

## **NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF CRITICAL HOLDINGS BERHAD (“CRITICAL HOLDINGS” OR “COMPANY”) DATED 27 NOVEMBER 2023 (“ELECTRONIC PROSPECTUS”)**

*(Unless otherwise indicated, specified or defined in this notice, the definitions in the Electronic Prospectus shall apply throughout this notice).*

### **Website**

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad (“**Bursa Securities**”) website at [www.bursamalaysia.com](http://www.bursamalaysia.com) (“**Website**”).

### **Availability and Location of Printed Prospectus**

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Company or the Issuing House, Malaysian Issuing House Sdn Bhd. Alternatively, the applicant may obtain a paper/printed copy of the Prospectus, subject to availability, from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective applicants should note that the application forms are not available in electronic format.

### **Jurisdictional Disclaimer**

The IPO and the distribution of the Electronic Prospectus are subject to Malaysian law. The Electronic Prospectus will not be distributed outside Malaysia. Bursa Securities, the Company, Directors, Promoters, Selling Shareholder, Principal Adviser, Sponsor, Underwriter and Placement Agent named in the Electronic Prospectus have not authorised and take no responsibility for the distribution of the Electronic Prospectus outside Malaysia. No action has been taken to permit any offering of the IPO Shares based on the Electronic Prospectus in any jurisdiction other than Malaysia. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer for the subscription or purchase of, or an invitation to subscribe for or purchase, the IPO Shares to any person outside Malaysia or in any jurisdiction or in any circumstance in which such an offer is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. Prospective applicants who may be in possession of the Electronic Prospectus are required to take note, to inform themselves and to observe such restrictions.

### **Close of Application**

Applications for the IPO Shares will open at **10.00 a.m.** on **27 November 2023** and will close at **5.00 p.m.** on **5 December 2023**. Any change to the timetable will be advertised by the Company in widely circulated Bahasa Malaysia and English daily newspapers within Malaysia, and make an announcement on the Website.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

### **Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted**

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users’ access to the Website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained on the Website.

The contents of the Electronic Prospectus as provided by the Company to Bursa Securities, are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.

P R O S P E C T U S



## CRITICAL HOLDINGS BERHAD

(Registration No. 202201031781 (1477478-K))  
(Incorporated in Malaysia)

INITIAL PUBLIC OFFERING (“IPO”) IN CONJUNCTION WITH THE LISTING OF AND QUOTATION FOR THE ENTIRE ENLARGED ISSUED SHARE CAPITAL OF CRITICAL HOLDINGS BERHAD (“CRITICAL HOLDINGS”) ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) COMPRISING:

(I) PUBLIC ISSUE OF 74,348,000 NEW ORDINARY SHARES (“ISSUE SHARES”) IN THE FOLLOWING MANNER:

- 18,587,000 ISSUE SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 3,717,400 ISSUE SHARES AVAILABLE FOR APPLICATION BY ELIGIBLE DIRECTORS AND EMPLOYEES;
- 46,467,400 ISSUE SHARES BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY; AND
- 5,576,200 ISSUE SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS;

AND

(II) OFFER FOR SALE OF 37,173,900 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS,

AT AN IPO PRICE OF RM0.35 PER IPO SHARE, PAYABLE IN FULL UPON APPLICATION

Principal Adviser, Sponsor, Underwriter and Placement Agent



**MIDF AMANAH INVESTMENT BANK BERHAD**  
(Registration No.: 197501002077 (23878-X))  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

**THIS PROSPECTUS IS DATED  
27 NOVEMBER 2023**

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

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

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

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE “RISK FACTORS” COMMENCING ON PAGE 155.

Bursa Securities has approved the admission of our Company to the Official List of Bursa Securities and the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities. This Prospectus has been registered by Bursa Securities. The approval of the listing and quotation for our entire enlarged share capital on the ACE Market of Bursa Securities and registration of this Prospectus, should not be taken to indicate that Bursa Securities recommends the offering or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this prospectus. Bursa securities has not, in any way, considered the merits of the securities being offered for investment.

Bursa Securities is not liable for any non-disclosure on the part of Critical Holdings and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus. No securities will be allotted or issued based on this prospectus after 6 months from the date of this Prospectus.

CRITICAL HOLDINGS BERHAD



PROSPECTUS



**CRITICAL HOLDINGS BERHAD**  
(Registration No. 202201031781 (1477478-K))  
(Incorporated in Malaysia)

[www.critical-eng.com](http://www.critical-eng.com)

All defined terms used in this Prospectus are defined under “Definitions” commencing on page x, “Glossary of Technical Terms” commencing on page xvi and “Presentation of Information” commencing on page viii.

### **RESPONSIBILITY STATEMENTS**

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

MIDF Amanah Investment Bank Berhad, being our Principal Adviser, Sponsor, Underwriter and Placement Agent acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

### **STATEMENTS OF DISCLAIMER**

Approval has been granted by Bursa Securities for the listing of and quotation of our Shares. Admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

Bursa Securities is not liable for any non-disclosure on the part of our Company and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

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

### **OTHER STATEMENTS**

You should note that you may seek recourse under Sections 248, 249 and 357 of the CMSA for breaches of securities laws including any statement in this Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to this Prospectus or the conduct of any other person in relation to our Company.

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

Our IPO and this Prospectus are subject to the laws of Malaysia. Our Shares are offered in Malaysia solely based on the contents of this Prospectus. This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or with or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith. It is your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of this Prospectus and to consult your legal and/or other professional advisers as to whether your application for our IPO would result in the contravention of any laws of such country or jurisdiction which you may be subject to.

We will further assume that you have accepted our IPO in Malaysia and will at all applicable times be subjected only to the laws of Malaysia in connection therewith. However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any laws or applicable legal or regulatory requirements.

This Prospectus is prepared and published solely for our IPO under the laws of Malaysia. Our Company, Directors, Promoters, Selling Shareholders, Principal Adviser, Sponsor, Underwriter and Placement Agent have not authorised anyone and take no responsibility for distribution of this Prospectus (in preliminary or final form) outside Malaysia. Our Directors, Promoters, Selling Shareholders, Principal Adviser, Sponsor, Underwriter and Placement Agent have not authorised anyone to provide you with information which is not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied upon as having been authorised by our Directors, Promoters, Selling Shareholders, Principal Adviser, Sponsor, Underwriter and Placement Agent, any of their directors, or any other persons involved in our IPO. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase, any of our Shares being offered in our IPO in any jurisdiction or in any circumstances in which such an offer is not authorised or is unlawful or to any person to whom it is unlawful to make such offer or invitation.

### **ELECTRONIC PROSPECTUS**

This Prospectus can also be viewed or downloaded from Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com). The contents of the Electronic Prospectus and the copy of this Prospectus registered with Bursa Securities are the same.

You are advised that the internet is not a fully secure medium. Your Internet Share Application may be subjected to the risks in data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of Internet Participating Financial Institutions. These risks cannot be borne by Internet Participating Financial Institutions.

If you are in doubt of the validity or integrity of an Electronic Prospectus, you should immediately request from us, our Principal Adviser or the Issuing House, a paper/printed copy of this Prospectus. If there is any discrepancy between the contents of the Electronic Prospectus and the paper/printed copy of this Prospectus, the contents of the paper/printed copy of this Prospectus, which are identical to the copy of the Prospectus registered with Bursa Securities, will prevail.

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

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

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

- (i) Internet Participating Financial Institutions are liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of Internet Participating Financial Institutions which may be viewed via your web browser or other relevant software. Internet Participating Financial Institutions shall not be responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or otherwise obtained from the web server of Internet Participating Financial Institutions and thereafter communicated or disseminated in any manner to you or other parties;
- (ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed as the Internet is not a fully secured medium; and
- (iii) the Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or cost, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of Internet Participating Financial Institutions, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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All references to “**Critical Holdings**” and “**our Company**” in this Prospectus are to Critical Holdings Berhad, while references to “**Group**” or “**our Group**” in this Prospectus are to our Company and our Subsidiaries shall be taken as a whole. Any reference to words such as “**we**”, “**us**”, “**our**” and “**ourselves**” in this Prospectus shall be a reference to our Company, our Group or our Subsidiaries as the context requires, unless otherwise stated. Unless the context otherwise requires, references to “**Management**” are to our Directors and key senior management as at the date of this Prospectus, and statements as to our beliefs, expectations and opinions are those of our Management.

All references to “**you**” are to our prospective investors.

Any references in this Prospectus, the Application Form, Electronic Share Application or Internet Share Application to any provisions of the acts, statutes, rules, regulations, enactments or rules of the Bursa Securities shall (where the context admits), be construed as a reference to provisions of such acts, statutes, rules, regulations, enactments or rules of the Bursa Securities (as the case may be) as modified by any written law or (if applicable) amendments or re-enactment to the acts, statutes, rules, regulations, enactments or rules of the Bursa Securities for the time being in force. Any reference to dates and times in this Prospectus shall be a reference to dates and times in Malaysia, unless otherwise stated.

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include natural persons, firms, companies, body corporates and corporations.

This Prospectus includes statistical data provided by us and various third parties and cites third party projections regarding the growth and performance of the industry in which we operate. This data is taken, extracted or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus. Where no source is stated, it can be assumed that the information originates from us. In particular, certain information in this Prospectus is extracted or derived from Providence or IMR Report for inclusion in this Prospectus.

We have appointed Providence as our IMR to provide an independent market review relating to the industry in which we operate or are exposed to. In compiling their data for the review, Providence relied on its research methodology, industry sources, published materials and its private databanks. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate.

However, third party projections, cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. Therefore, we give no assurance that the projected figures will be achieved. You should not place undue reliance on the statistical data and third-party projections cited in this Prospectus.

The information on our website ([www.critical-eng.com](http://www.critical-eng.com)), or any website directly or indirectly linked to such website does not form part of this Prospectus and you should not rely on such information for the purposes of your decision whether or not to invest in our Shares.

Any discrepancies in the tables included in this Prospectus between the amounts listed and the totals thereof are due to rounding.

If there are any discrepancies or inconsistencies between the English and Malay versions of this document, the English version shall prevail.

All information stated herein are as at the LPD unless otherwise specified.

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## FORWARD-LOOKING STATEMENTS

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This Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, prospects, plans and objectives of our Management for future operations, are forward-looking statements. Some of these statements can be identified by words that have a bias towards or are forward-looking such as “**may**”, “**will**”, “**would**”, “**could**”, “**believe**”, “**expect**”, “**anticipate**”, “**estimate**”, “**aim**”, “**plan**”, “**forecast**”, “**project**”, “**intend**” or similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other important factors beyond our Group’s control that could cause our actual results, performances or achievements to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements.

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

- (i) demand of our services and products;
- (ii) our business strategies;
- (iii) our Management’s plans and objectives for future operations;
- (iv) our future financial position, earnings, cash flows and liquidity; and
- (v) our ability to pay dividends.

Such forward-looking statements are based on numerous assumptions regarding our Group’s present and future business strategies and the environment in which we operate. Additional factors that could cause our actual results, performances or achievements to differ materially include, but are not limited to those discussed in Section 9 of this Prospectus on “Risk Factors” and Section 12.2 of this Prospectus on “Management’s Discussion and Analysis of Financial Condition and Results of Operations”. We cannot assure you that the forward-looking statements in this Prospectus will be realised.

These forward-looking statements are based on information available to us as at the LPD and are made available only as at the LPD. Should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment of the IPO Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provision of Section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part II (Division 6) of the Prospectus Guidelines (Supplementary and Replacement Prospectus).

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## **DEFINITIONS**

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The following terms in this Prospectus have the same meaning as set out below unless the term is defined otherwise or the context requires otherwise:

### **COMPANIES WITHIN OUR GROUP**

- Critical Holdings or Company** : Critical Holdings Berhad (Registration No. 202201031781 (1477478-K))
- Critical M&E** : Critical M&E Engineering Sdn Bhd (Registration No. 201101018227 (946363-W))
- Critical Sales & Services** : Critical Sales & Services Sdn Bhd (Registration No. 201401003109 (1079183-X))
- Critical Holdings Group or the Group** : Collectively, Critical Holdings and its Subsidiaries
- Subsidiaries** : Collectively, Critical M&E and Critical Sales & Services

### **GENERAL**

- ACE Market** : The ACE Market of Bursa Securities
- Acquisitions** : Collectively, Acquisition of Critical M&E and Acquisition of Critical Sales & Services
- Acquisition of Critical M&E** : The acquisition by our Company of 1,000,000 ordinary shares representing the entire issued share capital of Critical M&E from the shareholders of Critical M&E namely, Ir. Tan Si Lim and Ir. Chow Chin Seang, for a total purchase consideration of RM10,329,495 and was satisfied by the issuance of 206,589,900 new Shares at an issue price of RM0.05 per Share. The acquisition was completed on 30 October 2023
- Acquisition of Critical Sales & Services** : The acquisition by our Company of 750,000 ordinary shares representing the entire issued share capital of Critical Sales & Services from the shareholders of Critical Sales & Services namely, Ir. Tan Si Lim and Ir. Chow Chin Seang, for a total purchase consideration of RM4,540,050 and was satisfied by the issuance of 90,801,000 new Shares at an issue price of RM0.05 per Share. The acquisition was completed on 30 October 2023
- Act** : Companies Act 2016
- ADA** : Authorised Depository Agent
- AGM** : Annual General Meeting
- Application** : Application for our Issue Shares by way of an Application Form, the Electronic Share Application or the Internet Share Application
- Application Form** : Printed application form for the application of our Issue Shares accompanying this Prospectus
- ATM** : Automated teller machine
- Authorised Financial Institution** : Authorised financial institution participating in the Internet Share Application, with respect to payments for our Issue Shares

**DEFINITIONS (CONT'D)**

<b>BK Factory</b>	: A 3-storey semi-detached light industrial factory erected on a piece of land held under the individual title known as GRN 178573 (formerly HS(D) 50947) Lot 20253, Mukim 12, Daerah Seberang Perai Selatan measuring approximately 9,505 sq. ft. and bearing postal address 17, Lorong Valdor Jaya 3, Golden Gateway Perindustrian Valdor, 14200 Sungai Jawi, Pulau Pinang
<b>Board</b>	: Board of Directors of our Company
<b>Bomba</b>	: Fire and Rescue Department of Malaysia
<b>Bursa Depository</b>	: Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
<b>Bursa Securities</b>	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
<b>CAGR</b>	: Compounded annual growth rate
<b>CDS</b>	: Central Depository System
<b>CDS Account</b>	: Account established for a Depositor by Bursa Depository for the recording of deposits or withdrawals of securities and for dealings in such securities by the Depositor
<b>CF or CCC</b>	: Certificate of fitness for occupation or Certificate of Completion and Compliance, as the case may be
<b>CIDB</b>	: Construction Industry Development Board
<b>CIDB Act</b>	: Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994
<b>CMSA</b>	: Capital Markets and Services Act 2007
<b>Constitution</b>	: The constitution of our Company
<b>COVID-19</b>	: Coronavirus disease 2019, an infectious disease which is a global pandemic
<b>Critical M&amp;E SSA</b>	: Conditional share sale agreement dated 15 September 2022 (as supplemented via supplemental letter dated 14 March 2023) entered between our Company and the Vendors for the Acquisition of Critical M&E
<b>Critical Sales &amp; Services SSA</b>	: Conditional share sale agreement dated 15 September 2022 (as supplemented via supplemental SSA dated 18 October 2022 and supplemental letter dated 14 March 2023) entered between our Company and the Vendors for the Acquisition of Critical Sales & Services
<b>Depositor</b>	: A holder of a CDS Account
<b>Director</b>	: Director (executive and non-executive) of our Company, and within the meaning given in Section 2 of the CMSA
<b>EBIT</b>	: Earnings before interest and taxation
<b>EBITDA</b>	: Earnings before interest, taxation, depreciation and amortisation
<b>EIS</b>	: Employment Insurance Systems

**DEFINITIONS (CONT'D)**

<b>Electronic Prospectus</b>	: A copy of this Prospectus that is issued, circulated or disseminated via the Internet, and/or an electronic storage medium, including but not limited to CD-ROMs (compact disc read-only memory)
<b>Electronic Share Application</b>	: Application for our Issue Shares through a Participating Financial Institution's ATM
<b>Eligible Persons</b>	: Collectively, the eligible Directors and employees of our Group
<b>EPF</b>	: Employees Provident Fund
<b>EPS</b>	: Earnings per Share
<b>FM Global</b>	: FM Global, an American mutual insurance company based in Johnston, Rhode Island, United States, with offices worldwide, that specialises in loss prevention services primarily to large corporations throughout the world. FM Global establishes loss protection standards namely, FM Approved standards to reduce the risk at existing facilities due to fire, weather conditions and failure of M&E equipment
<b>FYE</b>	: Financial year ended/ending 30 June, as the case may be
<b>FYE Under Review</b>	: Collectively, the past FYE 2020, FYE 2021, FYE 2022 and FYE 2023
<b>GDP</b>	: Gross domestic product
<b>Government</b>	: Government of Malaysia
<b>GP</b>	: Gross profit
<b>IFRS</b>	: International Financial Reporting Standards
<b>IMR or Providence</b>	: Providence Strategic Partners Sdn Bhd (Registration No. 201701024744 (1238910-A))
<b>IMR Report</b>	: The independent market research report on the "Outlook of the Mechanical, Electrical and Process Utility Engineering Industry in Malaysia" prepared by Providence in relation to the IPO
<b>Internet Participating Financial Institutions</b>	: Participating financial institutions for the Internet Share Application
<b>Internet Share Application</b>	: Application for our Issue Shares through an Internet Participating Financial Institution
<b>IPO</b>	: Initial public offering of the IPO Shares in conjunction with the Listing, comprising of the Public Issue and Offer for Sale
<b>IPO Price</b>	: RM0.35 for each IPO Share
<b>IPO Shares</b>	: The Issue Shares and Offer Shares, collectively
<b>IRB</b>	: Inland Revenue Board, Malaysia

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**DEFINITIONS (CONT'D)**

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<b>Issue Shares</b>	: New Shares to be issued pursuant to the Public Issue and subject to the terms and conditions of this Prospectus
<b>Issuing House or Malaysian Issuing House</b>	: Malaysian Issuing House Sdn Bhd (Registration No. 199301003606 (258345-X))
<b>LAD</b>	: Liquidated ascertained damages
<b>Listing</b>	: Admission to the Official List and the listing of and quotation for our entire enlarged issued share capital on the ACE Market
<b>Listing Requirements</b>	: ACE Market Listing Requirements of Bursa Securities
<b>LOA</b>	: Letter of award
<b>LPD</b>	: 29 October 2023, being the latest practicable date prior to the registration of this Prospectus
<b>Malaysian Public</b>	: Malaysian citizens, companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
<b>Market Day</b>	: a day on which the stock market of Bursa Securities is open for trading in securities, which may include a day that is declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the beginning of a calendar year
<b>MCO</b>	: The nationwide movement control order that was imposed by the Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 as a measure to contain the outbreak of the COVID-19 pandemic
<b>MFRS</b>	: Malaysian Financial Reporting Standards
<b>MIDF Investment or Principal Adviser or Sponsor or Underwriter or Placement Agent</b>	: MIDF Amanah Investment Bank Berhad (Registration No. 197501002077 (23878-X))
<b>MITI</b>	: Ministry of Investment, Trade and Industry of Malaysia
<b>MNC</b>	: Multinational corporation
<b>MOF</b>	: Ministry of Finance, Malaysia
<b>NA</b>	: Net assets attributable to owners of our Company
<b>NBV</b>	: Net book value
<b>Offer for Sale</b>	: Offer for sale by the Selling Shareholders of 37,173,900 Offer Shares at our IPO Price, representing 10.00% of our enlarged issued share capital by way of private placement to the Selected Investors

**DEFINITIONS (CONT'D)**

<b>Offer Shares</b>	: The existing Shares to be offered by the Selling Shareholders pursuant to the Offer for Sale
<b>Official List</b>	: A list specifying all securities which have been admitted for listing on Bursa Securities
<b>Participating Financial Institutions</b>	: Participating financial institutions for the Electronic Share Application as listed in Section 15.5 of this Prospectus
<b>PAT</b>	: Profit after taxation
<b>PBT</b>	: Profit before taxation
<b>PE Multiple</b>	: Price-to-earnings multiple
<b>Pink Application Form</b>	: Application form for the application of our Shares by the Eligible Persons
<b>Pink Form Shares</b>	: The allocation of 3,717,400 Shares, representing approximately 1.00% of our enlarged issued share capital to the Eligible Persons
<b>PPE</b>	: Property, plant and equipment
<b>Promoters</b>	: Collectively, Ir. Tan Si Lim and Ir. Chow Chin Seang
<b>Prospectus</b>	: This Prospectus dated 27 November 2023 in relation to our IPO
<b>Public Issue</b>	: Public issue of 74,348,000 Issue Shares at the IPO Price comprising: <ul style="list-style-type: none"> <li>(a) 18,587,000 Issue Shares made available for application by the Malaysian Public;</li> <li>(b) 3,717,400 Issue Shares made available for application by the Eligible Persons;</li> <li>(c) 46,467,400 Issue Shares made available by way of private placement to Bumiputera investors approved by the MITI; and</li> <li>(d) 5,576,200 Issue Shares made available by way of private placement to Selected Investors</li> </ul>
<b>QC</b>	: Quality control
<b>Rules of Depository</b>	: Rules of Bursa Depository and any appendices thereto
<b>SC</b>	: Securities Commission Malaysia
<b>Selected Investors</b>	: Being investors that meet the requirements of Schedule 6 or 7 of the CMSA and subscribing for our IPO Shares through private placement
<b>Selling Shareholders</b>	: Collectively, Ir. Tan Si Lim and Ir. Chow Chin Seang
<b>Shares</b>	: Ordinary shares of Critical Holdings
<b>Share Registrar or Boardroom</b>	: Boardroom Share Registrars Sdn Bhd (Registration No. 199601006647 (378993-D))



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**DEFINITIONS (CONT'D)**

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<b>Share Transfer</b>	: Transfer of a total of 260,217,100 Shares held by Ir. Tan Si Lim and Ir. Chow Chin Seang to TCCO during the prescription period (one day after the launching date of this Prospectus up to a period of 30 days)
<b>SOC SO</b>	: Social Security Organisation
<b>SSAs</b>	: Collectively, the Critical M&E SSA and the Critical Sales & Services SSA
<b>TCCO</b>	: TCCO Holdings Sdn Bhd (Registration No. 202301016356 (1510278-T)), being our specified shareholder
<b>Underwriting Agreement</b>	: The underwriting agreement dated 8 November 2023 entered between our Company and our Underwriter for the Underwritten Shares pursuant to our IPO
<b>Underwritten Shares</b>	: 22,304,400 Issue Shares under our Public Issue to be managed under the terms and conditions set out in the Underwriting Agreement
<b>White Application Form</b>	: Application form accompanying this Prospectus for the application of our Issue Shares by the Malaysian Public
<b>Vendors</b>	: Collectively, Ir. Tan Si Lim and Ir. Chow Chin Seang for the Acquisitions

**OUR OPERATING LOCATIONS**

<b>Headquarter</b>	: 1-2-1, 1-2-2 & 1-2-3 Jalan Sungai Tiram 8, Summerskye Square, 11900 Bayan Lepas, Pulau Pinang
<b>Selangor Service and Support Office</b>	: No. RK30, Jalan Villa 3, Anggerik Villa, Off Jalan Semenyih, 43500, Kajang, Selangor. The Selangor Service and Support Office will be relocated to C-UG-8 & C-1-8, Zenopy, Jalan LP 7/4, Taman Lestari Perdana, Bandar Putra Permai, 43300 Seri Kembangan, Selangor by end November 2023

**CURRENCIES**

<b>RM and sen</b>	: Ringgit Malaysia and sen, respectively
<b>USD</b>	: United States Dollar
<b>SGD</b>	: Singapore Dollar

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## GLOSSARY OF TECHNICAL TERMS

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The following commonly used terms in our Group's business and operations shall apply throughout this Prospectus unless the term is defined otherwise or the context otherwise requires:

<b>ACMV</b>	:	Air-conditioning and mechanical ventilation
<b>Amp</b>	:	Ampere, the unit of electric current in the International System of Units
<b>ANSI</b>	:	American National Standards Institute, a private, non-profit organisation that administers and coordinates the voluntary standards and conformity assessment system in the United States of America
<b>AVR</b>	:	Automatic voltage regulator, an electronic device that regulates voltage variations of electricity currents to deliver constant, reliable power supply
<b>Building automation/ management</b>	:	Building automation/ management solutions automate control over various M&E systems in a building, including air conditioning, lighting, elevators, ventilation systems and power supply systems that are linked to a centralised automation system, with an objective to provide improved occupant comfort, efficient operations of building systems, reduction in energy consumption, reduced operating and maintaining costs and increased security
<b>Certificate of Practical Completion</b>	:	A certificate issued by the architect, on behalf of the customer, to a contractor when all works have been completed to satisfaction and meeting all requirements of the contract
<b>Cleanroom</b>	:	A controlled environment that has a low level of pollutants such as dust, airborne microbes, aerosol particles and chemical vapours. Its controlled level of contamination is specified by the number of particles per cubic meter at a specified particle size
<b>Cleanroom Classification</b>	:	Cleanroom classification according to the cleanliness level of the air inside the controlled environment. The clean room class is the level of cleanliness the room complies with, according to the quantity and size of particles per cubic meters of air. The primary authority in the United States and Canada is the ISO classification system ISO 14644-1. This ISO standard classifies cleanrooms based on ISO 1, ISO 2, ISO 3, ISO 4, ISO 5, ISO 6, ISO 7, ISO 8 and ISO 9. From this, ISO 1 is the "cleanest" class

The previous Federal Standard 209E classifies cleanrooms based on Class 100,000, Class 10,000, Class 1,000, Class 100, Class 10 and Class 1. This standard was replaced in 1999 by ISO-14644-1. While Federal Standard 209E was withdrawn in 2001, it is still widely used

The table below defines cleanrooms in relation to ISO classification system and class based on the maximum limit of particles and the size of the particles that is allowed per cubic metre:

**GLOSSARY OF TECHNICAL TERMS (CONT'D)**

Cleanliness level	ISO-14644-1	Federal Standard 209E equivalent	Maximum particles per cubic metre					
			0.1 Micron	0.2 Micron	0.3 Micron	0.5 Micron	1 Micron	5 Microns
Extremely clean ↑ ↓ Clean	ISO 1	N/A	10	2	N/A	N/A	N/A	N/A
	ISO 2	N/A	100	24	10	4	N/A	N/A
	ISO 3	Class 1	1,000	237	102	35	8	N/A
	ISO 4	Class 10	10,000	2,370	1,020	352	83	N/A
	ISO 5	Class 100	100,000	23,700	10,200	3,520	832	29
	ISO 6	Class 1,000	1,000,000	237,000	102,000	35,200	8,320	293
	ISO 7	Class 10,000	N/A	N/A	N/A	352,000	83,200	2,930
	ISO 8	Class 100,000	N/A	N/A	N/A	3,520,000	832,000	29,300
	ISO 9	N/A	N/A	N/A	N/A	35,320,000	8,320,000	293,000

N/A – Not applicable

**consumables** : Materials purchased on a bulk basis for the delivery of our MEP Engineering Solutions and MEP Maintenance and Services, and typically used for preliminaries and warranty support. The consumables include items such as refrigerant gas, belting, filters and drainage pumps

**CRAC** : Computer room air-conditioning

**critical facilities** : Physical structures, technical facilities, and systems with critical functions that require resilient infrastructure to ensure uninterrupted essential services that enable businesses, operations and systems to function efficiently, effectively and continuously

**Data Centre** : A facility that centralises an organisation’s shared IT operations and equipment for the purposes of storing, processing and disseminating data and applications

**defect liability period** : A period of time after a construction project has been practically completed where the contractor is obliged to return to the site to remedy defects, if any

**FM Approved standards** : Loss protection standards by FM Global to reduce the risk at existing facilities due to fire, weather conditions and failure of M&E equipment

**HVAC** : Heating, ventilation and air-conditioning

**ISO** : International Organisation of Standards

**IT** : Information technology, which is the use of any computers, storage, networking and other physical devices, infrastructure and processes to create, process, store, secure and exchange all forms of electronic data

**LEED** : Leadership in Energy and Environmental Design, a framework for healthy, efficient and cost-saving green buildings

**LEED certification** : A globally recognised symbol of sustainability achievement by the United States Green Building Council. To achieve LEED certification, a project earns points by adhering to prerequisites and credits that address carbon, energy, water, waste, transportation, materials, health and indoor environmental quality

**M&E** : Mechanical and electrical

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**GLOSSARY OF TECHNICAL TERMS (CONT'D)**

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<b>MEP</b>	:	Mechanical, electrical and process utilities
<b>MEP Engineering Solutions</b>	:	Comprises design and build, project management, supply, installation, testing and commissioning of MEP systems for newly built critical facilities as well as redevelopment, refurbishment and upgrading of existing critical facilities
<b>MEP Maintenance and Services</b>	:	Comprises maintenance and services support, including preventive and scheduled maintenance as well as breakdown service and repair, to ensure proper functioning of the existing MEP equipment and systems
<b>NEBB</b>	:	National Environmental Balancing Bureau, an international certifying association for firms and individuals that deliver high performance buildings and systems in relation to building enclosure, cleanroom performance testing, and fume hood performance testing, as well as sound and vibration measurement, building systems commissioning and processes, technical retro-commissioning of existing buildings, and testing, adjusting and balancing
<b>Plantroom</b>	:	A dedicated space containing the equipment required to provide or supply building services
<b>Quantity Surveyor</b>	:	A construction industry professional that estimates and controls costs for construction projects
<b>Scrubber System</b>	:	A system that is used to remove particulates or gasses from industrial exhaust gases before they are released into the environment
<b>sq. ft.</b>	:	Square feet
<b>TIA</b>	:	Telecommunications Industry Association, an organisation accredited by the ANSI as a standards developing organisation. TIA develops guidelines for private radio equipment, cellular towers, voice over internet protocol (OIP) equipment, structured cabling, satellites, telephone terminal equipment, accessibility, data centers, mobile device communications, vehicular telematics, smart device communications, and smart utility mesh networks
<b>Tier Standard</b>	:	A globally recognised standard by Uptime Institute for digital infrastructure performance relating to data centre reliability and overall performance
<b>UPS</b>	:	Uninterrupted power supply. An electrical apparatus that provides emergency power to a load when the input power source or mains power fails
<b>Uptime Institute</b>	:	Global digital infrastructure certification body that assesses a data centre facility or its design documents before allowing any organisation to claim a tier classification

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**INDICATIVE TIMETABLE**

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The indicative timetable for our IPO is set out below:

<b>Events</b>	<b>Tentative Date</b>
Issuance of this Prospectus / Opening of Applications	27 November 2023
Closing of Applications	5 December 2023
Balloting of Applications	7 December 2023
Allotment of our Issue Shares / Transfer of Offer Shares to successful applicants	14 December 2023
Listing on the ACE Market	18 December 2023

Should there be any change to the indicative timetable above, we will advertise a notice of the changes in a widely circulated English and Bahasa Malaysia newspaper within Malaysia and make an announcement of such changes on Bursa Securities' website accordingly.

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**1. CORPORATE DIRECTORY****BOARD OF DIRECTORS OF THE COMPANY**

<b>Name / (Designation)</b>	<b>Address</b>	<b>Nationality</b>
Mohamad Hashim Bin Abdul Ghani (Independent Non-Executive Chairman)	PT 19028 Lorong Mawar Putih 11 Jalan Mawar Putih Kampung Dato Abu Bakar Baginda 43000 Kajang Selangor, Malaysia	Malaysian
Ir. Tan Si Lim (Non-Independent Executive Director/ Chief Executive Officer)	10 Jalan Kuda 11400 Ayer Itam Pulau Pinang, Malaysia	Malaysian
Ir. Chow Chin Seang (Non-Independent Executive Director/ Chief Operating Officer)	No. 3 Lembah Taman Bukit 1 Taman Bukit 14000 Bukit Mertajam Pulau Pinang, Malaysia	Malaysian
Saw Soo Fang (Independent Non-Executive Director)	23, Jalan Teratai 3 Taman Seri Teratai 13400 Butterworth Pulau Pinang, Malaysia	Malaysian
Teh Wei Keong (Independent Non-Executive Director)	93-B-3-11, Bukit Dumbar Villa Jalan Thomas 11700 Gelugor Pulau Pinang, Malaysia	Malaysian
Kung Shin Tyan (Independent Non-Executive Director)	16, Jalan Sungai Ara 7 Desa Ara 11900 Bayan Lepas Pulau Pinang, Malaysia	Malaysian

**AUDIT AND RISK MANAGEMENT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Teh Wei Keong	Chairperson	Independent Non-Executive Director
Saw Soo Fang	Member	Independent Non-Executive Director
Kung Shin Tyan	Member	Independent Non-Executive Director

**REMUNERATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Kung Shin Tyan	Chairperson	Independent Non-Executive Director
Teh Wei Keong	Member	Independent Non-Executive Director
Saw Soo Fang	Member	Independent Non-Executive Director

**1. CORPORATE DIRECTORY (CONT'D)**

**NOMINATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Saw Soo Fang	Chairperson	Independent Non-Executive Director
Teh Wei Keong	Member	Independent Non-Executive Director
Kung Shin Tyan	Member	Independent Non-Executive Director

**COMPANY SECRETARIES** : **Angelina Cheah Gaik Suan** (MAICSA 7035272)  
SSM Practising Certificate No.: 202008002177  
Chartered Secretary and Associate of the Malaysian  
Institute of Chartered Secretaries and Administrators

**Lee Mei-Mei** (MAICSA 7062284)  
SSM Practising Certificate No.: 202008002962  
Chartered Secretary and Associate of the Malaysian  
Institute of Chartered Secretaries and Administrators

Suite S-21-H, 21<sup>st</sup> Floor  
Menara Northam  
55 Jalan Sultan Ahmad Shah  
10050 George Town  
Pulau Pinang  
Malaysia

Tel. No. : +6(04) 210 7118  
Fax. No. : +6(04) 210 7111

**REGISTERED OFFICE** : Suite S-21-H, 21<sup>st</sup> Floor  
Menara Northam  
55 Jalan Sultan Ahmad Shah  
10050 George Town  
Pulau Pinang  
Malaysia

Tel. No. : +6(04) 210 7118  
Fax. No. : +6(04) 210 7111

**HEAD OFFICE** : 1-2-1, 1-2-2 & 1-2-3  
Jalan Sungai Tiram 8  
Summerskye Square  
11900 Bayan Lepas  
Pulau Pinang  
Malaysia

Tel. No. : +6(04) 649 6033 /  
+6(04) 286 0033  
Fax. No. : +6(04) 649 3033  
Email : info@critical-eng.com  
Website : www.critical-eng.com

**1. CORPORATE DIRECTORY (CONT'D)**

**PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT** : **MIDF Amanah Investment Bank Berhad**  
(Registration No. 197501002077 (23878-X))  
Level 21, Menara MIDF  
No. 82, Jalan Raja Chulan  
50200 Kuala Lumpur  
Malaysia

Tel. No. : +6(03) 2173 8888  
Fax. No. : +6(03) 2173 8277

**AUDITORS AND REPORTING ACCOUNTANTS** : **BDO PLT**  
(Registration No. 201906000013 (LLP0018825-LCA) & AF 0206)  
51-21-F, Menara BHL  
Jalan Sultan Ahmad Shah  
10050 Pulau Pinang  
Malaysia

Tel. No. : +6(04) 222 0288

Partner-in-charge : Tan Chee Hean  
Approval number:  
03661/04/2024 J

Professional Qualification : Chartered Accountant, Member of the Malaysian Institute of Accountants (Membership no. 37348)

**DUE DILIGENCE SOLICITORS** : **Olivia Lim & Co**  
(Registration No. 000020004647)  
41-3, Plaza Damansara  
Jalan Medan Setia 1  
Bukit Damansara  
50490 Kuala Lumpur  
Wilayah Persekutuan  
Malaysia

Tel. No. : +6(03) 2011 1386 / 6386  
Fax. No. : +6(03) 2093 8124

**SHARE REGISTRAR** : **Boardroom Share Registrars Sdn Bhd**  
(Registration No. 199601006647 (378993-D))  
11<sup>th</sup> Floor, Menara Symphony  
No.5 Jalan Prof Khoo Kay Kim, Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

Tel. No. : +6(03) 7890 4700  
Fax. No. : +6(03) 7890 4670



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**1. CORPORATE DIRECTORY (CONT'D)**

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**ISSUING HOUSE** : **Malaysian Issuing House Sdn Bhd**  
(Registration No. 199301003608 (258345-X))  
11<sup>th</sup> Floor, Menara Symphony  
No. 5 Jalan Prof Khoo Kay Kim, Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

Tel. No. : +6(03) 7890 4700

Fax. No. : +6(03) 7890 4670

**INDEPENDENT MARKET RESEARCH CONSULTANTS** : **Providence Strategic Partners Sdn Bhd**  
(Registration No. 201701024744 (1238910-A))  
67-1, Block D, Jaya One  
No. 72A, Jalan Prof Diraja Ungku Aziz  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

Tel. No. : +6(03) 7625 1769

Name of signing partner : Elizabeth Dhoss

Qualification : Bachelor of Business Administration from the University of Malaya

Please refer to Section 8 of this Prospectus for the profile of the firm and signing partner.

