corp also announced plans to invest over USD50.0 million (RM227.0 million) for its sixth data

⁷ International Telecommunication Union. Latest available statistics as at 12 March 2025

⁸ International Telecommunication Union. Latest available statistics as at 12 March 2025

⁹ Microsoft to invest RM10.5bil in Malaysia's cloud and AI infrastructure, NST, 1 May 2024

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centre in Cyberjaya.¹⁰

In 2022, Google Inc announced plans to include Malaysia as its new Google Cloud region, an investment that will involve a data centre. Further in November 2023, Google Inc announced a strategic collaboration with the Government of Malaysia to invest in Malaysia's digital competitiveness, including infrastructure and artificial intelligence innovation programmes. These initiatives are built on Google Inc's investments in Malaysia over the last 12 years. In 2022 alone, Google Inc's products and programmes had supported more than 47,900 jobs and also contributed, directly and indirectly, an estimated USD2.8 billion in economic benefits to local businesses. Further in 2024, Google Inc committed USD2.0 billion (approximately RM9.4 billion) in Malaysia, including the development of its first Google data centre and Google Cloud region to meet the growing demand for cloud services locally and around the world, as well as artificial intelligence (AI) literacy programmes for students and educator. The data centre will power its popular digital services, such as Search, Maps and Workspace, that people and organisations worldwide use on a daily basis.¹¹

The Malaysia Digital Economy Blueprint aims to provide access to extensive and high quality digital infrastructure, such as broadband, data centres and submarine cable landing stations, which allow for the generation, flow, exchange, consumption and storage of data as well as enable people to participate in the digital economy. Under Budget 2022, the Digital Ecosystem Acceleration ("DESAC") scheme was also introduced to strengthen the digital ecosystem in Malaysia. DESAC encourages investments by digital technology providers involved in providing digital services based on Industrial Revolution 4.0 and digitalisation technology related to manufacturing and manufacturing-related services, as well as digital infrastructure providers that provide infrastructure such as data centres and submarine cables. Under Budget 2023, the Government of Malaysia will ensure that more data centres can be set up in Malaysia by providing suitable tax incentives, security infrastructure, green energy facilities, and locations for these centres.

Several factors support Malaysia's position as a potential leading data centre market globally including the country's being an existing regional hub for manufacturing, logistics and big data analytics; low electricity tariffs; adequate and affordable water supply for the cooling of data centres; tax incentives of up to five years by the Government of Malaysia; high literacy rates; free of natural disasters; and ample land supply at attractive prices.

The growth of Malaysia's data centre market will bode well for industry players that offer M&E engineering services.

Foreign investment and domestic investment growth support investments in M&E engineering services

Malaysia recorded RM378.5 billion in approved investments in 2024, a 14.9% year-on-year growth compared to the RM329.5 billion raised in 2023. The services sector continues to be a key driver of Malaysia's economic expansion, securing RM252.7 billion in approved investments or 66.8% of the total approvals. The information and communication sub-sector led the sector's growth, attracting RM136.0 billion or 53.8% of total service sector investments. These investments reflect the country's rapid adoption of digital technologies across industries such as agriculture, healthcare, finance, tourism, and Islamic digital economy. Other segments of the services sector also received approved investments, namely real estate (RM64.5 billion), support services (RM12.9 billion), utilities (RM11.1 billion) and transport services (RM8.5 billion). Malaysia's manufacturing sector secured RM120.5 billion in approved investments or 31.8% of the total approvals. Foreign investments were the dominant contributor, totalling RM88.9 billion (73.8%), while domestic investments remained substantial at RM31.6 billion. This inflow of foreign capital underscores Malaysia's appeal as a global manufacturing hub. The electrical and electronics (E&E) industry secured the major share of investments in the manufacturing sector with RM55.8 billion or 46.3% affirming Malaysia's role in the global technology supply chain. The growing demand for electronics is driven by Industry 4.0, which integrates digital technologies into industries. Other segments within the manufacturing sector that also received approved investments include transport equipment (RM15.8 billion), chemicals and chemical products (RM10.6 billion), machinery and equipment (RM10.6 billion) and food manufacturing (RM6.1 billion).¹²

The primary sector registered approved investments of RM5.3 billion or 1.4% of the total approvals. The segments within the primary sector that received approved investments are mining (RM4.5 billion), agriculture (RM766.8 million) and plantation and commodities (RM71.6 million).¹³

¹⁰ Data centre investments – good or bad for Malaysia, Malaysian Investment Development Authority ("MIDA"), 17 September 2022

¹¹ Google to invest RM9.4 bln in Malaysia, develop data centre, cloud region, MIDA, 30 May 2024

¹² Malaysia Performance Investment Report 2024, MIDA

¹³ Malaysia Performance Investment Report 2024, MIDA

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Malaysia aims to attract quality investments, as this will be key in driving a more sustainable economic recovery for Malaysia and to achieve its aspirations of becoming a high-income nation. Foreign investment and domestic investment are important contributors to the country's economic growth and the Government of Malaysia has been proactive in encouraging growth based on productivity, innovation and shared prosperity in order for wages to continue rising. Foreign investment also plays an important role in supporting Malaysia's move to become a high-income technology-based economy.

As such, investments in new built commercial and industrial properties and its supporting infrastructure are crucial to support the investment prospects of Malaysia for foreign investors. Such investments are expected to benefit industry players offering M&E engineering services.

Increased outsourcing and relocation of E&E manufacturing activities to Southeast Asia

The established local ecosystem of electronics manufacturing machinery, equipment, tools and supplies, growing demand for final electronic products, availability of local talents, and lower operating costs are key factors for global electronics, brand owners and foundries to relocate and outsource their operations in the region.

The United States-China trade war, which started in 2018, caused the imposition of tariffs and trade barriers on products/services originating from companies based in both countries. This has restricted trading activities between the United States and China, thus benefiting countries in Southeast Asia as global electronics, brand owners and foundries began to shift their production from China to Southeast Asia or purchase more electronics and semiconductor products from this region in order to circumvent these tariffs.

Further, Malaysia's Ministry of Investment, Trade and Industry (MITI) has also been proactively positioning Malaysia as a viable automotive hub by providing strong government policy support focusing on higher-value automotive components as a well-established E&E industry through the National Automotive Policy.

This has been the catalyst in attracting E&E manufacturing firms to consider Malaysia as their regional base. The increased outsourcing and relocation of E&E manufacturing activities to Southeast Asia will support demand for M&E engineering services for E&E manufacturing firms.

Growing awareness on the benefits of centralised building automation and control create demand for intelligent building solutions

Changes in ICT are dominating the way people conduct business, and have also influenced daily lifestyles such as attitudes, expectations and behaviours. The demand for ICT facilities in buildings and structures has also increased to accommodate such lifestyles. In response, intelligent buildings, smart buildings or green buildings have become a popular trend as building owners attempt to accommodate their building design with modern lifestyle characteristics.

Today, intelligent buildings are those that incorporate the best available concepts, materials, systems and technologies for centralised building automation and control. These building automation and control systems and integrated building automated solutions have the ability to monitor and control various facilities within a building so as to offer its users or occupants effective security, improved productivity, human comfort, and efficient energy management. The main building automation and control subsystems include HVAC, lighting systems, electrical power, life and safety systems and access control.

By integrating all factors in building systems, the performance requirements of building stakeholders can be achieved as well as exceeded. Thus, building automation and control solutions aim to be sustainable and technologically aware, meet the needs of occupants and businesses, and be flexible and adaptable to deal with changes. Among the building automation and control systems installed in commercial buildings are:

- HVAC to provide thermal comfort, humidity control and adequate ventilation;
- lighting systems to provide overall illumination for all tenants and adequate lighting for public areas;
- life safety systems to provide smoke and fire detection, control and fighting;
- security systems to provide access control and detection of unauthorised entry;
- people movers that include elevators, escalators, travellers and automatic doors; and
- electrical power for the supply and distribution of electrical energy.

Automated operations in intelligent buildings are made possible by sensors and controllers that are integrated in various forms in building operating systems, and can be effectively used to:

- optimise start-up and performance, and control/monitor systems;

7. IMR REPORT (Cont'd)



- reduce the risk of breakdown of building services;
- increase the interaction of mechanical subsystems within a building;
- prevent deterioration of the internal environment provided by building services;
- increase reliability of system and services; and
- minimise energy, time and operating costs.

The use of integrated technological building systems, communications and controls to create a building and its infrastructure which provides the owner, operator and occupant with an environment which is flexible, effective, comfortable and secure creates demand for intelligent building solutions. Greater awareness of the benefits of centralised building control and management in creating a intelligent building and its subsequent adoption will create greater demand for M&E engineering services.

1.4 INDUSTRY DYNAMICS

Dependency on imports

The M&E engineering industry in Malaysia has a certain degree of dependency on the imports of M&E materials and components such as steel and copper. While M&E construction materials and components are subject to certain levels of imports, M&E engineering services is provided primarily by local M&E engineering firms, with the exception of selected large projects where foreign companies may be involved.

Industry challenges

M&E engineering activities are exposed to risks such as project delays, poor quality of work and on-site accidents that have consequences on the industry and its stakeholders. These risks lead to customer and/or public complaints, loss of reputation and revenue. Project delays typically lead to increased overheads and cost overruns. Increased overheads affect the ability of industry players to complete projects on time as a result of financial shortages or budget overruns, and loss of opportunity if resources have been committed to a delayed project.

In 2020, the construction industry faced the COVID-19 pandemic which resulted in reduced work capacity to comply with containment measures, labour shortages due to international border closures, supply chain disruptions and site shutdowns. This resulted in many industry players experiencing cash flow issues, as well as being exposed to liquidated damages and termination.

Other factors such as the oversupply of properties and economic downturn may also lead to a slowdown in construction and property development activities, thereby affecting demand for M&E engineering services. A total of 23,149 overhang residential units worth RM13.9 billion was recorded in 2024, in comparison to the 36,863 residential units worth RM22.79 billion in 2021.

1.5 COMPETITIVE LANDSCAPE

M&E engineering is vital for the delivery of residential, commercial and industrial properties. The range of services offered by M&E engineering industry players differ depending on their capabilities, with some industry players being able to offer design, installation, testing and commissioning expertise, while other industry players may only possess installation capabilities. There are distinct barriers to entry, with industry players possessing a CIDB license, experienced employees with engineering experience who can carry out planning and design as well as M&E engineering project management and project track record.

In the FYE 31 December 2024, West River Berhad generated a revenue of RM122.7 million from the provision of M&E engineering services comprising electrical engineering and ACMV services, as well as intelligent building solutions. In 2024, the value of M&E engineering works done in Malaysia was RM8.5 billion. Thus, in comparison to the value of M&E engineering works done in Malaysia of RM8.5 billion, West River Berhad secured a market share of 1.4%.

The future prospects of West River Berhad will be supported by the growth in the residential and commercial property markets, long term growth of end user industries, foreign investment and domestic investment growth, increased outsourcing and relocation of E&E manufacturing activities to Southeast Asia, as well as growing awareness on the benefits of centralised building automation and control create demand for intelligent building solutions.

7. IMR REPORT (Cont'd)**Financial performance of industry players that are involved in the provision of M&E engineering services**

The following sets out the latest available revenues of private and public listed engineering firms in Malaysia that are involved in the provision of M&E engineering services with Group revenue ranging between RM50.0 million and RM200.0 million in the latest available audited financial statements.

Industry player	Business activities ^a	Latest available financial year ended	Segmental revenue (RM)	Group revenue ^f (RM)	Profit before tax (RM)	Profit before tax margin ^g (%)	Profit after tax (RM)	Profit after tax margin ^g (%)
Bintai Kinden Corporation Berhad ^b	Provision of specialised M&E engineering, construction, property development, concessionaire arrangement, civil and structural, turnkey and infrastructure project, project management, medical and healthcare related business	31 March 2024	22,487,000	36,792,000	5,175,000	14.1	3,231,000	8.8
Bond M & E Sdn Bhd	Provision of design, supervision and installation of M&E systems and infrastructure works.	30 June 2024		185,844,034	5,685,673	3.1	3,769,628	2.0
Cabnet Holdings Berhad ^c	Provision of building management solutions which comprise structured cabling works and extra low voltage, as well as information technology services which can be offered as complementary to building management solutions or offered separately on a stand-alone basis as an additional product offering	29 February 2024	198,671,188	198,671,188	5,734,305	2.9	3,574,126	1.8
CBH Engineering Sdn Bhd ^d	Provision of M&E engineering, civil and structural engineering as well as maintenance works	31 December 2023		192,197,651	50,318,181	26.2	39,096,181	20.3
Hexatech Engineering Sdn Bhd	Provision of power distribution system, other building systems and works, hook up and retrofitting of electrical equipment and trading	31 December 2023		204,198,814	14,886,354	7.3	11,024,741	5.4
Kinergy Advancement Berhad (formerly known as Kejuruteraan Asastera Berhad) ^b	Provision of electrical and mechanical services as well as other associated engineering services for commercial, industrial and residential buildings	31 December 2023	198,956,000	199,314,000	29,154,000	14.6	27,591,000	13.8
LFE Corporation Berhad ^b	Provision of construction, M&E services, property development and investment holding	31 December 2023	64,800,888	114,354,810	18,292,968	16.0	15,159,033	13.3
MCC Technique Sdn Bhd	Provision of a range of M&E engineering contracting, M&E service and maintenance, low voltage, electrical switchboards and control panels manufacturing and extra low voltage services	31 December 2023		98,680,376	5,654,208	5.7	2,946,736	3.0
Pasukhas Group Berhad ^c	Provision of design, system integration, fabrication, installation, testing and	30 June 2024	1,915,352	74,754,816	-18,054,344	-24.2	-18,120,396	-24.2

7. IMR REPORT (Cont'd)

Industry player	Business activities ^a	Latest available financial year ended	Segmental revenue (RM)	Group revenue ^f (RM)	Profit before tax (RM)	Profit before tax margin ^g (%)	Profit after tax (RM)	Profit after tax margin ^g (%)
	commissioning of electrical and mechanical works for specified industries; civil engineering and construction business							
Protech Builders Sdn Bhd	Provision of M&E engineering services comprising high voltage / low / extra low voltage electrical services, lighting, lightning protection telecommunication, structured cabling, air conditioning and hot water systems	31 May 2024		68,066,663	1,057,047	1.6	412,929	0.6
Savelite Engineering Sdn Bhd ^e	Provision of M&E engineering services, as well as generation and sales of solar power renewable energy	31 July 2024		191,091,456	18,416,116	9.6	13,655,344	7.1
Shinryo (Malaysia) Sdn Bhd	Provision of engineering, procurement, construction and commissioning, specialising in the design and construction of power/co-generation plants, oil and gas facilities, district cooling plants and commercial/office buildings	30 September 2023		56,172,086	-1,783,816	-3.2	-1,746,338	-3.1
Wah Loon (M) Sdn Bhd	Provision of M&E services, air conditioning and mechanical ventilation systems, and fire protection systems	31 December 2023		59,595,789	-9,251,953	-15.5	-9,998,957	-16.8
West River Berhad	Provision of M&E engineering services comprising electrical engineering and ACMV services and intelligent building solutions as well as manufacturing of electrical panels and distribution boards	31 December 2024	122,741,881	122,741,881	14,362,176	11.7	11,462,744	9.3

Notes:

The key industry players that are involved in the provision of M&E engineering solutions were identified based on publicly available sources, such as the internet, published documents and industry trade directories.

^a Save for West River Berhad, based on publicly available information sourced from the annual reports and websites of identified industry players

^b Listed on the Main Market of Bursa Malaysia Securities Berhad

^c Listed on the ACE Market of Bursa Malaysia Securities Berhad

^d Wholly owned subsidiary of CBH Engineering Holding Berhad, which is listed on the ACE Market of Bursa Malaysia Securities Berhad

^e Wholly owned subsidiary of ES Sunlogy Berhad, which is listed on the ACE Market of Bursa Malaysia Securities Berhad

May include revenue derived from other businesses as segmental revenue is not publicly available from the audited financial statements of the identified private companies from the Companies Commission of Malaysia

^f Computed in relation to group revenue

Latest available as at 12 March 2025

Source: Various annual reports, company websites, Companies Commission of Malaysia, PROVIDENCE analysis

8. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO ALL OTHER RELEVANT INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE MAKING AN APPLICATION FOR OUR IPO SHARES.

8.1 RISKS RELATING TO OUR BUSINESS

8.1.1 Our projects are non-recurring in nature and there is no guarantee that we will be able to secure new projects

We derived the majority of our revenue from projects which were non-recurring in nature, and most of our projects were awarded on a project-by-project and potentially one-off basis. It is therefore critical that we are able to continuously and consistently secure new projects of similar value and volume.

As the contracts are awarded on a project-by-project basis, our customers are under no obligation to award contracts to us in the future. As such, there is no assurance that we will be able to successfully tender or secure projects from our existing customers in the future or that our existing customers will continue to engage us in their upcoming projects. Our ability to successfully tender or secure projects is dependent on a range of factors including our pricing and tender strategy, our competitors' tender and pricing strategy, the level of competition and our customers' evaluation standards. Depending on the then market conditions and competitive landscape, we may have to lower our pricing or adjust our tender strategy, such as through the provision of value engineering and design and build services, in order to maintain the competitiveness of our tenders. In addition, the scope of work in a project, which is dependent on its scale and complexity, will affect the profit margin of the project and our financial performance. In the event that we have to subcontract a material portion of the project work to a third-party subcontractor, our profit margins from such projects may also be reduced.

Cancellation or delay in the commencement of secured projects due to factors such as changes in our customers' businesses, poor market conditions and lack of funds on the part of the project owners may adversely affect us. In addition, there may be a lapse of time between the completion of our projects and the commencement of our subsequent projects. Any cancellation or delay of projects could lead to idle or excess capacity, and in the event that we are unable to secure replacement projects on a timely basis, this may adversely affect our business operations and financial position.

As at the LPD, there has been no past incident in respect of any of the above which had any material adverse impact on our Group's financial position or results of operations. However, if we cannot continue to maintain the number of contracts at a similar level or obtain new projects of similar or even larger contract sums, our business, financial position, results of operations as well as business prospects may be materially and adversely affected.

8.1.2 Our historical results may not be indicative of our future revenue and profit margins

For FYE 2020, FYE 2021, FYE 2022, FYE 2023 and FYE 2024, our revenue amounted to approximately RM45.87 million, RM55.29 million, RM83.30 million, RM125.24 million and RM122.74 million respectively, and our gross profit margin was approximately 11.80%, 12.02%, 12.96%, 14.47% and 15.34% respectively. Such historical financial information is solely derived from our projects during the Financial Year Under Review, which does not necessarily have any implication on our future financial performance. Our future financial performance is largely dependent on our ability to secure new contracts, control our costs and expenditure, as well as project implementation. Our revenue and gross profit margins

8. RISK FACTORS (Cont'd)

may fluctuate from project to project, depending on factors that are specific to particular projects, including our determination of tender or quotation price and the actual cost of services. There is no assurance that we will always be able to obtain a similar or greater number of projects in the future and to maintain our profits at similar levels as we did during the Financial Year Under Review.

8.1.3 We are dependent on main contractors and property developers as the majority of our projects are obtained through invited tenders from them

The majority of our projects are secured on an invited tender basis. We are invited by main contractors or property developers to provide M&E engineering quotes for the new projects that they are tendering for. Our ability to secure M&E engineering contracts depends on such main contractors or property developers inviting us on a frequent and regular basis to provide M&E engineering quotes to them. These main contractors or property developers may not invite us to tender and quote for a project if they find that we do not have relevant CIDB gradings or ST license or adequate track record to carry on the scope and responsibilities required for a particular project or sufficient manpower or financial resources to perform a project.

While there has not been any such past instance which had any material adverse impact on our Group's financial condition or results of operations, there is no assurance that these main contractors or property developers will continue to invite us to provide quotes for all projects that they participate in. Our revenue and financial performance would be materially and adversely affected in the event we are no longer invited by main contractors or property developers to quote on new projects.

8.1.4 We are dependent on registrations and licences

We are required to obtain and hold valid certificates of registration issued by the CIDB in order for us to operate our business. As at the LPD, our subsidiaries West River Engineering, West River M&E and Neutron Power are registered with the CIDB as Grade G7, Grade G5 and Grade G4 contractors, respectively. Further we are registered with the ST whereby West River Engineering is an Electrical Contractor under Class A, while Neutron Letrik is a switchboard manufacturer and Energy Service Company (ESCO) in relation to the implementation of energy efficiency projects based on Energy Performance Contracting (EPC) concept for government buildings.

To maintain such certificates of registration, we are required to comply with the relevant standards and conditions imposed by the CIDB and the MOF, including the need to notify the CIDB on projects that we have secured and to provide the corresponding required information on these projects. Failure to do so may result in the downgrading, suspension or revocation of our registration, subject to reinstatement by the CIDB, or a penalty to be imposed on our Group by the CIDB. Our ST registration requires us to comply with all conditions applicable to the registration as set out in Electricity Supply Act 1990 as well as all orders and guidelines issued by the ST from time to time. Failure to do so may result in revocation of our registration with the ST or a penalty to be imposed on our Group by the ST. When seeking for renewal of such certificates of registration upon its expiry, we may be exposed to the risk of delay or non-renewal of these certificates of registration.

If we are unable to maintain or renew our certificates of registration with the CIDB and ST, we will be restricted or prohibited from providing M&E engineering services, thereby adversely affecting our business and financial position.

8. RISK FACTORS (Cont'd)

8.1.5 Our Group's earnings may be affected by fluctuations in raw material prices

The materials used in our Group's M&E engineering business include, among others, generator sets, transformers, galvanised steel coil, copper tubes, cables and wires. The prices of these materials may fluctuate due to changes in the supply and demand conditions, and freight charges. Any sudden interruption or shortage of supply or reduction in these materials may adversely affect our Group's business operations or result in us having to pay a higher cost for these materials. We are also subject to price fluctuations of copper, which affects the prices of copper wires that we procure for our M&E engineering services projects. We do not enter into any long-term agreements with our suppliers. As such, there is no assurance that our suppliers will continue to provide goods and services at prices acceptable to our Group.

Furthermore, a typical construction project generally ranges from 3 to 36 months, depending on the scope of services in which we have been engaged to perform for our customers. As a result, our Group's costs may increase beyond our initial projections and this may result in a reduction in our previously estimated profit margins or our Group incurring a loss. In the event of any significant increase in the costs of such materials and our Group failing to pass on such increases in material prices to the main contractor or property developer, our results of operations, financial performance and financial condition may be adversely affected.

As part of our future plan to purchase land and construct a new manufacturing factory cum warehouse, our Group intends to purchase M&E engineering project-related inventories, such as cables, wires and spare parts, which we use in all our electrical engineering and ACMV services as well as intelligent building solutions projects, on a bulk basis which can be stored at the new manufacturing factory cum warehouse. Our Group intends to purchase these M&E engineering project-related inventories primarily based on project confirmations in order to avoid overstocking. However, if we fail to accurately estimate our project requirement needs for M&E engineering project-related inventories or are unable to obtain these inventories at competitive prices when purchasing in bulk, our Group's financial performance and profitability would be affected.

8.1.6 Any significant cost overruns may materially and adversely affect our business operations

Our contracts are generally determined on a fixed-price basis upon the signing of the contract. The estimated contract sum quoted in our tender is determined on a case-by-case basis having regard to various factors, which generally include:

- (i) the scope of services;
- (ii) the estimated number and types of personnel required;
- (iii) the price trend of the types of materials required;
- (iv) the complexity of the project;
- (v) the availability of our manpower and resources;
- (vi) the project duration;
- (vii) the frequency of carrying out defects rectification works;
- (viii) the number and location of designated project sites;
- (ix) any subcontracting which is expected to be necessary; and
- (x) the prevailing market conditions.

There is no specific clause in relation to price adjustment in our contracts with our customers which allows us to pass on any substantial increase in our costs of services to our customers. There is also no assurance that our actual costs incurred will not exceed the estimated costs, due to under-estimation of costs, excessive wastage, inefficiency, damage or unforeseen additional costs incurred during the course of the contract.

8. RISK FACTORS (Cont'd)

While we have since implemented measures to reduce the likelihood of cost overruns, such as reducing the timing difference between our contract with the main contractors and our procurement of materials to reduce the possibility of any unexpected increase in costs which may not have been factored into our contract sum with main contractors; and in our selection of suppliers, giving more weight to the suppliers' ability to adhere to the agreed contractual price in the event of a subsequent unexpected increase in cost of materials, there is no assurance that our measures will be successful, and accordingly, any underestimation of costs, delay or other circumstances resulting in cost overruns may adversely affect our profitability, operations and financial performance.

8.1.7 Failure to complete our projects in a reliable and timely basis could materially affect our reputation

The contracts with our customers generally contain a liquidated damages clause under which we are liable to pay liquidated damages to our customers if we are unable to deliver or perform the contractual works within the time specified in or in accordance with the contract. The calculation mechanism for the liquidated damages is generally set forth in the contract.

Delays in a project may occur from time to time due to various unforeseen factors such as shortage of manpower, delays by subcontractors, industrial accidents, and delay in delivery of materials. If there is any delay on our part in completion of a project, we may be liable to pay liquidated damages under the contract. During the Financial Year Under Review, we have not faced any instances where we incurred any liquidated damages. Additionally, amidst the COVID-19 pandemic, our Group did not incur any liquidated damages for projects that were deferred which resulted in delays to our project timelines.

However, there is no assurance that there will not be any delay in our existing and future projects resulting in claims for liquidated damages, which in turn will have an adverse impact on our reputation, business, financial condition and results of operations.

8.1.8 We are dependent on the services of our suppliers and subcontractors

Suppliers of goods and services which are specific to our business and are required on a regular basis to enable us to continue carrying on our business mainly include subcontractors and suppliers of materials.

Despite possessing our own direct labour resources for providing M&E engineering services, depending on the availability of our direct labour resources and the types of work involved, we may from time to time need to engage subcontractors for our projects. For the M&E engineering services projects that we undertake, we may engage subcontractors to perform selected parts of the M&E engineering project, such as physical cabling and equipment installation works to support our internal installation team.

There is no assurance that the quality of work of our subcontractors can meet the requirements of our Group or our customers. We may not be able to monitor the performance of our subcontractors as directly and efficiently as with our own direct labour. Therefore, the engagement of subcontractors exposes us to the risks associated with non-performance, late performance or substandard performance of our subcontractors. Since we remain accountable to our customers for the performance and quality of work rendered by our subcontractors, we may incur additional costs or be subject to liability under the relevant contracts between us and our customers for our subcontractors' unsatisfactory performance. Furthermore, these subcontractors may experience financial or other difficulties that may affect their ability to carry out the work for which they were contracted, thus delaying the completion of or failing to complete our Group's projects, resulting in additional costs for our Group or exposing us to the risk of liquidated damages. In the event that our Group is unable to find suitable alternative subcontractors in time and at comparable prices or commercial terms, we may be

8. RISK FACTORS (Cont'd)

subject to cost overruns or may be exposed to the risk of incurring liquidated damages. While there had not been any such past instances, the above events could adversely affect our reputation, business operation and financial position.

We do not enter into any long-term agreements with our suppliers. As such, there is no assurance that our suppliers will continue to provide goods and services at prices acceptable to our Group. While there had not been any past instances which had any material adverse impact on our Group, in the event that any of our major suppliers are unable to provide the goods and services required by our Group and we are unable to locate alternative suppliers on comparable terms and prices, our business, operating results and profitability may be adversely affected.

8.1.9 We are dependent on our Executive Directors and key senior management for the continued success of our business

The success of our Group is dependent on the experience, industry knowledge and network, and skills of our Executive Directors and key senior management. Our Managing Director, Lim Yong Lai and Executive Director, Cheong Wee Kim, have more than 21 years of experience in the M&E engineering industry and in-depth knowledge of our operations. Our key senior management comprise individuals who each also have significant relevant experience in the industry or respective fields.

Our Group's success is also dependent on the continued service of our Executive Directors and key senior management, and our ability to hire, develop, motivate and retain qualified personnel needed to support our business operations. Due to their in-depth knowledge of our operations and experience in the industry, they are critical to the overall management and operations of our business, corporate culture and strategic direction.

We have not experienced any departure of any key senior management which has had a material effect on our business operations in the past. However, the loss of any Executive Directors and any of our key senior management simultaneously or within a short time may create unfavourable or material impact on our Group's operations and the future growth of our business, which may ultimately affect our financial performance, if we are not able to replace or attract suitable talents in a timely manner. Therefore, our ability to attract and retain a highly-skilled and experienced workforce is crucial for our continued success, future business growth and prospects

8.2 RISKS RELATING TO OUR INDUSTRY

8.2.1 We operate in a competitive industry

The M&E engineering industry in Malaysia is competitive, and such competition may intensify in the future due to the entry of new players including foreign companies entering the Malaysian market. In the event that our competitors are able to provide comparable or better services at more competitive prices or respond to changes in market conditions more swiftly or effectively than we do, our operations and our financial performance may be adversely affected. There is no assurance that we will be able to compete effectively with our existing and future competitors and adapt quickly to changing market conditions and trends. Any failure by us to remain competitive will adversely affect the demand for our services and our financial performance.

8. RISK FACTORS (Cont'd)

8.2.2 We are exposed to risks that are inherent in the construction industry

Our business is subject to inherent risks in the construction industry which includes, amongst others, the following:

- general economic conditions, where a slowdown in the economy may cause:
 - (i) increase in unemployment, low or no wage increase, reduction in consumer spending and lower consumer confidence leading to reduced demand for property purchases; and
 - (ii) slowdown in commercial and industrial activities resulting in lower demand for commercial and industrial properties;
- performance of the property market, including property overhang, where unsold properties in residential and commercial properties may cause a slow down in new property developments;
- shortage of labour and increase in labour cost resulting in delays in construction activities and higher construction costs;
- increase in the cost of building materials may result in lower margins for industry players and higher priced properties; and
- Government initiatives and budget allocation for infrastructure developments, which would stimulate business activities in the construction industry.

Our business and financial performance may be adversely affected in the event of any unfavourable changes in conditions that govern or affect the construction industry.

8.2.3 We may be affected by any changes in the general economic, regulatory, political and social conditions and developments in Malaysia

Our business may be materially and adversely affected by local developments in relation to inflation, bank interest rates, government policies and regulations and other conditions which may impact economic, regulatory, political and social stability in Malaysia. We have no control over such conditions and developments and there is no assurance that such conditions and developments will not occur and adversely affect our business operations. Negative developments in the socio-political climate in Malaysia may also adversely affect our Group's business, financial position, results of operations and prospects. There is no assurance that we will be able to adapt to the local conditions, regulations and business practices and customs in future. Any changes implemented by the Government resulting, inter alia, in currency and interest rate fluctuations, capital restrictions, and changes in duties and taxes detrimental to our business could materially and adversely affect our business, financial condition, results of operations and prospects.

8. RISK FACTORS (Cont'd)

Our business and operations may also be materially and adversely affected by unforeseeable circumstances and other factors such as power outages, political unrest and natural or other catastrophes, may disrupt our operations and cause loss and damage to our properties. Terrorist attacks or other acts of violence may also materially and adversely affect the local financial market and business and consumer confidence. Our business may also be affected by macroeconomic factors, such as general economic conditions, market sentiment and consumer confidence in Malaysia, social and political unrest, regulatory, fiscal and other governmental policies, all of which are beyond our control. Any such events may cause damage or disruption to our business, markets, customers and suppliers, any of which could materially and adversely affect our business, financial position, results of operations and prospects.

8.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES

8.3.1 No prior trading market for our Shares

There was no public trading market for our Shares prior to our Proposed Listing. Hence, there is no assurance that upon our Proposed Listing, an active market for our Shares will develop, or, if developed, that such a market can be sustained. The IPO Price was determined after taking into consideration various factors including but not limited to our financial and operating history.

There can be no assurance that our IPO price will correspond to the price at which our Shares will be traded on the ACE Market of Bursa Securities, upon or subsequent to our Proposed Listing, and the market price of our Shares will not decline below the IPO Price.

8.3.2 There may be a potential delay to or cancellation of our Listing

We may not be able to proceed with or experience a delay in our Proposed Listing due to amongst others, the following reasons:

- (i) The selected investors fail to subscribe for the portions of the Placement Shares allotted to them;
- (ii) Our Underwriter exercises its rights under the Underwriting Agreement to discharge itself from its obligations therein; and
- (iii) We are unable to meet the public shareholding spread requirement set by Bursa Securities, whereby at least 25.00% of our total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders each holding not less than 100 Shares upon the completion of our IPO and at the point of our Listing.

If any of these events occur, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of the Application within 14 days, failing which the provisions of Section 243(2) of the CMSA will apply.

If our Listing is aborted and/or terminated, and our Shares have been allotted to the investors, a return of monies to the investors could only be achieved by way of cancellation of share capital as provided under Sections 116 or 117 of the Act and its related rules. Such cancellation requires the approval of shareholders by special resolution in a general meeting, with sanction of the High Court of Malaya or with notice to be sent to the Director General of the Inland Revenue Board and ROC within 7 days of the date of the special resolution, and us meeting the solvency requirements under Section 117(3) of the Act.

8. RISK FACTORS (Cont'd)

There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

8.3.3 The trading and performance of our Shares following our Listing is subject to fluctuations

Upon completion of our Proposed Listing, the trading price of our Shares could be subject to significant fluctuation due to factors specific to our Group or industry in which our Group is operating. Some factors may not be within our control and are unrelated or disproportionate to our financial results. These factors may include variations in the results of our operations, changes in analyst's recommendations or projections, changes in general market conditions and broad market fluctuations.

The performance of the stock market is also affected by external factors such as the performance of the regional and world bourses, inflow or outflow of foreign funds, economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on the stock market, thus adding risks to the market price of our Shares.

8.3.4 We may not be able to pay dividends

Our Company, being an investment holding company, derives income mainly from dividends received from our subsidiaries. Hence, our ability to pay dividends in the future is largely dependent on the performance of our subsidiaries. In determining the size of any dividend recommendation, we will also take into consideration a number of factors, including but not limited to our financial performance, cash flow requirements, debt servicing and financing commitments, future expansion plans, loan covenants and compliance with regulatory requirements.

8.4 OTHER RISKS

8.4.1 Our Promoters can exercise significant control over our Company

Upon listing, our Promoters will collectively hold approximately 70.00% of our enlarged share capital. As a result, they will be able to, in the foreseeable future, effectively control the business direction and management of our Group as well as influence the outcome of certain matters requiring the voting of our shareholders, unless our Promoters are required to abstain from voting by law and/or as required by the relevant guidelines or regulations.

9. RELATED PARTY TRANSACTIONS**9.1 RELATED PARTY TRANSACTIONS**

Save for the Acquisition and as disclosed below, there were no transactions, existing and/or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, substantial shareholders and/or persons connected with them which are material to our Group during the Financial Year Under Review and up to LPD:

Related party	Interested person	Transacting company in our Group	Nature of transaction	Transaction value										1 January 2025 up to the LPD	
				FYE 2020		FYE 2021		FYE 2022		FYE 2023		FYE 2024		1 January 2025 up to the LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Neutron Capital	Neutron Capital ⁽¹⁾ Lim Yong Laj ⁽²⁾	West River Engineering	Disposal of properties ⁽⁴⁾ to Neutron Capital	-	-	-	-	-	-	9,165	N/A	-	-	-	-
			Short term leases received from Neutron Capital for its office ⁽⁵⁾	255	⁽⁹⁾ 17.34	210	⁽⁹⁾ 43.12	240	⁽⁹⁾ 42.18	158	⁽⁹⁾ 6.01	-	-	-	-
			(Payment on behalf of) / repayment received from Neutron Capital by West River Engineering for administrative expenses	(19)	N/A	(11)	N/A	-	-	33	N/A	-	-	-	-
		Neutron Letrik	Short term rental expenses paid to Neutron Capital for Neutron Letrik's office ⁽⁶⁾	(51)	⁽¹⁰⁾ 4.09	(60)	⁽¹⁰⁾ 4.85	-	-	-	-	-	-	-	-

9. RELATED PARTY TRANSACTIONS (Cont'd)

Related party	Interested person	Transacting company in our Group	Nature of transaction	Transaction value										1 January 2025 up to the LPD		
				FYE 2020		FYE 2021		FYE 2022		FYE 2023		FYE 2024		RM'000	%	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%			
				Sales of electrical components by Neutron Letrik to Neutron Capital	-	-	-	-	3	(11)~	-	-	-	-	-	-
		West M&E	River	(Payment on behalf of) / repayment received from Neutron Capital by West River M&E for administrative expenses	-	-	-	-	(13)	N/A	13	N/A	-	-	-	-
Quantum Multiverse Sdn Bhd	Cheong Wee Kim ⁽³⁾	West M&E	River	Provision of electrical engineering works by Quantum Multiverse Sdn Bhd to West River M&E	(5)	(12)0.01	-	-	-	-	-	-	(3)N/A	(3)N/A	(3)N/A	(3)N/A
				Provision of electrical engineering and ACMV services by West River M&E to Quantum Multiverse Sdn Bhd	-	-	69	(11)0.12	-	-	-	-	(3)N/A	(3)N/A	(3)N/A	(3)N/A

9. RELATED PARTY TRANSACTIONS (Cont'd)

Related party	Interested person	Transacting company in our Group	Nature of transaction	Transaction value										1 January 2025 up to the LPD	
				FYE 2020		FYE 2021		FYE 2022		FYE 2023		FYE 2024		1 January 2025 up to the LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
		Neutron M&E	Purchase of materials by Neutron M&E from Quantum Multiverse Sdn Bhd	-	-	(393)	(12)0.81	-	-	-	-	(3)N/A	(3)N/A	(3)N/A	(3)N/A
		West River Engineering	Provision of electrical engineering works by Quantum Multiverse Sdn Bhd to West River Engineering	-	-	(1,800)	(12)3.70	-	-	(1,621)	(12)1.51	(3)N/A	(3)N/A	(3)N/A	(3)N/A
Voon Electrical Contractors Sdn Bhd	Voon Foo ⁽⁷⁾ Chun	Neutron Power	Provision of electrical engineering and ACMV services by Neutron Power to Voon Electrical Contractors Sdn Bhd	899	(11)1.96	1,340	(11)2.42	(7)N/A	(7)N/A	(7)N/A	(7)N/A	(7)N/A	(7)N/A	(7)N/A	(7)(13)N/A
Neutron Manufacturer Corporate PLT	Cheong Kim ⁽³⁾ Wee Tan Hooi Chiah ⁽⁸⁾	Neutron Letrik	Purchase of materials by Neutron Letrik from Neutron Manufacturer Corporate PLT	(125)	(12)0.31	(138)	(12)0.28	-	-	-	-	-	-	-	-

9. RELATED PARTY TRANSACTIONS (Cont'd)

Related party	Interested person	Transacting company in our Group	Nature of transaction	Transaction value										1 January 2025 up to the LPD	
				FYE 2020		FYE 2021		FYE 2022		FYE 2023		FYE 2024		1 January 2025 up to the LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
		West River Engineering	Purchase of materials by West River Engineering from Neutron Manufacturer Corporate PLT	(15)	⁽¹²⁾ 0.04	(10)	⁽¹²⁾ 0.02	-	-	-	-	-	-	-	-
		West River Engineering	Provision of testing and commissioning works by Neutron Manufacturer Corporate PLT to West River Engineering	(666)	⁽¹²⁾ 1.65	-	-	-	-	-	-	-	-	-	-
		Neutron M&E	Provision of electrical engineering and ACMV services by Neutron M&E to Neutron Manufacturer Corporate PLT for ductwork installation services	642	⁽¹¹⁾ 1.40	-	-	-	-	-	-	-	-	-	-

9. RELATED PARTY TRANSACTIONS (Cont'd)

Related party	Interested person	Transacting company in our Group	Nature of transaction	Transaction value												1 January 2025 up to the LPD	
				FYE 2020		FYE 2021		FYE 2022		FYE 2023		FYE 2024					
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%		
Powertech Solutions	Cheong Wee Kim ⁽³⁾	West River Engineering	Provision of electrical engineering works by Powertech Solutions to West River Engineering	-	-	(17)	⁽¹²⁾ 0.03	-	-	-	-	-	-	-	-		

Notes:

N/A Not applicable

~ Less than 0.01%

⁽¹⁾ Neutron Capital is our Promoter and substantial shareholder.

⁽²⁾ Lim Yong Lai is our Promoter, substantial shareholder and Managing Director. He is also the sole director and sole shareholder of Neutron Capital.

⁽³⁾ Cheong Wee Kim is our Executive Director;

(i) He was a 50.00% shareholder and director of Quantum Multiverse Sdn Bhd. He had on 19 April 2023 disposed his shares to a third party, Lim Beng Lee and had resigned as director on 26 April 2023. From 26 April 2023 onwards, Quantum Multiverse Sdn Bhd ceased to be a related party to our Group.

(ii) He was the sole proprietor of Powertech Solutions, a business that was terminated on 24 November 2023.

⁽⁴⁾ During FYE 2023, our Group disposed the following 5 units of investment properties by West River Engineering to Neutron Capital:

(i) a unit of double storey intermediate terraced shop office, bearing postal address of No.74, Jalan Tun H.S. Lee, 50000 Kuala Lumpur at sale consideration of RM2,180,000.00. The disposal of this property was completed on 31 May 2023;

9. RELATED PARTY TRANSACTIONS (Cont'd)

- (ii) a unit of 3 storey shop office, bearing postal address of No 2A, 2A-1 & 2A-2, Jalan Puteri 2A/8, Bandar Puteri Bangi, 43000 Kajang, Selangor Darul Ehsan at sale consideration of RM1,710,000.00. The disposal of this property was completed on 15 June 2023;
 - (iii) a unit of double storey shop office, bearing postal address of No.22, Jalan Renang 13/26, Seksyen 13, 40100 Shah Alam, selangor at sale consideration of RM1,000,000.00. The disposal of this property was completed on 13 June 2023;
 - (iv) a unit of 3 storey shop office, bearing postal address of No.44, Jalan Bola Tampar 13/14, Jalan Bola Tampar 13/14, Seksyen 13, 40100 Shah Alam, Selangor at sale consideration of RM1,075,000.00. The disposal of this property was completed on 10 May 2023; and
 - (v) a unit of 4 storey end terrace shop office, bearing postal address of No.43, Jalan Dwitasik 2, Dataran Dwitasik, Bandar Sri Permaisuri, Cheras, 56000 Kuala Lumpur at sale consideration of RM3,200,000.00. The disposal of this property was completed on 15 June 2023.
- (5) The properties rented by Neutron Capital from West River Engineering bearing the following postal addresses:
- (i) a unit of double storey intermediate terraced shop office, bearing postal address of No.74, Jalan Tun H.S. Lee, 50000 Kuala Lumpur which had been disposed to Neutron Capital on 31 May 2023;
 - (ii) a unit of 3 storey shop office, bearing postal address of No.2A, 2A-1 & 2A-2, Jalan Puteri 2A/8, Bandar Puteri Bangi, 43000 Kajang, Selangor Darul Ehsan which had been disposed to Neutron Capital on 15 June 2023;
 - (iii) a unit of 3 storey shop office, bearing the postal address of No.8, Jalan Temenggung 25/9, Bandar Mahkota Cheras, 43200 Cheras, Selangor which had been disposed to third party on 2 November 2023;
 - (iv) a unit of 3 storey shop office, bearing postal address of No.44, Jalan Bola Tampar 13/14, Jalan Bola Tampar 13/14, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan which had been disposed to Neutron Capital on 10 May 2023;
 - (v) a unit of 4 storey end terrace shop office, bearing postal address of No.43, Jalan Dwitasik 2, Dataran Dwitasik, Bandar Sri Permaisuri, Cheras, 56000 Kuala Lumpur which had been disposed to Neutron Capital on 15 June 2023; and
 - (vi) a unit of 3 storey shop office, bearing postal address of No. 12, Jalan Suria Puchong 6, Pusat Perdagangan Suria, 47110 Puchong, Selangor. Neutron Capital ceased renting this shop office in June 2023. In August 2023, our Group had rented this said office to a third party.

Save for the property listed in (vi) above which has been rented to a third party since August 2023, the rental of the other properties to Neutron Capital has ceased in FYE 2023 following the sale of the said properties to Neutron Capital.

9. RELATED PARTY TRANSACTIONS *(Cont'd)*

- (6) Rental of double storey office building owned by Neutron Capital, bearing postal address of No.6, Jalan 51/200, Off Jalan Penchala, 46000 Petaling Jaya, Selangor Darul Ehsan. The rental of this property by Neutron Letrik had been discontinued since December 2021.
- (7) Voon Chun Foo is a director and shareholder of Voon Electrical Contractors Sdn Bhd, who is our major customer. He was also the shareholder and director of Neutron Power and he had disposed his shares and resigned from Neutron Power on 13 January 2021 and 9 August 2021, respectively. From 9 August 2021 onwards, Voon Electrical Contractors Sdn Bhd ceased to be a related party to our Group.
- (8) Tan Hooi Chiah is the partner of Neutron Manufacturer Corporate PLT. She is the wife of our Executive Director, Cheong Wee Kim. Tan Hooi Chiah has ceased as the partner of Neutron Manufacturer Corporate PLT on 27 November 2023.
- (9) Calculated based on our Group's total other income for each of the respective financial year.
- (10) Calculated based on our Group's total administrative expenses for each of the respective financial year.
- (11) Calculated based on our Group's total revenue for each of the respective financial year.
- (12) Calculated based on our Group's total cost of sales for each of the respective financial year.
- (13) Not applicable as our Group did not prepare any financial statements from 1 January 2025 up to the LPD.

None of the above related party transaction will recur in the future. Our Directors having considered all aspects of the related party transaction (save for the related party transactions which were not conducted on an arm's length basis as disclosed below) was conducted on an arm's length basis based on terms and conditions which were not more favourable to the related parties than those generally available to the public and not detrimental to the interest of our Group based on the following benchmarks:

- (i) the sales/purchases of products to the related parties were performed within the cost structure and market rates, whereby the price paid by/to the related parties are in line and/or on terms equivalent to those that prevail in an arm's length transaction with third parties;
- (ii) the rental rates of the rented offices are comparable to the rental rates of office units located in the vicinity of the relevant properties; and
- (iii) the consideration for the disposal of investment properties as detailed in Note (4) above, were transacted at market prices, as appraised by property valuer.

The following transactions were not conducted on an arm's length basis:

- (i) the payment on behalf of Neutron Capital by West River Engineering which are non-trade in nature, unsecured, interest-free and repayable on demand; and
- (ii) the payment on behalf of Neutron Capital by West River M&E which are non-trade in nature, unsecured, interest-free and repayable on demand.

9. RELATED PARTY TRANSACTIONS *(Cont'd)*

Moving forward, in order to ensure that related party transactions are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures:

(i) Recurrent related party transactions

- (a) At least 2 other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, wherever possible, to determine if the price and terms offered by related parties are fair and reasonable and comparable to those offered by other third parties for the same or substantially similar type of products/ services and/ or quantities; or
- (b) If quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by other third parties for substantially similar type of transaction to ensure that the recurrent related party transactions are not detrimental to us.

