

SOUTHERN SCORE BUILDERS BERHAD (“SSBB” OR THE “COMPANY”)

PROPOSED ACQUISITION BY SSBB OF 1,275,000 ORDINARY SHARES IN SJEE ENGINEERING SDN BHD, REPRESENTING 51% EQUITY INTEREST IN SJEE FROM NGO HEA BING FOR A TOTAL CASH CONSIDERATION OF RM22,950,000 (“PROPOSED ACQUISITION”)

1. INTRODUCTION

On behalf of the Board of Directors of SSBB (“**Board**”), Kenanga Investment Bank Berhad (“**Kenanga IB**”) wishes to announce that SSBB had on 13 May 2024 entered into the following agreements:

- (a) a conditional shares sale and purchase agreement with Ngo Hea Bing (“**NHB**” or the “**Vendor**”) for the proposed acquisition by SSBB of 1,275,000 ordinary shares in SJEE Engineering Sdn Bhd (“**SJEE**”) (“**SJEE Shares**”), representing 51% equity interest in SJEE for a total cash consideration of RM22,950,000 (“**Purchase Consideration**”) (“**SSA**”); and
- (b) a conditional shareholders’ agreement with NHB to regulate the relationship as well as the respective rights and obligations of shareholders of SJEE and to govern the conduct of the business and affairs of SJEE upon completion of the Proposed Acquisition (“**Shareholders’ Agreement**”).

Please refer to **Appendix I** and **Appendix II** of this announcement for the salient terms of the SSA and Shareholders’ Agreement respectively.

Further details of the Proposed Acquisition are set out in the ensuing sections of this announcement.

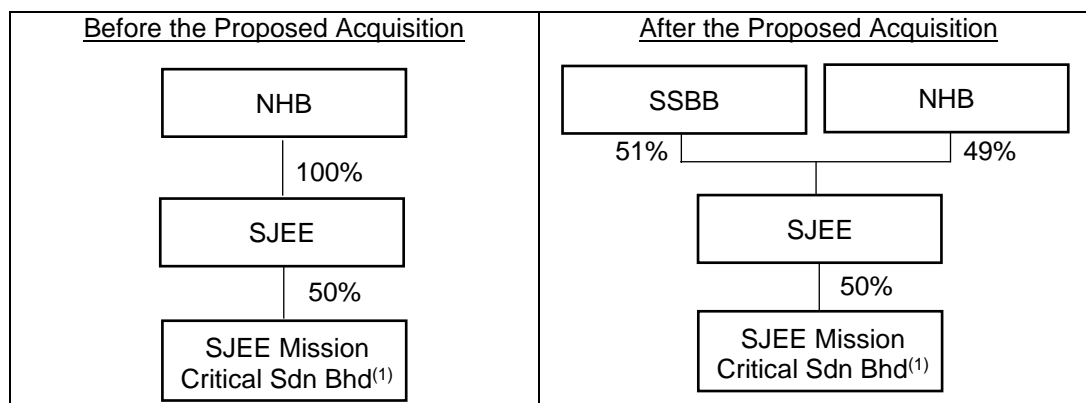
2. DETAILS OF THE PROPOSED ACQUISITION

2.1 Proposed Acquisition

The Proposed Acquisition entails the acquisition by SSBB of 1,275,000 SJEE Shares, representing 51% equity interest in SJEE for a total cash consideration of RM22.95 million, subject to the terms and conditions of the SSA.

Upon completion of the Proposed Acquisition, SJEE will be a 51%-owned subsidiary of SSBB.

The shareholding structure of SJEE before and after the Proposed Acquisition is as follows:



Note:

- (1) *The remaining 50% equity interest in SJEE Mission Critical Sdn Bhd is held by Lim Chong Ming who is not a related party to SSBB and its subsidiaries (“SSBB Group” or “Group”) or SJEE. As at 30 April 2024, being the latest practicable date prior to the date of this announcement (“LPD”), SJEE Mission Critical Sdn Bhd has yet to commence operations.*

Pursuant to the Proposed Acquisition:

- (i) upon the execution of the SSA, the Vendor shall at its own costs and expenses procure the disposal or transfer of the properties and assets of SJEE identified and set out in the SSA, which are excluded from the Proposed Acquisition (“**Pre-Acquisition Assets**”) to himself or his nominee(s) no later than 12 months from the Completion Date (as defined in **Appendix I** of this announcement) (“**Transfer of Pre-Acquisition Assets**”). The Pre-Acquisition Assets will be transferred out of SJEE at a net book value of RM12.98 million based on SJEE’s unaudited financial statements for the financial year ended (“**FYE**”) 31 December 2023 (“**Agreed Transfer Price**”) including discharging, cancelling, and/or satisfying existing banking facilities relating to the Pre-Acquisition Assets;
- (ii) for the purpose of the Transfer of Pre-Acquisition Assets, subject to applicable laws, regulatory requirements and the requirement in respect of the Minimum Agreed NTA (as defined below), the Vendor may procure SJEE to effect a distribution whether in specie or capital distribution or a cash dividend equivalent to the Agreed Transfer Price of the Pre-Acquisition Assets in favour of the Vendor whereby the amount declared to the Vendor shall be utilised strictly to off-set the Agreed Transfer Price payable by the Vendor to SJEE for the acquisition of the Pre-Acquisition Assets (“**Distribution for Transfer of Pre-Acquisition Assets**”);
- (iii) subject to the Minimum Agreed NTA, the Vendor may cause SJEE to effect a special distribution to the Vendor in accordance with the Companies Act 2016 (“**Act**”) on the profit after tax (“**PAT**”) of SJEE for the period between 1 January 2024 and 30 June 2024 as soon as practicable after the special audit has been carried out to ascertain SJEE’s profit for the period between 1 January 2024 and 30 June 2024 (“**Special Distribution**”).

The Transfer of Pre-Acquisition Assets, Distribution for Transfer of Pre-Acquisition Assets and Special Distribution shall be subject always to the net tangible assets of SJEE of not less than RM13.0 million as at the Completion Date after taking into account the effects of Transfer of Pre-Acquisition Assets, Distribution for Transfer of Pre-Acquisition Assets and Special Distribution (“**Minimum Agreed NTA**”).

Please refer to **Appendix I** and **Appendix II** for the salient terms of the SSA and Shareholders’ Agreement respectively.

Pursuant to the terms of the SSA, 1,275,000 SJEE Shares will be acquired by SSBB from the Vendor free from any encumbrances and together with all rights and benefits attaching to such SJEE Shares on or after the Completion Date.

Further details on SJEE are set out in the ensuing sections of this announcement.

Pursuant to the terms of the SSA, NHB, who holds 100% equity interest in SJEE prior to the completion of the Proposed Acquisition, irrevocably and unconditionally guarantees and undertakes to SSBB that SJEE shall achieve a cumulative PAT of not less than RM15.0 million for the periods over the Profit Guarantee Period (“**Profit Guarantee**”) as set out below:

Year	Profit Guarantee Period
1	1 July 2024 - 30 June 2025
2	1 July 2025 - 30 June 2026
3	1 July 2026 - 30 June 2027

The amount equivalent to the Profit Guarantee achieved by SJEE shall be released to NHB subject to SJEE achieving a PAT of no less than RM1.0 million for each of the period above.

Further details on the Profit Guarantee including the mechanism of releasing the amount of Profit Guarantee achieved are set out under **Appendix I** of this announcement.

2.2 Information on SJEE

SJEE was incorporated in Malaysia on 24 August 1992 under the Companies Act 1965 and deemed registered under the Act as a private limited company under the name of Selatan Johor Electrical Engineering Sdn Bhd. On 23 April 2007, SJEE adopted its present name, SJEE Engineering Sdn Bhd.

SJEE is principally engaged in the business of electrical contractor and investment holding.

As at the LPD, NHB is the registered and beneficial owner of 2,500,000 SJEE Shares, representing the entire issued share capital of SJEE.

Please refer to **Appendix III** of this announcement for further information on SJEE.

2.3 Basis and justification for the Purchase Consideration

The Purchase Consideration was arrived at on a 'willing-buyer willing-seller' basis after taking into consideration, among others, the following:

- (i) the Profit Guarantee as detailed in Section 2.1 of this announcement;
- (ii) the audited and unaudited PAT of SJEE for the FYE 31 December 2022 and FYE 31 December 2023 of approximately RM3.75 million and RM5.19 million, respectively;
- (iii) the rationale and benefits of the Proposed Acquisition as detailed under Section 3 of this announcement;
- (iv) future prospects of SJEE and the enlarged SSBB Group upon completion of the Proposed Acquisition as detailed under Section 4.4 of this announcement; and

- (v) the price-to-earnings ratio (“**PER**”) of selected comparable companies of SJEE listed on Bursa Malaysia Securities Berhad (“**Bursa Securities**”) as set out below:

Comparable companies⁽¹⁾	Principal activities	FYE	Market capitalisation as at the LPD⁽²⁾ (RM million)	Revenue (RM million)	PER⁽³⁾ (times)
HE Group Berhad	HE Group Berhad operates as an investment holding company. The company, through its subsidiaries, provides electrical engineering services, such as design, supply, installation, testing, and commissioning of power distribution systems.	31 December 2023	209.00	204.20	19.07
LFE Corporation Berhad	LFE Corporation Berhad is an investment holding company. The company, through its subsidiaries, provides general and specialised electrical and mechanical engineering services and maintenance works.	31 December 2023	182.92	114.35	12.07
Kinergy Advancement Berhad	Kinergy Advancement Berhad provides electrical and mechanical engineering services. The company offers electrical installation, generator sets, street lighting, lifts and escalators, fire protection and lightning protection services.	31 December 2023	680.79	199.31	24.84
Critical Holdings Berhad	Critical Holdings Berhad is principally engaged in the design and build, project management, supply, installation, testing, commissioning, maintenance and services support of mechanical, electrical and process utilities systems and equipment for critical facilities.	30 June 2023	297.39	150.94	31.01
				Minimum	12.07
				Maximum	31.01
				Average	21.75
				SJEE	⁽⁴⁾ 9.00

Notes:

- (1) There are no companies listed on Bursa Securities that are directly comparable to SJEE in terms of scale and composition of business activities, geographical coverage of business activities, operating history, profit track record, financial strength, risk profile, future prospects and marketability and liquidity of the companies' securities. However, for illustration purposes only and in order to facilitate the evaluation and assessment of the Proposed Acquisition, the comparable companies are selected on a best effort basis based on publicly available information which are by no means exhaustive.