**LISTING SOUGHT** : ACE Market

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## 2. APPROVALS AND CONDITIONS

### 2.1 APPROVALS AND CONDITIONS

#### 2.1.1 Bursa Securities' approval

Bursa Securities had, vide its letter dated 12 October 2023 ("**Approval Letter**"), approved:

- (i) our admission to the Official List of the ACE Market; and
- (ii) the listing of and quotation for our entire enlarged issued Shares on the ACE Market.

The approval from Bursa Securities is subject to the following conditions:

No.	Conditions	Status of compliance
1.	<p>Submit the following information with respect to the moratorium on the shareholders of the specified shareholders to Bursa Depository:</p> <ul style="list-style-type: none"> <li>(i) Name of shareholders;</li> <li>(ii) Number of shares; and</li> <li>(iii) Date of expiry of the moratorium for each block of shares.</li> </ul>	Complied.
2.	Confirm that approvals from other relevant authorities have been obtained for implementation of the Listing;	Complied.
3.	The Bumiputera equity requirements for public listed companies as approved/exempted by the SC including any conditions imposed thereon;	Complied.
4.	Make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Guidance Notes 15 of the Listing Requirements;	To be complied.
5.	Furnish to Bursa Securities a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of Critical Holdings on the first day of Listing;	To be complied.
6.	<p>In relation to the IPO to be undertaken by Critical Holdings, to announce at least 2 market days prior to the Listing date, the result of the IPO including the following:</p> <ul style="list-style-type: none"> <li>(i) Level of subscription of public balloting and placement;</li> <li>(ii) Basis of allotment/ allocation;</li> <li>(iii) A table showing the distribution for placement tranche as per the format in in Appendix I of the Approval Letter; and</li> <li>(iv) Disclosure of placees who become substantial shareholders of Critical Holdings arising from the IPO, if any.</li> </ul> <p>To ensure that the overall distribution of Critical Holdings' securities is properly carried out to mitigate any disorderly trading in the secondary market;</p>	To be complied.
7.	Critical Holdings/ MIDF Investment to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission of Critical Holdings to the Official List of the ACE Market.	To be complied.

## 2. APPROVALS AND CONDITIONS (CONT'D)

### 2.1.2 SC's approval

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

The SC had, vide its letter dated 19 October 2023, approved the resultant equity structure of our Company under the Bumiputera equity requirement for public listed companies pursuant to our Listing, subject to the following:

No.	Conditions	Status of compliance
1.	Critical Holdings is to allocate Shares equivalent to 12.5% of its enlarged number of issued Shares at the point of Listing to Bumiputera investors to be approved by the MITI; and	Complied.
2.	Critical Holdings is to make available at least 50% of the Shares offered to the Malaysian public investors via balloting to Bumiputera public investors at the point of Listing.	Complied.

The effects of our Listing on the equity structure of our Company are as follows:

Category of shareholders	As at the LPD		After the Listing	
	No. of Shares	% of number of issued Shares	No. of Shares	% of enlarged number of issued Shares
<b>Bumiputera</b>				
- Bumiputera investors to be approved by MITI	-	-	<sup>(1)</sup> 46,467,400	12.5
- Bumiputera public investors via balloting	-	-	<sup>(1)</sup> 9,293,500	2.5
- Others	-	-	<sup>(2)</sup> 178,000	<sup>(3)</sup> -
<b>Total Bumiputera</b>	-	-	<b>55,938,900</b>	<b>15.0</b>
Non-Bumiputera	100	100.0	315,800,100	85.0
<b>Malaysians</b>	<b>100</b>	<b>100.0</b>	<b>371,739,000</b>	<b>100.0</b>
Foreigners	-	-	-	-
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>371,739,000</b>	<b>100.0</b>

#### Notes:

- (1) Based on the assumption that Shares offered to Bumiputera investors to be approved by MITI and Bumiputera public investors via balloting shall be fully subscribed.
- (2) Based on the assumption that Shares offered to Mohamad Hashim Bin Abdul Ghani, our Independent Non-Executive Chairman under the Pink Form Allocation shall be fully subscribed.
- (3) Less than 0.1%.

### 2.1.3 MITI's approval

The MITI had, vide its letter dated 25 July 2023, noted and has no objection to our Listing on the ACE Market.

## 2. APPROVALS AND CONDITIONS (CONT'D)

### 2.2 MORATORIUM ON OUR SHARES

In accordance with Rule 3.19(1) of the Listing Requirements and pursuant to the conditions imposed under the approval letter by Bursa Securities, a moratorium will be imposed on the sale, transfer or assignment of those Shares held by our specified shareholders as follows:

- (i) the moratorium applies to the entire shareholdings of our specified shareholders for a period of 6 months from the date of our admission to the Official List of the ACE Market ("**First 6-Month Moratorium**");
- (ii) upon the expiry of the First 6-Month Moratorium, our Company must ensure that our specified shareholders' aggregate shareholdings amounting to at least 45.00% of the total number of issued ordinary shares (adjusted for any bonus issue or subdivision of Shares) of our Company remain under moratorium for another period of 6 months ("**Second 6-Month Moratorium**"); and
- (iii) on the expiry of the Second 6-Month Moratorium, our specified shareholders may sell, transfer or assign up to a maximum of 1/3 per annum (on a straight-line basis) of those Shares held under moratorium.

Details of the Shares held by TCCO which will be subject to the abovementioned moratorium, are set out below:

Name	Year 1				Year 2		Year 3	
	Shares under moratorium (First 6-Month Moratorium)		Shares under moratorium (Second 6-Month Moratorium)		Shares under moratorium		Shares under moratorium	
	No. of Shares <sup>(1)</sup>	% <sup>(2)</sup>	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(2)</sup>
TCCO	260,217,100	70.00	167,282,550	45.00	111,521,700	30.00	55,760,850	15.00

**Notes:**

(1) After the Offer for Sale.

(2) Based on our enlarged issued share capital of 371,739,000 Shares after our IPO.

In addition, Ir. Tan Si Lim and Ir. Chow Chin Seang, being the shareholders of TCCO, have undertaken not to sell, transfer or assign any of their shareholdings in TCCO during the moratorium period.

The moratoriums as set out above have been fully accepted by the specified shareholder, TCCO, which has provided written undertaking that it will not sell, transfer or assign its shareholdings under the moratorium during the moratorium period. The moratorium restrictions are specifically endorsed on the share certificates representing the Shares under the moratorium held by TCCO to ensure that our Share Registrar does not register any transfer and/or assignment that contravenes with the moratorium restrictions.

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### 3. PROSPECTUS SUMMARY

**This Prospectus Summary only highlights the key information from other parts of this Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Prospectus prior to deciding on whether to invest in our Shares.**

#### 3.1 PRINCIPAL DETAILS OF OUR IPO

Our IPO entails an offering of 74,348,000 Issue Shares and 37,173,900 Offer Shares at an IPO Price of RM0.35 per IPO Share.

Our IPO Shares will be allocated in the following manner, as set out in Section 4.3 of this Prospectus:

<b>Number of Shares to be offered under the Public Issue</b>	<b>74,348,000</b>
- Malaysian Public via balloting	18,587,000
- Eligible Persons	3,717,400
- Bumiputera investors approved by MITI	46,467,400
- Private placement to Selected Investors	5,576,200
<b>Number of Shares to be offered under the Offer for Sale</b>	<b>37,173,900</b>
Enlarged issued share capital upon Listing	371,739,000
Enlarged issued share capital (RM)	(1)40,891,445
IPO Price per Share (RM)	0.35
Market capitalisation upon Listing (based on the IPO Price and enlarged number of issued shares after our Listing) (RM)	130,108,650

**Note:**

- (1) Before deducting the estimated listing expenses of approximately RM1.29 million which are directly attributable to the Public Issue.

The entire shareholdings of our specified shareholder, TCCO after our IPO will be held under moratorium for 6 months from the date of our Listing. Further details of our IPO and moratorium on our Shares are set out in Sections 4.3 and 2.2 of this Prospectus, respectively.

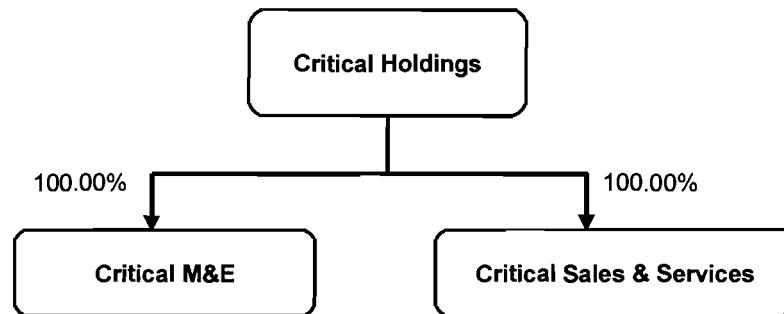
#### 3.2 OUR GROUP AND PRINCIPAL ACTIVITIES

Our Company was incorporated in Malaysia under the Act on 26 August 2022 as a private limited company under the name of Critical Holdings Sdn Bhd. We subsequently converted the status of our Company to a public limited company on 22 September 2022 for our Listing.

Our Company is an investment holding company and the principal activities of our Subsidiaries are design and build, project management, supply, installation, testing, commissioning, maintenance and services support of MEP systems and equipment for critical facilities.

### 3. PROSPECTUS SUMMARY (CONT'D)

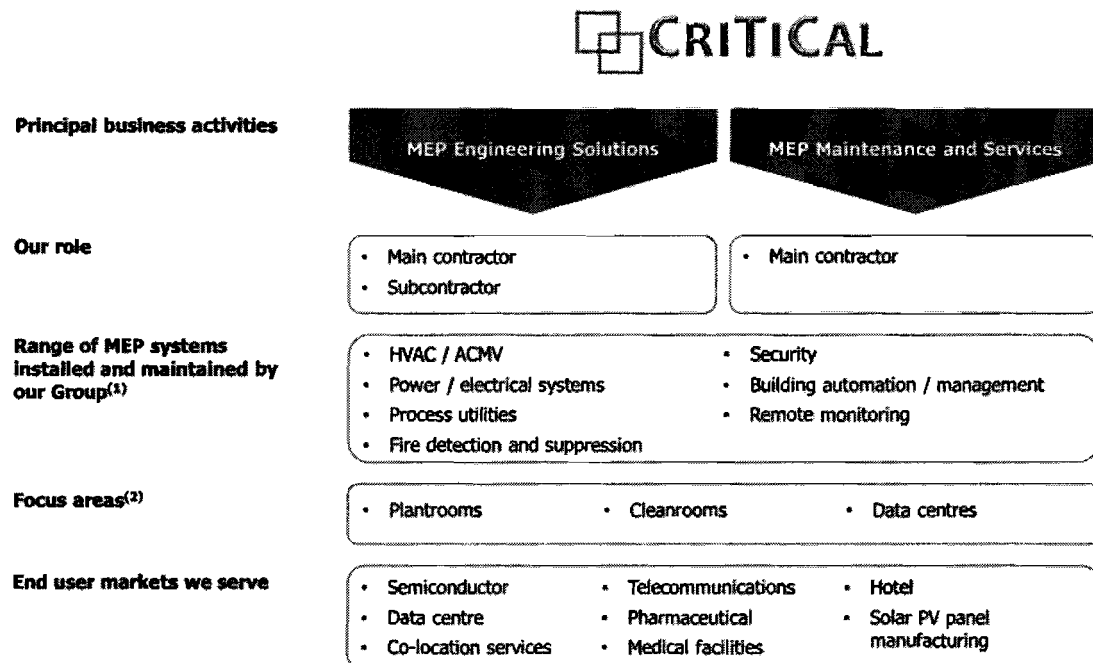
Our corporate group structure after the Acquisitions and upon Listing is as follows:



Further details of our Group are set out in Section 6 of this Prospectus.

### 3.3 BUSINESS MODEL

The following is an overview of our Group's business model:



**Notes:**

- (1) Please refer to Section 7.1.3 of this Prospectus for further details on our range of MEP systems.
- (2) Please refer to Section 7.1.4 of this Prospectus for further details on our focus areas on plantrooms, cleanrooms and data centres.

We generate our revenue through:

- (a) MEP Engineering Solutions, which are performed on a project basis. We receive progressive payments based on completed work or milestones achieved pursuant to contracts and/or purchase orders. In FYE 2023, this segment contributed to 91.49% of our revenue; and
- (b) MEP Maintenance and Services, which are performed in accordance with client work orders. We are able to derive recurrent revenue from maintenance and service as preventive and scheduled maintenance services are normally required on a regular basis. In FYE 2023, this segment contributed to 8.51% of our revenue.

Our revenue was solely generated from Malaysia during the FYE 2020 to 2022. During the FYE 2023, we derived 98.83% of our revenue from Malaysia, and the remaining 1.17% of our revenue was from Singapore (0.90%) and Thailand (0.27%).

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### 3. PROSPECTUS SUMMARY (CONT'D)

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#### 3.4 COMPETITIVE POSITION

Our competitive strengths are as follows:

**(a) We provide comprehensive MEP Engineering Solutions and specialise in critical facilities**

We have been in the MEP engineering industry since 2013. During this time, we have gained the necessary experience and expertise to provide integrated MEP Engineering Solutions, from design, supply, installation, testing and commissioning and MEP Maintenance and Services. We have developed expertise in certain areas for critical facilities. These include MEP Engineering Solutions for data centres, cleanrooms and plantrooms.

**(b) We adhere to stringent quality, safety and environmental standards in the delivery of our design and build of MEP Engineering Solutions**

We endeavour to ensure the quality, timeliness and cost-efficiencies of our services. We believe that we have gained the trust and respect of our clients through our commitment to provide quality services over time. Our consistent delivery of quality services has been instrumental in developing our reputation as a dependable contractor on projects of a wide range of technical complexity.

**(c) We have a qualified and experienced key senior management team with proven track record who are supported by technically competent engineering personnel**

Our Promoters possess in-depth knowledge and domain experience in the MEP engineering industry. Our Promoters, Ir. Tan Si Lim and Ir. Chow Chin Seang are qualified engineers and have contributed significantly to the growth of our Group since acquiring Critical M&E in 2013.

Our professional team has industry experience and technical knowledge in the MEP engineering industry and our engineers possess the relevant professional qualifications, skills and experience required for the practice of MEP Engineering Solutions. Our employees are our core asset. We dedicate resources to their career development and invest in continuous learning for employees at all levels.

**(d) We have a wide client network and established relationships with our subcontractors and suppliers**

We maintain strong business relationships with a wide network of clients, primarily MNC clients that are critical facility owners and/or operators in Malaysia. Because of our strong client relationships and goodwill accumulated over the years, we are frequently invited to participate in tenders for major projects and have a high number of repeated jobs for clients, enabling us to capture market opportunities.

For further details on our competitive position are set out in Section 7.2 of this Prospectus.

### 3. PROSPECTUS SUMMARY (CONT'D)

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#### 3.5 BUSINESS STRATEGIES AND FUTURE PLANS

Moving forward, we will continue to strengthen our business in the following areas:

**(a) We intend to expand our scale of operations and undertake more MEP Engineering Solutions projects in Malaysia**

We intend to expand our scale of operations through actively seeking opportunities in undertaking additional MEP Engineering Solutions projects, from both our existing client and potential new clients, on top of our present scale of operations and our current projects on hand. Further, we believe a stronger presence in the central region of Peninsular Malaysia is vital for us to effectively conduct our marketing efforts and offer efficient services to our potential clients in the central region of Peninsular Malaysia, being a key business zone in Malaysia. A central location of our new regional office in the Peninsular Malaysia would also allow us to better support future expansion to the southern region of Peninsular Malaysia.

**(b) We plan to expand our workforce by recruiting additional skilled professionals and labour, as well as acquiring engineering tools, software and motor vehicles to support our business expansion**

We plan to expand our sales and technical team by recruiting additional personnel to support the growth of our existing business operations and the expected growth in our business in tandem with our plan to expand into the central and southern regions of Peninsular Malaysia. This will also allow us to better manage and control the progress of various larger scale MEP Engineering Solutions projects undertaken by us. At the same time, it enables us to supervise and monitor the works of our workers and subcontractors at different project sites simultaneously. This will further develop our capacity to undertake more sizeable MEP Engineering Solutions projects at one time while adhering to the quality and reliability of our MEP Engineering Solutions projects. Additionally, maintaining and expanding a stable pool of skilled workers will enhance our in-house capability and capacity, thereby provide us with the flexibility to take on more MEP Engineering Solutions projects, as well as maintenance and service contracts by deploying and utilising our own workforce and reducing the need to subcontract the works, which will therefore increase our overall revenue in the future.

In line with our expansion plans, we will also allocate RM1.60 million of our proceeds raised from the Public Issue for the purchase of new engineering tools, software and motor vehicles to support our business expansion and replacement of fully depreciated engineering tools.

Further details on our business strategies and future plans are set out in Section 7.22 of this Prospectus.

#### 3.6 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, certain risks and investment considerations (which may occur either individually or in combination, at the same time or around the same time) that may have a significant impact on our future financial performance.



### 3. PROSPECTUS SUMMARY (CONT'D)

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The following are the key risks and investment considerations that we are currently facing or that may develop in the future:

**(a) Our operations require us to obtain and maintain certificates of registration with the CIDB and the loss of such registrations could significantly affect our business**

In order to operate our business, we are required to obtain and hold valid certificates of registration issued by the CIDB which allows us to tender for projects of unlimited value for Critical M&E and Critical Sales & Services. In order to maintain such certificates of registration, we are required to comply with the relevant standards and conditions imposed by the CIDB and the Ministry of Finance, including the need to notify the CIDB on projects that we have secured and the corresponding required information on these projects. Failure to do so may result in our registration to be downgraded, suspended or revoked, subject to reinstatement by the CIDB or that our Group be imposed a penalty by the CIDB. If we are unable to maintain or renew our certificates of registration with the CIDB, we will be restricted or prohibited from providing MEP Engineering Solutions, hence our business and financial position may be adversely affected.

**(b) Our business is dependent on our ability to replenish and ensure the continuity of our order book**

Our business is dependent on contracts awarded to us on a project-to-project basis, so our revenue streams are on a contractual basis and not long-term or recurring in nature. There is no assurance that we are able to continually secure contracts from one project to another. In the industry that we operate, contracts are commonly awarded through competitive tendering. As such, save for the contracts extended to us directly from our clients, for every contract we wish to secure, we have to participate in tendering exercises to bid competitively against other MEP engineering service providers and there is a risk that we will not be able to secure every contract that we bid for. In order to ensure the continuity of our business, we need to regularly replenish our order book by securing new contracts. Should we fail to do so, our Group's business growth and sustainability as well as financial performance will be adversely affected.

**(c) We are dependent on the supply and quality of services of our subcontractors and suppliers to complete our projects**

To scale up our capabilities, we regularly engage subcontractors to perform or assist us in performing certain works specifically services requiring specialised expertise, skills and/or licences and specialised machinery and/or equipment or due to limitation of manpower available to carry out the workload. We or our subcontractors also engage and coordinate with suppliers of equipment, systems, products and parts that are required for the projects we undertake. As at the LPD, our internal approved list comprises 239 subcontractors and 226 suppliers.

Since our subcontractors do not have a direct contractual relationship with our clients, we supervise and are responsible for the works of our subcontractors, and thus are subject to risks associated with any suboptimal or late performance by our subcontractors. Subcontractor failures are generally in the form of delays or poor workmanship that does not meet the contractual specifications. This may adversely affect our ability to complete our projects based on the project timeline stipulated in the contractual agreements, which as a result, may render us liable to potential claims for LAD by our clients.

**3. PROSPECTUS SUMMARY (CONT'D)**

**(d) We derive a significant portion of revenues from our top 5 customers**

Our revenue from our top 5 customers collectively accounted for approximately 46.42%, 64.17%, 65.94% and 67.44% of our total revenues for the FYE 2020, FYE 2021, FYE 2022 and FYE 2023, respectively.

As our revenue streams depend on contracts awarded to us on a project-by-project basis, the revenue that we secure from our major customers vary on a year-to-year basis. There is no assurance that we will continue to secure contracts from these customers as we do not have long-term agreements with these customers. If these customers discontinue their business relationships with us, we may not be able to secure other customers who are able to contribute similar proportion of revenue on a timely basis.

**(e) We are liable for LAD if we fail to complete our projects within the stipulated contract period**

The timely completion of projects that we undertake is dependent on various external factors inherent in our industry which are beyond our control including, amongst others, the timely receipt of requisite licences, permits or regulatory approvals, availability of equipment and labour, availability of financing at reasonable rates and terms as well as satisfactory performance of the engaged subcontractors.

Project delays can also arise due to client delays as well as variations in scope of works and project implementation timelines, which are also beyond our control. There can be no assurance that we will be able to substantiate and obtain the extensions of time required from our clients to complete our contracted works and avoid the imposition of LAD.

Please refer to Section 9 of this Prospectus for further details and the full list of risk factors which should be considered before investing in our Shares.

**3.7 IMPACT OF COVID-19 ON OUR GROUP**

In December 2019, there was an outbreak of COVID-19 which began in China and spread globally including Malaysia. The World Health Organisation declared COVID-19 as a pandemic on 11 March 2020. As a result of this pandemic, businesses globally faced disruptions in production arising from a shortage of workers and restrictions on human contact resulting from various forms of lockdown instituted by governing authorities.

Due to the outbreak of COVID-19, the Government implemented the MCO as part of the efforts to curb the spread of the disease in the country. The first MCO was effective on 18 March 2020, which involved the restrictions on the movement of people within Malaysia and internationally as well as restrictions on business, economic, cultural and recreational activities.

As such, our business operations were temporary halted during the following period:

	<b>MCO 1.0</b>
Critical M&E	18 March 2020 – 20 April 2020
Critical Sales & Services	18 March 2020 – 21 April 2020

Upon obtaining MITI approval and/or the uplifting of MCO 1.0, our Group resumed activities in accordance to the specific guidelines and the applicable standard operating procedures, including workforce capacity restrictions.

**3. PROSPECTUS SUMMARY (CONT'D)**

Notwithstanding the above, we did not experience any cancellation in contracts as a result of COVID-19 and the imposition of MCOs. However, due to the temporary suspension of project sites and limitation of workforce capacity imposed under various stages of MCOs, the initial work plan for one (1) of our Group's ongoing projects had been deferred which resulted in delays to our project timelines. In light of this, we applied for and had been granted extension of time to deliver the impacted project with no additional cost for preliminaries or loss and/or expenses for this extension of time.

We have not experienced material disruptions in our business operations as a result of impositions of various phases of MCOs since March 2020. We did not experience any material impact on our financial performance as demonstrated by an increase in revenue from RM43.62 million in FYE 2020 to RM53.70 million in FYE 2021 and to RM107.33 million in FYE 2022. We did not experience any impact on our revenue in FYE 2023.

Please refer to Section 7.20 of this Prospectus for further details on the impact of COVID-19 on our Group.

**3.8 DIRECTORS AND KEY SENIOR MANAGEMENT OF OUR GROUP**

Our Directors and key senior management are as follows:

**(a) Directors**

<b>Name</b>	<b>Designation</b>
Mohamad Hashim Bin Abdul Ghani	Independent Non-Executive Chairman
Ir. Tan Si Lim	Non-Independent Executive Director / Chief Executive Officer
Ir. Chow Chin Seang	Non-Independent Executive Director / Chief Operating Officer
Saw Soo Fang	Independent Non-Executive Director
Teh Wei Keong	Independent Non-Executive Director
Kung Shin Tyan	Independent Non-Executive Director

**(b) Key Senior Management**

<b>Name</b>	<b>Designation</b>
Ir. Tan Si Lim	Non-Independent Executive Director / Chief Executive Officer
Ir. Chow Chin Seang	Non-Independent Executive Director / Chief Operating Officer
Ooi Ley Ching	Financial Controller
Yang Chee Wan	General Manager (Design and Engineering)
Ng Teik Hoe	General Manager (Project)

Further details on our Directors and key senior management are set out in Section 5.2 of this Prospectus.

### 3. PROSPECTUS SUMMARY (CONT'D)

#### 3.9 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The details of our Promoters and/or substantial shareholders, and their respective shareholdings in our Company before and after our IPO are as follows:

Promoters / Substantial shareholders	Nationality / Place of incorporation	Before our IPO/ After the Acquisitions			Before our IPO/ After the Share Transfer		
		Direct	Indirect	(1)%	Direct	Indirect	(1)%
		No. of Shares	No. of Shares	No. of Shares	No. of Shares	No. of Shares	No. of Shares
<b>Promoters and substantial shareholders</b>							
Ir. Tan Si Lim	Malaysian	148,695,500	-	-	18,586,950	(3)260,217,100	87.50
Ir. Chow Chin Seang	Malaysian	148,695,500	-	-	18,586,950	(3)260,217,100	87.50
<b>Substantial shareholder</b>							
TCCO	Malaysia	-	-	-	260,217,100	-	-
<b>After our IPO</b>							
Promoters / Substantial shareholders	Nationality / Place of incorporation	Direct	Indirect				
		No. of Shares	(2)%	No. of Shares	(2)%	No. of Shares	(2)%
<b>Promoters and substantial shareholders</b>							
Ir. Tan Si Lim	Malaysian	-	-	(3)260,217,100	70.00	-	-
Ir. Chow Chin Seang	Malaysian	-	-	(3)260,217,100	70.00	-	-
<b>Substantial shareholder</b>							
TCCO	Malaysia	260,217,100	70.00	-	-	-	-

**Notes:**

- (1) Based on our issued share capital of 297,391,000 Shares after the Acquisitions and before our IPO.
- (2) Based on our enlarged issued share capital of 371,739,000 Shares after our IPO.
- (3) Deemed interested by virtue of Section 8(4) of the Act, through his shareholding in TCCO.

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

**3. PROSPECTUS SUMMARY (CONT'D)****3.10 UTILISATION OF PROCEEDS**

The total proceeds raised from our Public Issue amounting to RM26.02 million based on the IPO Price are intended to be used in the following manner:

<b>Purposes</b>	<b>RM'000</b>	<b>%</b>	<b>Estimated time frame for use (from the Listing date)</b>
Business expansion			
- Acquisition of new regional office	6,000	23.06	Within 24 months
- Expansion of sales and technical team	4,500	17.29	Within 24 months
- Capital expenditure	1,600	6.15	Within 24 months
Working capital	9,922	38.13	Within 12 months
Estimated listing expenses	4,000	15.37	Within 3 months
<b>Total</b>	<b>26,022</b>	<b>100.00</b>	

There is no minimum subscription in terms of proceeds to be raised from our IPO. Further details on the utilisation of proceeds are set out in Section 4.8 of this Prospectus.

Based on the IPO Price, the total proceeds raised from the Public Issue of RM26.02 million will accrue entirely to the Company.

The financial impact of the use of proceeds raised from our Public Issue is illustrated in the Pro forma Consolidated Statements of Financial Position as at 30 June 2023 set out in Section 12.15 of this Prospectus.

The gross proceeds arising from the Offer for Sale of RM13.01 million will accrue entirely to our Selling Shareholders.

**3.11 FINANCIAL AND OPERATIONAL HIGHLIGHTS**

The key financial highlights of our historical audited combined statements of comprehensive income for the FYE Under Review are set out below:

	<b>Audited</b>			
	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	43,623	53,702	107,330	150,940
Cost of sales	36,356	44,043	91,521	128,798
GP	7,267	9,659	15,809	22,142
PBT	3,550	6,065	10,439	13,193
PAT	2,642	4,761	7,897	9,590
GP margin <sup>(1)</sup> (%)	16.66	17.99	14.73	14.67
PBT margin <sup>(2)</sup> (%)	8.14	11.29	9.73	8.74
PAT margin <sup>(3)</sup> (%)	6.06	8.87	7.36	6.35
Current ratio <sup>(4)</sup> (times)	1.37	1.58	1.37	1.65
Gearing ratio <sup>(5)</sup> (times)	0.67	0.47	0.30	0.22

**3. PROSPECTUS SUMMARY (CONT'D)****Notes:**

- (1) GP margin is computed based on GP over revenue for the financial year.
- (2) PBT margin is computed based on PBT over revenue for the financial year.
- (3) PAT margin is computed based on PAT over revenue for the financial year.
- (4) Current ratio is computed based on current assets over current liabilities as at the end of each financial year.
- (5) Gearing ratio is computed based on total borrowings over total equity as at the end of each financial year.

**Operational highlights**

The breakdown of our revenue by business segment for the FYEs 2020 to 2023 is as follows:

Business Segment	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
MEP Engineering Solutions comprising:								
Plantroom	30,980	71.02	38,861	72.37	60,037	55.94	94,581	62.66
Cleanroom	2,164	4.96	1,591	2.96	27,714	25.82	30,494	20.20
Data centre <sup>(1)</sup>	4,001	9.17	7,571	14.10	8,668	8.08	13,014	8.62
<b>Sub-total</b>	<b>37,145</b>	<b>85.15</b>	<b>48,023</b>	<b>89.43</b>	<b>96,419</b>	<b>89.83</b>	<b>138,089</b>	<b>91.49</b>
MEP Maintenance and Services	6,478	14.85	5,679	10.57	10,911	10.17	12,851	8.51
<b>Total</b>	<b>43,623</b>	<b>100.00</b>	<b>53,702</b>	<b>100.00</b>	<b>107,330</b>	<b>100.00</b>	<b>150,940</b>	<b>100.00</b>

**Note:**

- (1) Comprises data centre MEP Engineering Solutions as well as supply and testing of data centre cooling solutions and UPS solutions, which is a subset of our MEP Engineering Solutions business segment.

Please refer to Section 12 of this Prospectus for further details on our financial information.

**3.12 DIVIDEND POLICY**

Moving forward, our Group targets a pay-out ratio of up to 25% of our PAT of each financial year on a consolidated basis after considering our capital requirements including working capital and capital expenditure. The actual dividend pay-out will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant by our Board.

The dividends paid by our Group for the FYE Under Review and up to the LPD are as follows:

	FYE 2020	FYE 2021	FYE 2022	FYE 2023	1 July 2023 up to the LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Dividends paid	-	1,600	-	(1)4,400	-

**Note:**

- (1) Comprise of dividends of: (a) RM2.00 per ordinary share amounting to RM2,000,000 was declared in respect of the FYE 2022 and was subsequently paid on 2 September 2022; and (b) RM2.40 per ordinary share amounting to RM2,400,000 was declared in respect of the FYE 2023 and was subsequently paid on 23 June 2023.

Save for the above, we do not intend to declare and pay any dividends from the LPD up to our Listing.

Further details on our dividend policy are set out in Section 12.13 of this Prospectus.

#### 4. DETAILS OF OUR IPO

##### 4.1 OPENING AND CLOSING OF APPLICATION PERIOD

The Application period for our IPO will open at 10.00 a.m. on 27 November 2023 and close at 5.00 p.m. on 5 December 2023. **Late applications will not be accepted.**

##### 4.2 INDICATIVE TIMETABLE

The following events are intended to take place on the following dates:

Events	Tentative Dates
Issuance of this Prospectus/ Opening of this Application	27 November 2023
Closing date of this Application	5 December 2023
Balloting of Applications	7 December 2023
Allotment of our Issue Shares / Transfer of Offer Shares to successful applicants	14 December 2023
Listing on the ACE Market	18 December 2023

Should there be any change to the indicative timetable above, we will advertise a notice of the changes in a widely circulated English and Bahasa Malaysia newspaper within Malaysia and make an announcement of such changes on Bursa Securities' website.

##### 4.3 DETAILS OF OUR IPO

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, our Issue Shares are expected to be allocated in the manner described below, and subjected further to the underwriting and placement arrangement as set out in Section 4.3.4 of this Prospectus and clawback and also the reallocation provisions as set out in Section 4.3.5 of this Prospectus:

###### 4.3.1 Public Issue

A total of 74,348,000 Issue Shares representing approximately 20.00% of our enlarged Shares are offered at our IPO Price. Our Issue Shares will be allocated in the following manner:

###### (i) Malaysian Public via balloting

18,587,000 Issue Shares, representing approximately 5.00% of our enlarged Shares will be made available for application by the Malaysian Public through a balloting process as follows:

- (a) 9,293,500 Issue Shares made available to the Bumiputera Malaysian Public; and
- (b) 9,293,500 Issue Shares made available to the Malaysian Public.

**4. DETAILS OF OUR IPO (CONT'D)****(ii) Eligible Persons**

3,717,400 Pink Form Shares, representing approximately 1.00% of our enlarged Shares will be made available for application by Eligible Persons in the following manner:

<u>Eligible Persons</u>	<u>No. of Eligible Persons</u>	<u>Number of Shares allocated</u>
Eligible Directors <sup>(a)</sup>	4	712,000
Eligible employees of our Group <sup>(b)</sup>	48	3,005,400
<b>Total</b>	<b>52</b>	<b>3,717,400</b>

**Notes:**

- (a) The allocation to our eligible Directors are based on, among others, their respective roles and responsibilities and their contribution to our Company and they are collectively allocated 712,000 Pink Form Shares as follows:

<u>Name</u>	<u>Designation</u>	<u>Number of Shares allocated</u>
Mohamad Hashim Bin Abdul Ghani	Independent Non-Executive Chairman	178,000
Saw Soo Fang	Independent Non-Executive Director	178,000
Teh Wei Keong	Independent Non-Executive Director	178,000
Kung Shin Tyan	Independent Non-Executive Director	178,000
<b>Total</b>		<b>712,000</b>

- (b) The allocation to the eligible employees of our Group who are confirmed full-time employees are based on, among others, their job grade, performance, length of service and their past contribution to our Group. Our key senior management are collectively allocated a total of 925,000 Pink Form Shares as follows:

<u>Name</u>	<u>Designation</u>	<u>Number of Shares allocated</u>
Ooi Ley Ching	Financial Controller	175,000
Yang Chee Wan	General Manager (Design and Engineering)	375,000
Ng Teik Hoe	General Manager (Project)	375,000
<b>Total</b>		<b>925,000</b>

**(iii) Private placement to Bumiputera investors approved by the MITI**

46,467,400 Issue Shares, representing approximately 12.50% of our enlarged Shares will be made available by way of private placement to identified Bumiputera investors approved by the MITI.



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**4. DETAILS OF OUR IPO (CONT'D)**

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**(iv) Private placement to the Selected Investors**

5,576,200 Issue Shares, representing approximately 1.50% of our enlarged Shares will be made available by way of private placement to the Selected Investors.

Our Public Issue is expected to raise gross proceeds of RM26.02 million and will accrue entirely to our Company. The Public Issue will increase our issued Shares from 297,391,000 Shares to 371,739,000 Shares.

Save for the allocation made available for Application as disclosed in Section 4.3.1(ii) of this Prospectus, to the extent known to our Company, none of our substantial shareholders, Directors or key senior management have indicated to us that they intend to subscribe for the IPO Shares and there are no persons who have indicated to us that they intend to subscribe for more than 5.00% of the Issue Shares allocated under Section 4.3.1(i) of this Prospectus for the Malaysian Public.

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#### 4. DETAILS OF OUR IPO (CONT'D)

##### 4.3.2 Offer for Sale

37,173,900 Offer Shares, representing 10.00% of our enlarged issued share capital, are offered by our Selling Shareholders to the Selected Investors by way of private placement at the IPO Price.