Our Board shall seek mandate from shareholders to enter into any recurrent related party transactions at a general meeting. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such recurrent transactions which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such recurrent transactions as and when they are entered into.

(ii) Other related party transactions

- (a) Whether the terms of the related party transaction are fair and on arm's length basis to our Group and would apply on the same basis if the transaction did not involve a related party;
- (b) The rationale for the Group to enter into the related party transaction and the nature of alternative transactions, if any; and
- (c) Whether the related party transaction would present a conflict of interest between our Group and the related parties, taking into account the size of the transaction and the nature of the related parties' interest in the transaction.

Where required under the Listing Requirements, a related party transaction may require prior approval of shareholders at a general meeting to be convened. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable so far as the shareholders are concerned; and whether the transaction is to the detriment of minority shareholders. In such instances, the independent adviser shall also advise minority shareholders on whether they should vote in favour of the transaction.

For related party transactions that require shareholders' approval, the Directors, major shareholders and/or persons connected with such Director or major shareholder, which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transactions, the Director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings. Such interested Directors and/or major shareholders will also undertake that he shall ensure that the persons connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting. The relevant directors who are deemed interested or conflicted in such transactions shall also abstain from our Board deliberations and voting on the Board resolutions relating to these transactions.

9. RELATED PARTY TRANSACTIONS (Cont'd)

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action. If a member of our Audit and Risk Management Committee has an interest in any related party transaction, he is to abstain from participating in the review and approval process in relation to that transaction. Where necessary, our Board would make appropriate disclosures in our annual report with regard to any related party transaction entered into by us.

9.2 TRANSACTIONS ENTERED INTO THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS

There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party for the Financial Year Under Review and up to LPD.

9.3 LOANS MADE TO OR FOR THE BENEFIT OF THE RELATED PARTY

There were no loans made to or for the benefit of any related party for the Financial Year Under Review and up to LPD.

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9. RELATED PARTY TRANSACTIONS (Cont'd)**9.4 FINANCIAL ASSISTANCE PROVIDED FOR THE BENEFIT OF THE RELATED PARTY**

Save as disclosed below, there was no financial assistance provided by us for the benefit of any related party for the Financial Year Under Review and up to LPD.

Related party	Interested person	Transacting company in the Group	Types of security as set out in the letter of offer	Guaranteed Amount					1 January 2025 up to the LPD
				FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000	
Neutron Capital	Neutron Capital ⁽¹⁾ Lim Yong Lai ⁽²⁾	West River Engineering	Corporate guarantee provided by West River Engineering for banking facilities extended by Public Bank Berhad, Public Islamic Bank Berhad Maybank Islamic Berhad, AmBank (M) Berhad, CIMB Islamic Bank Berhad (" Neutron Financiers ") to Neutron Capital	18,552	22,552	26,552	29,052	32,265	-

Notes:

⁽¹⁾ Neutron Capital is our Promoter and substantial shareholder.

⁽²⁾ Lim Yong Lai is our Promoter, substantial shareholder and Managing Director. He is also the director and shareholder of Neutron Capital.

In conjunction with the Listing, Neutron Capital has applied to the Neutron Financiers to obtain a release and/or discharge of the corporate guarantees. As at the LPD, the Neutron Financiers have discharged the corporate guarantees provided by West River Engineering.

9. RELATED PARTY TRANSACTIONS (Cont'd)**9.5 OTHER TRANSACTIONS****9.5.1 Guarantee**

Our holding company, Neutron Capital has provided corporate guarantee and property as security for the banking and financing facilities extended by, CIMB Islamic Bank Berhad, Hong Leong Bank Berhad, OCBC Bank (Malaysia) Berhad and Maybank Islamic Bank Berhad to West River Engineering. The aggregate amount of facilities secured as at LPD is approximately RM24.47 million.

Our Promoter, Directors and/or key senior management, namely Lim Yong Lai, Cheong Wee Kim and Yip Lay Huat have jointly and severally provided personal guarantees and Lim Yong Lai has provided his personal properties as security for the banking and financing facilities extended by Public Bank Berhad, Alliance Islamic Bank Berhad, CIMB Islamic Bank Berhad, CIMB Bank Berhad, Hong Leong Bank Berhad, OCBC Bank (Malaysia) Berhad and Maybank Islamic Bank Berhad ("**Financiers**") to West River Engineering and West River M&E. The aggregate amount of facilities secured as at LPD is approximately RM32.88 million.

Financiers	Type of Facilities	Guarantors	Facility limit RM'000	Amount guaranteed RM'000	Outstanding amount as at LPD RM'000
Alliance Islamic Bank Berhad	1 trade financing	(a) Lim Yong Lai	1,000	1,000	430
CIMB Islamic Bank Berhad	1 cash line, 1 term financing and combined tradeline comprising letter of credit, trust receipt, bankers' acceptance, bank guarantee and multi currency trade financing	(a) Neutron Capital (b) Lim Yong Lai (c) Yip Lay Huat	10,480	10,480	4,835
CIMB Bank Berhad	1 term loan	(a) Lim Yong Lai	1,000	1,000	340
Hong Leong Bank Berhad	1 term loan and combined tradeline comprising trust receipt and bank guarantee	(a) Neutron Capital (b) Lim Yong Lai	2,480	2,480	1,809
OCBC Bank (Malaysia) Berhad	1 term loan	(a) Neutron Capital (b) Lim Yong Lai (c) Yip Lay Huat	1,511	1,511	55
Public Bank Berhad	5 term loans and a combined tradeline facility comprising letter of credit, trust receipt, bankers' acceptance, bank guarantee and shipping guarantee	(a) Lim Yong Lai (b) Yip Lay Huat (c) Cheong Wee Kim (d) Yap Pui Chen ⁽¹⁾ (e) Lim Soon Lai ⁽²⁾	6,279	6,279	4,219

9. RELATED PARTY TRANSACTIONS (Cont'd)

			Facility limit	Amount guaranteed	Outstanding amount as at LPD
Financiers	Type of Facilities	Guarantors	RM'000	RM'000	RM'000
Maybank Islamic Bank Berhad	1 hire purchase	Lim Yong Lai	134	134	105
	1 term financing and 2 tradeline facilities comprising letter of credit, trust receipt, bankers' acceptance, bank guarantee, accepted bills and invoice financing	(a) Neutron Capital (b) Lim Yong Lai (c) Yip Lay Huat	10,000	10,000	3,549
Total			32,884	32,884	15,342

Notes:

- (1) Yap Pui Chen is the wife of our Promoter, substantial shareholder and Managing Director, Lim Yong Lai.
- (2) Lim Soon Lai is the brother of our Promoter, substantial shareholder and Managing Director, Lim Yong Lai.

In conjunction with the Listing, we have written to the Financiers to obtain a release and/or discharge of the properties and guarantees by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the Financiers. Until such release and/or discharge are obtained from the respective Financiers, our Promoters and/or Directors will continue to guarantee the banking and financing facilities extended to our Group.

As at the date of this Prospectus, we have received conditional approval from the Financiers to discharge the personal guarantees and/or properties by substituting the same with a corporate guarantee from our Company and/or securities from our Group. The conditions imposed by the Financiers include, amongst others, the following:

- (i) successful listing of the Company on the ACE Market;
- (ii) the receipt of the necessary supporting documents of West River Berhad as new guarantor;
- (iii) Lim Yong Lai shall at all times, collectively hold not less than 51.00% shares in the Company;
- (iv) West River Engineering remain as the wholly owned subsidiary of the Company throughout the tenure of the facilities; and
- (v) all other terms and conditions of all the facilities granted earlier shall remain unchanged.

9. RELATED PARTY TRANSACTIONS (Cont'd)**9.5.2 Amount due to/from related party/Directors**

Save as disclosed below, there are no amount due to/from related party/Directors from/to our Group during the Financial Year Under Review and up to the LPD.

	As at 31 December 2020 RM'000	As at 31 December 2021 RM'000	As at 31 December 2022 RM'000	As at 31 December 2023 RM'000	As at 31 December 2024 RM'000	As at LPD RM'000
<u>Amount due from related company</u>						
Neutron Capital	(1)39	(1)33	(1)46	-		-
Quantum Multiverse Sdn Bhd	-	(2)24	-	-		-
Neutron Manufacturer Corporate PLT	(3)642	(3)492	-	-		-
Voon Electrical Contractors Sdn Bhd	-	(4)80	*(4)202	*(4)1,891	*(4)43	*(4)43
<u>Amount due to related company</u>						
Quantum Multiverse Sdn Bhd	-	(5)2,193	(5)1,800	-		-
Neutron Manufacturer Corporate PLT	(6)290	(6)61	-	-		-
<u>Amount due to Director</u>						
Lim Yong Lai	(7)219	(7)207	(7)153	-		-

Notes:

* No longer deemed a related party transaction

(1) Amount due from Neutron Capital to West River Engineering for the payment on behalf of Neutron Capital.

9. RELATED PARTY TRANSACTIONS (Cont'd)

- (2) Amount due from Quantum Multiverse Sdn Bhd to West River M&E for the provision of electrical engineering works by Quantum Multiverse Sdn Bhd to West River M&E.
- (3) Amount due from Neutron Manufacturer Corporate PLT to Neutron M&E for provision of electrical engineering and ACMV services by Neutron M&E to Neutron Manufacturer Corporate PLT.
- (4) Amount due from Voon Electrical Contractors Sdn Bhd to Neutron Power for provision of electrical engineering and ACMV services by Neutron Power to Voon Electrical Contractors Sdn Bhd.
- (5) Amount due to Quantum Multiverse Sdn Bhd by West River Engineering and Neutron M&E for the following:
 - (a) Provision of subcontractor works for electrical engineering works by Quantum Multiverse Sdn Bhd to West River Engineering; and
 - (b) Purchase of materials by Neutron M&E from Quantum Multiverse Sdn Bhd.
- (6) Amount due to Neutron Manufacturer Corporate PLT by Neutron Letrik for purchase of materials by Neutron Letrik from Neutron Manufacturer Corporate PLT and expenses paid on behalf of Neutron Letrik by Neutron Manufacturer Corporate PLT.
- (7) Amount due to Lim Yong Lai by West River Engineering for the advances received from Lim Yong Lai.

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9. RELATED PARTY TRANSACTIONS *(Cont'd)*

9.5.3 Promotions of any material assets acquired/ to be acquired within 3 financial years preceding the date of this Prospectus

Save as disclosed below, none of our Directors or substantial shareholders had any interest, direct or indirect, in the promotion of or in any material assets which had been, within the Financial Year Under Review, acquired, disposed or leased or proposed to be acquired, disposed or leased to/by us:

- (i) Disposal of the following 5 units of investment properties by West River Engineering to Neutron Capital:
 - (a) a unit of double storey intermediate terraced shop office, bearing postal address of No.74, Jalan Tun H.S. Lee, 50000 Kuala Lumpur at sale consideration of RM2,180,000.00. The disposal of this property was completed on 31 May 2023;
 - (b) a unit of 3 storey shop office, bearing postal address of No 2A, 2A-1 & 2A-2, Jalan Puteri 2A/8, Bandar Puteri Bangi, 43000 Kajang, Selangor Darul Ehsan at sale consideration of RM1,710,000.00. The disposal of this property was completed on 15 June 2023;
 - (c) a unit of double storey shop office, bearing postal address of No.22, Jalan Renang 13/26, Seksyen 13, 40100 Shah Alam at sale consideration of RM1,000,000.00. The disposal of this property was completed on 13 June 2023;
 - (d) a unit of 3 storey shop office, bearing postal address of No.44, Jalan Bola Tampar 13/14, Jalan Bola Tampar 13/14, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan at sale consideration of RM1,075,000.00. The disposal of this property was completed on 10 May 2023; and
 - (e) a unit of 4 storey end terrace shop office, bearing postal address of No.43, Jalan Dwitasik 2, Dataran Dwitasik, Bandar Sri Permaisuri, Cheras, 56000 Kuala Lumpur at sale consideration of RM3,200,000.00. The disposal of this property was completed on 15 June 2023.
- (ii) The properties rented by Neutron Capital from West River Engineering bearing the following postal addresses:
 - (a) a unit of double storey intermediate terraced shop office, bearing postal address of No.74, Jalan Tun H.S. Lee, 50000 Kuala Lumpur which had been disposed to Neutron Capital on 31 May 2023;
 - (b) a unit of 3 storey shop office, bearing postal address of No.2A, 2A-1 & 2A-2, Jalan Puteri 2A/8, Bandar Puteri Bangi, 43000 Kajang, Selangor Darul Ehsan which had been disposed to Neutron Capital on 15 June 2023;
 - (c) a unit of 3 storey shop office, bearing the postal address of No.8, Jalan Temenggung 25/9, Bandar Mahkota Cheras, 43200 Cheras, Selangor which had been disposed to third party on 2 November 2023;
 - (d) a unit of 3 storey shop office, bearing postal address of No.44, Jalan Bola Tampar 13/14, Jalan Bola Tampar 13/14, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan which had been disposed to Neutron Capital on 10 May 2023;
 - (e) a unit of 4 storey end terrace shop office, bearing postal address of No.43, Jalan Dwitasik 2, Dataran Dwitasik, Bandar Sri Permaisuri, Cheras, 56000 Kuala Lumpur which had been disposed to Neutron Capital on 15 June 2023; and

9. RELATED PARTY TRANSACTIONS *(Cont'd)*

- (f) a unit of 3 storey shop office, bearing postal address of No. 12, Jalan Suria Puchong 6, Pusat Perdagangan Suria, 47110 Puchong, Selangor. Neutron Capital ceased renting this shop office in June 2023. In August 2023, our Group had rented this said office to a third party.

Save for the property listed in (f) above which has been rented to a third party since August 2023, the rental of the other properties to Neutron Capital has ceased in FYE 2023 following the sale of the said properties to Neutron Capital.

- (iii) Rental of double storey office building owned by Neutron Capital, bearing postal address of No.6, Jalan 51/200, Off Jalan Penchala, 46000 Petaling Jaya, Selangor Darul Ehsan. The rental of this this property by Neutron Letrik had been discontinued since December 2021.

Our Directors are of the view that the above transactions were conducted on an arm's length basis and on competitive commercial terms not more favourable to the related parties.

9.5.4 Transactions entered into with M&A Securities

Save as disclosed below, we have not entered into any transactions with M&A Securities who is the Adviser, Sponsor, Underwriter and Placement Agent for our Listing:

- (i) Agreement between West River and M&A Securities for the appointment of M&A Securities as Principal Adviser, Sponsor and Placement Agent; and
- (ii) Underwriting Agreement dated 10 March 2025 entered into between our Company and M&A Securities for the underwriting of 26,827,500 Issue Shares.

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10. CONFLICT OF INTEREST

10.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS AND SUPPLIERS

Save as disclosed below, none of our Directors and/or substantial shareholders has any interest, direct or indirect, in other businesses and corporations which carry on a similar or related trade as the Group or which are customers and/or suppliers of our Group during the Financial Year Under Review and up to the LPD. All the existing and potential conflict of interest situations have been resolved and eliminated.

(i) Customers of our Group

- (a) Voon Electrical Contractors Sdn Bhd for the provision of electrical engineering and ACMV services by Neutron Power to Voon Electrical Contractors Sdn Bhd. The transaction value amounted to RM0.90 million and RM1.34 million in FYE 2020 and FYE 2021, respectively. Voon Chun Foo is a director and shareholder of Voon Electrical Contractors Sdn Bhd, who is our major customer. He was also a shareholder and director of Neutron Power and he had disposed his shares and resigned from Neutron Power on 13 January 2021 and 9 August 2021, respectively.
- (b) Quantum Multiverse Sdn Bhd for the provision of electrical engineering and ACMV services by West River M&E to Quantum Multiverse Sdn Bhd. The transaction value amounted to RM0.07 million in FYE 2021. Cheong Wee Kim is our Executive Director. He was a 50.00% shareholder and director of Quantum Multiverse Sdn Bhd. He had on 19 April 2023 disposed his shares to a third party, Lim Beng Lee and had resigned as director on 26 April 2023.
- (c) Powertech Solutions for the provision of electrical engineering works by Powertech Solutions to West River Engineering. The transaction value amounted to RM0.02 million in FYE 2021. Cheong Wee Kim is our Executive Director. He was the sole proprietor of Powertech Solutions, a business that was terminated on 24 November 2023.
- (d) Neutron Manufacturer Corporate PLT for the provision of electrical engineering and ACMV services by Neutron M&E to Neutron Manufacturer Corporate PLT for ductwork installation services. The transaction value amounted to RM0.64 million in FYE 2020. Tan Hooi Chiah is no longer a partner of Neutron Manufacturer Corporate PLT as at LPD. She is the wife of our Executive Director, Cheong Wee Kim. Neutron Manufacturer Corporate PLT is principally involved in the fabrication of metal products such as air conditioning brackets and photovoltaic inner plates. They do not carry out the same principal activities as the Group.

(ii) Suppliers of our Group

- (a) Quantum Multiverse Sdn Bhd for the following:
 - (aa) provision of electrical engineering works by Quantum Multiverse Sdn Bhd to West River M&E. The transaction value amounted to RM0.01 million in FYE 2020.
 - (ba) purchase of materials by Neutron M&E from Quantum Multiverse Sdn Bhd. The transaction value amounted to RM0.39 million in FYE 2021.

10. CONFLICT OF INTEREST (*Cont'd*)

- (ca) provision of electrical engineering works by Quantum Multiverse Sdn Bhd to West River Engineering. The transaction value amounted to RM1.80 million and RM1.62 million in FYE 2021 and FYE 2023, respectively.

Cheong Wee Kim is our Executive Director. He was a 50.00% shareholder and director of Quantum Multiverse Sdn Bhd. He had on 19 April 2023 disposed his shares to a third party, namely Lim Beng Lee and had resigned as director on 26 April 2023.

- (b) Neutron Manufacturer Corporate PLT for the following:

- (aa) purchase of materials by Neutron Letrik from Neutron Manufacturer Corporate PLT. The transaction value amounted to RM0.13 million and RM0.14 million in FYE 2020 and FYE 2021, respectively;
- (ba) purchase of materials by West River Engineering from Neutron Manufacturer Corporate PLT. The transaction value amounted to RM0.02 million and 0.01 in FYE 2020 and FYE 2021, respectively;
- (ca) provision of testing and commissioning works by Neutron Manufacturer Corporate PLT to West River Engineering. The transaction value amounted to RM0.67 million in FYE 2020; and

Tan Hooi Chiah is no longer a partner of Neutron Manufacturer Corporate PLT as at LPD. She is the wife of our Executive Director, Cheong Wee Kim. Neutron Manufacturer Corporate PLT is principally involved in the fabrication of metal products such as air conditioning brackets and photovoltaic inner plates. They do not carry out the same principal activities as the Group.

Please refer to Section 9.1 for further details on the related party transactions.

It is our Directors' fiduciary duty to avoid conflict, and they are required to attend courses which provide them guidelines on their fiduciary duties. In order to mitigate any possible conflict of interest situation in the future, our Directors will declare to our Nominating Committee and our Board their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside our Group. Our Nominating Committee will first then evaluate if such Director's involvement gives rise to an actual or potential conflict of interest with our Group's business after the disclosure provided by such Director. After a determination has been made on whether there is an actual or potential conflict of interest of a Director, our Nominating Committee will then:

- (i) immediately inform our Board of the conflict of interest situation;
- (ii) make recommendations to our Board to direct the conflicted Director to:
 - (a) withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director); and
 - (b) abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

10. CONFLICT OF INTEREST (*Cont'd*)

In relation to (ii) above, the conflicted Director and persons connected to him (if applicable) shall be absent from any Board discussion relating to the recommendation of our Nominating Committee and the conflicted Director and persons connected to him (if applicable) shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairman of our Board, be present at our Board meeting to answer any questions.

In circumstances where a Director is determined to have a significant, ongoing and irreconcilable conflict of interest with our Group, and where such conflict of interest significantly impedes the Director's ability to carry out his fiduciary responsibility to our Group, our Nominating Committee may determine that a resignation of the conflicted Director from our Board is appropriate and necessary.

Where there are related party transactions between our Group with our Directors (or person connected to them) or companies in which our Directors (or person connected to them) have an interest, our Audit Committee will, amongst others, supervise and monitor such related party transaction and the terms thereof and report to our Board for further action. Please refer to Section 9.1 for the procedures to be taken to ensure that related party transactions (if any) are undertaken on arm's length basis.

10.2 DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS

(i) Declaration by M & A Securities

M & A Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Principal Adviser, Sponsor, Underwriter and Placement Agent for our Listing.

(ii) Declaration by Ilham Lee

Ilham Lee has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Solicitors for our Listing.

(iii) Declaration by Ecovis Malaysia PLT

Ecovis Malaysia PLT has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for our Listing.

(iv) Declaration by Providence

Providence has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as IMR for our Listing.

11. FINANCIAL INFORMATION**11.1 HISTORICAL FINANCIAL INFORMATION**

Our historical financial information throughout the Financial Year Under Review have been prepared in accordance with MFRS and IFRS and were not subject to any audit qualifications. On 16 December 2024, we completed the Acquisition which resulted in West River Engineering, West River M&E, Neutron Letrik and Neutron Power becoming our wholly-owned subsidiaries. As such, the financial statements of our Group comprise of the following:

- (i) the combined statements of financial position as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023, the statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for FYE 2020, FYE 2021, FYE 2022 and FYE 2023; and
- (ii) the consolidated statements of financial position as at 31 December 2024, the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for FYE 2024.

The selected financial information and financial analysis included in this Prospectus are not intended to predict our Group's financial position, performance and cash flows. It should be read with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Accountants' Report set out in Sections 11.2 and 12 respectively.

11.1.1 Combined/consolidated statements of profit or loss and other comprehensive income

The following table sets out a summary of our combined/consolidated statements of profit or loss and other comprehensive income for the Financial Year Under Review which have been extracted from the Accountants' Report:

	Audited				
	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	45,873	55,292	83,302	125,235	122,742
Cost of sales	(40,461)	(48,646)	(72,510)	(107,110)	(103,913)
GP	5,412	6,646	10,792	18,125	18,829
Other income	1,471	487	569	2,627	253
Administrative expenses	(1,246)	(1,237)	(2,037)	(3,242)	(3,791)
Other operating expenses	(706)	(818)	(791)	(2,898)	(608)
Profit from operations	4,931	5,078	8,533	14,612	14,683
Finance costs	(380)	(306)	(493)	(340)	(321)
PBT	4,551	4,772	8,040	14,272	14,362
Tax expenses	(823)	(1,139)	(2,081)	(4,029)	(2,899)
PAT/Total comprehensive income for the financial years	3,728	3,633	5,959	10,243	11,463
PAT/Total comprehensive income attributable to:					
Owners of our Group	3,728	3,633	5,959	10,243	11,463

11. FINANCIAL INFORMATION (Cont'd)

	Audited				
	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
EBIT ⁽¹⁾	4,919	5,065	8,529	14,612	14,668
EBITDA ⁽¹⁾	5,218	5,359	8,860	14,826	14,999
GP margin (%) ⁽²⁾	11.80	12.02	12.96	14.47	15.34
PBT margin (%) ⁽³⁾	9.92	8.63	9.65	11.40	11.70
PAT margin (%) ⁽³⁾	8.13	6.57	7.15	8.18	9.34
Effective tax rate (%) ⁽⁴⁾	18.08	23.87	25.88	28.23	20.19
Basic EPS (sen) ⁽⁵⁾	1.30	1.27	2.08	3.58	4.01
Diluted EPS (sen) ⁽⁶⁾	1.04	1.02	1.67	2.86	3.20

Notes:

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

	Audited				
	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
PAT	3,728	3,633	5,959	10,243	11,463
Less:					
Interest income	(12)	(13)	(4)	*	(15)
Add:					
Finance cost	380	306	493	340	321
Tax expenses	823	1,139	2,081	4,029	2,899
EBIT	4,919	5,065	8,529	14,612	14,668
Add:					
Depreciation	299	294	331	214	331
EBITDA	5,218	5,359	8,860	14,826	14,999

* Less than RM500.

- (2) Calculated based on GP divided by revenue.
- (3) PBT margin or PAT margin is calculated based on the PBT or PAT divided by revenue.
- (4) Calculated based on tax expenses divided by PBT.
- (5) Calculated based on PAT attributable to owners of our Group divided by our share capital of 286,160,000 Shares before IPO.
- (6) Calculated based on PAT attributable to owners of our Group divided by our enlarged share capital of 357,700,000 Shares after IPO.

11. FINANCIAL INFORMATION (Cont'd)**11.1.2 Combined/consolidated statements of financial position**

The following table sets out the combined/consolidated statements of financial position of our Group as at the Financial Year Under Review which have been extracted from the Accountants' Report:

	Audited				
	As at 31 December				
	2020	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	676	603	626	1,070	1,249
Investment properties	13,427	15,707	5,863	5,976	5,867
Total non-current assets	14,103	16,310	6,489	7,046	7,116
Current assets					
Inventories	125	84	94	170	19
Trade receivables	22,043	26,134	35,917	47,079	44,785
Other receivables, deposits and prepayments	181	167	113	307	437
Amount owing by holding company	39	33	46	-	-
Short-term investments	313	1	1	-	-
Contract assets	11,086	11,328	2,604	3,560	18,473
Tax recoverable	240	11	-	-	-
Cash, bank balances and fixed deposits	10,743	6,209	5,601	8,273	7,218
Total current assets	44,770	43,967	44,376	59,389	70,932
Non-current assets held for sale	-	-	9,388	-	-
	44,770	43,967	53,764	59,389	70,932
TOTAL ASSETS	58,873	60,277	60,253	66,435	78,048
EQUITY AND LIABILITIES					
Equity attributable to the owners of the Group					
Share capital	1,500	1,500	1,500	1,506	20,031
Merger reserve ⁽¹⁾	-	-	-	-	(18,525)
Retained earnings	15,899	16,032	17,691	22,933	30,396
Total equity	17,399	17,532	19,191	24,439	31,902
Non-current liabilities					
Bank borrowings	16,147	15,912	15,201	7,207	9,846
Lease liabilities	57	33	45	365	421
Total non-current liabilities	16,204	15,945	15,246	7,572	10,267
Current liabilities					
Trade payables	22,151	24,518	23,443	28,554	31,605
Other payables, accruals and deposit received	1,160	657	663	1,340	2,111
Amount owing to a Director	219	207	153	-	-
Bank borrowings	834	832	870	2,344	719
Lease liabilities	22	24	59	108	192
Contract liabilities	884	562	17	163	222
Tax payable	-	-	611	1,915	1,030
Total current liabilities	25,270	26,800	25,816	34,424	35,879
TOTAL LIABILITIES	41,474	42,745	41,062	41,996	46,146
TOTAL EQUITY AND LIABILITIES	58,873	60,277	60,253	66,435	78,048

Note:

- (1) Represents the difference between the carrying value of investment in subsidiaries and the share capital of the Company's subsidiaries upon consolidation under merger accounting principle.

11. FINANCIAL INFORMATION (Cont'd)**11.1.3 Combined/consolidated statements of cash flows**

The following table sets out the combined/consolidated statements of cash flows of our Group for the Financial Year Under Review which have been extracted from the Accountants' Report:

	Audited				
	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
PBT	4,551	4,772	8,040	14,272	14,362
Adjustments for:					
Bad debts written off	-	-	90	-	-
Depreciation of property, plant and equipment	82	73	97	105	222
Depreciation of investment properties	217	221	234	109	109
Deposit forfeited	3	-	-	-	-
Finance costs	380	306	493	340	321
Interest income	(12)	(13)	(4)	*	(15)
Loss/(Gain) on disposal of property, plant and equipment	1	(15)	-	-	-
Gain on disposal of investment properties, net	(899)	-	-	(1,969)	-
Gain on derecognition of lease liabilities	-	-	-	(2)	(1)
(Gain)/Loss on short term investment	(46)	27	-	*	-
Impairment/(Reversal) loss on investment properties	-	-	222	(222)	-
Impairment loss on trade receivables, net	403	475	143	2,675	225
Impairment loss on contract assets, net	*	22	95	9	51
Loss on lease modification	-	-	-	-	1
Operating profit before changes in working capital	4,680	5,868	9,410	15,317	15,275
<u>Changes in working capital:</u>					
(Increase)/Decrease in inventories	(85)	41	(10)	(76)	151
Decrease/(Increase) in trade and other receivables	75	(7,052)	(9,962)	(14,031)	1,939
(Decrease)/Increase in trade and other payables	(2,462)	1,989	(1,069)	5,802	3,823
Decrease/(Increase) in contract assets	1,518	(264)	8,628	(965)	(14,964)
Increase/(Decrease) in contract liabilities	289	(322)	(545)	148	58
Cash generated from operations	4,015	260	6,452	6,195	6,282
Interest received	12	13	4	*	15
Bank overdraft interest paid	(1)	-	*	*	-
Income tax paid, net	(1,228)	(910)	(1,459)	(2,752)	(3,784)
Net cash generated from/(used in) operating activities	2,798	(637)	4,997	3,443	2,513

11. FINANCIAL INFORMATION (Cont'd)

	Audited				
	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment	(260)	-	(18)	(98)	(96)
Acquisition of investment properties	(260)	-	-	-	-
Proceeds from disposal of property, plant and equipment	4	15	-	-	-
Proceeds from disposal of investment properties, net of tax	1,398	-	-	11,357	-
Proceed from disposal of a combining entity, net cash and cash equivalents disposed of	-	-	-	11	-
Net movement in short-term investments	120	285	-	1	-
Net cash generated from/(used in) investing activities	1,002	300	(18)	11,271	(96)
Cash flows from financing activities					
Issuance of new shares	-	-	-	6	-
Dividends paid	(4,020)	(3,500)	(4,300)	(5,000)	(4,000)
(Placement)/Withdrawal of fixed deposit pledged in licensed bank	(4)	(3)	176	-	(250)
(Advance to)/Repayment from holding company	(36)	6	(13)	46	-
Advance from/(Repayment to) a Director	38	(11)	(54)	(153)	-
Drawdown from/(Repayment of) of bank borrowing, net	4,043	(362)	(673)	(6,520)	1,014
Repayment of lease liabilities, net	(16)	(23)	(54)	(80)	(165)
Term loan interest paid	(377)	(303)	(487)	(328)	(286)
Lease liabilities interest paid	(2)	(3)	(6)	(13)	(35)
Net cash used in financing activities	(374)	(4,199)	(5,411)	(12,042)	(3,722)
Net increase/(decrease) in cash and cash equivalents	3,426	(4,536)	(432)	2,672	(1,305)
Cash and cash equivalents at the beginning of the financial year	7,143	10,569	6,033	5,601	8,273
Cash and cash equivalents at the end of the financial year	10,569	6,033	5,601	8,273	6,968
Cash and cash equivalents comprise:					
Cash and bank balances	10,369	5,822	5,601	8,272	7,218
Fixed deposits with financial institution	374	387	-	1	(250)
	10,743	6,209	5,601	8,273	6,968
Less: Fixed deposits pledged	(174)	(176)	-	-	-
Cash and cash equivalent	10,569	6,033	5,601	8,273	6,968

Note:

* Less than RM500

11. FINANCIAL INFORMATION (Cont'd)**11.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion and segmental analysis of our combined/consolidated financial statements for the Financial Year Under Review should be read with the Accountants' Report included in Section 12 of this Prospectus.

11.2.1 Overview of our operations**(i) Principal activities**

We are principally an investment holding company. Through our subsidiaries, we are principally involved in the provision of electrical engineering and ACMV services, provision of intelligent building solutions and manufacturing of electrical panels and distribution boards. We primarily operate our business in Malaysia. Hence, our revenue is primarily derived from projects and services carried out locally and the primary currency used in our invoicing is in RM.

Business segment	Revenue recognition
(a) Provision of electrical engineering and ACMV services	Our revenue from the provision of electrical engineering and ACMV services is measured and recognised over the period of the contract by reference to the progress towards complete satisfaction of our performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date over to the estimated total construction costs (an input method). We become entitled to invoice customers for construction services based on achieving a series of performance-related milestones. Our Group recognises a contract asset for any excess of revenue recognised to date over the billing-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when an invoice is issued or timing for billing is due in the passage of time. If the milestone billing exceeds the revenue recognised to date and any deposits or advances are received from customers, then our Group recognises a contract liability for the difference.
(b) Provision of intelligent building solutions	Our revenue from the provision of intelligent building solutions is measured and recognised over the period of the contract by reference to the progress towards complete satisfaction of our performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date over to the estimated total construction costs (an input method).

11. FINANCIAL INFORMATION (Cont'd)

Business segment	Revenue recognition
(c) Manufacturing of electrical panels and distribution boards	We become entitled to invoice customers for construction services based on achieving a series of performance-related milestones. Our Group recognises a contract asset for any excess of revenue recognised to date over the billing-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when an invoice is issued or timing for billing is due in the passage of time. If the milestone billing exceeds the revenue recognised to date and any deposits or advances are received from customers, then our Group recognises a contract liability for the difference. Our revenue from the sale of manufactured electrical panels and distribution boards to third party customers is recognised upon delivery of goods where the control of the goods has been passed to the customers, net of goods and services taxes and discounts. Our revenue is recognised at a point in time when the customer obtains control of the asset. We primarily manufacture electrical panels and distribution boards to support our Group's electrical engineering and ACMV services as well as intelligent building solutions projects requirements. However, if we have excess production capacity, which is assessed on an ad hoc basis, we do accept purchase orders from third party customers for electrical panels and distribution boards. Hence, our revenues from this segment during the Financial Year Under Review fluctuate.

Please refer to Section 6 for our Group's detailed business overview.

(ii) Cost of sales

Our cost of sales and services consists of purchases, subcontractors' costs, direct staff costs and project-related expenses which are directly related to the provision of M&E engineering services or sales of manufactured electrical panels and distribution boards.

(iii) Other income

Other income mainly includes rental income, gain on disposal of investment properties, gain on disposal of property, plant and equipment, gain on short-term investment as well as hiring incentives.

(iv) Administrative expenses

Administrative expenses comprise overheads incurred to maintain our operations such as (i) operation related expenses for our administrative team, which primarily include staff costs and directors' remuneration; (ii) professional and consulting service fees incurred in relation to audit services, tax services and our Listing; (iii) travelling and accommodation, upkeep and maintenance, office expenses and rental expenses.

(v) Other operating expenses

Other operating expenses mainly comprise depreciation of property, plant and equipment, investment properties as well as impairment loss on trade receivables, contract assets and investment properties.

11. FINANCIAL INFORMATION (Cont'd)

(vi) Finance costs

Finance costs comprise mainly interest expenses on our term loans, bank overdraft, and lease liabilities.

(vii) Recent developments

Save for the Pre-IPO Restructuring as disclosed in Section 6.1.3, there were no other significant events subsequent to our Group's audited combined/consolidated financial statements for the Financial Year Under Review.

(viii) Exceptional and extraordinary items and audit qualifications

There were no exceptional or extraordinary items during the FYE 2020 to 2024. In addition, our audited financial statements for the FYE 2020 to 2024 were not subject to any audit qualifications.

(ix) Significant factors affecting our financial performance

Section 8 of this Prospectus details a number of risk factors relating to our business and the industry in which we operate. Some of these risk factors have an impact on our Group's revenue and financial performance. The main factors which affect our revenues and profits include but are not limited to the following:

- (a) Our projects are non-recurring in nature and there is no guarantee that we will be able to secure new projects;
- (b) We are dependent on main contractors and property developers as the majority of our projects are obtained through invited tenders from them;
- (c) Our Group's earnings may be affected by fluctuations in raw material prices;
- (d) Any significant cost overruns may materially and adversely affect our business operations;
- (e) Failure to complete our projects in a reliable and timely basis could materially affect our reputation; and
- (f) We are dependent on the services of our suppliers and subcontractors.

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11. FINANCIAL INFORMATION (Cont'd)**11.2.2 Review of our results of operations****(i) Revenue****Analysis of revenue by business segments**

Business segments	Audited									
	FYE 2020		FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Provision of electrical engineering and ACMV services ⁽¹⁾	45,523	99.24	53,553	96.85	82,352	98.86	111,335	88.90	117,903	96.06
Provision of intelligent building solutions ⁽¹⁾	-	-	600	1.09	615	0.74	13,691	10.93	4,506	3.67
Manufacturing of electrical panels and distribution boards	350	0.76	1,139	2.06	335	0.40	209	0.17	333	0.27
Total	45,873	100.00	55,292	100.00	83,302	100.00	125,235	100.00	122,742	100.00

Note:

- ⁽¹⁾ The nature of our provision of electrical engineering and ACMV services as well as provision of intelligent building solutions are on a project-basis and the length of the contracts are on average 3 to 36 months. As such, our revenue generated from these segments, in any financial year, fluctuates depending on the number of projects and stage of completion of the projects we undertake.

During the Financial Year Under Review, our revenue was derived from being engaged as a subcontractor and our customers are mainly main contractors and project owners across Peninsular Malaysia. Furthermore, our services involve projects in both the public and private sectors, such as development or redevelopment of public sector buildings, private high rise residential properties, mixed-use properties, commercial buildings and industrial buildings.

Analysis of revenue by type of property

Our Group's revenue contribution from the type of property varies from year to year according to the existing and new projects secured by our Group in a particular year.

11. FINANCIAL INFORMATION (Cont'd)

Property type	Audited									
	FYE 2020		FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Residential	15,509	33.81	22,958	41.52	43,026	51.65	52,805	42.16	54,081	44.06
Commercial ⁽¹⁾	27,033	58.93	26,549	48.02	31,196	37.45	25,437	20.31	23,578	19.21
Industrial	1,026	2.24	1,211	2.19	8,576	10.30	46,220	36.91	44,884	36.57
Others ⁽²⁾	2,305	5.02	⁽³⁾ 4,574	8.27	504	0.60	773	0.62	199	0.16
Total	45,873	100.00	55,292	100.00	83,302	100.00	125,235	100.00	122,742	100.00

Notes:

- (1) Includes commercial properties, mixed-use development properties, hotels and retail within shopping complexes.
- (2) Refers to schools, sport complexes and temples.
- (3) In FYE 2021, the higher revenue generated from other properties was mainly attributable to a project for the provision of electrical engineering and ACMV services for a sport complex, which was commenced in June 2020 and was completed in June 2022.

Comparison between FYE 2020 and FYE 2021

Our Group's total revenue increased by RM9.42 million or 20.54%, from RM45.87 million in FYE 2020 to RM55.29 million in FYE 2021, mainly contributed by the higher revenue contribution from our provision of electrical engineering and ACMV services, which recorded an increase in revenue of RM8.03 million during FYE 2021.

Our primary revenue contributor during FYE 2020 and FYE 2021 was commercial property projects, which contributed 58.93% and 48.02% to our total revenue in FYE 2020 and FYE 2021, respectively.

Our revenue was derived mainly from 5 major customers that contributed RM26.82 million in FYE 2021 (representing 48.50% of total revenue in FYE 2021) as compared to their contribution of RM16.04 million in FYE 2020 (representing 34.97% of total revenue in FYE 2020). Furthermore, we had 18 new customers, mainly from the main contractors of construction and property development projects, which contributed to an aggregate revenue of RM3.44 million in FYE 2021 and represented 6.22% of our total revenue in FYE 2021.

11. FINANCIAL INFORMATION (Cont'd)

Provision of electrical engineering and ACMV services

The provision of electrical engineering and ACMV services segment was our largest revenue contributor, which contributed 99.24% and 96.85% to our total revenue for FYE 2020 and FYE 2021, respectively. In FYE 2021, our revenue generated from this segment increased by RM8.03 million or 17.64%, from RM45.52 million in FYE 2020 to RM53.55 million in FYE 2021, mainly due to the following:

- (a) higher level of M&E engineering activities performed for the following ongoing projects:
 - (i) 2 projects for Imperial Lexis, a serviced apartment located in Kuala Lumpur for China State Construction Engineering (M) Sdn Bhd, which increased by RM10.64 million from RM0.84 million in FYE 2020 to RM11.48 million in FYE 2021. This project was completed in December 2023; and
 - (ii) a project for a high-rise residential property development located in Cyberjaya for Voon Electrical Contractors Sdn Bhd, which increased by RM2.41 million from RM0.85 million in FYE 2020 to RM3.26 million in FYE 2021. This project was completed in January 2023.
- (b) commencement of a new project for a commercial public property located in Kuala Lumpur for Intechcity Construction Sdn Bhd, which commenced in August 2021 and we recorded a revenue of RM3.11 million during FYE 2021. This project was completed in September 2023.

The abovementioned increases in revenue were offset by a decrease in revenue of RM8.28 million from RM11.07 million in FYE 2020 to RM2.79 million in FYE 2021 for 2 completed projects for a commercial office property located in Kuala Lumpur for Intechcity Construction Sdn Bhd as these projects were at its final completion phase. Our Group had completed the works in FYE 2021 and has obtained the certificate of practical completion.

Provision of intelligent building solutions

In FYE 2021, our Group ventured into the provision of intelligent building solutions which contributed RM0.60 million arising from a then newly secured project from an interior design firm for a home living furniture and decoration store located in Kuala Lumpur (FYE 2020: nil). The project commenced and was completed in FYE 2021.

Manufacturing of electrical panels and distribution boards

Revenue from our manufacturing of electrical panels and distribution boards segment increased by RM0.79 million or 225.71% from RM0.35 million in FYE 2020 to RM1.14 million in FYE 2021, mainly attributable to increased orders from 4 customers during the year.

11. FINANCIAL INFORMATION *(Cont'd)*

Comparison between FYE 2021 and FYE 2022

Our Group's total revenue increased by RM28.01 million or 50.66%, from RM55.29 million in FYE 2021 to RM83.30 million in FYE 2022, mainly contributed by the higher revenue contribution from our provision of electrical engineering and ACMV services segment, which recorded an increase in revenue of RM28.80 million during FYE 2022. This was offset by the lower revenue contribution from our manufacturing of electrical panels and distribution boards segment, which recorded a decrease in revenue of RM0.80 million during FYE 2022.

Our primary revenue contributor was high rise residential property projects, having contributed to 51.65% of our total revenue in FYE 2022.

Our revenue was derived mainly from 5 major customers that contributed RM49.69 million in FYE 2022 (representing 59.67% of total revenue in FYE 2022) as compared to their contribution of RM18.92 million in FYE 2021 (representing 34.22% of total revenue in FYE 2021). Furthermore, we had 14 new customers in FYE 2022, mainly the main contractors of construction and property development projects, which contributed to an aggregate revenue of RM5.48 million in FYE 2022 and represented 6.58% of our total revenue in FYE 2022.

Provision of electrical engineering and ACMV services

The provision of electrical engineering and ACMV services segment remained our largest revenue contributor, having contributed 96.85% and 98.86% to our total revenue for FYE 2021 and FYE 2022, respectively. In FYE 2022, our revenue from this segment increased by RM28.80 million or 53.78% from RM53.55 million in FYE 2021 to RM82.35 million in FYE 2022, mainly due to the following:

- (a) higher level of M&E engineering activities performed for the following ongoing projects:
 - (i) 2 projects for Imperial Lexis, a high rise serviced apartment property located in Kuala Lumpur for China State Construction Engineering (M) Sdn Bhd, which increased by RM4.19 million from RM11.48 million in FYE 2021 to RM15.67 million in FYE 2022. This project was completed in December 2023;
 - (ii) a project for Duta Park Residence, a high rise residential property located in Kuala Lumpur for Fajarbaru Builder Sdn Bhd, which increased by RM13.93 million from RM1.60 million in FYE 2021 to RM15.53 million in FYE 2022. This project was completed in March 2024;
 - (iii) a project for Gems Residences, a high rise residential property located in Putrajaya for Gamuda Engineering Sdn Bhd, which increased by RM4.17 million from RM1.44 million in FYE 2021 to RM5.61 million in FYE 2022. This project was completed in October 2023; and
 - (iv) a project for Eco Ardence, a high rise residential property located at Setia Alam, Selangor for Inta Bina Sdn Bhd, which increased by RM5.59 million from RM1.97 million in FYE 2021 to RM7.56 million in FYE 2022. This project was completed in January 2024.

11. FINANCIAL INFORMATION (Cont'd)

- (b) commencement of a new project for an industrial property located at Jenjarom, Selangor for Wawasan Sepadu Sdn Bhd. This project commenced in February 2022 and we recorded revenue of RM2.99 million during FYE 2022. This project was completed in October 2023.

The abovementioned increases in revenue were offset by a decrease in revenue of RM2.07 million from RM3.26 million in FYE 2021 to RM1.19 million in FYE 2022 for Sejati Residence, a high rise residential property project located in Sepang, Selangor for Voon Electrical Contractors Sdn Bhd as this project was in its final completion phase. The project was subsequently completed in November 2022.

Provision of intelligent building solutions

Revenue from our provision of intelligent building solutions increased by RM0.02 million or 3.33% from RM0.60 million in FYE 2021 to RM0.62 million in FYE 2022, mainly attributable to the provision of system design for energy consumption monitoring and optimisation system for an M&E engineering consulting firm which contributed a revenue of RM0.60 million in FYE 2022.

Manufacturing of electrical panels and distribution boards

Revenue from our manufacturing of electrical panels and distribution boards segment decreased by RM0.80 million or 70.18% from RM1.14 million in FYE 2021 to RM0.34 million in FYE 2022 attributable to lower orders from our customers during the year.

Comparison between FYE 2022 and FYE 2023

Our Group's total revenue increased by RM41.94 million or 50.35% from RM83.30 million in FYE 2022 to RM125.24 million in FYE 2023, mainly contributed by the higher revenue contribution from our provision of electrical engineering and ACMV services and provision of intelligent building solutions during FYE 2023.

Our primary revenue contributor was high rise residential property projects, having contributed 42.16% of our total revenue in FYE 2023.

Our revenue was derived mainly from 5 major customers that contributed RM56.93 million in FYE 2023 (representing 45.46% of total revenue in FYE 2023) as compared to their contribution of RM20.08 million in FYE 2022 (representing 24.11% of total revenue in FYE 2022). Furthermore, we had 19 new customers, mainly from the main contractors of construction and property development projects, which contributed to an aggregate revenue of RM27.48 million in FYE 2023 and represented 21.94% of our total revenue in FYE 2023.