The comparable companies are selected based on the following criteria:

- (i) principally involved in the provision of construction-related services including electrical engineering services; and
 - (ii) recorded PAT based on the latest audited financial statements.
- (2) The market capitalisation of the comparable companies was calculated based on the last traded price as at the LPD multiplied with the total number of outstanding shares of the respective comparable companies as at the LPD.
- (3) The PER is computed based on the market capitalisation as at the LPD divided by the latest published audited consolidated PAT as at the LPD.
- (4) The PER of SJEE is calculated as follows:

Purchase Consideration (assuming 51% equity value of SJEE as implied by the Purchase Consideration) (RM)	A	22,950,000
Profit Guarantee (assuming 51% equity value of SJEE as implied by the average Profit Guarantee per year attributable to SSBB of RM2.55 million) (RM)	B	2,550,000
Number of SJEE Shares to be acquired	C	1,275,000
Purchase Consideration per SJEE Share (sen)	$A/C = D$	18.00
Earnings per share ("EPS") (calculated based on the profit guarantee of RM2.55 million per SJEE Share) (sen)	$B/C = E$	2.00
PER (times)	D/E	9.00

Based on the above, the PER of SJEE implied by the average Profit Guarantee per year attributable to SSBB of RM2.55 million of 9.00 times is below the range of the PER of between 12.07 times and 31.01 times of the comparable companies.

Premised on the above, the Board is of the view that the Purchase Consideration is reasonable and realistic, after taking into consideration the following:

- (i) the audited financial information of SJEE for the FYEs 31 December 2020, 2021 and 2022 as well as the unaudited financial statements of SJEE for the FYE 31 December 2023 as set out in **Section 5 of Appendix III** of this announcement;
- (ii) the current order book of SJEE of approximately RM38.31 million for the FYE 31 December 2024; and
- (iii) the future prospects of SJEE and the enlarged SSBB Group upon completion of the Proposed Acquisition set out in Section 4.4 of this announcement.

2.4 Mode of settlement

The Purchase Consideration of RM22.95 million shall be satisfied entirely in cash in the manner set out below:

Payment tranche	Timing	Consideration RM	%
Deposit	Upon signing of SSA	2,295,000 ⁽¹⁾	10.00
Balance Purchase Consideration	On Completion Date	20,655,000 ⁽²⁾	90.00
Total		22,950,000	100.00

Notes:

- (1) *In the event that any or all the Conditions Precedent (as defined in Appendix I of this announcement) is/are not obtained or fulfilled (unless waived in writing in accordance with the provisions of the SSA) within 6 months from date of the SSA (or by such date agreed by the Company and NHB in writing), the deposit of RM2,295,000 shall be refunded in full free of interest to the Company.*
- (2) *On the Completion Date, out of the RM20,655,000, an amount of RM5,655,000 will be paid directly to NHB while the remaining sum of RM15,000,000 will be deposited to the Company's stakeholder ("Security Sum"). The release of the Security Sum to NHB shall be subject to SJEE achieving the Profit Guarantee over the Profit Guarantee Period which will be used for among others, the settlement of the outstanding Pre-Acquisition Liabilities (as defined in Appendix I of this announcement) by NHB (if any), the details of which are set out under Section 6.3 of Appendix I of this announcement.*

2.5 Source of funding

During the Company's extraordinary general meeting ("**EGM**") held on 7 May 2024, shareholders of the Company had approved the variation of its private placement proceeds which include, among others, the reallocation of RM21.80 million for the acquisition of prospective businesses and/or assets largely complimentary to the Group, particularly in the mechanical and electrical construction business and/or related assets ("**Reallocated Private Placement Proceeds**").

Following the above, the Purchase Consideration shall be fully satisfied in cash, which shall be financed partly by the Reallocated Private Placement Proceeds of RM21.80 million while the remaining RM1.15 million will be financed through internally generated funds and/or bank borrowings. As at the LPD, further breakdown for the sources of funding for the remaining RM1.15 million has not been determined.

2.6 Liabilities to be assumed

As at the LPD, there is existing shareholders/director advances owing by SJEE to NHB amounting to approximately RM7,718,167.50 which were advanced by NHB to SJEE for the purpose of working capital and shall be repayable by SJEE to NHB in accordance with the provisions of the Shareholders' Agreement ("**Existing NHB Advances**"). For the avoidance of doubt, as per the Shareholders' Agreement, the final amount of the Existing NHB Advances will be determined on the Completion Date.

Pursuant to the terms of the Shareholders' Agreement, the Existing NHB Advances shall be settled by SJEE within 12 months from the effective date of the Shareholders' Agreement ("**Repayment Period**"). In the event of non-payment of the whole of the Existing NHB Advances within the Repayment Period, the remaining unpaid amount will be subjected to late payment interest of 8% per annum.

Save as disclosed above, there are no other liabilities, including contingent liabilities and/or guarantees to be assumed by the Group pursuant to the Proposed Acquisition. The other existing liabilities of SJEE will be settled by SJEE in its ordinary course of business.

2.7 Additional financial commitment

The Group does not expect to incur additional financial commitment after the Proposed Acquisition.

2.8 Information on the Vendor

NHB, Malaysian, aged 52, is a director of SJEE and holds 100% equity interest in SJEE as at the LPD.

3. RATIONALE AND BENEFITS OF THE PROPOSED ACQUISITION

The Group is principally involved in the provision of construction management services through its role as either turnkey contractor or main contractor. The Group is involved in the implementation of construction projects and it engages subcontractors to provide selected construction services including main building works, internal infrastructure as well as mechanical and electrical (“M&E”) engineering works. The Groups’ construction projects comprise high-rise residential buildings located in Klang Valley area.

On the other hand, SJEE is mainly involved in the designing, installation and commissioning of electrical works. SJEE’s completed and ongoing projects include electrical works for data centres, high rise and mixed development buildings, commercial buildings, industrial buildings as well as healthcare facilities across Malaysia. SJEE’s clientele comprises companies in various industries including software and cloud computing services, technology, oil and gas, electronics and financial services industry. As set out in **Section 1 of Appendix III** of this announcement, SJEE’s projects are located across Malaysia including in Kuala Lumpur, Selangor, Kelantan, Kedah and Sarawak.

Through the Proposed Acquisition, the Group is expected to be able to tap into new market segments within the construction value chain and to expand its income stream. The Group would also be able to leverage on SJEE’s technical expertise in electrical works with track record of more than 30 years in the business to enhance its current suite of capabilities to include electrical works, which are currently outsourced by the Group to subcontractors. Not only will this broaden the Group’s presence in the construction value chain, by undertaking some of electrical works in-house, the Group is expected to benefit from cost efficiencies and reduce reliance on subcontractors for the M&E works of its construction projects. In addition, it can also leverage on SJEE’s presence outside of Klang Valley to expand its geographical reach.

On the other hand, by leveraging on the Group’s established track record and strength in the construction industry, SJEE would be able to tender for more high value M&E jobs in the high-tech industry especially data centres. This will augur well with the opportunities available in the local data centre market as set out in Section 4.3 of this announcement.

Further, the Proposed Acquisition would also provide additional income to the Group moving forward, in view of the Profit Guarantee provided by the Vendor to SSBB for a period of 3 financial years ending 30 June 2025, 30 June 2026 and 30 June 2027, of which the expected total profit attributable to SSBB is approximately RM7,650,000 subject to the terms and conditions of the SSA.

Premised on the above and barring any unforeseen circumstances, the Board is of the view that the Proposed Acquisition is expected to contribute positively to the financial performance of the Group.

4. INDUSTRY OVERVIEW AND PROSPECTS

4.1 Overview and outlook of the Malaysian economy

The Malaysian economy expanded by 3% in the fourth quarter of 2023 (3Q 2023: 3.3%; 2Q 2023: 2.9%). Household spending remained supported by improving labour market conditions and easing cost pressures. The unemployment rate declined to the pre-pandemic level of 3.3% while the labour force participation rate was at a historic high in 2023. Meanwhile, growth in investment activity was underpinned by the progressive realisation of multi-year projects and capacity expansion by firms. Exports, however, remained subdued due to prolonged weakness in external demand amid stronger imports. On the supply side, there was a broad-based expansion. The commodities sector grew. This was supported by higher oil and gas production as well as expansion in the agriculture sector amid improved labour supply. The services and construction sectors continued to expand. The manufacturing sector remained soft from continued weakness in the electrical and electronics industry. In terms of monthly GDP, December recorded a growth of 1.4%, lower than November (3.8%) and October (3.9%), attributed mainly to the shorter school holiday period during the month and weaker export-oriented manufacturing sector. On a quarter-on-quarter seasonally-adjusted basis, the economy contracted by 2.1% (3Q 2023: +2.6%).

Overall, the 2023 growth for the Malaysian economy normalised to 3.7%, following a strong growth registered in the previous year (2022: 8.7%). Growth moderated amid a challenging external environment. This was due mainly to slower global trade, the global tech downcycle, geopolitical tensions and tighter monetary policies. On the domestic front, despite the lapse of large policy support provided as the economy started to open up in 2022, the continued recovery in economic activity and labour market conditions supported growth in 2023. In addition, the solid growth performance of the economy is reinforced by a resilient external position. Despite the challenging external environment, the current account surplus for the year 2023 was sustained at 1.2% of GDP, supported by a diversified export structure across market and product. The strength in external position is also reflected in the external debt, which declined to 68.2% of GDP in 2023 (3Q 2023: 69%), and a higher net international investment position at 6.6% of GDP in 2023 (3Q 2023: 5.2%). Importantly, the external debt remains manageable given the favourable maturity and currency profiles. One-third of the external debt is denominated in ringgit, limiting currency risk, while around 70% of debt have medium and longer-term tenures. Foreign currency borrowings are also subject to Bank Negara Malaysia (BNM)'s prudential requirements and continue to consist mainly of concessionary intragroup loans.