The Offer Shares to be offered by our Selling Shareholders and their shareholdings in our Company before and after our IPO is as follows:

Name/ Address	Material relationship with our Group	After the Acquisitions but before the Share Transfer and our IPO		Offer Shares offered		After the Share Transfer and our IPO	
		No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%
Ir. Tan Si Lim / 10, Jalan Kuda, 11400 Ayer Itam, Pulau Pinang, Malaysia	Promoter, substantial shareholder, specified shareholder and Non-Independent Executive Director / Chief Executive Officer	148,695,500	50.00	18,586,950	6.25	5.00	(3).
Ir. Chow Chin Seang / No. 3 Lembah Taman Bukit 1, Taman Bukit, 14000 Bukit Mertajam, Pulau Pinang, Malaysia	Promoter, substantial shareholder, specified shareholder and Non-Independent Executive Director / Chief Operating Officer	148,695,500	50.00	18,586,950	6.25	5.00	(4).
<b>Total</b>		<b>297,391,000</b>	<b>100.00</b>	<b>37,173,900</b>	<b>12.50</b>	<b>10.00</b>	-

##### Notes:

- (1) Based on our issued share capital of 297,391,000 Shares after the Acquisitions and before our IPO.
- (2) Based on our enlarged issued share capital of 371,739,000 Shares after our IPO.
- (3) Ir. Tan Si Lim will transfer 130,108,550 Shares to TCCO under the Share Transfer.
- (4) Ir. Chow Chin Seang will transfer 130,108,550 Shares to TCCO under the Share Transfer.

Our Offer for Sale is expected to raise gross proceeds of RM13.01 million and will accrue entirely to our Selling Shareholders. Our Selling Shareholders shall bear all expenses such as placement fee and miscellaneous fee relating to the Offer Shares. The Offer Shares are not underwritten by our Underwriter. Please refer to Sections 5.1 and 5.2 of this Prospectus for further details of our Selling Shareholders.

**4. DETAILS OF OUR IPO (CONT'D)****4.3.3 Share Transfer**

Upon completion of our IPO, the Promoters, namely Ir. Tan Si Lim and Ir. Chow Chin Seang will hold an aggregate of 260,217,100 Shares.

During the prescription period (one day after the launching date of the Prospectus up to a period of 30 days), the Promoters will transfer a total of 260,217,100 Shares to TCCO (an investment holding company incorporated with the intention to hold their investment) at a consideration of RM91.08 million.

Pursuant thereto, the Share Transfer will be completed upon the relevant Shares being credited into the CDS account of TCCO prior to our Listing.

Further details of the Share Transfer are set out below:

Shareholders	No. of Shares					
	Before our IPO and Share Transfer	(1)%	To be transferred to TCCO	(2)%	After the Share Transfer and our IPO	(2)%
Ir. Tan Si Lim	148,695,500	50.00	(130,108,550)	35.00	(3)-	-
Ir. Chow Chin Seang	148,695,500	50.00	(130,108,550)	35.00	(4)-	-
TCCO	-	-	260,217,100	70.00	260,217,100	70.00
<b>Total</b>	<b>297,391,000</b>	<b>100.00</b>	<b>-</b>	<b>-</b>	<b>260,217,100</b>	<b>70.00</b>

**Notes:**

- (1) Based on our issued share capital of 297,391,000 Shares after the Acquisitions but before our IPO.
- (2) Based on our enlarged issued share capital of 371,739,000 Shares after our IPO.
- (3) Ir. Tan Si Lim will offer 18,586,950 Offer Shares under the Offer for Sale.
- (4) Ir. Chow Chin Seang will offer 18,586,950 Offer Shares under the Offer for Sale.

The purpose of the Share Transfer is to consolidate the shareholding interest of Ir. Tan Si Lim and Ir. Chow Chin Seang in our Company under a single investment holding company, namely TCCO.

**4.3.4 Summary of our IPO Shares to be allocated and underwriting**

A summary of our IPO Shares to be allocated is as follows:

	Public Issue		Offer for Sale		Total	
	No. of Shares	(1) (%)	No. of Shares	(1) (%)	No. of Shares	(1) (%)
Malaysian Public via balloting	18,587,000	5.00	-	-	18,587,000	5.00
Eligible Persons	3,717,400	1.00	-	-	3,717,400	1.00
Private placement to Bumiputera investors approved by the MITI	46,467,400	12.50	-	-	46,467,400	12.50
Private placement to the Selected Investors	5,576,200	1.50	37,173,900	10.00	42,750,100	11.50
<b>Total</b>	<b>74,348,000</b>	<b>20.00</b>	<b>37,173,900</b>	<b>10.00</b>	<b>111,521,900</b>	<b>30.00</b>

**Note:**

- (1) Based on the enlarged issued share capital of 371,739,000 Shares after our IPO.

#### 4. DETAILS OF OUR IPO (CONT'D)

The 18,587,000 Issue Shares made available for Application by the Malaysian Public and the 3,717,400 Pink Form Shares made available to the Eligible Persons under Sections 4.3.1(i) and 4.3.1(ii) of the Prospectus, respectively are fully underwritten by our Underwriter. Please refer to Section 4.10 of this Prospectus for the salient terms of the Underwriting Agreement.

All the 42,750,100 IPO Shares made available for private placement to the Selected Investors under Sections 4.3.1(iv) and 4.3.2 of this Prospectus and the 46,467,400 Issue Shares made available for private placement to the Bumiputera investors approved by the MITI under Section 4.3.1(iii) of this Prospectus will not be underwritten. Irrevocable undertakings will be obtained from these Selected Investors to subscribe for the IPO Shares available under the private placement.

##### 4.3.5 Clawback and reallocation of Issue Shares

Our Shares shall be subjected to the following clawback and reallocation provisions:

- (a) Any unsubscribed Pink Form Shares (“**Excess Issue Shares**”) will be re-offered to the Eligible Persons (excluding eligible Directors) who have applied for excess on top of their pre-determined allocation and allocated on a fair and equitable basis and in the following priority:
- (i) firstly, allocation on a pro-rata basis to the eligible employees of our Group who have applied for the Excess Issue Shares based on the number of Excess Issue Shares applied for; and
  - (ii) secondly, to minimise odd lots.

Our Board reserves the right to allot Excess Issue Shares applied in such manner as it may deem fit and expedient in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in items (i) to (ii) above is achieved. Our Board also reserves the right to accept or reject any Excess Issue Shares application, in full or in part, without assigning any reason.

Once completed, the steps involving items (i) to (ii) above will not be repeated.

- (b) Should there be any balance of Excess Issue Shares thereafter, such balance will be made available to the Malaysian Public and/or Selected Investors via private placement.
- (c) Any unsubscribed Issue Shares by the Malaysian Public will be made available for Application by way of private placement to Selected Investors.
- (d) Any unsubscribed Issue Shares by identified Bumiputera investors approved by the MITI (“**MITI Tranche**”) will firstly be offered to institutional investors. Subsequently, any MITI Tranche that is not taken up shall be made available for Application by the Bumiputera public investors as part of the balloting process. Thereafter, any MITI Tranche that is not taken up by Bumiputera public investors will be made available for application by the Malaysian Public as part of the balloting process and/or by the Eligible Persons and/or by way of private placement to Selected Investors. The MITI Tranche will not be underwritten by the Underwriter.
- (e) Any Issue Shares not taken up by the Selected Investors after being reallocated from the Malaysian Public and/or Eligible Persons shall be taken up by our Underwriter in accordance with the terms and conditions of the Underwriting Agreement.

The allocation of our IPO Shares shall be on a fair and equitable manner and shall take into account our Company's decision on the appropriate number and mix of shareholders for our Company while meeting the public shareholding spread requirements of Bursa Securities and establishing a liquid market for our Shares.

#### 4. DETAILS OF OUR IPO (CONT'D)

There is no minimum subscription amount to be raised from the IPO. All the IPO Shares are either subscribed by the Malaysian Public, Eligible Persons and/or Selected Investors, pursuant to their irrevocable undertakings or fully underwritten by our Underwriter. The number of IPO Shares offered under the Public Issue will not be increased via any over-allotment or "greenshoe" option.

Salient terms of the Underwriting Agreement are set out in Section 4.10 of this Prospectus.

##### 4.3.6 Minimum level of subscription

There is no minimum level of subscription in terms of the proceeds to be raised by us for our IPO.

However, in order to comply with the public spread requirements of Bursa Securities, we are required to have at least 25.00% of our total number of issued Shares to be held by a minimum of 200 public shareholders holding not less than 100 Shares each. This is the minimum subscription level in terms of the number of Shares.

We expect to meet the public shareholding requirements at the point of our Listing.

If we fail to meet the said requirement, we may not be allowed to proceed with our Listing on the ACE Market. In such an event, we will return in full, without interest, all monies paid in respect of all Applications. If any such monies are not refunded within 14 days after we become liable to do so, the provision of sub-Section 243(2) of the CMSA shall apply accordingly.

##### 4.3.7 Price stabilisation mechanism

We will not be employing any price stabilisation mechanism (which is in accordance with the Capital Markets and Services (Price Stabilisation Mechanism) Regulations 2008) for our IPO.

#### 4.4 SHARE CAPITAL

Upon completion of the Listing, our issued share capital shall be as follows:

Details	No. of Shares	RM
Total number of Shares as at the date of this Prospectus	297,391,000	14,869,645
Shares to be issued pursuant to the Public Issue	74,348,000	<sup>(1)</sup> 26,021,800
<b>Enlarged issued share capital upon Listing</b>	<b>371,739,000</b>	<b>40,891,445</b>
IPO Price per Share		0.35
<b>Market capitalisation upon Listing</b> based on the IPO Price and enlarged number of issued Shares upon the Listing		130,108,650
<b>Pro forma NA per Share</b> as at 30 June 2023 after the Acquisitions, Public Issue and the intended use of proceeds		0.12

**Note:**

- (1) Calculated based on our IPO Price and before deducting the estimated listing expenses of approximately RM1.29 million which are directly attributable to the Public Issue.

As at the LPD, Critical Holdings has only one class of Shares, being the ordinary shares, all of which rank equally with each other.

#### **4. DETAILS OF OUR IPO (CONT'D)**

Our Issue Shares will, upon allotment and issue, rank equally in all respects with our existing Shares, including voting rights and rights to all dividends and all distributions that may be declared subsequent to the date of allotment of our Issue Shares, subject to any applicable Rules of Bursa Depository.

Our Offer Shares rank equally in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of transfer of the Offer Shares, subject to any applicable Rules of Bursa Depository.

Subject to any special rights attaching to any Shares which we may issue in the future, our shareholders shall, in proportion to the Shares held by them, be entitled to share in the profits paid out by us in the form of dividends and other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to the surplus (if any) in accordance with the Constitution after the satisfaction of any preferential payments in accordance with the Act and our liabilities.

At the general meeting of our Company, each of our shareholders shall be entitled to vote (i) in person; (ii) by proxy; (iii) by an attorney; or (iv) by duly authorised representatives. A proxy may but need not be a shareholder of the Company and there shall be no restriction as to the qualification of the proxy.

On a show of hands, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative shall have 1 vote. On a poll, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative shall have 1 vote for each Share held.

#### **4.5 BASIS OF ARRIVING AT THE IPO PRICE**

Our IPO Price was determined and agreed upon by our Directors and Promoters, together with MIDF Investment, being our Principal Adviser, Sponsor, Underwriter and Placement Agent after taking into account, amongst others, the following factors:

- (i) our strong growth demonstrated by the growth of our revenue and PAT for the financial year at a CAGR of 51.25% and 53.68%, respectively from FYE 2020 to FYE 2023;
- (ii) our EPS of 3.22 sen (based on the existing number of issued Shares of 297,391,000 Shares) for the FYE 2023 based on our PAT of RM9.59 million and 2.58 sen (based on the enlarged number of issued Shares of 371,739,000 Shares upon Listing) which translates into PE Multiples of 10.87 times and 13.57 times respectively;
- (iii) our detailed financial performance and operating history as outlined in Sections 12 and 6.1 of this Prospectus respectively;
- (iv) our competitive strengths as set out in Section 7.2 of this Prospectus:
  - (a) comprehensive MEP Engineering Solutions and specialisation in critical facilities;
  - (b) adherence to stringent quality, safety and environmental standards in the delivery of our design and build of MEP Engineering Solutions;
  - (c) qualified and experienced key senior management team with proven track record who are supported by technically competent engineering personnel; and
  - (d) wide client network and established relationships with our subcontractors and suppliers.

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#### **4. DETAILS OF OUR IPO (CONT'D)**

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- (v) our business strategies and prospects as set out in Section 7.22 of this Prospectus:
  - (a) expansion of scale of operations and undertaking of more MEP Engineering Solutions projects in Malaysia; and
  - (b) expansion of our workforce by recruiting additional skilled professionals and labour, as well as acquiring engineering tools, software and motor vehicles to support our business expansion.
- (vi) the overview and outlook of the industry in which our Group operates as described in the IMR Report set out in Section 8 of this Prospectus; and
- (vii) our prevailing market conditions including among others, market performance of key global indices, domestic and foreign exchanges, and investors' sentiments.

You should also note that the market price of our Shares upon Listing is subject to market forces and other uncertainties which may affect the price of our Shares. You are reminded to consider the risk factors as set out in Section 9 of this Prospectus before deciding to invest in our Shares.

#### **4.6 OBJECTIVES OF OUR LISTING**

The objectives of our Listing are as follows:

- (i) to enhance our corporate profile and stature to enable our Group to gain recognition through our listing status and further enhance our corporate profile, reputation and market credibility which is aimed at expanding our customer base; as well as assist us to attract and retain talents;
- (ii) to establish liquidity for our Shares by the listing of and quotation for our entire ordinary shares on the ACE Market of Bursa Securities;
- (iii) to enable us to access the capital market and to provide us the financial flexibility to pursue growth opportunities;
- (iv) to enable us to raise funds for the purposes set out in Section 4.8 of this Prospectus; and
- (v) to provide an opportunity for the Malaysian Public and Eligible Persons to participate in our equity.

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**4. DETAILS OF OUR IPO (CONT'D)****4.7 DILUTION**

Dilution is computed as the difference between our IPO Price paid by you for our IPO Shares and the pro forma NA per Share of our Group immediately after our IPO. The following table illustrates the effect of our Group's pro forma NA for each Share to our shareholders:

<b>Details</b>		<b>RM</b>
IPO Price	(A)	0.35
Pro forma consolidated NA per Share as at 30 June 2023 after the Acquisitions but before the Public Issue (based on the issued share capital of 297,391,000 Shares)	(B)	0.07
Pro forma consolidated NA per Share after the Acquisitions, Public Issue and the intended utilisation of proceeds (based on the enlarged issued share capital of 371,739,000 Shares)	(C)	0.12
Increase in the pro forma consolidated NA per Share attributable to the existing shareholders (after the Public Issue and the intended use of proceeds)	(C) – (B)	0.05
Dilution in the pro forma consolidated NA per Share to new investors	(A) – (C)	0.23
Dilution in the pro forma consolidated NA per Share to new investors as a percentage of the IPO Price	[(A) – (C)]/(A)	65.71%

Save as disclosed below, there has been no acquisition of any of our Shares by our Promoters, substantial shareholders, Directors and/or key senior management or persons connected with them, or any transaction entered into by them which grants them the right to acquire any of our Shares since our incorporation:

<b>Name</b>	<b>No. of Shares held after the Share Transfer but before our IPO</b>	<b>Total consideration (RM'000)</b>	<b>Average cost per Share (RM)</b>
<b><u>Promoters/ substantial shareholders/ Directors/ key senior management</u></b>			
Ir. Tan Si Lim	18,586,950	929	0.05
Ir. Chow Chin Seang	18,586,950	929	0.05
<b><u>Substantial shareholder</u></b>			
TCCO	260,217,100	91,076	0.35

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**4. DETAILS OF OUR IPO (CONT'D)****4.8 UTILISATION OF PROCEEDS**

We expect to raise gross proceeds of approximately RM26.02 million from our Listing and will be utilised by our Group in the following manner:

<b>Purposes</b>	<b>Section</b>	<b>RM'000</b>	<b>%</b>	<b>Estimated time frame for use (from the Listing date)</b>
Business expansion:				
- Acquisition of the new regional office	4.8.1	6,000	23.06	Within 24 months
- Expansion of sales and technical team	4.8.2	4,500	17.29	Within 24 months
- Capital expenditure	4.8.3	1,600	6.15	Within 24 months
Working capital	4.8.4	9,922	38.13	Within 12 months
Estimated listing expenses	4.8.5	4,000	15.37	Within 3 months
<b>Total</b>		<b>26,022</b>	<b>100.00</b>	

Further details of the utilisation are set out below whilst our business strategies and future plans relating to these plans are set out in Section 7.22 of this Prospectus.

**4.8.1 Acquisition of the new regional office**

We intend to allocate a total of RM6.00 million or 23.06% of our IPO proceeds raised from the Public Issue, for the acquisition and the setting-up of a new regional office in the central region of Peninsular Malaysia, specifically in Klang Valley. We expect the plan to be implemented within 24 months from the date of Listing. The acquisition of the new regional office is in line with our business plan to expand and tap into the growth opportunities in the central and southern regions of Peninsular Malaysia.

As at the LPD, our Selangor Service and Support Office is located in Kajang, Selangor, which will be relocated to Seri Kembangan, Selangor by end November 2023. As at the LPD, our existing Selangor Service and Support Office has 4 staffs and they mainly support smaller scale service and maintenance jobs that we secure in the central region of Peninsular Malaysia. As such, our existing presence in the central region of Peninsular Malaysia is relatively limited at this juncture.

To achieve our plan for regional expansion, we believe a stronger presence in the central region of Peninsular Malaysia is vital for us to effectively conduct our marketing efforts and offer efficient services to our prospective clients in the central region of Peninsular Malaysia. A central location of our new regional office in the Peninsular Malaysia will also allow us to provide better support in view of our anticipated expansion to the central and southern regions of Peninsular Malaysia.

We intend to allocate approximately 1,500 sq. ft. as a dedicated area in the new regional office in the central region of Peninsular Malaysia to be utilised as a testing facility for our MEP equipment and systems before deploying these equipment and systems for installation at project sites. The testing facility can be used to support our MEP Engineering Solutions as well as MEP Maintenance and Services business segments. The testing facility will be equipped with 3-phase electrical power supplies, which resemble the electrical supply infrastructure that is commonly used in critical facilities such as data centres and plantrooms, to provide better simulation of the testing process. Presently, we perform these tests at the premises of our suppliers for the products and systems that they supply to us.

**4. DETAILS OF OUR IPO (CONT'D)**

As at the LPD, we are still in the midst of identifying a suitable property for the new regional office in the central region of Peninsular Malaysia. As such, details on the exact location, price and size of the property are not available at this juncture.

In identifying the suitable property, we will be guided by the following selection criteria:

- located in a city that forms a key part of the Malaysia Digital Status in Malaysia e.g. Cyberjaya, hence is a preferred location for corporations to set up their data centres;
- multi-storey semi-detached factory located in a commercial or industrial park;
- minimum built-up area of 5,000 sq. ft.;
- freehold title;
- equipped with commercial lift that can support a maximum weight load of up to 1.50 tonnes;
- with ready electrical infrastructure that can provide 3-phase 150 Amp of electrical supply; and
- dedicated workspace area that has a ceiling height of at least 20 feet.

Details of the allocated proceeds for the new regional office are as follows:

<b>Details</b>	<b>RM'000</b>
Acquisition of property	(1)5,000
Renovation and interior fit-out	(2)1,000
<b>Total</b>	<b>6,000</b>

**Notes:**

- (1) Based on our internal research and enquiries with property agents on the market value of relevant properties that meet our selection criteria.
- (2) The details of the estimated renovation and interior fit-out cost based on the built-up area of the property according to the preliminary quotation provided by a third-party contractor are as follows:

<b>Description</b>	<b>RM'000</b>
Site preparation and demolition	15
Architectural	704
Fire protection	53
Mechanical – HVAC	135
Electrical power	54
Life safety systems	5
Project fee	18
Preliminaries	55
Handover	7
<b>Total</b>	<b>(a) 1,046</b>

**Note:**

- (a) The remaining balance of RM0.05 million renovation and interior fit-out cost will be funded via our internally generated funds.

Pending the receipt of the proceeds raised from our Public Issue, we may proceed with our plans as set out above by utilising our internally generated funds and/or bank borrowings. Therefore, when the proceeds from our Public Issue that we have allocated for the abovementioned plan are received, we will use the proceeds allocated to replenish our internally generated funds and/or repayment of bank borrowings.

**4. DETAILS OF OUR IPO (CONT'D)**

In the event of any shortfall in the allocated proceeds for the purchase and the set-up cost of the new regional office, we will fund the shortfall via our internally generated funds and/or bank borrowings. However, in the event of any excess from the amount allocated, the excess will be reallocated to our working capital.

**4.8.2 Expansion of sales and technical team**

We intend to allocate a total of RM4.50 million or 17.29% of our IPO proceeds raised from the Public Issue to expand our sales and technical team by recruiting additional personnel to support the growth of our existing business operations and the expected growth in our business in tandem with our plan to expand into the central and southern regions of Peninsular Malaysia and we expect the plan to be implemented within 24 months from the date of Listing.

As at the LPD, we have 64 personnel based in our office in Pulau Pinang and 4 personnel based in our Selangor Service and Support Office. We believe a stronger presence in the central region of Peninsular Malaysia, being a key business zone in Malaysia, is vital for us to grow our business, effectively conduct our marketing efforts and offer efficient services to our potential clients in the central and southern regions of Peninsular Malaysia.

We plan to recruit a total of 51 new personnel to be stationed in the northern region (i.e. Pulau Pinang) and the central region (i.e. Selangor Service and Support Office as well as the new regional office) of Peninsular Malaysia. Details of the allocation are as follows:

<b>Position</b>	<b>Role</b>	<b>No. of personnel (Central)</b>	<b>No. of personnel (Northern)</b>	<b>Estimated total salaries per annum (RM'000)</b>
Sales and Business Development Manager	Develops and oversees the implementation of sales and business development strategies	2	1	540
Project Manager	Plans and oversees the implementation of projects	-	2	360
Sales and Business Development Engineer	Assists to prepare and implement sales and business development strategies	1	-	120
Project Engineer	Manages the technical/engineering aspects of projects	-	5	600
Technician and/or Supervisor	Performs and supervises maintenance and service works as the case may be	14	26	2,880
<b>Total</b>		<b>17</b>	<b>34</b>	<b>4,500</b>

The expansion of our sales and technical team will enhance our in-house capability and capacity which would allow us to undertake more jobs concurrently and address any issue on manpower shortages. For instance, we currently engage subcontractors on a project basis to carry out certain maintenance and service works as majority of our technical personnel has been deployed for the implementation of MEP Engineering Solutions business segment. Further, our capacity in taking up any new MEP Engineering Solutions projects also largely depends on the availability of our technical personnel for project deployment.

**4. DETAILS OF OUR IPO (CONT'D)**

As at the LPD, our Group has 8 technicians, who primarily undertakes first level maintenance support and troubleshooting using handheld tools. To strengthen our MEP Maintenance and Services business segment, we intend to recruit Technicians to perform second level maintenance and service works where this involves the servicing and replacement of parts/components that can be performed using handheld tools. This will allow us to undertake more maintenance and service works internally.

Pending the receipt of the proceeds from our Public Issue, we may proceed with our plans as set out above by utilising our internally generated funds. Therefore, when the proceeds from our Public Issue that we have allocated for the abovementioned plan are received, we will use the proceeds allocated to replenish our internally generated funds.

In the event of any shortfall in the allocated proceeds for the expansion of our technical team, we will fund the shortfall via our internally generated funds. However, in the event of any excess from the amount allocated, the excess will be reallocated to our working capital.

**4.8.3 Capital expenditure**

As at the LPD, we own the following:

<b>Category</b>	<b>Range</b>
Tools	Hand drills, multimeters, humidity meters, clamp meters, sound meters, particle counter, battery capacitor tester, infrared meter, thermos-hydrograph, water balancing meter, digital oscilloscope, data logger, insulation-continuity tester, body harness/safety belts, water jets, vacuum cleaners
Software	AutoCAD, GstarCAD and Microsoft Project to develop blueprints for MEP systems
Motor vehicles	2 commercial vans and 1 lorry for the transportation of materials and components, as well as 11 passenger vehicles mainly for the use by the Projects as well as Maintenance and Service teams for work-related travel

We intend to allocate a total of RM1.60 million or 6.15% of our proceeds raised from the Public Issue for the purchase of new technician tools, engineering tools, motor vehicles and software to support our business expansion and replacement of fully depreciated engineering tools and we expect the plan to be implemented within 24 months from the date of Listing.

All the following technician tools, engineering tools, motor vehicles and software will be purchased from local suppliers are as follows:

<b>Type of tools/ software/ vehicle</b>	<b>Function</b>	<b>Unit</b>	<b>Amount (RM'000)</b>
Technician tools set (includes multimeter, Amp meter, gauges and other mechanical tools)	To measure electricity current during maintenance and service works	40	100
Engineering tools set (includes air-flow meter, power quality analyser, particle counter and other testing and commissioning tools)	To measure and test air flow, power quality and energy efficiency as well as level of airborne particles for projects	1	170
Autodesk Revit software and training	A building information software tool to plan and design MEP systems for projects	4	255
AutoCAD software	To develop blueprints for MEP systems for projects	25	75
Commercial van	To transport tools, equipment and systems	10	1,000
<b>Total</b>			<b>1,600</b>

**4. DETAILS OF OUR IPO (CONT'D)**

As at the LPD, we have not entered into any binding agreement with any of these suppliers for the purchase of the above. If the actual cost exceeds the amount allocated herein, the deficit will be funded from our internally generated funds and/or bank borrowings. However, in the event of any excess from the amount allocated, the excess will be reallocated to our general working capital.

Pending the receipt of the proceeds from our Public Issue, we may proceed with our plans as set out above by utilising our internally generated funds and/or bank borrowings. Therefore, when the proceeds from our Public Issue that we have allocated for the abovementioned plan are received, we will use the proceeds allocated to replenish our internally generated funds and/or repayment of bank borrowings.

**4.8.4 Working capital**

We intend to allocate RM9.92 million or 38.13% of our proceeds raised from the Public Issue to supplement our working capital requirements. Our Group's working capital requirements are expected to increase in line with the growth in our business operations.

The allocation of proceeds raised from the Public Issue for our working capital will improve our liquidity and cash flow position, which would place us in a better position to expand our MEP Engineering Solutions projects portfolio and allow us to undertake more MEP Engineering Solutions projects concurrently. The breakdown of the allocation is as follows:

<b>Details</b>	<b>Estimated RM'000</b>
Payment to subcontractors and suppliers	7,705
Performance bonds for future projects	2,217
<b>Total</b>	<b>9,922</b>

**(i) Payment to subcontractors and suppliers**

We intend to allocate a total of RM7.71 million or 29.61% of the total proceeds raised from the Public Issue for payment to subcontractors and suppliers in relation to our business operations. Payment to subcontractors and suppliers is our largest cost of sales component.

Our Group had in the past and are currently funding payments to subcontractors and suppliers via internally generated funds. We also utilise banker acceptances in settlement of amount due to certain subcontractors and suppliers as part of our internal cashflow planning. This is to address the funding gap between the payment to subcontractors and suppliers with the receipt of payment from our clients. Therefore, the above allocation of working capital would reduce our finance costs associated with the usage of banker acceptances and enhance our Group's liquidity and cash flow position to continue to grow in our operations.

**(ii) Performance bonds for future projects**

We intend to allocate a total of RM2.22 million or 8.52% of our proceeds raised from the Public Issue to be utilised for performance bonds for our future projects in line with the growth of our MEP Engineering Solutions business segment.

For certain MEP Engineering Solutions projects undertaken by us, we are required to provide performance bonds in the form of bank guarantee which are funded through our banking facilities, to the awarding party as an assurance or security for us to complete and satisfactorily discharge our roles and obligation as stated under the project contracts.

**4. DETAILS OF OUR IPO (CONT'D)**

The quantum of the performance bonds may differ between projects but is typically between 5.00% to 10.00% of the total contract sum. These performance bonds are generally valid until the end of the defect liability period which generally ranges between 12 months to 24 months after issuance of the Certificate of Practical Completion of the said project.

These performance bonds for projects will lock-up a portion of our working capital during the project implementation stage as we are unable to utilise part of our working capital or cash reserve during the duration of the projects.

Therefore, such allocation of the proceeds for performance bonds is expected to free up our internally generated funds, which would otherwise be used to meet such contractual obligations. This will improve our Group's liquidity and cash balances thus providing greater flexibility for our Group to pursue more projects that requires performance bonds with excess made available for working capital.

Subsequent to the completion of the projects and upliftment of the performance bonds, we will reallocate the amount to working capital which will then be either used for future performance bonds or other working capital requirements. As at the LPD, our Group has 5 on-going projects with an aggregate contract value of RM163.68 million, of which our Group has provided RM9.22 million of performance bonds in the form of bank guarantees.

**4.8.5 Estimated listing expenses**

Our listing expenses are estimated to be approximately RM4.00 million or 15.37% of our proceeds raised from Public Issue, details of which are as follows:

Details	Estimated RM'000
Professional fees	2,805
Brokerage, underwriting and placement fees	772
Fees payable to authorities	69
Fees and expenses for printing, advertising and roadshow	237
Miscellaneous expenses and contingencies	117
<b>Total</b>	<b>4,000</b>

Pending the receipt of the proceeds from the Public Issue, we may utilise our internally generated funds for the listing expenses. Therefore, when the proceeds from our Public Issue that we have allocated for the listing expenses are received, we will use the proceeds allocated to our working capital.

Pending the eventual use of proceeds raised from our Public Issue, the proceeds will be placed in interest-bearing short term deposits or money market instruments with licensed financial institutions.

Our Company will not receive any proceeds from the Offer for Sale. Based on the IPO Price, the gross proceeds from the Offer for Sale of approximately RM13.01 million will accrue entirely to the Selling Shareholders. The Selling Shareholders shall bear the entire incidental expenses and fees in relation to the Offer for Sale, amounting to RM0.40 million.

The financial impact of the use of proceeds raised from our Public Issue is illustrated in the Pro forma Consolidated Statements of Financial Position as at 30 June 2023 set out in Section 12.15 of this Prospectus.

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#### **4. DETAILS OF OUR IPO (CONT'D)**

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#### **4.9 UNDERWRITING COMMISSION, BROKERAGE AND PLACEMENT FEES**

##### **4.9.1 Underwriting commission**

On 8 November 2023, we have entered into the Underwriting Agreement with the Underwriter to underwrite 22,304,400 Issue Shares which are available for application by the Malaysian Public and our Eligible Persons.

We will pay an underwriting commission at the rate of 2.50% of the value of Underwritten Shares based on the IPO Price to our Underwriter.

##### **4.9.2 Brokerage fee**

We will pay the brokerage fee in respect of our Issue Shares, at the rate of 1.00% of our IPO Price in respect of all successful applications which bear the stamp of either the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/ or the Issuing House.

##### **4.9.3 Placement fee**

Our Placement Agent has agreed to place out a total of 52,043,600 Issue Shares available by way of private placement to the Bumiputera investors approved by the MITI as well as the Selected Investors as set out in Sections 4.3.1(iii) and 4.3.1(iv) of this Prospectus respectively. We will pay our Placement Agent a placement fee at the rate of 2.50% of the total value of the Issue Shares placed out by the Placement Agent at the IPO Price.

Our Placement Agent has also agreed to place out the 37,173,900 Offer Shares available by way of private placement to Selected Investors as set out in Section 4.3.2 of this Prospectus at the same placement fee rate. The placement fee to be incurred on the sale of the Offer Shares will be fully borne by our Selling Shareholders.

#### **4.10 SALIENT TERMS OF THE UNDERWRITING AGREEMENT**

Pursuant to the Underwriting Agreement, our Underwriter has agreed to underwrite the Underwritten Shares subject to the terms and conditions as set out in the Underwriting Agreement. The capitalised terms used in this section shall have the same meanings as ascribed thereto in the Underwriting Agreement.

The following are the salient terms of the Underwriting Agreement:

##### **4.10.1 Conditions precedent**

- (a) The obligations of our Underwriter under the Underwriting Agreement are conditional upon:
  - (i) the Underwriting Agreement having been duly executed by all the parties to the Underwriting Agreement and duly stamped;

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**4. DETAILS OF OUR IPO (CONT'D)**

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- (ii) there having been on or prior to the last date for acceptance and receipt of application for the subscription of the Issue Shares or such other later date as our Company and our Underwriter may agree upon ("**Closing Date**"), non-occurrence of any events that is likely to result in any material adverse change in the condition (financial or otherwise) of our Group, which is material in the context of our Public Issue from that set forth in our Prospectus, nor the occurrence of any event or the discovery of any fact which is inaccurate, untrue or incorrect to any extent which is or will be material in the reasonable opinion of our Underwriter, which makes any of the representations and warranties contained in the Underwriting Agreement untrue and incorrect in any material respect as though they had been given and made on such date with reference to the facts and circumstances then subsisting, nor the occurrence of any breach of the undertakings contained in the Underwriting Agreement;
- (iii) the delivery to our Underwriter:
  - (aa) prior to the date of the registration of our Prospectus, a copy certified as a true copy by an authorised officer of our Company of all the resolutions of the Directors and the shareholders in general meeting (if required) approving the Underwriting Agreement, the Prospectus, our Public Issue and authorising the execution of the Underwriting Agreement and the issuance of our Prospectus; and
  - (bb) a certificate, in the form or substantially in the form contained in the Underwriting Agreement, dated the date of our Prospectus signed by duly authorised officers of our Company stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as is referred to in Section 4.10.1(a)(ii) of this Prospectus.
- (iv) our Prospectus being in the form and substance satisfactory to our Underwriter;
- (v) the delivery to our Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from our Directors as our Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of the Underwriting Agreement that will adversely affect the performance or financial position of our Group;
- (vi) our Underwriter having been satisfied that arrangements have been made by our Company to ensure payment of the expenses referred to in the Underwriting Agreement;
- (vii) our Public Issue not being prohibited by any statute, order, rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia;
- (viii) there is no investigation, directions or actions by any judicial, governmental or regulatory authority in relation to our Listing or in connection with our Group which is still subsisting or unresolved to the satisfaction of our Underwriter;
- (ix) our Company having complied and that our Public Issue is in compliance with the policies, guidelines and requirements of Bursa Securities and/or the SC and all revisions, amendments and/or supplements thereto;
- (x) our Company having fully complied with all the conditions which are required to be complied with prior to the issuance of our Prospectus or the Closing Date imposed by Bursa Securities in respect of our Public Issue and our Listing;



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**4. DETAILS OF OUR IPO (CONT'D)**

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- (xi) the acceptance for registration by Bursa Securities of our Prospectus and such other documents as may be required in accordance with the CMSA in relation to our Public Issue and the lodgement of the Prospectus with the Companies Commission of Malaysia on or before its release under our Public Issue;
  - (xii) Bursa Securities has agreed and approved in principle on or prior to the Closing Date to the admission to the Official List of Bursa Securities and the listing of and quotation for the entire enlarged issued share capital of our Company on the ACE Market having approved our Prospectus and if such approvals shall be conditional, all conditions thereto being in terms acceptable to our Underwriter on or prior to the Closing Date being reasonably satisfied and such approval not being withdrawn, revoked, suspended, terminated or lapsed and that such listing and quotation shall be granted 3 clear Market Days after the submission to Bursa Securities of the relevant documents including the receipt of confirmation from the Bursa Depository confirming that the securities accounts of all successful applicants have been duly credited and our Issuing House has confirmed that the notices of allotment have been despatched to entitled holders;
  - (xiii) our Prospectus having been issued within 1 month of the date of the Underwriting Agreement or within such extended period as may be determined by our Underwriter;
  - (xiv) the issue of our Issue Shares having been approved by Bursa Securities and any other relevant authorities and the shareholders of our Company in a general meeting and such authorisation has not been withdrawn, revoked, suspended, terminated or lapsed; and
  - (xv) all necessary approvals and authorisations required in relation to our Issue Shares including but not limited to governmental approvals having been obtained and are in full force and effect.
- (b) If any of the conditions set out in Section 4.10.1(a) of this Prospectus is not satisfied by the Closing Date, our Underwriter shall be entitled to terminate the Underwriting Agreement and in that event, except for the liability of our Company for the payment of costs and expenses as provided in the Underwriting Agreement incurred prior to the termination and any claims pursuant to the Underwriting Agreement, there shall be no further claims by our Underwriter against our Company, and the parties shall be released and discharged from their respective obligations under the Underwriting Agreement provided that our Underwriter may at its discretion with respect to its obligations waive compliance with any of the provisions of Section 4.10.1(a) of this Prospectus.