11. FINANCIAL INFORMATION (Cont'd)

Provision of electrical engineering and ACMV services

The provision of electrical engineering and ACMV services segment remained our largest revenue contributor, having contributed 98.86% and 88.90% to our total revenue for FYE 2022 and FYE 2023, respectively. In FYE 2023, revenue from this segment increased by RM28.99 million or 35.20% from RM82.35 million in FYE 2022 to RM111.34 million in FYE 2023, mainly due to the following:

- (a) higher level of M&E engineering activities performed for the following ongoing projects:
 - (i) a project for Ava Residence, a residential property located at Kepong, Kuala Lumpur for Orangebeam Construction Sdn Bhd, which increased by RM8.60 million from RM1.78 million in FYE 2022 to RM10.38 million in FYE 2023. This project was completed in February 2025;
 - (ii) a project and a new project for an industrial property located at Kota Damansara, Selangor for SLG Construction Sdn Bhd, which increased by RM6.91 million (FYE 2023: RM7.09 million, FYE 2022: RM0.18 million) and RM3.58 in FYE 2023, respectively. This project was completed in July 2024;
 - (iii) a project for an industrial property located at Klang, Selangor for Orangebeam Construction Sdn Bhd, which increased by RM4.53 million from RM0.52 million in FYE 2022 to RM5.05 million in FYE 2023. This project was completed in May 2024; and
 - (iv) a project for a residential property located at Klang, Selangor for Voon Electrical Contractors Sdn Bhd, which increased by RM3.05 million from RM1.76 million in FYE 2022 to RM4.81 million in FYE 2023. This project was completed in May 2024.
- (b) commencement of the following new projects:
 - (i) 2 projects for an industrial property located in Seremban, Negeri Sembilan for Heng Huat Engineering Sdn Bhd. This project commenced in March 2023 and we recorded a combined revenue of RM5.88 million in FYE 2023. This project was completed in May 2024; and
 - (ii) a project for a residential property located in Jalan Hilir Ampang, Kuala Lumpur for Topgen Engineering Sdn Bhd. This project commenced in January 2023 and we recorded a revenue of RM2.08 million in FYE 2023. As at the LPD, this project is on-going.

The abovementioned increases in revenue were offset by a decrease in revenue of RM5.80 million from RM17.59 million in FYE 2022 to RM11.79 million in FYE 2023 for 2 existing projects for Duta Park Residence, a high rise residential property located at Jalan Kuching, Kuala Lumpur for Fajarbaru Builder Sdn Bhd. These projects were completed in March 2024.

11. FINANCIAL INFORMATION *(Cont'd)*

Provision of intelligent building solutions

Revenue from our provision of intelligent building solutions increased by RM13.07 million or 2,108.06% from RM0.62 million in FYE 2022 to RM13.69 million in FYE 2023, mainly attributable to the increase in revenue generated from the following projects:

- (a) an existing project for an industrial property located at Bentong, Pahang for a paper manufacturing company, which contributed to our Group's revenue of RM4.13 million in FYE 2023 (FYE 2022: RM0.01 million);
- (b) an existing project for a commercial property located at Kuala Lumpur for a construction company, which contributed to our Group's revenue of RM7.29 million in FYE 2023 (FYE 2022: less than RM0.01 million); and
- (c) provision of design works for IoT application systems for 3 customers amounting to RM1.00 million during FYE 2023 (FYE 2022: nil).

Manufacturing of electrical panels and distribution boards

In FYE 2023, our revenue generated from manufacturing of electrical panels and distribution boards decreased by RM0.13 million or 38.24% from RM0.34 million in FYE 2022 to RM0.21 million in FYE 2023 as we focused more on producing electrical panels and distribution boards for projects undertaken by our Group and thus we took on lesser orders from external customers during the year.

Comparison between FYE 2023 and FYE 2024

Our Group's total revenue decreased by RM2.50 million or 2.00% from RM125.24 million in FYE 2023 to RM122.74 million in FYE 2024, mainly contributed by the lower revenue contribution from our provision of intelligent building solutions during FYE 2024. This decrease in total revenue was partially offset by the higher revenue contribution from our provision of electrical engineering and ACMV services during FYE 2024.

Our primary revenue contributor was high rise residential property projects, having contributed 44.06% of our total revenue in FYE 2024.

Our revenue was derived mainly from 5 major customers that contributed RM51.85 million in FYE 2024 (representing 42.25% of total revenue in FYE 2024) as compared to their contribution of RM40.94 million in FYE 2023 (representing 32.69% of total revenue in FYE 2023). Furthermore, we had 8 new customers, mainly from the main contractors of construction and property development projects, which contributed to an aggregate revenue of RM11.82 million in FYE 2024 and represented 9.63% of our total revenue in FYE 2024.

11. FINANCIAL INFORMATION *(Cont'd)*

Provision of electrical engineering and ACMV services

The provision of electrical engineering and ACMV services segment remained our largest revenue contributor, having contributed 88.90% and 96.06% to our total revenue for FYE 2023 and FYE 2024, respectively. In FYE 2024, revenue from this segment increased by RM6.56 million or 5.89% from RM111.34 million in FYE 2023 to RM117.90 million in FYE 2024, mainly due to the following:

- (a) commencement of a project for a luxury resort located in Langkawi, Kedah for Laubros Holdings (M) Sdn Bhd. This project commenced in May 2024 and we recorded a revenue of RM7.27 million in FYE 2024. As at the LPD, this project is on-going; and
- (b) higher level of M&E engineering activities performed for the following ongoing projects:
 - (i) a project for ATWATER Residence, a residential property located in Seskyen 13, Petaling Jaya, Selangor for Topgen Engineering Sdn Bhd, which increased by RM5.91 million from RM1.52 million in FYE 2023 to RM7.43 million in FYE 2024. As at the LPD, this project is on-going;
 - (ii) a project for 16 Sierra, a residential property located in Sepang, Selangor for Jasmurni Construction Sdn Bhd, which increased by RM4.94 million from RM0.11 million in FYE 2023 to RM5.05 million in FYE 2024. As at the LPD, this project is on-going; and
 - (iii) a project for Hana Residences, a residential property located in Shah Alam, Selangor for Inta Bina Sdn Bhd, which increased by RM4.59 million from RM0.04 million in FYE 2023 to RM4.63 million in FYE 2024. As at the LPD, this project is on-going.

The abovementioned increases in revenue were offset by the decrease in revenue for the following projects:

- (a) 2 existing projects for Duta Park Residence, a high rise residential property located at Jalan Kuching, Kuala Lumpur for Fajarbaru Builder Sdn Bhd, which decreased by RM10.25 million from RM11.79 million in FYE 2023 to RM1.54 million in FYE 2024. These projects were completed in March 2024; and
- (b) a project for Eco Ardence, a high rise residential property located at Setia Alam, Selangor for Inta Bina Sdn Bhd, which decreased by RM5.40 million from RM5.89 million in FYE 2023 to RM0.49 million in FYE 2024. This project was completed in January 2024.

11. FINANCIAL INFORMATION (Cont'd)

Provision of intelligent building solutions

Revenue from our provision of intelligent building solutions decreased by RM9.18 million or 67.06% from RM13.69 million in FYE 2023 to RM4.51 million in FYE 2024, mainly attributable to the decrease in revenue generated from the following projects:

- (a) an existing project for an industrial property located at Bentong, Pahang for a paper manufacturing company, which contributed to our Group's revenue of RM0.83 million in FYE 2024 (FYE 2023: RM4.13 million). This project was completed in August 2023. The revenue recognised for this project in FYE 2024 was due to the finalisation of final accounts for this project;
- (b) an existing project for a commercial property located at Kuala Lumpur for a construction company, which contributed to our Group's revenue of RM0.99 million in FYE 2024 (FYE 2023: RM7.29 million). This project was completed in April 2024; and
- (c) lower provision of design works for IoT application systems to customers amounting to RM0.38 million during FYE 2024 (FYE 2023: RM1.00 million).

The abovementioned decreases in revenue were offset by an increase in revenue of RM1.43 million for a new project for a commercial property located in Pulau Pinang for a construction company, which commenced in September 2024.

Manufacturing of electrical panels and distribution boards

In FYE 2024, our revenue generated from manufacturing of electrical panels and distribution boards increased by RM0.12 million or 57.14% from RM0.21 million in FYE 2023 to RM0.33 million in FYE 2024 attributable to higher orders from our customers during the year.

11. FINANCIAL INFORMATION (Cont'd)
(ii) Cost of sales, GP and GP margin
Analysis of cost of sales by business segments

Business segments	Audited									
	FYE 2020		FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Provision of electrical engineering and ACMV services	40,323	99.66	47,624	97.90	72,097	99.43	96,029	89.65	100,151	96.38
Provision of intelligent building solutions	-	-	422	0.87	243	0.34	10,977	10.25	3,598	3.46
Manufacturing of electrical panels and distribution boards	138	0.34	600	1.23	170	0.23	104	0.10	164	0.16
Total	40,461	100.00	48,646	100.00	72,510	100.00	107,110	100.00	103,913	100.00

Analysis of cost of sales by cost components

Cost items	Audited									
	FYE 2020		FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Purchases	15,525	38.37	29,051	59.72	49,780	68.65	70,046	65.40	53,822	51.80
Subcontractors' costs	22,663	56.01	17,312	35.59	19,843	27.37	32,445	30.29	44,543	42.87
Direct staff costs	1,917	4.74	1,994	4.10	2,596	3.58	4,087	3.81	4,660	4.48
Project related expenses	356	0.88	289	0.59	291	0.40	532	0.50	888	0.85
Total	40,461	100.00	48,646	100.00	72,510	100.00	107,110	100.00	103,913	100.00

(a) Purchases

Purchases are mainly supplied from our local suppliers and denominated in RM, which comprise materials used such as generator sets, transformers, air-handling units, chillers with variable frequency drives, copper wires and spare parts. Fluctuations in purchases during the Financial Year Under Review (in value terms) were in line with changes in our revenue and M&E engineering activities performed, particularly for our provision of electrical engineering and ACMV services segment.

11. FINANCIAL INFORMATION *(Cont'd)*

Generally, our Group's level of purchases largely depends on, amongst others, the amount of materials used for each project and/or the necessity to appoint a subcontractor for specialised works. Save for FYE 2020 where purchases represented 38.37% of our total cost of sales, our purchases were the largest component of our cost of sales, representing between 51.80% and 68.65% for the Financial Year Under Review.

In FYE 2023 and FYE 2024, the percentage of our purchases over our Group's cost of sales has decreased as our subcontractors had procured the materials for our projects and included the same in their claims/invoices to us, which led to lower purchases and consequently higher subcontractors' costs.

(b) Subcontractors' costs

We may engage subcontractors on a project basis to carry out selected parts of services, based on, amongst others, the overall budget for a particular project, availability of Group's existing labour resources and/or whether the project requires specialised expertise and skills such as physical cabling and equipment installation works to support our internal installation team. On a case-by-case basis, especially during periods of lower activities, our Group may decide to engage subcontractors, rather than employing additional employees which are additional fixed costs, to carry out the provision of services for a particular project, to improve our profit margins as subcontractors' costs are variable costs. Our subcontractors' costs represented between 27.37% and 56.01% of our total cost of sales for the Financial Year Under Review.

In FYE 2020, we engaged our subcontractors to carry out testing and commission works due to insufficient internal labour resources and this had led to higher subcontractors' costs in FYE 2020. After FYE 2020, we had expanded our headcount for engineers and leveraged on internal resources to perform the said works. Nevertheless, from FYE 2022 to FYE 2024, our subcontractors' costs have increased mainly attributable to the increase in subcontracted works assigned to subcontractors, which was in line with the increase in revenue during FYE 2022 to FYE 2024. In addition, the increase was arising from the increase in procured materials by our subcontractors for our projects and included the same in their claims/invoices to us.

(c) Direct staff costs

Direct staff costs mainly comprise salaries, bonuses and allowance directly related to the provision of the services for our customers. Staff costs generally vary as it depends on the number of headcount and manpower planning during the Financial Year Under Review. Our direct staff costs represented between 3.58% and 4.74% of our total cost of sales for the Financial Year Under Review.

(d) Project related expenses

Project related expenses mainly comprise foreign workers' work permits, travelling expenses, and project insurances. Our project related expenses represented between 0.40% and 0.88% of our total cost of sales for the Financial Year Under Review.

11. FINANCIAL INFORMATION (Cont'd)**Analysis of GP and GP margin by business segments**

Business segments	FYE 2020		FYE 2021		Audited FYE 2022		FYE 2023		FYE 2024	
	GP	GP margin	GP	GP margin	GP	GP margin	GP	GP margin	GP	GP margin
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Provision of electrical engineering and ACMV services	5,200	11.42	5,929	11.07	10,255	12.45	15,306	13.75	17,752	15.06
Provision of intelligent building solutions	-	-	178	29.67	372	60.49	2,714	19.82	908	20.15
Manufacturing of electrical panels and distribution boards	212	60.57	539	47.32	165	49.25	105	50.24	169	50.75
Total	5,412	11.80	6,646	12.02	10,792	12.96	18,125	14.47	18,829	15.34

Save for our manufacturing of electrical panels and distribution boards segment, our Group prices our projects based on contract cost estimates after taking into consideration, amongst others, the size, complexity and specifications of the projects. The contract cost is estimated at the beginning of the project based on expected purchase costs, direct staff costs, subcontractors' costs, project related expenses and project duration. Generally, the contract cost estimates will be revised towards the end of each project period to reflect the actual incurred costs. Apart from contract costs estimates, each project's GP may differ based on the scope of project, project duration and project margin.

Comparison between FYE 2020 and FYE 2021**Analysis by cost components**

Our cost of sales increased by RM8.19 million or 20.24% from RM40.46 million in FYE 2020 to RM48.65 million in FYE 2021, which corresponded with our Group's higher revenue during the same period.

The increase in cost of sales was mainly contributed by the increase in purchases of RM13.52 million or 87.06%, to RM29.05 million for FYE 2021 (FYE 2020: RM15.53 million), mainly arising from the increase in purchases of materials for residential projects, in tandem with the increase in revenue generated from residential projects. The abovementioned increase was offset by the decrease in subcontractors' costs of RM5.35 million or 23.61% from RM22.66 million in FYE 2020 to RM17.31 million in FYE 2021. In FYE 2020, we engaged our subcontractors to carry out testing and commission works due to limited internal labour resources which led to higher subcontractors' costs in FYE 2020. After FYE 2020, we expanded our headcount for engineers and leveraged on internal resources to perform the said works.

11. FINANCIAL INFORMATION *(Cont'd)*

Analysis by business segments

Our cost of sales increased by RM8.19 million or 20.24% from RM40.46 million in FYE 2020 to RM48.65 million in FYE 2021, mainly contributed by the increase in cost of sales for our provision of electrical engineering and ACMV services segment.

Our GP increased by RM1.24 million or 22.92% from RM5.41 million in FYE 2020 to RM6.65 million in FYE 2021, mainly contributed by the increase in the GP from our provision of electrical engineering and ACMV services segment, which recorded an increase of RM0.73 million or 14.04% from RM5.20 million in FYE 2020 to RM5.93 million in FYE 2021. The increase in GP was in tandem with the increase in revenue for FYE 2021.

Our overall GP margin increased to 12.02% in FYE 2021 (FYE 2020: 11.80%). This was mainly contributed by the improved GP margin of our provision of intelligent building solutions segment in FYE 2021.

Provision of electrical engineering and ACMV services

Our cost of sales for the provision of electrical engineering and ACMV services increased by RM7.30 million or 18.11% from RM40.32 million in FYE 2020 to RM47.62 million in FYE 2021, in tandem with the increase in revenue for the provision of electrical engineering and ACMV services of 17.64% during the same period.

Our GP for provision of electrical engineering and ACMV services increased by RM0.73 million or 14.04% from RM5.20 million in FYE 2020 to RM5.93 million in FYE 2021, mainly attributable to higher GP contribution from residential property projects in line with the higher revenue generated from residential property projects.

Nonetheless, our GP margin for provision of electrical engineering and ACMV services decreased from 11.42% in FYE 2020 to 11.07% in FYE 2021, mainly attributable to 2 existing projects which had an average GP margin of 10.00% due to competitive tender pricing strategy adopted by our Group to secure the said projects.

Provision of intelligent building solutions

Our cost of sales for the provision of intelligent building solutions of RM0.42 million in FYE 2021 was derived from a then newly secured project from an interior design firm for a home living furniture and decoration store located in Kuala Lumpur for a commercial interior design company (FYE 2020: nil).

In FYE 2021, our GP for the provision of intelligent building solutions was RM0.18 million (FYE 2020: nil) and the GP margin was 29.67% (FYE 2020: nil).

11. FINANCIAL INFORMATION *(Cont'd)*

Manufacturing of electrical panels and distribution boards

Our cost of sales for the manufacturing of electrical panels and distribution boards segment increased by RM0.46 million or 328.57% from RM0.14 million in FYE 2020 to RM0.60 million in FYE 2021, which was higher than our revenue growth rate of 225.71% during the same period, mainly due to higher material prices arising from the increase in copper prices in FYE 2021.

Despite our GP for this segment increasing by RM0.33 million or 157.14% from RM0.21 million in FYE 2020 to RM0.54 million in FYE 2021, which was attributable to higher sales and increased orders from our customers, we recorded a lower GP margin for this segment of 47.32% in FYE 2021 (FYE 2020: 60.57%). This lower GP margin was mainly attributable to higher material prices arising from the increase in copper prices in FYE 2021, and which we did not pass on the incremental costs to our customers.

Comparison between FYE 2021 and FYE 2022

Analysis by cost components

Our cost of sales increased by RM23.86 million or 49.04% from RM48.65 million in FYE 2021 to RM72.51 million in FYE 2022, which corresponded with our Group's higher revenue during the same period, mainly attributable to the following:

- (a) purchases increased by RM20.73 million or 71.36% from RM29.05 million to RM49.78 million in FYE 2022, mainly arising from the increase in purchases of materials used for residential property projects, which was in line with the increase in the provision of electrical engineering and ACMV services during FYE 2022;
- (b) subcontractors' costs increased by RM2.53 million or 14.62% from RM17.31 million in FYE 2021 to RM19.84 million in FYE 2022, mainly arising from the increased manpower required such as for the installation of generators, transformers, cables, air-conditioning systems and ducting works for our provision of electrical engineering and ACMV services; and
- (c) direct staff costs increased by RM0.61 million or 30.65% from RM1.99 million in FYE 2021 to RM2.60 million in FYE 2022, arising from the increased headcount of the project team required for the increased M&E engineering activities for provision of electrical engineering and ACMV services.

Analysis by business segments

Our cost of sales increased by RM23.86 million or 49.04% from RM48.65 million in FYE 2021 to RM72.51 million in FYE 2022, mainly contributed by the increase in cost of sales for our provision of electrical engineering and ACMV services segment.

11. FINANCIAL INFORMATION (Cont'd)

Our GP increased by RM4.14 million or 62.26% from RM6.65 million in FYE 2021 to RM10.79 million in FYE 2022, mainly contributed by the increase in the GP from our provision of electrical engineering and ACMV services of RM4.33 million and GP from our provision of intelligent building solutions of RM0.19 million in FYE 2022. The abovementioned increases were offset by the decrease in the GP from our manufacturing of electrical panels and distribution boards segment of RM0.37 million in FYE 2022.

Our overall GP margin increased to 12.96% in FYE 2022 (FYE 2021: 12.02%). This was mainly contributed by the improved GP margin from the provision of electrical engineering and ACMV services in FYE 2022, due to the following:

- (a) provision of fit-out services for commercial properties, representing 5.26% of the Group's total revenue in FYE 2022, that had GP margin of above 20.00% in FYE 2022; and
- (b) the Group's sales and marketing team was able to negotiate higher quotations from its customers, which contributed to a better margin in FYE 2022.

Provision of electrical engineering and ACMV services

Our cost of sales for the provision of electrical engineering and ACMV services segments increased by RM24.48 million or 51.41% from RM47.62 million in FYE 2021 to RM72.10 million in FYE 2022, in tandem with the increase in revenue for this segment of 53.78% during the same period.

Our GP for the provision of electrical engineering and ACMV services increased by RM4.33 million or 73.02% from RM5.93 million in FYE 2021 to RM10.26 million in FYE 2022, attributable to higher GP contribution from residential and commercial property projects.

Our GP margin for the provision of electrical engineering and ACMV services increased from 11.07% in FYE 2021 to 12.45% in FYE 2022, mainly attributable to the following:

- (a) provision of fit-out services for commercial properties, representing 4.72% of our total revenue in FYE 2022, that had GP margin of above 20.00% in FYE 2022; and
- (b) our sales and marketing team was able to negotiate higher rates from our customers, which contributed to a better margin in FYE 2022.

11. FINANCIAL INFORMATION *(Cont'd)*

Provision of intelligent building solutions

Our cost of sales for the provision of intelligent building solutions decreased by RM0.18 million or 42.86% from RM0.42 million in FYE 2021 to RM0.24 million in FYE 2022, despite our revenue for this segment increased by 3.33% during the same period. As such, our GP for the provision of intelligent building solutions increased by RM0.19 million or 105.56% from RM0.18 million in FYE 2021 to RM0.37 million in FYE 2022, and we recorded a higher GP margin for this segment of 60.49% in FYE 2022 (FYE 2021: 29.67%), mainly attributable to higher GP margin from the provision of system design for energy consumption monitoring and optimisation system for an M&E engineering consulting firm during FYE 2022.

Manufacturing of electrical panels and distribution boards

Our cost of sales for the manufacturing of electrical panels and distribution boards segment decreased by RM0.43 million or 71.67% from RM0.60 million in FYE 2021 to RM0.17 million in FYE 2022, which was in line with our decline in revenue for this segment of 70.18% during the same period.

Our GP for the manufacturing of electrical panels and distribution boards segment decreased by RM0.37 million or 68.52% from RM0.54 million in FYE 2021 to RM0.17 million in FYE 2022, mainly attributable to lower sales and decreased orders from our customers in FYE 2022.

However, our GP margin for the manufacturing of electrical panels and distribution boards segment increased from 47.32% in FYE 2021 to 49.25% in FYE 2022, as our Group had gradually increased the selling prices for our electrical panels and distribution boards since FYE 2022 to improve our GP margin levels.

Comparison between FYE 2022 and FYE 2023

Analysis by cost components

Our cost of sales increased by RM34.60 million or 47.72% from RM72.51 million in FYE 2022 to RM107.11 million in FYE 2023, which corresponded with our Group's higher revenue during the same period, mainly attributable to the following:

- (a) purchases increased by RM20.27 million or 40.72% from RM49.78 million in FYE 2022 to RM70.05 million in FYE 2023, mainly arising from the increase in purchases of materials used for industrial and residential property projects, which was in tandem with the increase in the provision of electrical engineering and ACMV services for industrial and residential property projects during the period;
- (b) subcontractors' costs increased by RM12.61 million or 63.56% from RM19.84 million in FYE 2022 to RM32.45 million in FYE 2023, mainly arising from the increase in manpower required such as the installation of generators, transformers, cables, air-conditioning systems and ducting works for our provision of electrical engineering and ACMV services projects, specifically for industrial and residential property projects during FYE 2023; and

11. FINANCIAL INFORMATION *(Cont'd)*

- (c) direct staff costs increased by RM1.49 million or 57.31% from RM2.60 million in FYE 2022 to RM4.09 million in FYE 2023, arising from the increase in headcount of project teams to meet the increase in demand for our electrical engineering and ACMV services in FYE 2023.

Analysis by business segments

Our cost of sales increased by RM34.60 million or 47.72% from RM72.51 million in FYE 2022 to RM107.11 million in FYE 2023, mainly contributed by the increase in cost of sales for our provision of electrical engineering and ACMV services segment and increase in cost of sales for our provision of intelligent building solutions.

Our GP increased by RM7.34 million or 68.03% from RM10.79 million in FYE 2022 to RM18.13 million in FYE 2023, mainly contributed by the increase in the GP from our provision of electrical engineering and ACMV services of RM5.05 million in FYE 2023 and the increase in GP from our provision of intelligent building solutions of RM2.34 million in FYE 2023. The abovementioned increases were offset by the decrease in our GP from our manufacturing of electrical panels and distribution boards segment of RM0.06 million in FYE 2023.

Our overall GP margin was 14.47% in FYE 2023 (FYE 2022: 12.96%). This was mainly contributed by the GP margin from our provision of intelligent building solutions of 19.82% in FYE 2023 (FYE 2022: 60.49%) and GP margin from our provision of electrical engineering and ACMV services of 13.75% in FYE 2023 (FYE 2022: 12.45%).

Provision of electrical engineering and ACMV services

Our cost of sales for the provision of electrical engineering and ACMV services increased by RM23.93 million or 33.19% from RM72.10 million in FYE 2022 to RM96.03 million in FYE 2023, which was lower than our revenue growth rate for this segment of 35.20% during the same period.

As such, our GP for the provision of electrical engineering and ACMV services increased by RM5.05 million or 49.22% from RM10.26 million in FYE 2022 to RM15.31 million in FYE 2023, and we recorded higher GP margin for our provision of electrical engineering and ACMV services of 13.75% in FYE 2023 (FYE 2022: 12.45%), mainly attributable to projects secured in FYE 2022 and commenced in FYE 2023 that commanded higher project margins.

Provision of intelligent building solutions

Our cost of sales for the provision of intelligent building solutions increased by RM10.74 million or 4,475.00% from RM0.24 million in FYE 2022 to RM10.98 million in FYE 2023, which was higher than our revenue growth rate for this segment of 2,108.06% during the same period.

11. FINANCIAL INFORMATION *(Cont'd)*

Despite our GP for provision of intelligent building solutions increasing by RM2.34 million or 632.43% from RM0.37 million in FYE 2022 to RM2.71 million, we recorded a lower GP margin for the provision of intelligent building solutions of 19.82% in FYE 2023 (FYE 2022: 60.49%). This was mainly because we provided design with installation works in FYE 2023, as compared to purely design works for intelligent building solutions in FYE 2022, which commanded lower margins.

Manufacturing of electrical panels and distribution boards

Our cost of sales for the manufacturing of electrical panels and distribution boards segment decreased by RM0.07 million or 41.18% from RM0.17 million in FYE 2022 to RM0.10 million in FYE 2023, which was higher than our decline in revenue of 38.24% during the same period.

Our GP for the manufacturing of electrical panels and distribution boards segment decreased by RM0.06 million or 35.29% from RM0.17 million in FYE 2022 to RM0.11 million in FYE 2023, mainly attributable to lower sales and decreased orders from our customers in FYE 2023.

Despite the decrease in GP contribution, our GP margin for the manufacturing of electrical panels and distribution boards segment increased from 49.25% in FYE 2022 to 50.24% in FYE 2023, as our Group had gradually increased the selling prices of our manufactured electrical panels and distribution boards since FYE 2022 to improve our GP margin levels.

Comparison between FYE 2023 and FYE 2024

Analysis by cost components

Our cost of sales decreased by RM3.20 million or 2.99% from RM107.11 million in FYE 2023 to RM103.91 million in FYE 2024, which corresponded with our Group's lower revenue during the same period, mainly attributable to the decrease in purchases of RM16.23 million or 23.17% from RM70.05 million in FYE 2023 to RM53.82 million in FYE 2024, mainly attributable to our subcontractors had procured the materials for our projects and included the same in their claims/invoices to us, as well as lesser material required for our provision of intelligent building solutions as a result of completion of 2 projects during FYE 2024. However, the abovementioned decrease was offset by the increases of the following:

- (a) subcontractors' costs increased by RM12.09 million or 37.26% from RM32.45 million in FYE 2023 to RM44.54 million in FYE 2024, mainly arising from the increase in procured materials by our subcontractors as well as the increase in manpower required such as the installation of generators, transformers, cables, air-conditioning systems and ducting works for our provision of electrical engineering and ACMV services projects, specifically for industrial and residential property projects during FYE 2024;
- (b) direct staff costs increased by RM0.57 million or 13.94% from RM4.09 million in FYE 2023 to RM4.66 million in FYE 2024, arising from the increase in headcount of project teams to meet the increase in demand for our electrical engineering and ACMV services in FYE 2024; and

11. FINANCIAL INFORMATION (Cont'd)

- (c) project related expenses increased by RM0.36 million or 67.92% from RM0.53 million in FYE 2023 to RM0.89 million in FYE 2024, arising from higher expenses incurred at project sites and for foreign workers such as levies, food and beverages.

Analysis by business segments

Our cost of sales decreased by RM3.20 million or 2.99% from RM107.11 million in FYE 2023 to RM103.91 million in FYE 2024, mainly contributed by the decrease in cost of sales for our provision of intelligent building solutions and offset by the increase in cost of sales of our provision of electrical engineering and ACMV services segment.

Our GP increased by RM0.70 million or 3.86% from RM18.13 million in FYE 2023 to RM18.83 million in FYE 2024, mainly contributed by the increase in the GP from our provision of electrical engineering and ACMV services of RM2.44 million in FYE 2024 and this was offset by the decrease in GP from our provision of intelligent building solutions of RM1.80 million in FYE 2024.

Our overall GP margin was 15.34% in FYE 2024 (FYE 2023: 14.47%). This was mainly contributed by the GP margin from our provision of electrical engineering and ACMV services of 15.06% in FYE 2024 (FYE 2023: 13.75%) and GP margin from our provision of intelligent building solutions of 20.15% in FYE 2024 (FYE 2023: 19.82%).

Provision of electrical engineering and ACMV services

Our cost of sales for the provision of electrical engineering and ACMV services increased by RM4.12 million or 4.29% from RM96.03 million in FYE 2023 to RM100.15 million in FYE 2024, which was lower than our revenue growth rate for this segment of 5.89% during the same period.

As such, our GP for the provision of electrical engineering and ACMV services increased by RM2.44 million or 15.94% from RM15.31 million in FYE 2023 to RM17.75 million in FYE 2024, and we recorded higher GP margin for our provision of electrical engineering and ACMV services of 15.06% in FYE 2024 (FYE 2023: 13.75%), mainly attributable to projects secured in FYE 2023 and commenced in FYE 2024 that commanded higher project margins as our Group manages to obtain better pricing and improved resource planning.

Provision of intelligent building solutions

Our cost of sales for the provision of intelligent building solutions decreased by RM7.38 million or 67.21% from RM10.98 million in FYE 2023 to RM3.60 million in FYE 2024, which was higher than our revenue reduction rate for this segment of 67.06% during the same period.

11. FINANCIAL INFORMATION (Cont'd)

Despite our GP for provision of intelligent building solutions decreasing by RM1.80 million or 66.42% from RM2.71 million in FYE 2023 to RM0.91 million, we recorded a higher GP margin for our provision of intelligent building solutions of 20.15% in FYE 2024 (FYE 2023: 19.82%). This was mainly attributable to 2 existing projects for commercial properties that commanded higher project margins, which were completed in February and March 2024 as the actual costs incurred for the projects were lower than the initial budgeted costs.

Manufacturing of electrical panels and distribution boards

Our cost of sales for the manufacturing of electrical panels and distribution boards segment increased by RM0.06 million or 60.00% from RM0.10 million in FYE 2023 to RM0.16 million in FYE 2024, which was higher than our revenue growth rate of 57.14% during the same period.

Our GP for the manufacturing of electrical panels and distribution boards segment increased by RM0.06 million or 54.55% from RM0.11 million in FYE 2023 to RM0.17 million in FYE 2024, mainly attributable to higher sales and orders from our customers in FYE 2024. In addition, our GP margin for the manufacturing of electrical panels and distribution boards segment increased slightly from 50.24% in FYE 2023 to 50.75% in FYE 2024, as our Group had gradually increased the selling prices of our manufactured electrical panels and distribution boards since FYE 2023 to improve our GP margin levels.

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11. FINANCIAL INFORMATION (Cont'd)**(iii) Other income**

Other income	Audited									
	FYE 2020		FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Gain on disposal of property, plant and equipment	-	-	15	3.08	-	-	-	-	-	-
Gain on disposal of investment properties	899	61.11	-	-	-	-	1,969	74.95	-	-
Gain from short term investment	46	3.13	-	-	-	-	*	^	-	-
Gain on derecognition of lease liabilities	-	-	-	-	-	-	2	0.08	1	0.39
Interest income ⁽¹⁾	12	0.81	13	2.67	4	0.70	*	^	15	5.93
Rental income ⁽²⁾	468	31.82	350	71.87	403	70.83	344	13.09	224	88.54
Hiring incentives ⁽³⁾	12	0.82	104	21.35	158	27.77	12	0.46	-	-
Reversal of impairment loss on investment properties	-	-	-	-	-	-	222	8.45	-	-
Reversal of impairment loss on trade receivables	-	-	-	-	-	-	*	^	-	-
Insurance claim	-	-	-	-	-	-	63	2.40	-	-
Discount received from suppliers	34	2.31	5	1.03	4	0.70	15	0.57	13	5.14
Total	1,471	100.00	487	100.00	569	100.00	2,627	100.00	253	100.00

Notes:

* Less than RM500

^ Less than 0.01%

(1) Relates to interest income from bank balances deposited in licenced banks.

(2) Relates to rental income derived from the rental of a total of 7 units of shop lots located in Selangor to Neutron Capital and a third party.

(3) Pertains to the hiring incentive programme introduced by the Malaysian Government to encourage the employment of staff under certain approved categories (i.e. specific vulnerable groups such as the unemployed, persons with disabilities, ex-convicts or recent graduates). The employers will receive subsidies ranging from RM600 to RM1,000, up to a period of 6 months. The hiring incentive programme had ended on 31 December 2023.

11. FINANCIAL INFORMATION *(Cont'd)*

Comparison between FYE 2020 and FYE 2021

Our other income decreased by RM0.98 million or 66.67% from RM1.47 million in FYE 2020 to RM0.49 million in FYE 2021, mainly due to one-off gain on the disposal of 2 plots of freehold land located at Segamat, Johor of RM0.90 million in FYE 2020 which did not recur in FYE 2021 and lower rental income arising from reduced rental rates of 7 units of shop lots located in Selangor that we rented to Neutron Capital and a third party as a result of the COVID-19 pandemic.

Comparison between FYE 2021 and FYE 2022

Our other income increased by RM0.08 million or 16.33% from RM0.49 million in FYE 2021 to RM0.57 million in FYE 2022 mainly due to:

- (a) increase in rental income of RM0.05 million arising from the increased rental rates of 7 units of shop lots located in Selangor that we rented to Neutron Capital and a third party;
- (b) increase in hiring incentives of RM0.06 million, mainly derived from the new hiring incentive programme introduced by the Malaysian Government in FYE 2022 to encourage the employment of staff under certain approved categories.

The abovementioned increases were offset by a one-off gain on the disposal of 1 unit of motor vehicle of RM0.02 million in FYE 2021 which did not recur in FYE 2022.

Comparison between FYE 2022 and FYE 2023

Our other income increased by RM2.06 million or 361.40% from RM0.57 million in FYE 2022 to RM2.63 million in FYE 2023, mainly due to the following:

- (a) gains on the disposal of 6 units of investment properties classified as non-current assets held for sale of RM1.97 million, as follows:
 - (i) a unit of double storey intermediate terraced shop office, bearing the postal address of No.74, Jalan Tun H.S. Lee, 50000 Kuala Lumpur which had been disposed to Neutron Capital on 31 May 2023 with a gain on disposal of RM0.18 million;
 - (ii) a unit of 3 storey shop office, bearing the postal address of No.2A, 2A-1 & 2A-2, Jalan Puteri 2A/8, Bandar Puteri Bangi, 43000 Kajang, Selangor which had been disposed to Neutron Capital on 15 June 2023 with a gain on disposal of RM0.17 million;
 - (iii) a unit of double storey shop office, bearing the postal address of No.22, Jalan Renang 13/26, Seksyen 13, 40100 Shah Alam, Selangor which had been disposed to Neutron Capital on 13 June 2023 with a gain on disposal of RM0.16 million;

11. FINANCIAL INFORMATION *(Cont'd)*

- (iv) a unit of 3 storey shop office, bearing the postal address of No.44, Jalan Bola Tampar 13/14, Jalan Bola Tampar 13/14, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan which had been disposed to Neutron Capital on 10 May 2023 with a gain on disposal of RM0.15 million;
 - (v) a unit of 4 storey end terrace shop office, bearing the postal address of No.43, Jalan Dwitasik 2, Dataran Dwitasik, Bandar Sri Permaisuri, Cheras, 56000 Kuala Lumpur which had been disposed to Neutron Capital on 15 June 2023 with a gain on disposal of RM0.49 million;
 - (vi) a unit of 3 storey shop office, bearing the postal address of No.8, Jalan Temenggung 25/9, Bandar Mahkota Cheras, 43200 Cheras, Selangor Darul Ehsan which had been disposed to MYWZ Property Sdn Bhd on 2 November 2023 with a gain on disposal of RM0.82 million.
- (b) reversal of impairment loss on investment properties of RM0.22 million for the 10 units of Valley Suite Apartment located at Kuantan, Pahang as the market value increased above the carrying value in FYE 2023.

The abovementioned increases were offset by the lower hiring incentives by RM0.15 million in FYE 2023 as compared to FYE 2022.

Comparison between FYE 2023 and FYE 2024

Our other income decreased by RM2.38 million or 90.49% from RM2.63 million in FYE 2023 to RM0.25 million in FYE 2024, mainly due to the absence of the following:

- (i) one-off gains on the disposal of 6 units of investment properties of RM1.97 million in FYE 2023, which did not recur in FYE 2024;
- (ii) reversal of impairment loss on investment properties of RM0.22 million for the 10 units of Valley Suite Apartment located at Kuantan, Pahang as the market value increased above the carrying value in FYE 2023, which did not recur in FYE 2024; and
- (iii) absence of hiring incentives during FYE 2024 following the conclusion of the hiring incentive programme introduced by the Malaysian Government.

11. FINANCIAL INFORMATION (Cont'd)
(iv) Administrative expenses

Administrative expenses	Audited									
	FYE 2020		FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Staff costs	241	19.34	393	31.78	852	41.83	1,029	31.74	1,222	32.24
Directors' remuneration	194	15.57	111	8.97	470	23.07	244	7.53	311	8.20
Directors' fee	-	-	-	-	-	-	12	0.37	94	2.48
Travelling and accommodation	204	16.37	181	14.63	201	9.87	309	9.53	296	7.81
Upkeep and maintenance	232	18.62	193	15.60	154	7.56	144	4.44	146	3.85
Office expenses ⁽¹⁾	161	12.92	119	9.62	120	5.89	184	5.67	218	5.75
Professional fees	105	8.43	60	4.85	102	5.01	1,178	36.34	1,261	33.26
Rental expenses	65	5.22	85	6.87	19	0.93	38	1.17	38	1.00
Others ⁽²⁾	44	3.53	95	7.68	119	5.84	104	3.21	205	5.41
Total	1,246	100.00	1,237	100.00	2,037	100.00	3,242	100.00	3,791	100.00

Notes:

⁽¹⁾ Mainly includes utilities expenses, printing and stationery, subscription fee and license fees.

⁽²⁾ Mainly includes mainly bank charges, stamp duty and advertising fees.

Comparison between FYE 2020 and FYE 2021

Our administrative expenses decreased by RM0.01 million or 0.80% from RM1.25 million in FYE 2020 to RM1.24 million in FYE 2021, mainly attributable to the following:

- (a) decrease in directors' remuneration of RM0.08 million, due to voluntary salary reduction among the Directors and key senior management during the COVID-19 pandemic in FYE 2021; and
- (b) decrease in travelling and accommodation, upkeep and maintenance as well as office expenses of RM0.10 million as a result of decreases in business travels and increased remote working arrangements, due to the various movement restrictions imposed by the Malaysian Government during the COVID-19 pandemic period.

11. FINANCIAL INFORMATION *(Cont'd)*

The abovementioned decreases were partially offset by the increase in staff costs, which mainly comprise salaries, EPF expenses and bonus, of RM0.15 million, mainly due to the expansion of our headcount (excluding Project team and Directors) in FYE 2021.

Comparison between FYE 2021 and FYE 2022

Our administrative expenses increased by RM0.80 million or 64.52% from RM1.24 million in FYE 2021 to RM2.04 million in FYE 2022, mainly attributable to the following:

- (a) increase in staff costs of RM0.46 million, due to annual salary adjustment for existing staff and expansion of our headcount (excluding Project team and Directors) in FYE 2022; and
- (b) increase in directors' remuneration of RM0.36 million, due to bonus payouts to existing Directors in FYE 2022.

Comparison between FYE 2022 and FYE 2023

Our administrative expenses increased by RM1.19 million or 58.05% from RM2.05 million in FYE 2022 to RM3.24 million in FYE 2023 mainly attributable to increase in professional fees of RM1.08 million, mainly the professional fees of RM0.96 million incurred for our Listing.

Comparison between FYE 2023 and FYE 2024

Our administrative expenses increased by RM0.55 million or 16.98% from RM3.24 million in FYE 2023 to RM3.79 million in FYE 2024 mainly attributable to the following:

- (i) increase in staff costs of RM0.19 million, due to annual salary adjustment for existing staff and expansion of the headcount of our purchasing as well as human resource and administration department in FYE 2024;
- (ii) increase in directors' remuneration and directors' fee, collectively of RM0.16 million, attributable to salary increments for our Executive Directors and payment of directors' fees for our Independent Directors during FYE 2024;
- (iii) increase in other administrative expenses of RM0.08 million, mainly due to higher bank charges for processing fees related to new term loans secured for working capital purposes; and
- (iv) increase in professional fees of RM0.08 million, mainly attributable to higher professional fees of RM0.07 million incurred for our Listing of RM1.03 million in FYE 2024 (FYE 2023: RM0.96 million).

11. FINANCIAL INFORMATION (Cont'd)**(v) Other operating expenses**

Other operating expenses	Audited									
	FYE 2020		FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Depreciation of property, plant and equipment	82	11.62	73	8.92	97	12.26	105	3.62	222	36.51
Depreciation of investment properties	217	30.74	221	27.02	234	29.58	109	3.76	109	17.93
Impairment loss on investment properties	-	-	-	-	222	28.07	-	-	-	-
Impairment loss on trade receivables ⁽¹⁾	403	57.08	475	58.07	143	18.08	2,675	92.31	225	37.01
Impairment loss on contract assets ⁽¹⁾	*	^	22	2.69	95	12.01	9	0.31	51	8.39
Deposit forfeited	3	0.42	-	-	-	-	-	-	-	-
Loss on short term investment	-	-	27	3.30	-	-	-	-	-	-
Loss on disposal of property, plant and equipment	1	0.14	-	-	-	-	-	-	-	-
Loss on lease modification	-	-	-	-	-	-	-	-	1	0.16
Total	706	100.00	818	100.00	791	100.00	2,898	100.00	608	100.00

Notes:

* Less than RM500

^ Less than 0.01

⁽¹⁾ Impairment loss on trade receivables and contract assets were provided based on expected credit losses in accordance with MFRS 9 *Financial Instruments*. Collective impairment was based on the credit risk and the days past due, while individual impairment was based on specific receivables and contract assets that are credit impaired. Among the factors considered for credit risk include the historical payment trends and forward looking information. For further details on this policy, please refer to Section 12 of this Prospectus.

Comparison between FYE 2020 and FYE 2021

Our other operating expenses increased by RM0.11 million or 15.49% from RM0.71 million in FYE 2021 to RM0.82 million in FYE 2022, mainly attributable to the higher net impairment loss on trade receivables and contract assets, totalling RM0.10 million.

11. FINANCIAL INFORMATION *(Cont'd)*

In FYE 2021, the impairment losses on trade receivables of RM0.48 million comprised individual impairment of RM0.48 million (i.e. 7 trade receivables individually impaired as they were long outstanding). The increase in allowance for impairment losses on contract assets of RM0.02 million was due to 5 projects that took more than 12 months for the issuance of final accounts.

Comparison between FYE 2021 and FYE 2022

Our other operating expenses decreased by RM0.03 million or 3.66% from RM0.82 million in FYE 2021 to RM0.79 million in FYE 2022, mainly attributable to the decrease in impairment loss on trade receivables of RM0.34 million. In FYE 2022, the impairment losses on trade receivables of RM0.14 million comprised collective impairment of RM0.01 million and individual impairment of RM0.13 million (i.e. 7 trade receivables individually impaired as they were long outstanding). The decrease in allowance for impairment losses on trade receivables of RM0.34 million was due to lower individual impairment on trade receivables in FYE 2022. The abovementioned decrease was offset by the following:

- (a) impairment losses on investment properties of RM0.22 million, which arose due to the carrying value of the 10 units of Valley Suite Apartment located at Kuantan, Pahang that were higher than its market value; and
- (b) increase in allowance for impairment losses on contract assets of RM0.08 million, which was due to 2 individually impaired projects that took more than 12 months for the issuance of final accounts.

Comparison between FYE 2022 and FYE 2023

Our other operating expenses increased by RM2.11 million or 267.09% from RM0.79 million in FYE 2022 to RM2.90 million in FYE 2023, mainly attributable to the increase in impairment loss on trade receivables of RM2.54 million or 1,814.29%, from RM0.14 million in FYE 2022 to RM2.68 million in FYE 2023, comprising individual impairment of RM2.08 million (i.e. 2 trade receivables individually impaired as they were long outstanding) and collective impairment of RM0.60 million.

The increase in other operating expenses was offset by the following:

- (a) one-off impairment losses on investment properties of RM0.22 million in FYE 2022 (FYE 2023: nil). In FYE 2023, the market value of the 10 units of Valley Suite Apartment units was above their carrying value, hence, we reversed impairment losses on investment properties of RM0.22 million in FYE 2023. Refer to Section 11.2.2 (iii) for further details; and
- (b) decrease in depreciation of investment properties of RM0.12 million following the reclassification of 6 units of investment properties to non-current assets held for sale in FYE 2022. Such properties were disposed off during FYE 2023.

11. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2023 and FYE 2024**

Our other operating expenses decreased by RM2.29 million or 78.97% from RM2.90 million in FYE 2023 to RM0.61 million in FYE 2024, mainly attributable to the decrease in impairment loss on trade receivables of RM2.45 million or 91.42%, from RM2.68 million in FYE 2023 to RM0.23 million in FYE 2024.

The decrease in other operating expenses was offset by an increase in depreciation of property, plant and equipment of RM0.11 million, mainly resulting from the additions of motor vehicles and a new premise (i.e. rented office at Oasis Damansara, Petaling Jaya) during FYE 2024.

(vi) Finance costs

	Audited									
	FYE 2020		FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Interests charged on:										
Term loans	377	99.21	303	99.02	487	98.78	328	96.47	286	89.10
Lease liabilities	2	0.53	3	0.98	6	1.22	12	3.53	35	10.90
Bank overdraft	1	0.26	-	-	*	^	*	^	-	-
Total	380	100.00	306	100.00	493	100.00	340	100.00	321	100.00

Note:

* Less than RM500

^ Less than 0.01%

Comparison between FYE 2020 and FYE 2021

Our finance costs decreased by RM0.07 million or 18.42% from RM0.38 million in FYE 2020 to RM0.31 million in FYE 2021, mainly attributable to the decrease in interest charged on term loans of RM0.08 million or 21.05%, to RM0.30 million in FYE 2021 (FYE 2020: RM0.38 million). This was primarily due to scheduled repayments made on term loans, as evidenced by the decrease in non-current borrowings during FYE 2021.

11. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 2021 and FYE 2022

Our finance costs increased by RM0.18 million or 58.06% from RM0.31 million in FYE 2021 to RM0.49 million in FYE 2022, mainly attributable to the increase in interest charged on term loans of RM0.19 million or 63.33%, to RM0.49 million in FYE 2022 (FYE 2021: RM0.30 million). This was primarily due to the increase in the overnight policy rate from 1.75% to 2.75% that was announced by Bank Negara Malaysia during FYE 2022.