Headline inflation continued to decline to 1.6% during the quarter (3Q 2023: 2%). The downward trend was contributed by the moderation in fresh food inflation (4Q 2023: 0.5%; 3Q 2023: 1.9%) and core inflation (2%; 3Q 2023: 2.5%). The lower core inflation was largely driven by an easing in services sub-segments, including food away from home and repair and maintenance of personal transport. Inflation pervasiveness continued to trend lower, as the share of Consumer Price Index items recording monthly price increases moderated to 36.3% during the quarter (3Q 2023: 40.8%). This brought inflation pervasiveness below its fourth quarter long-term average (2011-2019) of 41.7%. For 2023 as a whole, headline inflation declined to 2.5% (2022: 3.3%) while core inflation averaged at 3% (2022: 3%).

(Source: Bank Negara Malaysia, Economic and Financial Developments in Malaysia in the Fourth Quarter of 2023)

4.2 Overview and outlook of the construction industry in Malaysia

The construction sector grew by 3.6% (3Q 2023: 7.2%) due to further expansion in civil engineering subsector weighed by weak non-residential activities.

(Source: BNM Quarterly Bulletin, 4Q 2023, Bank Negara Malaysia)

The real estate and business services subsector is poised to grow by 5.4% attributed to sustained demand for professional services, particularly in the field of engineering following vigorous construction activities. In addition, the real estate segment is projected to improve owing to the increase in non-residential and residential property transactions.

The construction sector improved steadily by 6.8% in the first half of 2023 mainly driven by the civil engineering and special construction activities subsectors. The civil engineering subsector rebounded, supported by the acceleration of ongoing infrastructure and utilities projects, which include East Coast Rail Link (ECRL) and Large Scale Solar 4 projects. The non-residential buildings and residential buildings subsectors also registered positive growth in line with vibrant economic activities. Efforts are underway to accelerate the construction of public infrastructure projects in Sabah and Sarawak including the Sabah Pan-Borneo Highway and Sarawak-Sabah Link Road.

The construction sector is forecast to increase by 6.8% in 2024 following better performance in all subsectors. Civil engineering subsector continues to be bolstered by strategic infrastructure and utilities projects which include ongoing projects such as the Central Spine Road (CSR), the Pan Borneo Sabah Highway and acceleration of projects under the Twelfth Malaysia Plan, 2021 – 2025 (Twelfth Plan). Furthermore, a new solar power plant project under the Corporate Green Power Programme will support the subsector's growth. The implementation of NIMP 2030 is expected to further strengthen the performance of non-residential buildings subsector as it will provide a platform to attract more investments into the country. In addition, the residential buildings subsector is projected to improve further in line with the Government's effort to increase more affordable houses as outlined under the MTR of the Twelfth Plan and the MADANI Neighbourhood scheme, as well as new launching by the private sector.

(Source: Economic Outlook 2024, Ministry of Finance Malaysia)

4.3 Overview and outlook of data centres in Malaysia

The domestic data centre market is projected to grow at a compound annual growth rate (“CAGR”) of 7% to RM7 billion by 2027. Malaysia is seeing accelerated data centre capacity plant-up and is expected to see a raft of new and emerging investments with over 800-megawatt (MW) capacity projected to come on stream in phases over the next five years due to lower land and energy costs.

Malaysia has evolved into an attractive location for data centre investments, thanks to abundant land and power resources, good international connectivity and supportive government policies, according to RHB Investment Bank Bhd. Citing a report by Arizton Advisory and Intelligence, it said the domestic data centre market is projected to grow at a CAGR of 7% to US\$1.6 billion (RM7.02 billion) by 2027 from US\$1.1 billion in 2021. Growth is said to be driven by rapid hyperscale investments and strong co-location demands.

Malaysia is already home to some 41 enterprise data centres which include the likes of AIMS Data Centre Sdn Bhd, Bridge Data Centres (M) Sdn Bhd, GDS Services Ltd, Keppel Data Centres Holdings Pte Ltd and TM ONE/VADS Bhd.

(Source: News article titled “Malaysia, the next regional data centre hub” published by the Malaysian Reserve dated 17 April 2023)

In the inaugural SEA-5 Index, Malaysia has come out on top as the most attractive destination for data centre investment. With 113 MW of take-up in 2022, this was a four-fold increase over the next highest market of Thailand, which saw a respectable 25 MW of take-up, and represents domination over the rest of the market. Much of this take-up accounts for the growth in Johor, although Kuala Lumpur (KL), which has also reported double digit take-up figures for the past 3 years, has also contributed to this. Strong GDP growth figures (8.7%) against its peers, alongside newly-announced Cloud regions for Amazon Web Services (AWS) and Google, resulted in their position as the leading SEA-5 market. Whilst markets such as Vietnam, Philippines and Thailand will no doubt rise in this index as their markets becomes more hospitable to data centre investment, currently, ailing take up figures alongside lesser Cloud appetite has resulted in their position at the rear of the index. However, this position is expected to change as global data centre operators and Cloud service providers start to establish a foothold in these markets in the coming years.

Earlier in 2022, Amazon Web Services (AWS), Microsoft, Google, and Telekom Malaysia received conditional to establish and operate hyperscale data centres and offer cloud services in Malaysia, with Chinese Cloud provider Alibaba already present in the market. The latest announcement by Amazon Web Services that it will invest USD\$6Bn in the Malaysian Cloud infrastructure market by 2037 reinforces its commitment to hosting Malaysian data in the country rather than in other key data centre hubs across the region such as Tokyo and Singapore. Whilst key Malaysian institutions such as Petronas and Bank of Islam Malaysia already use AWS in some capacity, the creation of a dedicated Cloud region in Malaysia will enable AWS to offer a full spectrum of Cloud services to its customers. Whilst it was originally thought that AWS were going to enter the market via a combination of self-build data centres and colocation deployments, it is now understood that they are solely reliant on colocation for this initial wave of capacity.

(Source: Data Centre Research Report dated April 2023 published by Knight Frank Malaysia)

4.4 Prospects of SJEE and the enlarged SSBB Group

Established in 1992 and commencing operations in 1992, SJEE has an established track record of more than 30 years in the electrical works industry. SJEE possesses expertise in electrical engineering works for turnkey projects, supported by an experienced management team with an average of more than 20 years in the industry as well as a team of technical personnel including certified technicians. This in-house capability provides SJEE with the ability to undertake complex electrical works project such as projects from high-tech industries including data centres which is projected to grow at a CAGR of 7% from USD 1.1 billion in 2021 to USD1.6 billion by 2027 as set out in Section 4.3 above.

The Group's expansion plans, strategies and steps to be taken in relation to its involvement in SJEE's business upon the completion of the Proposed Acquisition include:

- (i) Maintaining and retaining the existing key employees of SJEE to allow minimal disruption in SJEE's operations; and
- (ii) Continuing to tender new projects to enhance the enlarged Group's order book by leveraging on its combined experience and capabilities.

The prospects of SJEE and the enlarged Group will be further be strengthened by the potential synergies after the Proposed Acquisition. These synergies include enhanced cost efficiencies, wider geographical reach as well as strengthened tender competitiveness for construction projects entailing complex electrical works.

Taking into consideration the positive prospects of the local construction industry as detailed in Section 4.2 of this announcement, the Board views the Proposed Acquisition as favourable to the enlarged Group as it is in line with the Group's future plans to further expand its construction services. Taking into consideration the Profit Guarantee, the Board is also of the opinion that the Proposed Acquisition is expected to contribute positively to the future earnings of the Group, hence enhancing shareholders' value.

5. RISK FACTORS IN RELATION TO THE PROPOSED ACQUISITION

The Board does not foresee any material change to the risk profile of the enlarged Group as a result of the Proposed Acquisition as both the Group and SJEE are principally involved in the construction business. However, the additional risks pursuant to the Proposed Acquisition, which are by no means exhaustive, are set out below.

5.1 Non-completion risk

The completion of the Proposed Acquisition is conditional upon the fulfilment or waiver (as case may be) of the conditions precedent specified in **Section 3 of Appendix I**. In the event that any conditions precedent are not fulfilled or waived within the stipulated time under the SSA or there is any breach of the material terms of the SSA, the Proposed Acquisition may be delayed or terminated.

Nevertheless, the Company shall use its best endeavours to fulfil the conditions precedent in a timely manner and mitigate the occurrence of any of the termination events, which are within the Company's control, to ensure the completion of the Proposed Acquisition.

5.2 Non-fulfilment of the Profit Guarantee

The Profit Guarantee is based on bases and assumptions which the Board deems reasonable, but nevertheless may be subject to certain business uncertainties and contingencies which may be outside SJEE's control such as SJEE's ability to secure new projects promptly to ensure the continuity of SJEE's order book to meet the Profit Guarantee.

While the Board has taken reasonable steps to assess the achievability of the Profit Guarantee by assessing among others, SJEE's historical financial performance as well as future prospects, there is no assurance that the Profit Guarantee will be achieved.

Notwithstanding the above, the Group will seek to limit this risk through, amongst others, providing support to SJEE in the form of funding (in accordance with the shareholders' agreement), expertise in construction management services as well as business networks.

5.3 Business risks

The Group is currently involved in the provision of construction management services. It is involved in the implementation of construction projects and it engages subcontractors to undertake M&E engineering works. As such, whilst the Group is currently exposed to risks inherent in M&E business through subcontractors, after the Proposed Acquisition, the Group will be directly exposed to the risks in the M&E business through its interest in SJEE. These risks include increase in the exposure to the fluctuations in costs relating to M&E materials and equipment as well as the availability of skilled and experienced M&E technical personnel.

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

5.4 General economic, political and regulatory conditions

Similar to the Group, SJEE is exposed to uncertainties caused by adverse changes in political, economic and regulatory conditions in Malaysia, directly or indirectly, which may materially and adversely affect the prospects of SJEE. Among the uncertainties are changes in the risks of economic downturn, unfavourable monetary and fiscal policy changes, exchange control regulations or introduction of new rules and regulations, changes in interest rates, inflation and taxation and political leadership.

In order to mitigate such risks, the Group will continue to review the business development strategies of SJEE in response to the changes in political, economic and regulatory conditions. However, there is no assurance that any changes to the general economic, political and regulatory conditions will not have a material adverse effect on the results of operations and financial condition of SJEE.

6. EFFECTS OF THE PROPOSED ACQUISITION

6.1 Issued share capital and substantial shareholders' shareholdings

The Proposed Acquisition is not expected to have any effect on the issued share capital and shareholdings of the substantial shareholders of the Company as the Proposed Acquisition is satisfied by cash.