**4.10.2 Termination/lapse of agreement**

- (a) Notwithstanding anything contained in the Underwriting Agreement, our Underwriter may by notice in writing to our Company given at any time before the Closing Date, terminate, cancel or withdraw its commitment to underwrite the Underwritten Shares if:
  - (i) there is any breach by our Company of any of the representations, warranties or undertakings contained in the Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied to the satisfaction of our Underwriter within such number of days as stipulated by our Underwriter in writing to our Company or as stipulated in the notice informing our Company of such breach or by the Closing Date, whichever is earlier; or

**4. DETAILS OF OUR IPO (CONT'D)**

- (ii) there is withholding of information which is required to be disclosed "by" or "to" our Underwriter, which is required to be disclosed pursuant to the Underwriting Agreement, and if capable of remedy, is not remedied within such number of days as stipulated by our Underwriter in writing to our Company or as stipulated in the notice informing our Company of such breach which, in the opinion of our Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group, the success of our Public Issue, or the distribution or sale of the Issue Shares; or
- (iii) there shall have occurred, happened or come into effect any material and adverse change to the business or financial condition of our Company or our Group; or
- (iv) there shall have occurred, happened or come into effect any of the following circumstances:
  - (aa) any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), political or economic conditions or exchange control or currency exchange rates which in the opinion of our Underwriter would have or is likely to have a material adverse effect (whether in the primary market or in respect of dealings in the secondary market). For the avoidance of doubt, if the FTSE Bursa Malaysia KLCI ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:
    - (A) on or after the date of the Underwriting Agreement; and
    - (B) prior to the Closing Date,  
  
lower than 85% of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least 3 consecutive Market Days, it shall be deemed a material adverse change in the stock market condition; or
  - (bb) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of our Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents),  
  
which, (in the reasonable opinion of our Underwriter), would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of our Company or our Group, the success of our Public Issue, or the distribution or sale of our Issue Shares, or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or
- (v) there is failure on the part of our Company to perform any of its obligations contained in the Underwriting Agreement which is not capable of remedy or, if capable of remedy, is not remedied to the satisfaction of our Underwriter within such number of days as stipulated by our Underwriter in writing to our Company or as stipulated in the notice informing our Company of such breach or by the Closing Date, whichever is earlier.

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**4. DETAILS OF OUR IPO (CONT'D)**

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- (b) In the event of termination pursuant to Section 4.10.2(a) of this Prospectus, the respective parties to the Underwriting Agreement shall, save and except for any antecedent breach, be released and discharged from their obligations under the Underwriting Agreement whereupon the Underwriting Agreement shall be of no further force or effect subject to the following:
- (i) the liability of our Company for the payment of costs and expenses as provided in the Underwriting Agreement incurred prior to or in connection with such termination shall remain;
  - (ii) the liability of our Company for the payment of the underwriting commission as provided in the Underwriting Agreement shall remain; and
  - (iii) subject thereto, our Company shall return any monies paid without interest thereon to our Underwriter within 3 Market Days of the receipt of such notice of termination from our Underwriter,

provided that our Underwriter may at its discretion waive compliance with or modify any of the provisions of this section without prejudice to its powers, rights and remedies under the Underwriting Agreement.

- (c) In the event that the Underwriting Agreement is terminated pursuant to Section 4.10.2(a)(iv) of this Prospectus, our Underwriter and our Company may confer with a view to defer the Public Issue by amending its terms or the terms of the Underwriting Agreement and may enter into a supplemental underwriting agreement accordingly, but neither our Underwriter nor our Company shall be under any obligation to enter into a new or fresh agreement.

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

**5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS**

**5.1.1 Promoters' and substantial shareholders' shareholdings**

Our Promoters' and substantial shareholders' shareholdings in our Company, before and after our IPO are as follows:

Name	Nationality/ Place of incorporation	Before our IPO / After the Acquisitions		Before our IPO/ After the Share Transfer	
		Direct No. of Shares (1)%	Indirect No. of Shares (1)%	Direct No. of Shares (1)%	Indirect No. of Shares (1)%
<b>Promoters and substantial shareholders</b>					
Ir. Tan Si Lim	Malaysian	148,695,500 50.00	-	18,586,950 6.25	<sup>(3)</sup> 260,217,100 87.50
Ir. Chow Chin Seang	Malaysian	148,695,500 50.00	-	18,586,950 6.25	<sup>(3)</sup> 260,217,100 87.50
<b>Substantial shareholder</b>					
TCCO	Malaysia	-	-	260,217,100 87.50	-

**After our IPO**

Name	Nationality/ Place of incorporation	After our IPO	
		Direct No. of Shares (2)%	Indirect No. of Shares (2)%
<b>Promoters and substantial shareholders</b>			
Ir. Tan Si Lim	Malaysian	-	<sup>(3)</sup> 260,217,100 70.00
Ir. Chow Chin Seang	Malaysian	-	<sup>(3)</sup> 260,217,100 70.00
<b>Substantial shareholder</b>			
TCCO	Malaysia	260,217,100 70.00	-

**Notes:**

(1) Based on our issued share capital of 297,391,000 Shares after the Acquisitions and before our IPO.

(2) Based on our enlarged issued share capital of 371,739,000 Shares after our IPO.

(3) Deemed interested by virtue of Section 8(4) of the Act, through his shareholding in TCCO.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

### 5.1.2 Profiles of Promoters and substantial shareholders

The profiles of our Promoters and substantial shareholders are as follows:

(i) **Ir. Tan Si Lim**

Promoter, substantial shareholder and Non-Independent Executive Director / Chief Executive Officer

Ir. Tan Si Lim, a Malaysian male aged 46, is our Promoter, substantial shareholder and Non-Independent Executive Director/ Chief Executive Officer. He is responsible for developing and executing business strategies, spearheading business development as well as managing the MEP Maintenance and Services business segment of our Group.

In July 2001, Ir. Tan Si Lim graduated from Universiti Putra Malaysia with a Bachelor of Engineering (Mechanical). In November 2006, he obtained a Master of Business Administration from Nottingham Trent University, United Kingdom.

Ir. Tan Si Lim is a Member of The Institution of Engineers, Malaysia since October 2007. He was admitted and registered as a Professional Engineer of the Board of Engineers Malaysia in December 2007 and was subsequently made a Professional Engineer with Practising Certificate (Mechanical) in January 2016. In June 2021, he was registered as an ASEAN Chartered Professional Engineer.

He commenced his career at Liebert (M) Sdn Bhd (which subsequently changed its name to Emerson Network Power (M) Sdn Bhd, and is now known as Vertiv (Malaysia) Sdn Bhd), a company principally involved in the trading of computer room environment products and computer power protection equipment, as a Service Engineer in June 2001 at the Kuala Lumpur head office where he was involved in cooling and power-related services undertaken by the company. Subsequently in August 2002, he was transferred to the company's newly established office in Pulau Pinang as a Customer Engineer where he was involved in cooling and power-related services undertaken by the company until his departure from the company in May 2005.

After leaving Emerson Network Power (M) Sdn Bhd, he joined Pan Kinetics Sdn Bhd, a company principally involved in the supply and installation of mechanical and electrical equipment as an Operation Manager in June 2005, where he was tasked with overseeing the data centres, cooling-power and related services of the company in its Pulau Pinang branch office. He subsequently became a shareholder and was appointed as a director of Pan Kinetics Sdn Bhd in September 2011 where as a director, he was responsible for business development, managing the northern region operation, sales, marketing and providing maintenance services. In January 2014, he resigned from Pan Kinetics Sdn Bhd as an Operation Manager as well as a director and ceased to be a shareholder of the company on the same date.

In October 2013, he and Ir. Chow Chin Seang commenced the acquisition of Success Facility Management Sdn Bhd (now known as Critical M&E), which was completed in November 2013. He was appointed as a director in the same year, a position he holds until present.

Subsequently, in January 2014, he co-founded Critical Control Sdn Bhd (now known as Critical Sales & Services) with Ir. Chow Chin Seang and was appointed as a director of the company.

Ir. Tan Si Lim's responsibilities as a director of Critical M&E and Critical Sales & Services include managing our Group's overall operations; business development; sales and marketing, service and maintenance operations; Selangor Service and Support Office operations; and MEP Maintenance and Services activities.

Ir. Tan Si Lim was appointed as a Director on 26 August 2022 and re-designated to Non-Independent Group Managing Director and Non-Independent Executive Director/ Chief Executive Officer of our Company on 14 September 2022 and 7 May 2023 respectively.

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

He does not have any family relationships with any of our Promoters, Directors, substantial shareholders and/or key senior management.

Please refer to Section 5.2.1.1(i) of this Prospectus for details of Ir. Tan Si Lim's principal directorships and involvement in other corporations and principal business activities performed outside our Group as at the LPD.

**(ii) Ir. Chow Chin Seang**

Promoter, substantial shareholder and Non-Independent Executive Director / Chief Operating Officer

Ir. Chow Chin Seang, a Malaysian male aged 48, is our Promoter, substantial shareholder and Non-Independent Executive Director/ Chief Operating Officer. He is responsible for implementing business strategies and overseeing the daily operations as well as MEP Engineering Solutions business segment of our Group.

In August 1999, Ir. Chow Chin Seang graduated from Universiti Teknologi Malaysia with a Bachelor of Mechanical Engineering (Manufacturing). In December 2009, he obtained a Master of Business Administration with Commendation from Nottingham Trent University, United Kingdom.

Ir. Chow Chin Seang is a Member of The Institution of Engineers, Malaysia since March 2008. He was admitted and registered as a Professional Engineer of the Board of Engineers Malaysia in June 2008 and was subsequently made a Professional Engineer with Practicing Certificate (Mechanical) in October 2015. In January 2010, he became a Member of the American Society of Heating, Refrigerating and Air-Conditioning Engineers, Inc. In January 2016, he was registered as an ASEAN Chartered Professional Engineer.

He commenced his career in July 1999 with Syarikat Ong Yoke Lin Sdn Bhd, a company principally involved in the provision of sales and services of air-conditioners and as air-conditioning systems contractors, as a Project Engineer. He rose the ranks over the years to his last held position of Branch Manager prior to his resignation in July 2013. During his tenure in the company, he was primarily responsible for tender and contract administration, project implementation and management and managing the branch operations.

In October 2013, shortly after he left Syarikat Ong Yoke Lin Sdn Bhd, he and Ir. Tan Si Lim commenced the acquisition of Success Facility Management Sdn Bhd (now known as Critical M&E), which was completed in November 2013. He was appointed as a director in the same year, a position he continues to hold until present.

In January 2014, together with Ir. Tan Si Lim, he co-founded Critical Control Sdn Bhd (now known as Critical Sales & Services) and was appointed as a director of the company.

Ir. Chow Chin Seang's responsibilities as a director of Critical M&E and Critical Sales & Services include overseeing the: finance and administrative matters of our Group; design, engineering and management of MEP Engineering Solutions projects; as well as safety and health matters.

Ir. Chow Chin Seang was appointed as a Non-Independent Executive Director and Chief Operating Officer of our Company on 12 September 2022 and 7 May 2023 respectively.

He does not have any family relationships with any of our Promoters, Directors, substantial shareholders and/or key senior management.

Please refer to Section 5.2.1.1(ii) of this Prospectus for details of Ir. Chow Chin Seang's principal directorships and involvement in other corporations and principal business activities performed outside our Group as at the LPD.

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

**(iii) TCCO**  
Substantial shareholder

TCCO was incorporated on 2 May 2023 in Malaysia under the Act as a private limited company under the name of TCCO Holdings Sdn Bhd.

The principal activity of TCCO is investment holding company. As at the LPD, the issued share capital of TCCO is RM7,000 comprising 7,000 ordinary shares.

The directors of TCCO as at the LPD are Ir. Tan Si Lim and Ir. Chow Chin Seang.

The particulars of TCCO's shareholders and their respective shareholdings as at the LPD are as follows:

<u>Shareholders</u>	<u>Nationality</u>	<u>Direct</u>		<u>Indirect</u>	
		<u>No. of shares</u>	<u>%</u>	<u>No. of shares</u>	<u>%</u>
Ir. Tan Si Lim	Malaysian	3,500	50.00	-	-
Ir. Chow Chin Seang	Malaysian	3,500	50.00	-	-

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

**5.1.3 Significant changes in the shareholdings of our Promoters and substantial shareholders in our Company since incorporation**

The changes in our Promoters' and substantial shareholders' shareholdings in our Company since incorporation are as follows:

Name	As at 26 August 2022 (Date of incorporation)		After the Acquisitions		After the Share Transfer	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(1)%
<b>Promoters and substantial shareholders</b>						
Ir. Tan Si Lim	100	100.00	-	-	18,586,950	6.25
Ir. Chow Chin Seang	-	-	148,695,500	50.00	18,586,950	6.25
<b>Substantial shareholder</b>						
TCCO	-	-	-	-	260,217,100	87.50

**After our IPO**

Name	After our IPO	
	Direct	Indirect
	No. of Shares	(2)%
<b>Promoters and substantial shareholders</b>		
Ir. Tan Si Lim	-	-
Ir. Chow Chin Seang	-	-
<b>Substantial shareholder</b>		
TCCO	260,217,100	70.00

**Notes:**

- (1) Based on our issued share capital of 297,391,000 Shares after the Acquisitions, and before our IPO.
- (2) Based on our enlarged issued share capital of 371,739,000 Shares after our IPO.
- (3) Deemed interested by virtue of Section 8(4) of the Act, through his shareholding in TCCO.



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

The Shares held by our Promoters and substantial shareholders will have the same voting rights with the other shareholders of our Company, and there is no arrangement between our Company, our Promoters and substantial shareholders, with any third parties, which may at a subsequent date result in the change in control of our Company.

Save for our Promoters and substantial shareholders named above, we are not aware of any other persons who is able to, directly or indirectly, jointly or severally, exercise control over our Company.

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## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

### 5.1.4 Promoters and/or substantial shareholders' remuneration and benefits in-kind

Save for the dividends declared and/or paid to our Promoters and/or substantial shareholders as disclosed below and the aggregate remuneration and material benefits in-kind paid or proposed to be paid to our Promoters and/or substantial shareholders as disclosed in Section 5.4 of this Prospectus, there are no other amounts or benefits paid and intended to be paid or given to our Promoters and/or substantial shareholders within the 3 years preceding the date of this Prospectus and up to the LPD:

	Dividends declared and/or paid			
	FYE 2021	FYE 2022	FYE 2023	1 July 2023 up to the LPD
	RM'000	RM'000	RM'000	RM'000
Ir. Tan Si Lim	800	-	(1)2,200	-
Ir. Chow Chin Seang	800	-	(1)2,200	-

**Note:**

- (1) Comprise of dividends of: (a) RM2.00 per ordinary share amounting to RM2,000,000 was declared in respect of the FYE 2022 and was subsequently paid on 2 September 2022; and (b) RM2.40 per ordinary share amounting to RM2,400,000 was declared in respect of the FYE 2023 and was subsequently paid on 23 June 2023.

## 5.2 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and key senior management are as follows:

### (i) Directors

Our Board comprises of the following members:

Name	Age	Gender	Nationality	Date of appointment	Designation
Mohamad Hashim Bin Abdul Ghani	68	Male	Malaysian	12 September 2022	Independent Non-Executive Chairman
Ir. Tan Si Lim	46	Male	Malaysian	26 August 2022	Non-Independent Executive Director/ Chief Executive Officer
Ir. Chow Chin Seang	48	Male	Malaysian	12 September 2022	Non-Independent Executive Director/ Chief Operating Officer
Saw Soo Fang	43	Female	Malaysian	12 September 2022	Independent Non-Executive Director
Teh Wei Keong	40	Male	Malaysian	12 September 2022	Independent Non-Executive Director
Kung Shin Tyan	37	Female	Malaysian	12 September 2022	Independent Non-Executive Director

Save for Ir. Tan Si Lim and Ir. Chow Chin Seang who are the shareholders of TCCO, none of our Directors represents any corporate shareholder on our Board.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

As at the LPD, there are no family relationships and associations among our Promoters, substantial shareholders, Directors and key senior management.

### (ii) Key Senior Management

Our key senior management comprises of the following:

Name	Age	Nationality	Date of first appointment in our Group	Current Designation
Ir. Tan Si Lim	46	Malaysian	1 October 2013	Non-Independent Executive Director/ Chief Executive Officer
Ir. Chow Chin Seang	48	Malaysian	1 October 2013	Non-Independent Executive Director/ Chief Operating Officer
Ooi Ley Ching	41	Malaysian	25 October 2021	Financial Controller
Yang Chee Wan	43	Malaysian	1 December 2021 <sup>(1)</sup>	General Manager (Design and Engineering)
Ng Teik Hoe	41	Malaysian	2 January 2018	General Manager (Project)

#### Note:

- (1) Being the date of his appointment for his current position. For further details on his profile, please refer to Section 5.2.2(iv) of this Prospectus.

### 5.2.1 Profiles of our Directors

The profiles of our Directors are set out below:

#### (i) Mohamad Hashim Bin Abdul Ghani Independent Non-Executive Chairman

Mohamad Hashim Bin Abdul Ghani, a Malaysian male aged 68, is our Independent Non-Executive Chairman.

In July 1978, Mohamad Hashim Bin Abdul Ghani graduated with a Bachelor of Economics from the National University of Malaysia and in July 1979, he further graduated with an Honours degree specialising in Business Management from the same university.

Mohamad Hashim Bin Abdul Ghani has more than 35 years' experience in various divisions of Malaysian Investment Development Authority ("MIDA").

Upon his graduation, he commenced his career in MIDA in August 1979 as an Economics Affairs Officer until November 1989. During his tenure, he served in various divisions in MIDA, where he was responsible for identifying, promoting and attracting investments, assisting companies to implement projects as well as evaluating applications for manufacturing licenses, tax incentives, tax exemptions, and held expatriate positions amongst others.

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

Subsequently, he served as a Director of MIDA Sabah (from November 1989 to November 1995), Assistant Director for Mineral and Paper Industry Division (from November 1995 – September 1996), Director of MIDA Pulau Pinang (from September 1996 to March 2003), Director of MIDA Stockholm, Sweden (from March 2003 to June 2006), Manager of Secretariat Division (from July 2006 to January 2007), Director of Agro-Based Industries Division (from January 2007 to May 2008), Director of Cross Border Investment Promotion Division (from May 2008 to February 2010) as well as Director of MIDA Tokyo (from February 2010 to July 2015). In August 2015, he was appointed as the Director of Foreign Investment Coordination Division, a position he continued to hold until his retirement in September 2015. He was a retiree from September 2015 until February 2023.

He came out of retirement in February 2023 when he was appointed as the Chief Executive of Perak Investment Management Centre (also known as InvestPerak Malaysia), where he is primarily responsible for overseeing the administration and operation of InvestPerak Malaysia.

Mohamad Hashim Bin Abdul Ghani does not have any family relationships with any of our Promoters, Directors, substantial shareholders and/or key senior management.

Mohamad Hashim Bin Abdul Ghani is not involved in any principal business activities performed outside of our Group as at the LPD and principal directorships in any other corporations outside of our Group for the past 5 years prior to the LPD.

**(ii) Ir. Tan Si Lim**

Non-Independent Executive Director / Chief Executive Officer

The profile of Ir. Tan Si Lim as our Non-Independent Executive Director/ Chief Executive Officer, who is also a Promoter and substantial shareholder is set out in Section 5.1.2(i) of this Prospectus.

**(iii) Ir. Chow Chin Seang**

Non-Independent Executive Director/ Chief Operating Officer

The profile of Ir. Chow Chin Seang as our Non-Independent Executive Director/ Chief Operating Officer, who is also a Promoter and substantial shareholder is set out in Section 5.1.2(ii) of this Prospectus.

**(iv) Saw Soo Fang**

Independent Non-Executive Director

Saw Soo Fang, a Malaysian female aged 43, is our Independent Non-Executive Director.

In August 2005, Saw Soo Fang graduated from the University of Malaya with a Bachelor of Accounting and completed the Association of Chartered Certified Accountants (“ACCA”) qualification examination in June 2006. Subsequently, in August 2008, she was admitted as a Member of the ACCA. In August 2013, she progressed to a Fellow Member of ACCA. In December 2013, she was admitted as a Member of the Malaysian Institute of Accountants (“MIA”). She is an Associate Member of the Chartered Tax Institute of Malaysia since March 2014. At present, she is currently pursuing her Doctor of Philosophy in Taxation at Universiti Sains Malaysia.

In April 2005, she commenced her career with Ernst & Young as an Audit Assistant, where she was tasked with performing financial and statutory audits on clients of the firm until she resigned in October 2008.

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

In November 2008, she joined Monoland Corporation Sdn Bhd, a company principally involved in general trading, land and property investment and investment holding as an Accountant, where she was responsible for managing the business operations and accounting functions of the company until she left this company in April 2017. She then took a career break from April 2017 to April 2018 before returning to the workforce.

In May 2018, she joined Sierra Residences (M) Sdn Bhd and its group of companies as Senior Manager, Finance and Accounts, where she was responsible for monitoring the company's financial operations. Sierra Residences (M) Sdn Bhd is principally involved in property development. In January 2022, she was re-designated to Financial Controller cum Personal Assistant to the Chief Executive Officer, a position that she held until the present where she heads the finance department and manages the corporate affairs and general administration of the group.

Saw Soo Fang does not have any family relationships with any of our Promoters, Directors, substantial shareholders and/or key senior management.

Saw Soo Fang is not involved in any principal business activities performed outside of our Group as at the LPD and principal directorships in any other corporations outside of our Group for the past 5 years prior to the LPD.

**(v) Teh Wei Keong**  
Independent Non-Executive Director

Teh Wei Keong, a Malaysian male aged 40, is our Independent Non-Executive Director.

In March 2008, Teh Wei Keong graduated from Universiti Utara Malaysia with a Bachelor of Accountancy with Honours.

In November 2012, Teh Wei Keong became a Certified Information Systems Auditor under the Information Systems Audit and Control Association. He has been a member of the Certified Practising Accountant, Australia since July 2013 and in April 2017, he was admitted to full membership which entitled him to use the designation of CPA.

In January 2017, he was admitted as a Chartered Accountant with MIA. In March 2019, he obtained his audit licence from the Ministry of Finance and became an approved company auditor.

He commenced his career as an Audit Associate in Assurance Services in January 2008 at PricewaterhouseCoopers, where he was tasked to perform assurance work including system audits, financial audits and internal audits on clients of the firm. He was subsequently promoted to Audit Senior Associate on January 2010 and then to Audit Executive Senior in January 2012.

In September 2012, he left PricewaterhouseCoopers and joined DPE Integration (M) Sdn Bhd in October 2012, as the Accounts and Administration Manager, where he was primarily responsible for the accounting and administrative functions of the company.

Subsequently, he left DPE Integration (M) Sdn Bhd in October 2013 and rejoined PricewaterhouseCoopers in November 2013 as an Audit Executive Senior. He was promoted to Audit Manager in January 2014 and further promoted to Audit Senior Manager in July 2016, where he was responsible for IT risk assurance work and financial assurance work on clients of the firm.

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

In August 2017, he left PricewaterhouseCoopers and joined KCK & Associates, a chartered accounting firm based in Pulau Pinang as an Audit Director. He became a partner of the firm in March 2019, jointly overseeing the firm's operations with his other partners and acting as engagement partner for his portfolio of clients on assurance related engagements. In February 2020, KCK & Associates was converted to a limited liability partnership and changed its name to KCK & Associates PLT. Following this, he continues to hold his position as Audit Partner and took on further responsibility as the firm's compliance officer.

In December 2021, he was appointed as a member of the Northern Regional Committee of MIA.

Teh Wei Keong does not have any family relationship with any of our Promoters, Directors, substantial shareholders and/or key senior management.

Please refer to Section 5.2.1.1(iii) of this Prospectus for details of Teh Wei Keong's principal directorships in other corporations and principal business activities performed outside our Group as at the LPD.

**(vi) Kung Shin Tyan**  
Independent Non-Executive Director

Kung Shin Tyan, a Malaysian female aged 37, is our Independent Non-Executive Director.

In August 2010, Kung Shin Tyan graduated from the University of London, with a Bachelor of Laws. In July 2011, she was issued with Certificate in Legal Practice by the Legal Profession Qualifying Board, Malaysia.

In October 2012, she was admitted to the Malaysian Bar after completing her pupillage with Messrs Khor, Ong & Company and she continued to practise as an advocate and solicitors at Messrs Khor, Ong & Company as a legal assistant until August 2015. During her tenure with Messrs Khor, Ong & Company, she was responsible for undertaking legal research and drafting legal documents with a focus on banking litigation matters.

In September 2015, she joined YKK Holding Asia Pte Ltd, a company incorporated in Singapore as a legal counsel, where she was tasked with providing legal advisory services to the company's business units across the Asia region in relation to contracts and legal compliance matters.

In May 2016, she left YKK Holdings Asia Pte Ltd, as a legal counsel and returned to Malaysia with the intention of setting up her own legal practice. From May 2016 to December 2016, she took a break from her career before setting up her legal firm.

In January 2017, she established her legal firm and co-founded Vivian & Shin, which is based in Pulau Pinang, Malaysia. Presently, she is the Managing Partner of her legal firm and primarily responsible for providing legal services in the area of banking, commercial and corporate matters including transactions abroad.

Kung Shin Tyan does not have any family relationships with any of our Promoters, Directors, substantial shareholders and/or key senior management.

Please refer to Section 5.2.1.1(iv) of this Prospectus for details of Kung Shin Tyan's principal directorships in other corporations and principal business activities performed outside our Group as at the LPD.

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

**5.2.1.1 Principal directorships or principal business activities outside our Group**

Save as disclosed below, none of our Directors have any other principal business activities performed outside our Group (including directorships) in the past 5 years prior to the LPD:

**(i) Ir. Tan Si Lim**

Name of entity / business	Nature of involvement	Directorship Date of appointment / (Resignation date)	Principal Activities	Direct		Indirect	
				No. of shares	%	No. of shares	%
<b><u>Present Involvement</u></b>							
TCCO	Director/ Shareholder	2 May 2023	Investment holding company <sup>(1)</sup>	3,500	50.00	-	-
<b><u>Past Involvement</u></b>							
Various Management Services Sdn Bhd (formerly known as Critical Facility Solutions Sdn Bhd)	Director/ Shareholder	14 November 2017 / (15 March 2022)	Mechanical and electrical engineering services	(2) 300,000	100.00	-	-

**Notes:**

- (1) Upon completion of the Share Transfer, TCCO will hold 260,217,100 Shares in our Company.  
(2) Shares were disposed of on 24 March 2022 to a non-related party, namely Chin Ching Yee.

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

**(ii) Ir. Chow Chin Seang**

Name of entity / business	Nature of involvement	Directorship Date of appointment / (Resignation date)	Principal Activities	Direct		Indirect	
				No. of shares	%	No. of shares	%
<b><u>Present Involvement</u></b>							
TCCO	Director/ Shareholder	2 May 2023	Investment holding company <sup>(1)</sup>	3,500	50.00	-	-
<b><u>Past Involvement</u></b>							
Various Management Services Sdn Bhd (formerly known as Critical Facility Solutions Sdn Bhd)	Director/ Shareholder	14 November 2017 / (10 October 2018)	Mechanical and electrical engineering services	(2) 1	(3) -	-	-

**Notes:**

- (1) Upon completion of the Share Transfer, TCCO will hold 260,217,100 Shares in our Company.
- (2) The share was disposed of on 12 March 2021 to Ir. Tan Si Lim which Ir. Tan Si Lim subsequently disposed to a non-related party, namely Chin Ching Yee on 24 March 2022.
- (3) Negligible.

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

**(iii) Teh Wei Keong**

Name of entity / business	Nature of involvement	Directorship / Partnership Date of appointment / (Resignation date)	Principal Activities	Direct		Indirect	
				No. of shares	%	No. of shares	%
<b><u>Present Involvement</u></b>							
KCK & Associates PLT	Partner	6 February 2020 <sup>(1)</sup>	Audit Firm	-	-	-	-
<b><u>Past Involvement</u></b>							
Marchmont Consultancy Sdn Bhd	Director	18 February 2022 / (29 September 2023)	Human resource consultancy services, business management consultancy services, activities of holding companies	-	-	-	-
C&C Holdings Sdn Bhd	Director	20 January 2022 / (14 September 2023)	Activities of holding companies, export and import of a variety of good without any particular specialisation	-	-	-	-
Sal Et Lux Consultants Sdn Bhd	Director / Shareholder	30 December 2021 / (8 August 2022)	Any other professional, scientific and technical activities, research and development of information communication technology and business management consultancy services	(2) 1,000	(2) 100.00	-	-

**Notes:**

- (1) Being the date he is registered as a partner under Limited Liability Partnership Act 2012 and pursuant to conversion of KCK & Associates to KCK & Associates PLT on 6 February 2020.
- (2) Shares were disposed of on 22 September 2022 to his spouse.

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

(iv) Kung Shin Tyan

Name of entity / business	Nature of involvement	Partnership Date of appointment / (Resignation date)	Principal Activities	Direct		Indirect	
				No. of shares	%	No. of shares	%
<u>Present Involvement</u> Vivian & Shin	Partnership / Co-founder & Managing Partner	19 January 2017	Legal Firm	-	-	-	-

As at the LPD, none of our Directors and/or substantial shareholders have any interest, direct or indirect, in other businesses or corporations which may give rise to a situation of conflict of interest with our Group.

Our Executive Directors, Ir. Tan Si Lim and Ir. Chow Chin Seang, are not actively involved in any other principal business activities outside our Group as stated above. Hence, our Board is of the view that this will not affect their ability to perform their commitment and responsibilities as well as their contribution to our Group in their role as our Directors.

Our Non-Executive Directors' involvement in other principal business activities outside our Group as stated above will not affect their ability to perform their commitment and responsibilities as well as their contribution to our Group in their respective roles as our Directors.

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## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

### 5.2.2 Profiles of our key senior management and key technical personnel

The profiles of our key senior management and key technical personnel are as follows:

- (i) **Ir. Tan Si Lim**  
Non-Independent Executive Director / Chief Executive Officer

The profile of Ir. Tan Si Lim, being our key senior management is set out in Section 5.1.2(i) of this Prospectus.

- (ii) **Ir. Chow Chin Seang**  
Non-Independent Executive Director / Chief Operating Officer

The profile of Ir. Chow Chin Seang, being our key senior management is set out in Section 5.1.2(ii) of this Prospectus.

- (iii) **Ooi Ley Ching**  
Financial Controller

Ooi Ley Ching, a Malaysian female aged 41, is our Financial Controller. She is responsible for overseeing and managing the accounting and financial functions of our Group.

In May 2003, Ooi Ley Ching obtained a Diploma in Business Studies (Accounting) with Merit from Tunku Abdul Rahman College. In July 2005, she obtained a Bachelor of Science (First Class Honours) in Applied Accounting from Oxford Brookes University, United Kingdom. In December 2007, she completed her Professional Level of the ACCA examinations.

Ooi Ley Ching has been admitted as a full member of ACCA since May 2011 and MIA since August 2011.

In April 2003, she commenced her career with HB Tiong & Partners as an Audit Assistant, where she was tasked to perform financial and statutory audits and prepare tax computations for clients of the firm.

In February 2005, she left HB Tiong & Partners and joined GW Soon & Partners as an Audit Assistant, where she was involved in financial and statutory audits, preparation of financial statements and tax computations for companies involved in various industries including manufacturing, trading and service, property development and construction.

In March 2007, she left GW Soon & Partners as an Audit Semi-Senior and joined Daxon Technology Sdn Bhd as an Accountant, where she was responsible for managing the financial affairs of the company, including preparing budgets, and participating in the audit process and ad hoc projects.

In April 2009, she left Daxon Technology Sdn Bhd and joined Amlex Technology Sdn Bhd, which presently is a subsidiary of Amlex Holdings Berhad (a company listed on the LEAP Market of Bursa Securities), as an Accountant. She was promoted to Finance Section Manager in March 2010 and subsequently to Financial Controller in December 2011. During her tenure with the company, her responsibilities was to oversee the company's finance department, costing matters and preparing budgets.

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

In March 2013, she left Amlex Technology Sdn Bhd and joined Southern Steel Berhad (a company listed on the Main Market of Bursa Securities), as an Assistant Manager, where she was similarly tasked with managing the accounting and financial functions of the company. In April 2013, she left Southern Steel Berhad and joined Ken Prima Cosmeceuticals Sdn Bhd as an Accountant, where she was responsible for overseeing the company's finance department, including overseeing financial reporting, accounting and costing matters.

In March 2016, she left Ken Prima Cosmeceuticals Sdn Bhd and rejoined Amlex Technology Sdn Bhd as its Financial Controller, where she was responsible for the supervision of finance related functions including financial reporting and internal controls. She was also involved in Amlex Holdings Berhad's listing exercise on the LEAP Market of Bursa Securities and was subsequently responsible for overseeing regulatory compliance and reporting matters. In conjunction with the listing exercise, she was transferred to Amlex Holdings Berhad as a Financial Controller in September 2020.

In February 2021, she left Amlex Holdings Berhad and subsequently in March 2021, she founded Prominent Business Solution, a sole proprietorship principally involved in accounting services and financing arrangements. She was no longer involved in the daily operations of Prominent Business Solution upon joining Critical M&E as a Financial Controller in October 2021. Prominent Business Solution was terminated in September 2022.

In September 2021, Ooi Ley Ching was appointed as an Independent Non-Executive Director of Cnergenz Berhad, a company listed on the ACE Market of Bursa Securities, where she is also the Chairman of the Audit and Risk Management Committee, and a member of the Remuneration Committee and Nomination Committee.

Ooi Ley Ching does not have any family relationships with any of our Promoters, Directors, substantial shareholders and/or key senior management.

Please refer to Section 5.2.2.1(iii) of this Prospectus for details of Ooi Ley Ching's principal directorships in other corporations and principal business activities performed outside our Group as at the LPD.

**(iv) Yang Chee Wan**

General Manager (Design and Engineering)

Yang Chee Wan, a Malaysian male aged 43, is our General Manager (Design and Engineering). He is responsible for design and value engineering as well as project management activities.

In December 2005, Yang Chee Wan graduated with a Bachelor of Computer Science from Universiti Putra Malaysia.

Upon his graduation, he commenced his career in December 2005 at Beach Software Solution Sdn Bhd as a Software Engineer, where he was responsible for developing software for enterprise resource management systems until he left the company in April 2006.

In July 2006, he joined MCSB Systems (PG) Sdn Bhd as a Software Support Specialist, where he was tasked with providing software system support services which he left the company in October 2006.

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

Between October 2006 and February 2007, he took a break and he joined Perfect Cooling Factor Engineering Sdn Bhd as a Project Engineer in March 2007, where he was responsible for managing projects relating to air-conditioning and mechanical ventilation systems.

In September 2009, he left Perfect Cooling Factor Engineering Sdn Bhd and joined Success M&E Engineering Sdn Bhd as an Operation Manager, where he was responsible for managing projects and overall company operations until he resigned in June 2011.

While he was with Success M&E Engineering Sdn Bhd, in May 2011, he decided to venture into the business of providing M&E engineering service and maintenance for critical facilities in Pulau Pinang and Kedah, and together with Ng Teik Hoe, they incorporated Success Facility Management Sdn Bhd (now known as Critical M&E). He and Ng Teik Hoe were the first directors and shareholders of the said company until his cessation as a director and shareholder of Critical M&E in October 2013.

Between July 2011 to February 2014, he was employed as a Service Engineer in Pan Kinetics Sdn Bhd, where he was responsible for monitoring the maintenance and service engineering works for Critical Facilities.

In March 2014, he re-joined Critical M&E as a Project Manager prior to him being promoted in June 2017 to Senior Project Manager, where he was responsible for managing MEP Engineering Solutions undertaken by Critical M&E.

In October 2018, he left Critical M&E and joined Cleanroom Industries Sdn Bhd as a Project Manager, where he was tasked with managing cleanroom architecture construction and installation at the project sites until December 2018.

In January 2019, he joined Pen Konsult Sdn Bhd as a Senior Engineer, where he was responsible for verifying that engineering design proposals are constructable at project sites. He resigned from Pen Konsult Sdn Bhd in November 2021.

In December 2021, he re-joined Critical M&E as the General Manager (Design and Engineering).

Yang Chee Wan does not have any family relationships with any of our Promoters, Directors, substantial shareholders and/or key senior management.

Yang Chee Wan is not involved in any principal business activities performed outside of our Group as at the LPD and principal directorships in other corporations outside of our Group for the past 5 years prior to the LPD.

**(v) Ng Teik Hoe**  
General Manager (Project)

Ng Teik Hoe, a Malaysian male aged 41, is our General Manager (Project). He is responsible for planning and managing the implementation of MEP Engineering Solutions undertaken by our Group.

Ng Teik Hoe graduated from Tunku Abdul Rahman College with a Diploma in Technology (Mechatronics) in October 2003 and in Advanced Diploma in Technology (Mechanical and Manufacturing Engineering) in May 2007.

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

He commenced his career in July 2003 at Oriental Nichinan Design Engineering Sdn Bhd as Assistant Model Engineer, where he assisted in planning and developing engineering design projects. In May 2004, he resigned from this position to pursue his study in Advanced Diploma in Technology (Mechanical and Manufacturing Engineering).