Comparison between FYE 2022 and FYE 2023

Our finance costs decreased by RM0.15 million or 30.61% from RM0.49 million in FYE 2022 to RM0.34 million in FYE 2023, mainly attributable to the decrease in interest charged on term loans of RM0.16 million or 32.65%, to RM0.33 million in FYE 2023 (FYE 2022: RM0.49 million). This was attributable to settlement of the term loans on 6 units of investment properties classified as non-current assets held for sale that were disposed of during FYE 2023.

Comparison between FYE 2023 and FYE 2024

Our finance costs decreased by RM0.02 million or 5.88% from RM0.34 million in FYE 2023 to RM0.32 million in FYE 2024, mainly attributable to the decrease in interest charged on term loans of RM0.04 million or 12.12%, to RM0.29 million in FYE 2024 (FYE 2023: RM0.33 million). This was attributable to increased repayments made for 4 existing term loans on 2 units of investment properties and for working capital during FYE 2024, which reduced the principal amounts of the term loans and hence leading to lower interest charges. Nevertheless, the decrease in interest charged on these term loans was offset by the interest charged on 4 new term loans drawdown in FYE 2024 for working capital purposes.

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11. FINANCIAL INFORMATION (Cont'd)**(vii) Tax expense, PBT and PAT**

The following tables set out the comparison between the statutory tax rates and our effective tax rates for the Financial Year Under Review:

	Audited				
	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Malaysia statutory tax rate					
- on the first RM150,000 (%)	17	17	17	15	15
- on the RM150,001 to RM600,000 (%)	17	17	17	17	17
- the balance of chargeable income (%)	24	24	24	24	24
Tax expenses (RM'000)	823	1,139	2,081	4,029	2,899
Effective tax rate (%)	18.08	23.87	25.88	28.23	20.19

The following tables set out our PBT, PBT margin, PAT and PAT margin for the Financial Year Under Review:

	Audited				
	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
PBT (RM'000)	4,551	4,772	8,040	14,272	14,362
PBT margin (%)	9.92	8.63	9.65	11.40	11.70
PAT (RM'000)	3,728	3,633	5,959	10,243	11,463
PAT margin (%)	8.13	6.57	7.15	8.18	9.34

Comparison between FYE 2020 and FYE 2021

We recorded an increase in PBT of RM0.22 million or 4.84% from RM4.55 million in FYE 2020 to RM4.77 million in FYE 2021. The increase in PBT was derived from the increase in revenue and higher GP, as explained in Sections 11.2.2(i) and 11.2.2(ii) of this Prospectus respectively. However, the aforementioned increase was offset by the lower other income attributable to the one-off gain on the disposal of 2 plots of freehold land in FYE 2020 and higher impairment loss on trade receivables in FYE 2021, as explained in Sections 11.2.2(iii) and 11.2.2(v) respectively. As such, this had resulted in our PBT margin to decrease to 8.63% in FYE 2021 from 9.92% in FYE 2020.

Our tax expenses increased by RM0.32 million or 39.02%, to RM1.14 million in FYE 2021 (FYE 2020: RM0.82 million), mainly due to the higher PBT recorded in FYE 2021. As a result of the higher tax expenses in FYE 2021, our PAT decreased from RM3.73 million in FYE 2020 to RM3.63 million in FYE 2021 and PAT margin decreased from 8.13% in FYE 2020 to 6.57% in FYE 2021.

Our effective tax rate of 23.87% in FYE 2021 (FYE 2020: 18.08%) was lower than the statutory tax rate of 24.00%, mainly due to the preferential tax rate of 17.00% for small and medium enterprises.

Comparison between FYE 2021 and FYE 2022

We recorded an increase in PBT of RM3.27 million or 68.55% from RM4.77 million in FYE 2021 to RM8.04 million in FYE 2022. In addition, our PBT margin has increased from 8.63% in FYE 2021 to 9.65% in FYE 2022. The increases in PBT and PBT margin were mainly derived from the higher GP and GP margin, as explained in Section 11.2.2(ii) of this Prospectus.

11. FINANCIAL INFORMATION (Cont'd)

Our tax expenses increased by RM0.94 million or 82.46%, to RM2.08 million in FYE 2022 (FYE 2021: RM1.14 million), mainly due to higher PBT recorded in FYE 2022. Despite the increase in tax expenses, our PAT increased from RM3.63 million in FYE 2021 to RM5.96 million in FYE 2022 and PAT margin also increased from 6.57% in FYE 2021 to 7.15% in FYE 2022, mainly due to the higher PBT margin in FYE 2022.

Our effective tax rate of 25.88% in FYE 2022 (FYE 2021: 23.87%) was higher than the statutory tax rate of 24.00%, mainly due to the add back of non-deductible expenses such as depreciation for non-qualifying assets as well as the impairment loss on investment properties and trade receivables.

Comparison between FYE 2022 and FYE 2023

We recorded an increase in PBT of RM6.23 million or 77.49% from RM8.04 million in FYE 2022 to RM14.27 million in FYE 2023. Our PBT margin also increased from 9.65% in FYE 2022 to 11.40% in FYE 2023. The increase in PBT and PBT margin were mainly derived from the higher GP and GP margin, as explained in Section 11.2.2(ii) of this Prospectus as well as higher other income attributable to the one-off gain on the disposal of investment properties in FYE 2023 and this was offset by the higher other operating expenses attributable to higher impairment loss on trade receivables in FYE 2023, as explained in Sections 11.2.2(iii) and 11.2.2(v) respectively.

Our tax expenses increased by RM1.95 million or 93.75%, to RM4.03 million in FYE 2023 (FYE 2022: RM2.08 million), mainly due to higher PBT recorded in FYE 2023. Despite the increase in tax expenses, our PAT increased from RM5.96 million for FYE 2022 to RM10.24 million for FYE 2023 and PAT margin increased from 7.15% in FYE 2022 to 8.18% in FYE 2023, mainly due to the higher PBT margin in FYE 2023.

Our effective tax rate of 28.23% in FYE 2023 (FYE 2022: 25.88%) was higher than the statutory tax rate of 24.00%, mainly due to add back of the non-deductible expenses such as depreciation for non-qualifying assets, impairment loss on trade receivables and the under provision of current tax in the prior year. This was offset by the non-taxable income of RM1.97 million attributable to the gain on disposal of investment properties classified as non-current assets held for sale.

Comparison between FYE 2023 and FYE 2024

We recorded an increase in PBT of RM0.09 million or 0.63% from RM14.27 million in FYE 2023 to RM14.36 million in FYE 2024. Our PBT margin also increased from 11.40% in FYE 2023 to 11.70% in FYE 2024. The increase in PBT and PBT margin were mainly derived from the higher GP and GP margin, as explained in Section 11.2.2(ii) of this Prospectus.

Our tax expenses decreased by RM1.13 million or 28.04%, to RM2.90 million in FYE 2024 (FYE 2023: RM4.03 million), mainly due to adjustments in respect of deferred tax not recognised in FYE 2024. As such, our PAT increased from RM10.24 million for FYE 2023 to RM11.46 million for FYE 2024 and our PAT margin increased from 8.18% in FYE 2023 to 9.34% in FYE 2024.

Our effective tax rate of 20.19% in FYE 2024 (FYE 2023: 28.23%) was lower than the statutory tax rate of 24.00%, mainly due to adjustments in respect of deferred tax not recognised in FYE 2024 of RM0.86 million.

11. FINANCIAL INFORMATION (Cont'd)**11.2.3 Review of financial position****(i) Assets**

	Audited				
	As at 31 December				
	2020	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	676	603	626	1,070	1,249
Investment properties	13,427	15,707	5,863	5,976	5,867
Total non-current assets	14,103	16,310	6,489	7,046	7,116
Current assets					
Inventories	125	84	94	170	19
Trade receivables	22,043	26,134	35,917	47,079	44,785
Other receivables, deposits and prepayments	181	167	113	307	437
Amount owing by holding company	39	33	46	-	-
Short-term investments	313	1	1	-	-
Contract assets	11,086	11,328	2,604	3,560	18,473
Tax recoverable	240	11	-	-	-
Cash, bank balances and fixed deposits	10,743	6,209	5,601	8,273	7,218
Total current assets	44,770	43,967	44,376	59,389	70,932
Non-current assets held for sale	-	-	9,388	-	-
	44,770	43,967	53,764	59,389	70,932
TOTAL ASSETS	58,873	60,277	60,253	66,435	78,048

Comparison between 31 December 2020 and 31 December 2021

Our total assets increased by RM1.41 million or 2.40%, from RM58.87 million as at 31 December 2020 to RM60.28 million as at 31 December 2021. The increase was mainly attributable to the increase in non-current assets of RM2.21 million and partially offset by the decrease in current assets of RM0.80 million as at 31 December 2021.

Non-current assets

Our non-current assets increased by RM2.21 million or 15.67%, mainly attributable to the increase in investment properties of RM2.28 million, arising from the additions of 10 units of Valley Suite Apartments units located in Kuantan, Pahang totalling RM2.50 million. The aforementioned increase was offset by the depreciation of property, plant and equipment of RM0.08 million and depreciation of investment properties of RM0.22 million in FYE 2021.

Current assets

Our current assets decreased by RM0.80 million or 1.79%, mainly due to the following:

- (a) decrease in cash and bank balances of RM4.53 million, mainly due to increased payments made to our suppliers and subcontractors as compared to receipts from our customers, as well as dividend paid to Neutron Capital of RM3.50 million in FYE 2021;

11. FINANCIAL INFORMATION (Cont'd)

- (b) decrease in short-term investment of RM0.31 million, following the disposal of our investment in quoted shares on Bursa Securities during FYE 2021; and
- (c) decrease in tax recoverable of RM0.23 million, due to higher tax expenses in FYE 2021.

The aforementioned decrease in current assets was offset by the following:

- (a) increase in trade receivables of RM4.09 million, mainly due to increase in invoices billed to customers for the provision of electrical engineering and ACMV services towards the last quarter of FYE 2021; and
- (b) increase in contract assets of RM0.24 million, mainly due to the recognition of revenue in FYE 2021 based on the M&E engineering activities performed for our customers, for which we had yet to issue the invoices for work performed.

Comparison between 31 December 2021 and 31 December 2022

Our total assets decreased by RM0.03 million or 0.05%, from RM60.28 million as at 31 December 2021 to RM60.25 million as at 31 December 2022. The decrease was attributable to the decrease in non-current assets of RM9.82 million and offset by the increase in current assets of RM0.41 million and non-current asset held for sale of RM9.39 million as at 31 December 2022.

Non-current assets

Our non-current assets decreased by RM9.82 million or 60.21%, mainly due to the decrease in investment properties of RM9.85 million, following the re-classification of 6 units of investment properties (with carrying amount totalling RM9.39 million) to non-current assets held for sale, as follows:

- (a) a unit of 3 storey shop office, bearing the postal address of No.8, Jalan Temenggung 25/9, Bandar Mahkota Cheras, 43200 Cheras, Selangor with a carrying amount of RM1.41 million;
- (b) a unit of double storey intermediate terraced shop office, bearing the postal address of No.74, Jalan Tun H.S. Lee, 50000 Kuala Lumpur, Wilayah Persekutuan with a carrying amount of RM2.00 million;
- (c) a unit of 3 storey shop office, bearing the postal address of No.2A, 2A-1 & 2A-2, Jalan Puteri 2A/8, Bandar Puteri Bangi, 43000 Kajang, Selangor with a carrying amount of RM1.51 million;
- (d) a unit of double storey shop office, bearing the postal address of No.22, Jalan Renang 13/26, Seksyen 13, 40100 Shah Alam, Selangor with a carrying amount of RM0.84 million;
- (e) a unit of 3 storey shop office, bearing the postal address of No.44, Jalan Bola Tampar 13/14, Jalan Bola Tampar 13/14, Seksyen 13, 40100 Shah Alam, Selangor with a carrying amount of RM0.93 million; and
- (f) a unit of 4 storey end terrace shop office, bearing the postal address of No.43, Jalan Dwitasik 2, Dataran Dwitasik, Bandar Sri Permaisuri, Cheras, 56000 Kuala Lumpur with a carrying amount of RM2.70 million.

11. FINANCIAL INFORMATION (Cont'd)

Current assets

Our current assets increased by RM0.41 million or 0.93%, mainly due to increase in trade receivables of RM9.79 million, attributable to the increase in invoices billed to customers under our provision of electrical engineering and ACMV services towards the last quarter of FYE 2022.

The aforementioned increase in current assets was offset by the following:

- (a) decrease in contract assets of RM8.73 million, mainly due to the issuance of invoices for the M&E engineering activities performed in the preceding financial year; and
- (b) decrease in cash and bank balances of RM0.61 million, mainly due to increased payments made to our suppliers and subcontractors as compared to receipts from our customers as well as dividend paid to Neutron Capital of RM4.30 million in FYE 2022.

Comparison between 31 December 2022 and 31 December 2023

Our total assets increased by RM6.19 million or 10.27% from RM60.25 million as at 31 December 2022 to RM66.44 million as at 31 December 2023. The increase was attributable to the increase in non-current assets of RM0.56 million and increase in current assets of RM15.01 million, which was then offset by the decrease in non-current assets held for sale of RM9.39 million.

Non-current assets

Our non-current assets increased by RM0.56 million or 8.63% mainly due to the increase in property, plant and equipment of RM0.44 million, mainly arising from additions of two units of motor vehicles (RM0.37 million) and rental obligation of 2 units of rented office, manufacturing facility and storage (RM0.17 million). This increase was offset by the depreciation charge of property, plant and equipment of RM0.11 million.

Current assets

Our current assets increased by RM15.01 million or 33.82%, mainly due to the following:

- (a) increase in trade receivables of RM11.16 million, due to increase in invoices billed to customers for the provision of electrical engineering and ACMV services towards the last quarter of FYE 2023;
- (b) increase in contract assets of RM0.96 million, due to the recognition of revenue in FYE 2023 based on the M&E engineering activities performed for our customers, for which we had yet to issue the invoices for the work performed; and
- (c) increase in cash and bank balances of RM2.67 million mainly due to the proceeds of RM11.36 million, following the disposal of the investment properties classified as non-current assets held for sale during FYE 2023 and was offset by dividends paid to Neutron Capital of RM5.00 million and net repayments of bank borrowings during FYE 2023.

Our non-current assets held for sale decreased by RM9.39 million, due to the disposal of all our property units classified as non-current assets held for sale.

Comparison between 31 December 2023 and 31 December 2024

Our total assets increased by RM11.61 million or 17.47% from RM66.44 million as at 31 December 2023 to RM78.05 million as at 31 December 2024. The increase was attributable to the increase in non-current assets of RM0.07 million and increase in current assets of RM11.54 million.

11. FINANCIAL INFORMATION (Cont'd)**Non-current assets**

Our non-current assets increased by RM0.07 million or 0.99% mainly due to the increase in property, plant and equipment of RM0.18 million, mainly arising from additions of three units of motor vehicles of RM0.21 million and rental obligation of a unit of rented office located in Oasis Damansara, Petaling Jaya and renewed tenancy for the shop office in Bandar Teknologi, Kajang, Semenyih collectively, RM0.17 million. This increase was offset by the depreciation charge of property, plant and equipment of RM0.22 million.

The overall increase in property, plant and equipment was offset by the decrease in investment properties of RM0.11 million, arising from depreciation charge of investment properties.

Current assets

Our current assets increased by RM11.54 million or 19.43%, mainly due to the increase in contract assets of RM14.91 million, due to the recognition of revenue in FYE 2024 based on the M&E engineering activities performed for our customers, for which we have yet to issue the invoices for the work performed.

The increase in current assets was offset by the following:

- (a) decrease in trade receivables of RM2.29 million, due to lesser invoices billed to customers for the provision of electrical engineering and ACMV services towards the last quarter of FYE 2024; and
- (b) decrease in cash and bank balances of RM1.05 million mainly due to repayments of bank borrowings during FYE 2024.

(ii) Liabilities

	Audited				
	As at 31 December				
	2020	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current liabilities					
Bank borrowings	16,147	15,912	15,201	7,207	9,846
Lease liabilities	57	33	45	365	421
Total non-current liabilities	16,204	15,945	15,246	7,572	10,267
Current liabilities					
Trade payables	22,151	24,518	23,443	28,554	31,605
Other payables, accruals and deposit received	1,160	657	663	1,340	2,111
Amount owing to a Director	219	207	153	-	-
Bank borrowings	834	832	870	2,344	719
Lease liabilities	22	24	59	108	192
Contract liabilities	884	562	17	163	222
Tax payable	-	-	611	1,915	1,030
Total current liabilities	25,270	26,800	25,816	34,424	35,879
TOTAL LIABILITIES	41,474	42,745	41,062	41,996	46,146

11. FINANCIAL INFORMATION (*Cont'd*)

Comparison between 31 December 2020 and 31 December 2021

Our total liabilities increased by RM1.28 million or 3.09%, from RM41.47 million as at 31 December 2020 to RM42.75 million as at 31 December 2021. The increase was mainly attributable to the increase in current liabilities of RM1.53 million and offset by the decrease in non-current liabilities of RM0.25 million as at 31 December 2021.

Non-current liabilities

Our non-current liabilities decreased by RM0.25 million or 1.54%, mainly due to decrease in non-current borrowings of RM0.24 million, attributable to scheduled repayments made on term loans during FYE 2021.

Current liabilities

Our current liabilities increased by RM1.53 million or 6.05%, mainly due to the increase in trade payables of RM2.37 million, which was primarily attributable to higher purchases towards the end of FYE 2021.

The aforementioned increase in current liabilities was offset by the decrease in other payables, accruals and deposit received of RM0.50 million, mainly attributable to payment made to developer for the remaining purchase price for the acquisition of a 2 ½-storey shop office located at Batu Caves, Selangor in FYE 2020.

Comparison between 31 December 2021 and 31 December 2022

Our total liabilities decreased by RM1.69 million or 3.95% from RM42.75 million as at 31 December 2021 to RM41.06 million as at 31 December 2022. The decrease was attributable to the decrease in non-current liabilities of RM0.70 million and current liabilities of RM0.98 million as at 31 December 2022.

Non-current liabilities

Our non-current liabilities decreased by RM0.70 million or 4.39%, mainly due to decrease in non-current borrowings of RM0.71 million, attributable to scheduled repayments made on term loans during FYE 2022.

Current liabilities

Our current liabilities decreased by RM0.98 million or 3.66%, mainly due to the following:

- (a) decrease in trade payables of RM1.08 million, as our Group had made timely payments to suppliers and subcontractors during FYE 2022, resulting in lower outstanding trade payables as at 31 December 2022; and
- (b) decrease in contract liabilities of RM0.54 million, as a result of completion of M&E engineering activities which had been recognised as revenue and receivables in the preceding financial year.

The aforementioned decrease in current liabilities was partially offset by the increase in tax payables of RM0.61 million, due to higher tax expenses in FYE 2022.

11. FINANCIAL INFORMATION (Cont'd)

Comparison between 31 December 2022 and 31 December 2023

Our total liabilities increased by RM0.94 million or 2.29% from RM41.06 million as at 31 December 2022 to RM42.00 million as at 31 December 2023. The increase was attributable to the increase in current liabilities of RM8.60 million and partially offset by the decrease in non-current liabilities of RM7.68 million as at 31 December 2023.

Non-current liabilities

Our non-current liabilities decreased by RM7.68 million or 50.36%, mainly due to decrease in non-current borrowings of RM7.99 million, attributable to the settlement of term loans, following the disposal of 6 units of investment properties classified as non-current assets held for sale during FYE 2023.

Current liabilities

Our current liabilities increased by RM8.60 million or 33.31%, mainly due to the following:

- (a) increase in trade payables of RM5.11 million, which was primarily attributable to higher purchases towards the end of FYE 2023;
- (b) increase in other payables, accruals and deposit received of RM0.68 million, mainly due to higher accrued expenses for salaries and IPO expenses in FYE 2023;
- (c) increase in bank borrowings of RM1.47 million, mainly due to bankers' acceptances drawn down towards the end of FYE 2023 for working capital purposes; and
- (d) increase in tax payables of RM1.31 million, due to higher tax expenses in FYE 2023.

Comparison between 31 December 2023 and 31 December 2024

Our total liabilities increased by RM4.15 million or 9.88% from RM42.00 million as at 31 December 2023 to RM46.15 million as at 31 December 2024. The increase was attributable to the increase in non-current liabilities of RM2.70 million and increase in current liabilities of RM1.46 million as at 31 December 2024.

Non-current liabilities

Our non-current liabilities increased by RM2.70 million or 35.67%, mainly due to increase in non-current borrowings of RM2.64 million, attributable to 4 new term loans drawdown in FYE 2024 for working capital purposes.

Current liabilities

Our current liabilities increased by RM1.46 million or 4.24%, mainly due to the following:

- (a) increase in trade payables of RM3.06 million, which was primarily attributable to higher subcontractors' costs towards the end of FYE 2024; and
- (b) increase in other payables, accruals and deposit received of RM0.77 million, mainly due to higher accrued expenses for salaries and IPO expenses in FYE 2024.

The increase in current liabilities was offset by the following:

- (a) decrease in bank borrowings of RM1.62 million, mainly due to repayment of bankers' acceptances in FYE 2024; and
- (b) decrease in tax payables of RM0.89 million, due to lower tax expenses in FYE 2024.

11. FINANCIAL INFORMATION (Cont'd)

11.2.4 Impact of foreign exchange rates, interest rates and/or commodity prices**(i) Impact of foreign exchange rates**

We do not have any exposure to changes in foreign currency risk during the Financial Year Under Review.

(ii) Impact of interest rates

Our exposure to changes in interest rate risk relates primarily to our borrowings from banks. We do not generally hedge interest rate risks.

A sensitivity analysis performed on our Group's PAT based on the outstanding floating rate bank borrowings as at 31 December 2024 indicates that a change of 50 basis points in interest rates would have a decrease or increase of RM0.05 million in the PBT of our Group for FYE 2024.

Our interest coverage ratio was between 12.94 times and 45.69 times for the Financial Year Under Review which indicates that we have been able to generate sufficient profits before interest and tax to meet our interest serving obligations.

Our financial results for the Financial Year Under Review were not materially affected by the fluctuations in interest rates. However, any major increase in interest rates would raise the cost of borrowings and finance costs for our working capital, which may have an adverse effect on our performance.

(iii) Impact of commodity prices

The materials that we usually purchase may contain metal such as copper, whereby its prices fluctuate based on market demand. Therefore, our material purchase prices may fluctuate based on the change in metal prices. Nevertheless, these materials that we usually purchase are widely available in Malaysia and from a large base of suppliers.

To manage the risk of commodity price fluctuations, we observe and monitor the copper prices on a daily basis and always provide sufficient buffer in our price quote to customers to dampen the influences of any volatility in copper prices. Please refer to Section 8 of the Prospectus for further information on of the risk relating to the fluctuations in raw material prices.

11.2.5 Impact of inflation

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

11.2.6 Impact of Government, economic, fiscal or monetary policies

There were no Government, economic, fiscal or monetary policies or factors which have materially affected our financial performance during the Financial Year Under Review. There is no assurance that our financial performance will not be adversely affected by the impact of further changes in Government, economic, fiscal or monetary policies or factors moving forward. Risks relating to Government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 8 of this Prospectus.

11. FINANCIAL INFORMATION (Cont'd)**11.3 LIQUIDITY AND CAPITAL RESOURCES****11.3.1 Working capital**

We finance our operations with cash generated from operations, credit extended by trade payables and/or financial institutions as well as cash and bank balances. Our facilities from financial institutions comprise term loans, trade facilities and bank overdraft. As at the LPD, we have fully drawdown all our term loans facilities.

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

- (i) our Group generated positive cash flow from operating activities for FYE 2024;
- (ii) our cash and cash equivalent of approximately RM10.32 million as at the LPD;
- (iii) our expected future cash flows from operations; and
- (iv) our pro forma gearing level of 0.09 times, based on our pro forma statements of financial position as at 31 December 2024 after our IPO and utilisation of proceeds.

We carefully consider our cash position and ability to obtain further financing before making significant capital commitments.

11.3.2 Review of cash flows

	Audited				
	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Net cash from/(used in) operating activities	2,798	(637)	4,997	3,443	2,513
Net cash from/(used in) investing activities	1,002	300	(18)	11,271	(96)
Net cash used in financing activities	(374)	(4,199)	(5,411)	(12,042)	(3,722)
Net increase/(decrease) in cash and cash equivalents	3,426	(4,536)	(432)	2,672	(1,305)
Cash and cash equivalents at the beginning of the financial year	7,143	10,569	6,033	5,601	8,273
Cash and cash equivalents at the end of the financial year	10,569	6,033	5,601	8,273	6,968

FYE 2020**Net cash from operating activities**

For FYE 2020, our Group recorded net cash from operating activities of RM2.80 million. We collected RM46.05 million from our customers and received rental income of RM0.47 million. However, the above was offset by cash payments made amounting to RM43.72 million, for the following:

- (i) RM42.49 million paid to our suppliers and operating expenses (such as staff salaries and directors' remuneration); and
- (ii) income tax paid of RM1.23 million.

11. FINANCIAL INFORMATION (Cont'd)

Net cash from investing activities

For FYE 2020, we recorded a net cash inflow of RM1.00 million from our investing activities, attributable to the following:

- (i) proceeds of RM1.40 million from the disposal of 2 plots of freehold land located at Segamat, Johor; and
- (ii) proceeds of RM0.12 million from the net disposal in short-term investment.

The above cash inflows were offset by the following cash outflows:

- (i) cash payment for the acquisition of a 2 ½ storey shop office located at Batu Caves, Selangor amounting to RM0.26 million; and
- (ii) cash payment for the purchase of a shop office located at Cheras, Kuala Lumpur amounting to RM0.26 million.

Net cash used in financing activities

For FYE 2020, we recorded a net cash outflow of RM0.37 million from our financing activities, mainly attributable to the following:

- (i) dividend of RM4.02 million in respect of FYE 2020 paid to Neutron Capital; and
- (ii) interest paid of RM0.38 million for interests charged on term loans and lease liabilities.

The above cash outflows were partially offset by drawdown and repayment of term loans of RM4.59 million and RM0.55 million, respectively. The drawn down term loans were used to finance the purchase of investment properties and working capital during FYE 2020.

FYE 2021

Net cash used in operating activities

For FYE 2021, our Group recorded net cash used in operating activities of RM0.64 million. We collected RM47.63 million from our customers and received rental income of RM0.35 million. However, the above was offset by cash payments made of RM48.62 million, for the following:

- (i) RM47.71 million paid to our suppliers and operating expenses (such as staff salaries and directors' remuneration); and
- (ii) income tax paid of RM0.91 million.

For FYE 2021, we recorded a net cash used in operating activities of RM0.64 million which was mainly attributed to the increase in trade and other receivables of RM7.05 million contributed by the increase in invoices billed to customers for the provision of electrical engineering and ACMV services towards the last quarter of FYE 2021 (the trade receivables turnover period was 97 days compared to our normal credit term granted our customers of cash term up to 90 days). During Financial Year Under Review and up to the LPD, we have collected all of the trade receivables as at 31 December 2021.

Further, the lower cash collection from customers was also attributable to the debt contra with a customer in exchange of 10 units of Valley Suite Apartment located at Kuantan, Pahang, amounting to RM2.50 million.

11. FINANCIAL INFORMATION (Cont'd)

Net cash from investing activities

For FYE 2021, we recorded a net cash inflow of RM0.30 million from our investing activities, mainly attributable to the proceeds of RM0.29 million from the net disposal in short-term investment.

Net cash used in financing activities

For FYE 2021, we recorded a net cash outflow of RM4.20 million from our financing activities, mainly due to the following:

- (i) dividend of RM3.50 million in respect of FYE 2021 paid to Neutron Capital;
- (ii) net repayment of term loans of RM0.36 million for financing the purchase of investment properties and working capital in FYE 2021; and
- (iii) interests paid of RM0.31 million for interest charged on term loans and lease liabilities.

FYE 2022

Net cash from operating activities

For FYE 2022, our Group recorded net cash from operating activities of RM5.00 million. We collected RM81.36 million from our customers and received rental income of RM0.40 million. However, the above was offset by cash payments made of RM76.76 million, for the following:

- (i) RM75.30 million paid to our suppliers and operating expenses (such as staff salaries and directors' remuneration); and
- (ii) Income tax paid of RM1.46 million.

Net cash used in investing activities

For FYE 2022, we recorded a net cash outflow of RM0.02 million for our investing activities, attributable to cash payment for the purchase of property, plant and equipment amounting to RM0.02 million comprising mainly computer and equipment.

Net cash used in financing activities

For FYE 2022, we recorded a net cash outflow of RM5.41 million from our financing activities, mainly due to the following:

- (i) dividend of RM4.30 million in respect of FYE 2022 paid to Neutron Capital;
- (ii) net repayment of term loans of RM0.67 million mainly for financing the purchase of investment properties and working capital in FYE 2022; and
- (iii) interest paid of RM0.49 million for interest charged on term loans and lease liabilities.

The above cash outflows were partially offset by the withdrawal of fixed deposit pledged in a licensed bank of RM0.18 million.

11. FINANCIAL INFORMATION (Cont'd)

FYE 2023

Net cash from operating activities

For FYE 2023, our Group recorded net cash from operating activities of RM3.44 million. We collected RM110.58 million from our customers and received rental income of RM0.34 million. However, the above was offset by cash payments made of RM107.48 million, mainly for the following:

- (i) RM104.73 million paid to our suppliers and operating expenses (such as staff salaries, directors' remuneration and professional fees incurred for our Listing); and
- (ii) Income tax paid of RM2.75 million.

Net cash from investing activities

For FYE 2023, we recorded a net cash inflow of RM11.27 million from our investing activities, mainly attributable to the proceeds from the disposal of the 6 units of investment properties classified as non-current assets held for sale during FYE 2023 of RM11.36 million.

Net cash used in financing activities

For FYE 2023, we recorded a net cash outflow of RM12.04 million from our financing activities, mainly due to the following:

- (i) dividend of RM5.00 million in respect of FYE 2023 paid to Neutron Capital;
- (ii) net repayment of term loans of RM6.52 million, mainly for the 6 units of investment properties disposed during FYE 2023; and
- (iii) interests paid of RM0.34 million for interest charged on term loans and lease liabilities.

FYE 2024

Net cash from operating activities

For FYE 2024, our Group recorded net cash from operating activities of RM2.51 million. We collected RM110.18 million from our customers and received rental income of RM0.11 million. However, the above was offset by cash payments made of RM107.78 million, mainly for the following:

- (i) RM104.00 million paid to our suppliers and operating expenses (such as staff salaries, directors' remuneration and professional fees incurred for our Listing); and
- (ii) Income tax paid of RM3.78 million.

Net cash used in investing activities

For FYE 2024, we recorded a net cash outflow of RM0.10 million for our investing activities, mainly attributable to cash payment for the purchase of property, plant and equipment amounting to RM0.10 million comprising mainly computer and equipment.

11. FINANCIAL INFORMATION (Cont'd)

Net cash used in financing activities

For FYE 2024, we recorded a net cash outflow of RM3.72 million from our financing activities, due to the following:

- (i) dividend of RM4.00 million in respect of FYE 2024 paid to Neutron Capital;
- (ii) net drawdown of term loans of RM2.87 million, comprising of 4 new term loans drawdown of RM3.70 million in FYE 2024 for working capital purposes and repayment of term loans of RM0.83 million;
- (iii) repayment of bankers' acceptance of RM1.86 million in FYE 2024;
- (iv) placement of fixed deposit pledged in licensed bank of RM0.25 million;
- (v) Repayment of lease liabilities of RM0.17 million; and
- (vi) interests paid of RM0.32 million for interest charged on term loans and lease liabilities.

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11. FINANCIAL INFORMATION (Cont'd)

11.3.3 Borrowings

All of our borrowings are secured, interest-bearing and denominated in RM. Our total outstanding borrowings as at 31 December 2024 stood at RM11.18 million, details of which are set out below:

Type of borrowings	Purpose	Security	Tenure	Effective interest rate %	As at 31 December 2024 RM'000
Interest bearing short-term borrowings, payable within 1 year:					
Term loans	To finance the working capital and the purchase of investment properties	(i) Jointly and severally guaranteed by the Directors and related parties; (ii) A first legal charge over properties as well as plant and equipment registered under name of combining entities, Directors and related parties; (iii) Guaranteed by Syarikat Jaminan Pembiayaan Perniagaan (SJPP) Berhad; (iv) Guaranteed by Government of Malaysia under Bank Negara Malaysia's fund for small and medium enterprises; (v) Corporate guarantee by Neutron Capital.	2 to 25 years	3.56 – 7.39	719
Lease liabilities	To finance the purchase of motor vehicles and includes rental obligations for the rental of properties ⁽³⁾	Certain lease liabilities are secured by motor vehicles under hire purchase arrangements.	1 to 7 years	4.54 – 6.75	192
					911
Interest bearing long-term borrowings, payable after 1 year:					
Term loans	To finance the working capital and the purchase of property, plant and equipment as well as investment properties	(i) Jointly and severally guaranteed by the Directors and related parties; (ii) A first legal charge over properties as well as plant and equipment registered under name of combining entities, Directors and related parties;	2 to 25 years	3.56 – 7.39	9,846

11. FINANCIAL INFORMATION (Cont'd)

Type of borrowings	Purpose	Security	Tenure	Effective interest rate	As at 31 December 2024
				%	RM'000
		(iii) Guaranteed by Syarikat Jaminan Pembiayaan Perniagaan (SJPP) Berhad. (iv) Guaranteed by Government of Malaysia under Bank Negara Malaysia's fund for small and medium enterprises (v) Corporate guarantee by Neutron Capital			
Lease liabilities	To finance the purchase of motor vehicles and includes rental obligations for the rental of properties ⁽³⁾	Certain lease liabilities are secured by motor vehicles under hire purchase arrangements.	1 to 7 years	4.54 – 6.75	421
				Total	10,267
				Total borrowings	11,178
Gearing (times)					
After IPO but before utilisation of proceeds ⁽¹⁾					0.18
After IPO and utilisation of proceeds ⁽²⁾					0.09

11. FINANCIAL INFORMATION (Cont'd)

Notes:

- (1) Computed based on our pro forma equity attributable to the owners of the Company of RM59.80 million in the pro forma consolidated statements of financial position after IPO but before utilisation of proceeds.
- (2) Computed based on our pro forma equity attributable to the owners of the Company of RM57.29 million in the pro forma consolidated statements of financial position after IPO and utilisation of proceeds which includes the repayment of bank borrowings of RM5.60 million.
- (3) Included in the lease liabilities are rental obligation for the rental of properties, which are denominated in RM:

	Purpose	Tenure	As at 31 December 2024 RM'000
Lease liability payable within 1 year	For the rental of office, manufacturing facility and storage	2	100
Lease liability payable after 1 year	For the rental of office, manufacturing facility and storage	2	124
			224

In conjunction with the Listing, we have written to the Financiers to obtain a release and/or discharge of the properties and guarantees by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the Financiers. Until such release and/or discharge are obtained from the respective Financiers, our Promoters and/or Directors will continue to guarantee the banking facilities and hire purchase facilities extended to our Group. As at the date of this Prospectus, we have received conditional approval from the Financiers to discharge the personal guarantees and/or properties by substituting the same with a corporate guarantee from our Company and/or securities from our Group.

The maturity profile based on the undiscounted contractual repayment obligation of our total borrowings as of the dates indicated are as follows:

	FYE 2020 RM'000	FYE 2021 RM'000	Audited FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000
Within 1 year	1,518	1,581	1,624	2,778	1,443
1 to 5 years	6,030	6,147	5,892	2,798	4,288
More than 5 years	17,736	17,556	16,258	7,833	10,516
Total contractual cash flow	25,284	25,284	23,774	13,409	16,247
Total carrying amount	17,062	16,801	16,175	10,024	11,178

11. FINANCIAL INFORMATION (Cont'd)

Our interest-bearing borrowings carry the following effective interest rates for the Financial Year Under Review:

			Audited		
	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
	% per annum				
Term loans	3.32 - 3.66	3.20 - 3.66	3.56 – 4.70	3.56 – 5.06	3.56 – 7.39
Lease liabilities	4.52	4.52	4.52 – 4.65	4.29 – 5.32	4.54 – 6.75
Bank overdrafts	5.50	-	-	-	-
Bankers' acceptance	-	-	-	5.26	-

As at the LPD, we do not have any borrowings which are non-interest bearing and/or in foreign currency. We have not defaulted on payments of principal sums and/or interests in respect of any of our borrowings throughout the Financial Year Under Review and up to LPD.

We do not encounter any seasonality in our borrowings trend and there is no restriction on our committed facilities.

As at the LPD, neither our Company nor any of our subsidiaries is in breach of any terms and conditions or covenants associated with the credit arrangement or bank loan which can materially affect our financial position and results or business operations or the investments by holders of our securities.

During the Financial Year Under Review, we did not experience any claw back or reduction in the facilities limit granted to us by our lenders.

11.3.4 Types of financial instruments used, treasury policies and objectives

Save as disclosed in Section 11.3.3 above, we do not have or utilise any other financial instruments or have any other treasury policies. All our financial instruments are used for the purchase of investment properties and right-of-use assets as well as for working capital. As at the LPD, all our facilities with licensed financial institutions are based on base lending rate plus or minus a rate which varies depending on the type of facility.

11.3.5 Material capital commitments, litigations and contingent liabilities**Material capital commitments**

As at the LPD, we do not have any other material capital commitments for capital expenditure, which upon becoming enforceable, may have a material effect on our financial position other than the utilisation of the IPO proceeds for the purchase of land and construction of new manufacturing factory cum warehouse.

Please refer to Section 4.9.1(i) of this Prospectus for the details of the utilisation of proceeds from our Public Issue.

Material litigations and contingent liabilities

We are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and there is no proceeding pending or threatened or any fact likely to give rise to any proceeding which might materially or adversely affect our position or business as at the LPD.

As at LPD, our Directors confirm that there are no material contingent liabilities incurred by our Group, which upon becoming enforceable may have a material effect on our Group's business, financial results or position.

11. FINANCIAL INFORMATION (Cont'd)**11.4 KEY FINANCIAL RATIOS**

The key financial ratios of our Group for the Financial Year Under Review are as follows:

	Audited				
	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Trade receivables turnover (days) ⁽¹⁾	137	97	87	82	95
Trade payables turnover (days) ⁽²⁾	211	167	113	82	99
Inventory turnover (days) ⁽³⁾	48	25	21	22	28
Current ratio (times) ⁽⁴⁾	1.77	1.64	1.72	1.73	1.98
Gearing ratio (times) ⁽⁵⁾	0.98	0.96	0.84	0.40	0.34

Notes:

- (1) Computed based on the average opening and closing trade receivables (including amounts due from related company which are trade in-nature) (excluding retention sum) over revenue for the respective financial years, multiplied by 365 days for each financial year:

	Audited				
	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening trade receivables	21,689	12,967	16,674	23,431	33,340
Closing trade receivables	12,967	16,674	23,431	33,340	30,600
Revenue	45,873	55,292	83,302	125,235	122,742
Trade receivables turnover (days)	137	97	87	82	95

- (2) Computed based on average opening and closing trade payables (excluding retention sum) over cost of sales (excluding direct staff costs and project related expenses) for the respective financial years, multiplied by 365 days for each financial year:

	Audited				
	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening trade payables	24,055	20,257	22,215	20,922	25,295
Closing trade payables	20,257	22,215	20,922	25,295	28,165
Cost of sales	38,188	46,363	69,623	102,491	98,365
Trade payables turnover (days)	211	167	113	82	99

- (3) Computed based on the average opening and closing inventory over purchases made in respect of the manufacturing of electrical panels and distribution boards for the respective financial years, multiplied by 365 days for each financial year:

	Audited				
	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening inventory	40	125	84	94	170
Closing inventory	125	84	94	170	19
Purchases	618	1,468	1,528	2,191	1,211
Inventory turnover (days)	48	25	21	22	28

- (4) Computed based on current assets (excluding non-current assets held for sale) over current liabilities as at each financial year end.

- (5) Computed based on total interest-bearing borrowings (excluding lease liabilities for right-of-use assets) over total equity as at each financial year end.

11. FINANCIAL INFORMATION (Cont'd)**11.4.1 Trade receivables turnover**

The normal trade credit period granted by our Group to our customers are 90 days from the date of invoices. Our trade credit period to customers is assessed and approved on an individual customer basis taking into consideration various factors such as our relationship with customers, customers' payment history, their credit worthiness, quantum of amount owing as well as the reason for the customers' inability to pay within the normal credit period. All of our outstanding trade receivables are closely monitored by our Finance and Accounts department. There were no changes to our credit policies and procedures during the Financial Year Under Review.

Our Group has outstanding trade receivables (including amounts due from related company which are trade in-nature) (excluding retention sum) of approximately RM30.60 million as at 31 December 2024. Our trade receivable turnover periods for the Financial Year Under Review were between 82 days and 137 days, which our trade receivable turnover periods for FYE 2020, FYE 2021 and FYE 2024 exceeded our normal credit period.

Our Group's trade receivables turnover period stood at 137 days in FYE 2020, mainly due to our Group's customers requesting extended period to process submitted invoices and resulting in delayed payments, due to the various movement restrictions imposed by the Malaysian Government which encouraged work-from-home practices.

Our Group's trade receivables turnover period decreased to 97 days in FYE 2021 and to 87 days in FYE 2022 and further to 82 days in FYE 2023, attributed to our Group's efforts to manage our collections, including but not limited to closely following up with the customers by sending monthly debtors' statement and payment reminders to the customers to accelerate incoming collections. In addition, due to the relaxation of the various movement restrictions imposed by the Malaysian Government, customers had returned to their respective offices, allowing them to expedite the processing and payment of the invoices submitted.

Our Group's trade receivables turnover period increased from 82 days in FYE 2023 to 95 days in FYE 2024 attributable to 3 trade receivables having outstanding balance of RM9.79 million for more than 90 days in FYE 2024.

The ageing analysis of our trade receivables (excluding retention sums) as at 31 December 2024 is as follows:

	Trade receivables as at 31 December 2024		Amount collected subsequent from 1 January 2025 up to LPD		Trade receivables net of subsequent collections	
	RM'000	Percentage of trade receivables (a)/total of (a)	RM'000	Percentage collected (b)/total of (a)	RM'000	Percentage of trade receivables net of subsequent collections (c)/total of (a)
	(a)		(b)		(c) = (a)-(b)	
Neither past due nor impaired	13,664	44.65	5,906	19.30	7,758	25.35
Past due but not impaired:						
• 1 to 30 days	2,205	7.21	1,940	6.34	265	0.87
• 31 to 60 days	1,219	3.98	587	1.92	632	2.06
• 61 to 90 days	1,789	5.85	76	0.25	1,713	5.60
• More than 90 days	11,723	38.31	2,127	6.95	9,596	31.36
	16,936	55.35	4,730	15.46	12,206	39.89
Total	30,600	100.00	10,636	34.76	19,964	65.24

11. FINANCIAL INFORMATION (Cont'd)

In FYE 2024, our trade receivables of more than 90 days amounted to RM11.72 million were mainly contributed by 3 trade receivables, having a collective outstanding amount of RM9.79 million, representing 31.99% of total trade receivables (excluding retention sum) as at 31 December 2024. We experienced slow collections in these trade receivables as our customers required longer time needed to process the claims from their customers, prior to making subsequent payments to us.

As at the LPD, we have collected RM10.64 million, representing 34.76% of our trade receivables (excluding retention sum) as at 31 December 2024.

As at the LPD, the outstanding trade receivables that are more than 90 days of RM9.60 million are mainly from 3 trade receivables with cumulative outstanding amount of RM8.24 million (i.e China State Construction Engineering (M) Sdn Bhd of RM1.74 million for Imperial Lexis and a residential property project, Heng Huat Engineering Sdn Bhd of RM6.03 million for an industrial property project and Orangebeam Construction Sdn Bhd of RM0.47 million for Ava Residence and an industrial property project) where our customers took longer time to process the claims from their customers. Our Group expects to receive such payments from these customers upon issuance of final accounts. Our management closely monitors the recoverability of trade receivables on a regular basis, and, when appropriate, provides for specific impairment of these trade receivables. Our Board is of the view that the remaining trade receivables are recoverable and no further provision for impairment is required after taking into consideration our relationship with our customers, as well as our efforts to improve collection with various credit control measures to reduce the potential exposure on credit risk.

11.4.2 Trade payables turnover

The normal credit periods granted by our suppliers to our Group ranges from cash term and up to 120 days from the date of invoice.

Our Group has outstanding trade payables (excluding retention sum) of approximately RM28.17 million as at 31 December 2024. Our trade payables turnover periods for the Financial Year Under Review were between 82 days and 211 days, which our trade payables turnover periods for FYE 2020 and FYE 2021 exceeded our normal credit period.

In FYE 2020 and FYE 2021, our trade payables turnover periods were 211 days and 167 days respectively, which exceeded the credit period due to the COVID-19 situation where we were more prudent with our cash conservation to weather through the pandemic situation. Our suppliers allowed us a longer period for payment in view of our Group's established relationships with them, our Group's payment history and our Group's credentials. Our Group has not encountered any issue with our suppliers notwithstanding the slower payments.

In FYE 2022, our trade payables turnover period improved to 113 days, as evidenced by our better payment strategy following the recovery of the economy and upliftment of the various movement restrictions imposed by the Malaysian Government during the COVID-19 pandemic.

In FYE 2023, our trade payables turnover period further improved to 82 days as we paid our suppliers on a more timely basis following improved collection from trade receivables in FYE 2023.

In FYE 2024, our trade payables turnover period increased to 99 days attributable to higher subcontractors' costs incurred towards the last quarter of FYE 2024, particularly for the new and existing projects in FYE 2024, as mentioned in Section 11.2.2(i) above.

11. FINANCIAL INFORMATION (Cont'd)

The ageing analysis of our trade payables (excluding retention sums) as at 31 December 2023 is as follows:

	Trade payables as at 31 December 2024		Amount paid subsequent from 1 January 2025 up to LPD		Trade payables net of subsequent payment	
	RM'000	Percentage of trade payables (a)/total of (a)	RM'000	Percentage paid (b)/total of (a)	RM'000	Percentage of trade payables net of subsequent payments (c)/total of (a)
	(a)		(b)		(c) = (a)-(b)	
Neither past due	17,195	61.05	6,416	22.78	10,779	38.27
Past due:						
• 1 to 30 days	5,485	19.48	2,119	7.53	3,366	11.95
• 31 to 60 days	1,775	6.30	561	1.99	1,214	4.31
• 61 to 90 days	860	3.05	216	0.77	644	2.28
• More than 90 days	2,850	10.12	500	1.78	2,350	8.34
	10,970	38.95	3,396	12.07	7,574	26.88
Total	28,165	100.00	9,812	34.85	18,353	65.15

In FYE 2024, our trade payables that were more than 90 days amounted to RM2.85 million representing 10.12% of trade payables (excluding retention sums) mainly consists of trade payables owing to Lim Ventilation Engineering Sdn Bhd with outstanding amount of RM1.51 million. Lim Ventilation Engineering Sdn Bhd has agreed to allow us to settle the outstanding amount progressively.