6.2 Net assets ("NA") and gearing

For illustrative purposes only, based on the audited consolidated financial position of the Group as at 30 June 2023, the proforma effects of the Proposed Acquisition on the NA and gearing of the Group are set out below:

	Audited as at 30 June 2023	After the Proposed Acquisition
	RM'000	RM'000
Share capital	117,042	117,042
Retained earnings	31,942	⁽³⁾ 31,192
Shareholders' equity / NA	148,984	148,234
Number of SSBB Shares in issue ('000)	2,272,590	2,272,590
NA per SSBB Share (RM) ⁽¹⁾	0.07	0.07
Borrowings	4,995	⁽⁴⁾ 8,427
Gearing ratio (times) ⁽²⁾	0.03	0.06

Notes:

(1) Computed based on NA divided by the number of SSBB Shares in issue.

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

(3) After taking into consideration the estimated expenses in relation to the Proposed Acquisition of approximately RM0.75 million.

(4) Includes SJEE's total borrowings of approximately RM3.4 million as at 31 December 2023.

6.3 Earnings and EPS

The Proposed Acquisition will not have any immediate effect on the consolidated earnings and EPS of the Group for the FYE 30 June 2024. However, the Proposed Acquisition is expected to contribute positively to the future earnings of the Group.

For illustrative purposes only, the pro forma effects of the Proposed Acquisition on the earnings and EPS of the Group assuming the Proposed Acquisition had been effected as at the beginning of the FYE 31 December 2022 are as follows:

	Audited for FYE 31 December 2022	After Proposed Acquisition
	RM'000	RM'000
PAT attributable to the owners of the Company	17,957	⁽¹⁾ 19,120
Number of SSBB Shares in issue ('000)	2,272,590	2,272,590
Basic EPS (sen) ⁽²⁾	0.79	0.84

Notes:

- (1) After taking in account 51% of the latest audited PAT of SJEE for the FYE 31 December 2022 of approximately RM1.91 million and deducting the estimated expenses in relation to the Proposed Acquisition of approximately RM0.75 million.
- (2) Computed based on PAT for the financial year attributable to the owners of the Company divided by the number of SSBB Shares in issue.

Notwithstanding the above, the impact of the Proposed Acquisition on the earnings and EPS of the Group moving forward will depend on the future earnings generated from SJEE.

6.4 Convertible securities

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

7. HIGHEST PERCENTAGE RATIO APPLICABLE

Pursuant to Paragraph 10.02(g) of the ACE Market Listing Requirements of Bursa Securities, the highest percentage ratio applicable to the Proposed Acquisition is approximately 42.61%, calculated based on the audited consolidated total assets of the SJEE Group as at 31 December 2022 against the audited consolidated total assets of the Group as at 30 June 2023.

8. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Acquisition is subject to the following approvals being obtained:

- (i) the shareholders of the Company at an Extraordinary General Meeting to be convened; and
- (ii) any other relevant authority and/or party, if required.

The Proposed Acquisition is not conditional upon any other corporate exercises undertaken or to be undertaken by the Company.

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

As at the LPD, none of the Directors, major shareholders and/or persons connected with them has any interest, direct or indirect, in the Proposed Acquisition.

10. DIRECTORS' STATEMENT

The Board, after having considered all aspects of the Proposed Acquisition, including but not limited to the terms of the SSA and the Shareholders' Agreement, basis and justifications for the Purchase Consideration, rationale and benefits of the Proposed Acquisition, risk factors in relation to the Proposed Acquisition, effects of the Proposed Acquisition as well as future prospects of SJEE and the enlarged SSBB Group, is of the opinion that the Proposed Acquisition is in the best interests of the Group.

11. ADVISER

Kenanga IB has been appointed as the Principal Adviser to the Company for the Proposed Acquisition.

12. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all the requisite approvals being obtained, the Proposed Acquisition is expected to complete by the third quarter of 2024.

13. DOCUMENTS AVAILABLE FOR INSPECTION

The SSA and Shareholders' Agreement will be made available for inspection at the registered office of the Company at Unit 621, 6th Floor, Block A, Kelana Centre Point, No 3 Jalan SS7/19, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan during normal business hours from Mondays to Fridays (except public holidays) for the period of 3 months from the date of this announcement.

This announcement is dated 13 May 2024.

APPENDIX I – SALIENT TERMS OF THE SSA

The salient terms of the SSA are set out as below:

1. Sale of the Sale Shares

Subject to the terms and conditions of the SSA, the Vendor agrees to sell 1,275,000 ordinary shares in SJEE ("**Sale Shares**") representing 51% equity interest in SJEE and the Purchaser agrees to purchase the Sale Shares free from encumbrances and together with all rights and advantages attaching to them at present or in the future.

2. Purchase Consideration

2.1. The Purchase Consideration shall be payable by the Purchaser to the Vendor as follows:

- (a) Upon execution of the SSA, the Purchaser shall pay to the Vendor a sum equivalent to 10% of the Purchase Consideration amounting to RM2,295,000 only ("**Deposit**"). The Deposit shall form part payment towards the Purchase Consideration;
- (b) On the Completion Date, the balance Purchase Consideration of RM20,655,000 only shall be payable by the Purchaser in the following manner:
 - (i) RM5,655,000 only shall be payable by the Purchaser to the Vendor directly;
 - (ii) the remaining balance of RM15,000,000 only ("**Security Sum**") shall be deposited by the Purchaser with the Purchaser's nominated stakeholder ("**Purchaser's Stakeholder**") held in favour of the Vendor as security for the Vendor's fulfilment of his obligation in respect of the Profit Guarantee, details of which are set out in Section 4 of this **Appendix I**.

2.2. The Purchaser's Stakeholder shall place the Security Sum which are in the form of cash ("**Placement Sum**") into an interest earning fixed deposit account maintained with a reputable bank in Malaysia which the Purchaser's Stakeholder shall at its sole discretion identify and absolutely determine on the placement renewable on monthly rest ("**FD Tenure**").

2.3. All interest accrued from the Placement Sum ("**Accrued Interest**") shall be dealt with by the Purchaser's Stakeholder as follows:

- (a) any Accrued Interest from the Placement Sum shall accrue for the benefit of the Vendor and to be released by the Purchaser's Stakeholder upon the fulfilment of the Profit Guarantee;
- (b) if the Vendor requests for the withdrawal of the Placement Sum prior to the maturity of the FD Tenure for the purpose of the Vendor's acquisition of the Permitted Investment (as defined in Section 4.3 of this **Appendix I**) pursuant to the terms of the SSA, then no interest shall be computed and payable on the Placement Sum for the particular FD Tenure which is withdrawn pre-maturely; and
- (c) in the event any part of the Placement Sum not released to the Vendor pursuant to Section 5.1, 5.2 and 5.3 of this **Appendix I**, then such Accrued Interest derived from such amount of the Placement Sum not released shall accrue for the benefit of the Purchaser.

3. Conditions Precedent

3.1. Completion is subject to and conditional upon the following conditions ("**Conditions Precedent**") being satisfied or waived within 6 months from the date of the SSA or such extended period as may be mutually agreed in writing between the parties ("**Conditional Period**"):

- (a) the Purchaser having procured the necessary approval of its:
 - (i) board of directors for the Proposed Acquisition; and
 - (ii) shareholders at an extraordinary general meeting to be convened in respect of the Proposed Acquisition

- (b) the Vendor having procured the written approval of such banks and financial institutions in relation to the existing banking and/or credit facilities granted to SJEE ("**Financial Institutions**"), where the terms of such banking and/or credit facilities expressly require the prior approval of the respective Financial Institutions for the implementation of the Proposed Acquisition, and the Purchaser having agreed to the terms and conditions of such written approval from the Financial Institutions, including the grant of a corporate guarantee by the Purchaser, if required;
 - (c) the Vendor having procured from SJEE evidence in the form of a pro forma balance sheet indicating that the net tangible assets value of SJEE as at the Completion Date shall be a sum no less than RM13,000,000 after taking into account the effects of the distributions, the Special Distribution (as defined in Section 4.6 of this **Appendix I**) to be made in accordance with the SSA and the disposal of Pre-Acquisition Assets ("**Minimum Agreed NTA**"); and
 - (d) the conduct and completion of a legal and financial due diligence exercise by the Purchaser on SJEE and its assets ("**Due Diligence**") in accordance with terms of the SSA, and the results of the Due Diligence being satisfactory to the Purchaser.
- 3.2. In the event that any of the Conditions Precedent is not fulfilled or waived by the parties on or before the expiry of the Conditional Period, the parties shall:
- (a) firstly, discuss and mutually agree on an extension of the Conditional Period for the fulfilment of the Conditions Precedent for a period to be mutually agreed between the parties;
 - (b) secondly, if the unfulfilled Conditions Precedent are not fulfilled due to no fault of any Parties, to the extent such Conditions Precedent are capable of being waived, the parties agree to waive such Conditions Precedent in accordance with the SSA;
 - (c) thirdly, in the event the parties are not able to mutually agree on the matters set out in Sections 3.2(a) and 3.2(b) above within 14 days of the expiry of the Conditional Period, then either party shall be entitled to give a notice in writing to the other party to terminate the SSA, whereupon all monies paid by the Purchaser to the Vendor pursuant to the provisions of the SSA shall be refunded by the Vendor and/or the Vendor's solicitors to the Purchaser free of interest within 14 days from the date of the Vendor's issuance or receipt of the notice to terminate the SSA, and thereafter the SSA shall be deemed null and void and of no further effect whatsoever, and none of the parties shall have any claims against the other for costs, damages, compensation or otherwise, save for any claims arising from any antecedent breach.
- 4. Profit Guarantee**
- 4.1. The Vendor irrevocably and unconditionally guarantees and undertakes to the Purchaser that SJEE shall achieve a cumulative PAT of not less than RM15,000,000 ("**Guaranteed Sum**") over 3 financial periods as follows ("**Profit Guarantee**"):
- (a) the period from 1 July 2024 to 30 June 2025 ("**Year 1**");
 - (b) the period from 1 July 2025 to 30 June 2026 ("**Year 2**"); and
 - (c) the period from 1 July 2026 to 30 June 2027 ("**Year 3**").
- (Year 1, Year 2 and Year 3 shall collectively be referred to as the "**Financial Periods**" and "**Financial Period**" shall mean any one of them").
- 4.2. The PAT shall be computed based on SJEE's audited financial year end statements for each particular Financial Period as may be verified, approved and certified by the SJEE's external auditors ("**Certified Accounts**") which shall in the absence of manifest error be conclusive, final and binding on the parties.