In May 2006, he joined S.T.E Manufacturing Sdn Bhd as a Project Design Engineer, where he was responsible for product design works and project management of conveyor systems, factory automation systems and material handling systems.

In August 2007, he left S.T.E Manufacturing Sdn Bhd and joined Sricool Engineering Sdn Bhd as an Assistant Project Executive, where he was responsible for planning and overseeing projects relating to air-conditioning and mechanical ventilation. He held this position until his resignation in April 2008.

In May 2008, he joined Syarikat Ong Yoke Lin Sdn Bhd as a Service Engineer, where he was tasked with monitoring air-conditioning and mechanical ventilation engineering projects. He held this position until his resignation in February 2009.

In March 2009, he joined Perfect Cooling Factor Engineering Sdn Bhd as a Project Engineer, where he was responsible for the mechanical engineering aspects of projects undertaken by the company. He resigned from this position in April 2013.

While he was with Perfect Cooling Factor Engineering Sdn Bhd, in May 2011, he decided to venture into the business of providing M&E engineering service and maintenance for critical facilities in Pulau Pinang and Kedah, and together with Yang Chee Wan, they incorporated Success Facility Management Sdn Bhd (now known as Critical M&E). He and Yang Chee Wan were the first directors and shareholders of the said company until his cessation as a director and shareholder of Critical M&E in October 2013.

In April 2013, he was employed as a Senior Project Engineer in Envipure Sdn Bhd and in August 2017 he was promoted to Assistant Project Manager, a position that he held until his resignation in December 2017. During his tenure in Envipure Sdn Bhd, he was responsible for overseeing plant engineering projects.

In January 2018, he re-joined Critical M&E as a Senior Project Manager and in June 2021, he was promoted to General Manager (Project), a position that he holds until present.

Ng Teik Hoe does not have any family relationships with any of our Promoters, Directors, substantial shareholders and/or key senior management.

Ng Teik Hoe is not involved in any principal business activities performed outside of our Group as at the LPD and principal directorships in other corporations outside of our Group for the past 5 years prior to the LPD.

Save for Ooi Ley Ching (our Group's Financial Controller), our key senior management is also the key technical personnel of our Group.

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

**5.2.2.1 Principal directorships or principal business activities outside our Group**

Save as disclosed below, none of our key senior management have any other principal business activities performed outside our Group (including directorships) in the past 5 years prior to the LPD:

**(i) Ir. Tan Si Lim**

Save for TCCO, Ir. Tan Si Lim is not involved in any principal business activities performed outside of our Group as at the LPD and principal directorships in other corporations outside of our Group for the past 5 years prior to the LPD.

**(ii) Ir. Chow Chin Seang**

Save for TCCO, Ir. Chow Chin Seang is not involved in any principal business activities performed outside of our Group as at the LPD and principal directorships in other corporations outside of our Group for the past 5 years prior to the LPD.

**(iii) Ooi Ley Ching**

Name of entity / business	Nature of involvement	Directorship / Partnership	Date of appointment / (Resignation date)	Principal Activities	Direct		Indirect	
					No. of shares	%	No. of shares	%
<b>Present Involvement</b> Cnergenz Berhad <sup>(1)</sup>	Independent Non-Executive Director		23 September 2021	Investment holdings and its subsidiary companies are involved in electronics manufacturing solutions provider, specialising in surface mount technology manufacturing solutions for the electronic and semiconductor industry.	300,000	0.06	-	-

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

Name of entity / business	Nature of involvement	Directorship / Partnership / Date of appointment / (Resignation date)	Principal Activities	Direct		Indirect	
				No. of shares	%	No. of shares	%
<u>Past Involvement</u> Prominent Business Solution	Sole Proprietor	4 March 2021 / (9 September 2022) <sup>(2)</sup>	Business management consultancy services and accounting and bookkeeping activities	-	-	-	-

**Notes:**

- (1) A company that is listed on the ACE Market.
- (2) Being the date of termination of the sole proprietorship.

The involvement of the abovementioned key senior management in other business activities outside our Group will not affect their contributions to our Group and would not be expected to affect the operations of our Group as the abovementioned key senior management's involvement in other business activities does not require their involvement on a day-to-day basis. Further, this does not give rise to any conflict of interest with our business. They have and will continue to ensure that they would be able to fulfil and discharge their respective duties and responsibilities in our Group effectively.

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

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**5.3 BOARD PRACTICES**

According to our Constitution, all the Directors shall retire from office at our Company's first AGM. At the AGM in every subsequent year, an election of Directors shall take place and 1/3 of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to 1/3 shall retire from office and be eligible for re-election provided always that all Directors shall retire from office at least once in every three 3 years but shall be eligible for re-election.

The Directors to retire in each year shall be the Directors who have been longest in office since the Directors' last election, but as between persons who became Directors on the same day, the Directors to retire shall be determined by lot, unless they otherwise agreed among themselves. A retiring Director shall be eligible for re-election at the AGM.

The Directors shall have power from time to time to appoint any person to be a Director to fill a casual vacancy and as an addition to the existing Directors, subject to the total number of Directors not exceeding the maximum number fixed by or in accordance with our Constitution.

The Board will oversee the Anti-Bribery and Corruption Policy in accordance with our Group's Code of Conduct and Ethics, which was adopted on 14 December 2022.

Our Board acknowledges and is aware of the Malaysian Code on Corporate Governance ("MCCG") which contains best practices and guidance for listed companies to improve upon or to enhance their corporate governance as it forms an integral part of their business operations and culture. Our Board believes that our current Board composition provides an appropriate balance in terms of skills, knowledge and experience to promote the interest of all shareholders and to govern our Group effectively.

Our Company has adopted the recommendations under the MCCG to have a Board comprising 50% or more of Independent Non-Executive Directors, that our chairman of the Board should not be a member of our Audit and Risk Management Committee, Nomination Committee or Remuneration Committee, and to have at least 30% female directors on our Board.

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## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

### 5.3.1 Directors' term of office

The details of the date of expiration of the current term of office for each of the Directors and the period for which the Directors have served in that office are as follows:

<u>Name</u>	<u>Designation</u>	<u>Date of appointment</u>	<u>Date of expiration of the current term of office</u>	<u>No. of years in office</u>
Mohamad Hashim Bin Abdul Ghani	Independent Non-Executive Chairman	12 September 2022	At the third AGM	More than a year
Ir. Tan Si Lim	Non-Independent Executive Director / Chief Executive Officer	26 August 2022	At the second AGM	More than a year
Ir. Chow Chin Seang	Non-Independent Executive Director/ Chief Operating Officer	12 September 2022	At the fourth AGM	More than a year
Saw Soo Fang	Independent Non-Executive Director	12 September 2022	At the second AGM	More than a year
Teh Wei Keong	Independent Non-Executive Director	12 September 2022	At the third AGM	More than a year
Kung Shin Tyan	Independent Non-Executive Director	12 September 2022	At the fourth AGM	More than a year

### 5.3.2 Board Committees

#### 5.3.2.1 Audit and Risk Management Committee

Our Audit and Risk Management Committee was established on 13 September 2022 and our members are appointed by our Board. Our Audit and Risk Management Committee comprises of the following members:

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Teh Wei Keong	Chairperson	Independent Non-Executive Director
Saw Soo Fang	Member	Independent Non-Executive Director
Kung Shin Tyan	Member	Independent Non-Executive Director

The main function of our Audit and Risk Management Committee is to assist our Board in fulfilling its oversight responsibilities relating to accounting and reporting practices as well as risk management policies and strategies and sustainability initiatives of our Group. Our Audit and Risk Management Committee has full access to both internal and external auditors who in turn have access at all times to the chairperson of our Audit and Risk Management Committee. The duties and functions of our Audit and Risk Management Committee stated in the terms of reference, comprise, amongst others, the following:

#### Audit Committee

- (i) To assist the Board in fulfilling its oversight responsibilities relating to accounting and reporting practices as well as risk management policies, strategies and sustainability initiatives of our Group;

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

- (ii) To review the engagement, compensation, performance, qualifications and independence of our external auditors, its conduct of the annual statutory audit of our financial statements, and the engagement of external auditors for all other services;
- (iii) To set up policies and procedures to assess the suitability, objectivity and independence of the external auditors to safeguard the quality and reliability of audited financial statements;
- (iv) To review and recommend our quarterly and annual financial statements for approval by our Board before the announcement to Bursa Securities is made, focusing on particular of any changes in or implementation of major accounting policies and practices, significant and unusual events, significant adjustments arising from the audit, going concern assumption and compliance with accounting standards and other regulatory or legal requirements;
- (v) To review the audit report on the related party transactions (if any) on a quarterly basis to ensure that these transactions are conducted at arm's length and to inform the Board of any major findings;
- (vi) To consider the major findings of internal investigations and management's response;
- (vii) To review the following in respect of the internal audit function:
  - (a) the adequacy of the scope, functions, competency and resources of the internal audit functions, and that it has the necessary authority to carry out its works;
  - (b) the internal audit programme, process, results of the internal audit programme and processes and where necessary ensure that appropriate actions are taken on the recommendations of the internal audit function;
  - (c) any appraisal or assessment of the performance of members of the internal audit function; and
  - (d) the major findings of internal investigations, whistleblowing reports and the management's response,
- (viii) To review and recommend the internal audit report to the Board for approval as well as approves the annual audit plan, training plan, internal audit methodologies and scope;
- (ix) To review the adequacy and effectiveness of the risk management systems, internal control and governance process implemented by the Group;
- (x) To oversee and recommend the risk management policies and procedures of the Group;
- (xi) To review and recommend changes as needed to ensure that the Group has in place at all times a risk management policy which addresses the strategic, operational, financial and compliance risks;
- (xii) To implement and maintain a sound risk management framework which identifies, assesses, manages and monitors the Group's business risks;
- (xiii) To set reporting guidelines for management to report to the Audit and Risk Management Committee on the effectiveness of the Group's management of its business risks;
- (xiv) To review the risk profile of the Group, the adequacy of management response and to evaluate the measures taken to mitigate the business risks;

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

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- (xv) To perform the oversight function over the administration of the whistleblowing policy that is approved and adopted by the Board to protect the values of transparency, integrity, impartiality and accountability where the Group conducts its business and affairs to enhance its accountability in preserving its integrity and to withstand public scrutiny which in turn enhances and builds the Group's credibility to all our stakeholders;
- (xvi) Evaluate the quality of the audit conducted by the internal and external auditors;
- (xvii) Provide assurance that the financial information presented by management is relevant, reliable and timely;
- (xviii) Oversee compliance with laws and regulations and observance of a proper code of conduct;
- (xix) Review the contents and executions of the Anti-Bribery and Anti-Corruption reported information at regular intervals and order a regular review (at least once every 3 years) of the Anti-Bribery and Anti-corruption Policy to ensure it is up to date;
- (xx) Ensure the management has adequate and appropriate resources needed for the effective operation of the Anti-Bribery and Anti-Corruption Management System are allocated to fulfil and comply with the Anti-Bribery and Anti-Corruption Policy;
- (xxi) Determine the adequacy of the Group's control environment; and
- (xxii) To perform such other functions as may be requested by the Board.

**Risk Management Committee**

- (i) To review the risk management policies of the Group which addresses key elements of the enterprise-wide risk management framework, risk appetite, strategy, processes and methodology as well as recommend any necessary changes relating thereto to the Board in line with the changing operating and economic environment, prevailing best practices in risk management and any relevant regulatory requirements;
- (ii) To oversee, evaluate and monitor the adequacy and effectiveness of the Group's risk management framework and the risk management system put in place by the Management in tandem with the changing business circumstances to safeguard shareholders' interests and the Group's assets;
- (iii) To report to the Board on the Group's major risk exposures, including the review of the risk assessment framework used to monitor the risk exposures and the Management's views on the acceptable and appropriate level of risks faced by respective business units/division of the Group; and
- (iv) To review the Statement on Risk Management and Internal Control, as well as other disclosure concerning the risk management activities of the Group, for inclusion in the Company's Annual Report and recommend the same for approvals of the Board.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

### 5.3.2.2 Remuneration Committee

Our Remuneration Committee was established on 13 September 2022 and our members are appointed by our Board. Our Remuneration Committee comprises of the following members:

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Kung Shin Tyan	Chairperson	Independent Non-Executive Director
Saw Soo Fang	Member	Independent Non-Executive Director
Teh Wei Keong	Member	Independent Non-Executive Director

The main function of our Remuneration Committee is to assist our Board in fulfilling its responsibility on matters relating to our Group's compensation, bonuses, incentives and benefits.

The duties and functions of our Remuneration Committee stated in the terms of reference, comprise of, amongst others, the following:

- (i) To recommend a framework of remuneration for all Directors and key senior management for the Board's approval. To ensure that there are balances in determining the remuneration package, which should be sufficient to attract and retain Directors of calibre, and yet not excessive. The framework should cover all aspects of remuneration including the Director's fee, salaries, allowance, bonuses, options and benefit-in-kind;
- (ii) To recommend specific remuneration packages for Executive Directors and key senior management. The remuneration package should be structured such that it is competitive. Salary scales drawn up should be within the scope of the general business policy and not be dependent on short-term performance to avoid incentives for excessive risk-taking. As for Non-Executive Directors and Independent Directors, the level of remuneration should be linked to their level of responsibilities undertaken and contribution to the effective functioning of the Board;
- (iii) To ensure the establishment of a formal and transparent procedure for developing policies, strategies and framework for the remuneration of Executive Directors and key senior management;
- (iv) To review and recommend to our Board the remuneration package of our Executive Directors and key senior management, which should be aligned with the business strategy, long-term objectives, the Group's/Company's operating results and comparable remuneration statistics in the market of our Group/Company, and drawing from experts, if necessary;
- (v) To review annually the performance of the Directors and key senior management and to recommend to the Board specific adjustments in remuneration and/or reward payments;
- (vi) To formulate policies, guidelines and set criteria for remuneration packages for the Directors and key senior management and to ensure that the Directors and key senior management are fairly and appropriately remunerated according to the general market sentiments or conditions;

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (vii) To review and recommend to the Board the compensation payable to the Directors and key senior management in connection with any loss or termination of their office or appointment or arrangements relating to dismissal or removal for misconduct and to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company/Group;
- (viii) To ensure that all remuneration packages and benefits given to the Directors and key senior management are in compliance with the laws, rules, requirements, regulations and guidelines set by the relevant authorities and the Board from time to time;
- (ix) To perform any other functions as defined by the Board;
- (x) To recommend any other compensation and benefits related functions as authorised / defined by the Board as well as to consider and examine such other matters as the Remuneration Committee considers appropriate; and
- (xi) To ensure corporate accountability and governance in respect of the Board remuneration and compensation function.

### 5.3.2.3 Nomination Committee

Our Nomination Committee was established on 13 September 2022 and our members are appointed by our Board. Our Nomination Committee comprises of the following members:

Name	Designation	Directorship
Saw Soo Fang	Chairperson	Independent Non-Executive Director
Teh Wei Keong	Member	Independent Non-Executive Director
Kung Shin Tyan	Member	Independent Non-Executive Director

The main function of our Nomination Committee is to assist our Board in fulfilling its responsibility in nominating new directors to our Board and Board Committees and ensure their compositions meet the needs of our Company, and to lead the succession planning of our Board members and assess the performance of our Board and individual Directors of our Company on an on-going basis.

The duties and functions of our Nomination Committee stated in the terms of reference, comprise of, amongst others, the following:

- (i) To determine the criteria for Board membership and appointment of key senior management, including diversity, qualities, experience, skills, expertise, educational background, age and ethnicity diversity and qualifications, competencies, integrity, contribution, level of commitment in terms of time and other qualities that will best qualify a candidate to serve on the Board and the Group;
- (ii) To ensure appropriate selection criteria and processes and to identify and recommend to the Board, candidates for directorships of the Company and members of the relevant Board committees;
- (iii) To evaluate the effectiveness of the Board and the relevant Board committees;
- (iv) To ensure an appropriate framework and succession planning for the Board;

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

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- (v) To assess and recommend to the Board, nominees for directorships and committee members, having regard to their competencies, expertise, experience, potential conflict of interests, commitment, contribution and performance;
- (vi) To assess and evaluate, on an annual basis, or as required, the desirability of the overall composition of the Board and the balance amongst executive, non-executive and independent directors;
- (vii) To establish a mechanism for annual assessment of the performance and effectiveness of the Board as a whole and the contribution of each Director to the performance of the Company. Such annual assessment should be based on objective performance criteria, which is in line with established key performance indicators, as approved by the Board;
- (viii) To recommend and ensure that the Board receives appropriate continuous training in order to maintain an adequate level of competency and to effectively discharge their roles as the Directors;
- (ix) To oversee the appointment, management succession planning and performance evaluation of the Board and committees;
- (x) To review annually and recommend to the Board with regard to the Board diversity, structure, size, tenure, directorships, balance and composition of the Board and Committees including the required mix of skills and experience, core competencies which the Directors should bring to the Board and other qualities to function effectively and efficiently;
- (xi) To recommend to the Board the duties and responsibilities of the Directors, including membership and Chairmanship of the Board Committees;
- (xii) To develop and maintain the criteria for the recruitment process and assess the independence of Independent Directors annually, especially on those who have served for a cumulative term of 9 years and disclose the reviews to the shareholders for their information; and
- (xiii) To review Fit and Proper Policy and to ensure that all Directors fulfil the fit and proper criteria and for conducting assessments of the fitness and properness of candidates to be appointed onto the Board and Directors who are seeking re-election.

**5.3.3 Service Contracts**

As at the LPD, there are no existing and proposed service contracts entered into or to be entered into between our Group and our Directors or key senior management, which provide for benefits upon termination of employment.

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

**5.3.4 Shareholdings in our Company**

**(i) Directors**

The direct and indirect shareholdings of our Directors, before and after our IPO are as follows:

Name	After the Acquisitions and before our IPO				After our IPO			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(2)</sup>
Mohamad Hashim Bin Abdul Ghani	-	-	-	-	<sup>(3)</sup> 178,000	0.05	-	-
Ir. Tan Si Lim	148,695,500	50.00	-	-	-	-	<sup>(4)</sup> 260,217,000	70.00
Ir. Chow Chin Seang	148,695,500	50.00	-	-	-	-	<sup>(4)</sup> 260,217,000	70.00
Saw Soo Fang	-	-	-	-	<sup>(3)</sup> 178,000	0.05	-	-
Teh Wei Keong	-	-	-	-	<sup>(3)</sup> 178,000	0.05	-	-
Kung Shin Tyan	-	-	-	-	<sup>(3)</sup> 178,000	0.05	-	-

**Notes:**

- (1) Based on our issued share capital of 297,391,000 Shares after the Acquisitions and before our IPO.
- (2) Based on our enlarged issued share capital of 371,739,000 Shares after our IPO.
- (3) Assuming he/she fully subscribes for the Pink Form Shares allocated to him/her.
- (4) Deemed interested by virtue of Section 8(4) of the Act, through his shareholding in TCCO.

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

(ii) **Key Senior Management**

The direct and indirect shareholdings of our key senior management, before and after our IPO are as follows:

Name	After the Acquisitions and before our IPO			After our IPO			
	Direct		Indirect	Direct		Indirect	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>	
Ir. Tan Si Lim	148,695,500	50.00	-	-	-	(3)260,217,000	70.00
Ir. Chow Chin Seang	148,695,500	50.00	-	-	-	(3)260,217,000	70.00
Ooi Ley Ching	-	-	-	-	(4) 175,000	-	-
Yang Chee Wan	-	-	-	-	(4) 375,000	-	-
Ng Teik Hoe	-	-	-	-	(4) 375,000	-	-

**Notes:**

- (1) Based on our issued share capital of 297,391,000 Shares after the Acquisitions and before our IPO.
- (2) Based on our enlarged issued share capital of 371,739,000 Shares after our IPO.
- (3) Deemed interested by virtue of Section 8(4) of the Act, through his shareholding in TCCO.
- (4) Assuming he/she fully subscribes for the Pink Form Shares allocated to him/her.

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

**5.4 REMUNERATION OF DIRECTORS AND KEY SENIOR MANAGEMENT**

**5.4.1 Directors' remuneration and material benefits-in-kind**

The details of the remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered to our Group in all capacities for the FYE 2023 and FYE 2024 are as follows:

(i) Directors	FYE 2023 (Paid)	Directors' Fee RM'000	Salary RM'000	(1) Other emolument RM'000	Bonus RM'000	Benefits-in-kind RM'000	Total RM'000
Mohamad Hashim Bin Abdul Ghani <sup>(2)</sup>		50	-	2	-	-	52
Ir. Tan Si Lim		-	373	82	53	34	542
Ir. Chow Chin Seang		-	305	68	50	34	457
Saw Soo Fang <sup>(3)</sup>		20	-	2	-	-	22
Teh Wei Keong <sup>(3)</sup>		20	-	2	-	-	22
Kung Shin Tyan <sup>(3)</sup>		20	-	1	-	-	21

**Notes:**

- (1) Includes employer's contribution to EPF, SOCSO and EIS (where applicable) and meeting allowance.
- (2) Appointed as an Independent Non-Executive Chairman of our Company on 12 September 2022.
- (3) Appointed as an Independent Non-Executive Director of our Company on 12 September 2022.

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

FYE 2024 (Proposed)	Directors' Fee RM'000	Salary RM'000	Other emolument <sup>(1)</sup> RM'000	Bonus <sup>(2)</sup> RM'000	Benefits-in-kind RM'000	Total RM'000
Mohamad Hashim Bin Abdul Ghani	60	-	3	-	-	63
Ir. Tan Si Lim	-	560	109	-	50	719
Ir. Chow Chin Seang	-	420	81	-	50	551
Saw Soo Fang	48	-	3	-	-	51
Teh Wei Keong	48	-	3	-	-	51
Kung Shin Tyan	48	-	3	-	-	51

**Notes:**

- (1) Includes employer's contribution to EPF, SOCSO and EIS (where applicable) and meeting allowance.  
(2) Bonuses for the FYE 2024 are not included. Such bonuses, if any, will be determined later depending on the performance of our Group, subject to the recommendation of the Remuneration Committee and approved by our Board.

The remuneration of our Directors, which includes Directors' fees, bonuses and such other allowances as well as other benefits of our Directors, must be considered and recommended by our Nomination Committee and Remuneration Committee and subsequently be approved by our Board. Our Directors' fees must be further approved / endorsed by our shareholders in a general meeting.

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

**(ii) Key Senior Management**

Save for Ir. Tan Si Lim and Ir. Chow Chin Seang whose remuneration and material benefits-in-kind are disclosed in Section 5.4.1(i) of this Prospectus, the aggregate remuneration (including any contingent or deferred compensation accrued for the year) paid and proposed to be paid to the key senior management for their services rendered in all capacities within our Group for the FYE 2023 and FYE 2024 are as follows:

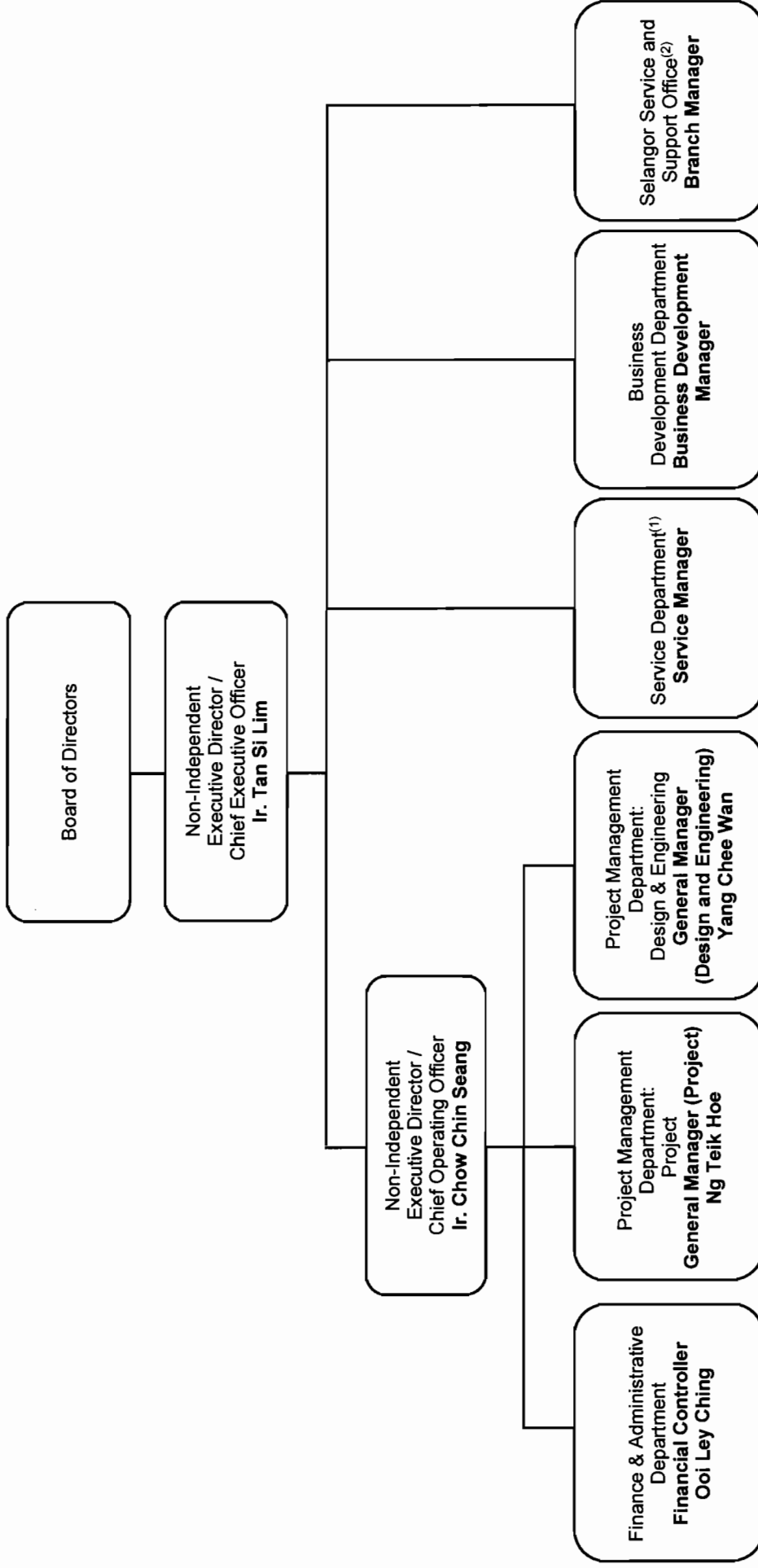
	Remuneration band	
	FYE 2023 (Paid) RM'000	FYE 2024 (Proposed) RM'000
<b>Key senior management</b>		
Ooi Ley Ching	250 - 300	300 - 350
Yang Chee Wan	200 - 250	300 - 350
Ng Teik Hoe	200 - 250	300 - 350

There are no material benefit-in-kind (including any contingent or deferred compensation accrued for the year) paid and proposed to be paid to the key senior management for their services rendered in all capacities within our Group for the FYE 2023 and FYE 2024.

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

**5.5 MANAGEMENT REPORTING STRUCTURE**



**Notes:**

- (1) Supports service and maintenance works in the northern region of Peninsular Malaysia.
- (2) Supports service and maintenance works in the central region of Peninsular Malaysia.

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

Our Group recognises the importance of attracting and retaining talent and is actively identifying promising second liners across key functions to undergo development programmes. Further, our Group also offers a competitive remuneration package for all its employees to ensure continuity and sustainability in our Group's businesses.

**5.6 DECLARATION FROM OUR PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT**

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

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

**5.7 FAMILY RELATIONSHIPS AND/OR ASSOCIATIONS BETWEEN OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT**

As at the LPD, there are no family relationships and associations among our Promoters, substantial shareholders, Directors and key senior management.

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

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**5.8 MANAGEMENT SUCCESSION PLAN**

Our Group has implemented a formalised Succession Planning Policy, where we have put in place a process to groom successors to gradually assume the responsibilities of key senior management.

Besides identifying the critical duties to be discharged by the successors in the Succession Planning Policy, the following skill requirements must also be developed by the successors, amongst others:

- managing financial activities;
- providing leadership and guidance to employees;
- communicating effectively to create and develop relationships;
- knowledge of our Group's industry and business; and
- purchasing and planning.

The Nomination Committee will review and update the Succession Planning Policy annually or more regularly as the committee deems necessary to ensure our Group has reassessed the development progress of the identified successors and whether any recruitment is required.

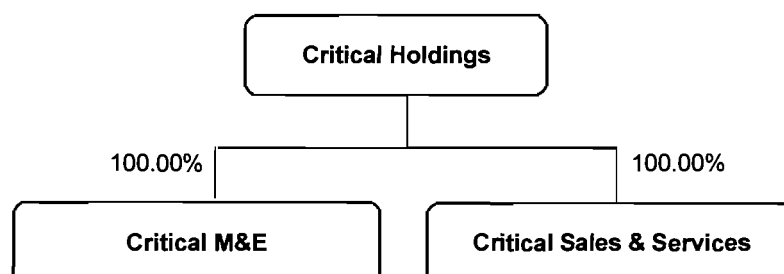
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## 6. INFORMATION ON OUR GROUP

### 6.1 HISTORY AND BACKGROUND

Our Company was incorporated in Malaysia on 26 August 2022 under the Act as a private limited company under the name of Critical Holdings Sdn Bhd. On 22 September 2022, our Company was converted to a public limited company to facilitate the Listing.

Our corporate Group structure after the completion of the Acquisitions is as follows:



We are an investment holding company while our Subsidiaries are principally involved in the provision of MEP for critical facilities comprising MEP Engineering Solutions as well as MEP Maintenance and Services.

As at the LPD, our headquarters is located in Pulau Pinang, Malaysia and our Selangor Service and Support Office is located in Kajang, Selangor, Malaysia. Our Selangor Service and Support Office will be relocated to Seri Kembangan, Selangor, Malaysia by end November 2023.

Our Group's historical background of our business are as follows:

Year	Events
2013	<ul style="list-style-type: none"> <li>The history of our Group began when Ir. Tan Si Lim and Ir. Chow Chin Seang acquired the equity interest held by Yang Chee Wan and Ng Teik Hoe in Success Facility Management Sdn Bhd in tranches commencing on 3 October 2013 and was completed on 29 November 2013. During the acquisition, Success Facility Management Sdn Bhd adopted its present name, Critical M&amp;E Engineering Sdn Bhd on 30 October 2013.</li> <li>Pursuant to the completion of this acquisition, our Promoters each held 50.00% equity interest in Success Facility Management Sdn Bhd and were appointed as directors, whilst Yang Chee Wan<sup>(1)</sup> and Ng Teik Hoe<sup>(2)</sup> resigned from their directorships in Success Facility Management Sdn Bhd accordingly.</li> <li>Yang Chee Wan<sup>(1)</sup> and Ng Teik Hoe<sup>(2)</sup> subsequently rejoined our Group and are currently the key senior management of our Group since 2021.</li> </ul>
2014	<ul style="list-style-type: none"> <li>On 28 January 2014, Critical Control Sdn Bhd (subsequently changed its name to Critical Sales &amp; Services on 17 May 2017) was incorporated to enhance our MEP business by venturing into MEP Maintenance and Services for Critical Facilities, as well as provision of data centre solutions, HVAC / ACMV solutions, UPS solutions and AVR solutions<sup>(3)</sup>.</li> </ul>
2017	<ul style="list-style-type: none"> <li>On 17 May 2017, Critical Control Sdn Bhd adopted its present name, Critical Sales &amp; Services Sdn Bhd.</li> </ul>

**Notes:**

- (1) Yang Chee Wan joined our Group between 2014 until 2018 and subsequently rejoined our Group in 2021 and is currently the General Manager (Design and Engineering).
- (2) Ng Teik Hoe joined our Group in 2018 and is currently the General Manager (Project).
- (3) For information, our Group currently does not focus on providing AVR solutions which does not generate much revenue for our Group.



**6. INFORMATION ON OUR GROUP (CONT'D)**

The table below summarised our Group's key achievements and milestones since our commencement of operations:

<b>Year</b>	<b>Key achievements and milestones</b>
2014	<ul style="list-style-type: none"> <li>• Critical M&amp;E was registered with the CIDB as a Grade G7 contractor in February 2014, thereby allowing us to tender for projects with unlimited contract value throughout Malaysia.</li> <li>• Critical M&amp;E secured its first greenfield ACMV system and MEP plantroom project at Port Klang Free Zone, Selangor. Critical M&amp;E installed ACMV and MEP systems in the building based on the LEED principles, hence leading to the building to be LEED certified by the United States Green Building Council, as well as certified under FM Approved standards by FM Global (for further details on FM Approved standards and FM Global, please refer to Section 7.1.4(iii)(c) of this Prospectus).</li> <li>• Critical M&amp;E secured its first greenfield cleanroom ISO 8 or Class 100,000 MEP project where Critical M&amp;E was appointed as a subcontractor for the construction of a new medical factory at Bayan Lepas Industrial Park, Pulau Pinang.</li> </ul>
2017	<ul style="list-style-type: none"> <li>• Critical M&amp;E secured its first data centre MEP turnkey project from a company which is part of a group of companies under a multinational technology company and having its principal activities in the manufacturing and sales of computer systems and computer related products, importation and distribution of computers, software and related computer accessories, operating a global business support centre to provide various outsourced services globally including information technology, customer contact centre support, global financial services and other related services, at Bayan Lepas Industrial Park, Pulau Pinang to upgrade their existing MEP systems in their Tier II data centre to achieve Tier III data centre standards.</li> </ul>
2018	<ul style="list-style-type: none"> <li>• As part of our growth strategy, Critical Sales &amp; Services opened a service and support office in Kajang, Selangor to enable our expansion into the central region of Peninsular Malaysia.</li> </ul>
2019	<ul style="list-style-type: none"> <li>• Critical Sales &amp; Services was registered with the CIDB as a Grade G5 contractor, thereby allowing us to tender for MEP Engineering Solutions projects with contract value of up to RM5.00 million throughout Malaysia.</li> <li>• Critical M&amp;E was certified compliant to ISO 9001:2015 by Business Systems Certification Pty. Ltd.</li> <li>• Critical Sales &amp; Services was registered with the MOF, thereby allowing us to supply materials and services to Government agencies.</li> </ul>
2022	<ul style="list-style-type: none"> <li>• Critical Sales &amp; Services' Grade G5 contractor registration with the CIDB was upgraded to Grade G7.</li> <li>• The upgrade in registration will allow Critical Sales &amp; Services to tender for projects with unlimited contract value throughout Malaysia.</li> </ul>

**6. INFORMATION ON OUR GROUP (CONT'D)**

**6.2 FORMATION OF OUR GROUP**

In conjunction with our Listing, our Company has entered into the following conditional SSAs with the Vendors in respect of the Acquisitions on 15 September 2022:

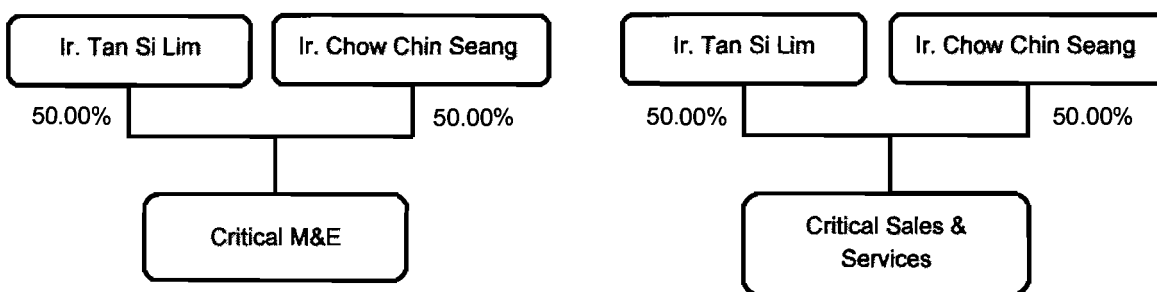
- (a) Critical M&E SSA for the Acquisition of Critical M&E; and
- (b) Critical Sales & Services SSA for the Acquisition of Critical Sales & Services.

The purchase consideration for the Acquisitions was arrived at after taking into consideration the audited NA of Critical M&E and Critical Sales & Services as at 30 June 2022 of RM10,329,523 and RM4,540,096 respectively.

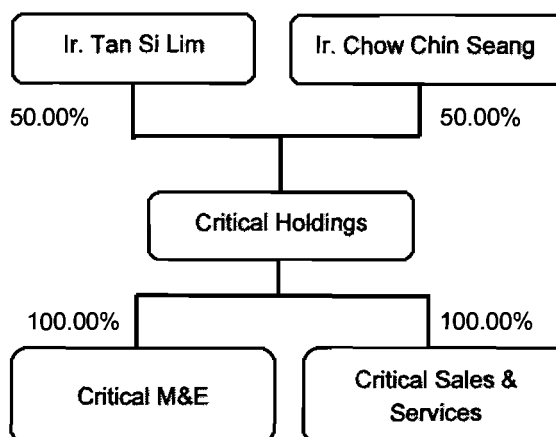
Please refer to Section 14.6 of this Prospectus for further details on the SSAs.