As at the LPD, RM9.81 million or 34.85% of our total net trade payables outstanding as at 31 December 2024 has been paid.

As at the LPD, the outstanding trade payables that are more than 90 days of RM2.35 million mainly comprises amount owing to Lim Ventilation Engineering Sdn Bhd. As at the LPD, there are no disputes in respect of any trade payables and our Board confirms that there has been no legal action initiated by our suppliers to demand for payment from us in the past and present.

11.4.3 Inventory turnover

The Group's purchases consist of materials used such as generators, transformers, air handling units and chillers with variable frequency drives, copper wires and spare parts. The Group's average inventory turnover periods for the Financial Year Under Review was 48 days, 25 days, 21 days, 22 days and 28 days, respectively.

The Group's inventory turnover period for FYE 2020 was 48 days. The high inventory turnover period in FYE 2020 was mainly due to the longer turnaround period to utilise the inventories purchased as a result of the various forms of MCO imposed by the federal government of Malaysia, which restricted the number of employees working on-site to 30.00% capacity, during the COVID-19 pandemic period. Subsequently, the Group's inventory turnover period decreased from 48 days for FYE 2020 to 25 days for FYE 2021, and further decreased to 21 days for FYE 2022 and 22 days for FYE 2023, mainly attributable to better inventory management control adopted by the Group to ensure sufficiency of inventory to fulfil orders received on a timely basis.

11. FINANCIAL INFORMATION (Cont'd)

Our Group's inventory turnover period increased from 22 days for FYE 2023 to 28 days for FYE 2024 attributable to the higher opening inventory balance and the lower purchases during FYE 2024 resulting in higher inventory turnover days.

During the Financial Year Under Review and up to LPD, our Group did not have any inventories that were written down.

11.4.4 Current ratio

Our current ratio throughout the Financial Year Under Review is as follows:

	Audited				
	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Current assets	44,770	43,967	44,376	59,389	70,932
Current liabilities	25,270	26,800	25,816	34,424	35,879
Net current assets	19,500	17,167	18,560	24,965	35,053
Current ratio (times)	1.77	1.64	1.72	1.73	1.98

Our current ratio ranged between 1.64 times and 1.77 times for the Financial Year Under Review. This indicates that our Group is capable of meeting our current obligations as our current assets, which can be readily converted to cash, together with our cash balances in the bank are sufficient to meet immediate current liabilities.

Our current ratio decreased from 1.77 times as at 31 December 2020 to 1.64 times as at 31 December 2021 mainly due to increase in trade payables arising from higher purchases in FYE 2021.

Our current ratio increased from 1.64 times as at 31 December 2021 to 1.72 times as at 31 December 2022 mainly due to higher trade receivables (attributable to higher sales and increased invoices issued during FYE 2022) and lower trade payables (attributable to increased payments made to suppliers and subcontractors during FYE 2022).

Our current ratio increased from 1.72 times as at 31 December 2022 to 1.73 times as at 31 December 2023 mainly due to higher trade receivables (attributable to higher sales and increased invoices issued during FYE 2023) and cash and bank balance (mainly arising from the proceeds of the disposal of the investment properties classified as non-current assets held for sale during FYE 2023 and was offset by dividends paid to Neutron Capital of RM5.00 million and net repayments of bank borrowings during FYE 2023).

Our current ratio increased from 1.73 times as at 31 December 2023 to 1.98 times as at 31 December 2024 mainly due to higher contract assets arising from the recognition of revenue in FYE 2024 based on the M&E engineering activities performed for our customers, for which we have yet to issue the invoices for the work performed.

11. FINANCIAL INFORMATION (Cont'd)**11.4.5 Gearing ratio**

Our gearing ratio throughout the Financial Year Under Review is as follows:

	Audited				
	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Total borrowings (excluding lease liabilities for right-of-use assets)	17,060	16,801	16,105	9,861	10,954
Total equity	17,399	17,532	19,191	24,439	31,902
Gearing ratio (times)	0.98	0.96	0.84	0.40	0.34

Our gearing ratio ranged between 0.36 times and 0.98 times for the Financial Year Under Review.

Our Group's gearing ratio decreased from 0.98 times in FYE 2020 to 0.96 times in FYE 2021. This was attributable to higher profits generated in FYE 2021, which resulted in an increase in total equity by RM0.13 million or 0.75% from RM17.40 million in FYE 2020 to RM17.53 million in FYE 2021, and decrease in our Group's borrowings of RM0.26 million or 1.52% in FYE 2021, due to schedule repayments made during the Financial Year under Review.

Our Group's gearing ratio decreased from 0.96 times in FYE 2021 to 0.84 times in FYE 2022, mainly attributable to an increase in total equity of RM1.66 million or 9.47% resulting from higher profit generated in FYE 2022.

Our Group's gearing ratio decreased from 0.84 times in FYE 2022 to 0.40 times in FYE 2023. This was attributable to higher profits generated in FYE 2023, which resulted in an increase in total equity by RM5.25 million or 27.36% from RM19.19 million in FYE 2022 to RM24.44 million in FYE 2023, and decrease in our Group's borrowings (excluding lease liabilities for right-of-use assets) of RM6.25 million or 38.80% in FYE 2023, due to the settlement of term loans following the disposal of 6 units of investment properties during FYE 2023.

Our Group's gearing ratio decreased further from 0.40 times in FYE 2023 to 0.34 times in FYE 2024. This was attributable to higher profits generated in FYE 2024, which resulted in an increase in total equity by RM7.46 million or 30.52% from RM24.44 million in FYE 2023 to RM31.90 million in FYE 2024, and this was offset by the increase in our Group's borrowings (excluding lease liabilities for right-of-use assets) of RM1.09 million or 11.05% in FYE 2024, due to 4 new term loans drawdown in FYE 2024 for working capital purposes.

11.5 TREND INFORMATION

Based on our track record for the Financial Year Under Review, the following trends may continue to affect our business:

- (a) During the Financial Year Under Review, more than 88.00% of our revenue was derived from the provision of electrical engineering and ACMV services. We expect this segment to continue contributing significantly to our revenue in the future;
- (b) Save for FYE 2020, the main component of our cost of sales during the Financial Year Under Review was purchases, which accounted for more than 38.00% of our total cost of sales. Moving forward, our cost of sales is expected to fluctuate in tandem with the growth of our business and would depend on amongst others, the demand and supply of electrical engineering and ACMV services; and

11. FINANCIAL INFORMATION (Cont'd)

- (c) We achieved a GP margin of between 11.42% and 15.06% for our main segment for the Financial Year Under Review. Moving forward, such GP margin will depend on, amongst others, our continued ability to manage our costs efficiently and the types of services or products that we can provide in the future.

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

- (i) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations other than those discussed in Sections 6.6, 11.2 and 11.8;
- (ii) material commitments for capital expenditure save as disclosed in Section 11.3.5;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as discussed in Sections 6.6, 11.2 and 11.8;
- (iv) known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our Group's revenue save for those that had been discussed in Sections 6.6, 11.2 and 11.8; and
- (v) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not necessarily indicative of the future financial performance and position other than those discussed in Sections 6.6, 11.2 and 11.8.

Our Board is optimistic about the future prospects of our Group given the positive outlook of the construction industry in Malaysia as set out in the IMR Report in Section 7, our Group's competitive strengths set out in Section 6.5.11 and our Group's intention to implement the business strategies as set out in Section 6.7 of this Prospectus.

11.6 ORDER BOOKS

Our Group's revenue is from letters of award and/ or work orders from our customers. Our Group's order book based on the value of letters of award and/ or work orders received as at 31 December 2024 and the LPD is as follows:

Project details	As at 31 December 2024 (RM'000)	As at the LPD (RM'000)
Provision of electrical engineering and ACMV services	197,359	189,014
Provision of intelligent building solutions	58,595	58,288
Manufacturing of electrical panels and distribution boards	-	-
Total	255,954	247,302

11. FINANCIAL INFORMATION (Cont'd)

Our Group's order book as at the LPD is expected to be realised over the following financial years:

Project details	(1)FYE 2025 (RM'000)	FYE 2026 (RM'000)	FYE 2027 (RM'000)	Total (RM'000)
Provision of electrical engineering and ACMV services	118,259	61,502	9,253	189,014
Provision of intelligent building solutions	27,123	31,165	-	58,288
Manufacturing of electrical panels and distribution boards	-	-	-	-
Total	145,382	92,667	9,253	247,302

Note:

(1) from 12 March 2025 to 31 December 2025.

As at the LPD, our Group is tendering for 101 projects with contract value of RM1,030.27 million mainly comprising RM953.22 million for the central region states namely Selangor, Kuala Lumpur representing 92.52% of the total tender contract value. These projects, if awarded to our Group, will further increase our order book.

11.7 DIVIDENDS

Our Group presently does not have any formal dividend policy. As our Company is an investment holding company, our income and therefore our ability to pay dividends is dependent upon the dividends we receive from our subsidiaries, present or future. Our subsidiaries will require our financiers' consent (if any) as set out in the respective facility agreements to pay dividends to us. Save for compliance with the solvency requirement under the Act which is applicable to all Malaysian companies, there are no specific legal, financial, or economic restrictions on our existing subsidiaries to declare and pay dividends to us. Moving forward, the payment of dividends or other distributions by our subsidiaries will depend on their distributable profits, operating results, financial condition, capital expenditure plans, business expansion plans and other factors that their respective boards of Directors deem relevant.

The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any final dividends for the year are subject to our shareholders' approval. It is our intention to pay dividends to shareholders in the future. However, such payments will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant by our Board.

Actual dividends proposed and declared may vary depending on the financial performance and cash flows of our Group.

Dividend payments, capital gains and profits from dealing in our Shares will not be subject to Malaysian taxation (not applicable to entities including companies with trading of shares as their principal activity). No withholding tax is imposed on the above transactions.

11. FINANCIAL INFORMATION (Cont'd)

During the Financial Year Under review and up to the LPD, dividends declared and paid by our subsidiaries were follows:

	Audited					Unaudited
	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	Up to LPD
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Dividends declared and paid	4,020	3,500	4,300	5,000	4,000	-
Dividends declared but not paid	-	-	-	-	-	-

The dividends above were funded by internally generated funds. The dividends will not affect the execution and implementation of our business strategies. Together with the IPO proceeds, we believe that we have sufficient funding of cash from operations and bank borrowings for the funding requirement for our operations and our expansion plans.

As at the LPD, the Group does not intend to declare any further dividend prior to the Listing.

No influence should or can be made from any of the above statements as to our actual future profitability or our ability to pay dividends in the future.

11.8 SIGNIFICANT CHANGES

Our Directors are not aware of any significant changes that has occurred which may have a material effect on our financial position and results since the date of our audited consolidated financial statements for FYE 2024.

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11. FINANCIAL INFORMATION (Cont'd)**11.9 CAPITALISATION AND INDEBTEDNESS**

The table below summarises our capitalisation and indebtedness:

- (a) Based on the latest unaudited financial information as at 28 February 2025; and
- (b) After adjusting for the effects of IPO and utilisation of proceeds.

	Unaudited	I	II
	As at 28	After IPO	After (I) and
	February 2025	RM'000	utilisation of
	RM'000		proceeds
			RM'000
Indebtedness			
Current			
<u>Secured and guaranteed</u>			
Bank borrowings	831	831	831
Lease liabilities (under hire purchase arrangement)	77	77	77
<u>Unsecured and guaranteed</u>			
Lease liabilities (rentals)	84	84	84
Non-current			
<u>Secured and guaranteed</u>			
Bank borrowings	9,650	9,650	4,050
Lease liabilities (under hire purchase arrangement)	297	297	297
<u>Unsecured and guaranteed</u>			
Lease liabilities (rentals)	125	125	125
Total indebtedness	11,064	11,064	5,464
Capitalisation			
Share Capital	20,031	47,932	46,632
Total capitalisation	20,031	47,932	46,632
Total capitalisation and indebtedness	31,095	58,996	52,096
Gearing ratio⁽¹⁾	0.54	0.23	0.11

Note:

- (1) Calculated based on total indebtedness (exclude lease liabilities (rentals)) divided by total capitalisation.

12. ACCOUNTANTS' REPORT



WEST RIVER BERHAD
(Incorporated in Malaysia)
202301037127 (1531050-H)

**ACCOUNTANTS' REPORT ON
CONSOLIDATED AND COMBINED
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED
31 DECEMBER 2024, 31 DECEMBER 2023,
31 DECEMBER 2022, 31 DECEMBER 2021
AND 31 DECEMBER 2020**

ECOVIS MALAYSIA PLT
201404001750 (LLP0003185-LCA) & AF 001825
Chartered Accountants

12. ACCOUNTANTS' REPORT (Cont'd)



12 March 2025

The Board of Directors
WEST RIVER BERHAD
 22-4-2, Jalan 2/101C
 Cheras Business Centre
 Taman Cheras
 56100 Kuala Lumpur

Dear Sirs

REPORTING ACCOUNTANTS' OPINION ON THE CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS CONTAINED IN THE ACCOUNTANTS' REPORT OF WEST RIVER BERHAD

Opinion

We have audited the accompanying consolidated and combined financial statements of **West River Berhad** ("the Company") and its subsidiaries/combining entities, (collectively, "the Group"), which comprises:

- (a) the combined statements of financial position as at 31 December 2023, 31 December 2022, 31 December 2021 and 31 December 2020 of the Group, the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flow for financial year ended ("FYE") 31 December 2023, 31 December 2022, 31 December 2021 and 31 December 2020;
- (b) the consolidated statements of financial position as at 31 December 2024 of the Group, consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flow for financial year ended 31 December 2024; and
- (c) a summary of material accounting policy information and other explanatory notes as set out on page 5 to 88.

This historical consolidated and combined financial statements of the Group have been prepared solely for inclusion in the prospectus of the Company ("the Prospectus") in relation to the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad.

In our opinion, the accompanying consolidated and combined financial statements of the Group give a true and fair view of the financial positions of the Group as at 31 December 2024, 31 December 2023, 31 December 2022, 31 December 2021 and 31 December 2020, and of their financial performance and cash flows for each of the FYE 31 December 2024, 31 December 2023, 31 December 2022, 31 December 2021 and 31 December 2020 in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs"). This report is required by the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and is given for the purpose of complying with Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines and for no other purpose.

ECOVIS MALAYSIA PLT 201404001750 (LLP0003185-LCA) & AF 001825 Chartered Accountants, D-10-03, Level 10, Exsim Tower, Millerz Square @ Old Klang Road, Megan Legasi, No. 357, Jalan Kelang Lama 58000 Kuala Lumpur. **Phone:** +60(3) 7986 0066 **E-Mail:** kuala-lumpur@ecovis.com.my

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12. ACCOUNTANTS' REPORT (Cont'd)**Basis for Opinion**

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

Independence and Other Ethical Responsibilities

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

Directors' Responsibilities for the Consolidated and Combined Financial Statements

The Directors of the Company ("Directors") are responsible for the preparation of consolidated and combined financial statements of the Group that give a true and fair view in accordance with MFRSs and IFRSs. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of consolidated and combined financial statements of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and combined financial statements of the Group, the Directors are responsible for assessing the Group'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 to cease operations, or has no realistic alternative but to do so.

Reporting Accountants' Responsibilities for the Audit of the Consolidated and Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and combined financial statements of the Group as a whole is free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs 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 basis of these consolidated and combined financial statements.

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

- (a) Identify and assess the risks of material misstatement of the consolidated and combined financial statements of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

12. ACCOUNTANTS' REPORT (Cont'd)



Reporting Accountants' Responsibilities for the Audit of the Consolidated and Combined Financial Statements (cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also: (cont'd)

- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on of the Group'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 consolidated and combined financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the consolidated and combined financial statements of the Group, including the disclosures, and whether the consolidated and combined financial statements of the Group represents the underlying transactions and events in a manner that achieves fair presentation.
- (f) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated and combined financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

Restriction on Distribution and Use

This report is made solely to the Company for inclusion in the Prospectus in relation to the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad and should not be relied upon for any other purposes. We do not assume responsibility to any other person for the content of this report.

ECOVIS MALAYSIA PLT
AF 001825
Chartered Accountants

Kuala Lumpur
12 March 2025

CHUA KAH CHUN
02696/09/2025 J
Chartered Accountant

12. ACCOUNTANTS' REPORT (Cont'd)**WEST RIVER BERHAD**

(Incorporated in Malaysia)

Registration no. 202301037127 (1531050-H)

ACCOUNTANTS' REPORT**STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER**

	Note	2024 RM	2023 RM	2022 RM	2021 RM	2020 RM
Assets						
Non-current assets						
Property, plant and equipment	6	1,249,112	1,070,140	626,250	602,854	675,750
Investment properties	7	5,867,362	5,976,040	5,863,131	15,706,920	13,427,452
		<u>7,116,474</u>	<u>7,046,180</u>	<u>6,489,381</u>	<u>16,309,774</u>	<u>14,103,202</u>
Current assets						
Inventories	8	18,662	169,562	93,704	83,688	125,040
Trade receivables	9	44,785,049	47,079,411	35,916,948	26,134,368	22,043,045
Other receivables, deposits and prepayments	10	437,018	306,755	113,221	167,072	180,800
Amount owing by holding company	11	-	-	46,277	33,077	39,377
Short-term investments	12	-	-	613	613	312,903
Contract assets	13	18,472,642	3,560,000	2,604,265	11,328,146	11,086,375
Tax recoverable		-	-	-	10,925	240,261
Cash, bank balances and fixed deposits	14	7,218,065	8,272,670	5,601,147	6,208,766	10,742,402
		<u>70,931,436</u>	<u>59,388,398</u>	<u>44,376,175</u>	<u>43,966,655</u>	<u>44,770,203</u>
Non-current assets held for sale	15	-	-	9,387,806	-	-
		<u>70,931,436</u>	<u>59,388,398</u>	<u>53,763,981</u>	<u>43,966,655</u>	<u>44,770,203</u>
Total assets		<u>78,047,910</u>	<u>66,434,578</u>	<u>60,253,362</u>	<u>60,276,429</u>	<u>58,873,405</u>

12. ACCOUNTANTS' REPORT (Cont'd)**WEST RIVER BERHAD**

(Incorporated in Malaysia)

Registration no. 202301037127 (1531050-H)

ACCOUNTANTS' REPORT (CONT'D)**STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER (CONT'D)**

	Note	2024 RM	2023 RM	2022 RM	2021 RM	2020 RM
Equity and liabilities						
Equity						
Share capital	16	20,031,200	1,505,600	1,500,000	1,500,000	1,500,000
Merger reserve	17	(18,525,600)	-	-	-	-
Retained earnings	18	30,396,135	22,933,391	17,690,794	16,031,540	15,898,961
Total equity		<u>31,901,735</u>	<u>24,438,991</u>	<u>19,190,794</u>	<u>17,531,540</u>	<u>17,398,961</u>
Non-current liabilities						
Bank borrowings	19	9,845,516	7,207,234	15,200,879	15,912,122	16,147,272
Lease liabilities	20	421,466	365,264	44,920	33,246	56,900
		<u>10,266,982</u>	<u>7,572,498</u>	<u>15,245,799</u>	<u>15,945,368</u>	<u>16,204,172</u>
Current liabilities						
Trade payables	21	31,605,358	28,553,703	23,442,934	24,517,554	22,150,757
Other payables, accruals and deposits received	22	2,111,357	1,339,770	663,016	657,109	1,159,968
Amount owing to a Director	23	-	-	153,255	207,255	218,655
Bank borrowings	19	719,117	2,343,601	870,451	831,962	833,903
Lease liabilities	20	191,915	108,128	59,515	23,654	22,610
Contract liabilities	13	221,493	163,340	16,557	561,987	884,379
Tax payable		1,029,953	1,914,547	611,041	-	-
		<u>35,879,193</u>	<u>34,423,089</u>	<u>25,816,769</u>	<u>26,799,521</u>	<u>25,270,272</u>
Total liabilities		<u>46,146,175</u>	<u>41,995,587</u>	<u>41,062,568</u>	<u>42,744,889</u>	<u>41,474,444</u>
Total equity and liabilities		<u>78,047,910</u>	<u>66,434,578</u>	<u>60,253,362</u>	<u>60,276,429</u>	<u>58,873,405</u>

The accompanying notes form an integral part of these consolidated and combined financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)**WEST RIVER BERHAD**

(Incorporated in Malaysia)

Registration no. 202301037127 (1531050-H)

ACCOUNTANTS' REPORT (CONT'D)**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER**

	Note	2024 RM	2023 RM	2022 RM	2021 RM	2020 RM
Revenue	24	122,741,881	125,235,578	83,301,810	55,292,050	45,873,393
Cost of sales		<u>(103,913,096)</u>	<u>(107,110,269)</u>	<u>(72,510,019)</u>	<u>(48,646,041)</u>	<u>(40,460,468)</u>
Gross profit		18,828,785	18,125,309	10,791,791	6,646,009	5,412,925
Other income	25	252,129	2,626,963	569,869	486,752	1,471,107
Administrative expenses		<u>(3,790,412)</u>	<u>(3,242,398)</u>	<u>(2,036,665)</u>	<u>(1,236,438)</u>	<u>(1,246,207)</u>
Other operating expenses		<u>(607,296)</u>	<u>(2,897,755)</u>	<u>(791,094)</u>	<u>(818,069)</u>	<u>(705,962)</u>
Profit from operations		14,683,206	14,612,119	8,533,901	5,078,254	4,931,863
Finance costs	26	<u>(321,030)</u>	<u>(340,570)</u>	<u>(493,412)</u>	<u>(306,331)</u>	<u>(380,355)</u>
Profit before tax	27	14,362,176	14,271,549	8,040,489	4,771,923	4,551,508
Tax expenses	28	<u>(2,899,432)</u>	<u>(4,028,952)</u>	<u>(2,081,235)</u>	<u>(1,139,344)</u>	<u>(823,093)</u>
Profit/Total comprehensive income for the financial year		<u>11,462,744</u>	<u>10,242,597</u>	<u>5,959,254</u>	<u>3,632,579</u>	<u>3,728,415</u>
Profit/Total comprehensive income attributable to:						
- Owners of the Group		<u>11,462,744</u>	<u>10,242,597</u>	<u>5,959,254</u>	<u>3,632,579</u>	<u>3,728,415</u>
EPS attributable to owners of the Group						
- Basic and diluted	29	<u>1.34</u>	<u>6.73</u>	<u>3.97</u>	<u>2.42</u>	<u>2.49</u>

The accompanying notes form an integral part of these consolidated and combined financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)**WEST RIVER BERHAD**

(Incorporated in Malaysia)

Registration no. 202301037127 (1531050-H)

ACCOUNTANTS' REPORT (CONT'D)**STATEMENTS OF CHANGES IN EQUITY**

	Note	Share capital RM	Merger Reserve RM	Retained earnings RM	Total equity RM
At 1 January 2020		1,500,000	-	16,190,546	17,690,546
Net profit/Total comprehensive income for the financial year		-	-	3,728,415	3,728,415
Dividends paid	30	-	-	(4,020,000)	(4,020,000)
At 31 December 2020/ 1 January 2021		1,500,000	-	15,898,961	17,398,961
Net profit/Total comprehensive income for the financial year		-	-	3,632,579	3,632,579
Dividends paid	30	-	-	(3,500,000)	(3,500,000)
At 31 December 2021/ 1 January 2022		1,500,000	-	16,031,540	17,531,540
Net profit/Total comprehensive income for the financial year		-	-	5,959,254	5,959,254
Dividends paid	30	-	-	(4,300,000)	(4,300,000)
At 31 December 2022/ 1 January 2023		1,500,000	-	17,690,794	19,190,794
Net profit/Total comprehensive income for the financial year		-	-	10,242,597	10,242,597
Issuance of new shares		5,600	-	-	5,600
Dividends paid	30	-	-	(5,000,000)	(5,000,000)
At 31 December 2023/ 1 January 2024		1,505,600	-	22,933,391	24,438,991
Net profit/Total comprehensive income for the financial year		-	-	11,462,744	11,462,744
Issuance of new shares		20,025,600	-	-	20,025,600
Adjustment on acquisition of subsidiary		(1,500,000)	(18,525,600)	-	(20,025,600)
Dividends paid	30	-	-	(4,000,000)	(4,000,000)
At 31 December 2024		<u>20,031,200</u>	<u>(18,525,600)</u>	<u>30,396,135</u>	<u>31,901,735</u>

The accompanying notes form an integral part of these consolidated and combined financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)**WEST RIVER BERHAD**

(Incorporated in Malaysia)

Registration no. 202301037127 (1531050-H)

ACCOUNTANTS' REPORT (CONT'D)**STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER**

	Note	2024 RM	2023 RM	2022 RM	2021 RM	2020 RM
Cash flows from operating activities						
Profit before tax		14,362,176	14,271,549	8,040,489	4,771,923	4,551,508
<u>Adjustments for:</u>						
Bad debts written off		-	-	90,000	-	-
Depreciation of property, plant and equipment	6	221,736	104,679	96,604	72,895	81,810
Depreciation of investment properties	7	108,678	108,706	234,368	220,532	216,686
Deposit forfeited		-	-	-	-	3,245
Finance costs		321,030	340,570	493,412	306,331	380,355
Interest income		(14,577)	(201)	(4,442)	(12,893)	(12,571)
(Gain)/Loss on disposal of property, plant and equipment		-	-	-	(14,999)	1,298
Gain on disposal of investment properties, net		-	(1,969,484)	-	-	(899,202)
Gain on derecognition of lease liabilities		(839)	(1,561)	-	-	-
(Gain)/Loss on short-term investment		-	(26)	-	27,394	(45,688)
(Reversal)/Impairment loss on investment properties	7	-	(221,615)	221,615	-	-
Impairment loss on trade receivables, net	9	224,978	2,674,704	142,797	474,802	402,892
Impairment loss on contract assets, net	13	51,450	9,668	95,710	22,446	32
Loss on lease modification		455	-	-	-	-
Operating profit before working capital changes		15,275,087	15,316,989	9,410,553	5,868,431	4,680,365

12. ACCOUNTANTS' REPORT (Cont'd)**WEST RIVER BERHAD**

(Incorporated in Malaysia)

Registration no. 202301037127 (1531050-H)

ACCOUNTANTS' REPORT (CONT'D)**STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER (CONT'D)**

	Note	2024 RM	2023 RM	2022 RM	2021 RM	2020 RM
Cash flows from operating activities (cont'd)						
Operating profit before working capital changes (cont'd)		15,275,087	15,316,989	9,410,553	5,868,431	4,680,365
Changes in working capital:						
Decrease/(Increase) in inventories		150,900	(75,858)	(10,016)	41,352	(85,425)
Decrease/(Increase) in trade and other receivables		1,939,121	(14,030,701)	(9,961,526)	(7,052,397)	75,306
Increase/(Decrease) in trade and other payables		3,823,242	5,802,513	(1,068,713)	1,988,888	(2,461,764)
(Increase)/Decrease in contract assets		(14,964,092)	(965,403)	8,628,171	(264,217)	1,518,403
Increase/(Decrease) in contract liabilities		58,153	146,783	(545,430)	(322,392)	288,579
Cash generated from operations		6,282,411	6,194,323	6,453,039	259,665	4,015,464
Interest received		14,577	201	4,442	12,893	12,571
Bank overdraft interest paid	26	-	(26)	(28)	-	(1,141)
Income tax paid, net		(3,784,026)	(2,751,820)	(1,459,269)	(910,008)	(1,228,264)
Net cash generated from/(used in) operating activities		2,512,962	3,442,678	4,998,184	(637,450)	2,798,630

12. ACCOUNTANTS' REPORT (Cont'd)**WEST RIVER BERHAD**

(Incorporated in Malaysia)

Registration no. 202301037127 (1531050-H)

ACCOUNTANTS' REPORT (CONT'D)**STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER (CONT'D)**

	Note	2024 RM	2023 RM	2022 RM	2021 RM	2020 RM
Cash flows from investing activities						
Acquisition of property, plant and equipment	(a)	(95,788)	(98,116)	(18,327)	-	(260,000)
Acquisition of investment properties	(b)	-	-	-	-	(260,312)
Proceeds from disposal of property, plant and equipment		-	-	-	15,000	3,500
Proceeds from disposal of investment property, net of tax		-	11,357,290	-	-	1,398,161
Proceeds from disposal of a combining entity, net cash and cash equivalent disposed of	32(i)	-	11,384	-	-	-
Net movement in short-term investments		-	639	-	284,896	120,378
Net cash generated from/(used in) investing activities		<u>(95,788)</u>	<u>11,271,197</u>	<u>(18,327)</u>	<u>299,896</u>	<u>1,001,727</u>

12. ACCOUNTANTS' REPORT (Cont'd)**WEST RIVER BERHAD**

(Incorporated in Malaysia)

Registration no. 202301037127 (1531050-H)

ACCOUNTANTS' REPORT (CONT'D)**STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER (CONT'D)**

	Note	2024 RM	2023 RM	2022 RM	2021 RM	2020 RM
Cash flows from financing activities						
Issuance of new shares	16	-	5,600	-	-	-
Dividends paid	30	(4,000,000)	(5,000,000)	(4,300,000)	(3,500,000)	(4,020,000)
(Placement)/Withdrawal of fixed deposit pledged in licensed bank		(250,000)	-	176,102	(2,515)	(4,022)
Repayment from/(Advances to) holding company		-	46,277	(13,200)	6,300	(36,377)
(Repayment to)/Advances from a Director	(c)	-	(153,225)	(54,000)	(11,400)	38,030
Drawdown from/(Repayment of) bank borrowings, net	(c)	1,013,798	(6,520,495)	(672,754)	(362,041)	4,042,698
Repayment of lease liabilities, net	(c)	(164,547)	(79,935)	(54,138)	(22,610)	(15,951)
Term loan interest paid	26	(285,841)	(327,959)	(487,682)	(303,201)	(377,243)
Lease liabilities interest paid	26	(35,189)	(12,585)	(5,702)	(3,130)	(1,971)
Net cash used in financing activities		<u>(3,721,779)</u>	<u>(12,042,352)</u>	<u>(5,411,374)</u>	<u>(4,198,597)</u>	<u>(374,836)</u>
Net (decrease)/increase in cash and cash equivalents		(1,304,605)	2,671,523	(431,517)	(4,536,151)	3,425,521
Cash and cash equivalents at beginning of financial year		<u>8,272,670</u>	<u>5,601,147</u>	<u>6,032,664</u>	<u>10,568,815</u>	<u>7,143,294</u>
Cash and cash equivalents at end of financial year	14 (iii)	<u>6,968,065</u>	<u>8,272,670</u>	<u>5,601,147</u>	<u>6,032,664</u>	<u>10,568,815</u>

12. ACCOUNTANTS' REPORT (Cont'd)

WEST RIVER BERHAD

(Incorporated in Malaysia)

Registration no. 202301037127 (1531050-H)

ACCOUNTANTS' REPORT (CONT'D)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER (CONT'D)

Notes: -

(a) Acquisition of property, plant and equipment

The Group made the following cash payments to acquire property, plant and equipment:

	2024 RM	2023 RM	2022 RM	2021 RM	2020 RM
Acquisition of property, plant and equipment	436,290	583,428	120,000	-	260,000
Financed by way of lease arrangements	(340,502)	(485,312)	(101,673)	-	-
Cash payments	95,788	98,116	18,327	-	260,000

(b) Acquisition of investment properties

The Group made the following cash payments to acquire investment properties:

	2024 RM	2023 RM	2022 RM	2021 RM	2020 RM
Acquisition of investment properties	-	-	-	2,500,000	2,499,000
Contra from trade receivable	-	-	-	(2,500,000)	-
Financed by bank borrowing	-	-	-	-	(324,550)
Prepayment	-	-	-	-	(849,980)
Other payables	-	-	-	-	(1,064,158)
Cash payments	-	-	-	-	260,312

12. ACCOUNTANTS' REPORT (Cont'd)

WEST RIVER BERHAD

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ACCOUNTANTS' REPORT (CONT'D)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER (CONT'D)

Notes: - (cont'd)

(c) Changes in liabilities arising from financing activities:

	At 1 January RM	Additional RM	Derecognition of lease RM	Changes due to lease modification RM	Net cash flows RM	At 31 December RM
2024						
Amount owing to a Director	-	-	-	-	-	-
Lease liabilities	473,392	340,502	(40,008)	4,042	(164,547)	613,381
Bank borrowings	9,550,835	-	-	-	1,013,798	10,564,633
	<u>10,024,227</u>	<u>340,502</u>	<u>(40,008)</u>	<u>4,042</u>	<u>849,251</u>	<u>11,178,014</u>
2023						
Amount owing to a Director	153,255	-	-	-	(153,255)	-
Lease liabilities	104,435	485,312	(36,420)	-	(79,935)	473,392
Bank borrowings	16,071,330	-	-	-	(6,520,495)	9,550,835
	<u>16,329,020</u>	<u>485,312</u>	<u>(36,420)</u>	<u>-</u>	<u>(6,753,685)</u>	<u>10,024,227</u>
2022						
Amount owing to a Director	207,255	-	-	-	(54,000)	153,255
Lease liabilities	56,900	101,673	-	-	(54,138)	104,435
Bank borrowings	16,744,084	-	-	-	(672,754)	16,071,330
	<u>17,008,239</u>	<u>101,673</u>	<u>-</u>	<u>-</u>	<u>(780,892)</u>	<u>16,329,020</u>

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

WEST RIVER BERHAD

(Incorporated in Malaysia)

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ACCOUNTANTS' REPORT (CONT'D)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER (CONT'D)

Notes: - (cont'd)

(c) Changes in liabilities arising from financing activities:

	At 1 January RM	Additional RM	Derecognition of lease RM	Changes due to lease modification RM	Net cash flows RM	At 31 December RM
2021						
Amount owing to a Director	218,665	-	-	-	(11,400)	207,255
Lease liabilities	79,510	-	-	-	(22,610)	56,900
Bank borrowings	16,981,175	124,950	-	-	(362,041)	16,744,084
	<u>17,279,340</u>	<u>124,950</u>	<u>-</u>	<u>-</u>	<u>(396,051)</u>	<u>17,008,239</u>
2020						
Amount owing to a Director	180,625	-	-	-	38,030	218,655
Lease liabilities	95,461	-	-	-	(15,951)	79,510
Bank borrowings	12,613,927	324,550	-	-	4,042,698	16,981,175
	<u>12,890,013</u>	<u>324,550</u>	<u>-</u>	<u>-</u>	<u>4,064,777</u>	<u>17,279,340</u>

The accompanying notes form an integral part of these consolidated and combined financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

WEST RIVER BERHAD

(Incorporated in Malaysia)

Registration no. 202301037127 (1531050-H)

ACCOUNTANTS' REPORT (CONT'D)

1. GENERAL INFORMATION

West River Berhad ("the Company" or "West River") was incorporated on 21 September 2023 under the Companies Act 2016 as a private limited liability company under the name of West River Sdn. Bhd. and domiciled in Malaysia.

On 12 December 2023, the Company was converted to a public limited liability company and assumed its present name, West River Berhad.

The registered office of the Company is located at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur. The principal place of business is located at 22-4-2, Jalan 2/101C, Cheras Business Centre, Taman Cheras, 56100 Kuala Lumpur.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries/combining entities are set out in Note 32 to this report.

2. RESTRUCTURING EXERCISE

For the purpose of its Listing on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing"), the Company undertook a restructuring exercise via the acquisition of West River Engineering Sdn. Bhd. ("West River Engineering") and its subsidiaries.

The Company was incorporated as a special purpose investment holding vehicle to hold the subsidiaries/combining entities pursuant to an internal restructuring. The Company was incorporated on 21 September 2023 with issued and paid-up share capital of RM5,600 comprising eighty thousand (80,000) ordinary shares.

On 16 November 2023, Lim Yong Lai had entered into a share sale agreement with Neutron Capital Sdn. Bhd. ("Neutron Capital") to acquire 393,800 ordinary shares in West River Engineering for a total consideration of RM5,257,388.

On 16 November 2023, the Company entered into a conditional share sale agreement with Neutron Capital and Lim Yong Lai to acquire the entire equity interest in West River Engineering for a total purchase consideration of RM20,025,600 to be satisfied by issuance of 286,080,000 new ordinary shares in West River at an issue price of RM0.07 per share ("Acquisition of West River Engineering").

On 23 December 2024, pursuant to the above Share Sale Agreements, the Company issued and allotted 286,080,000 new ordinary shares of RM0.07 each to Neutron Capital and Lim Yong Lai to acquire the entire equity interest in West River Engineering, the new shares issued rank equally in all respects with existing ordinary shares of the Company. Thereafter, West River Engineering become wholly-owned subsidiary of the Company.

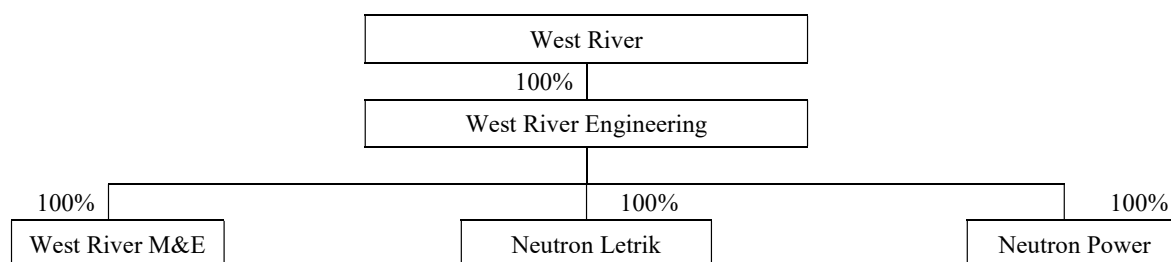
12. ACCOUNTANTS' REPORT (Cont'd)**WEST RIVER BERHAD**

(Incorporated in Malaysia)

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ACCOUNTANTS' REPORT (CONT'D)**2. RESTRUCTURING EXERCISE (CONT'D)**

The corporate structure following completion of the Acquisitions is as follows:



The Company and its subsidiaries/combining entities are collectively known as “the Group” in the consolidated and combined financial statements contained in this Accountants’ Report.

Abbreviation:

West River M&E – West River M&E Sdn. Bhd.

Neutron Letrik – Neutron Letrik Sdn. Bhd.

Neutron Power – Neutron Power Sdn. Bhd.

(formerly known as Voon M&E Sdn Bhd. (“Voon M&E”))

3. RELEVANT FINANCIAL PERIODS/YEARS

The consolidated and combined financial statements of the Group for the financial year ended 31 December 2024 (“FYE 2024”), 31 December 2023 (“FYE2023”), 31 December 2022 (“FYE 2022”), 31 December 2021 (“FYE 2021”) and 31 December 2020 (“FYE 2020”) are the combination or aggregation of the separate financial statements of the subsidiaries/combining entities.

The relevant financial years of the audited financial statements presented for the purpose of this report (“Relevant Financial Years”) and the statutory auditors of the respective companies within the Group are as follows:

Company	Relevant Financial Years/Periods (“FYE/FPE”)	Auditor
West River Berhad ⁽ⁱ⁾	FPE 31 December 2023 FYE 2024	Ecovis Malaysia PLT Ecovis Malaysia PLT
West River Engineering	FYE 2020 FYE 2021 FYE 2022 FYE 2023 FYE 2024	Ecovis Malaysia PLT ⁽ⁱⁱ⁾ Ecovis Malaysia PLT ⁽ⁱⁱ⁾ Ecovis Malaysia PLT Ecovis Malaysia PLT Ecovis Malaysia PLT
West River M&E	FYE 2020 FYE 2021 FYE 2022 FYE 2023 FYE 2024	Ecovis Malaysia PLT ⁽ⁱⁱ⁾ Ecovis Malaysia PLT ⁽ⁱⁱ⁾ Ecovis Malaysia PLT Ecovis Malaysia PLT Ecovis Malaysia PLT

12. ACCOUNTANTS' REPORT (Cont'd)**WEST RIVER BERHAD**

(Incorporated in Malaysia)

Registration no. 202301037127 (1531050-H)

ACCOUNTANTS' REPORT (CONT'D)**3. RELEVANT FINANCIAL PERIODS/YEARS (CONT'D)**

The relevant financial years of the audited financial statements presented for the purpose of this report ("Relevant Financial Years") and the statutory auditors of the respective companies within the Group are as follows: (cont'd)

Company	Relevant Financial Years/Periods ("FYE/FPE")	Auditor
Neutron Letrik	FYE 2020	Ecovis Malaysia PLT ⁽ⁱⁱ⁾
	FYE 2021	Ecovis Malaysia PLT ⁽ⁱⁱ⁾
	FYE 2022	Ecovis Malaysia PLT
	FYE 2023	Ecovis Malaysia PLT
	FYE 2024	Ecovis Malaysia PLT
Neutron Power ⁽ⁱⁱⁱ⁾	FPE 31 December 2021	Ecovis Malaysia PLT ⁽ⁱⁱ⁾
	FYE 2022	Ecovis Malaysia PLT
	FYE 2023	Ecovis Malaysia PLT
	FYE 2024	Ecovis Malaysia PLT
Neutron M&E ^(iv)	FYE 2020	Ecovis Malaysia PLT ⁽ⁱⁱ⁾
	FYE 2021	Ecovis Malaysia PLT ⁽ⁱⁱ⁾
	FYE 2022	Ecovis Malaysia PLT
	FYE 2023	Ecovis Malaysia PLT

- (i) The Company incorporated on 21 September 2023. The first statutory financial period end was at 31 December 2023.
- (ii) The combined financial statements of the Group for the FYE 2020 and 2021 have been prepared based on the financial statements which were re-audited by Ecovis Malaysia PLT for the purpose of inclusion into the combined financial statements of the Group. The audited financial statements which were lodged by a firm of chartered accountants other than Ecovis Malaysia PLT.
- (iii) Voon M&E was incorporated on 15 October 2020. The first statutory financial period end was at 31 December 2021. However, the financial result for the period of 15 October 2020 to 31 December 2020 have been included into the Group's combined financial statements FYE 2020. On 03 April 2024, Voon M&E changed its name to Neutron Power Sdn. Bhd.
- (iv) On 13 October 2023, West River Engineering has entered into Sales and Purchase Agreement to dispose entire shareholdings in Neutron M&E as disclosed in Note 32 to this report.

The audited financial statements of subsidiaries/combining entities within the Group for the Relevant Financial Years/Periods reported above were not subject to any qualification or modification.

12. ACCOUNTANTS' REPORT (Cont'd)

WEST RIVER BERHAD

(Incorporated in Malaysia)

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ACCOUNTANTS' REPORT (CONT'D)

4. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated and combined financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

(a) Combined financial statements for FYE 2020, 2021, 2022 and 2023

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of common controlled entities are included in the financial statements from the day that control commences until the date that control ceases.

The combined financial statements of the Group for the relevant period were prepared in a manner similar to the "pooling-of-interest" method, as if the entities within the Group were operating as a single economic enterprise from the beginning of the earliest comparative period covered by the relevant period from the days the control commences, if later. Such manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant years.

The combined financial statements consist of the financial statements of the Group, which were under common control throughout the reporting periods by virtue of common controlling shareholder.

The combined financial statements of the Group have been prepared as if the Group has operated as single economic entity throughout FYE 2020, 2021, 2022 and 2023 and have been prepared from the books and records maintained by each entity.

The financial information as presented in the combined financial statements do not correspond to the consolidated financial statements of the Group, as the combined financial statements reflect business combinations under common control for the purpose of the Proposed Listing. Consequently, the financial information from the combined financial statements do not purport to predict the financial positions, results of operations and cash flows of the combining entities during the reporting periods.

(b) Consolidated financial statements for FYE 2024

During the financial year, the Group applied merger method of accounting on retrospective basis arising from the acquisition of entire equity interests of West River Engineering and its subsidiaries by the Company in business combination under common control.

Consequently, the following accounting treatments have been applied in the consolidated financial statements arising from the business combination under common control:

- (a) Assets and liabilities of West River Engineering and its subsidiaries are recognised and measured at their pre-business combination carrying amount without restatement to fair value;
- (b) Retained earnings of the Group as at 1 January 2024 are those of the Company, West River Engineering and its subsidiaries;
- (c) Share capital as at 1 January 2024 reflects the share capital of the Company and West River Engineering; and
- (d) The statements of financial position for FYE 2024 represent the financial position of the Group after reflecting the effects of the acquisitions during the financial year.

12. ACCOUNTANTS' REPORT (Cont'd)

WEST RIVER BERHAD

(Incorporated in Malaysia)

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ACCOUNTANTS' REPORT (CONT'D)

4. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

The consolidated and combined financial statements are prepared under the historical cost convention except otherwise indicated in the summary of material accounting policy information.

The accounting policies set out in Note 4.3 of this report have been applied in preparing the consolidated and combined financial statements for the FYE 2024, 2023, 2022, 2021 and 2020.

The consolidated and combined financial statements are presented in RM, which is also the functional currency of the Group.

4.1 MFRS, amendments to MFRS and IC Interpretations that are effective and have been adopted in the current financial year

The following are MFRS, amendments to MFRS and IC Interpretations that are effective and have been adopted by the Group:

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

The adoption of the above MFRS, amendments to MFRS and IC Interpretations did not have any significant effect on the financial statements of the Group and did not result in significant changes to the Group's existing accounting policies.

4.2 MFRS, amendments to MFRS and IC Interpretations that have been issued, but yet to be adopted

The following are MFRS, amendments to MFRS and IC Interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective and have not been adopted by the Group:

(i) Effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, 'The Effects of Changes in Foreign Exchange Rates' – Lack of Exchangeability

(ii) Effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9, 'Financial Instruments' and MFRS 7, 'Financial Instruments: Disclosures' – Amendments to the Classification and Measurement of Financial Instruments
- Amendments to MFRS 1, 'First-time Adoption of Malaysian Financial Reporting Standards', MFRS 7, 'Financial Instruments: Disclosures', MFRS 9, 'Financial Instruments', MFRS 10, 'Consolidated Financial Statements' and MFRS 107, 'Statements of Cash Flows'

(iii) Effective for annual periods beginning on or after 1 January 2027

- MFRS 18, 'Presentation and Disclosure in Financial Statements'
- MFRS 19, 'Subsidiaries without Public Accountability: Disclosure'

(iv) Deferred to a date to be determined by the MASB

- Amendments to MFRS 10, 'Consolidated Financial Statements' and MFRS 128, 'Investments in Associates and Joint Ventures' – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

12. ACCOUNTANTS' REPORT (Cont'd)

WEST RIVER BERHAD

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ACCOUNTANTS' REPORT (CONT'D)

4. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.2 MFRS, amendments to MFRS and IC Interpretations that have been issued, but yet to be adopted

The Group plans to apply the abovementioned MFRS, amendments to MFRS and IC Interpretations, where applicable to the Group, from the beginning of the financial year where they become effective.

The initial application of the abovementioned new MFRSs, amendments/improvements to MFRSs and new IC Int, where applicable, are not expected to have any material financial impact to the financial statements of the Group.