APPENDIX I – SALIENT TERMS OF THE SSA (Cont'd)

- 4.3. Notwithstanding that SJEE has not achieved the Guaranteed Sum within the Financial Periods, the Vendor may instruct the Purchaser's Stakeholder to place part of the Security Sum in liquid investments ("Permitted Investment") provided always that the Permitted Investment shall be:
- (i) deposited with the Purchaser's Stakeholder as forming part of the Security Sum and as security for the Profit Guarantee; and
 - (ii) agreed by the Purchaser before the Permitted Investment is undertaken by the Vendor.
- 4.4. The Permitted Investment shall be released to the Vendor together with any remaining Security Sum in accordance with Sections 5.1, 5.2 and 5.3 of this **Appendix I**.
- 4.5. The Vendor shall at all times ensure that the Security Sum in aggregate (taking into account the market value of the Permitted Investment) shall not be less than RM15,000,000 ("**Determined Value**"). In the event the Security Sum is valued less than the Determined Value, the Vendor shall within 14 days from the written request from the Purchaser top up and deposit the shortfall thereof in cash with the Purchaser's Stakeholder.
- 4.6. The Profit Guarantee shall not include the profits of SJEE for the period between 1 January 2024 and 30 June 2024 (both dates inclusive) ("**Excluded Period**") and therefore, a special audit ("**Special Audit**") shall be carried out during the month of July 2024 to ascertain SJEE's profits for the Excluded Period. The Special Audit shall be verified, approved and certified by SJEE's external auditors. Subject always to the Minimum Agreed NTA, the Vendor shall cause SJEE to effect a special distribution to the Vendor in accordance with the Act ("**Special Distribution**") on the PAT of SJEE for the Excluded Period as soon as practicable after the Special Audit is completed and verified, approved and certified by SJEE's External Auditors.

5. Release of Security Sum

- 5.1. Provided always that the PAT for any particular Financial Period is no less than RM1,000,000, the Purchaser's Stakeholder shall be authorised to release the Security Sum equivalent to the PAT achieved for that particular Financial Period to the Vendor in the following manner:
- (a) where the Security Sum consists of part cash and part Permitted Investment, the Vendor shall determine the proportion and/or ratio of the cash and Permitted Investment to be released to the Vendor corresponding to the PAT achieved for the Financial Period. The Purchaser's Stakeholder shall release the Security Sum (in the form of part cash and part Permitted Investment) equivalent to the PAT achieved for the particular financial period in the ratio determined by the Vendor less any Pre-Acquisition Liabilities to be paid but remained unpaid by the Vendor pursuant to Section 6.5 of this **Appendix I**, within 14 days from the date the Certified Accounts for the particular Financial Period is made available to the parties;
 - (b) no Security Sum shall be released to the Vendor if SJEE achieves a PAT less than RM1,000,000 or a loss after tax ("**LAT** ") for any particular Financial Period.
- 5.2. If SJEE achieves the Guaranteed Sum in any particular Financial Period and notwithstanding the PAT or LAT (as the case may be) for the following Financial Period(s) has not been determined, the Security Sum shall be dealt with in the following manner:
- (a) the Purchaser's Stakeholder shall be authorised to release the Security Sum (or any remaining unreleased portion) up to RM14,000,000 only (less the Security Sum released for the preceding Financial Period(s) and any Pre-Acquisition Liabilities to be paid but remained unpaid by the Vendor pursuant to Section 6.5 of this **Appendix I**) to the Vendor within 14 days from the date the Certified Accounts for that particular Financial Period is made available to the parties indicating that SJEE (taking into consideration the PAT or LAT (as the case may be) under all previous Certified Accounts) having achieved the Guaranteed Sum; and
 - (b) the remaining Security Sum of RM1,000,000 shall be retained by the Purchaser's Stakeholders until the expiry of Year 3 and shall be released in accordance with Section 5.3 of this **Appendix I**; and

- (c) the achievement of the Guaranteed Sum at any time prior to the expiry of Year 3 shall not in any way constitute the fulfillment of the Vendor's obligations in respect of the Profit Guarantee, and the Parties shall ascertain the fulfillment of the Profit Guarantee based on the cumulative PAT achieved by SJEE for the Financial Periods.

5.3. In the event SJEE achieves a cumulative PAT which is less than the Guaranteed Sum by the end of Year 3, the parties agree that such sum equivalent to the deficiency between the cumulative PAT and the Guaranteed Sum ("**Deficiency**") shall be dealt with in the following manner:

- (a) the Purchaser's Stakeholder shall release to the Vendor a sum equivalent to the PAT achieved by the end of Year 3 ("**PAT Achieved**") within fourteen (14) days from the date the Certified Accounts for Year 3 is made available to the Parties based on the following formula subject always that the sum equivalent to the Pre-Acquisition Liabilities to be paid but remained unpaid by the Vendor shall firstly be deducted from such amount to be released to the Vendor:

Sum to be released in Year 3 = [(A / B) x C] – D)

Whereby

A = the cumulative PAT achieved by SJEE in Year 1, Year 2 and Year 3

B = the Guaranteed Sum

C = the Security Sum

D = a sum equivalent to the Security Sum released for the preceding Financial Period(s) and the Pre-Acquisition Liabilities to be paid by the Vendor but remained unpaid.

- (b) the Purchaser shall retain all rights and benefits in respect of and/or accruing from any part of the Security Sum and the Permitted Investment including any dividends, interest or benefits derived from the Permitted Investment not released to the Vendor pursuant to Section 5.3(a) of this **Appendix I**. The Purchaser's Stakeholder is authorised to release the same to the Purchaser within 14 days from the date the Certified Accounts for Year 3 is made available to the parties.

5.4. If the remaining Security Sum in cash is insufficient to cover the Deficiency ("**Deficiency Shortfall**"):

- (a) the Purchaser shall be authorised to offset and sell such number of Permitted Investment equivalent to the Deficiency Shortfall whereby the Purchaser's Stakeholder shall dispose into the open market, such Permitted Investment at the disposal price to be determined at the sole discretion of the Purchaser and to settle the Deficiency Shortfall no later than 30 days from the date the Certified Accounts of SJEE for Year 3 is made available ("**Shares Offset**"). The Purchaser's Stakeholder shall release the sale proceeds from the Shares Offset to the Purchaser and any Permitted Investment remaining thereafter, if any, shall be released to the Vendor within 14 days from the date of completion of the Shares Offset; and
- (b) if all the Permitted Investment is insufficient to cover the Deficiency Shortfall after the completion of the Shares Offset,

then the Vendor shall within 30 days from the completion of the Shares Offset, be required to top up the balance shortfall thereof using its own cash such that the Deficiency is fully paid and settled.

APPENDIX I – SALIENT TERMS OF THE SSA (Cont'd)

- 5.5. If SJEE achieves a cumulative LAT, then no Security Sum and/or Permitted Investment shall be released to the Vendor and the Purchaser shall retain all rights and benefits in respect of and/or accruing from the Security Sum and the Permitted Investment, including the Accrued Interest, any dividends, interest or benefits derived from the Permitted Investment.
- 5.6. If SJEE achieves a cumulative PAT of RM15,000,000 or more by the end of Year 3, then the Purchaser's Stakeholder shall release the remaining Security Sum (less the Security Sum released for the preceding Financial Period(s) and any Pre-Acquisition Liabilities to be paid but remained unpaid by the Vendor pursuant to the terms of the SSA) within 14 days from the date the Certified Accounts for Year 3 is made available to the parties.

6. Pre-Acquisition Assets and Pre-Acquisition Liabilities

- 6.1. It is agreed between the parties that the identified properties and assets of SJEE as set out in the SSA (collectively referred to as the **"Pre-Acquisition Assets"**) shall accrue to and account for the benefit of the Vendor. The Vendor shall at its own costs and expenses, upon the execution of the SSA, procure SJEE to remit, dispose, transfer, distribute and/or assign all the Pre-Acquisition Assets in favour of the Vendor or third party(ies) nominated by the Vendor (**"Permitted Transferee/Assignee"**) at a net book value of RM12,980,000 only based on SJEE's unaudited financial statements for the financial year ended on 31 December 2023 (**"Agreed Transfer Price"**), including discharging, cancelling, and/or satisfying such existing banking facilities relating to the Pre-Acquisition Assets utilising the distributions to be made by SJEE to the Vendor for the purpose of the Vendor's purchase of, and where applicable, the redemption of the Pre-Acquisition Assets.
- 6.2. For the purpose of transferring the Pre-Acquisition Assets from SJEE to the Permitted Transferee/Assignee, the Vendor may procure SJEE, subject to applicable laws and regulatory requirements and the requirement in respect of the Minimum Agreed NTA, to effect a distribution whether in specie or capital distribution or a cash dividend equivalent to the Agreed Transfer Price of the Pre-Acquisition Assets in favour of the Vendor whereby the cash dividend declared to the Vendor shall be utilised strictly to off-set the purchase price payable by the Vendor to SJEE for the acquisition of the Pre-Acquisition Assets (**"Distribution for Transfer of Pre-Acquisition Assets"**).
- 6.3. Notwithstanding the occurrence of Completion, the parties agree that:
- (a) all costs, expenses, banking facilities, debts, liabilities, claims and/or arrears owing to third party, financial institutions, authority and/or creditor(s) of SJEE together with such penalties or interest levied thereto (if any) by the third party, financial institutions, authority and/or creditor(s) irrespective whether or not such costs, expenses, banking facilities, debts, liabilities, claims, trade payables and/or arrears is/are incurred, accrued, materialised, and/or arises on or after the Completion Date in relation to: (i) such liabilities not recorded, included or identified in the balance sheet of SJEE as of the balance sheet date and/or the management accounts; and (ii) from the Pre-Acquisition Assets; and
 - (b) all tax liabilities (whether actual, contingent and/or deferred) of SJEE together with such penalties or interest levied thereto (if any) by the tax authority and/or the relevant authorities, either in relation to:
 - (i) any income, gains, profits or assets earned, accrued or received by SJEE and/or claimed by the Vendor as part of its entitlement, whether by way of dividends, fees or payment in any form arising from the Pre-Acquisition Assets, notwithstanding if the same is accrued and/or realised on or after the Completion Date; and/or
 - (ii) any deduction, rebate, credit, or allowance claimed, incurred, accrued or otherwise taken into account with respect to any taxable period arising from the Pre-Acquisition Assets, notwithstanding if the same is accrued and/or realised on or after the Completion Date; and/or
 - (iii) any event, action or omission of the Vendor and/or SJEE which have occurred or deemed to have occurred arising from the operation or any activities of SJEE in respect of the Pre-Acquisition Assets, notwithstanding if the same is accrued and/or realised on or after the Completion Date; and/or

APPENDIX I – SALIENT TERMS OF THE SSA (Cont'd)

- (iv) the remission, disposal, transfer, assignment of the Pre-Acquisition Assets by SJEE in favour of the Vendor in accordance with the provisions of Section 5 of this **Appendix I**.