The shareholders and the Group structure before and after the Acquisition is set out below:

Before the Acquisitions



Upon completion of the Acquisitions



**6. INFORMATION ON OUR GROUP (CONT'D)**

Pursuant to the Acquisitions, the number of Shares issued to the Vendors in accordance with the conditional SSA for the Acquisition of Critical M&E and conditional SSA and supplemental SSA for the Acquisition of Critical Sales & Services, are as follows:

**(i) Acquisition of Critical M&E**

<b>Vendors</b>	<b>Shareholdings in Critical M&amp;E before the Acquisition of Critical M&amp;E</b>		<b>Total consideration for the Acquisition of Critical M&amp;E</b>	
	<b>No. of shares held in Critical M&amp;E</b>	<b>%</b>	<b>No. of new Shares</b>	<b>RM</b>
Ir. Tan Si Lim	500,000	50.00	103,294,950	5,164,747.50
Ir. Chow Chin Seang	500,000	50.00	103,294,950	5,164,747.50
<b>Total</b>	<b>1,000,000</b>	<b>100.00</b>	<b>206,589,900</b>	<b>10,329,495.00</b>

**(ii) Acquisition of Critical Sales & Services**

<b>Vendors</b>	<b>Shareholdings in Critical Sales &amp; Services before the Acquisition of Critical Sales &amp; Services</b>		<b>Total consideration for the Acquisition of Critical Sales &amp; Services</b>	
	<b>No. of shares held in Critical Sales &amp; Services</b>	<b>%</b>	<b>No. of new Shares</b>	<b>RM</b>
Ir. Tan Si Lim	375,000	50.00	45,400,450	2,270,022.50
Ir. Chow Chin Seang	375,000	50.00	45,400,550	2,270,027.50
<b>Total</b>	<b>750,000</b>	<b>100.00</b>	<b>90,801,000</b>	<b>4,540,050.00</b>

The Acquisitions were conditional upon, amongst others, the approval of Bursa Securities for the Listing. The Acquisitions were completed on 30 October 2023 and Critical M&E and Critical Sales & Services became our wholly-owned Subsidiaries.

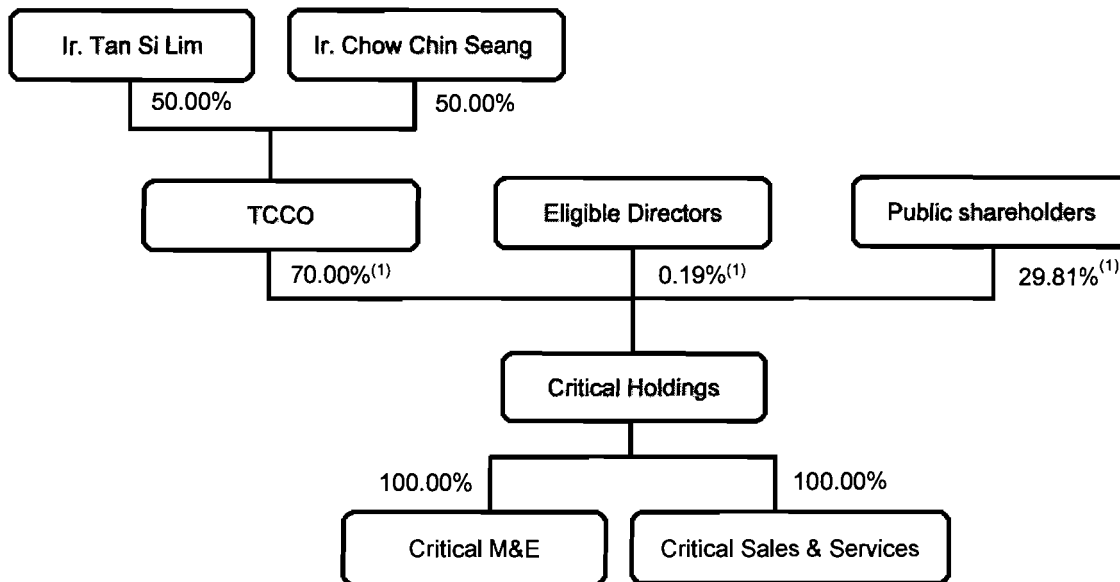
The new Shares issued pursuant to the Acquisitions rank equally in all respect with our existing Shares including voting rights and will be entitled to all rights and dividends and/or other distributions, the entitlement date of which is subsequent to the date of issuance of the new Shares.

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**6. INFORMATION ON OUR GROUP (CONT'D)**

**Our Group Structure after the IPO**

Upon Listing of our Shares on the Official List of ACE Market, our shareholders are as follows:



**Note:**

(1) Based on our enlarged issued share capital of 371,739,000 Shares after our IPO.

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**6. INFORMATION ON OUR GROUP (CONT'D)****6.3 SHARE CAPITAL**

As at the LPD, our issued share capital is RM14,869,645 comprising 297,391,000 Shares, all of which have been issued and fully paid-up.

The changes in our issued share capital since the date of our incorporation up to the LPD are as follows:

<u>Date of allotment</u>	<u>No. of Shares allotted</u>	<u>Consideration</u>	<u>Nature of transaction</u>	<u>RM</u>	<u>No. of Shares</u>
26 August 2022	100	Cash	Subscriber's Shares	100	100
30 October 2023	206,589,900	Shares issued as consideration for Acquisition of Critical M&E	Acquisition of Critical M&E	10,329,495	206,589,900
30 October 2023	90,801,000	Shares issued as consideration for Acquisition of Critical Sales & Services	Acquisition of Critical Sales & Services	4,540,050	90,801,000
<b>Total issued share capital</b>				<b>14,869,645</b>	<b>297,391,000</b>

As at the LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital. There were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

Upon Listing, our enlarged issued share capital will be RM40,891,445<sup>(1)</sup> comprising 371,739,000 Shares.

**Note:**

(1) Before deducting the estimated listing expenses of approximately RM1.29 million which are directly attributable to the Public Issue.

**6.4 INFORMATION ON OUR SUBSIDIARIES**

As at the LPD, the details of our Subsidiaries are as follows:

<u>Name and Registration No.</u>	<u>Date / Place of incorporation</u>	<u>Principal place of business</u>	<u>Equity interest</u>	<u>Principal activities</u>
Critical M&E (Registration No. 201101018227 (946363-W))	26 May 2011/ Malaysia	Pulau Pinang, Malaysia	100.00%	Design and build, project management, supply, installation, testing, commissioning, maintenance and services support of MEP systems and equipment for critical facilities

**6. INFORMATION ON OUR GROUP (CONT'D)**

<u>Name and Registration No.</u>	<u>Date / Place of incorporation</u>	<u>Principal place of business</u>	<u>Equity interest</u>	<u>Principal activities</u>
Critical Sales & Services (Registration No. 201401003109 (1079183-X))	28 January 2014/ Malaysia	Pulau Pinang, Malaysia	100.00%	Design and build, project management, supply, installation, testing, commissioning, maintenance and services support of MEP systems and equipment for critical facilities

As at LPD, our Company does not have any associate companies.

**6.4.1 Critical M&E**

Critical M&E was incorporated in Malaysia as a private limited company under the Act on 26 May 2011 under the name of Success Facility Management Sdn Bhd and adopted its present name on 30 October 2013. It commenced business operations on 11 July 2011 and its principal place of business is in 1-2-1, 1-2-2 & 1-2-3, Jalan Sungai Tiram 8, Summerskye Square, 11900 Bayan Lepas, Pulau Pinang, Malaysia.

Critical M&E is principally involved in design and build, project management, supply, installation, testing, commissioning, maintenance and services support of MEP systems and equipment for critical facilities.

As at the LPD, the issued share capital of Critical M&E is RM1,000,000 comprising 1,000,000 ordinary shares. The movements of Critical M&E's issued share capital since incorporation are as follows:

<u>Date of allotment</u>	<u>No. of shares allotted</u>	<u>Consideration (RM)</u>	<u>Type of issue</u>	<u>Total share capital (RM)</u>
26 May 2011	100	100	Cash	100
29 October 2013	99,900	99,900	Cash	100,000
2 December 2013	400,000	400,000	Cash	500,000
4 March 2014	250,000	250,000	Cash	750,000
13 December 2016	250,000	250,000	Cash	1,000,000

As at the LPD, there are no outstanding warrants, options, convertibles securities or uncalled capital in Critical M&E.

Critical M&E is our wholly-owned subsidiary. As at the LPD, Critical M&E does not have any subsidiary, joint venture or associated company. The directors of Critical M&E are Ir. Tan Si Lim and Ir. Chow Chin Seang.

**6. INFORMATION ON OUR GROUP (CONT'D)****6.4.2 Critical Sales & Services**

Critical Sales & Services was incorporated in Malaysia as a private limited company under the Act on 28 January 2014 under the name of Critical Control Sdn Bhd and adopted its present name on 17 May 2017.

It commenced business operations on 15 April 2014 and its principal place of business is in 1-2-1, 1-2-2 & 1-2-3, Jalan Sungai Tiram 8, Summerskye Square, 11900 Bayan Lepas, Pulau Pinang, Malaysia.

Critical Sales & Services is principally involved in design and build, project management, supply, installation, testing, commissioning, maintenance and services support of MEP systems and equipment for critical facilities.

As at the LPD, the issued share capital of Critical Sales & Services is RM750,000 comprising 750,000 ordinary shares. The movements of Critical Sales & Services' issued share capital since incorporation are as follows:

<u>Date of allotment</u>	<u>No. of shares allotted</u>	<u>Consideration (RM)</u>	<u>Type of issue</u>	<u>Total share capital (RM)</u>
28 January 2014	2	2	Cash	2
8 May 2017	99,998	99,998	Cash	100,000
16 July 2018	200,000	200,000	Cash	300,000
18 October 2022	450,000	450,000	Otherwise (bonus issue) <sup>(1)</sup>	750,000

**Note:**

- (1) Bonus issue of 450,000 new ordinary shares in Critical Sales & Services on the basis of 3 new ordinary shares for every 2 existing ordinary share in Critical Sales & Services via the capitalisation of Critical Sales & Services' retained earnings.

As at the LPD, there are no outstanding warrants, options, convertibles securities or uncalled capital in Critical Sales & Services.

Critical Sales & Services is our wholly-owned subsidiary. As at the LPD, Critical Sales & Services does not have any subsidiary, joint venture or associated company. The directors of Critical Sales & Services are Ir. Tan Si Lim and Ir. Chow Chin Seang.

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**7. BUSINESS OVERVIEW**

**7.1 PRINCIPAL ACTIVITIES AND BUSINESS MODEL OF OUR GROUP**

Our Group is a MEP design and engineering solutions firm and our principal business activities relating to MEP for critical facilities comprise:

(i) MEP Engineering Solutions

We undertake design and build, project management, supply, installation, testing and commissioning of MEP systems for newly built critical facilities as well as redevelopment, refurbishment and upgrading of existing critical facilities.

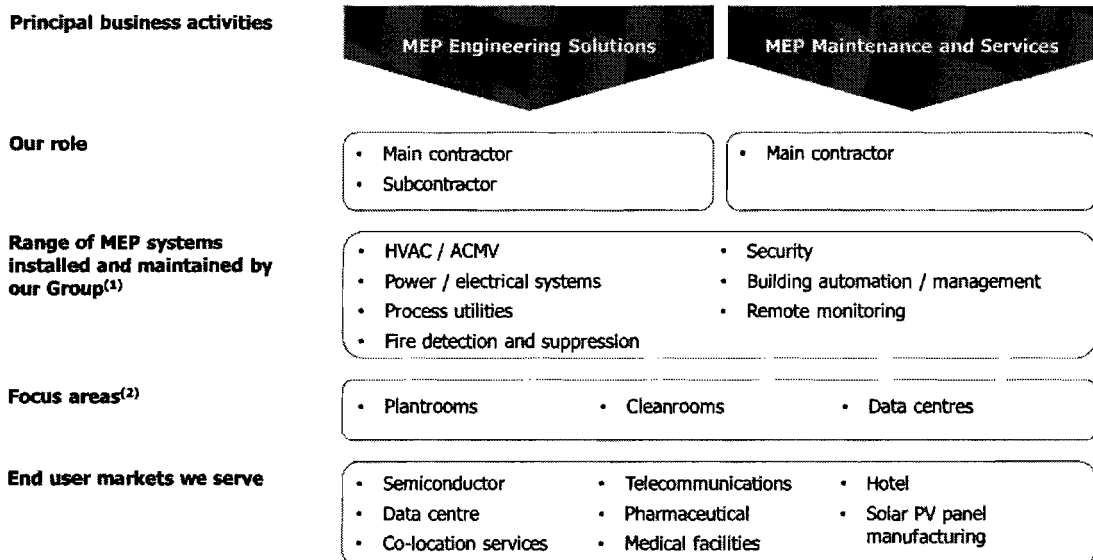
(ii) MEP Maintenance and Services

We undertake maintenance and service support, including preventive and scheduled maintenance as well as breakdown service and repair, to ensure proper functioning of the existing MEP equipment and systems.

Our MEP Engineering Solutions are an integral component for facilities and buildings with critical functions that require resilient infrastructure to ensure uninterrupted essential services for businesses, operations and systems to function efficiently, effectively and continuously. Critical facilities include data centres, cleanrooms, manufacturing floors, plantrooms, laboratories, hospitals and healthcare facilities as well as selected government buildings.

We have a track record in delivering MEP Engineering Solutions for data centres, cleanrooms and plantrooms. The end user markets we serve are the semiconductor, pharmaceutical, solar photovoltaic ("PV") panel manufacturing sectors as well as data centre, co-location services, telecommunications, hotel and medical facilities sectors.

Our business model is as follows:



**Notes:**

- (1) Please refer to Section 7.1.3 of this Prospectus for further details on our range of MEP systems.
- (2) Please refer to Section 7.1.4 of this Prospectus for further details on our focus areas on plantrooms, cleanrooms and data centres.



## **7. BUSINESS OVERVIEW (CONT'D)**

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We generate our revenue through:

- (i) MEP Engineering Solutions, which are performed on a project basis. We receive progressive payments based on completed work or milestones achieved pursuant to contracts and/or purchase orders. In FYE 2023, this segment contributed to 91.49% of our revenue; and
- (ii) MEP Maintenance and Services, which are performed in accordance with client work orders. We are able to derive recurrent revenue from maintenance and service as preventive and scheduled maintenance services which are normally required on a regular basis. In FYE 2023, this segment contributed to 8.51% of our revenue.

For MEP Engineering Solutions, we are engaged by our clients who are either:

- (i) critical facility owners and/or operators, in which case we act as an MEP Engineering Solutions main contractor.

For certain projects, we are engaged as an MEP Engineering Solutions' main contractor by clients. As the MEP Engineering Solutions' main contractor, we are responsible for overseeing the entire project, managing the work site and managing suppliers and subcontractors throughout the course of the project.

- (ii) main contractors, in which case we act as an MEP Engineering Solutions' subcontractor

For projects in which we act as an MEP Engineering Solutions' subcontractor, the clients usually engage an architect and/or consultants to produce specifications or drawings for the project and a main contractor to take overall responsibility for the construction work. We are engaged by the main contractor to carry out MEP engineering works as contractually specified.

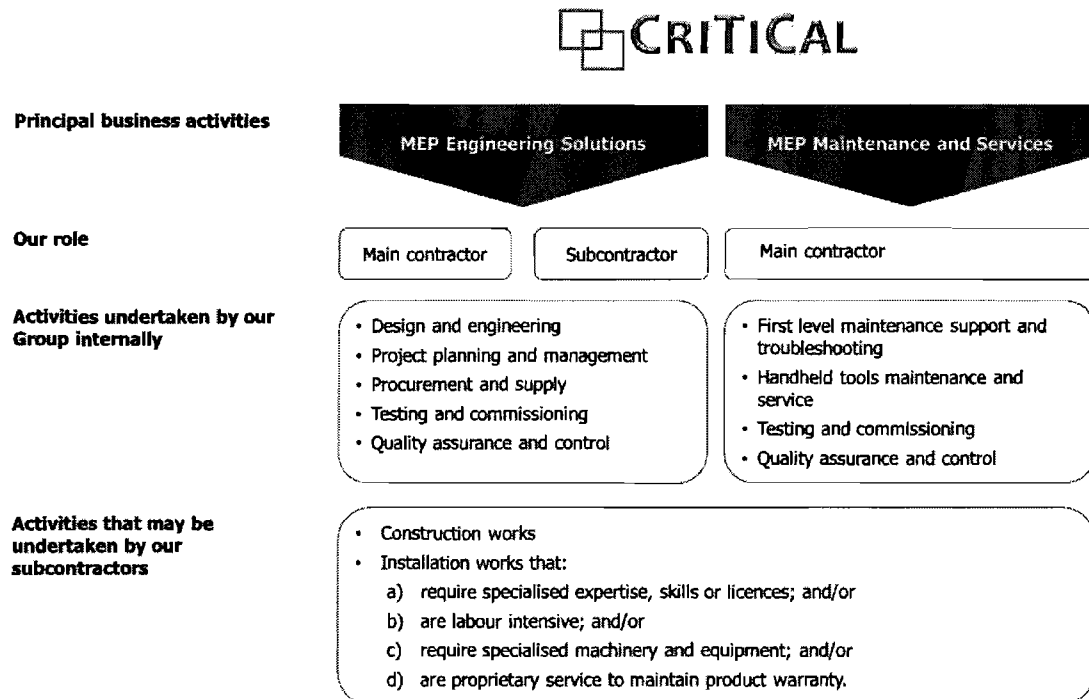
Regardless of whether we act as an MEP Engineering Solutions' main contractor or a subcontractor, we will be responsible for engineering works and procuring the necessary equipment, parts and materials.

As a MEP design and engineering solutions firm, we undertake engineering, project management, testing and commissioning, as well as quality assurance and quality control functions in-house for MEP Engineering Solutions. However, we also engage subcontractors to perform or assist us in performing certain works, specifically services requiring specialised expertise, skills and/or licences and specialised machinery and/or equipment or due to the limitation of manpower to carry out the workload. We supervise and are responsible for the works of our subcontractors.

For MEP Maintenance and Services, we are engaged by critical facility owners and/or operators to perform maintenance and service on MEP equipment and systems. We provide first level maintenance support and troubleshooting to our clients internally, whereby we act as the main point of contact for our clients and perform troubleshooting for any issues that may arise. We further undertake MEP Maintenance and Services works which can be performed using handheld tools. Our Group will appoint subcontractors for works that require specialised expertise, skills and/or licences and specialised machinery and/or equipment. These subcontractors will carry out their works under our supervision.

**7. BUSINESS OVERVIEW (CONT'D)**

The activities undertaken by our Group are as follows:



**7.1.1 MEP Engineering Solutions**

Our Group can be involved at multiple stages of a project, from the request of a proposal to design and build and subsequently project management, upgrading of equipment and systems as well as refurbishment. We have the expertise in providing design and build solutions for our clients, as well as undertaking project coordination and design management to meet clients' requirements and their specifications. We have an experienced engineering team with competencies in building and system architecture, electrical and mechanical system layout and configurations designed for performance and reliability. This allows us to control multi-disciplinary multi-interface projects and serve clients with plantrooms, cleanrooms and data centres across a broad range of market sectors.

Specifically, our roles and responsibilities can be summarised as follows:

**(i) Plan, manage, monitor and supervise MEP delivery activities**

Over the course of the MEP project, we will develop a detailed master project development plan which details all the activities to be conducted onsite thereby allowing us to plan, manage, monitor and supervise according to the detailed master project development plan. We also undertake value engineering by proposing alternative designs to the original MEP design which can contribute in enhancing the ease and speed of construction or lower the project cost in terms of materials and methods adopted.

**(ii) Engage, manage and supervise subcontractors to perform respective works**

We typically undertake the selection of subcontractors and suppliers, save for some projects where the subcontractors are selected by our clients. We will engage and coordinate with these subcontractors and suppliers to source services and materials that include the supply and installation of MEP materials and systems, deployment of machinery and equipment, MEP engineering works, civil, structural and architectural works such as piping and plumbing works, external painting works and water proofing works as well as other related works.

## **7. BUSINESS OVERVIEW (CONT'D)**

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These works are typically carried out by the product suppliers or their appointed subcontractors as part of their delivery services in instances where there is requirement for a certified installer to perform such works, or in instances where it is a proprietary service to maintain product warranty.

In addition, our subcontractors also provide labour. We subsequently manage and supervise them to ensure adherence to project and quality plans. Subcontractors and suppliers are generally selected from our internal approved list of subcontractors and suppliers that are evaluated annually. As at the LPD, our internal approved list comprises 239 subcontractors and 226 suppliers.

**(iii) Prepare and implement quality assurance and quality control, safety and health processes and procedures throughout the delivery of the MEP projects**

We will establish a project management system with an emphasis on quality assurance and quality control for MEP projects. The project management system also covers safety and health processes and procedures to provide a safe working environment for workers and employees involved in our MEP projects.

**(iv) Final MEP inspection, testing, commissioning and qualification**

We conduct final inspection, testing and commission of the MEP equipment and systems as part of a project handover, followed by making good of defects over the defects liability period generally ranging from 12 months to 24 months. We further perform or liaise with certification bodies for qualification processes.

### **7.1.2 MEP Maintenance and Services**

We provide comprehensive maintenance and service support, including preventive and scheduled maintenance as well as breakdown service and repair, to ensure proper functioning of the existing MEP equipment and systems. We may also undertake installation services in instances where parts replacements or upgrades are required.

Upon completion of some of our MEP Engineering Solutions installation projects, we are engaged to provide maintenance and services over a fixed period between 3 months to 24 months or monthly basis. We may also be engaged to provide maintenance and service for MEP equipment and systems for which the installation work was not handled by us. We also provide MEP Maintenance and Services on an ad-hoc basis where our maintenance and service support is available on a 24-hour and 7 days a week basis.

We are able to undertake, internally, MEP Maintenance and Services works which can be performed using handheld tools. In instances where the work requires specialised expertise, skills and/or licences and specialised machinery and/or equipment, we typically engage subcontractors to carry out such works.

### **7.1.3 Our range of MEP systems**

Our focus is on the project management, supply, testing and commissioning of MEP Engineering Solutions and MEP Maintenance and Services. Under the supervision of our employees, we engage subcontractors to support our Group with installation works for the following MEP systems:

**(i) HVAC / ACMV systems**

HVAC / ACMV systems control and maintain the temperature and humidity of air within a building. HVAC equipment is used for regulating the indoor air and temperature conditions and improving indoor air quality.

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## **7. BUSINESS OVERVIEW (CONT'D)**

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Our HVAC services include the supply and installation of water-cooled and air-cooled refrigeration plants, chilled water or refrigerator piping systems, constant or variable air volume systems and automatic control systems for different types of critical structures, as well as the supply and installation of related pipes, ducts, air conditioning units, ventilation fans and other related equipment.

Depending on the scope of works as stipulated in the contracts, we generally procure HVAC equipment in accordance with clients' required specifications, while the installation of HVAC equipment is subcontracted to our subcontractors.

### **(ii) Power / electrical systems**

This covers the supply and installation of high tension, low voltage and extra low voltage power distribution systems, sub-main distribution, final sub-circuits, generators, power protection, earthing and lighting systems as well as battery protection systems in a building or site in accordance with our clients' specifications and relevant safety standards.

Electrical works include the installation of armoured cables, electrical wiring and trunking, supply and installation of switchboards, power outlets, lighting system and related electrical equipment and accessories.

We engage subcontractors possessing relevant licences issued by the Energy Commission of Malaysia to carry out works relating to power supply / electrical systems.

### **(iii) Process utilities**

The utility systems in an industrial, manufacturing, laboratory or cleanroom facility directly affect the operating costs and downtime. Thus, an effective design for process utilities is an important aspect of the future operations of critical facilities.

Our scope for industrial process utilities includes the design, installation and implementation of control systems for process gas delivery systems, compressed air, clean / dry air systems, de-ionised water systems, process cooling water systems, process vacuum systems, wastewater systems, high purity piping systems and scrubber systems that deliver clean water, air and gas while removing waste from critical facilities.

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## **7. BUSINESS OVERVIEW (CONT'D)**

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### **(iv) Fire detection and suppression**

This covers the supply, installation and maintenance of fire prevention, fire detection and fire suppression and extinguishing systems which include fire services control panel, fire detector and alarm system, sprinkler, fire hydrant and hose reel, smoke control, portable hand operated appliances, gas extinguishing systems and emergency lighting.

In providing these services in Malaysia, we ensure that the fire prevention and fighting systems to be used are assessed and meet the safety standards specified by Bomba. We engage M&E consultants endorsed by Bomba to assess and ensure that the installed fire prevention and fighting systems meet the safety standards specified by Bomba.

### **(v) Security**

Securing operational and restricted areas is key to maintaining high-level security at facilities with critical functions. Effective security and access control systems deliver protection and situational awareness. When integrated with intelligent surveillance systems, it can provide business intelligence and help mitigate risks and potential liabilities.

We supply security systems that authenticate, authorise and control the movement of employees, visitors, vehicles as well as assets within these facilities. The installation and maintenance of these security systems are carried out by our subcontractors under our supervision.

### **(vi) Building automation**

Building automation solutions provided by us automate control over various M&E systems in a building, including air conditioning, lighting, elevators, ventilation systems and power supply systems that are linked to a centralised automation system.

We typically integrate building automation and control, energy measurement and information technology systems into tailor-made solutions for critical facilities. This is intended to achieve integration of building maintenance, operational efficiency as well as optimal energy consumption. It enables the integration and automation of various M&E functions, such as air conditioning, ventilation, lighting, safety and other extra low voltage systems, in these facilities.

### **(vii) Remote monitoring**

The remote monitoring of a facility refers to the management and control of one or more installations from a centralised location. Typically, this includes the local deployment of a surveillance system that collects data from sensors and a software where the data is sent and analysed.

We supply remote monitoring and control management tools and systems such as web-based monitoring software, remote alarms and data centre management software to assist our clients in monitoring, regulating and managing the operations of their facilities with critical functions.

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## 7. BUSINESS OVERVIEW (CONT'D)

### 7.1.4 Our Focus Areas

These following critical facilities are our focus areas:

#### (i) Plantrooms

A plantroom (also known as a mechanical room or a boiler room) is a dedicated space containing equipment required to provide or supply building services. Large buildings may have several plantrooms, or spaces that occupy one or more storeys and some plantrooms may have specific functions. Plantrooms may contain air handling units, boilers, chillers and refrigeration units, water heaters and tanks, water pumps and pipework, gas pipework, sprinkler distribution piping and pumps, electrical equipment and control panel, switchgears, batteries, machinery for lifts, ducts and filters, as well as other HVAC equipment.

We are typically engaged in the design and build, project management, supply, installation, testing, commissioning and maintenance of plantroom infrastructure facilities. Our major clients for this segment are hotel operators, semiconductor, pharmaceutical, healthcare as well as solar PV panel manufacturing facility owners.

Some of our past MEP Engineering Solutions projects in the plantroom segment are as follows:



Plantroom project for a solar PV panel manufacturing facility in Kulim Hi-Tech Park, Kedah

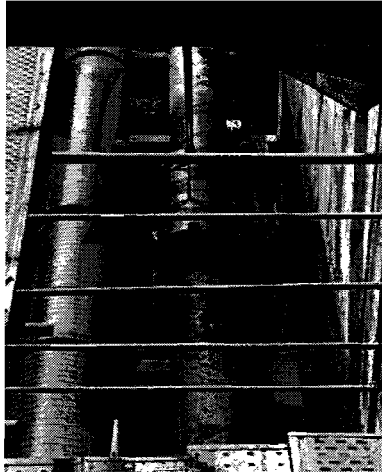


Plantroom project for a semiconductor manufacturing facility in Bayan Lepas Free Industrial Zone Phase 4, Pulau Pinang

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**7. BUSINESS OVERVIEW (CONT'D)**

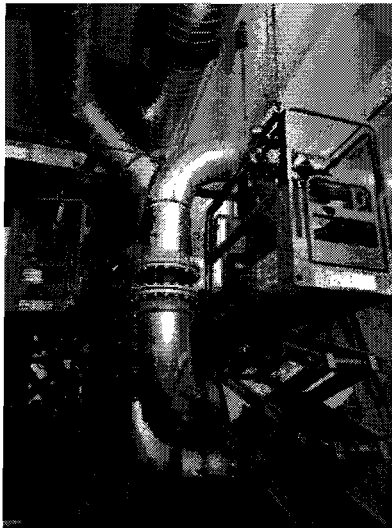
The pictures below are an illustration of the installation works carried out by our subcontractors under our supervision for plantroom MEP Engineering Solutions projects:



Chilled water and condenser water piping installation works



Condenser water piping installation works at a plantroom



Final piping connection to chillers



Hot tapping works at chilled water headers

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## 7. BUSINESS OVERVIEW (CONT'D)

### (ii) Cleanrooms

A cleanroom is a controlled environment that has a low level of pollutants such as dust, airborne microbes, aerosol particles and chemical vapours. A cleanroom has a controlled level of contamination that is specified by the number of particles per cubic meter at a specified particle size. Broadly, a cleanroom is any given contained space where provisions are made to reduce particulate contamination and control other environmental parameters such as temperature, humidity and pressure.

Cleanrooms are used in industries where small particles can adversely affect the manufacturing process. They vary in size and complexity and are used extensively in industries such as semiconductor manufacturing, pharmaceuticals and medical devices.

We design and build cleanroom facilities. Our scope of works involves facility planning, designing, supplying, construction, equipment installation, testing, verification and validation. We may engage subcontractors to perform construction works and installation works under our supervision. We develop cleanrooms customised to the needs of our clients, according to the size and intended use of the cleanrooms.

In addition to newly built cleanrooms, we are also able to undertake cleanroom expansion projects as well as redevelopment, refurbishment and upgrading of existing cleanrooms and their related equipment and systems. Our in-house expertise allows us to undertake design and build projects for different cleanroom classification, from ISO 3 to ISO 8, where ISO 3 cleanrooms comply with a higher level of cleanliness. We have constructed cleanrooms up to Class 100, which is ISO 5 equivalent.

The cleanrooms that we design and build adhere to the ISO 14644 Standards, which are verified by NEBB certification bodies through cleanroom performance testing. Specific to cleanrooms, the ISO 14644 Standards covers the classification of air cleanliness in cleanrooms in terms of concentration of airborne particulates, testing methods for the aforementioned classifications, design and construction of cleanrooms as well as basic requirements for operating and maintaining cleanrooms. Our major clients for this segment are semiconductor, pharmaceutical and medical facility owners.

Some of our past MEP Engineering Solutions projects in the cleanrooms segment are as follows:



Class 10,000 ISO 7 cleanroom project for a semiconductor manufacturing facility in Batu Kawan Industrial Park, Pulau Pinang



Class 1,000 ISO 6 cleanroom project for a semiconductor manufacturing facility in Batu Kawan Industrial Park, Pulau Pinang

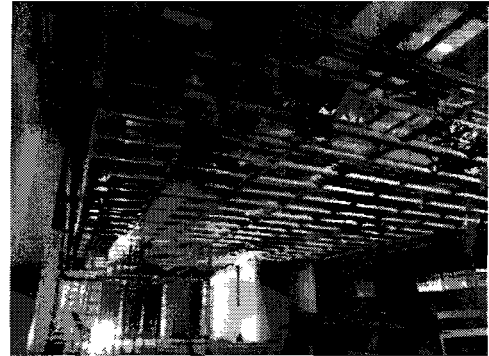


## 7. BUSINESS OVERVIEW (CONT'D)

The pictures below are an illustration of the installation works carried out by our subcontractors under our supervision for cleanroom MEP Engineering Solutions projects:



Ceiling and raised floor installation



Ceiling tee installation



Raised floor panel installation



Wall panel installation

### (iii) Data centres

We have expertise in the design and build, project management, supply, installation, testing and commissioning of data centre infrastructure facilities. Our MEP Engineering Solutions are tailor designed in accordance to the requirements of our clients, such as moisture / light / temperature sensitivities, process utilities and particle levels, as well as adherence to relevant codes, design standards and regulations.

Our design considerations include electrical power source, battery monitoring systems, security monitoring systems, fire protection and mechanical systems for heat removal and air distribution. Our design of the system will also incorporate suitable rack layouts and determine the optimal electrical and air-cooling distribution based on the rack density or height.

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## 7. BUSINESS OVERVIEW (CONT'D)

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We adhere to the following standards/certifications in the design and build of MEP Engineering Solutions for data centres, for which our clients may require us to liaise with certain certification bodies to procure the necessary certifications:

### (a) Uptime Institute's Tier Standard

This is a globally recognised standard for digital infrastructure performance relating to data centre reliability and overall performance. This standard allows for various levels of performance to be chosen based on the intended applications and business parameters associated with those applications. The Tier Standard describes the availability of infrastructure resources in a facility and focuses mainly on platform availability based on factors such as power, cooling, maintenance and fault management capabilities.

The Tier Standard is defined as below:

- Tier I – Basic capacity

Site-wide shutdowns are required for maintenance or repair work. Capacity or distribution failures will impact the site.

- Tier II - Redundant capacity components

Site-wide shutdowns for maintenance are still required. Capacity failures may impact the site. Distribution failures will impact the site.

- Tier III - Concurrently maintainable

Each and every capacity component and distribution path in a site can be removed on a planned basis for maintenance or replacement without impacting operations. The site is still exposed to an equipment failure or operator error.

- Tier IV – Fault tolerant

An individual equipment failure or distribution path interruption will not impact operations. A fault tolerant site is also concurrently maintainable.

### (b) ANSI / TIA-942 Standard

This standard specifies the minimum requirements for structured cabling works. The latest iteration of ANSI/TIA-942 specification references private and public domain data centre requirements for data centre infrastructure elements such as network architecture, electrical design, mechanical systems, system redundancy for electrical, mechanical and telecommunication, fire safety, physical security and efficiency.

### (c) FM Global

The FM Approved standards by FM Global are loss protection standards to reduce the risk at existing facilities due to fire, weather conditions and failure of M&E equipment. The FM Approved standards can be applied to entire products or systems, or to a single performance characteristic. FM Global tests fire protection equipment, electrical equipment, building materials, roofing assemblies, hazardous location equipment, fire detection and signalling materials, wall assemblies as well as smoke detection materials.

## 7. BUSINESS OVERVIEW (CONT'D)

### (d) LEED

LEED provides a framework for healthy, efficient and cost-saving green buildings. Buildings that are LEED certified improve efficiency, lower carbon emissions and create healthier work spaces for people. They are a critical part of addressing climate change and meeting environmental, social and governance (ESG) goals, enhancing resilience and supporting more equitable communities.

To achieve LEED certification, a project earns points by adhering to pre-requisites and credits that address carbon, energy, water, waste, transportation, materials, health and indoor environmental quality. Projects go through a verification and review process by the United States Green Building Council and are awarded points that correspond to a level of LEED certification.

### (e) Green Building Index (“GBI”)

The GBI is Malaysia’s green rating tool for buildings to promote sustainability in the built environment. The GBI rating tool provides an opportunity for clients to design and construct green and sustainable buildings that can provide energy savings, water savings, a healthier indoor environment, better connectivity to public transport and the adoption of recycling and greenery for their projects and reduce their impact on the environment.

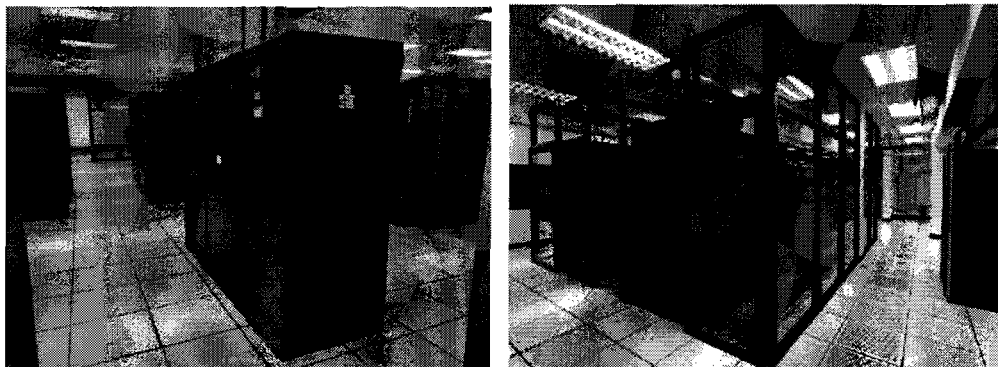
### (f) Sheet Metal and Air Conditioning Contractors’ National Association (“SMACNA”)

SMACNA is an international trade association that also sets industry standards for the sheet metal industry, from duct construction and installation to air pollution control, energy recovery and roofing.