4.3 Material accounting policy information

(a) Basis of combination

Common control business combination outside the scope of MFRS 3, 'Business Combinations' ("MFRS 3")

A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. A business combination involving common control entities, are outside the scope of MFRS 3. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the combined financial statements.

The Group is regarded as a continuing entity as mentioned in Note 32 of this report since the management of all the combining entities which took part were managed by the common shareholders before and immediately after the restructuring exercise in Note 2 of this report. Accordingly, the financial information have been prepared on the basis of merger accounting.

In applying merger accounting, financial statement line items of the combining entities or businesses for the reporting period in which the common control combination occurs, and for any comparative periods disclosed, are included in the combined financial statements of the combining entity as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.

A single uniform set of accounting policies is adopted by the combining entities. Therefore, the assets, liabilities and equity of the combining entities or businesses are recognised at the carrying amounts in the combined financial statements of the controlling party or parties prior to the common control combination. The carrying amounts are included as if such combined financial statements had been prepared by the controlling party, including adjustments required for conforming to the Group's accounting policies and applying those policies to all years presented. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the combined financial statements of the combining entity.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the combining entity are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

12. ACCOUNTANTS' REPORT (Cont'd)

WEST RIVER BERHAD

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ACCOUNTANTS' REPORT (CONT'D)

4. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.3 Material accounting policy information (cont'd)

(a) Basis of combination (cont'd)

Common control business combination outside the scope of MFRS 3, 'Business Combinations' ("MFRS 3") (cont'd)

The combined financial statements were prepared based on the audited financial statements of combining entities which were prepared in accordance with MFRSs and IFRSs for the purpose of combination. The combining entities maintain their accounting records and prepare the relevant statutory financial statements in accordance with MFRSs, IFRSs and the requirements of the Act in Malaysia.

The Group resulting from the restructuring exercise as disclosed in Note 2 of this report. Accordingly, the combined financial statements have been accounted for using the principles of merger accounting where financial statements line items of the merged entities for the reporting periods in which the common control combination occur are included in the combined financial statements of the Group as if the combination had occurred from the date when the merged entities first came under the control of the same shareholders.

(b) Basis of consolidation

(i) Investment in subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Control is achieved when the Group is exposed to, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, potential voting rights that presently are exercisable are taken into account.

The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affects the investee's return. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

12. ACCOUNTANTS' REPORT (Cont'd)

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ACCOUNTANTS' REPORT (CONT'D)

4. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.3 Material accounting policy information (cont'd)

(b) Basis of consolidation (cont'd)

(i) Investment in subsidiaries (cont'd)

Investments in subsidiaries are measured in the Group's separate financial statements at cost less any impairment losses, unless the investment is held for sale (accounted for in accordance with MFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations') or distribution. The cost of investment includes transaction costs.

The policy for the recognition and measurement of impairment losses is in accordance with Note 4.3(e) to this report. On disposal, the difference between the net disposal proceeds and its carrying amount is recognised as gain or loss on disposal in profit or loss.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are expensed as incurred and included in administrative expenses.

For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9, 'Financial Instruments' ("MFRS 9") is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

(iii) Acquisitions of non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions between the Group and its non-controlling interest holders. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received are recognised directly in equity and attributable to the equity holders of the Company.

12. ACCOUNTANTS' REPORT (Cont'd)

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ACCOUNTANTS' REPORT (CONT'D)

4. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.3 Material accounting policy information (cont'd)

(b) Basis of consolidation (cont'd)

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statements of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date the control ceases. Subsequently it is accounted for as an equity-accounted investee or as an equity instrument at fair value through other comprehensive income ("FVTOCI") depending on the level of influence retained.

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statements of financial position and statements of changes in equity, separately from equity attributable to equity holders of the Group. Non-controlling interests in the results of the Group is presented in the consolidated statements of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the equity holders of the Company.

Losses applicable to non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and carrying amount of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

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(Incorporated in Malaysia)

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ACCOUNTANTS' REPORT (CONT'D)

4. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.3 Material accounting policy information (cont'd)

(c) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciate them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation of an asset begins when it is ready for its intended use. Depreciation of property, plant and equipment is computed on the straight-line basis over the estimated useful lives of the assets, at the following annual rates:

Computer and equipment	20%
Furniture and fittings	10%
Leasehold buildings	2%
Motor vehicles	20%

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The policy for the recognition and measurement of impairment losses is in accordance with Note 4.3(e) to this report.

The residual values, useful lives and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

12. ACCOUNTANTS' REPORT (Cont'd)

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ACCOUNTANTS' REPORT (CONT'D)

4. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.3 Material accounting policy information (cont'd)

(d) Investment properties

Investment properties are freehold and leasehold land and buildings which are held either to earn rental income or capital appreciation or for both, but not for sale in the ordinary course of business, use in the productivity or supply of goods or services or for administrative purposes. Such properties are measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other cost directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Subsequent to the initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 4.3(e) to this report.

No depreciation is provided on the freehold land as it has indefinite useful life. Property under construction is also not depreciated as asset is not available for use. Depreciation of freehold and leasehold investment properties are provided on the straight line basis to write off the cost of investment properties to their residual value over their estimated useful lives of the investment properties.

Freehold land is not depreciated as it has indefinite useful life. All other investment properties are provided on the straight line basis over their estimated useful lives of the investment properties, at the following annual rate:

Freehold buildings	2%
Leasehold land	85years
Leasehold buildings	2%

Investment properties are derecognised when they have been disposed off or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from their disposals. The gain or loss arising from the retirement or disposal of an investment properties are determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 4.3(c) to this report up to date of change in use.

(e) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset (except for inventories and tax recoverable) may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful lives or that are not available for use, the recoverable amount is estimated each period at the same time.

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ACCOUNTANTS' REPORT (CONT'D)

4. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.3 Material accounting policy information (cont'd)

(e) Impairment of non-financial assets (cont'd)

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows from continuing use cash-generating units ("CGU"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGU to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of the combination.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. Where the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount, the asset is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses are recognised in profit or loss except for assets that have been previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation. Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro-rated basis.

An impairment loss in respect of goodwill is not reversed. In respect of assets other than goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is credited to profit or loss in the financial year in which the reversal is recognised.

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ACCOUNTANTS' REPORT (CONT'D)

4. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.3 Material accounting policy information (cont'd)

(f) Financial assets

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

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets under MFRS 9 are as below:

(i) Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objectives are to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss through the amortisation process and when the financial assets are impaired or derecognised.

(ii) Financial assets measured at fair value

a. At FVTOCI

Financial assets that are debt instruments are measured at FVTOCI if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value of these financial assets are recognised in other comprehensive income, except impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

b. At FVTPL

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL. The Group does not have any financial assets measured at FVTOCI or FVTPL, except as disclosed in Note 34(i)(b) to this report.

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4. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.3 Material accounting policy information (cont'd)

(f) Financial assets (cont'd)

(ii) Financial assets measured at fair value (cont'd)

b. At FVTPL (cont'd)

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Financial assets are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives). The Group does not have any financial assets that are equity instruments.

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value of these financial assets are recognised in other comprehensive income and are not subsequently transferred to profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the settlement date, i.e. the date that the asset is delivered to or by the Group.

(g) Impairment of financial assets and contract assets

The Group assesses at each financial year end whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition.

In determining whether credit risk on a financial asset has increased significantly since initial recognition, the Group uses historical experience and other supportive information to assess deterioration in credit quality of a financial asset. The Group assesses whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For collective basis evaluation, financial assets are grouped on the basis of similar risk characteristics.

The Group considers past loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

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4. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.3 Material accounting policy information (cont'd)

(g) Impairment of financial assets and contract assets (cont'd)

The amount of impairment loss is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Group and all the cash flows that the Group expects to receive. The carrying amount of the financial asset is reduced through the use of an allowance account and the impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance account.

The Group measure the impairment loss on financial assets other than trade receivables and contract assets based on the two-step approach:

(i) 12-month expected credit loss ("ECL")

For a financial asset for which there is no significant increase in credit risk since initial recognition, the Group shall measure the allowance for impairment for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

(ii) Lifetime ECL

For a financial asset for which there is significant increase in credit risk since initial recognition, a lifetime ECL for that financial asset is recognised as allowance for impairment by the Group. If, in a subsequent period the significant increase in credit risk since initial recognition is no longer evident, the Group shall revert the loss allowance measurement from lifetime ECL to 12-month ECL.

If in a subsequent period, the credit quality improves and reverses any previously assessed significant increase in credit risk since initial recognition, then the impairment loss reverts from lifetime ECL to 12-months ECL.

For trade receivables, the Group measures impairment loss based on lifetime ECL at each reporting date until the financial assets are derecognised.

(h) Financial liabilities

(i) Initial recognition and subsequent measurement

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are measured initially at fair value plus directly attributable costs, except in the case of financial liabilities at FVTPL.

Financial liabilities are recognised in the consolidated and combined statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

a. Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

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ACCOUNTANTS' REPORT (CONT'D)

4. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.3 Material accounting policy information (cont'd)

(h) Financial liabilities (cont'd)

(i) Initial recognition and subsequent measurement (cont'd)

a. Financial liabilities at FVTPL (cont'd)

Financial liabilities held for trading include derivatives entered into by the Group that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group does not have any financial liabilities at FVTPL in the FYE 2020 to FYE 2024.

b. Other financial liabilities

The Group's other financial liabilities consist of payables, accruals, amount owing to a Director, bank borrowings and lease liabilities.

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

(ii) Derecognition

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(i) Provisions for liabilities

Provisions for liabilities are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(i) Provision for defects liability

A provision is recognised when contract customer issues Certificates of Practical Completion ("CPC") after the completion of contractual performance obligation. The Group has also considered their past experience with rectifying defects for certain type of building construction.

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4. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.3 Material accounting policy information (cont'd)

(i) Provisions for liabilities (cont'd)

(i) Provision for defects liability (cont'd)

The provision for defect liability are reversed as and when expenses are incurred to perform defects rectification, and entirely at the end of defects liability period. Any under-provision will be charged to profit or loss during the financial period or year.

(ii) Provision for onerous contract

The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

(j) Contract assets/(liabilities)

Contract assets is the right to consideration for goods or services transferred to the customers. Contract assets is the excess of cumulative revenue earned over the billings to date. When there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract assets. The policy for the recognition and measure of impairment losses is in accordance with Note 4.3(g) to this report.

Contract liabilities is the obligation to transfer goods or services to customer for which the Group has received the consideration or have billed the customer. Contract liabilities is the excess of the billings to date over the cumulative revenue earned. Contract liabilities include advance payment and downpayments received from customers and other amounts where the Group has billed before the goods are delivered or services are provided to the customers.

(k) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

(l) Cash and cash equivalents

For the purposes of the consolidated and combined statements of cash flows, cash and cash equivalents comprise cash and bank balances and fixed deposits with financial institution that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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4. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.3 Material accounting policy information (cont'd)

(m) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale in its present condition subject only to terms that are usual and customary. Immediately before classification as held for sale, the measurement of the non-current assets (or all the assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable MFRS. Then, on initial classification as held for sale, non-current assets or disposal groups (other than investments properties, deferred tax assets, employee benefits assets and financial assets) are measured in accordance with MFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations' that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

(n) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the proceeds received at issuance and classified as equity. Transaction costs directly related to the issuance of equity instrument are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the reporting date. A dividend proposed or declared after the reporting date, but before the report are authorised for issue, is not recognised as liability at the reporting date.

(o) Leases

• As lessee

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

The right-of-use assets are initially recorded at cost, which comprise:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date of the lease, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

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4. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.3 Material accounting policy information (cont'd)

(o) Leases (cont'd)

• As lessee (cont'd)

Subsequent to the initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

Depreciation is computed on a straight-line basis over the estimated useful lives of the right-of-use assets or lease term whichever is earlier. If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The policy for the recognition and measurement of impairment losses is in accordance with Note 4.3(e) to this report.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If rate cannot be readily determined, the Group's incremental borrowing rate is used. Subsequent to the initial recognition, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications.

• As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

(p) Revenue and other income

The Group recognises revenue from contracts with customers based on the five-step model as set out in MFRS 15:

- (i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.
- (ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- (iii) Determine the transaction price. The transaction price is the amount of consideration to which the subsidiaries/combining entities expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

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ACCOUNTANTS' REPORT (CONT'D)

4. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**4.3 Material accounting policy information (cont'd)****(p) Revenue and other income (cont'd)**

The Group recognises revenue from contracts with customers based on the five-step model as set out in MFRS 15: (cont'd)

(iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

(v) Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time if the Group's performance:

- (i) Does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; or
- (ii) Creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (iii) Provides benefits that the customer simultaneously receives and consumes as the Group performs.

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

When the Group satisfy a performance obligation by delivering the promised goods or services, it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfied a performance obligation by transferring a promised good or service to the customer, which is when customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

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4. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.3 Material accounting policy information (cont'd)

(p) Revenue and other income (cont'd)

(i) Revenue from contracts with customers (cont'd)

Construction contracts

Under the terms of the contracts, control of the deliverables is transferred over time as the Group create or enhance an asset and the assets have no alternative use to the Group due to contractual restriction. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of a performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date over to the estimated total construction costs (an input method).

The Group become entitled to invoice customer for construction service based on achieving a series of performance-related milestones. The Group recognised a contract asset for any excess of revenue recognised to date over the billing-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposits or advances received from customers then the Company recognise a contract liability for the difference.

(ii) Interest income

Interest income is recognised on an accrual basis that reflects the effective yield of the asset.

(iii) Rental income

Income from rental of investment properties are recognised on accrual basis.

(q) Employee benefits

(i) Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued for in the period in which the associated services are rendered by employees of the Group.

(ii) Post-employment benefits

The Group makes statutory contributions to an approved provident fund and such contributions are charged to profit or loss in the period to which the said contributions relate. Once the contributions have been paid, the Group has no further payment obligations. The post-employment benefit scheme is in accordance with the local conditions and practices in which it operates and is a defined contribution retirement plan.

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4. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.3 Material accounting policy information (cont'd)

(r) Taxes

(i) Current tax

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period and is measured using the tax rates that have been enacted at the reporting date, and adjustment of tax payable in respect of the previous financial year.

Current taxes is recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the consolidated and combined statements of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unutilised tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the profit or loss, except when it arises from transaction which is recognised in other comprehensive income or directly in equity, in which case the deferred tax is charged or credited in other comprehensive income or directly in equity.

(iii) Sales and Service Tax ("SST")

Revenue, expenses and assets are recognised net of SST except:

- where the SST incurred in a purchase of asset, the SST is recognised as part of cost of acquisition of asset; and
- receivables and payables that stated with SST inclusive.

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4. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.3 Material accounting policy information (cont'd)

(s) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different level in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within 1 level that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfer between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

(t) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations not under common control, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

12. ACCOUNTANTS' REPORT (Cont'd)

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ACCOUNTANTS' REPORT (CONT'D)

4. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**4.3 Material accounting policy information (cont'd)****(u) Earnings per share ("EPS")**

The Group presents basic and diluted EPS data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the periods, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(v) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Director of the Group, to make decision about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENT

The preparation of financial statements in conformity with MFRS requires management to exercise their judgement in the process of applying the Group's accounting policies and the use of accounting estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the reporting date and which may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods. Although these judgements and estimates are based on the management's best knowledge of current events and actions, actual results may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is disclosed below:

(i) Construction revenue and expenses

The Group recognised construction revenue and expenses in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that construction costs incurred for work performed to date over the estimated total construction costs.

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ACCOUNTANTS' REPORT (CONT'D)

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENT (CONT'D)

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is disclosed below: (cont'd)

(i) Construction revenue and expenses (cont'd)

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimation total construction revenue and expenses, as well as the recoverability of the construction projects. In making the judgement, the Group evaluate based on past experience.

(ii) Measurement of income taxes

Liability for taxation is recognised based on estimates of whether additional taxes will be payable. The estimation process includes seeking advice of whether additional taxes will be payable. When the final outcome of the tax payable is determined with the tax authority, the amount might be different from the initial estimate of the tax payable. Such difference may impact the income tax in the period when such determination is made. The Group will adjust for the differences as over- or under- provision of income tax in the period in which those differences arise.

(iii) Impairment of financial assets

The Group recognised impairment losses for receivables and contract assets using the ECL model based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

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ACCOUNTANTS' REPORT (CONT'D)

6. PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings RM	Computer and equipment RM	Furniture and fittings RM	Motor vehicles RM	Premises RM	Total RM
Cost						
At 1 January 2020	340,000	-	-	1,064,514	-	1,404,514
Additions	260,000	-	-	-	-	260,000
Disposals	-	-	-	(5,997)	-	(5,997)
At 31 December 2020/ 1 January 2021	600,000	-	-	1,058,517	-	1,658,517
Written-off	-	-	-	(49,000)	-	(49,000)
At 31 December 2021/ 1 January 2022	600,000	-	-	1,009,517	-	1,609,517
Additions	-	16,705	1,622	-	101,673	120,000
At 31 December 2022/ 1 January 2023	600,000	16,705	1,622	1,009,517	101,673	1,729,517
Additions	-	39,546	9,192	367,878	166,812	583,428
Derecognition	-	-	-	-	(101,673)	(101,673)
At 31 December 2023/ 1 January 2024	600,000	56,251	10,814	1,377,395	166,812	2,211,272
Additions	-	54,810	940	206,938	173,602	436,290
Changes due to lease modification	-	-	-	-	3,856	3,856
Derecognition	-	-	-	-	(78,339)	(78,339)
At 31 December 2024	600,000	111,061	11,754	1,584,333	265,931	2,573,079

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ACCOUNTANTS' REPORT (CONT'D)

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold buildings RM	Computer and equipment RM	Furniture and fittings RM	Motor vehicles RM	Premises RM	Total RM
Accumulated depreciation						
At 1 January 2020	41,583	-	-	860,574	-	902,157
Depreciation charge for the year	11,715	-	-	70,095	-	81,810
Disposals	-	-	-	(1,200)	-	(1,200)
At 31 December 2020/ 1 January 2021	53,298	-	-	929,469	-	982,767
Depreciation charge for the year	12,000	-	-	60,895	-	72,895
Written-off	-	-	-	(48,999)	-	(48,999)
At 31 December 2021/ 1 January 2022	65,298	-	-	941,365	-	1,006,663
Depreciation charge for the year	12,000	1,548	8	51,094	31,954	96,604
At 31 December 2022/ 1 January 2023	77,298	1,548	8	992,459	31,954	1,103,267
Depreciation charge for the year	12,000	5,302	341	46,032	41,004	104,679
Derecognition	-	-	-	-	(66,814)	(66,814)
At 31 December 2023/ 1 January 2024	89,298	6,850	349	1,038,491	6,144	1,141,132
Depreciation charge for the year	12,000	17,050	1,163	108,992	82,531	221,736
Changes due to lease modification	-	-	-	-	269	269
Derecognition	-	-	-	-	(39,170)	(39,170)
At 31 December 2024	101,298	23,900	1,512	1,147,483	49,774	1,323,967

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ACCOUNTANTS' REPORT (CONT'D)

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold buildings RM	Computer and equipment RM	Furniture and fittings RM	Motor vehicles RM	Premises RM	Total RM
Net carrying amounts						
At 31 December 2024	498,702	87,161	10,242	436,850	216,157	1,249,112
At 31 December 2023	510,702	49,401	10,465	338,904	160,668	1,070,140
At 31 December 2022	522,702	15,157	1,614	17,058	69,719	626,250
At 31 December 2021	534,702	-	-	68,152	-	602,854
At 31 December 2020	546,702	-	-	129,048	-	675,750

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ACCOUNTANTS' REPORT (CONT'D)**6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

(a) Right-of-use assets

	Motor vehicles RM	Premises RM	Total RM
Cost			
At 1 January 2020	278,116	-	278,116
Reclassification	(149,885)	-	(149,885)
At 31 December 2020/1 January 2021/ 31 December 2021/1 January 2022	128,231	-	128,231
Additions	-	101,673	101,673
At 31 December 2022/1 January 2023	128,231	101,673	229,904
Additions	367,878	166,812	534,690
Derecognition	-	(101,673)	(101,673)
At 31 December 2023/1 January 2024	496,109	166,812	662,921
Additions	175,937	173,602	349,539
Changes due to lease modification	-	3,856	3,856
Derecognition	-	(78,339)	(78,339)
Reclassification	(128,231)	-	(128,231)
At 31 December 2024	543,815	265,931	809,746
Accumulated depreciation			
At 1 January 2020	201,176	-	201,176
Depreciation charge for the year	25,646	-	25,646
Reclassification	(149,884)	-	(149,884)
At 31 December 2020/1 January 2021	76,938	-	76,938
Depreciation charge for the year	25,646	-	25,646
At 31 December 2021/1 January 2022	102,584	-	102,584
Depreciation charge for the year	25,646	31,954	57,600
At 31 December 2022/1 January 2023	128,230	31,954	160,184
Depreciation charge for the year	28,981	41,004	69,985
Derecognition	-	(66,814)	(66,814)
At 31 December 2023/1 January 2024	157,211	6,144	163,355
Depreciation charge for the year	103,063	82,531	185,594
Changes due to lease modification	-	269	269
Derecognition	-	(39,170)	(39,170)
Reclassification	(128,231)	-	(128,231)
At 31 December 2024	132,043	49,774	181,817

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ACCOUNTANTS' REPORT (CONT'D)**6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

(a) Right-of-use assets (cont'd)

	Motor vehicles RM	Premises RM	Total RM
Net carrying amounts			
At 31 December 2024	411,772	216,157	627,929
At 31 December 2023	338,898	160,668	499,566
At 31 December 2022	1	69,719	69,720
At 31 December 2021	25,647	-	25,647
At 31 December 2020	51,293	-	51,293

* The above right-of-use assets have been included in property, plant and equipment.

The right-of-use assets represent operating lease agreements entered into by the Group for the use of premise. The leases are mainly for initial lease of one (1) to four (4) years with option to renew for another one (1) to two (2) years.

The Group also has leased motor vehicles with lease term of three (3) to seven (7) years.

- (b) The net carrying amounts of the motor vehicles under right-of-use assets are under finance lease. Details of the finance lease are disclosed in Note 20 to this report.
- (c) The net carrying amounts of the leasehold buildings amounted to RM264,418 (2023: RM271,218; 2022: RM278,018; 2021: RM284,818; 2020: RM291,618) pledged to secure banking facilities as disclosed in Note 19 to this report.

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ACCOUNTANTS' REPORT (CONT'D)
7. INVESTMENT PROPERTIES

	Freehold land and buildings RM	Leasehold land and buildings RM	Total RM
Cost			
At 1 January 2020	5,903,191	6,555,728	12,458,919
Additions	2,499,000	-	2,499,000
Disposal	(498,959)	-	(498,959)
At 31 December 2020/1 January 2021	7,903,232	6,555,728	14,458,960
Additions	-	2,500,000	2,500,000
At 31 December 2021/1 January 2022	7,903,232	9,055,728	16,958,960
Transfer to non-current assets held for sales	(5,404,232)	(5,083,868)	(10,488,100)
At 31 December 2022/1 January 2023/ 31 December 2023/1 January 2024/31 December 2024	2,499,000	3,971,860	6,470,860
Accumulated depreciation			
At 1 January 2020	275,765	539,057	814,822
Depreciation charge for the year	100,864	115,822	216,686
At 31 December 2020/1 January 2021	376,629	654,879	1,031,508
Depreciation charge for the year	104,710	115,822	220,532
At 31 December 2021/1 January 2022	481,339	770,701	1,252,040
Depreciation charge for the year	104,710	129,658	234,368
Transfer to non-current assets held for sales	(489,899)	(610,395)	(1,100,294)
At 31 December 2022/1 January 2023	96,150	289,964	386,114
Depreciation charge for the year	33,332	75,374	108,706
At 31 December 2023/1 January 2024	129,482	365,338	494,820
Depreciation charge for the year	25,358	83,320	108,678
At 31 December 2024	154,840	448,658	603,498

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ACCOUNTANTS' REPORT (CONT'D)**7. INVESTMENT PROPERTIES (CONT'D)**

	Freehold land and buildings RM	Leasehold land and buildings RM	Total RM
Accumulated impairment losses			
At 1 January 2022	-	-	-
Impairment loss for the year	-	221,615	221,615
At 31 December 2022/ At 1 January 2023	-	221,615	221,615
Reversal of impairment loss for the year	-	(221,615)	(221,615)
At 31 December 2023/1 January 2024/ 31 December 2024	-	-	-
Net carrying amounts			
At 31 December 2024	2,344,160	3,523,202	5,867,362
At 31 December 2023	2,369,518	3,606,522	5,976,040
At 31 December 2022	2,402,850	3,460,281	5,863,131
At 31 December 2021	7,421,893	8,285,027	15,706,920
At 31 December 2020	7,526,603	5,900,849	13,427,452

- (i) At reporting date, the investment properties are commercial properties leased to third parties with a non-cancellable period one to two (2023: one to two; 2022: one to three; 2021: one to four; 2020: one to two) years, with future minimum lease payments. No contingent rent were charged.
- (ii) The net carrying amounts of investment properties amounted to RM3,481,166 (2023: RM3,539,875; 2022: RM3,598,581; 2021: RM13,206,920; 2020: RM13,427,452) pledged to secure bank borrowings, as disclosed in Note 19 to this report.
- (iii) The rental income are recognised in profit or loss in respect of investment properties is RM224,380 (2023: RM343,898; 2022: RM403,200; 2021: RM349,700; 2020: RM468,000).
- (iv) The fair value of investment properties are RM7,300,000 (2023: RM6,700,000; 2022: RM7,000,000; 2021: RM19,100,000; 2020: RM16,600,000).

The fair value represent the amounts at which the properties could be exchanged on an open market basis between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at each financial year end. The fair value disclosure of the investment properties was estimated by the Directors of the Group and categorised in Level 3 of the fair value hierarchy.

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ACCOUNTANTS' REPORT (CONT'D)

8. INVENTORIES

	2024 RM	2023 RM	2022 RM	2021 RM	2020 RM
<u>At cost:</u>					
Electrical components	18,662	169,562	93,704	83,688	125,040
Recognised in profit or loss:					
Inventories recognised as cost of sales	52,601,387	69,807,943	49,840,024	29,045,791	14,514,998

9. TRADE RECEIVABLES

	2024 RM	2023 RM	2022 RM	2021 RM	2020 RM
<u>Receivables from contracts with customers</u>					
- external parties	34,843,685	35,056,863	24,240,884	16,952,548	12,721,302
- related parties*	42,593	1,891,686	202,265	595,903	642,000
	34,886,278	36,948,549	24,443,149	17,548,451	13,363,302
Retention sum receivables					
- external parties	14,185,395	14,192,508	12,860,741	9,830,062	9,449,086
	49,071,673	51,141,057	37,303,890	27,378,513	22,812,388
Less: Allowance for impairment loss	(4,286,624)	(4,061,646)	(1,386,942)	(1,244,145)	(769,343)
	44,785,049	47,079,411	35,916,948	26,134,368	22,043,045

* Including balances owing by related parties prior to or after changes of director and shareholder in FYE 2021.

- (i) Trade receivables of the Group are non-interest bearing and the normal credit terms range is 90 days (2023: 90 days; 2022: 90 days; 2021: 90 days; 2020: 90 days) terms. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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ACCOUNTANTS' REPORT (CONT'D)**9. TRADE RECEIVABLES (CONT'D)**(ii) Ageing analysis on trade receivables

The ageing analysis of trade receivables are as follows:

	2024	2023	2022	2021	2020
	RM	RM	RM	RM	RM
Neither past due nor impaired	27,954,332	37,543,894	28,786,405	20,709,814	12,915,106
Past due not impaired					
1 to 30 days past due not impaired	2,205,232	3,027,299	455,924	850,152	548,170
31 to 60 days past due not impaired	1,219,046	426,437	1,040,495	130,406	1,333,890
61 to 90 days past due not impaired	1,788,679	336,083	835,019	117,625	1,193,622
More than 91 days past due not impaired	11,617,760	5,745,698	4,799,105	4,326,371	6,052,257
	16,830,717	9,535,517	7,130,543	5,424,554	9,127,939
Impaired and provided for	4,286,624	4,061,646	1,386,942	1,244,145	769,343
	<u>49,071,673</u>	<u>51,141,057</u>	<u>37,303,890</u>	<u>27,378,513</u>	<u>22,812,388</u>

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to RM16,830,717 (2023: RM9,535,517; 2022: RM7,130,543; 2021: RM5,424,554; 2020: RM9,127,939) that are past due but not impaired at the reporting date. The remaining receivables that are past due but not impaired are expected to be collected in the next 12 months.

The management of the Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

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ACCOUNTANTS' REPORT (CONT'D)**9. TRADE RECEIVABLES (CONT'D)***Trade receivables that are impaired*

The Group have trade receivables amounting RM4,286,624 (2023: RM4,061,646; 2022: RM1,386,942; 2021: RM1,244,145; 2020: RM769,343) that have been impaired.

Receivables that are individually determined to be impaired at the end of the financial year relate to receivables that are in significant financial difficulties and have defaulted on payments or the Directors of the Group are of the opinion that they are not recoverable.

The Group applies the simplified approach whereby allowance for impairment is measured at lifetime ECL.

The movement of the impairment loss on trade receivables is as follows:

	Lifetime ECL allowance RM	Specific allowance RM	Total RM
At 1 January 2020	7,861	358,590	366,451
Charge during the year, net	3,874	399,018	402,892
At 31 December 2020/1 January 2021	11,735	757,608	769,343
(Reversal)/Charge during the year, net	(4,807)	479,609	474,802
At 31 December 2021/1 January 2022	6,928	1,237,217	1,244,145
Charge during the year, net	15,790	127,007	142,797
At 31 December 2022/1 January 2023	22,718	1,364,224	1,386,942
Charge during the year, net	598,117	2,076,587	2,674,704
At 31 December 2023/1 January 2024	620,835	3,440,811	4,061,646
Charge/(Reversal) during the year, net	254,385	(29,407)	224,978
At 31 December 2024	875,220	3,411,404	4,286,624

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 RM	2023 RM	2022 RM	2021 RM	2020 RM
Other receivables	116,043	51,480	6,448	11,967	11,967
Deposits	146,737	131,137	106,773	80,063	93,791
Prepayments	174,238	124,138	-	75,042	75,042
	<u>437,018</u>	<u>306,755</u>	<u>113,221</u>	<u>167,072</u>	<u>180,800</u>

12. ACCOUNTANTS' REPORT (Cont'd)
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ACCOUNTANTS' REPORT (CONT'D)
11. AMOUNT OWING BY HOLDING COMPANY

Amount owing by the holding company, Neutron Capital, is unsecured, interest free and repayable on demand in cash and cash equivalents. The amount has been fully settled in FYE 2023.

12. SHORT-TERM INVESTMENT

	2024 RM	2023 RM	2022 RM	2021 RM	2020 RM
Fair value through profit or loss	-	-	613	613	312,903

13. CONTRACT ASSETS AND LIABILITIES

	2024 RM	2023 RM	2022 RM	2021 RM	2020 RM
Contract assets	18,663,397	3,699,305	2,733,902	11,362,073	11,097,856
Less: Allowance for impairment loss	(190,755)	(139,305)	(129,637)	(33,927)	(11,481)
	<u>18,472,642</u>	<u>3,560,000</u>	<u>2,604,265</u>	<u>11,328,146</u>	<u>11,086,375</u>
Contract liabilities	<u>221,493</u>	<u>163,340</u>	<u>16,557</u>	<u>561,987</u>	<u>884,379</u>

Contract assets are transferred to receivables when the rights become unconditional at the point of invoicing to customers. Contract liabilities primarily relate to advance billings or payment received before work is performed. Contract liabilities are recognised as revenue as the Group performs obligation under the contract.

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ACCOUNTANTS' REPORT (CONT'D)**13. CONTRACT ASSETS AND LIABILITIES (CONT'D)****(a) Movement in contract assets/liabilities**

	Contract assets <u>Increase/ (Decrease)</u> <u>RM</u>	Contract liabilities <u>Increase/ (Decrease)</u> <u>RM</u>
<u>2024</u>		
Increase due to unbilled revenue recognised during the year	18,115,192	-
Transfer from contract assets recognised at the beginning of the year	(3,151,100)	-
Revenue recognised that was included in contract liabilities at the beginning of the year	-	(163,340)
Increase due to progress billing revenue not recognised	-	221,493
<u>2023</u>		
Increase due to unbilled revenue recognised during the year	3,246,530	-
Transfer from contract assets recognised at the beginning of the year	(2,281,127)	-
Revenue recognised that was included in contract liabilities at the beginning of the year	-	(16,557)
Increase due to progress billing revenue not recognised	-	163,340
<u>2022</u>		
Increase due to unbilled revenue recognised during the year	2,153,400	-
Transfer from contract assets recognised at the beginning of the year	(10,781,571)	-
Revenue recognised that was included in contract liabilities at the beginning of the year	-	(561,987)
Increase due to progress billing revenue not recognised	-	16,557
<u>2021</u>		
Increase due to unbilled revenue recognised during the year	10,813,128	-
Transfer from contract assets recognised at the beginning of the year	(10,548,911)	-
Revenue recognised that was included in contract liabilities at the beginning of the year	-	(884,379)
Increase due to progress billing revenue not recognised	-	561,987
<u>2020</u>		
Increase due to unbilled revenue recognised during the year	10,979,418	-
Transfer from contract assets recognised at the beginning of the year	(12,497,822)	-
Increase due to progress billing revenue not recognised	-	884,379

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ACCOUNTANTS' REPORT (CONT'D)

13. CONTRACT ASSETS AND LIABILITIES (CONT'D)

(b) Movement of the impairment loss in contract assets

	Lifetime ECL allowance RM	Specific allowance RM	Total RM
At 1 January 2020	272	11,177	11,449
Charge during the year, net	32	-	32
At 31 December 2020/1 January 2021	304	11,177	11,481
Charge during the year, net	53	22,393	22,446
At 31 December 2021/1 January 2022	357	33,570	33,927
(Reversal)/Charge during the year, net	(242)	95,952	95,710
At 31 December 2022/1 January 2023	115	129,522	129,637
Charge during the year, net	6,154	3,514	9,668
At 31 December 2023/1 January 2024	6,269	133,036	139,305
Charge during the year, net	42,919	8,531	51,450
At 31 December 2024	49,188	141,567	190,755

(c) Transaction price allocated to remaining performance obligation

	2024 RM	2023 RM	2022 RM	2021 RM	2020 RM
Within one year	227,008,786	156,094,634	138,297,227	160,774,704	114,132,200
Later than one year	42,252,849	29,040,216	28,835,225	42,529,721	44,184,041
	<u>269,261,635</u>	<u>185,134,850</u>	<u>167,132,452</u>	<u>203,304,425</u>	<u>158,316,241</u>

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ACCOUNTANTS' REPORT (CONT'D)

14. CASH, BANK BALANCES AND FIXED DEPOSITS

	2024 RM	2023 RM	2022 RM	2021 RM	2020 RM
Fixed deposits with financial institution	3,551,000	1,000	-	386,607	373,721
Cash and bank balances	3,667,065	8,271,670	5,601,147	5,822,159	10,368,681
	<u>7,218,065</u>	<u>8,272,670</u>	<u>5,601,147</u>	<u>6,208,766</u>	<u>10,742,402</u>

- (i) Included in fixed deposits with financial institution is an amount of RM Nil (2023: RM Nil; 2022: RM Nil; 2021: RM210,505; 2020: RM200,134) registered under the name of a Director of the Group.
- (ii) Fixed deposits with financial institution as at the end of each reporting period have average maturity period of 1 to 2 months (2023: 2 months; 2022: Nil; 2021: 1 to 3 months; 2020: 1 to 3 months) and the effective interest rates for the Group range is 2.68% to 3.44% (2023: 2.65%; 2022: Nil; 2021: 1.45%; 2020: 2.75%) per annum.
- (iii) Cash and cash equivalents at end of financial years

	2024 RM	2023 RM	2022 RM	2021 RM	2020 RM
Fixed deposits with financial institution	3,551,000	1,000	-	386,607	373,721
Cash and bank balances	3,667,065	8,271,670	5,601,147	5,822,159	10,368,681
	<u>7,218,065</u>	<u>8,272,670</u>	<u>5,601,147</u>	<u>6,208,766</u>	<u>10,742,402</u>
Less: Fixed deposits pledged	(250,000)	-	-	(176,102)	(173,587)
Cash and cash equivalent	<u>6,968,065</u>	<u>8,272,670</u>	<u>5,601,147</u>	<u>6,032,664</u>	<u>10,568,815</u>

- (iv) Fixed deposits pledged is for banking facilities obtained as disclosed in Note 19 to this report.

15. NON-CURRENT ASSETS HELD FOR SALE

	2024 RM	2023 RM	2022 RM	2021 RM	2020 RM
Investment properties	<u>-</u>	<u>-</u>	<u>9,387,806</u>	<u>-</u>	<u>-</u>

- (i) Details of the non-current assets held for sale are disclosed in Note 7 to this report.
- (ii) Non-current assets held for sale are pledged to secure bank borrowings, as disclosed in Note 19 to this report.

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ACCOUNTANTS' REPORT (CONT'D)

16. SHARE CAPITAL

For the purpose of this report, the share capital as at FYE 2024, 2023, 2022, 2021 and 2020 represent the aggregate number of issued share capital of all subsidiaries/combining entities within the Group eliminated against the investment in subsidiaries, the share capital West River M&E, Neutron Letrik, Neutron M&E and Neutron Power had been eliminated against the investment in subsidiaries of West River Engineering.

The movement in the issued and fully paid-up share capital of the Company and its subsidiaries/combining entities are as follows:

	2024 Number of shares	2023 Number of shares	2022 Number of shares	2021 Number of shares	2020 Number of shares
The Company					
<u>Issued and fully paid:</u>					
At the date of incorporation*	80,000	80,000	-	-	-
Issuance of shares pursuant to acquisitions#	286,080,000	-	-	-	-
At end of financial year	286,160,000	80,000	-	-	-
West River Engineering					
<u>Issued and fully paid:</u>					
At beginning of the financial year	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Adjustment on acquisitions	(1,500,000)	-	-	-	-
	-	1,500,000	1,500,000	1,500,000	1,500,000
At end of financial year	286,160,000	1,580,000	1,500,000	1,500,000	1,500,000

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ACCOUNTANTS' REPORT (CONT'D)**16. SHARE CAPITAL (CONT'D)**

The movement in the issued and fully paid-up share capital of the Company and its subsidiaries/combining entities are as follows: (cont'd)

	2024 RM	2023 RM	2022 RM	2021 RM	2020 RM
The Company					
<u>Issued and fully paid:</u>					
At the date of incorporation*	5,600	5,600	-	-	-
Issuance of shares pursuant to acquisitions#	20,025,600	-	-	-	-
At end of financial year	20,031,200	5,600	-	-	-
West River Engineering					
<u>Issued and fully paid:</u>					
At beginning of the financial year	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Adjustment on acquisitions	(1,500,000)	-	-	-	-
	-	1,500,000	1,500,000	1,500,000	1,500,000
At end of financial year	20,031,200	1,505,600	1,500,000	1,500,000	1,500,000

* On 21 September 2023, the Company was incorporated with issued and paid-up share capital of RM5,600 comprising 80,000 ordinary shares.

On 23 December 2024, the Company issued and allotted paid up share capital of RM20,025,600 comprising 286,080,000 ordinary shares to acquire the entire equity interest in West River Engineering as disclosed in Note 2 to this report.

17. MERGER RESERVE

The merger reserve represents the difference between the carrying value of the investment in subsidiaries and the share capital of the Company's subsidiaries upon consolidation under the merger accounting principle.

18. RETAINED EARNINGS

The Group's policy is to treat all gains and losses in statements of profit or loss and other comprehensive income (i.e. non-owner transactions or events) as revenue reserves. Other than retained earnings, all other revenue reserves are regarded as non-distributable in the form of cash dividends to shareholders.

The retained earnings of the Group's 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 to the Group that would result from the payment of dividends to shareholders. The dividends would not be taxable in the hands of the shareholders.

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ACCOUNTANTS' REPORT (CONT'D)**19. BANK BORROWINGS**

	2024 RM	2023 RM	2022 RM	2021 RM	2020 RM
Non-current liabilities					
Term loans	9,845,516	7,207,234	15,200,879	15,912,122	16,147,272
Current liabilities					
Term loans	719,117	485,301	870,451	831,962	833,903
Banker acceptance	-	1,858,300	-	-	-
	719,117	2,434,601	870,451	831,962	833,903
	10,564,633	9,550,835	16,071,330	16,744,084	16,981,175
Maturities of term loans					
Not later than one year	719,117	2,343,601	870,451	831,962	833,903
Later than one year and not later than five years	2,128,664	1,400,502	3,426,602	3,571,393	3,650,522
Later than five years	7,716,852	5,806,732	11,774,277	12,340,729	12,496,750
	10,564,633	9,550,835	16,071,330	16,744,084	16,981,175

The term loan is secured by the followings:

- (i) Facility agreement to secure the principal sum;
- (ii) A registered open all monies 1st party charge stamped nominally over the investment properties and asset held for sales as disclosed in Note 7 and 15 to this report;
- (iii) Joint and several guarantee by the Directors and related parties of the Group;
- (iv) Legal charge over an properties, plant and equipment as disclosed in Note 6 to this report;
- (v) Legal charged over properties registered under the name of a Director and related parties of the Group;
- (vi) Corporate guarantee provided by Neutron Capital and a subsidiary;
- (vii) Syarikat Jaminan Pembiayaan Perniagaan Berhad's ("SJPP") guarantee under Covid-19 Special Relied Fund for 80% of the principal and profit outstanding;
- (viii) 80% guaranteed by Government of Malaysia under Bank Negara Malaysia's Fund for Small and Medium Enterprises – Special Relief Facility.
- (ix) Deposit of the original Sale and Purchases agreement of the investment properties;
- (x) Pledge of fixed deposit of RM295,000 under the name of related parties;
- (xi) Pledge of fixed deposit under the name of West River Engineering; and
- (xii) A Letter of Subordination to be executed for the loans and advances of not less than RM230,000 granted by Directors;

The term loans bear effective interest rate from 3.56% to 7.39% (2023: 3.56% to 5.06%; 2022: 3.56% to 4.70%; 2021: 3.20% to 3.66%; 2020: 3.32% to 3.66%).

The banker acceptance bear effective interest rate from Nil (2023: 5.28% to 5.36%; 2022: Nil; 2021: Nil; 2020: Nil).

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ACCOUNTANTS' REPORT (CONT'D)**20. LEASE LIABILITIES**

	2024	2023	2022	2021	2020
	RM	RM	RM	RM	RM
Future minimum lease payments:					
- Not later than one year	223,560	132,396	62,940	25,740	25,740
- Later than one year and not later than five years	451,634	368,303	45,765	34,305	60,060
- Later than five years	11,329	46,383	-	-	-
	<u>686,523</u>	<u>547,082</u>	<u>108,705</u>	<u>60,045</u>	<u>85,800</u>
Less: Finance charges	<u>(73,142)</u>	<u>(73,690)</u>	<u>(4,270)</u>	<u>(3,145)</u>	<u>(6,290)</u>
Present value of lease liabilities	<u>613,381</u>	<u>473,392</u>	<u>104,435</u>	<u>56,900</u>	<u>79,510</u>
Present value of lease liabilities:					
Current liabilities:					
- Not later than one year	191,915	108,128	59,515	23,654	22,610
Non-current liabilities:					
- Later than one year and not later than five years	410,290	320,452	44,920	33,246	56,900
- Later than five years	11,176	44,812	-	-	-
	<u>421,466</u>	<u>365,264</u>	<u>44,920</u>	<u>33,246</u>	<u>56,900</u>
	<u>613,381</u>	<u>473,392</u>	<u>104,435</u>	<u>56,900</u>	<u>79,510</u>

Lease arrangement for leased premises and motor vehicles of the Group are disclosed in Note 6(a) to this report.

The incremental borrowing rate and interest rate implicit in lease applied by the Group to lease liabilities are ranging between 4.54% - 6.75% (2023: 4.29% - 5.32%; 2022: 4.52% - 4.65%; 2021: 4.52%; 2020: 4.52%).

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ACCOUNTANTS' REPORT (CONT'D)**20. LEASE LIABILITIES (CONT'D)**

The following are the amounts recognised in the profit or loss in relation to leases as a lessee: -

	2024	2023	2022	2021	2020
	RM	RM	RM	RM	RM
Depreciation of right-of-use assets	185,594	69,985	57,600	25,646	25,646
Expenses relating to short term lease and low value assets	142,400	127,660	68,183	114,698	116,343
Lease liabilities interest paid	35,189	12,585	5,702	3,130	1,971
	<u>363,183</u>	<u>210,230</u>	<u>131,485</u>	<u>143,474</u>	<u>143,960</u>

The cash outflows for leases as a lessee of the Group amounted to RM342,136 (2023: RM220,180; 2022: RM128,023; 2021: RM140,438; 2020: RM134,265), include payment for expenses relating to short term lease and low value assets.

21. TRADE PAYABLES

	2024	2023	2022	2021	2020
	RM	RM	RM	RM	RM
Trade payables					
- external parties	27,514,882	25,294,953	19,221,922	20,060,100	19,967,075
- related parties*	650,000	-	1,700,000	2,154,135	290,156
	<u>28,164,882</u>	<u>25,294,953</u>	<u>20,921,922</u>	<u>22,214,235</u>	<u>20,257,231</u>
Retention sum payables					
- external parties	3,440,476	3,258,750	2,421,012	2,203,319	1,893,526
- related party*	-	-	100,000	100,000	-
	<u>3,440,476</u>	<u>3,258,750</u>	<u>2,521,012</u>	<u>2,303,319</u>	<u>1,893,526</u>
	<u>31,605,358</u>	<u>28,553,703</u>	<u>23,442,934</u>	<u>24,517,554</u>	<u>22,150,757</u>

* Including balances owing to related parties prior to or after changes of director and shareholder in FYE 2021 and 2023.

Trade payables are non-interest bearing and the normal trade credit terms granted range from 0 days to 180 days (2023: 0 days to 120 days; 2022: 0 days to 90 days; 2021: 7 days to 90 days; 2020: 7 days to 120 days).

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ACCOUNTANTS' REPORT (CONT'D)

22. OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	2024	2023	2022	2021	2020
	RM	RM	RM	RM	RM
Other payables	656,112	340,307	1	494,051	1,064,159
Accruals	1,413,743	955,661	616,751	116,794	64,795
Deposits received	41,502	43,802	46,264	46,264	31,014
	<u>2,111,357</u>	<u>1,339,770</u>	<u>663,016</u>	<u>657,109</u>	<u>1,159,968</u>

23. AMOUNT OWING TO A DIRECTOR

The amount owing to a Director is unsecured, interest free and payable on demand in cash and cash equivalents. The amount has been fully settled in FYE 2023.