(collectively referred to as “**Pre-Acquisition Liabilities**”) shall be borne solely by the Vendor without recourse to or by SJEE and/or the Purchaser. The Vendor shall solely, as and when requested by SJEE and/or the Purchaser together with such supporting evidence indicating the Pre-Acquisition Liabilities, make provisions to meet all payments to satisfy such Pre-Acquisition Liabilities.

- 6.4. Upon execution of the SSA, the Vendor shall procure SJEE to remit, dispose, transfer, distribute and/or assign all the Pre-Acquisition Assets out of SJEE and in favour of the Vendor or its Permitted Transferee/Assignee no later than 12 months from the Completion Date.
- 6.5. The Vendor undertakes to indemnify and keep the Purchaser and SJEE indemnified against any losses, whether directly or indirectly, suffered by the Purchaser and/or SJEE as a result of or in connection with:
 - (a) any claims, losses or damages arising from the transfer of the Pre-Acquisition Assets by the Vendor; and/or
 - (b) any claims arising out of the Pre-Acquisition Liabilities which are due or payable from or by the Purchaser and/or SJEE to any party and/or the relevant authorities.
- 6.6. The parties agree that the Security Sum shall be utilised to pay any potential Pre-Acquisition Liabilities of SJEE pursuant to the provisions under this Section 6 of this **Appendix I** which are to be borne absolutely by the Vendor provided always that:
 - (a) the Vendor irrevocably covenants, agrees and undertakes that he shall within 30 days from his receipt of a written notice from the Purchaser or SJEE indicating the Pre-Acquisition Liabilities payable by the Vendor, pay the sum equivalent to the Pre-Acquisition Liabilities indicated in the said notice in cash to SJEE; and
 - (b) in the event the Vendor fails to settle or pay the Pre-Acquisition Liabilities to SJEE within the stipulated period of 30 days, then without prejudice to any other remedies available to the Purchaser under the SSA, law and/or equity, the Purchaser may elect to offset and cover such amount of Pre-Acquisition Liabilities for and on behalf of the Vendor to SJEE by utilising the Security Sum (held by the Purchaser's Stakeholder) whereby the Purchaser's Stakeholder shall deduct a sum equivalent to the Pre-Acquisition Liabilities in accordance with Sections 5.1, 5.2 and 5.3 of this **Appendix I**.

7. Completion

- 7.1. Subject to the satisfaction of the Conditions Precedent, the Completion shall take place at such place as may be mutually agreed by the parties on the Completion Date.
- 7.2. On the Completion Date, subject to the Vendor having complied with its obligations as set out in the SSA, the Purchaser shall pay the balance Purchase Consideration in accordance with Section 2.1(b) of this **Appendix I**.
- 7.3. Without prejudice to any other remedies available to the Purchaser, if the Vendor is unable to deliver any of the completion documents to the Purchaser or the Purchaser's solicitors in accordance with the SSA, the Purchaser may elect to:
 - (a) firstly, grant a further extension of a period not more than 7 days after the Completion Date or such other date as mutually agreed between the parties for the Vendor to deliver the completion documents; and
 - (b) secondly, if the Vendor is unable to deliver the completion documents on or before the expiry of the extended period granted under Section 7.3(a) of this **Appendix I** and in the absence of any further extension as the parties may mutually agree upon, then the Purchaser may elect to terminate the SSA without liability on its part whereupon an event of default by the Vendor pursuant to Section 11.3 of this **Appendix I** shall be deemed to have occurred.

8. Post-Completion Obligation

- 8.1. Upon Completion, the Parties agree to jointly procure the respective Financial Institutions to replace the existing guarantee(s) to secure the existing banking facilities of SJEE in proportion to the parties' respective shareholdings in SJEE following Completion, provided always that the guarantee from the Purchaser shall be on such terms and conditions acceptable to the Purchaser.
- 8.2. Upon Completion, if not all the Pre-Acquisition Assets have not been fully transferred out of SJEE, the Vendor shall at its own costs and expenses, procure and continue to procure the disposal, transfer and/or assignment of the Pre-Acquisition Assets in accordance with Section 6.1 of this **Appendix I**.

9. Representations and Warranties

- 9.1. The Vendor represents and warrants to the Purchaser that the warranties provided by the Vendor are true, accurate and not misleading as at the date of the SSA and the Completion Date.
- 9.2. The Vendor's warranties are subject to the specific matters which are disclosed in the disclosure letter provided by the Vendor to the Purchaser in accordance with the terms of the SSA.

10. Indemnity

- 10.1. Each party shall indemnify and hold the other party harmless from and against any losses suffered or paid by that other party, directly, as a result of or relating to or in respect of any misrepresentation of the matters or breach of any obligations, representation or warranty given by the party pursuant to the SSA.

11. Termination

- 11.1. A party shall be in default ("**Defaulting Party**"), if any of the following events have occurred:
- (a) the commencement against a Defaulting Party of any litigation proceeding under any applicable bankruptcy or insolvency law and such Defaulting Party fails, omits, refuses and/or neglects to settle the proceedings within 21 days of service or deemed service on it of documentary evidence of the commencement of such proceedings;
 - (b) the acquisition, pursuant to court order or otherwise, by a creditor of a Defaulting Party of any rights with respect to such Defaulting Party's assets, benefits or entitlements if such acquisition shall continue undischarged for a period of 14 days and such Defaulting Party have not instituted legal proceedings for the rescission or discharge of such acquisition; or
 - (c) the appointment of receivers, managers and/or liquidators over the business, assets or undertaking of the Defaulting Party; or
 - (d) in respect of the Vendor as the Defaulting Party:
 - (i) the breach by the Vendor of any of its obligations, representations, warranties and/or undertakings under the SSA; or
 - (ii) specifically, but not limited to failure to deliver or procure the delivery of any of the completion documents in accordance with the terms of the SSA;
 - (e) in respect of the Purchaser as the Defaulting Party:
 - (i) the breach by the Purchaser of any of its obligations and/or representations and warranties under the SSA; or
 - (ii) the failure to make payment of the balance Purchase Consideration in accordance with Section 2.1(b) of this **Appendix I**.

APPENDIX I – SALIENT TERMS OF THE SSA (Cont'd)

- 11.2. In the case of a default or breach which is capable of being remedied, the non-defaulting party may send a notice in writing to the Defaulting Party requiring the Defaulting Party to rectify such default or breach. If the Defaulting Person shall fail to remedy such default or breach within fourteen (14) days after receipt of such notice or such longer period as specified in the notice having regard to the nature of the breach, the non-defaulting party may thereupon by notice forthwith terminate the SSA in which event the provisions of Section 11.3 of this **Appendix I** shall take effect.
- 11.3. In the instance of the Vendor being the Defaulting Party, the Purchaser shall be entitled to the following:
- (a) the remedy of specific performance against the Vendor and to all reliefs flowing therefrom; or
 - (b) to forthwith terminate the SSA by notice in writing to the Vendor whereby the Purchaser shall be entitled to claim a sum equivalent to the Deposit ("**Election Monies**") as agreed liquidated damages to the Purchaser and in the instance where the Purchase Consideration or any part thereof has been paid to the Vendor and/or the Vendor's solicitors, then the Vendor shall 14 days from the termination notice refund to the Purchaser all monies received by the Vendor and/or the vendor's solicitors together with the Election Monies free of interest, and thereafter the SSA shall terminate and neither party shall have any further claim against the other.
- 11.4. In the instance of the Purchaser being the Defaulting Person, then the Vendor shall be entitled to forthwith terminate the SSA as against the Purchaser by notice in writing to the Purchaser whereby the Vendor shall be entitled to forfeit the Deposit ("**Forfeiture Sum**") as agreed liquidated damages, it being an adequate and sufficient sum to compensate the Vendor's losses, costs and damages to the Vendor and the Vendor shall 14 days from the termination notice refund to the Purchaser all monies received by the Vendor (after deducting the Forfeiture Sum) free of interest, and thereafter the SSA shall terminate and neither Party shall have any further claim against the other.

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APPENDIX II – SALIENT TERMS OF THE SHAREHOLDERS' AGREEMENT

The salient terms of the Shareholders' Agreement are set out as below:

1. Effective Date

- 1.1 The Shareholders' Agreement shall be effective on the Completion Date ("**Effective Date**").

2. Shareholding Structure

- 2.1 Upon completion of the Proposed Acquisition, the shareholding of the shareholders of SJEE shall be as follows ("**Agreed Proportions**"):

Shareholders	No. of SJEE Shares	Percentage of the shareholding in SJEE
SSBB	1,275,000	51%
NHB	1,225,000	49%
TOTAL	2,500,000	100%

(SSBB and NHB shall collectively be referred to as the "**Shareholders**" and each a "**Shareholder**")

3. SJEE and its Operations

- 3.1 SJEE is principally involved in the business of electrical contractor and investment holding.

3.2 Financial Requirements – General Principle

In the event that additional funding is required for SJEE's business, the Shareholders agree that the Board may at its discretion, procure such funding for SJEE in the following sequence and priority:

- (a) Firstly, SJEE shall use all reasonable endeavours to obtain such finance from external borrowing in the form of loans or credit facilities from banks, other financial institutions and/or other third party lenders (collectively the "**Financial Institutions**") as may be approved by the board of directors of SJEE ("**Board**");
- (b) The Shareholders shall not be required to provide any form of financial assistance or security or credit support (including the furnishing of any guarantee) for SJEE unless otherwise mutually agreed upon by the Shareholders and if so agreed, the provision of financial assistance shall be on several (and not joint) basis in the Agreed Proportions;
- (c) Such external borrowings shall be obtained on such terms as agreed by the Shareholders and at all times, on the most favourable terms reasonably obtainable as to the Financial Institutions' interest rate margin, repayment and security, but without allowing a prospective financier a right to participate in the share capital of SJEE as a condition of making available the financing.