### (g) Institute of Electrical and Electronics Engineers (“IEEE”) Standards

The IEEE Standards Association is an operating unit within the IEEE that develops global standards in a broad range of industries, including power and energy, artificial intelligence systems, Internet of Things (IoT), consumer technology and consumer electronics, biomedical and healthcare, IT and robotics, telecommunications, automotive, transportation as well as emerging technologies. Our major clients for this segment are data centre and colocation facility owners.

Some of our past MEP Engineering Solutions projects in the data centre segment are as follows:



Data centre project for a semiconductor manufacturing facility in Bukit Minyak Industrial Park, Pulau Pinang

**7. BUSINESS OVERVIEW (CONT'D)**

The pictures below are an illustration of the installation works carried out by our subcontractors under our supervision for data centre MEP Engineering Solutions projects:



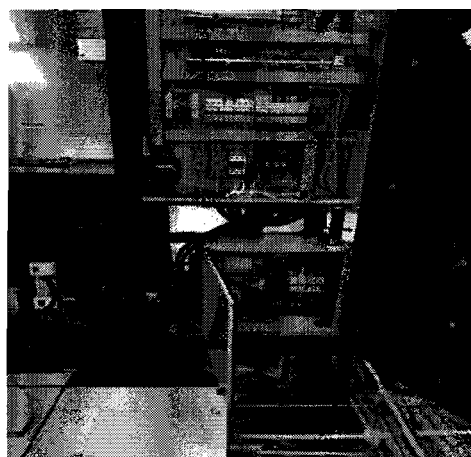
Final positioning of the server and network racks in data centre



UPS and battery system installation



Testing and commissioning of cooling unit



Electrical installation

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**7. BUSINESS OVERVIEW (CONT'D)**

**7.1.5 Our ongoing and completed projects**

We categorise our projects as follows:

- **Ongoing projects**

This refers to contracting projects for which the Certificate of Practical Completion has not been issued.

- **Completed projects**

This refers to contracting projects for which the Certificate of Practical Completion has been issued.

**(i) Ongoing projects**

Based on contracts signed and purchase orders received as at the LPD, we have a total of 55 ongoing MEP Engineering Solutions projects and 175 MEP Maintenance and Services contracts which contribute to RM264.53 million in total contract value to be recognised between FYE 2024 and FYE 2027. Of the total contract value of RM264.53 million to be recognised between FYE 2024 and FYE 2027, RM255.96 million consist of ongoing projects with contract value of RM3.00 million and above, as follows:

Project details/ scope	Scope of role	Type of critical facility	Commencement/ expected completion period	Contract value/ Balance contract value as at the LPD (RM million)	Stage of completion (%) as at the LPD	FYE of balance contract value to be fully recognised
Supply, delivery and installation of building management system at Batu Kawan Industrial Park, Seberang Perai, Pulau Pinang	Subcontractor	Plantroom	September 2021/ December 2023	16.00/ 2.25	85.92	2024

**7. BUSINESS OVERVIEW (CONT'D)**

Project details/ scope	Scope of role	Type of critical facility	Commencement/ expected completion period	Contract value/ Balance contract value as at the LPD (RM million)	Stage of completion (%) as at the LPD)	FYE of balance contract value to be fully recognised
Supply and install HVAC piping systems including indoor air quality assessment and air side testing commissioning for proposed new back-end facility, new central utilities plant and administration building at Batu Kawan Industrial Park, Seberang Perai, Pulau Pinang	Subcontractor	Plantroom	September 2021/ December 2023	22.33/ 0.94	95.81	2024
MEP works for a new 2-storey office and a new 1-storey warehouse at Bukit Minyak Industrial Park, Pulau Pinang	Main contractor	Cleanroom	April 2022/ February 2024	17.00/ 0.62	96.37	2024
HVAC and process utilities piping works at Kulim Hi-Tech Park, Kedah	Subcontractor	Plantroom	May 2022/ December 2023	17.65/ 0.79	95.54	2024
Supply, delivery, installation and commissioning of mechanical services at Kuala Ketil Industrial Park, Kedah	Main contractor	Plantroom	November 2022/ December 2023	7.51/ 0.62	91.69	2024

**7. BUSINESS OVERVIEW (CONT'D)**

Project details/ scope	Scope of role	Type of critical facility	Commencement/ expected completion period	Contract value/ Balance contract value as at the LPD (RM million)	Stage of completion (%) as at the LPD	FYE of balance contract value to be fully recognised
Supply and installation of instrument system for a proposed new back-end facility, new central utilities plant and administration building at Batu Kawan Industrial Park, Pulau Pinang	Subcontractor	Plantroom	November 2022/ December 2023	4.38/ 0.97	77.85	2024
Supply and installation of air conditioning and ventilation system for a factory at Kulim Hi-Tech Technology Park, Kedah	Subcontractor	Plantroom	December 2022/ November 2023	27.00/ 18.18	32.67	2024
Supply and install HVAC piping systems including indoor air quality assessment and air side testing commissioning at Batu Kawan Industrial Park, Pulau Pinang	Subcontractor	Plantroom	December 2022/ December 2023	10.30/ 2.26	78.06	2024

**7. BUSINESS OVERVIEW (CONT'D)**

Project details/ scope	Scope of role	Type of critical facility	Commencement/ expected completion period	Contract value/ Balance contract value as at the LPD (RM million)	Stage of completion (%) as at the LPD)	FYE of balance contract value to be fully recognised
Supply, delivery, installation, testing, commissioning and maintenance services of mechanical services for a proposed construction of 7-storey production building / office at Bayan Lepas Free Industrial Zone Phase 4, Pulau Pinang	Subcontractor	Plantroom	March 2023/ August 2025	57.15/ 56.62	0.93	2026
Supply and installation of air conditioning and ventilation system for a factory at Batu Kawan Industrial Park, Pulau Pinang	Subcontractor	Plantroom	September 2023/ April 2024	29.40/ 28.98	1.43	2024
Supply, delivery, installation, completion, testing, commissioning and maintenance of fan wall package for a proposed data centre development at Kulai, Johor	Subcontractor	Data centre	October 2023/ July 2026	38.48/ 38.48	0.00	2027
Supply and installation works for mechanical services for a factory at Seberang Perai Tengah, Pulau Pinang	Subcontractor	Cleanroom	July 2023/ February 2024	62.20/ 62.20	0.00	2024



**7. BUSINESS OVERVIEW (CONT'D)**

Project details/ scope	Scope of role	Type of critical facility	Commencement/ expected completion period	Contract value/ Balance contract value as at the LPD (RM million)	Stage of completion (%) as at the LPD	FYE of balance contract value to be fully recognised
Installation of air conditioning and mechanical ventilation system for a proposed 3-storey commercial logistics complex at the southwest district, Lebu Raya Tun Dr. Lim Chong Eu, Pulau Pinang	Subcontractor	Plantroom	July 2023/ February 2024	5.80/ 5.07	12.51	2024
Supply, delivery, installation, testing, commissioning and maintenance thereafter of air conditioning and mechanical ventilation system for a proposed 4-storey factory at Batu Kawan Industrial Park, Pulau Pinang	Subcontractor	Cleanroom	July 2023/ August 2024	33.40/ 33.40	0.00	2025
Supply and installation of chiller units, condenser water pumps, chilled water pumps, cooling towers, control panel as well as upgrading of building management software for a factory at Seberang Perai Industrial Park, Pulau Pinang	Main contractor	Plantroom	July 2023/ December 2023	4.40/ 4.40	0.00	2024

**7. BUSINESS OVERVIEW (CONT'D)**

**(ii) Completed projects**

The following table sets forth our completed projects for the FYE Under Review and up to the LPD with contract values of RM3.00 million and above:

<u>Project details/ scope</u>	<u>Scope of role</u>	<u>Type of critical facility</u>	<u>Commencement and completion period</u>	<u>Contract value (RM million)</u>
MEP works for an existing 1-storey factory and a 2-storey office in Bayan Lepas Free Industrial Zone Phase 4, Pulau Pinang	Subcontractor	Plantroom	February 2020 to August 2020	3.23
Supply and installation of ACMV ductworks at Batu Kawan Industrial Park, Seberang Perai, Pulau Pinang	Subcontractor	Plantroom	July 2020 to December 2020	3.40
Supply and replacement of CRAC and upgrade of existing building management systems and power systems at Bukit Tengah Industrial Park, Bukit Mertajam, Pulau Pinang	Main contractor	Data centre	September 2020 to October 2021	3.40
Supply and installation of HVAC and process utilities at Kulim Hi-Tech Park, Kedah	Subcontractor	Plantroom	September 2020 to January 2022	3.00
Alteration and addition of ACMV works for an existing 1-storey factory in Kulim Industrial Estate, Kedah	Subcontractor	Plantroom	September 2020 to January 2021	7.18
Alteration and addition of ACMV works for an existing factory, a warehouse and a 2-storey office at Bukit Minyak Industrial Park, Seberang Perai, Pulau Pinang	Subcontractor	Plantroom	November 2020 to January 2022	4.40
Supply, delivery and installation of ACMV, building management and process utilities piping system at Kuala Ketil Industrial Park, Kedah	Main contractor	Plantroom	January 2021 to December 2021	4.57

**7. BUSINESS OVERVIEW (CONT'D)**

<b>Project details/ scope</b>	<b>Scope of role</b>	<b>Type of critical facility</b>	<b>Commencement and completion period</b>	<b>Contract value (RM million)</b>
MEP and interior design fit-out works for an existing 2-storey factory and a 1-storey office in Bayan Lepas Free Industrial Zone Phase 4, Pulau Pinang	Main contractor	Plantroom	February 2021 to December 2021	6.99
Alteration and additions of ACMV system works for an existing factory at Kulim Hi-Tech Park, Kedah	Subcontractor	Plantroom	May 2021 to December 2021	3.17
ACMV system works for a single storey warehouse building with a 2-storey office located in Mukim 12, Barat Daya, Pulau Pinang	Subcontractor	Plantroom	June 2021 to September 2022	3.10
Phase 4 office fit-out works in Bayan Lepas Free Industrial Zone Phase 4, Pulau Pinang	Main contractor	Plantroom	October 2021 to January 2022	4.88
Alteration and addition MEP works for an existing 1-storey warehouse and a 1-storey factory in Prai Industrial Estate, Pulau Pinang	Main contractor	Plantroom	December 2021 to October 2022	6.50
Alteration and additions of ACMV and utilities system works to a 2-storey existing factory in Bayan Lepas Free Industrial Zone Phase 4, Pulau Pinang	Subcontractor	Cleanroom	April 2021 to November 2022	11.50
Supply and delivery of CRAC at Batu Kawan Industrial Park, Seberang Perai, Pulau Pinang	Subcontractor	Data centre	August 2021 to August 2023	6.00
Fit-out works for production floor at Bayan Lepas Free Industrial Zone Phase 4, Pulau Pinang	Main contractor	Cleanroom	September 2022 to June 2023	13.44

**7. BUSINESS OVERVIEW (CONT'D)**

<b>Project details/ scope</b>	<b>Scope of role</b>	<b>Type of critical facility</b>	<b>Commencement and completion period</b>	<b>Contract value (RM million)</b>
Transformation project of a global technology business centre at Bayan Lepas, Pulau Pinang	Main contractor	Plantroom	January 2023 to October 2023	21.80

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## **7. BUSINESS OVERVIEW (CONT'D)**

### **7.2 COMPETITIVE POSITION**

#### **7.2.1 We provide comprehensive MEP Engineering Solutions and specialise in critical facilities**

We have been in the MEP engineering industry since 2013. During this time, we have gained the necessary experience and expertise to provide integrated MEP Engineering Solutions from design, supply, installation, testing and commissioning and MEP Maintenance and Services.

Over the years, we have developed expertise in certain areas for critical facilities. These include MEP Engineering Solutions for plantrooms, cleanrooms and data centres. We are able to undertake project coordination and design management to meet clients' concepts and requirements under integrated service contracts, by coordinating and liaising with various subcontractors and suppliers. Since 2015, we have been able to provide design and build solutions for our clients. We are also able to provide tailored design according to clients' specifications after taking into consideration various factors such as cost as well as flexibility for future expansion and configuration.

Further, our MEP Maintenance and Services business segment is complementary to our design and build of MEP Engineering Solutions business segment.

With our integrated capabilities, we can handle major multi-disciplinary and multi-faceted projects and serve clients across a broad range of market sectors such as semiconductor, pharmaceutical, solar PV panel manufacturing sectors, as well as data centre, co-location services, telecommunications, hotel and medical facilities sectors. Our integrated capability provides us with cross-referral opportunities, business synergies and cost optimisation through economies of scale.

As at the LPD, we have an order book of RM264.53 million, of which RM154.53 million is expected to be realised by the FYE 2024 and RM110.00 million between FYE 2025 and FYE 2027. Please refer to Section 12.11 of this Prospectus for further details of our order book.

As at the LPD, our Group is currently tendering for 23 projects with contract value of RM253.04 million. The majority of these tendered projects are relating to plantroom and our role as a subcontractor.

#### **7.2.2 We adhere to stringent quality, safety and environmental standards in the delivery of our design and build of MEP Engineering Solutions**

We endeavour to ensure the quality, timeliness and cost-efficiencies of our services. We believe that we have gained the trust and respect of our clients through our commitment to provide quality services over time. Our consistent delivery of quality services has been instrumental in developing our reputation as a dependable contractor on projects of a wide range of technical complexity. Our development of critical facilities passes international certifications, among others, Uptime Institute's Tier Standard, FM Approved standard and LEED certification.

While our businesses cover diverse areas of MEP Engineering Solutions, our operations are managed under an integrated quality assurance and control system. This system makes it possible to implement, coordinate and monitor each stage of our projects effectively. Our clients value us for our reputation for quality, reliability and compliance with regulatory and industry standards. Clients consider these as primary considerations when they select an MEP Engineering Solutions main contractor / subcontractor.

## 7. BUSINESS OVERVIEW (CONT'D)

Our project team promotes work quality, health and safety and environmental awareness as well as works to prevent environmental pollution at any of our clients' sites. We monitor and verify work processes, work sites and materials to ensure that we deliver high quality MEP Engineering Solutions to our clients. We hold an ISO 9001:2015 certification for our quality assurance procedures and quality management system.

We believe that our stringent quality assurance system reinforces our reputation as a preferred MEP Engineering Solutions provider.

### 7.2.3 We have a qualified and experienced key senior management team with proven track record who are supported by technically competent engineering personnel

Our Promoters have served our Group since 2013 and possess in-depth knowledge and domain experience in the MEP engineering industry. Our Promoters, Ir. Tan Si Lim and Ir. Chow Chin Seang are qualified engineers and have contributed significantly to the growth of our Group since acquiring Critical M&E in 2013.

Ir. Tan Si Lim and Ir. Chow Chin Seang each have more than 20 years of experience in the MEP engineering industry, in the areas of engineering design, implementation and project management. Our Promoters are supported by the following key senior management:

Name	Designation	Years of relevant working experience
Ooi Ley Ching	Financial Controller	20
Ng Teik Hoe	General Manager (Project)	20
Yang Chee Wan	General Manager (Design and Engineering)	18

Our professional team has in-depth industry experience and technical knowledge in the MEP engineering industry. Our engineers possess the relevant professional qualifications, skills and experience required for the practice of MEP Engineering Solutions. Our project managers and our engineering employees possess the relevant engineering licences and academic qualifications to participate in MEP Engineering Solutions projects. As at the LPD, we have 50 employees with engineering qualifications and/or relevant technical certifications such as the Malaysian Skills Certificate (SKM) awarded by the Department of Skills Development.

Our employees are our core asset. We dedicate resources to their career development and invest in continuous learning for employees at all levels.

### 7.2.4 We have a wide client network and established relationships with our subcontractors and suppliers

We maintain strong business relationships with a wide network of clients, primarily MNC clients that are critical facility owners and/or operators in Malaysia. During the FYE 2022 and FYE 2023, our Group had served 113 and 137 clients respectively. At least 4 out of 5 of our major customers in the respective FYE Under Review have been contracting us for more than 5 years. Please refer to Section 7.14 of this Prospectus for further details on our major customers during the FYE Under Review as well as our length of relationships with these major customers.

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**7. BUSINESS OVERVIEW (CONT'D)**

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We provide flexible solutions, services and products for our clients to respond to their requests and support their maintenance and operational needs. Because of our strong client relationships and goodwill accumulated over the years, we are frequently invited to participate in tenders for major projects and have a high number of repeated jobs for clients, enabling us to capture market opportunities. Approximately 69.00% of our clients in FYE 2022 and 73.72% of our clients in FYE 2023 are repeated clients. Our long-standing clients base provides us with a stable flow of MEP Engineering Solutions projects and enables us to obtain valuable market information and intelligence about evolving clients' requirements and technological trends, which in turn helps us to better serve our clients.

As at the LPD, we have 239 subcontractors and 226 suppliers that are reliable and meet our stringent quality requirements, offer competitive pricing and timely delivery of products and services. We evaluate our internal approved list of subcontractors and suppliers annually and we will further assess subcontractors on the basis of possessing the requisite expertise, skills and licenses to perform the intended works. From our 12 major suppliers/subcontractors during the FYE Under Review, we had over 5 years of relationship with 8 major suppliers/subcontractors. Please refer to Section 7.15 of this Prospectus for more details on our major suppliers/subcontractors. These relationships make it possible for us to procure the necessary services and supplies as and when we require them and reduce the risk of shortages or delays in delivery of services or materials that might cause material disruption or cost overruns on our projects. This in turn helps ensure that we are able to provide our clients with timely and quality services.

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## 7. BUSINESS OVERVIEW (CONT'D)

### 7.3 PRINCIPAL MARKETS

Our revenue was solely generated from Malaysia during the FYE 2020 to 2022. During the FYE 2023, we derived 98.83% of our revenue from Malaysia, and the remaining 1.17% of our revenue was from Singapore (0.90%) and Thailand (0.27%).

The breakdown of our revenue by business segment for the FYEs 2020 to 2023 is as follows:

Business Segment	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
MEP Engineering Solutions comprising:								
Plantroom	30,980	71.02	38,861	72.37	60,037	55.94	94,581	62.66
Cleanroom	2,164	4.96	1,591	2.96	27,714	25.82	30,494	20.20
Data centre <sup>(1)</sup>	4,001	9.17	7,571	14.10	8,668	8.08	13,014	8.62
<b>Sub-total</b>	<b>37,145</b>	<b>85.15</b>	<b>48,023</b>	<b>89.43</b>	<b>96,419</b>	<b>89.83</b>	<b>138,089</b>	<b>91.49</b>
MEP Maintenance and Services	6,478	14.85	5,679	10.57	10,911	10.17	12,851	8.51
<b>Total</b>	<b>43,623</b>	<b>100.00</b>	<b>53,702</b>	<b>100.00</b>	<b>107,330</b>	<b>100.00</b>	<b>150,940</b>	<b>100.00</b>

**Note:**

- (1) Comprises data centre MEP Engineering Solutions as well as supply and testing of data centre cooling solutions and UPS solutions, which is a subset of our MEP Engineering Solutions business segment.

Our Group's revenue from the MEP Engineering Solutions segment increased from RM37.15 million in FYE 2020 to RM48.02 million in FYE 2021, RM96.42 million in FYE 2022 and subsequently to RM138.09 million in FYE 2023. Comparatively, our Group's revenue from the MEP Maintenance and Services segment decreased from RM6.48 million in FYE 2020 to RM5.68 million in FYE 2021 before increasing to RM10.91 million in FYE 2022 and subsequently to RM12.85 million in FYE 2023.

The breakdown of our revenue by role for the FYEs 2020 to 2023 is as follows:

Role	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Main contractor	2,524	5.79	4,208	7.84	39,984	37.25	53,124	35.20
Subcontractor	41,099	94.21	49,494	92.16	67,346	62.75	97,816	64.80
<b>Total</b>	<b>43,623</b>	<b>100.00</b>	<b>53,702</b>	<b>100.00</b>	<b>107,330</b>	<b>100.00</b>	<b>150,940</b>	<b>100.00</b>

For the FYE Under Review, our Group's revenue from our role as a main contractor increased from RM2.52 million in FYE 2020 to RM4.21 million in FYE 2021, RM39.98 million in FYE 2022 and RM53.12 million in FYE 2023. Our Group's revenue from our role as a subcontractor also increased from RM41.10 million in FYE 2020 to RM49.49 million in FYE 2021, RM67.35 million in FYE 2022 and RM97.82 million in FYE 2023.

### 7.4 SEASONALITY OR CYCLICAL EFFECTS

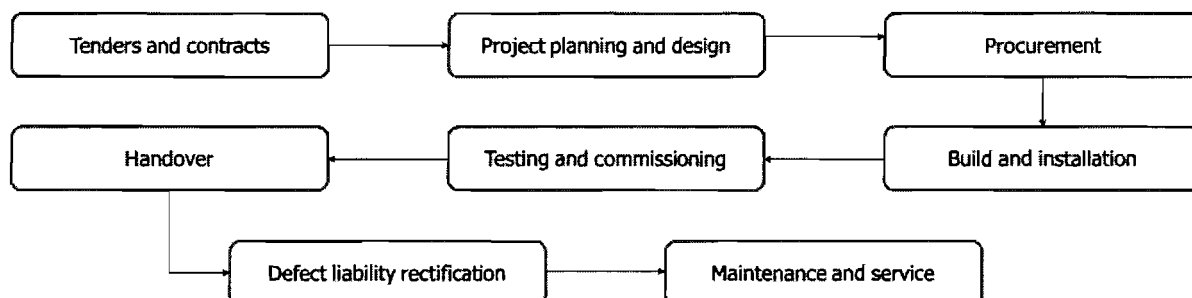
The demand for MEP Engineering Solutions is dependent on the developments of the end user sectors of our clients, which may be cyclical in nature and dependent on the nation's general economic conditions. While new building and expansion projects will likely decline during economic downturns, regular MEP Maintenance and Services will still be required throughout to ensure the continuity of operations of critical facilities.



## 7. BUSINESS OVERVIEW (CONT'D)

### 7.5 BUSINESS PROCESS

We adopt the following process flow in the provision of MEP Engineering Solutions and MEP Maintenance and Services:



#### (i) Tenders and contracts

We primarily participate in tenders extended to us directly by our clients. Indirect invitations or via main contractors refer to public and private tender postings in the media. Upon the receipt of an invitation to tender, we will perform a preliminary assessment before deciding whether to participate in the tender exercise by reviewing the scope of services and timeline, understanding the client's requirements and identifying any industry standards, statutory or regulatory requirements.

When we decide to participate in the tender exercise, our Quantity Surveyor is responsible for preparing the proposal and project costing details for the tender. They will also need to collaborate with other members of our project team to complete the tender documents for bidding, under the guidance of our Promoters. For contract tenders involving expansion or new establishments where project owners will work with an architect or a designer to come up with a design for the building, we will also include our engineering design input to be considered.

For selected tenders, we may be required to submit a tender bond with a specified amount as part of tender documents, to provide assurance to our client that we will proceed with the contract upon acceptance of the tender by our client. The value of the tender bond is determined by the project consultant and/or project owner based on the size and complexity of the project, and can range from RM5,000 to RM50,000 per tender. The tender bond will be returned to us upon the announcement of the results of the tender, regardless of whether we secure the project.

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

#### (ii) Project planning and design

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

## **7. BUSINESS OVERVIEW (CONT'D)**

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

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

In design and build contract, our engineering team will develop a detailed design based on the pre-approved specifications provided by the client during the tendering phase and take into account client's requirements and relevant regulated standards of compliance for critical facilities, such as humidity/light/temperature requirements, process utility requirements, cleanliness, power consumption and waste disposal requirements. At this phase, our project manager will liaise closely with our client and/or subcontractors to ensure that every detail is met and the site drawing plans are approved by them.

### **(iii) Procurement**

Our procurement activity mainly involves identifying relevant equipment and subsequently sourcing of quotations from our pre-approved suppliers or as advised by our client. Upon identifying suitable suppliers for the project, our procurement team will commence the purchasing of and perform inspection on this equipment.

For projects subcontracted to third parties, the subcontractors will be responsible for the procurement of any equipment and materials as we will focus on the engineering and equipment aspects as well as project management. Nonetheless, the subcontractors will require our approval prior to the procurement of any equipment or materials to ensure that the quality required by our clients are met.

### **(iv) Build and installation**

Upon site handover to us and onsite deployment of machinery and manpower, our project team will proceed to engage with our subcontractors with the construction of the establishment and/or the installation of the relevant facilities and equipment.

Our project team will be stationed on-site to supervise and monitor the progress of the subcontractors, to ensure that the works carried out are in accordance with the drawing plan and contract specifications as well as in compliance with the relevant regulations and standards. The client, consultants and/or architects will also perform periodic site visits together with the project team to keep track of the progress of the project and adherence to the specifications. Our project team will employ stringent quality control and assurance framework during this phase.

### **(v) Testing and commissioning**

Before completion of the project, the project manager will ensure that all specified inspections, testing and commissioning, such as factory acceptance test and site acceptance test have been carried out under the supervision of an authorised officer by our client and that the works meet all client's requirements and contractual obligations.

We also conduct relevant quality and safety tests during this stage in accordance with our ISO 9001:2015 manual before project completion and handover to client. For selected specialised equipment, we will ensure that the relevant suppliers have tested and commissioned the equipment prior to delivery, such that this equipment meet the relevant contractual specifications and requirements.

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## **7. BUSINESS OVERVIEW (CONT'D)**

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We will engage qualified service providers who are licenced under their professional body corporates on behalf of our client to seek approvals and certifications, such as the cleanroom performance testing certification to ensure adherence to ISO 14644 Standards. However, we are not dependent on any particular qualified service provider as they are widely available in the market.

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

**(vi) Handover**

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

**(vii) Defect liability rectification**

During the defect liability period, upon receiving report on defects identified by the client, our project team will investigate and rectify the issue by getting our technicians or the relevant subcontractors to rectify the defects. The length of the defects liability period generally ranges from 12 months to 24 months after issuance of the Certificate of Practical Completion. Upon expiry of the defect liability period and the complete rectification of all defects identified, the engaged architect will issue a certificate of making good defects. Our practice is to maintain a back-to-back defect liability period with our subcontractors, whereby our subcontractors are responsible for performing the rectification works and bearing the associated rectification costs. As at the LPD, there has not been any defect liability claims filed by our clients against our Group.

**(viii) Maintenance and service**

Upon completion of some of our MEP Engineering Solutions projects, we are engaged through a maintenance and service contract to provide maintenance and services over a fixed period between 3 months to 24 months or on monthly basis. We may also be engaged to provide maintenance and service for MEP equipment and systems for which the installation work was not handled by our Group. We also provide MEP Maintenance and Services on an ad-hoc basis where our maintenance and service support is available on a 24-hour and 7 days a week basis.

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**7. BUSINESS OVERVIEW (CONT'D)**

**7.6 MATERIAL PROPERTIES, PLANT AND EQUIPMENT**

**7.6.1 Properties owned**

A summary of the material land and buildings owned by our Group as at the LPD is as follows:

No.	Registered / Beneficial Owner	Title Details / Property Address	Description and Existing Use	Category of land use / Tenure of property	Restrictions in interest / Material encumbrances	Date of CF or CCC	Land / Gross built-up area	NBV as at 30 June 2023 (RM'000)
1.	Critical M&E	<u>Title Details</u> GRN 178573 (previously HS(D) 50947) Lot 20253, Mukim 12, Daerah Seberang Perai Selatan, Negeri Pulau Pinang	<u>Description:</u> A 3-storey semi-detached light industrial factory	<u>Category of land use</u> None <sup>(2)</sup>	<u>Restrictions in interest</u> None	11 May 2021	<u>Land size:</u> Approximately 9,505 sq. ft.	2,909
		<u>Postal Address</u> 17, Lorong Valdor Jaya 3, Golden Gateway Perindustrian Valdor, 14200 Sungai Jawi, Pulau Pinang	<u>Existing use:</u> Rented to DY MNG Sdn Bhd <sup>(1)</sup>	<u>Express Condition</u> First grade land <sup>(3)</sup>	<u>Encumbrance</u> RHB Bank Berhad (1 <sup>st</sup> party assignment)		<u>Built-up area:</u> Approximately 5,543 sq. ft.	
2.	Critical Sales & Services	<u>Title Details</u> Hakmilik Strata, Negeri Pahang Geran 59969, No Bangunan M1, No. Tingkat 4, No Petak 10, Lot 4435, Bandar George Town, Seksyen 5, Daerah Timor Laut, Negeri Pulau Pinang	<u>Description:</u> 1 unit apartment	<u>Category of land use</u> None stated.	<u>Restrictions in interest</u> None	- <sup>(4)</sup>	<u>Built-up area:</u> Approximately 1,152 sq. ft.	<sup>(5)</sup> -
		<u>Postal Address</u> No. 5-C Lintang Abdullah Ariff, Air Itam, 11400 Pulau Pinang	<u>Existing use:</u> Vacant	<u>Express Condition</u> Apartment and First grade land <sup>(3)</sup>	<u>Encumbrance</u> Nil.			

**7. BUSINESS OVERVIEW (CONT'D)**

**Notes:**

- (1) The property is currently being rented to DY MNG Sdn Bhd, a non-related party at the monthly rental of RM11,000.00 per month for a period of 2 years from 1 May 2022 to 30 April 2024 via a tenancy agreement dated 6 May 2022 as their office and storage use.
- (2) Based on the land title, the category use of land is stated as "Tiada".
- (3) The express condition of first grade land is governed under the National Land Code (Penang and Malacca Titles) Act 1963, where it states "First Grade" as:  
"The land comprised in this title:
  - (a) shall not be affected by any provision of the National Land Code limiting the compensation payable on the exercise by the State Authority of a right of access or use conferred by Chapter 3 of Part Three of the Code or on the creation of a Land Administrator's right of way; and
  - (b) subject to the implied condition that land is liable to be re-entered if it is abandoned for more than three years, shall revert to the State only if the proprietor for the time being dies without heirs, and the title shall confer the absolute right to all forest produce and to all oil, mineral and other natural deposits on or below the surface of the land (including the right to work or extract any such produce or deposit and remove it beyond the boundaries of the land).The property was transferred to Critical Sales & Services and the land title was issued on 16 October 2023 in the company's name pursuant to the sale and purchase agreement dated 7 August 2023 between Jaya Sarana Engineering Sdn Bhd and Critical Sales & Services as part settlement of a claim made against Jaya Sarana Engineering Sdn Bhd. Please refer to Section 14.6(iv) of this Prospectus for further information. At this juncture, our Group does not possess the CF/CCC for the property. Our Group does not have any intention of using the property and may consider of disposing the property.
- (5) At the point of the property transfer, the value of the property recorded in the company's book is RM460,000.

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**7. BUSINESS OVERVIEW (CONT'D)**

**7.6.2 Properties rented**

As at the LPD, save as disclosed below, there are no other land or buildings rented by our Group:

Landlord	Tenant	Postal Address	Description / Existing Use	Date of CF / CCC or equivalent	Built up Area	Tenure	Rental Monthly (RM)
Ideal Strategy Management Sdn Bhd	Critical M&E	1-2-1, Jalan Sungai Tiram 8, Summerskye Square, 11900 Bayan Lepas, Pulau Pinang	Description of building: 1 unit of office located at 2 <sup>nd</sup> floor of a 19-floor condominium comprising office/ shops	23 November 2018	2,002 sq. ft.	1 April 2022 to 31 March 2024	5,000
Choo Bee Holdings Sdn Bhd	Critical M&E	1-2-2 and 1-2-3, Jalan Sungai Tiram 8, Summerskye Square, 11900 Bayan Lepas, Pulau Pinang	<u>Existing use:</u> Headquarter  <u>Description of building:</u> 2 units of office located at 2 <sup>nd</sup> floor of a 19-floor condominium comprising office/ shops	23 November 2018	2,433 sq. ft.	1 October 2022 to 30 September 2024	6,000
Persatuan Hin Ann Hulu Langat Selangor	Critical Sales & Services	RK30, Jalan Villa 3, Anggerik Villa, Off Jalan Semenyih, 43500, Kajang, Selangor	<u>Existing use:</u> Headquarter  <u>Description of building:</u> 1 unit of office at the entire ground floor of a 3-storey shophouse	- <sup>(1)</sup>	2,239 sq. ft.	1 September 2022 to 30 November 2023 <sup>(1)</sup>	2,300
			<u>Existing use:</u> Selangor Service and Support Office				

**7. BUSINESS OVERVIEW (CONT'D)**

Landlord	Tenant	Postal Address	Description / Existing Use	Date of CF / CCC or equivalent	Built up Area	Tenure	Rental Monthly (RM)
IJM Construction Sdn Bhd	Critical M&E	C-UG-8 & C-1-8, Zenopy, Jalan LP 7/4, Taman Lestari Perdana, Bandar Putra Permai, 43300 Seri Kembangan, Selangor	<u>Description of building:</u> 2 units of office of a double-storey shoplot	3 December 2020	3,705 sq. ft.	1 October 2023 to 30 September 2025	2,500

Existing use:  
Currently vacant. To be used as the new Selangor Service and Support Office <sup>(2)</sup>

**Notes:**

- (1) On 8 February 2023, Critical Sales & Services has written to Kajang Municipal Council to request for details of among others, the date of completion of the building built, whether the building is fit to be occupied and date of issue of the CF/CCC, if any. On 20 February 2023, Critical Sales & Services received a reply letter from Kajang Municipal Council confirming that the said premise is within the administration of the municipal council. However the record of CF/CCC of the said premise is no longer kept in their possession. The landlord has further agreed to keep Critical Sales & Services indemnified during the tenure of the tenancy should the landlord fails to observe or comply with the land and building laws and regulations in respect of this said premise. As the tenancy term is expiring on 30 November 2023, Critical Sales & Services will relocate its operations to C-UG-8 & C-1-8, Zenopy, Jalan LP 7/4, Taman Lestari Perdana, Bandar Putra Permai, 43300 Seri Kembangan, Selangor.
- (2) Our Group plans to relocate our Selangor Service and Support Office to this premise by November 2023.

**7.6.3 KEY MACHINERY AND EQUIPMENT**

As at the LPD, there is no material machinery and equipment used and owned by our Group.

**7.7 OPERATING CAPACITIES AND OUTPUT**

Our Group is principally involved in MEP Engineering Solutions as well as MEP Maintenance and Services. As such, conventional measures of production capacity and utilisation are not relevant to our operations.

**7. BUSINESS OVERVIEW (CONT'D)****7.8 TYPES, SOURCES AND AVAILABILITY OF INPUTS**

The main inputs for our MEP Engineering Solutions and MEP Maintenance and Services business segments are as follows:

- (i) subcontractor costs;
- (ii) purchases;
- (iii) project related expenses; and
- (iv) rental of equipment.

The breakdown of the inputs purchased/sourced by our Group for the FYE Under Review is as follows:

	FYE 2020		FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Subcontractor costs <sup>(1)</sup>	25,844	71.09	29,866	67.81	60,547	66.16	87,797	68.17
Purchases <sup>(2)</sup>	10,204	28.07	13,735	31.19	30,244	33.05	39,252	30.47
Project related expenses <sup>(3)</sup>	281	0.77	402	0.91	661	0.72	1,184	0.92
Rental of equipment <sup>(4)</sup>	27	0.07	40	0.09	69	0.07	565	0.44
<b>Total</b>	<b>36,356</b>	<b>100.00</b>	<b>44,043</b>	<b>100.00</b>	<b>91,521</b>	<b>100.00</b>	<b>128,798</b>	<b>100.00</b>

**Notes:**

- (1) Includes subcontractors engaged for the supply and installation of MEP materials and systems, deployment of machinery and equipment, MEP engineering works, civil structural and architectural works and other related works for MEP Engineering Solutions business segment, as well as service and maintenance related works for MEP Maintenance and Services business segment. We engage subcontractors for MEP engineering works which require specialised licences and specialised machinery and/or equipment or due to the limitation of manpower to carry out the workload.
- (2) Materials such as sensors and instrumentations, valves and fittings and air compressors and air conditioning systems for project installation and maintenances.