24. REVENUE

The Group derives revenue from local sales as follows:

	2024	2023	2022	2021	2020
	RM	RM	RM	RM	RM
Mechanical and electrical ("M&E) work and trading of M&E products	<u>122,741,881</u>	<u>125,235,578</u>	<u>83,801,810</u>	<u>55,292,050</u>	<u>45,873,393</u>
Timing of revenue recognition					
- Over time	<u>122,408,585</u>	<u>125,026,113</u>	<u>82,966,609</u>	<u>54,152,770</u>	<u>45,522,798</u>
- At a point in time	<u>333,296</u>	<u>209,465</u>	<u>335,201</u>	<u>1,139,280</u>	<u>350,595</u>

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ACCOUNTANTS' REPORT (CONT'D)
25. OTHER INCOME

	2024	2023	2022	2021	2020
	RM	RM	RM	RM	RM
Other income	12,333	90,160	162,227	109,160	45,646
Rental income	224,380	343,898	403,200	349,700	468,000
Gain on disposal of property, plant and equipment	-	-	-	14,999	-
Gain on disposal of investment properties	-	1,969,484	-	-	899,202
Gain from short-term investment	-	26	-	-	45,688
Gain on derecognition of lease liabilities	839	1,561	-	-	-
Realised gain on foreign exchange	-	18	-	-	-
Reversal of impairment loss on investment properties	-	221,615	-	-	-
Interest income	14,577	201	4,442	12,893	12,571
	<u>252,129</u>	<u>2,626,963</u>	<u>569,869</u>	<u>486,752</u>	<u>1,471,107</u>

26. FINANCE COSTS

	2024	2023	2022	2021	2020
	RM	RM	RM	RM	RM
Bank overdraft interest	-	26	28	-	1,141
Lease liabilities interest	35,189	12,585	5,702	3,130	1,971
Term loan interest	285,841	327,959	487,682	303,201	377,243
	<u>321,030</u>	<u>340,570</u>	<u>493,412</u>	<u>306,331</u>	<u>380,355</u>

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ACCOUNTANTS' REPORT (CONT'D)
27. PROFIT BEFORE TAX

	2024	2023	2022	2021	2020
	RM	RM	RM	RM	RM
Profit before tax is arrived at after charging:					
Auditors' remuneration	180,000	103,000	95,000	38,800	28,600
Bad debts written off	-	-	90,000	-	-
Deposit forfeited	-	-	-	-	3,245
Depreciation of property, plant and equipment	221,736	104,679	96,604	72,895	81,810
Depreciation of investment properties	108,678	108,706	234,368	220,532	216,686
Employee benefit expenses					
- Salaries, bonuses, wages, allowances and incentives	4,271,355	3,424,896	3,106,401	2,119,737	1,904,155
- Social security contributions	67,296	60,398	48,049	34,943	33,374
- Contribution to defined contribution plan	503,018	442,287	296,232	215,783	201,399
- Other staff-related expenses	101,520	63,992	37,362	73,972	64,611
Formation cost	-	1,010	-	-	-
Impairment loss on investment properties	-	-	221,615	-	-
Impairment loss on trade receivables, net	224,978	2,674,704	142,797	474,802	402,892
Impairment loss on contract assets, net	51,450	9,668	95,710	22,446	32
Loss on disposal of property, plant and equipment	-	-	-	-	1,298
Loss from short-term investment	-	-	-	27,394	-
Rental of premises ¹	142,400	127,660	68,183	114,698	116,343
Loss on lease modification	455	-	-	-	-

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ACCOUNTANTS' REPORT (CONT'D)
27. PROFIT BEFORE TAX (CONT'D)

	2024 RM	2023 RM	2022 RM	2021 RM	2020 RM
<u>Expenses included in cost of sales:</u>					
Employee benefit expenses					
- Salaries, wages, allowances and incentives	3,142,358	2,472,648	2,349,139	1,803,646	1,738,426
- Social security contribution	51,133	45,220	29,473	22,675	21,288
- Contribution to defined contribution plan	372,038	318,681	216,763	165,452	157,063
- Other staff-related expenses	963	2,064	443	2,791	-
Rental of premises ¹	104,650	90,010	48,983	29,698	51,485

¹ These amounts represent short-term leases and leases for low value underlying assets under MFRS 16.

28. TAX EXPENSES

	2024 RM	2023 RM	2022 RM	2021 RM	2020 RM
Income tax					
Current year	2,771,173	3,688,320	2,081,235	1,166,787	823,093
Under/(Over)-provision of income tax in prior year	128,259	340,632	-	(27,443)	-
	<u>2,899,432</u>	<u>4,028,952</u>	<u>2,081,235</u>	<u>1,139,344</u>	<u>823,093</u>

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ACCOUNTANTS' REPORT (CONT'D)
28. TAX EXPENSES (CONT'D)

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

	2024 RM	2023 RM	2022 RM	2021 RM	2020 RM
Profit before tax	14,362,176	14,271,549	8,040,489	4,771,923	4,551,508
Malaysian statutory tax rate of 24%	3,446,922	3,425,171	1,929,717	1,145,262	1,092,362
Tax effects in respect of:					
Non-taxable income	(22,300)	(581,550)	(9,555)	(41,214)	(161,409)
Non-allowable expenses	337,967	338,224	243,880	232,785	154,431
Tax rebate	-	-	-	(20,000)	-
Differential in tax rate for small and medium companies in Malaysia	(135,000)	(135,000)	(104,100)	(168,000)	(208,538)
Under/(Over)-provision of current tax in prior years	128,259	340,632	-	(27,443)	-
Adjustment in respect of deferred tax not recognised	(856,416)	641,475	21,293	17,954	(53,753)
Tax expenses for the financial year	<u>2,899,432</u>	<u>4,028,952</u>	<u>2,081,235</u>	<u>1,139,344</u>	<u>823,093</u>

The amount of temporary differences for which no deferred tax had been recognised are analysed as follow:

	2024 RM	2023 RM	2022 RM	2021 RM	2020 RM
Property, plant and equipment	15,703	20,934	-	20,282	39,127
Provision of bonus	-	-	500,000	-	-
Contract liabilities	-	-	16,557	429,272	610,533
Contract assets	190,755	139,305	-	-	-
Trade receivable	<u>4,286,624</u>	<u>4,061,646</u>	<u>-</u>	<u>-</u>	<u>-</u>

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ACCOUNTANTS' REPORT (CONT'D)

29. EARNINGS PER SHARE

Basic and diluted EPS share are calculated by dividing the profit for the financial years attributable to owners of the Group by the weighted average number of ordinary shares in issue for the financial years.

For the purpose of this report, the number of ordinary shares for the FYE 2024, 2023, 2022, 2021 and 2020 represents the weighted average aggregate ordinary shares issued of the Group.

	2024	2023	2022	2021	2020
Profit for the financial year attributable to owners of the Group (RM)	11,462,744	10,242,597	5,959,254	3,632,579	3,728,415
Weighted average number of ordinary shares of the Group (unit)	8,577,869	1,522,356	1,500,000	1,500,000	1,500,000
Basic and diluted EPS (RM)	1.34	6.73	3.97	2.42	2.49

There were no dilutive potential equity instruments in issue as at each FYE that have dilutive effect to the EPS.

30. DIVIDENDS PAID

	2024 RM	2023 RM	2022 RM	2021 RM	2020 RM
<u>Dividends paid by West River Engineering:</u>					
In respect of financial year ended 31 December 2020					
- First single-tier interim dividend of RM0.27 per ordinary share, paid on 07 February 2020	-	-	-	-	400,000
- Second single-tier interim dividend of RM0.67 per ordinary shares, paid on 07 July 2020	-	-	-	-	1,000,000

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ACCOUNTANTS' REPORT (CONT'D)
30. DIVIDENDS PAID (CONT'D)

	2024 RM	2023 RM	2022 RM	2021 RM	2020 RM
<u>Dividends paid by West River Engineering: (cont'd)</u>					
In respect of financial year ended 31 December 2020 (cont'd)					
- Third single-tier interim dividend of RM0.73 per ordinary share, paid on 16 July 2020	-	-	-	-	1,100,000
- Fourth single-tier interim dividend of RM0.67 per ordinary share, paid on 21 July 2020	-	-	-	-	1,000,000
- Fifth single-tier interim dividend of RM0.01 per ordinary share, paid on 17 August 2020	-	-	-	-	20,000
- Sixth single-tier interim dividend of RM0.33 per ordinary share, paid on 21 December 2020	-	-	-	-	500,000
In respect of financial year ended 31 December 2021					
- First single-tier dividend of RM1.33 per ordinary share, paid on 06 April 2021	-	-	-	2,000,000	-

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ACCOUNTANTS' REPORT (CONT'D)
30. DIVIDENDS PAID (CONT'D)

	2024 RM	2023 RM	2022 RM	2021 RM	2020 RM
<u>Dividends paid by West River Engineering: (cont'd)</u>					
In respect of financial year ended 31 December 2021 (cont'd)					
- Second single-tier interim dividend of RM1 per ordinary share, paid on 13 July 2021	-	-	-	1,500,000	-
In respect of financial year ended 31 December 2022					
- First single-tier interim dividend of RM1.67 per ordinary share, paid on 21 July 2022	-	-	2,500,000	-	-
- Second single-tier interim dividend of RM1.20 per ordinary share, paid on 29 December 2022	-	-	1,800,000	-	-
In respect of financial year ended 31 December 2023					
- First single-tier interim dividend of RM1.67 per ordinary share, paid on 24 May 2023	-	2,500,000	-	-	-
- Second single-tier interim dividend of RM1.00 per ordinary share, paid on 19 June 2023	-	1,500,000	-	-	-
- Third single-tier interim dividend of RM0.67 per ordinary shares, paid on 21 September 2023	-	1,000,000	-	-	-

12. ACCOUNTANTS' REPORT (Cont'd)**WEST RIVER BERHAD**

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ACCOUNTANTS' REPORT (CONT'D)**30. DIVIDENDS PAID (CONT'D)**

	2024 RM	2023 RM	2022 RM	2021 RM	2020 RM
<u>Dividends paid by West River</u>					
<u>Engineering: (cont'd)</u>					
In respect of financial					
year ended 31 December					
2024					
- First single-tier interim Dividend of RM0.67 per Ordinary share, paid on 29 April 2024	1,000,000	-	-	-	-
- Second single-tier interim dividend of RM0.67 per ordinary share, paid on 10 May 2024	1,000,000	-	-	-	-
- Third single-tier interim dividend of RM1.33 per ordinary share, paid on 4 July 2024	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

31. RELATED PARTY DISCLOSURES**(a) Identities of related parties**

Parties are considered to be related to the Group if the Group have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or influence over the party in making financial and operating decisions, or vice versa, or where Group the party are subject to common control or common significant influence. Related parties could be individual or other entities.

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31. RELATED PARTY DISCLOSURES (CONT'D)

- (b) In addition to the information detailed elsewhere in this report, the Group had the following transactions with related parties during the reporting periods:

	2024 RM	2023 RM	2022 RM	2021 RM	2020 RM
<u>Transaction entered with holding company</u>					
Sales	-	-	3,000	-	-
Rental income	-	158,200	240,000	210,000	255,000
Rental expenses	-	-	-	(60,000)	(51,000)
Proceeds from disposal of investment properties	-	9,165,000	-	-	-
(Repayment received)/ Payment on behalf, net	-	(46,277)	13,200	11,200	18,877
<u>Transaction entered with entities in which Directors of the Group have interest</u>					
Sales	-	-	-	1,409,047	1,541,321
Purchases	-	-	-	(540,693)	(139,901)
Subcontractor charges	-	(1,621,250)	-	(1,817,400)	(5,000)
Testing and commissioning	-	-	-	-	(666,500)
<u>Director of the Group</u>					
Advances from a Director	-	-	-	-	219,770
Repayment to a Director	-	(153,255)	(54,000)	(11,400)	(181,740)

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31. RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation of key management personnel

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

The remuneration of Directors and key management personnel of the Group during the financial years are as follows:

	2024 RM	2023 RM	2022 RM	2021 RM	2020 RM
Directors' compensation:					
Directors' fee					
- Current year	97,639	12,000	-	-	-
- Over-provision in prior year	(3,667)	-	-	-	-
Directors' remuneration and other emoluments	276,000	212,000	420,000	96,000	166,400
Directors' defined contribution plans	33,120	25,440	47,400	11,520	20,032
Directors' social security contribution	2,318	2,317	1,311	923	1,660
Directors' benefit-in-kinds	-	4,125	1,042	2,500	6,170
	<u>405,410</u>	<u>255,882</u>	<u>469,753</u>	<u>110,943</u>	<u>194,262</u>
Key management personnel's compensation:					
Salaries, bonuses and allowance	254,000	202,000	254,000	24,000	-
Contribution to defined contribution plan	30,480	24,240	28,980	2,880	-
Social security contributions	2,318	2,317	1,239	231	-
	<u>286,798</u>	<u>228,577</u>	<u>284,219</u>	<u>27,111</u>	<u>-</u>

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ACCOUNTANTS' REPORT (CONT'D)

32. SUBSIDIARIES/COMBINING ENTITIES

Details of the subsidiaries/combining entities are as follows:

Name of subsidiaries/ combining entities	Principal place of business	Effective equity interest (%)					Principal activities
		FYE	FYE	FYE	FYE	FYE	
		2024	2023	2022	2021	2020	
West River Engineering	Malaysia	100	100	100	100	100	Provision of M&E engineering services comprising electrical engineering, air conditioning and mechanical ventilation as well as intelligent building solutions
Subsidiaries of West River Engineering							
West River M&E	Malaysia	100	100	100	100	100	Provision of M&E engineering services comprising electrical engineering, air conditioning and mechanical ventilation as well as intelligent building solutions
Neutron Letrik	Malaysia	100	100	100	100	100	Manufacture of electrical panels, distribution boards and related products
Neutron Power	Malaysia	100	100	100	100	100	Provision of M&E engineering services comprising electrical engineering, air conditioning and mechanical ventilation as well as intelligent building solutions
Neutron M&E*	Malaysia	Nil	Nil	100	100	100	Engaged in the business of mechanical and engineering contractor

* On 23 October 2023, West River Engineering has entered into Sales and Purchase Agreement to dispose entire shareholdings in Neutron M&E for the total consideration of RM183,088 and the disposal was completed on 06 November 2023. Neutron M&E was dormant since FYE 2023.

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32. SUBSIDIARIES/COMBINING ENTITIES (CONT'D)

(i) Disposal of a combining entity

	2023 RM
Tax recoverable	26,374
Cash at bank	171,704
Other payables and accruals	(14,990)
Net identifiable assets	183,088
Less: sale consideration	(183,088)
Loss on disposal of combining entity	-
Net cash outflow arising from disposal of combining entity:	
Cash consideration	183,088
Cash and cash equivalents of subsidiary disposed	(171,704)
	11,384

33. SEGMENT INFORMATION

Operating segment and geographical segment

Information about operating segments has not been reported separately as majority of the Group's revenue, profit or loss, assets and liabilities are derived from the M&E works which include electrical engineering, air conditioning and mechanical ventilation and green building solutions.

Management monitors the operating results of the Group as a whole for the purpose of making decisions about resource allocation and performance assessment.

The Group's activities are predominantly in Malaysia.

Revenue from external customers contributed 10% or more to the total revenue recognised are as follows:

	2024 RM	2023 RM	2022 RM	2021 RM	2020 RM
Customer A	-	-	-	5,902,160	11,066,490
Customer B	-	-	-	-	4,753,298
Customer C	-	-	15,665,002	11,479,675	-
Customer D	-	-	17,593,783	-	-
Customer E	-	15,435,966	-	-	-
Customer F	13,820,750	-	-	-	-
	<u>13,820,750</u>	<u>15,435,966</u>	<u>33,258,785</u>	<u>17,381,835</u>	<u>15,819,788</u>

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ACCOUNTANTS' REPORT (CONT'D)

34. FINANCIAL INSTRUMENTS

(i) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost based on their respective classification. The material accounting policy information in Note 4.3(f) & (h) of this report describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The table below provides an analysis of financial instruments of the Group in the statements of financial position by the classes and categories of financial instruments to which they are assigned and therefore by the measurement basis, as follows:

	2024 RM	2023 RM	2022 RM	2021 RM	2020 RM
<u>(a) Financial assets carried at amortised cost</u>					
Trade receivables	44,785,049	47,079,411	35,916,948	26,134,368	22,043,045
Other receivables and deposits	262,780	182,617	113,221	92,030	105,758
Amount owing by holding company	-	-	46,277	33,077	39,377
Cash and bank balances	7,218,065	8,272,670	5,601,147	6,208,766	10,742,402
	<u>52,265,894</u>	<u>55,534,698</u>	<u>41,677,593</u>	<u>32,468,241</u>	<u>32,930,582</u>
<u>(b) Financial assets carried at fair value</u>					
Short-term investments	<u>-</u>	<u>-</u>	<u>613</u>	<u>613</u>	<u>312,903</u>

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ACCOUNTANTS' REPORT (CONT'D)
34. FINANCIAL INSTRUMENTS (CONT'D)
(i) Classification of financial instruments (cont'd)

The table below provides an analysis of financial instruments of the Group in the statements of financial position by the classes and categories of financial instruments to which they are assigned and therefore by the measurement basis, as follows: (cont'd)

	2024	2023	2022	2021	2020
	RM	RM	RM	RM	RM
<u>(c) Financial liabilities</u>					
<u>at amortised cost</u>					
Trade payables	31,605,358	28,553,703	23,442,934	24,517,554	22,150,757
Other payables, accruals and deposits received	2,111,357	1,339,770	663,016	657,109	1,159,968
Amount owing to a Director	-	-	153,255	207,255	218,655
Bank borrowings	10,564,633	9,550,835	16,071,330	16,744,084	16,981,175
Lease liabilities	613,381	473,392	104,435	56,900	79,510
	<u>44,894,729</u>	<u>39,917,700</u>	<u>40,434,970</u>	<u>42,182,902</u>	<u>40,590,065</u>

(ii) Net gains and losses arising from financial instruments

	2024	2023	2022	2021	2020
	RM	RM	RM	RM	RM
<u>Net losses arising from:</u>					
Financial assets measured at amortised cost	(419,896)	(2,687,997)	(229,848)	(463,795)	(396,940)
Financial liabilities measured at amortised cost	(320,646)	(339,008)	(493,412)	(306,331)	(380,354)
	<u>(740,542)</u>	<u>(3,027,005)</u>	<u>(723,260)</u>	<u>(770,126)</u>	<u>(777,294)</u>

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ACCOUNTANTS' REPORT (CONT'D)**34. FINANCIAL INSTRUMENTS (CONT'D)****(iii) Financial risk management policies**

The Group is exposed to financial risk arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk.

The Board of Directors review and agree policies and procedure for the management of these risks, which are executed by the Managing Director. The Group's financial risk management policies are to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group operates within clearly defined guidelines that are approved by the Board of Directors.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of those risks.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its floating rate instruments.

Management does not enter into interest rate hedging transactions as the cost of such instruments out weights the potential risk of interest risk fluctuation.

The Group does not account for any fixed rate financial assets and liabilities at FVTPL. Therefore, a change interest rates at the end of the reporting period would not affect profit or loss.

The interest rate profile of the Group's significant interest bearing financial instruments, based on the carrying amounts as at end of the financial years are as follows:

	2024	2023	2022	2021	2020
	RM	RM	RM	RM	RM
Fixed rate instruments					
<i>Financial asset</i>					
Fixed deposits with financial institution	3,551,000	1,000	-	386,607	373,721
<i>Financial liabilities</i>					
Bank borrowings	492,077	754,859	1,008,636	1,224,317	1,303,308
Lease liabilities	613,381	473,392	104,435	56,900	79,510
	<u>1,105,458</u>	<u>1,228,251</u>	<u>1,113,071</u>	<u>1,281,217</u>	<u>1,382,818</u>
Floating rate instruments					
<i>Financial liabilities</i>					
Bank borrowings	<u>10,072,556</u>	<u>8,795,976</u>	<u>15,062,694</u>	<u>15,519,767</u>	<u>15,677,867</u>

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ACCOUNTANTS' REPORT (CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Financial risk management policies (cont'd)

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of those risks. (cont'd)

(a) Interest rate risk

Interest rate risk sensitivity analysis

Sensitivity analysis is not disclosed on fixed rate instruments as fixed rate instruments are not exposed to interest rate risk and are measured at amortised cost.

A 50 basis points strengthening in the interest rate of floating rate instruments as at the end of the reporting periods would have decreased profit before tax by RM50,363 (2023:RM43,980; 2022: RM75,313; 2021: RM77,599; 2020: RM78,389) 50 basis points weakening would have had an equal but opposite effect on the profit before tax. This assumes that all other variables remain constant.

(b) Credit risk

Credit risk is the risk of a financial loss to the Group that may arise if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its trade and other receivables, fixed deposits with licensed bank and bank balances.

The Group trades only with creditworthy third parties. Customers' credit terms are assessed on case by case basis.

The management has in place a credit procedure to monitor and minimise the exposure of default. Receivables are monitored on a regular and an ongoing basis.

For other financial assets (including bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

(i) Trade receivables and contract assets

Credit risk concentration profile of trade receivables and contract assets

The Group major concentration of credit risk relates to the amount due from 1 (2023: 2; 2022: 1; 2021: 1; 2020: Nil) receivables and contract assets which constituted 11% (2023: 23%; 2022: 11% ; 2021: Nil; 2020: Nil) of its trade receivables and contract assets as at the end of each reporting period.

Exposure to credit risk

At the end of financial year, the Group's maximum exposure to credit risk is represented by the carrying amount of trade receivables and contract assets recognised in the consolidated and combined statements of financial position.

Impairment of trade receivables and contract assets

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

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34. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Financial risk management policies (cont'd)

(b) Credit risk (cont'd)

(i) Trade receivables and contract assets (cont'd)

Impairment of trade receivables and contract assets (cont'd)

The Group categorised trade receivables for as impaired when a debtor fails to make contractual payments after more than 365 days (2023: 365 days; 2022: 365 days; 2021: 365 days; 2020: 365 days) past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where trade receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for trade receivables and contract assets.

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34. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Financial risk management policies (cont'd)

(b) Credit risk (cont'd)

Impairment of trade receivables and contract assets (cont'd)

a. Trade receivables and contract assets

The Group provides for lifetime expected credit losses for all trade receivables and contract assets. The expected credit loss model below also incorporated forward looking information such as a forecast of economic conditions where the gross domestic product will change over the next year, leading to a change in the number of defaults. The loss allowance provision is determined as follows:

	Trade receivables					Contract assets	Total
	Current	30 days past due	60 days past due	90 days past due	More than 90 days past due		RM
2024							
Loss rate (%)	0.24	2.93	3.67	3.72	5.08	0.27	
Gross carrying amount (RM)	27,940,309	2,271,746	1,265,436	1,857,838	12,324,940	18,521,830	
Loss allowance (RM)	66,944	66,514	46,390	69,159	626,213	49,188	924,408
Impaired receivables (RM)							<u>3,552,971</u>
Total impairment (RM)							<u>4,477,379</u>
2023							
Loss rate (%)	0.23	3.54	4.19	2.51	6.46	0.18	
Gross carrying amount (RM)	37,629,592	3,138,292	445,099	344,730	6,142,533	3,566,269	
Loss allowance (RM)	85,698	110,993	18,662	8,646	396,836	6,269	627,104
Impaired receivables (RM)							<u>3,573,847</u>
Total impairment (RM)							<u>4,200,951</u>

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34. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Financial risk management policies (cont'd)

(b) Credit risk (cont'd)

Impairment of trade receivables and contract assets (cont'd)

a. Trade receivables and contract assets (cont'd)

The Group provides for lifetime expected credit losses for all trade receivables and contract assets. The expected credit loss model below also incorporated forward looking information such as a forecast of economic conditions where the gross domestic product will change over the next year, leading to a change in the number of defaults. The loss allowance provision is determined as follows: (cont'd)

	Trade receivables					Contract assets	Total
	Current	30 days past due	60 days past due	90 days past due	More than 90 days past due		RM
2022							
Loss rate (%)	0.03	0.06	0.05	0.02	0.26	*	
Gross carrying amount (RM)	29,026,143	626,505	1,128,567	368,762	4,789,689	2,604,380	
Loss allowance (RM)	9,031	367	564	79	12,677	115	22,833
Impairment (RM)							<u>1,493,746</u>
Total impairment (RM)							<u>1,516,579</u>
2021							
Loss rate (%)	*	0.01	0.07	*	0.14	*	
Gross carrying amount (RM)	20,709,815	850,152	130,406	117,625	4,333,298	11,328,503	
Loss allowance (RM)	633	53	90	5	6,147	357	7,285
Impairment (RM)							<u>1,270,787</u>
Total impairment (RM)							<u>1,278,072</u>

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34. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Financial risk management policies (cont'd)

(b) Credit risk (cont'd)

Impairment of trade receivables and contract assets (cont'd)

a. Trade receivables and contract assets (cont'd)

The Group provides for lifetime expected credit losses for all trade receivables and contract assets. The expected credit loss model below also incorporated forward looking information such as a forecast of economic conditions where the gross domestic product will change over the next year, leading to a change in the number of defaults. The loss allowance provision is determined as follows: (cont'd)

	Trade receivables					Contract assets	Total
	Current	30 days past due	60 days past due	90 days past due	More than 90 days past due		RM
2020							
Loss rate (%)	0.01	0.01	0.01	0.01	0.14	*	
Gross carrying amount (RM)	7,937,491	2,608,037	2,167,123	1,685,387	7,656,744	11,086,679	
Loss allowance (RM)	409	297	109	89	10,831	304	12,039
Impairment (RM)							768,785
Total impairment (RM)							780,824

* Less than 0.01%

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ACCOUNTANTS' REPORT (CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)**(iii) Financial risk management policies (cont'd)**Impairment of financial assets (cont'd)**(b) Credit risk (cont'd)****b. Other receivables**Exposure to credit risk, credit quality and collateral

Other receivables balances are monitored on an ongoing basis.

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of other receivables as at the end of the reporting period.

Ageing analysis of other receivables and impairment losses

The Group does not maintain ageing analysis for other receivables. Based on past experience, the management determines that no impairment is necessary in respect of other receivables. There had been no allowance for impairment losses on other receivables during the reporting periods.

c. Other financial assets (including fixed deposits with financial institutions and cash and bank balances)

Other financial assets are held with licensed financial institutions. The Group minimises credit risk by dealing exclusively with high credit rating counterparties.

Exposure to credit risk, credit quality and collateral

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations. As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of cash and bank balances and fixed deposits with financial institutions in the consolidated and combined statements of financial position.

Impairment losses

The financial institutions have low credit risk and the Group's bank balances are protected to an extent by Perbadanan Insurans Deposit Malaysia. Consequently, the Group is of the view that loss allowance is not material and hence it is not provided for.

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34. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Financial risk management policies (cont'd)

Impairment of financial assets (cont'd)

(b) Credit risk (cont'd)

d. Financial guarantee contracts

	2024 RM	2023 RM	2022 RM	2021 RM	2020 RM
Corporate guarantee given to licensed banks to secure credit facilities granted to					
- third party	-	-	780,000	780,000	780,000
- holding company	32,265,100	29,052,100	26,552,100	22,552,100	18,552,100
Bank guarantee given to customers	4,935,163	2,476,294	2,818,732	2,876,171	2,253,931
Trade bills issued by licensed banks	980,663	1,401,629	2,473,034	2,888,034	1,023,034
	<u>38,180,926</u>	<u>32,930,023</u>	<u>32,623,866</u>	<u>29,096,305</u>	<u>22,609,065</u>

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group maintains a level of cash and cash equivalents and bank overdraft facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

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34. FINANCIAL INSTRUMENTS (CONT'D)
(iii) Financial risk management policies (cont'd)
(c) Liquidity risk (cont'd)
Analysis of financial instruments by remaining contractual maturities

The table below summaries the maturity profile of the Group's financial liabilities at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM	Undiscounted contractual cash flows RM	On demand or within one year RM	Two to five years RM	More than five years RM
2024					
Trade payables	31,605,358	31,605,358	31,605,358	-	-
Other payables, accruals and deposits received	2,111,357	2,111,357	2,111,357	-	-
Bank borrowings	10,564,633	15,561,248	1,219,348	3,836,621	10,505,279
Lease liabilities	613,381	686,523	223,560	451,634	11,329
Financial guarantee*	-	38,180,926	38,180,926	-	-
	44,894,729	88,145,412	73,340,549	4,288,255	10,516,608
2023					
Trade payables	28,553,703	28,553,703	28,553,703	-	-
Other payables, accruals and deposits received	1,339,770	1,339,770	1,339,770	-	-
Bank borrowings	9,550,835	12,861,722	2,645,452	2,430,123	7,786,147
Lease liabilities	473,392	547,082	132,396	368,303	46,383
Financial guarantee*	-	32,930,023	32,930,023	-	-
	39,917,700	76,232,300	65,601,344	2,798,426	7,832,530

12. ACCOUNTANTS' REPORT (Cont'd)**WEST RIVER BERHAD**

(Incorporated in Malaysia)

Registration no. 202301037127 (1531050-H)

ACCOUNTANTS' REPORT (CONT'D)**34. FINANCIAL INSTRUMENTS (CONT'D)****(iii) Financial risk management policies (cont'd)****(c) Liquidity risk (cont'd)**Analysis of financial instruments by remaining contractual maturities (cont'd)

The table below summaries the maturity profile of the Group's financial liabilities at the end of the reporting period based on undiscounted contractual payments: (cont'd)

	Carrying amount RM	Undiscounted contractual cash flows RM	On demand or within one year RM	Two to five years RM	More than five years RM
2022					
Trade payables	23,442,934	23,442,934	23,442,934	-	-
Other payables, accruals and deposits received	663,016	663,016	663,016	-	-
Amount owing to a Director	153,255	153,255	153,255	-	-
Bank borrowings	16,071,330	23,664,878	1,561,020	5,846,160	16,257,698
Lease liabilities	104,435	108,705	62,940	45,765	-
Financial guarantee*	-	32,623,866	32,623,866	-	-
	40,434,970	80,656,654	58,507,031	5,891,925	16,257,698
2021					
Trade payables	24,517,554	24,517,554	24,517,554	-	-
Other payables, accruals and deposits received	657,109	657,109	657,109	-	-
Amount owing to a Director	207,255	207,255	207,255	-	-
Bank borrowings	16,744,084	25,224,119	1,555,514	6,112,912	17,555,693
Lease liabilities	56,900	60,045	25,740	34,305	-
Financial guarantee*	-	29,096,305	29,096,305	-	-
	42,182,902	79,762,387	56,059,477	6,147,217	17,555,693

12. ACCOUNTANTS' REPORT (Cont'd)**WEST RIVER BERHAD**

(Incorporated in Malaysia)

Registration no. 202301037127 (1531050-H)

ACCOUNTANTS' REPORT (CONT'D)**34. FINANCIAL INSTRUMENTS (CONT'D)****(iii) Financial risk management policies (cont'd)****(c) Liquidity risk (cont'd)**Analysis of financial instruments by remaining contractual maturities (cont'd)

The table below summaries the maturity profile of the Group's financial liabilities at the end of the reporting period based on undiscounted contractual payments: (cont'd)

	Carrying amount RM	Undiscounted contractual cash flows RM	On demand or within one year RM	Two to five years RM	More than five years RM
2020					
Trade payables	22,150,757	22,150,757	22,150,757	-	-
Other payables, accruals and deposits received	1,159,968	1,159,968	1,159,968	-	-
Amount owing to a Director	218,655	218,655	218,655	-	-
Bank borrowings	16,981,175	25,198,599	1,492,500	5,969,983	17,736,116
Lease liabilities	79,510	85,800	25,740	60,060	-
Financial guarantee*	-	22,609,065	22,609,065	-	-
	40,590,065	71,422,844	47,656,685	6,030,043	17,736,116

* This has been included for illustration purpose only as the related financial guarantee contracts have not crystallised as the end of the reporting period.

(iv) Fair value of financial instruments**(a) Financial instruments not carried at fair value**

Financial assets and financial liabilities not carried at fair value are disclosed in Note 34(i) to this report. These financial instruments are carried at the amounts approximate of their fair values on the consolidated and combined statements of financial position due to the relatively short term maturity of these financial instruments and the Group does not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be received or settled.

As at the end of each financial year, the carrying amounts of floating rate term loans approximate their fair values as their effective interest rates change according to movements in the market interest rates.

(b) Financial instruments carried at fair value

Financial assets carried at fair value are disclosed in Note 34(i) to this report. The fair value of short-term investments is a Level 1 fair value derived from active markets for identical assets that the Group can access at the measurement times. There was no material transfer between Level 1, 2 and 3 during the financial year.

12. ACCOUNTANTS' REPORT (Cont'd)**WEST RIVER BERHAD**

(Incorporated in Malaysia)

Registration no. 202301037127 (1531050-H)

ACCOUNTANTS' REPORT (CONT'D)**35. CAPITAL MANAGEMENT**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, returning of capital to shareholders or issuing new shares. No changes were made in the objectives, policies or processes during the financial years under review.

	2024	2023	2022	2021	2020
	RM	RM	RM	RM	RM
Total bank borrowings*	10,953,689	9,861,387	16,104,576	16,800,984	17,060,685
Total equity	<u>31,901,735</u>	<u>24,438,991</u>	<u>19,190,794</u>	<u>17,531,540</u>	<u>17,398,961</u>
Gearing ratio	<u>0.34</u>	<u>0.40</u>	<u>0.84</u>	<u>0.96</u>	<u>0.98</u>

* Excluded lease liabilities for right-of-use assets.

36. SIGNIFICANT AND SUBSEQUENT EVENTS DURING THE REPORTING PERIOD

- (i) On 16 November 2023, Lim Yong Lai had entered into a share sale agreement with Neutron Capital to acquire 393,800 ordinary shares in West River Engineering for a total consideration of RM5,257,388.
- (ii) On 16 November 2023, the Company entered into a conditional share sale agreement with Neutron Capital and Lim Yong Lai to acquire the entire equity interest in West River Engineering for a total purchase consideration of RM20,025,600 to be satisfied by issuance of 286,080,000 new ordinary shares in West River at an issue price of RM0.07 per share ("Acquisition of West River Engineering").
- (iii) On 23 December 2024, pursuant to the Share Sale Agreements as mentioned in Note 36 (ii) to this report, the Company issued and allotted 286,080,000 new ordinary shares of RM0.07 each to Neutron Capital and Lim Yong Lai to acquire the entire equity interest in West River Engineering. The new Shares issued rank equally in all respects with existing ordinary shares of the Company. Thereafter, West River Engineering become wholly-owned subsidiary of the Company.
- (iv) On 7 November 2024, the Company obtained approval from Bursa Securities for the listing of and quotation for the entire enlarged issued and paid-up capital of the Company on the ACE Market of Bursa Securities.

12. ACCOUNTANTS' REPORT (Cont'd)

WEST RIVER BERHAD

(Incorporated in Malaysia)

Registration no. 202301037127 (1531050-H)

ACCOUNTANTS' REPORT (CONT'D)

STATEMENT BY DIRECTORS

We, **Lim Yong Lai** and **Cheong Wee Kim**, being two of the Directors of **West River Berhad**, state that, in the opinion of the Directors, the consolidated and combined financial statements are drawn up in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs") and the Prospectus Guidelines – issued by the Securities Commission Malaysia so as to give a true and fair view of the financial position of the Group as at 31 December 2024, 31 December 2023, 31 December 2022, 31 December 2021 and 31 December 2020 and of their financial performance and their cash flows for the financial years ended 31 December 2024, 31 December 2023, 31 December 2022, 31 December 2021 and 31 December 2020.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated **12 MAR 2025**



LIM YONG LAI
Director



CHEONG WEE KIM
Director

12. ACCOUNTANTS' REPORT (Cont'd)

WEST RIVER BERHAD

(Incorporated in Malaysia)

Registration no. 202301037127 (1531050-H)

ACCOUNTANTS' REPORT (CONT'D)

STATUTORY DECLARATION

I, **Lim Yong Lai**, being the Director primarily responsible for the financial management of **West River Berhad**, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying consolidated and combined financial statements are 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.



LIM YONG LAI

Subscribed and solemnly declared by the abovenamed at Petaling Jaya in the state of Selangor Darul Ehsan on **12 MAR 2025** 2025.

Before me,



13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION



ECOVIS MALAYSIA PLT

201404001750 (LLP0003185-LCA) & AF 001825
Chartered Accountants. Kuala Lumpur, Malaysia

Kuala Lumpur office

Phone : +603 7986 0066

Board of Directors

WEST RIVER BERHAD

22-4-2, Jalan 2/101C
Cheras Business Centre
Taman Cheras
56100 Kuala Lumpur

Kuala Lumpur, 12 March 2025

Dear Sirs

**WEST RIVER BERHAD (THE "COMPANY") AND ITS SUBSIDIARIES (THE "GROUP")
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION AS AT 31 DECEMBER 2024**

We have completed our assurance engagement to report on the compilation of pro forma consolidated statements of financial position of the Group as at 31 December 2024 by the Board of Directors of the Company (the "Directors") for inclusion in the Company's prospectus to be issued in connection with the listing of and quotation for the entire issued ordinary shares of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") (the "Listing"). The pro forma consolidated statements of financial position consists of the pro forma consolidated statements of financial position and the accompanying notes thereon, for which we have stamped for identification.

The applicable criteria on the basis of which the Directors have compiled the pro forma consolidated statements of financial position are described in notes to the pro forma consolidated statements of financial position, and are in accordance with the requirements of Chapter 9, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants ("Guidance Note").

The pro forma consolidated statements of financial position has been compiled by the Directors to illustrate the impact of the events or transactions as set out in the notes to the pro forma consolidated statements of financial position, on the Group's financial position as at 31 December 2024 as if the events or transactions had taken place at 31 December 2024. As a part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the financial year ended 31 December 2024, on which an auditors' report has been issued.

ECOVIS MALAYSIA PLT 201404001750 (LLP0003185-LCA) & AF 001825 Chartered Accountants, D-10-03, Level 10, Exsim Tower, Millerz Square@Old Klang Road, Megan Legasi, No.357, Jalan Kelang Lama, 58000 Kuala Lumpur. **Phone:** +60(3) 7986 0066 **E-Mail:** kuala-lumpur@ecovis.com.my

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



Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

The Directors are responsible for compiling the pro forma consolidated statements of financial position on the basis described in the notes to the pro forma consolidated statement of financial position, and in accordance with the requirements of the Prospectus Guidelines and the Guidance Note.

Reporting Accountant's Professional Ethics and Quality Management

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

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

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the pro forma consolidated statements of financial position has been compiled, in all material respects, by the Directors on the basis as described in the notes to the pro forma consolidated statements of financial position, and in accordance with the requirements of the Prospectus Guidelines and the Guidance Note.

We conducted our engagement in accordance with International Standards on Assurance Engagements ("ISAE") 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Accounting Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the pro forma consolidated statements of financial position on the basis described in the notes to the pro forma consolidated statements of financial position, and in accordance with the requirements of the Prospectus Guidelines and the Guidance Note.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statements of financial position.

The purpose of the pro forma consolidated statements of financial position included in a prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the Group as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

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



Reporting Accountants' Responsibilities (Cont'd)

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma consolidated statements of financial position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the pro forma consolidated statements of financial position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated statements of financial position.

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

Opinion

In our opinion, the pro forma consolidated statements of financial position has been compiled, in all material respects, on the basis described in the notes to the pro forma consolidated statements of financial position, and in accordance with the requirements of the Prospectus Guidelines and the Guidance Note.

Other Matter

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

A handwritten signature in black ink, appearing to read "Econ".

ECOVIS MALAYSIA PLT
AF 001825
Chartered Accountants

Kuala Lumpur
12 March 2025

A large, stylized handwritten signature in black ink, appearing to read "CHUA KAH CHUN".

CHUA KAH CHUN
02696/09/2025 J
Chartered Accountant

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

WEST RIVER BERHAD PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

1.0 Pro Forma Group and Basis of Preparation

1.1 Basis of Preparation

The pro forma consolidated statements of financial position of West River Berhad ("West River" or "the Company") and its subsidiaries, namely West River Engineering Sdn. Bhd. ("West River Engineering"), West River M&E Sdn. Bhd. ("West River M&E"), Neutron Letrik Sdn. Bhd. ("Neutron Letrik"), Neutron Power Sdn. Bhd. and ("Neutron Power"), (hereinafter collectively referred to as "West River Group" or "the Group") has been prepared by the Board in a manner consistent with the format of the audited financial statements and accounting policies of the Group for the financial year ended ("FYE") 31 December 2024, in accordance with MFRS, IFRS and the requirements of the Prospectus Guidelines. The pro forma consolidated statements of financial position has been prepared solely for illustrative purposes, to show the effects of transactions as disclosed in Note 2.

The pro forma consolidated statements of financial position is combined using the merger method as both the Group are under the common control of the same party both before and after the Acquisitions. When the merger method is used, the difference between the cost of investment recorded by West River and the share capital of the subsidiaries are accounted for as reorganisation reserve in the pro forma consolidated statements of financial position.

The Group is regarded as a continuing entity resulting from the reorganisation exercise because the management of all the entities within the Group, which took part in the reorganisation exercise, was under common control before and immediately after the reorganisation exercise. The reorganisation was completed on 16 December 2024.

The audited financial statements of the Group as at 31 December 2024 were not subject to any audit qualification.

The pro forma financial information of the Group comprises the pro forma consolidated statements of financial position as at 31 December 2024, adjusted for the impact of the Listing Scheme (Note 1.2) and Utilisation of Proceeds from the IPO (Note 2.1.2).

The pro forma financial information, because of its nature, may not reflect the actual financial position of the Group. Furthermore, such information does not predict the future financial position of the Group.

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

WEST RIVER BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

1.0 Pro Forma Group and Basis of Preparation (Cont'd)

1.2 Listing Scheme ("IPO")

In conjunction with and as an integral part of the listing of and quotation for the entire enlarged issued share capital of West River on the ACE Market ("ACE Market") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company intends to undertake the following transactions:

1.2.1 Public Issue

The Public Issue of 71,540,000 new West River Shares, representing approximately 20.00% of the enlarged issued share capital at IPO Price amounting to RM27,900,600, payable in full on application, upon such terms and conditions as set out in the Prospectus, will be allocated and allotted in the following manner:

- (a) 17,885,000 new West River Shares made available for application by the Malaysian Public;
- (b) 8,942,500 new West River Shares made available for application by the eligible Directors, employees and persons who have contributed to the success of the Group; and
- (c) 44,712,500 new West River Shares by way of private placement to Bumiputera investors approved by MITI.

1.2.2 Offer for Sale

A total of 35,770,000 new West River Shares to be offered under Offer for Sale, are offered by the offerors to selected investors by way of private placement at IPO Price.

1.2.3 Listing

The admission of West River to the Official List of Bursa Securities, and the entire enlarged issued share capital of RM47,931,800 comprising 357,700,000 West River Shares shall be listed and quoted on the ACE Market upon completion of the Public Issue.

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

**WEST RIVER BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**

2.0 Pro Forma Consolidated Statements of Financial Position as at 31 December 2024

		Pro Forma I	Pro Forma II
	Audited as at 31 December 2024 RM	After IPO RM	After Pro Forma I and utilisation of proceeds RM
Assets			
Non-current assets			
Property, plant and equipment	1,249,112	1,249,112	1,249,112
Investment properties	5,867,362	5,867,362	5,867,362
	<u>7,116,474</u>	<u>7,116,474</u>	<u>7,116,474</u>
Current assets			
Inventories	18,662	18,662	18,662
Trade receivables	44,785,049	44,785,049	44,785,049
Other receivables, deposits and prepayments	437,018	437,018	437,018
Contract assets	18,472,642	18,472,642	18,472,642
Cash, bank balances and fixed deposits	7,218,065	35,118,665	25,910,582
	<u>70,931,436</u>	<u>98,832,036</u>	<u>89,459,215</u>
Total assets	<u>78,047,910</u>	<u>105,948,510</u>	<u>96,575,689</u>

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

WEST RIVER BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

2.0 Pro Forma Consolidated Statements of Financial Position as at 31 December 2024 (Cont'd)

	Pro Forma I	Pro Forma II
Audited as at 31 December 2024	After IPO	After Pro Forma I and utilisation of proceeds
RM	RM	RM
Equity and liabilities		
Equity		
Share capital	20,031,200	47,931,800
Merger reserve	(18,525,600)	(18,525,600)
Retained earnings	30,396,135	29,186,667
Total equity	31,901,735	57,292,867
Liabilities		
Non-current liabilities		
Bank borrowings	9,845,516	4,245,516
Lease liabilities	421,466	421,466
	10,266,982	4,666,982
Current liabilities		
Trade payables	31,605,358	31,605,358
Other payables, accruals and deposits received	2,111,357	848,004
Bank borrowings	719,117	719,117
Lease liabilities	191,915	191,915
Contract liabilities	221,493	221,493
Tax payable	1,029,953	1,029,953
	35,879,193	34,615,840
Total liabilities	46,146,175	39,282,822
Total equity and liabilities	78,047,910	96,575,689

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

**WEST RIVER BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**

2.0 Pro Forma Consolidated Statements of Financial Position as at 31 December 2024 (Cont'd)

		Pro Forma I	Pro Forma II
	Audited as at 31 December 2024	After IPO	After Pro Forma I and utilisation of proceeds
Number of shares assumed in issue	286,160,000	357,700,000	357,700,000
NA (RM)	31,901,735	59,802,335	57,292,867
NA per Share (RM)	0.11	0.17	0.16
Borrowings	10,953,689	10,953,689	5,353,689
Gearing (times) ⁽¹⁾	0.34	0.18	0.09
Current ratio (times) ⁽²⁾	2.0	2.8	2.6

⁽¹⁾ Calculated based on the total borrowings (excluding lease liabilities arising from rental of premises) of the Group divided by the total equity of the Group.

⁽²⁾ Calculated based on total current assets divided by total current liabilities of the Group.

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

WEST RIVER BERHAD PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

2.1 Notes to Pro Forma Combined Statements of Financial Position

2.1.1 Pro Forma I

Pro Forma I incorporates the effects of IPO as set out in Note 1.2.

2.1.2 Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and the utilisation of proceeds from IPO.

The estimated gross proceeds from the IPO of RM27,900,600 will be utilised as follows:

	RM	Estimated time frame (from the listing date)
Purchase of land and construction of new manufacturing factory cum warehouse ⁽¹⁾⁽²⁾	10,000,000	Within 36 months
Repayment of borrowings	5,600,000	Within 12 months
General working capital	7,800,600	Within 12 months
Listing expenses ⁽³⁾	4,500,000	Within 1 month
	<u>27,900,600</u>	

Notes:

- (1) To finance partly the acquisition of a parcel of vacant land and construct a new manufacturing factory cum warehouse on this parcel of land.
- (2) As at latest practicable date of the Prospectus, the Group has yet to enter into any contractual binding arrangements or issued any purchase orders in relation to the above purposes. Accordingly, the utilisation of proceeds earmarked for these purposes are not reflected in the Pro Forma Consolidated Statements of Financial Position.
- (3) The estimated listing expenses comprise the following:

	RM
Professional fees	2,851,000
Underwriting, placement and brokerage fees	829,000
Fees payable to authorities	76,000
Printing, advertising fees and contingencies	744,000
	<u>4,500,000</u>

Estimated listing expenses of RM1,300,000 will be set-off against equity and the remaining will be charged out to the profit or loss, of which RM1,990,532 has been incurred and charged to the profit or loss of the Group as of 31 December 2024.