3.3 Repayment of Existing Shareholders / Directors' Advances

- (a) The parties acknowledge that NHB and/or its directors has, as at the date of the Shareholders' Agreement extended advances of an aggregate sum of RM7,718,167.50 only to SJEE ("**Existing NHB Advances**"). For the avoidance of doubt, the Existing NHB Advances including interest is payable by the SJEE to NHB. The Existing NHB Advances shall be updated on the Effective Date, and to the extent where the Existing NHB Advances as stated in the Shareholders' Agreement shall differ from the actual amount advanced by NHB on the Effective Date, the Shareholders agree that the reference to the "**Existing NHB Advances**" shall be construed or replaced accordingly with the actual amount advanced by NHB as of the Effective Date.

- (b) The Shareholders shall procure SJEE to repay the Existing NHB Advances within 12 months from the Effective Date ("**Repayment Period**") provided always that in the event of non-payment of the whole of the Existing NHB Advances within the Repayment Period, the Shareholders agree that SJEE shall pay NHB a late payment interest at the rate of 8% per annum on the outstanding Existing NHB Advances remaining unpaid from the first day after the expiry of the Repayment Period until the full repayment thereof calculated on a day to day basis.

3.4 Issuance of New Shares

In the event that a resolution is validly passed by all the Shareholders to require share capital contribution and to issue any new shares to the Shareholders in the Agreed Proportions, if any Shareholder defaults in subscribing for its entitlement, then the new shares offered but not accepted shall then be offered to the other subscribing shareholder(s) in proportion to the shareholdings of the subscribing Shareholder(s), and if the other subscribing shareholder(s) fails to subscribe for the same, then the shares offered will be rescinded. If, as a result of such event, the shareholdings of the Shareholders are no longer at the Agreed Proportion, the directorship of SJEE and the Agreed Proportions shall be adjusted to reflect the changes.

4. Dividends, Profits and Losses

- 4.1 Subject to making such appropriate provisions for reserves, capital commitment and working capital as the Board may decide and as are required by applicable law and subject to any relevant requirements of lenders of SJEE, if any, net profit after tax in respect of any financial year will be distributed by way of dividends to the Shareholders.
- 4.2 Subject to Section 4.1 of this Appendix II and the full repayment of the shareholders' advances by SJEE to the Shareholders, SJEE may distribute final dividends in respect of each financial year, in such amount as the Board may recommend to the Shareholders provided always that the Board may, subject to any laws, regulations and guidelines, approve any declaration of interim dividends. The Shareholders shall have the discretion to approve any recommendation by the Board for distribution of dividends. This provision shall not be applicable in respect of the distributions to be made by SJEE to NHB in accordance with the Act for the purpose of NHB's purchase of the Pre-Acquisition Assets pursuant to the terms of the SSA.

5. Board of Directors

- 5.1 Unless otherwise agreed to by the Shareholders in writing, the Board shall comprise of 3 directors of whom shall be appointed in the following manner:
 - (a) 2 directors nominated by SSBB; and
 - (b) 1 director nominated by NHB.
- 5.2 The position of Board Chairman shall be the nominee elected by SSBB. The Board Chairman shall chair all Board and members' meetings and shall not have a casting vote in the event of equality of votes.
- 5.3 The management of SJEE shall be vested in the Board whose powers, duties and functions may be delegated to the executive committee which consist of representatives as approved by the Board subject always that NHB shall be appointed as the Executive Director of SJEE to undertake the day-to-day operations of SJEE.

6. Board Meeting

- 6.1 The quorum for a meeting of the Board shall be 2 directors with one (1) director being the director nominated by NHB. If such a quorum is not present at any Board meeting within thirty (30) minutes of the time appointed for the Board meeting, then such Board meeting shall stand adjourned to the same day in the next week, at the same time and place.
- 6.2 At the adjourned Board meeting ("**First Adjourned Board Meeting**"), the quorum for the First Adjourned Meeting shall be any two (2) directors. In the absence of such a quorum within thirty (30) minutes of the time appointed for the First Adjourned Board Meeting, the Board meeting shall again stand adjourned 7 days at the same place and time and at such adjourned meeting ("**Second Adjourned Board Meeting**"), the director(s) present at such Second Adjourned Board Meeting shall constitute the quorum for the Board meeting.

7. Members' Meeting

- 7.1 The Chairman of the Board from time to time will preside over the members' meeting and if he is not present, the meeting may nominate any director nominated by the Shareholders or any representatives of such Shareholder present at the meeting to chair the meeting. The chairman of the members' meeting shall not have a casting vote in the event of equality of votes.
- 7.2 A quorum for all members' meeting shall require the presence of a representative either in person or by proxy or by corporate representative of any two (2) Shareholders who are entitled to vote. If the quorum is not present within thirty (30) minutes of the time appointed for such members' meeting, the members' meeting shall stand adjourned 7 days at the same place and time and at such adjourned meeting ("**First Adjourned Members' Meeting**"), where the same quorum shall be required for the First Adjourned Members Meeting to proceed. In the absence of such a quorum within thirty (30) minutes of the time appointed for the First Adjourned Members' Meeting, the members' meeting shall again stand adjourned 7 days at the same place and time and at such adjourned meeting ("**Second Adjourned Members' Meeting**"), the Shareholder present at such Second Adjourned Members' Meeting shall constitute the quorum for the members' meeting.

8. Disposal Consideration of SSBB's Shares

- 8.1 In consideration of SSBB having entered into the SSA and the Shareholders' Agreement, NHB hereby irrevocably and unconditionally guarantees SSBB that the disposal consideration for SJEE Shares held by SSBB representing 51% shareholding in SJEE upon completion of the Proposed Acquisition ("**SSBB's Stake Shares**") shall at all times be valued at no less than RM22,950,000 ("**Guaranteed Disposal Consideration**") for the 12-month period after the Effective Date ("**Guaranteed Period**").
- 8.2 In the instance where SSBB disposes and/or transfers the SSBB's Stake Shares to any party within the Guaranteed Period and where the actual transacted disposal consideration for the SSBB's Stake Shares is less than the Guaranteed Disposal Consideration, then NHB shall top up the difference between the actual transacted disposal consideration for the SSBB's Stake Shares and the Guaranteed Disposal Consideration and make payment of the said shortfall to SSBB within 14 days from NHB's receipt of a written notice from SSBB for the shortfall amount.

9. Transfer of Shares

- 9.1 Restriction on transfers and encumbrances

Subject to Sections 9.3 of this Appendix II and save and except with the other Shareholders' prior consent in writing or in accordance with the pre-emption procedure set out in the Shareholders' Agreement, no Shareholder shall:

- (a) grant or permit to subsist any option over or any pledge, mortgage, charge (whether by way of fixed or floating charge) or otherwise encumber the legal and beneficial interest in any of its shares in SJEE;
- (b) sell, transfer, assign or otherwise dispose of or part with the beneficial ownership of any of its shares in SJEE (or other legal or beneficial interest therein) to any third party; or
- (c) enter into any agreement with any entity that is not a party to the Shareholders' Agreement in respect of votes attached to the shares in SJEE.

9.2 Pre-emptive Rights

No Shareholder shall sell, transfer or dispose of or otherwise part with the beneficial ownership of all or any of its shares to any other person who is not an existing shareholder of SJEE without first making an offer by written notice to the other Shareholder.

9.3 Exclusion of Pre-emptive Rights

The pre-emption procedure specified in Section 9.2 of this Appendix II shall not apply to any transfer of shares effected (a) between a Shareholder and its Permitted Transferee or among Permitted Transferee of the Shareholder; and/or (b) amongst Shareholders whereby the shares are offered to all Shareholders in its Agreed Proportion.

10. Termination

The Shareholders' Agreement shall continue in full force and effect for an indefinite period until the earlier of the following events:

- (a) all Shareholders mutually agree in writing to terminate the Shareholders' Agreement; or
- (b) all of the shares in SJEE become beneficially owned by any one Shareholder; or
- (c) SJEE goes into liquidation whether voluntary or compulsory (other than for the purpose of an amalgamation or reconstruction approved by all the Shareholders).

11. Default

11.1 A party (a "**Defaulting Shareholder**") shall be in default upon the occurrence of any of the following events:

- (a) the Defaulting Shareholder presents a petition or has a petition presented by a creditor for its winding up that is not withdrawn within 2 months;
- (b) the Defaulting Shareholder convenes a meeting to pass a resolution for its voluntary winding up (otherwise than a bona fide solvent reconstruction or amalgamation in which all obligations under the Shareholders' Agreement are assumed by a successor corporation);
- (c) the Defaulting Shareholder calls a meeting of its creditors or has a receiver or administrator appointed over all or substantially all of its undertaking or assets and such receiver or administrator is not discharged within 2 months as of his appointment; or
- (d) the Defaulting Shareholder materially breaches its obligations under the Shareholders' Agreement and, if such breach is capable of remedy, fails to remedy the breach within 30 days of being specifically required in writing to do so by a non-defaulting Shareholder.

- 11.2 At any time within 60 days of the service of a default notice ("**Default Notice**") on the Defaulting Shareholder, the non-defaulting Shareholder will be entitled to give a written notice ("**Default Buy-Sell Notice**") to the Defaulting Shareholder where the non-defaulting Shareholder shall at its discretion be entitled to any one of the following remedies:
- (a) require the Defaulting Shareholder to purchase all the shares of the non-defaulting Shareholder at a purchase price to be determined by the auditors appointed equivalent to 110% of the fair value of such shares, provided that if the fair value of all the shares of the non-defaulting Shareholders is zero or a negative amount, the purchase price for all the shares shall be RM1.00; or
 - (b) purchase all the shares of the Defaulting Shareholder at a purchase price to be determined by the auditors equivalent to 90% of the fair value of such shares, provided that if the fair value of all the shares of the Defaulting Shareholder is zero or a negative amount, the purchase price for all the shares shall be RM1.00; or
 - (c) serve a dissolution notice in respect of SJEE on the Defaulting Shareholder and terminate the Shareholders' Agreement with immediate effect, in which event the Shareholders shall, where practicable, having regard to the requirements of law, take all such steps as may be necessary to render SJEE solvent and then to forthwith wind up SJEE voluntarily. If any funds are required in order to render SJEE solvent, the funds shall be provided by each Shareholder in accordance with the Agreed Proportions at the time of serving such dissolution notice. The costs of the dissolution and liquidation shall be paid out of the surplus assets of SJEE and without prejudice to any rights and liabilities which shall have accrued or been incurred up to that time, the Defaulting Shareholder shall be entitled to only ninety per centum (90%) of its Agreed Proportions of the balance surplus asset available for distribution and the remaining ten per centum (10%) shall be distributed to the non-defaulting shareholder as agreed liquidated damages in addition to the non-defaulting shareholder's Agreed Proportions thereof. Where no such surplus exists then such costs shall be borne by each Shareholder in accordance with the Agreed Proportions as at the time of serving of such dissolution notice.
- 11.3 Following service of a Default Buy-Sell Notice and until such time as the sale and transfer of the shares of the relevant party has been completed, each Shareholder shall do all things in its reasonable power to continue to operate SJEE in the ordinary course of its business as it existed prior to the time at which the Default Buy-Sell Notice was served.

12. Indemnity

Each party shall indemnify and hold the other party harmless from and against any losses suffered or paid by that other party, directly, as a result of or relating to or in respect of any misrepresentation of the matters or breach of any obligations, representation or warranty given by the party.

1. HISTORY AND BUSINESS

SJEE was incorporated in Malaysia on 24 August 1992 under the Companies Act 1965 and deemed registered under the Act as a private limited company under the name of Selatan Johor Electrical Engineering Sdn Bhd. On 23 April 2007, SJEE adopted its present name, SJEE Engineering Sdn Bhd.

SJEE is principally engaged as an electrical contractor. Commencing operations in 1992, SJEE is mainly involved in designing, installation and commissioning of electrical works. SJEE is a certified Class A electrical contractor with the Energy Commission since 2013 and is a Grade 7 (“G7”) Mechanical and Electrical Contractor with the Construction Industry Development Board since 2017. As a Class A and a G7 M&E contractor, SJEE can tender for and undertake projects of unlimited value. SJEE is also ISO9001:2015 certified.

SJEE’s completed and ongoing projects include electrical works for data centres, high rise and mixed development buildings, commercial buildings, industrial buildings as well as healthcare facilities located across Malaysia including projects located in Kuala Lumpur, Selangor, Kelantan, Kedah and Sarawak. SJEE’s clientele comprises companies in various industries including software and cloud computing services, technology, oil and gas, electronics and financial services industry.

A summary of the major projects of SJEE that are completed in the past 3 years up to FYE 31 December 2023 and as at the LPD are set out below:

Project details	Date of award	Commencement date / Completion date	Contract value (RM' million)⁽¹⁾
Supply, delivery, installation, testing, commissioning and comprehensive maintenance of electrical services for a hospital in Kedah	23 April 2020	23 April 2020 / 1 April 2021	11.98
Supply, delivery, installation, testing, commissioning and maintenance of electrical services for a mall in Kelantan	2 July 2016	2 July 2016 / 16 August 2017	22.78
Supply, delivery, installation and commissioning of electrical services for broadcasting station in Kuala Lumpur	9 March 2017	9 March 2017 / 11 June 2019	34.07
Supply, delivery, installation, testing and commissioning of electrical services for an office tower in Kuala Lumpur	9 December 2021	9 December 2021 / 22 June 2022	9.84
Supply installation, testing and commissioning of electrical services for a factory in Selangor	2 January 2022	2 January 2022 / 13 March 2023	1.20
Supply and installation including testing & commissioning for complete, electrical and extra low voltage services for a factory in Selangor	21 November 2022	21 November 2022 / 17 May 2023	2.54
Design, supply, install, testing and commissioning of electrical and extra low voltage services for an urban park in Kuala Lumpur	27 May 2021	27 May 2021 / 29 November 2023	9.18
Electrical works for fire protection and electrical and telecommunication system for an office tower in Kuala Lumpur	8 May 2021	8 May 2021 / 15 January 2023	2.79
Supply, delivery, installation, testing, commissioning and maintenance of electrical and air conditioning and mechanical ventilation services for a factory in Kuala Lumpur	11 January 2022	11 January 2022 / 1 December 2022	7.34

APPENDIX III – INFORMATION ON SJEE (Cont'd)

As at the LPD, SJEE has an outstanding order book of approximately RM38.31 million for the FYE 31 December 2024 from the following on-going projects:

Project Details	Date of award	Commencement / Expected completion date	Contract value⁽¹⁾ (RM' million)	Outstanding amount (RM' million)
Supply, delivery, installation, testing, commissioning and comprehensive maintenance for electrical for a hospital in Kuala Lumpur	27 August 2021	27 August 2021 / 3 October 2024	7.07	0.71
Supply and installation, testing and commissioning of electrical and extra low voltage system for a hotel in Langkawi, Kedah	25 October 2021	25 October 2021 / 15 December 2024	9.45	6.99
Supply, fabrication, delivery, installation and completion of general electrical works for a data centre in Selangor	15 April 2022	15 April 2022 / 30 June 2024	48.24	0.48
Design, supply, install, testing, commissioning and other associated works including maintenance during defects liability period for the airport integrated security and safety system at airport in Selangor	8 September 2023	8 September 2023 / 15 August 2024	9.88	0.99
Supply and installation of electrical, electrical, energy management system and uninterruptible power supply system works for an office building in Sarawak	24 May 2023	24 May 2023 / 30 June 2024	16.90	0.17
Electrical services for an office tower in Selangor	16 October 2023	16 October 2023 / 30 November 2024	17.09	14.35
Design, supply, delivery, installation, testing, commissioning and maintenance of electrical and telephony system installation works for the theatre complex of a hospital in Kuala Lumpur	20 February 2024	20 February 2024 / 4 August 2024	2.05	0.45
Supply, installation, testing and commissioning of mechanical and electrical services for a factory in Johor	15 March 2024	15 March 2024 / 30 October 2024	13.78	13.50
Provision of access door system related electrical works for an airport in Selangor	27 February 2024	27 February 2024 / 15 June 2024	0.96	0.67
		Total	125.42	38.31

Note:

(1) Includes variation orders.

2. DIRECTORS

As at the LPD, the directors of SJEE and their respective direct and indirect shareholdings in SJEE are as follows:

Name	Country of incorporation / Nationality	Shareholdings			
		Direct		Indirect	
		No. of SJEE Shares	%	No. of SJEE Shares	%
NHB	Malaysian	2,500,000	100.00	-	100.00
Wong Mee Ling	Malaysian	-	-	-	-
Liew Yann Min	Malaysian	-	-	-	-

3. SHAREHOLDERS

As at the LPD, NHB is the registered and beneficial owner of 2,500,000 SJEE Shares, representing the entire issued share capital of SJEE.

4. SUBSIDIARIES AND ASSOCIATED COMPANIES

As at the LPD, save as disclosed below, SJEE does not have any other subsidiary and/or associated company:

Associated Company

Company	Date / Place of incorporation	Share capital (RM)	Effective equity interest %	Principal activities
SJEE Mission Critical Sdn Bhd	2 September 2022 / Malaysia	2	50.00	Provision of engineering services

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5. FINANCIAL SUMMARY

A summary of the financial information of SJEE based on its audited financial statements for the FYEs 31 December 2020, 2021 and 2022 and the unaudited FYE 31 December 2023 is set out as below:

	Audited FYE 31 December			Unaudited FYE 31 December
	2020	2021	2022	2023
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	88,972	44,155	77,780	54,460
Profit before taxation	5,175	3,093	5,221	6,836
PAT	4,175	2,104	3,751	5,192
EPS (sen) ⁽¹⁾	167.00	84.16	150.04	207.68
Share capital	2,500	2,500	2,500	2,500
Total equity / NA	31,356	33,461	37,211	26,403
NA per share (sen) ⁽²⁾	1,254.24	1,338.44	1,488.44	1,056.12
Total borrowings	5,424	5,461	4,038	3,431
Gearing ratio (times) ⁽³⁾	0.17	0.16	0.11	0.13

Notes:

(1) Calculated based on the PAT divided by the number of SJEE Shares in issue.

(2) Calculated based on NA divided by the number of SJEE Shares in issue.

(3) Calculated based on total borrowings divided by the NA.

5.1 Commentary
FYE 31 December 2020 vs FYE 31 December 2021

Revenue decreased by approximately RM44.81 million or 50.37% from RM88.97 million for FYE 31 December 2020 to RM44.16 million for FYE 31 December 2021 mainly attributable to the movement control order imposed by the government of Malaysia during the COVID-19 pandemic. As such, many projects requiring on-site works were delayed leading to lower progress billings. Correspondingly, PAT decreased by RM2.08 million or 49.76% from RM4.18 million for FYE 31 December 2020 to RM2.10 million for FYE 31 December 2021.

FYE 31 December 2021 vs FYE 31 December 2022

Revenue increased by approximately RM33.62 million or 76.13% from RM44.16 million for FYE 31 December 2021 to RM77.78 million for FYE 31 December 2022 mainly attributable to increase in project billings following the resumption of its on-site works as restrictions imposed by the government of Malaysia were gradually uplifted. Additionally, 5 new projects commenced during the FYE 31 December 2022 including electrical works for a data centre located in Cyberjaya, Selangor ("**Data Centre Project**") which contributed revenue amounting to RM27.11 million. Correspondingly, PAT increased by RM1.65 million or 78.57% from RM2.10 million for FYE 31 December 2021 to RM3.75 million for FYE 31 December 2022.

FYE 31 December 2022 vs FYE 31 December 2023

Revenue decreased by approximately RM23.32 million or 29.98% from RM77.78 million for FYE 31 December 2022 to RM54.46 million for FYE 31 December 2023 mainly attributable to decrease in revenue from the Data Centre Project from RM27.11 million in FYE 31 December 2022 to RM18.52 million in FYE 31 December 2023 with the project nearing completion.

Despite the decrease in revenue, PAT increased by RM1.44 million or 38.40% from RM3.75 million for FYE 31 December 2022 to RM5.19 million for FYE 31 December 2023 mainly due to higher margins from the Data Centre Project as well as electrical, energy management system and uninterruptible power supply system works for an office building in Sarawak.

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