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

WEST RIVER BERHAD PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

2.2 Pro Forma Effects on Financial Statement Line Items

2.2.1 Effects on Other receivables, deposits and prepayments

	RM
As audited on 31 December 2024	437,018
<u>Pro Forma II:</u>	
Utilisation of proceeds from IPO:	
- Estimated listing expenses	(164,738)
After effects of Pro Forma II	272,280

2.2.2 Effects on Cash, bank balances and fixed deposits

	RM	RM
As audited on 31 December 2024		7,218,065
<u>Pro Forma I:</u>		
IPO		27,900,600
After effects of Pro Forma I		35,118,665
<u>Pro Forma II:</u>		
Utilisation of proceeds from IPO:		
- Repayment of bank borrowings	(5,600,000)	
- Estimated listing expenses	(3,608,083)	(9,208,083)
After effects of Pro Forma II		25,910,582

2.2.3 Effects on Share Capital

	No. of Shares	RM
As audited on 31 December 2024	286,160,000	20,031,200
<u>Pro Forma I:</u>		
IPO	71,540,000	27,900,600
After effects of Pro Forma I	357,700,000	47,931,800
<u>Pro Forma II:</u>		
Utilisation of proceeds from IPO:		
- Estimated listing expenses offset against equity	-	(1,300,000)
After effects of Pro Forma II	357,700,000	46,631,800

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

WEST RIVER BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

2.2 Pro Forma Effects on Financial Statement Line Items (Cont'd)

2.2.4 Effects on Retained Earnings

As audited on 31 December 2024	RM
<u>Pro Forma II:</u>	<u>30,396,135</u>
Utilisation of proceeds from IPO:	
- Estimated listing expenses charged to profit or loss	(1,209,468)
After effects of Pro Forma II	<u>29,186,667</u>

2.2.5 Effects on Bank Borrowings (Current and Non-Current Liabilities)

As audited on 31 December 2024	RM
<u>Pro Forma II:</u>	<u>10,564,633</u>
Utilisation of proceeds from IPO:	
- Repayment of bank borrowings	(5,600,000)
After effects of Pro Forma II	<u>4,964,633</u>

2.2.6 Effects on Other payables, Accruals and Deposits received

As audited on 31 December 2024	RM
<u>Pro Forma II:</u>	<u>2,111,357</u>
Utilisation of proceeds from IPO:	
- Repayment of listing expenses	(1,263,353)
After effects of Pro Forma II	<u>848,004</u>

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

WEST RIVER BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

3.0 Approval by the Board of Directors

The pro form consolidated statements of financial position is approved by the Board of Directors of West River Berhad in accordance with Directors' resolution dated **12 MAR 2025**



LIM YONG LAI
Director



CHEONG WEE KIM
Director

14. STATUTORY AND OTHER INFORMATION**14.1 OUR SHARE CAPITAL**

As at the LPD, our issued share capital is RM20,031,200 comprising 286,180,000 Shares. The movements in our share capital since the date of our incorporation are set out below:

Date of allotment	No. of Shares allotted	Consideration/ Types of issue	Cumulative share capital RM
21 September 2023	80,000	RM5,600/ Subscribers' shares in cash	5,600
23 December 2024	286,080,000	RM20,025,600/ Consideration for the Acquisition of West River Engineering	20,031,200

As at the date of this Prospectus, we only have one class of shares, namely, ordinary shares, all of which rank equally with one another and we do not have any outstanding warrants, options, convertible securities and uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

Upon completion of our IPO, our enlarged share capital will increase to RM47,931,800 comprising 357,700,000 Shares.

Save for the Pink Form Allocations as disclosed in Section 4.3.3,

- (i) no Director or employee of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiaries; and
- (ii) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiaries.

Save for the issuance of our subscribers' shares upon our incorporation, new Shares issued and to be issued for the Acquisition and Public Issue, and issuance of shares in our subsidiaries as disclosed under section 14.2, no shares of our Company or our subsidiaries have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 2 years immediately preceding the date of this Prospectus. Other than our Public Issue as disclosed in Section 4.3, there is no intention on the part of our Directors to further issue any Shares on the basis of this Prospectus.

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14. STATUTORY AND OTHER INFORMATION (Cont'd)**14.2 SHARE CAPITAL OF OUR SUBSIDIARIES****14.2.1 West River Engineering**

West River Engineering's share capital as at LPD is RM1,500,000 comprising 1,500,000 ordinary shares. The movements in its share capital since incorporation are as follows:

Date of allotment	No. of Shares allotted	Consideration/Types of issue	Cumulative share capital RM
29 October 2003	100,000	RM100,000/ Subscribers' share in cash	100,000
12 August 2008	100,000	RM100,000/ Cash allotment	200,000
10 February 2010	50,000	RM50,000/ Cash allotment	250,000
4 November 2010	250,000	RM250,000/ Cash allotment	500,000
5 August 2014	500,000	RM500,000/ Cash allotment	1,000,000
12 October 2016	300,000	RM300,000/ Cash allotment	1,300,000
9 June 2017	200,000	RM200,000/ Cash allotment	1,500,000

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

West River Engineering is our wholly-owned subsidiary. The directors of West River Engineering are Lim Yong Lai and Yip Lay Huat.

As at the LPD, West River Engineering's subsidiaries are West River M&E, Neutron Letrik and Neutron Power. West River Engineering does not have any associated company.

14.2.2 West River M&E

West River M&E's share capital as at LPD is RM250,000 comprising 250,000 ordinary shares. The movements in its share capital since incorporation are as follows:

Date of allotment	No. of Shares allotted	Consideration/Types of issue	Cumulative share capital RM
15 December 2015	2	RM2/ Subscribers' share in cash	2
10 May 2021	199,998	RM199,998/cash allotment	200,000
10 May 2023	50,000	RM50,000/cash allotment	250,000

14. STATUTORY AND OTHER INFORMATION (Cont'd)

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

West River M&E is our wholly-owned subsidiary. The director of West River M&E is Cheong Wee Kim.

As at the LPD, West River M&E does not have any subsidiary and/or associated company.

14.2.3 Neutron Letrik

Neutron Letrik's share capital as at LPD is RM100,000 comprising 100,000 ordinary shares. The movements in its share capital since incorporation are as follows:

Date of allotment	No. of Shares allotted	Consideration/Types of issue	Cumulative share capital RM
1 August 2017	100	RM100/ Subscribers' share in cash	100
24 August 2021	99,900	RM99,900/ cash allotment	100,000

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

Neutron Letrik is our wholly-owned subsidiary. The director of Neutron Letrik is Lim Yong Lai.

As at the LPD, Neutron Letrik does not have any subsidiary and/or associated company.

14.2.4 Neutron Power

Neutron Power's share capital as at LPD is RM150,000 comprising 150,000 ordinary shares. The movements in its share capital since incorporation are as follows:

Date of allotment	No. of Shares allotted	Consideration/Types of issue	Cumulative share capital
15 October 2020	100,000	RM100,000/ Subscribers' share in cash	100,000
10 May 2023	50,000	RM50,000/ cash allotment	150,000

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

Neutron Power is our wholly-owned subsidiary. The director of Neutron Power is Lim Yong Lai.

As at the LPD, Neutron Power does not have any subsidiary and/or associated company.

14. STATUTORY AND OTHER INFORMATION (Cont'd)

14.3 CONSTITUTION

The following provisions are extracted from our Constitution. Terms defined in our Constitution shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires. The following provisions extracted from our Constitution are based on the current Listing Requirements and the Act.

14.3.1 Changes in share capital and variation of class rights

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

Clause 9 - Share Capital

The share capital of the Company is its issued share capital which shall be in Ringgit Malaysia. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto, respectively, any preferential, deferred, qualified or other special rights, privileges, conditions or restrictions as to dividend, capital, voting or otherwise.

Clause 12 - Power to Issue Preference Shares

The Company shall have power to issue preference shares ranking equally with or in priority to preference shares already issued and the Directors may, subject to the provisions of the Act, redeem such shares on such terms and in such manner as they may think fit.

Clause 13 - Rights of preference shareholders

- 13.(1) Save as otherwise specifically provided for under this Constitution in respect of any particular class of preference shares and subject to the Act, preference shareholders shall have the same right as ordinary shareholders as regards to receiving notices, reports and audited financial statements and attending general meetings of the Company.
- 13.(2) Save as otherwise specifically provided for under this Constitution in respect of any particular class of preference share, preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the share capital of the Company or sanctioning a disposal of the whole of the Company's property, business and undertaking or where the proposition to be submitted to the meeting directly affects their rights and privileges, or when the dividend or part of the dividend on the preference shares is in arrears for more than six (6) months or on a proposal to wind-up the Company or during the winding up of the Company, but shall have no other rights whatsoever.
- 13.(3) The holder of a preference share must be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up.

Clause 17 - Shares Issued for Purposes of Raising Money for The Construction of Works or Building

Subject to Section 130 of the Act and any other conditions and restrictions prescribed by the Act, if any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant or equipment which cannot be made profitable for a lengthened period, the Company may pay interest on so much of that share capital as is for the time being paid up for the period, and may charge the sum so paid by way of interest to capital as part of the costs of construction of the work or building or the provision of plant or equipment.

14. STATUTORY AND OTHER INFORMATION (Cont'd)***Clause 20 - Trust not to be recognised***

Except as required by law and as provided under the Rules, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not, even when having notice thereof, be bound or compelled to recognise any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by this Constitution otherwise expressly provided or as required by law) any other right in respect of any share except an absolute right to the entirety thereof in the registered holder.

Clause 21 - Issue of Securities

Subject to the provisions of this Constitution and Listing Requirement, and notwithstanding the existence of a resolution pursuant to Section 75(1) and 76(1) of the Act, the Company shall ensure that it shall not issue any shares or convertible securities if the total number of shares or convertible securities, when aggregated with the total number of any such shares or convertible securities issued during the preceding 12 months, exceeds the allowed threshold by the prevailing rules and regulation, except where the shares or convertible securities are issued with the prior approval of the members in general meeting of the precise terms and conditions of the issue.

Clause 25 - Modification of Rights

If at any time the share capital of the Company, by reason of the issuance of preference shares or otherwise is divided into different classes, the repayment of such preferred capital or all or any of the rights and privileges attached to each class of shares may subject to the provisions of Section 91 of the Act, this Constitution and the provisions of any written law, be varied, modified, commuted, affected, abrogated or dealt with by resolution passed by the holders of at least three-fourth of the issued shares of that class at a separate meeting of the holders of that class and all the provisions hereinafter contained as to general meetings shall mutatis mutandis apply to every such meeting except that the quorum hereof shall be two (2) persons at least holding or representing by proxy one third of the issued shares of the class and for an adjourned meeting one (1) person holding shares of such class.

Provided however that in the event of the necessary majority for such a resolution not having been obtained in the manner aforesaid consent in writing may be secured by members holding at least three- fourths of the issued shares of the class and such consent if obtained within two (2) months from the date of the separate meeting shall have the force and validity of a resolution duly carried. To every such resolution the provisions of Section 91 of the Act, shall with such adaptations as are necessary apply.

Clause 26 - Special Right to Any Class of Share

The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto, the Company purchasing its own shares and the Company redeeming redeemable preference shares.

Clause 60 - Increase of Share Capital

The Company may, from time to time, whether all the shares for the time being issued shall have been fully paid up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or

14. STATUTORY AND OTHER INFORMATION (Cont'd)

restrictions in regard to dividend, return of capital or otherwise as the Company may direct in the resolution authorising such increase.

Clause 61 - Issue of New Shares to Existing Members

In accordance with Rule 7.08 of the Listing Requirements, subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible Securities shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares or Securities in such manner as they think most beneficial to the Company. The Directors may, likewise, also dispose of any new shares or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to an offer of new shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under this Clause. For the avoidance of doubt, where approval of the Members is obtained in a general meeting for any issuance of shares or convertible Securities, including approvals obtained under Sections 75 and 76 of the Act, such approval shall be deemed to be a direction to the contrary given in general meeting which will render the pre-emptive rights above inapplicable. In any case and in respect of any issuance of shares or convertible Securities, the pre-emptive rights of members are strictly as contained in the Constitution and accordingly, the provisions of Section 85 of the Act in respect of the pre-emptive rights to the new Shares shall not apply.

Clause 62 - Alteration of Share Capital

Subject to the Statutes, The Company may from time to time alter its share capital by passing a special resolution to:

- (i) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share, shall be the same as it was in the case of the share from which the subdivided share is derived;
- (ii) convert all or any of its paid-up shares into stock and may reconvert that stock into paid-up shares;
- (iii) subdivide its shares or any of the shares, whatever is in the subdivision, the proportions between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived;
- (iv) cancel any shares, which at the date of the passing of the resolution, which have not been taken or agreed to be taken by any person or which have been forfeited, and diminish the amount of its share capital by the amount of the shares so cancelled; or
- (v) subject to the provisions of this Constitution and the Act, convert and/or reclassify any class of shares into any other class of shares.

Clause 63 - Capital Reduction

The Company may by special resolution, reduce its share capital in accordance with Section 84 of the Act.

14. STATUTORY AND OTHER INFORMATION (Cont'd)

14.3.2 Borrowing and voting powers of the directors

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

Clause 120 - Directors' borrowing powers

- 120.(1) To the extent that the Act, the Listing Requirements and the Constitution allow, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, property and uncalled capital, or any part thereof, and to issue debentures and other Securities whether outright or as security for any debt, liability or obligation of the Company or of any related third party, PROVIDED ALWAYS that nothing contained in this Constitution shall authorise the Directors to borrow any money or mortgage or charge any of the Company's undertaking, property or any uncalled capital or to issue debentures and other Securities whether outright or as security for any debt, liability or obligation of an unrelated third party. Provided also that the Directors shall not issue any debt Securities convertible to ordinary shares without the prior approval of the Company in meeting of members.
- 120.(2) The Directors shall cause a proper register to be kept in accordance with Section 60 of the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the Act in regard to the registration of mortgages and charges therein specified or otherwise.
- 120.(3) Subject to the Act, if the Directors or any of them, or any other person, shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors, or persons so becoming liable as aforesaid, from any loss in respect of such liability.

Clause 132- Proceedings of Meeting

A meeting of the Directors, for the time being at which a quorum is present, shall be competent to exercise all or any of the powers, authorities and discretion by or under this Constitution, vested in or exercisable by the Directors generally. Subject to this Constitution, questions arising at any meeting of the Directors shall be decided by a majority of votes.

Clause 133- Chairman has casting vote

In case of equality of votes, the Chairman shall have a second or casting vote, except where only two (2) Directors are competent to vote on the question at issue, or at the meeting where only two (2) Directors form the quorum.

Clause 137 - Disclosure of Interest in Contracts, Property, Offices, Etc

Every Director shall comply with the provisions of Sections 219 and 221 of the Act in connection with the disclosure of his shareholding and interest in any contract or proposed contract with the Company. This clause is subject to the Listing Requirements.

Clause 138 - Directors Refrained from Voting in Interested Transactions

A Director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest. Without prejudice to the generality of the foregoing, a Director shall also not vote in regard to any contract or proposed contract or

14. STATUTORY AND OTHER INFORMATION (Cont'd)

arrangement with any other company in which he is interested, either as an officer of that other company or as a holder of shares or other securities in that other company.

Clause 140 - Director May Vote on The Giving of Security or Indemnity Where He is Interested

Subject to Clause 137, a Director may vote in respect of:

- (i) any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or
- (ii) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security.

By an ordinary resolution of the Company, the provisions of this Clause may at any time be suspended or relaxed to any extent and, either generally or in respect of any particular contract, arrangement or transaction, and any particular contract, arrangement or transaction carried out in contravention of this Clause, may be ratified.

14.3.3 Remuneration of Directors

The provisions in our Constitution dealing with remuneration of Directors are as follows:

Clause 115 – Remuneration of Directors

The fees and any benefits payable to the Directors from time to time, be subject to annual shareholder approval at general meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, except that any Director, who shall hold office for part only of the period in respect of which such fees are payable, shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office, PROVIDED ALWAYS that:

- (i) fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;
- (ii) salaries payable to executive Directors shall not include a commission on or percentage of turnover;
- (iii) fees and any benefits payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and
- (iv) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of that Director.

Clause 116 - Reimbursement and Special Remuneration

116.(1) The Directors shall be entitled to be reimbursed for all travelling or such other reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise, howsoever, in or about the business of the Company in the course of the performance of their duties as Directors.

14. STATUTORY AND OTHER INFORMATION (Cont'd)

116.(2) If by arrangement with the Directors, any Director shall perform or render any special duties or service's outside his ordinary duties as a Director in particular, without limiting to the generality of the foregoing, if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged.

14.3.4 Transfer of shares

The provisions in our Constitution dealing with transfer of shares are as follows:

Clause 49 - Transfer of Securities

The transfer of any Listed Securities or class of Listed Securities in the Company shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 105, 106 and 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of Listed Security.

Clause 50 - Instrument of Transfer

50.(1) Every instrument of transfer (for any share not being a Deposited Security) must be left for registration at the office of the Company's Registrar accompanied by the certificate of the shares comprised therein (if any) and such evidence as the Directors may reasonably require to prove the right of the transferor to make the transfer and the due execution by him of the instrument of transfer which is executed in accordance with the Statutes, and subject to the power vested in the Directors by this Constitution or the provisions of any other written law and if required, to reasonable evidence of nationality, the Company shall register the transferee as shareholder.

50.(2) A fee not exceeding RM3.00 (excluding the stamp duty) or any amount as shall be determined from time to time by the Exchange may be charged for each transfer and shall if required by the Directors be paid before the registration thereof.

Clause 51 - Person Under Disability

No share shall in any circumstances be transferred to any minor, bankrupt or person of unsound mind.

Clause 52 - Refusal to Transfer and Notice of Refusal

52.(1) Subject to Section 106 and any other relevant provisions of the Act, the Directors may refuse or delay to register the transfer of a share, not being a Deposited Security, to a person of whom they shall not approve

52.(2) If the Directors passed a resolution to refuse or delay the registration of a transfer, they shall, within 7 days of the resolution being passed, give to the lodging broker, transferor and the transferee written notice of the resolution setting out the precise reasons thereof.

14. STATUTORY AND OTHER INFORMATION (Cont'd)

Clause 53 - Non-Liability of the Company, its Directors and Officers in Respect of Transfer

Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred or otherwise in defective manner. And in every such case, the person registered as transferee, his executors, administrators and assigns alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

14.4 GENERAL INFORMATION

- (i) Save for the dividends paid to the shareholders of our subsidiaries as disclosed in Section 11.7, purchase consideration paid for the Acquisition as disclosed in Section 6.1.3 and Directors' remuneration as disclosed in Section 5.5.1, no other amount or benefit has been paid or given within the past 2 years immediately preceding the date of this Prospectus, nor is it intended to be paid or given, to any of our Promoters, Directors or substantial shareholders.
- (ii) Save as disclosed in Section 9.1, none of our Directors or substantial shareholders have any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.
- (iii) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the summarised procedures for application of our Shares are set out in Section 15.
- (iv) There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

14.5 CONSENTS

- (i) The written consents of the Principal Adviser, Sponsor, Underwriter, Placement Agent, Solicitors, Share Registrar, Company Secretary and Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn;
- (ii) The written consents of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their name, Accountants' Report and report relating to the pro forma consolidated financial information in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn; and
- (iii) The written consent of the IMR to the inclusion in this Prospectus of its name and the IMR Report, in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not been subsequently withdrawn.

14. STATUTORY AND OTHER INFORMATION (Cont'd)

14.6 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company during normal business hours for a period of 6 months from the date of this Prospectus:

- (i) Constitution;
- (ii) Audited financial statements for:
 - (a) West River Engineering, West River M&E and Neutron Letrik for FYE 2020, FYE 2021, FYE 2022, FYE 2023 and FYE 2024;
 - (b) Neutron Power for the financial period from 15 October 2020 to 31 December 2021, FYE 2022, FYE 2023 and FYE 2024; and
 - (c) West River for the financial period from 21 September 2023 to 31 December 2023 and FYE 2024.
- (iii) Accountants' Report as set out in Section 12;
- (iv) Reporting Accountants' report relating to our pro forma consolidated statements of financial position as set out in Section 13;
- (v) IMR Report as set out in Section 7;
- (vi) Material contracts as set out in Section 6.8; and
- (vii) Letters of consent as set out in Section 14.5.

14.7 RESPONSIBILITY STATEMENTS

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

M&A Securities acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

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15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

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

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

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

15.1 OPENING AND CLOSING OF APPLICATION PERIOD

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 10 APRIL 2025

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 17 APRIL 2025

In the event of any changes to the date or time for closing, we will make an announcement on Bursa Securities' website and advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia.

Late Applications will not be accepted.

15.2 METHODS OF APPLICATIONS

15.2.1 Retail Offering

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

<u>Types of Application and category of investors</u>	<u>Application Method</u>
Applications by Eligible Persons	Pink Application Form only
Applications by the Malaysian Public:	
(i) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(ii) Non-Individuals	White Application Form only

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

15.2.2 Placement

Types of Application	Application Method
Applications by selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.
Applications by Bumiputera investors approved by MITI	MITI will contact the Bumiputera investors directly. They should follow MITI's instructions.
Selected investors and Bumiputera Investors approved by MITI may still apply for our Issue Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.	

15.3 ELIGIBILITY

15.3.1 General

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

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

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

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

15.3.2 Application by Malaysian Public

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

- (i) You must be one of the following:
 - (a) a Malaysian citizen who is at least 18 years old as at the date of the application for our Issue Shares; or
 - (b) a corporation/ institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/ trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

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

- (ii) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and
- (iii) You must submit Applications by using only one of the following methods:
 - (a) White Application Form; or
 - (b) Electronic Share Application; or
 - (c) Internet Share Application.

15.3.3 Application by Eligible Persons

The Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as detailed procedures on how to subscribe to the allocated Issue Shares. The Eligible Persons must follow the notes and instructions in the said document and where relevant, in this Prospectus.

15.4 APPLICATION BY WAY OF APPLICATION FORM

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

The FULL amount payable is RM0.39 for each Issue Share.

Payment must be made out in favour of **"TIIH SHARE ISSUE ACCOUNT NO. 799"** and crossed **"A/C PAYEE ONLY"** and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (i) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd
(Registration No.: 197101000970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
- (ii) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

so as to arrive not later than 5.00 p.m. on 17 April 2025 or by such other time and date specified in any change to the date or time for closing.

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

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

15.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATION

Only Malaysian individuals may apply for our Issue Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

15.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATION

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

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

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

15.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

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

- (i) reject Applications which:
 - (a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
 - (b) are illegible, incomplete or inaccurate; or
 - (c) are accompanied by an improperly drawn up or improper form of remittance; or
- (ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (iii) bank in all Application monies (including those from unsuccessful/ partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 15.9 below.

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

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

15.8 OVER/ UNDERSUBSCRIPTION

In the event of over-subscription, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our Issue Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of our Issue Shares and the balloting results in connection therewith will be furnished by the Issuing House to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the Issuing House's website at <https://tiih.online> within 1 Market Day after the balloting event.

Pursuant to the Listing Requirements, we are required to have at least 25.00% of our total number of Shares for which listing is sought to be held by a minimum number of 200 public shareholders holding not less than 100 Shares each upon our admission to the Official List and completion of our IPO. We expect to achieve this at the point of Listing. In the event this requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all the Applications will be returned in full (without interest or any share of revenue or benefits arising therefrom) and if such monies are not returned in full within 14 days after our Company becomes liable to do so, the provision of Section 243(2) of the CMSA shall apply accordingly.

In the event of any undersubscription of the Issue Shares, subject to the clawback and reallocation provisions set out Section 4.3.4 of this Prospectus, any of the aforementioned Issue Shares not applied for will then be subscribed by the Underwriter subject to the terms and conditions of the Underwriting Agreement.

15.9 UNSUCCESSFUL/ PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful/ partially successful in your Application, your Application Monies (without interest) will be refunded to you in the following manner.

15.9.1 For applications by way of Application Forms

- (i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/ distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/ registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.

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

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

15.9.2 For applications by way of Electronic Share Application and Internet Share Application

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

15.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

- (i) Our Issue Shares allotted to you will be credited into your CDS Account.

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

- (ii) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our Issue Shares issued/ offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Depository Rules.
- (iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS Accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

15.11 ENQUIRIES

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

Mode of application		Parties to direct the enquiries
Application Form		Issuing House Enquiry Services at telephone no. 03-2783 9299
Electronic Application	Share	Participating Financial Institution
Internet Share Application		Internet Participating Financial Institution, Authorised Financial Institution and Participating Securities Firms

The results of the allocation of Issue Shares derived from successful balloting will be made available to the public at the Issuing House website at <https://tiih.online>, **one Market Day** after the balloting date.

You may also check the status of your Application at the above website, **5 Market Days** after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities.

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APPENDIX I – MAJOR APPROVALS, LICENCES AND PERMITS

As at the LPD, save as disclosed below, there are no other major approvals, licences and permits issued to our Group in order to carry out our operations:

No.	Licensee	Issuing authority	Date of issue / Validity period	Licence No. / Nature of approval	Equity and/or major conditions imposed	Compliance status
(i)	West River Engineering	DBKL File No.: DBKL.JPPP/01195/09/2017/PR01	17 November 2024 / 16 November 2025	Business premise licence for management office at 22-4-2, Jalan 2/101C, Cheras Business Centre, Taman Cheras, 56100 Kuala Lumpur, Wilayah Persekutuan	N/A	N/A
(ii)	West River Engineering	MBPJ Licence Account No. L2540000676496	8 January 2025 / 31 December 2025	Business premise licence for management office at C-6-07, Centum @ Oasis Corporate Park, Oasis Damansara, No. 2, Jalan PJU 1A/2, Ara Damansara, 47301 Petaling Jaya	N/A	N/A
(iii)	West River Engineering	CIDB Registration No.: 0120090219-JH122135	9 July 2024 / 7 July 2027	Certificate of Registration issued to West River Engineering as contractor pursuant to Part VI of CIDB Act in respect of: - Grade 7, Category B, Specialisation B04, B10 - Grade 7, Category CE, Specialisation CE01, CE21, CE31 - Grade 7, Category ME, Specialisation E03, E04, E06, E07, E08, E10, E11, E14, E16, E17,	1. General conditions (a) This certificate is non-transferable. (b) CIDB reserves the right to review the registration grade of the registered contractor from time to time. 2. Responsibility and Obligations of the Contractor (a) The contractor shall comply with the provisions of the CIDB Act, the regulations made thereunder and any term, condition or restriction imposed by CIDB from time to time.	Complied Noted

APPENDIX I – MAJOR APPROVALS, LICENCES AND PERMITS (Cont'd)

No.	Licensee	Issuing authority	Date of issue / Validity period	Licence No. / Nature of approval	Equity and/or major conditions imposed	Compliance status
				E21, E32, M01, M02, M04, M15, M20	(b) The contractor shall not participate in any tender or execute any construction works after the expiration of this certificate unless it is renewed. (c) The contractor shall not undertake any construction projects which exceeds the value of construction works specified under the registration grade and shall not execute any type of construction work outside of its registered category(ies). (d) The contractor shall submit information regarding any new construction works or contract(s) within 14 days of the award or prior to commencement of works, whichever the earlier. (e) The contractor shall submit any information required by CIDB from time to time. (f) The contractor shall display the certificate of registration issued by CIDB or a certified true copy of the same by CIDB at the place of business. (g) The contractor shall display its registration number on the signboard at each construction site. (h) The contractor shall apply for a renewal of registration within 60 days before the expiry date specified in this certificate.	

APPENDIX I – MAJOR APPROVALS, LICENCES AND PERMITS (Cont'd)

No.	Licensee	Issuing authority	Date of issue / Validity period	Licence No. / Nature of approval	Equity and/or major conditions imposed	Compliance status
					(i) The contractor shall comply with all requirements in the Contractor's Code of Ethics. (j) The contractor shall employ skilled construction workers and site supervisors who are accredited and certified by CIDB. (k) All employees at the site must have valid construction personnel identification.	
					3. Disciplinary Actions The contractor's registration shall be cancelled, suspended or revoked if: (a) The contractor fails to comply with the requirement of any other written law; (b) The contractor has been adjudicated bankrupt; (c) A winding-up petition in relation to the contractor has been presented; (d) The contractor contravenes or fails to comply with any provision of the CIDB Act; (e) The contractor has obtained the certificate by making or causing to be made any false or fraudulent declaration, certification or representation either in writing or otherwise;	Noted

APPENDIX I – MAJOR APPROVALS, LICENCES AND PERMITS (Cont'd)

No.	Licensee	Issuing authority	Date of issue / Validity period	Licence No. / Nature of approval	Equity and/or major conditions imposed	Compliance status
					(f) The contractor has abandoned any construction works undertaken without good reason; (g) The contractor is found negligent by the court of any board of enquiry established under any written law in connection with any construction works undertaken; or (h) The contractor contravenes or fails to fulfil any of the contractor's responsibilities and obligations as specified in paragraph 2.	
					4. Pursuant to Regulation 13 of the Registration of Contractors (Construction Industry) Regulations 1995, a registered contractor shall notify CIDB of any change in its capital, ownership or its board of directors or management within 30 days of the change.	Complied
(iv)	West River Engineering	CIDB Registration No.: 0120090219-JH122135	13 July 2024 / 7 July 2027	Certificate of Government Work Procurement (<i>Sijil Perolehan Kerja Kerajaan</i>) ("SPKK") Certificate of Registration issued to West River Engineering as Government contractor in respect of: Grade 7, Category B (building construction)	1. General Conditions (a) This certificate is issued based on the information provided by the applicant/company. (b) This certificate shall not be used as acknowledgement for initiating or undertaking to execute construction work. This certificate shall be used to participate in government procurement or any work with government agencies only.	Complied

APPENDIX I – MAJOR APPROVALS, LICENCES AND PERMITS (Cont'd)

No.	Licensee	Issuing authority	Date of issue / Validity period	Licence No. / Nature of approval	Equity and/or major conditions imposed	Compliance status
				- Grade 7, Category CE (civil engineering construction) - Grade 7, Category ME (mechanical and electrical)	(c) This certificate will be revoked automatically if the certificate of registration as contractor has expired or is cancelled/revoked/suspended in accordance with Regulation 15 of the Registration of Contractors (Construction Industry) 1995. (d) This certificate must be submitted together with the certificate of registration as contractor during the tender for government procurement work or any work with government agencies. (e) This acknowledgement of registration certificate shall be renewed together with the certificate of registration as contractor issued by CIDB.	
					2. Responsibilities of the Company/Holder of the Certificate (a) The company/holder of the certificate shall not lend, lease, transfer, permit or cause the certificate to be used by someone who has not been named to use this certificate for the purpose of procuring government work. (b) The contractor shall not participate in any tender or execute any works after the expiry of this certificate until it has been renewed.	Noted

APPENDIX I – MAJOR APPROVALS, LICENCES AND PERMITS (Cont'd)

No.	Licensee	Issuing authority	Date of issue / Validity period	Licence No. / Nature of approval	Equity and/or major conditions imposed	Compliance status
					(c) Only officers of the company who are named in this certificate are authorised to sign the company contract documents and take tender document as well as attending to work site for voting, price calling and tender. The company shall not authorise any other officer for the aforesaid. (d) The company/holder of the certificate shall ensure all terms and conditions to obtain this certificate are complied with at all times during the period validity of this certificate. (e) The company/holder of the certificate shall inform CIDB of any change of information within 30 days from the date of occurrence of the said change. (f) The company/holder of the certificate shall comply with all instructions and resolutions of the government via treasury instructions, CIDB circular from time to time.	
					3. Disciplinary Actions	Noted
					(a) The company/holder of the certificate shall be subject to such disciplinary actions set out in Regulation 15 of the Registration of Contractors (Construction Industry) Regulations 1995 in the event of failure to comply with item 2 above.	

APPENDIX I – MAJOR APPROVALS, LICENCES AND PERMITS (Cont'd)

No.	Licensee	Issuing authority	Date of issue / Validity period	Licence No. / Nature of approval	Equity and/or major conditions imposed	Compliance status
					(b) CIDB has the right to take disciplinary action and impose any punishment on the registered contractor. (c) The company/holder of the certificate who has been suspended or where this certificate has been revoked due to disciplinary proceedings shall not participate in any tender or government procurement work during the suspension period. (d) The company/holder of the certificate whose certificate has been revoked/withdrawn will be removed from the register of CIDB. Such company who wishes to obtain a SPKK shall comply with the terms and conditions for the issuance of SPKK for new applications. A blacklisted key management personnel is prohibited from obtaining SPKK for a period of 3 years. (e) The company/holder of the certificate who has been blacklisted and suspended through disciplinary proceedings will not be removed from the register of CIDB. The said company/holder of the certificate will be allowed to participate in the tender or government procurement work only after the expiry of the blacklisting or suspension period.	

APPENDIX I – MAJOR APPROVALS, LICENCES AND PERMITS (Cont'd)

No.	Licensee	Issuing authority	Date of issue / Validity period	Licence No. / Nature of approval	Equity and/or major conditions imposed	Compliance status
					4. Financial Limits	Noted
					(a) SPKK registered contractor shall only participate in tender allowed under the registration grade it is registered under.	
(v)	West River Engineering	MOF Registration No.: 357-02216484 Licence No.: K659431803 43493391	31 March 2023 / 11 May 2026	Certificate of Registration of West River Engineering as a supplier/service provider in the sector, field and sub-field under the following sector codes: 010501, 020102, 020301, 140201, 140202, 140301, 210101, 210202, 220301, 220401, 221506 The authority is given to the following persons for managing the government procurement works: Lim Yong Lai – Director Yip Lay Huat – Director Yap Cheng Ban – Senior Engineer	1. General conditions (a) The approval is granted based on the information provided by the company. (b) Any change to the details of the company shall be updated online at www.eperolehan.gov.my within 21 days from the effective date of change, failing which the company shall be penalised as per paragraph (e) below. (c) The company shall submit any information required by MOF within the prescribed period, failing which the company shall be penalised as per paragraph (e) below. (d) The company must ensure that the registered sector in the certificate shall not overlap with the sectors approved for other companies which has the same shareholders, members of board of directors, management and staff or companies that are operating from the same premise.	Complied

APPENDIX I – MAJOR APPROVALS, LICENCES AND PERMITS (Cont'd)

No.	Licensee	Issuing authority	Date of issue / Validity period	Licence No. / Nature of approval	Equity and/or major conditions imposed	Compliance status
					(e) MOF has the right to conduct an inspection or audit at any time without prior notification. Failure to comply with the conditions of registration and/or sector code may result in the registration of the company being suspended/cancelled and the company, its shareholders and directors may be subject to disciplinary proceedings or blacklisted without any notice being given if it is determined that the information provided is false. (f) A company that is newly registered is not allowed to make any changes to its shareholders or directors within a period of 6 months from the date of registration. (g) Failure of the company to renew its registration after 1 year from the expiry of its registration may result in the company's registration with the MOF being cancelled and automatically removed from the <i>ePerolehan System</i>. In such circumstances, the company is required to make a new application.	
					2. Suspension or Cancellation of Registration The registration shall be suspended/cancelled in the event the company commits the following offences: (a) The company/ shareholders/ partners/ directors/ other management personnel has	Noted

APPENDIX I – MAJOR APPROVALS, LICENCES AND PERMITS (Cont'd)

No.	Licensee	Issuing authority	Date of issue / Validity period	Licence No. / Nature of approval	Equity and/or major conditions imposed	Compliance status
					committed a crime and is found guilty in a court of law in Malaysia or outside Malaysia or is subject to any civil liability. (b) The company withdraws an offer before the tender is being considered or rejects an offer that has been made. (c) The Company fails to perform its contractual obligations entered into with the government. (d) The company is found to have amended the certificate with the intention to deceive or for whatsoever reasons. (e) The company allows the certificate to be misused by any individual / companies. (f) The company is found to have been involved in price fixing with other companies when entering into a government tender or granted ay sub-contract without obtaining prior valid consent from the relevant government agencies.	
					3. Renewal	Noted
					(a) The company is required to submit the renewal application 3 months prior to the expiry of the registration.	

APPENDIX I – MAJOR APPROVALS, LICENCES AND PERMITS (Cont'd)

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APPENDIX I – MAJOR APPROVALS, LICENCES AND PERMITS (Cont'd)

No.	Licensee	Issuing authority	Date of issue / Validity period	Licence No. / Nature of approval	Equity and/or major conditions imposed	Compliance status
(viii)	West River M&E	CIDB Registration No.: 0120230530-WP119129	9 June 2023 / 8 June 2025	Certificate of Registration issued to West River M&E as contractor pursuant to Part VI of CIDB Act in respect of: • Grade 5, Category B, Specialisation B04 • Grade 5, Category CE, Specialisation CE21 • Grade 5, Category ME, Specialisation M15	1. General conditions (a) This certificate is non-transferable. (b) CIDB reserves the right to review the registration grade of the registered contractor from time to time. 2. Responsibility and Obligations of the Contractor (a) The contractor shall comply with the provisions of the CIDB Act, the regulations made thereunder and any term, condition or restriction imposed by CIDB from time to time. (b) The contractor shall not participate in any tender or execute any construction works after the expiration of this certificate unless it is renewed. (c) The contractor shall not undertake any construction projects which exceeds the value of construction works specified under the registration grade and shall not execute any type of construction work outside of its registered category(ies). (d) The contractor shall submit information regarding any new construction works or contract(s) within 14 days of the award or prior to commencement of works, whichever the earlier.	Complied Noted

APPENDIX I – MAJOR APPROVALS, LICENCES AND PERMITS (Cont'd)

No.	Licensee	Issuing authority	Date of issue / Validity period	Licence No. / Nature of approval	Equity and/or major conditions imposed	Compliance status
					(e) The contractor shall submit any information required by CIDB from time to time. (f) The contractor shall display the certificate of registration issued by CIDB or a certified true copy of the same by CIDB at the place of business. (g) The contractor shall display its registration number on the signboard at each construction site. (h) The contractor shall apply for a renewal of registration within 60 days before the expiry date specified in this certificate. (i) The contractor shall comply with all requirements in the Contractor's Code of Ethics. (j) The contractor shall employ skilled construction workers and site supervisors who are accredited and certified by CIDB. (k) All employees at the site must have valid construction personnel identification.	
					3. Disciplinary Actions The contractor's registration shall be cancelled, suspended or revoked if: (a) The contractor fails to comply with the requirement of any other written law;	Noted

APPENDIX I – MAJOR APPROVALS, LICENCES AND PERMITS (Cont'd)

No.	Licensee	Issuing authority	Date of issue / Validity period	Licence No. / Nature of approval	Equity and/or major conditions imposed	Compliance status
					(b) The contractor has been adjudicated bankrupt; (c) A winding-up petition in relation to the contractor has been presented; (d) The contractor contravenes or fails to comply with any provision of the CIDB Act; (e) The contractor has obtained the certificate by making or causing to be made any false or fraudulent declaration, certification or representation either in writing or otherwise; (f) The contractor has abandoned any construction works undertaken without good reason; (g) The contractor is found negligent by the court of any board of enquiry established under any written law in connection with any construction works undertaken; or (h) The contractor contravenes or fails to fulfil any of the contractor's responsibilities and obligations as specified in paragraph 2.	
4.					Pursuant to Regulation 13 of the Registration of Contractors (Construction Industry) Regulations 1995, a registered contractor shall notify CIDB of any change in its capital, ownership or its board of directors or management within 30 days of the change.	Noted

APPENDIX I – MAJOR APPROVALS, LICENCES AND PERMITS (Cont'd)

No.	Licensee	Issuing authority	Date of issue / Validity period	Licence No. / Nature of approval	Equity and/or major conditions imposed	Compliance status
(ix)	Neutron Letrik	Majlis Perbandaran Kajang File No.: MPKJ/CL/2/2 17/2023	1 January 2025 / 31 December 2025	Business premise licence and advertisement licence for factory for assembly of switchboard (engineering and electrical works) and storage of goods at No.11, Jalan P2/16, Seksyen 2, Bandar Teknologi Kajang, 43500 Semenyih, Selangor	1. This licence must be renewed prior to its expiry and can be renewed 3 months prior to the expiry date. 2. The licensing authority reserves its right to cancel the licence at any time. 3. The owner of the premise must notify the licensing authority of any change in the ownership of the premise.	Noted Noted Noted
(x)	Neutron Letrik	ST Registration No.: ST(TKL)WPK L/C/PPS/000 24/2020	13 November 2020 / 12 November 2025	Certificate of Registration as Switchboard Manufacturer issued pursuant to Regulation 92 of the Electric Regulations 1994 which authorises Neutron Letrik to carry out the business of manufacturing switchboards at an approximate operating voltage of 0.600 volts as at 11 & 13, Jalan 1/113A Batu 4 1/2 Jalan Klang Lama, 58000 Kuala Lumpur, Wilayah Persekutuan for a period of 5 years	1. Comply with all conditions applicable to the registration throughout the validity period of this certificate as set out in Electricity Supply Act 1990 and all regulations made thereunder, as well as all orders and guidelines issued by the ST from time to time; 2. Renewal application for this certificate must be submitted to the ST no later than 14 days from the date of its expiry	Complied Noted

APPENDIX I – MAJOR APPROVALS, LICENCES AND PERMITS (Cont'd)

No.	Licensee	Issuing authority	Date of issue / Validity period	Licence No. / Nature of approval	Equity and/or major conditions imposed	Compliance status
(xi)	Neutron Letrik	SEDA Registration No.: SEDA-RPVSP-2025/145	9 January 2025 / 31 December 2025	This is to certify that Neutron Letrik is registered with SEDA as a Registered Photovoltaic Service Provider that is qualified to participate in Feed-in-Tariff (FIT) programme, Net-Energy Metering (NEM) programme or any programme administered by SEDA under the Renewable Energy Act 2011 and the company agrees to comply with the conditions prescribed for the registration.	1. The registration must be renewed at least 30 days before the expiry date; 2. The company must appoint a person who has passed the 'Grid-Connected PV (GCPV) Systems Design' course conducted by SEDA as a full time employee; 3. The company must appoint any person who has obtained Certificate of Electrical Wireman (at least PW2) and has passed the 'Grid-Connected PV (GCPV) Systems Wireman or Chargeman' course conducted by SEDA to be involved in photovoltaic installation project under any renewable energy mechanism and programme; 4. The company must comply with the provisions of Renewable Energy Act 2011 and all subsidiary legislations, guidelines and related laws made thereunder; and 5. The company must meet the achievement targets set by SEDA, if any, and contribute towards the Net-Energy Metering programme development or any other related renewable energy programme under SEDA	Noted Complied Complied Noted Noted
(xii)	Neutron Power	DBKL File No.: DBKL.JPPP/01899/04/2024/KM01	27 April 2024 / 26 April 2025	Business premise licence for management office at 22-2-1, Jalan 2/101C, Cheras Business Centre, Taman Cheras, 56100 Kuala Lumpur, Wilayah Persekutuan	N/A	N/A

APPENDIX I – MAJOR APPROVALS, LICENCES AND PERMITS (Cont'd)

No.	Licensee	Issuing authority	Date of issue / Validity period	Licence No. / Nature of approval	Equity and/or major conditions imposed	Compliance status
(xiii)	Neutron Power	CIDB Registration No.: 0120230608-WP119460	16 July 2024 / 12 June 2025	Certificate of Registration issued to Neutron Power as contractor pursuant to Part VI of CIDB Act in respect of: - Grade 4, Category B, Specialisation B04 - Grade 4, Category CE, Specialisation CE21 - Grade 4, Category ME, Specialisation M15	1. General conditions (a) This certificate is non-transferable. (b) CIDB reserves the right to review the registration grade of the registered contractor from time to time. 2. Responsibility and Obligations of the Contractor (a) The contractor shall comply with the provisions of the CIDB Act, the regulations made thereunder and any term, condition or restriction imposed by CIDB from time to time. (b) The contractor shall not participate in any tender or execute any construction works after the expiration of this certificate unless it is renewed. (c) The contractor shall not undertake any construction projects which exceeds the value of construction works specified under the registration grade and shall not execute any type of construction work outside of its registered category(ies). (d) The contractor shall submit information regarding any new construction works or contract(s) within 14 days of the award or prior to commencement of works, whichever the earlier.	Complied Noted

APPENDIX I – MAJOR APPROVALS, LICENCES AND PERMITS (Cont'd)

No.	Licensee	Issuing authority	Date of issue / Validity period	Licence No. / Nature of approval	Equity and/or major conditions imposed	Compliance status
					(e) The contractor shall submit any information required by CIDB from time to time. (f) The contractor shall display the certificate of registration issued by CIDB or a certified true copy of the same by CIDB at the place of business. (g) The contractor shall display its registration number on the signboard at each construction site. (h) The contractor shall apply for a renewal of registration within 60 days before the expiry date specified in this certificate. (i) The contractor shall comply with all requirements in the Contractor's Code of Ethics. (j) The contractor shall employ skilled construction workers and site supervisors who are accredited and certified by CIDB. (k) All employees at the site must have valid construction personnel identification.	
					3. Disciplinary Actions The contractor's registration shall be cancelled, suspended or revoked if: (a) The contractor fails to comply with the requirement of any other written law;	Noted

APPENDIX I – MAJOR APPROVALS, LICENCES AND PERMITS (*Cont'd*)

No.	Licensee	Issuing authority	Date of issue / Validity period	Licence No. / Nature of approval	Equity and/or major conditions imposed	Compliance status
					(b) The contractor has been adjudicated bankrupt;	
					(c) A winding-up petition in relation to the contractor has been presented;	
					(d) The contractor contravenes or fails to comply with any provision of the CIDB Act;	
					(e) The contractor has obtained the certificate by making or causing to be made any false or fraudulent declaration, certification or representation either in writing or otherwise;	
					(f) The contractor has abandoned any construction works undertaken without good reason;	
					(g) The contractor is found negligent by the court of any board of enquiry established under any written law in connection with any construction works undertaken; or	
					(h) The contractor contravenes or fails to fulfil any of the contractor's responsibilities and obligations as specified in paragraph 2.	

APPENDIX I – MAJOR APPROVALS, LICENCES AND PERMITS (Cont'd)

No.	Licensee	Issuing authority	Date of issue / Validity period	Licence No. / Nature of approval	Equity and/or major conditions imposed	Compliance status
					4. Pursuant to Regulation 13 of the Registration of Contractors (Construction Industry) Regulations 1995, a registered contractor shall notify CIDB of any change in its capital, ownership or its board of directors or management within 30 days of the change.	Noted

The above major approvals, licences and permits issued to our Group are required by the respective governmental authorities and/or regulatory bodies for the operation and business of our Group.

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