Our Group's local and foreign purchases for the FYE Under Review are as follows:

	Local purchases (%)	Foreign purchases (%)
FYE 2020	98.50	1.50
FYE 2021	96.29	3.71
FYE 2022	99.91	0.09
FYE 2023	98.95	1.05

- (3) Includes spare parts and consumables, workman compensation and all risk insurances for projects, CIDB levies, tender fees and stamping fees.
- (4) Includes, among others, renting of cranes and forklifts, as well as tools and equipment to carry out our projects for both business segments.

Subcontractors' fee was our largest component of inputs purchased/sourced and comprised 71.09%, 67.81%, 66.16% and 68.17% of our total purchases and services procured for the FYE Under Review. For the FYE Under Review, our total purchases and services were substantially sourced locally.

Our purchases comprise data centre cooling solutions, valves and instrumentation as well as HVAC / ACMV cooling equipment which are subject to price fluctuations as a result of demand and supply conditions in the market. Generally, the unit prices of these solutions and equipment are budgeted into our cost of sales where we have factored in the price fluctuations of equipment over the duration of the project period. However, any unfavourable fluctuations in the cost of these solutions and equipment during the performance of our contracts may increase our overall project costs.



## 7. BUSINESS OVERVIEW (CONT'D)

### 7.9 BUSINESS DEVELOPMENT AND MARKETING STRATEGIES

Our projects mainly come from private tenders extended to us directly from the critical facility owners and/or operators or via main contractors.

We believe that our ability to procure new projects is attributable to various factors, including our expertise in the critical facilities sector and quality of delivered solutions. In addition, with the experience of our Promoters and engineering team in design expertise, timely delivery of services, quality of workmanship and track record, we have well established our presence and reputation over the years in the MEP engineering industry.

We have also managed to build and maintain good relationships with our clients, including our critical facility owners and/or operators and main contractors. The goodwill from satisfied clients is expected to continue contributing to new projects and business opportunities either through recurring businesses or recommendations to other prospective clients.

In 2022, Critical Sales & Services was appointed as the authorised sole distributor for the DB-Aire data centre range of cooling solutions in Malaysia by Dunham-Bush Sales & Services Sdn Bhd. As the authorised sole distributor, we undertake to promote, sell, install and service 'DB-Aire' data centre range of cooling solutions.

The salient terms of the distributorship agreement dated 1 January 2022 ("**Distributorship Agreement**") between Dunham-Bush Sales & Services Sdn Bhd and Critical Sales & Services are as follows:

- (i) Dunham-Bush Sales & Services Sdn Bhd agrees to appoint Critical Sales & Services as an exclusive distributor for the distribution of the products known as DB Floor Standing (DB-Aire II & DB-Aire III), DB Fan Wall and DB In Row Cooling (collectively "**DBAIRE Products**") in Malaysia only. The appointment shall include that Critical Sales & Services and Dunham-Bush Sales & Services Sdn Bhd participate in the project tender to sell DBAIRE Products in Malaysia only.
- (ii) Critical Sales & Services is allowed to install DBAIRE Products in the projects as authorised by Dunham-Bush Sales & Services Sdn Bhd and Critical Sales & Services is prohibited from reselling DBAIRE Products outside Malaysia without the prior written consent of Dunham-Bush Sales & Services Sdn Bhd.
- (iii) Critical Sales & Services is required to achieve the minimum yearly purchases ("**Minimum Yearly Purchases**") as follows:
  - (a) For year 2022: RM2.50 million
  - (b) For year 2023: RM2.50 million
  - (c) For year 2024: RM2.50 million
- (iv) If Critical Sales & Services fails to achieve the above Minimum Yearly Purchases, Dunham-Bush Sales & Services Sdn Bhd shall have the right to appoint other dealers and distributors for the promotion and sale of such products including the rights to sell the DBAIRE Products in Malaysia.
- (v) The Distributorship Agreement is valid from 1 January 2022 until 31 December 2024 ("**1st Term**") and may be subject to further extension for another period of 3 years subject to the following being fulfilled by Critical Sales & Services:
  - (a) Critical Sales & Services shall give Dunham-Bush Sales & Services Sdn Bhd a written notice of at least 6-month prior to the expiry of the current term of its intention to extend the Distributorship Agreement;
  - (b) Critical Sales & Services has satisfied the Minimum Yearly Purchases for the 1st Term and is not in breach of any of the terms and conditions under the Distributorship Agreement; and

## **7. BUSINESS OVERVIEW (CONT'D)**

- (c) the parties are able to mutually agree on the Minimum Yearly Purchases for each extended year.
- (vi) Dunham-Bush Sales & Services Sdn Bhd has the right to terminate the Distributorship Agreement forthwith after the happening of any of the following events:
  - (a) if Critical Sales & Services sells, transfers or otherwise disposes of or in any way ceases to exercise direct control over the whole or a substantial part of its undertaking or assets;
  - (b) if Critical Sales & Services fails in any of the purchases under Minimum Yearly Purchases;
  - (c) any material breach of the provisions under the Distributorship Agreement which is incapable of remedy;
  - (d) if Critical Sales & Services omits to remedy a material breach which is capable of remedy within 14 days of being so requested by Dunham-Bush Sales & Services Sdn Bhd;
  - (e) if Critical Sales & Services is unable to pay any debts or enter into any form of compulsory or voluntarily liquidation, convenes a meeting of its creditors, or any petition is filed by or against Critical Sales & Services for winding up;
  - (f) if Critical Sales & Services conducts itself or its business in such manner as might adversely affect the name, reputation or goodwill attaching to it or the Products;
  - (g) if Critical Sales & Services makes any general assignment for the benefit of its creditors or temporary or permanent receiver is appointed for Critical Sales & Services; or
  - (h) if Critical Sales & Services fails to make any payment to Dunham-Bush Sales & Services Sdn Bhd when such payment is due.
- (vii) Dunham-Bush Sales & Services Sdn Bhd shall have the right at any time to terminate the Distributorship Agreement without any cause by giving at least 3-month written notice to Critical Sales & Services.

The sale price of DBAIRE Products sold to our customers is determined by our Group. As at the LPD, Critical Sales & Services has achieved the Minimum Yearly Purchases of RM2.50 million for the year 2023.

Being appointed as the authorised sole distributor of DBAIRE Products in Malaysia will provide more recognition for our Company in the data centre cooling equipment market. We will also be able to utilise DBAIRE Products in our data centre segment of our MEP Engineering Solutions projects, where there is requirement for such products. In order to effectively market the DBAIRE Products and meet the project timelines of our MEP Engineering Solutions clients, we intend to place advance orders for DBAIRE Products to meet and/or shorten the project delivery timeframe.

For clarity, Dunham-Bush Sales & Services Sdn Bhd does not undertake the sales of DBAIRE Products in Malaysia. In the event Dunham-Bush Sales & Services Sdn Bhd receives product enquiries from prospective customers, such enquiries will be directed to our Group for our further follow up with the prospective customers.

**7. BUSINESS OVERVIEW (CONT'D)**

**7.10 MAJOR APPROVALS, LICENCES AND PERMITS**

As at the LPD, details of our major approvals, licences and permits for our operations are as follows:

No.	Name of licensee	Approving authority / issuer	Description of licence / permit / approval	Validity Period	Major conditions imposed	Status of compliance										
1.	Critical Sales & Services	MOF	<p><u>Company Registration Certificate No:</u> K10133035523239439</p> <p>Company Registration Certificate for the supply and / or services in the sectors, fields and sub-fields set out in the certificate which include the following:</p> <table border="1"> <thead> <tr> <th>Sector Code / Sector</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td><u>Sector Code</u> 220301</td> <td>Servicing, maintaining and repairing window / split / centralised air conditioning equipment</td> </tr> <tr> <td><u>Registration Date in Sector</u> 3 June 2022</td> <td></td> </tr> <tr> <td><u>Sector Code</u> 220507</td> <td>Servicing, maintaining and engineering and communications repairing / pumps / water pipes and its components</td> </tr> <tr> <td><u>Registration Date in Sector</u> 3 June 2022</td> <td></td> </tr> </tbody> </table>	Sector Code / Sector	Description	<u>Sector Code</u> 220301	Servicing, maintaining and repairing window / split / centralised air conditioning equipment	<u>Registration Date in Sector</u> 3 June 2022		<u>Sector Code</u> 220507	Servicing, maintaining and engineering and communications repairing / pumps / water pipes and its components	<u>Registration Date in Sector</u> 3 June 2022		<p><u>Date of Registration:</u> 7 June 2022</p> <p><u>Commencement Date:</u> 7 June 2022</p> <p><u>Expiry Date:</u> 14 August 2025</p>	<ul style="list-style-type: none"> <li>Critical Sales &amp; Services is required to notify MOF via its portal of any changes to the company's information within 21-days from the date of such change.</li> <li>A newly registered company with MOF is restricted from making any change on its ownership or directors within 6-month from first date of registration.</li> </ul>	Complied.
Sector Code / Sector	Description															
<u>Sector Code</u> 220301	Servicing, maintaining and repairing window / split / centralised air conditioning equipment															
<u>Registration Date in Sector</u> 3 June 2022																
<u>Sector Code</u> 220507	Servicing, maintaining and engineering and communications repairing / pumps / water pipes and its components															
<u>Registration Date in Sector</u> 3 June 2022																

Individuals authorised for the government procurement matters are as follows:

- Tan Si Lim, Director
- Chow Chin Seang, Director
- Hiew Yin Lin, Manager

**7. BUSINESS OVERVIEW (CONT'D)**

No.	Name of licensee	Approving authority / issuer	Description of licence / permit / approval	Validity Period	Major conditions imposed	Status of compliance												
2.	Critical M&E	CIDB	<p>Registration No. 0120140218-PP-155237</p> <p>Certificate of Registration issued by the CIDB certifying Critical M&amp;E has been registered as a contractor with the CIDB in accordance with the CIDB Act as follows:</p> <table border="1"> <thead> <tr> <th>Grade</th> <th>Category</th> <th>Specialisation</th> </tr> </thead> <tbody> <tr> <td>G7</td> <td>B</td> <td>B04</td> </tr> <tr> <td>G7</td> <td>CE</td> <td>CE21</td> </tr> <tr> <td>G7</td> <td>ME</td> <td>M01 M02 M15 M18</td> </tr> </tbody> </table> <p>Status: Active</p> <p><u>Registered address:</u> Suite S-21-H, 21st Floor, Menara Northam 55 Jalan Sultan Ahmad Shah, 10050 George Town, Pulau Pinang</p> <p><u>Notes:</u></p> <ul style="list-style-type: none"> <li>G7 - Unlimited tender contract value</li> <li>B - Building</li> <li>ME - Mechanical &amp; electrical engineering</li> <li>CE - Civil engineering</li> <li>B04 - Building works</li> <li>CE21 - General civil engineering works</li> <li>M01 - Air conditioning and ventilation system</li> <li>M02 - Fire prevention and protection system</li> <li>M15 - Miscellaneous mechanical equipment</li> <li>M18 - Hot air system</li> </ul>	Grade	Category	Specialisation	G7	B	B04	G7	CE	CE21	G7	ME	M01 M02 M15 M18	<p><u>Date of Registration</u><sup>(1)</sup>: 18 February 2014</p> <p><u>Commencement Date:</u> 15 March 2023</p> <p><u>Expiry Date:</u> 5 June 2026</p>	<ul style="list-style-type: none"> <li>• This certificate is not transferable.</li> <li>• The contractor shall not carry out any construction project exceeding the value of construction work stated under the registration grade (being unlimited value) and shall not carry out any construction projects outside its registered category.</li> </ul>	Complied.
Grade	Category	Specialisation																
G7	B	B04																
G7	CE	CE21																
G7	ME	M01 M02 M15 M18																

**7. BUSINESS OVERVIEW (CONT'D)**

No.	Name of licensee & Services	Approving authority / issuer	Description of licence / permit / approval	Validity Period	Major conditions imposed	Status of compliance												
3.	Critical Sales & Services	CIDB	<p>Registration No. 0120190704-PP028894</p> <p>Certificate of Registration issued by the CIDB certifying Critical Sales &amp; Services has been registered as a contractor with the CIDB in accordance with the CIDB Act which is as follows:</p> <table border="1"> <thead> <tr> <th>Grade</th> <th>Category</th> <th>Specialisation</th> </tr> </thead> <tbody> <tr> <td>G7</td> <td>B</td> <td>B04</td> </tr> <tr> <td>G7</td> <td>CE</td> <td>CE21</td> </tr> <tr> <td>G7</td> <td>ME</td> <td>M01 M15</td> </tr> </tbody> </table> <p>Status: Active</p> <p><u>Registered address:</u> Suite S-21-H, 21st Floor, Menara Northam 55 Jalan Sultan Ahmad Shah, 10050 George Town, Pulau Pinang</p> <p><u>Notes:</u></p> <ul style="list-style-type: none"> <li>G7 - Unlimited tender contract value</li> <li>B - Building</li> <li>ME - Mechanical &amp; electrical engineering</li> <li>CE - Civil engineering</li> <li>B04 - Building works</li> <li>CE21 - General civil engineering works</li> <li>M01 - Air conditioning and ventilation system</li> <li>M15 - Miscellaneous mechanical equipment</li> </ul>	Grade	Category	Specialisation	G7	B	B04	G7	CE	CE21	G7	ME	M01 M15	<p><u>Date of Registration for Grade G7:</u> 10 November 2022</p> <p><u>Commencement Date:</u> 22 April 2023</p> <p><u>Expiry Date:</u> 20 July 2026</p>	<ul style="list-style-type: none"> <li>• This certificate is not transferable.</li> <li>• The contractor shall not carry out any construction project exceeding the value of construction work stated under the registration grade (being unlimited value) and shall not carry out any construction projects outside its registered category.</li> </ul>	<p>Complied.</p> <p>Complied.</p>
Grade	Category	Specialisation																
G7	B	B04																
G7	CE	CE21																
G7	ME	M01 M15																

**7. BUSINESS OVERVIEW (CONT'D)**

No.	Name of licensee	Approving authority / issuer	Description of licence / permit / approval	Validity Period	Major conditions imposed	Status of compliance
4.	Critical Sales & Services	Kajang City & Council	<p>Business and Industrial Trade Licence</p> <p><u>Account No.:</u> LBUS-10580</p> <p><u>File No.:</u> MPKJ/CL/2/368/2020#</p> <p>To license Critical Sales &amp; Services on the following:</p> <ul style="list-style-type: none"> <li>To conduct business activities of an administration office</li> <li>Advertisement board</li> </ul>	<p><u>Commencement Date:</u> 6 October 2023</p> <p><u>Expiry Date:</u> 5 October 2024</p>	<ul style="list-style-type: none"> <li>None</li> </ul>	-
5.	Critical M&E	Penang Island City Council	<p>Business Premise Licence for mechanical and electrical installation and contract; and for signboard for Unit 1-2-1, Summerskye Square, Jalan Sungai Tiram 8, 11900, Pulau Pinang</p> <p><u>Account No.:</u> KOM00010349</p>	<p><u>Commencement Date:</u> 12 December 2022</p> <p><u>Expiry Date<sup>(2)</sup>:</u> 31 December 2023</p>	<ul style="list-style-type: none"> <li>None</li> </ul>	-
6.	Critical M&E	Business Systems Certification Pty Ltd	<p><u>Registration No.</u> 000847-1-MY-1-QMS</p> <p>Critical M&amp;E has been assessed and registered as conforming the requirements of ISO 9001:2015 in the scope of:</p> <p>Design, Development, Installation and Maintenance Engineering Services of Industrial &amp; Commercial Air Conditioning &amp; Mechanical Ventilation System, Cleanroom, Process Utilities &amp; Data Centre</p>	<p><u>Original Certification Date:</u> 24 December 2019</p> <p><u>Valid from:</u> 29 November 2022</p> <p><u>Valid until:</u> 23 December 2025</p>	<ul style="list-style-type: none"> <li>None</li> </ul>	-

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**7. BUSINESS OVERVIEW (CONT'D)**

**Notes:**

- (1) Initial date Critical M&E is registered with CIDB under Grade G7 licence.
- (2) Critical M&E will undertake to renew the business licence within 1 month prior to its expiry.

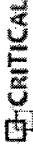
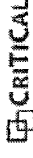

The licences in items 4 and 5 above are subjected to annual renewal. The Board does not foresee any issue in obtaining approval for the renewal of the licences in items 4 and 5 above. The Board confirms that our Company has obtained all necessary licences and permits for the operations of our business.

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**7. BUSINESS OVERVIEW (CONT'D)**

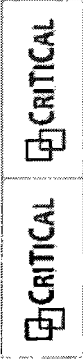
**7.11 INTELLECTUAL PROPERTY**

As at the LPD, save for the trademark registrations below, we do not have any other intellectual property right registered and/or in the process of registration:

Trademark	Registered owner	Authority	Registration No.	Validity period	Class of trademark	Status
 <ul style="list-style-type: none"> <li>Word and figurative</li> </ul>	Critical Sales & Services	Intellectual Property Corporation of Malaysia ("MyIPO")	TM2019016746	<u>Date Registered:</u> 9 May 2019  <u>Expiry Date:</u> 9 May 2029	<u>Class 7:</u> Emergency power supply generators, power supply apparatus [generators], uninterruptible power supply generating machines.	Registered
 <ul style="list-style-type: none"> <li>Word and figurative</li> </ul>	Critical Sales & Services	MyIPO	TM2019016749	<u>Date Registered:</u> 9 May 2019  <u>Expiry Date:</u> 9 May 2029	<u>Class 9:</u> Water leakage detection alarms, smoke detection apparatus, uninterruptible power supply apparatus, electric power supply units, electric power supply sockets, voltage stabilizing power supply, switching power supply apparatus, regulated power supply apparatus, inverters for power supply, uninterruptible power supply apparatus [battery].	Registered
 <ul style="list-style-type: none"> <li>Word and figurative</li> </ul>	Critical Sales & Services	MyIPO	TM2019016752	<u>Date Registered:</u> 9 May 2019  <u>Expiry Date:</u> 9 May 2029	<u>Class 37:</u> Installation, repair & maintenance of clean room facilities and equipment; installation of ventilating apparatus and air conditioning apparatus; installation, maintenance and repair; pipelines maintenance; maintenance of cleaning machines; maintenance, cleaning, repair and installation services; building construction, repair and installation.	Registered




**7. BUSINESS OVERVIEW (CONT'D)**

Trademark	Registered owner	Authority	Registration No.	Validity period	Class of trademark	Status
 <ul style="list-style-type: none"> <li>Word and figurative</li> </ul>	Critical Sales & Services	MyIPO	TM2021028190	<p>Date of Application: 11 October 2021</p> <p>Date of Appeal: 29 June 2022</p>	<p>Class 11: Air conditioners; evaporators for air conditioners; air cooling apparatus; ventilation (air-conditioning) installations for buildings; fans (air-conditioning); fans (parts of air-conditioning installations); fans for air-conditioning apparatus; fans for air-conditioning installations; filters for air conditioning; air filtering installations; air filters for air-conditioning units; air purifying apparatus and machines; air-conditioning apparatus; air-conditioning apparatus and installations; air-conditioning apparatus for commercial buildings; air-conditioning apparatus for industrial purposes; air-conditioning apparatus for industrial use; air-conditioning filters; air-conditioning installations; air-conditioning installations and apparatus; air-conditioning installations for commercial use; air-conditioning installations for industrial purposes; air-conditioning units; central air-conditioning installations; central air-conditioning installations for industrial purposes; electric fans for air-conditioning purposes; evaporators for air-conditioning apparatus; ventilation (air-conditioning) installations and apparatus.</p>	Pending review by the Registrar of Trademark <sup>(1)</sup>

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**7. BUSINESS OVERVIEW (CONT'D)**

Trademark	Registered owner	Authority	Registration No.	Validity period	Class of trademark	Status
 <ul style="list-style-type: none"> <li>Word and figurative</li> </ul>	Critical M&E	MyIPO	TM2021028200	<p>Date of Application: 11 October 2021</p> <p>Date of Appeal: 29 June 2022</p>	<p><u>Class 11:</u> Air conditioners; evaporators for air conditioners; air cooling apparatus; ventilation (air-conditioning) installations and apparatus; ventilation (air-conditioning) installations for buildings; fans (air-conditioning); fans (parts of air-conditioning installations); fans for air-conditioning apparatus; fans for air-conditioning installations; filters for air conditioning; air filtering installations; air filters for air-conditioning units; air purifying apparatus and machines; air-conditioning apparatus; air-conditioning apparatus and installations; air-conditioning apparatus for commercial buildings; air-conditioning apparatus for industrial purposes; air-conditioning apparatus for industrial use; air-conditioning filters; air-conditioning installations; air-conditioning installations and apparatus; air-conditioning installations for commercial use; air-conditioning units; central air-conditioning installations; central air-conditioning installations for industrial purposes; electric fans for air-conditioning; evaporators for air-conditioning apparatus; ventilation apparatus.</p>	Pending review by the Registrar of Trademark (1)

**Note:**

(1) On 11 October 2021, Critical M&E and Critical Sales & Services have submitted application to register trademark under the registration no: TM2021028190 and TM2021028200 and such trademarks were under provisional refusal (objected) due to the similarity of the marks between the companies. On 29 June 2022, our Group has submitted an appeal to the Registrar of Trademark to appeal on the decision made by the register of Trademark and as at the LPD, the appeal is pending review. Our Board is of the opinion that our Group's ability to provide services to its customers is not dependent upon the successful registration of the Class 11 trademarks.

**7. BUSINESS OVERVIEW (CONT'D)**

**7.12 TECHNOLOGY USED**

The technological tools that are used by our project management team comprise:

- **Microsoft Project**

Microsoft Project is a project management software developed by Microsoft for developing plans, assigning resources to tasks, tracking progress, managing project budget and analysing workloads. We utilise this software as a project management tool to assist us in planning, assigning resources and monitoring progress of our projects.

- **AutoCAD**

AutoCAD is a computer-aided design and drafting software developed by Autodesk to prepare blueprints and engineering plans in architecture, construction and manufacturing. We use AutoCAD to develop blueprints for MEP systems in some of our projects.

All of the software that we use are licensed.

**7.13 MATERIAL INVESTMENTS AND DIVESTITURES**

Save as disclosed below, our Group does not have any material investments and divestitures for the FYE Under Review and up to the LPD.

	FYE 2020	FYE 2021	FYE 2022	FYE 2023	1 July 2023 up to the LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Disposal of property <sup>(1)</sup>	-	-	-	998	-
<b>Total</b>	-	-	-	<b>998</b>	-

**Note:**

(1) On 30 August 2022, our Group completed the disposal of a 3-storey terrace house (classified as non-current asset held for sale) to our Promoters, substantial shareholders and Directors, namely Ir. Tan Si Lim and Ir. Chow Chin Seang. Please refer to Section 14.6(i) of this Prospectus for further details on this disposal.

**7. BUSINESS OVERVIEW (CONT'D)**

**7.14 MAJOR CUSTOMERS**

The table below sets out our Group's top 5 customers for each of the FYE Under Review as follows:

**FYE 2020**

No.	Customers	Solutions delivered	Revenue contribution		Length of relationship <sup>(1)</sup> Years
			RM'000	%	
1	Tialoc Malaysia Sdn Bhd <sup>^</sup>	Supply and installation of ACMV/HVAC and data centre solutions	7,423	17.02	6
2	Kok Construction (M) Sdn Bhd <sup>^</sup>	ACMV system works	4,448	10.20	6
3	Customer A <sup>^(2)</sup>	Cleanroom systems and equipment	2,975	6.82	4
4	Customer B <sup>^(3)</sup>	ACMV system works	2,810	6.44	5
5	Customer C <sup>^(4)</sup>	Supply and installation of CRAC and upgrading existing building management systems and power systems	2,590	5.94	6
			<b>20,246</b>		<b>46.42</b>

**FYE 2021**

No.	Customers	Solutions delivered	Revenue contribution		Length of relationship <sup>(1)</sup> Years
			RM'000	%	
1	Kok Construction (M) Sdn Bhd <sup>^</sup>	ACMV system works	12,063	22.46	7
2	Tialoc Malaysia Sdn Bhd <sup>^</sup>	Supply and installation of CRAC, building management system and process utilities	9,152	17.04	7
3	Customer A <sup>^(2)</sup>	Cleanroom systems and equipment	4,766	8.87	5
4	BYG Projects Sdn Bhd <sup>^</sup>	ACMV system works	4,311	8.03	7
5	Customer C <sup>^(4)</sup>	Supply and installation of CRAC and upgrading existing building management systems and power systems	4,173	7.77	7
			<b>34,465</b>		<b>64.17</b>

**7. BUSINESS OVERVIEW (CONT'D)**

**FYE 2022**

No.	Customers	Solutions delivered	Revenue contribution		Length of relationship <sup>(1)</sup> Years
			RM'000	%	
1	Tialoc Malaysia Sdn Bhd <sup>^</sup>	Supply and installation of ACMV/HVAC and process utilities	22,466	20.93	8
2	Rimbaco Sdn Bhd <sup>^</sup>	Cleanroom and process utilities	13,916	12.97	1
3	Customer D <sup>*(6)</sup>	Cleanroom and process utilities	13,600	12.67	6
4	Customer C <sup>*(4)</sup>	Supply and installation of CRAC, upgrading existing building management systems and power systems and office fit-out works	11,828	11.02	8
5	Kok Construction (M) Sdn Bhd <sup>^</sup>	ACMV system works	8,964	8.35	8
			<b>70,774</b>	<b>65.94</b>	

**FYE 2023**

No.	Customers	Solutions delivered	Revenue contribution		Length of relationship <sup>(1)</sup> Years
			RM'000	%	
1	Tialoc Malaysia Sdn Bhd <sup>^</sup>	Supply and installation of ACMV/HVAC and process utilities	53,526	35.46	9
2	Customer C <sup>*(4)</sup>	Supply and installation of CRAC, upgrading existing building management systems and power systems and office fit-out works	16,721	11.08	9
3	Customer E <sup>^(6)</sup>	Cleanroom system and equipment	16,516	10.94	5
4	Customer D <sup>*(6)</sup>	Cleanroom and process utilities	8,852	5.87	7
5	Customer F <sup>^(7)</sup>	ACMV system works	6,175	4.09	3
			<b>101,790</b>	<b>67.44</b>	

**Notes:**

<sup>^</sup> Main contractors that have engaged our Group to act as subcontractor.

<sup>\*</sup> Critical facility owners and/or operators of our Group, which we acted as main contractor.

(1) The approximate length of the relationship is calculated at each of its respective FYEs.

(2) Customer A, which principally operates in Malaysia, is a private single entity incorporated in Malaysia having its principal activities in contracting of mechanical, electrical, processes and civil engineering works. We have written to Customer A to seek consent for disclosure of its identity in the Prospectus but the consent was not granted.

(3) Customer B, which principally operates in Malaysia, is a company incorporated in Malaysia having its principal activities in the sales of air-conditioners and provision of related technical support services. Customer B is part of a group of companies under a multinational smart buildings company which is listed on the New York Stock Exchange and has a market presence across 150 countries. We have not disclosed the name of Customer B due to confidentiality provisions in our dealings with the customer.

## 7. BUSINESS OVERVIEW (CONT'D)

- (4) Customer C, which principally operates in Malaysia, is a company incorporated in Malaysia having its principal activities in the manufacturing and sales of computer systems and computer related products, importation and distribution of computers, software and related computer accessories, operating a global business support centre to provide various outsourced services globally including information technology, client contact centre support, global financial services and other related services. Customer C is part of a group of companies under a multinational technology company which is listed on the New York Stock Exchange and has a market presence in approximately 70 countries. We have not disclosed the name of Customer C due to confidentiality provisions in our dealings with the customer.
- (5) Customer D, which principally operates in Malaysia, is a company incorporated in Malaysia having its principal activities in the design, development and manufacture of printed circuit board, assemblies and sub-assemblies for microprocessor applications, computers, computer peripherals including consumer equipment, telecommunication and networking equipment, test and control equipment/ system and semiconductor equipment. Customer D is part of a group of companies under a multinational technology, supply chain, and manufacturing solutions company which is listed on the Nasdaq Stock Market and has a market presence in 32 countries. We have not disclosed the name of Customer D due to confidentiality provisions in our dealings with the customer.
- (6) Customer E, which principally operates in Malaysia, is a company incorporated in Malaysia having its principal activities in the manufacturing of integrated circuits. Customer E is part of a group of companies under a multinational semiconductor company which is listed on the Nasdaq Stock Market and has a market presence in 108 countries. We have not disclosed the name of Customer E due to confidentiality provisions in our dealings with the customer.
- (7) Customer F, which principally operates in Malaysia, is a company incorporated in Malaysia having its principal activities in the provision of logistics services. Customer F is part of a group of companies under a multinational mail and logistics company which is listed on the Frankfurt Stock Exchange and has a market presence in over 220 countries. We have not disclosed the name of Customer F due to confidentiality provisions in our dealings with the customer.

Revenue from our major customers collectively comprised 46.42%, 64.17%, 65.94% and 67.44% of our revenue for the FYE 2020, FYE 2021, FYE 2022 and FYE 2023, respectively. We are dependent on Tialoc Malaysia Sdn Bhd, which contributed to 17.02%, 17.04%, 20.93% and 35.46% of our Group's revenue for the FYE 2020, FYE 2021, FYE 2022 and FYE 2023, respectively.

Tialoc Malaysia Sdn Bhd offers engineering, procurement and construction management services for greenfield and brownfield projects. The company serves a wide range of MNCs and large customers in key industrial markets, especially in chemicals & petrochemical, oil & gas, power & renewable energy, semiconductors and photovoltaic, as well as food & beverage. For the FYE Under Review, our Group was engaged by Tialoc Malaysia Sdn Bhd as a subcontractor for MEP Engineering Solutions projects for MNCs based in Pulau Pinang, Malaysia. As at the LPD, our Group has order book of RM9.13 million for the projects from Tialoc Malaysia Sdn Bhd and the duration of these projects is up to FYE 2024.

Our Group has also been securing contracts from different customers who have also increasingly contributed to our Group's revenue. Our Company has secured 36 new clients for each of the FYE 2022 and FYE 2023. We expect to continue diversifying our customers base in the future to replenish our order book. However, this does not preclude our Group to tender for new contracts from our existing major customers should the opportunities arise.

Revenue contribution from our major customers varies from year to year given the nature of our business being conducted on a contract basis. The contracts that we enter into with our customers typically range between 3 months to 24 months, depending on the scope of services in which we have been engaged to perform. We may not secure similar contracts in terms of size and scope with the same customers every year. We served 118, 129, 113 and 137 customers for the FYE 2020, FYE 2021, FYE 2022 and FYE 2023 for MEP Engineering Solutions and MEP Maintenance and Services collectively.

Notwithstanding the above, the significant contribution from our major customers to our revenue for the FYE Under Review may be considered as a risk factor for our Group. Due to their significant revenue contribution, loss of future opportunities with these major customers without timely replacement may adversely impact our Group. Please refer to Section 9.1.4 of this Prospectus for more details.

**7. BUSINESS OVERVIEW (CONT'D)**

**7.15 MAJOR SUPPLIERS/ SUBCONTRACTORS**

All of our Group's suppliers and subcontractors are based in Malaysia. The table below sets out our Group's top 5 suppliers/ subcontractors for each of the FYE Under Review as follows:

**FYE 2020**

No.	Suppliers / subcontractors	Materials / services procured	Purchase/services contribution		Length of relationship <sup>(1)</sup> Years
			RM'000	%	
1	Airworth Engineering Sdn Bhd <sup>^</sup>	ACMV/HVAC installation and ducting works	6,376	17.69	5
2	Dunham-Bush Sales & Services Sdn Bhd <sup>^</sup> **	Data centre cooling solutions	4,121	11.43	5
3	HTS M&E Engineering & Service Sdn Bhd <sup>^</sup>	ACMV/HVAC maintenance and service works	2,074	5.75	2
4	Precool Cooling Control Technology <sup>^</sup>	ACMV/HVAC, refrigerant piping and electrical works	2,049	5.69	5
5	KT Piping Enterprise <sup>^</sup> @	ACMV/HVAC installation of piping works	1,951	5.41	3
			<b>16,571</b>	<b>45.97</b>	

**FYE 2021**

No.	Suppliers / subcontractors	Materials / services procured	Purchase/services contribution		Length of relationship <sup>(1)</sup> Years
			RM'000	%	
1	Dunham-Bush Sales & Services Sdn Bhd <sup>^</sup> **	Data centre cooling solutions	5,380	12.34	6
2	Airworth Engineering Sdn Bhd <sup>^</sup>	ACMV/HVAC installation and ducting works	4,718	10.82	6
3	KT Piping Sdn Bhd <sup>^</sup> @	ACMV/HVAC installation of piping works	2,294	5.27	4
4	Conquer Global Solution Sdn Bhd <sup>^</sup> **	Valves and instrumentation	2,273	5.21	1
5	Trane Malaysia Sales & Services Sdn Bhd <sup>^</sup> **	HVAC/ACMV cooling equipment	1,811	4.15	6
			<b>16,476</b>	<b>37.79</b>	

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**7. BUSINESS OVERVIEW (CONT'D)**

**FYE 2022**

No.	Suppliers / subcontractors	Materials / services procured	Purchase/ services contribution		Length of relationship <sup>(1)</sup> Years
			RM'000	%	
1	Airworth Engineering Sdn Bhd <sup>^</sup>	ACMV/HVAC installation and ducting works	7,580	8.35	7
2	Dunham-Bush Sales & Services Sdn Bhd <sup>**</sup>	Data centre cooling solutions	7,475	8.23	7
3	Antstec Sdn Bhd <sup>^</sup>	Building automation instruments and systems and installation services	6,582	7.25	1
4	TT Solid Engineering Sdn Bhd <sup>^</sup>	ACMV/HVAC installation of piping works	6,183	6.81	2
5	Syarikat Sim Light Electrical Enterprise <sup>^</sup>	Electrical installation works	4,002	4.41	7
			<b>31,822</b>	<b>35.05</b>	

**FYE 2023**

No.	Suppliers / subcontractors	Materials / services procured	Purchase/ services contribution		Length of relationship <sup>(1)</sup> Years
			RM'000	%	
1	TT Solid Engineering Sdn Bhd <sup>^</sup>	ACMV/HVAC installation of piping works	14,637	11.52	3
2	KT Piping Sdn Bhd <sup>^</sup> @	ACMV/HVAC installation of piping works	8,324	6.55	6
3	Dunham-Bush Sales & Services Sdn Bhd <sup>**</sup>	Data centre cooling solutions	8,228	6.48	8
4	Hong Hin Electrical Sdn Bhd <sup>^</sup>	Electrical works	8,197	6.45	4
5	Antstec Sdn Bhd <sup>^</sup>	Building automation instruments and systems and installation services	6,691	5.27	2
			<b>46,077</b>	<b>36.27</b>	

**Notes:**

<sup>^</sup> Subcontractors of our Group.

<sup>\*</sup> Suppliers of our Group.

<sup>@</sup> Related companies, as the sole proprietor of KT Piping Enterprise is a shareholder and director of KT Piping Sdn Bhd. Materials/ services from KT Piping Enterprise and KT Piping Sdn Bhd were procured by our Group separately.

(1) The approximate length of the relationship is calculated at each of its respective FYEs.

Our major suppliers and subcontractors comprise suppliers of inputs ranging from data centre cooling solutions, building automation instruments and systems and installation works, ACMV/HVAC cooling equipment and installation works, electrical installation works, piping works, ducting works as well as valves and instruments. We select our major suppliers and subcontractors from our internal approved list of suppliers and subcontractors. As at the LPD, our internal approved list comprises 239 suppliers and 226 subcontractors.



**7. BUSINESS OVERVIEW (CONT'D)**

Our major suppliers/ subcontractors contributed 45.97%, 37.79%, 35.05% and 36.27% of our total purchases for the FYE 2020, FYE 2021, FYE 2022 and FYE 2023, respectively.

Dunham-Bush Sales & Services Sdn Bhd contributed to 11.43%, 12.34%, 8.23% and 6.48% of our total purchases for the FYE 2020, FYE 2021, FYE 2022 and FYE 2023, respectively. On 1 January 2022, Critical Sales & Services was appointed as the authorised sole distributor for the DBAIRE Products in Malaysia by Dunham-Bush Sales & Services Sdn Bhd from 1 January 2022 until 31 December 2024. Please refer to Section 7.9 of this Prospectus for further details on the Distributorship Agreement between Dunham-Bush Sales & Services Sdn Bhd and Critical Sales & Services. These are currently used in our MEP Engineering Solutions projects and we envision that we will market them to our clients proactively in the future.

Save for Dunham-Bush Sales & Services Sdn Bhd, we generally do not enter into long term agreements or arrangements with our major suppliers and subcontractors, as this allows us to have the flexibility to source for quality products and services at competitive prices. Over the years, we have built good relationships with our suppliers and subcontractors.

We are of the view that our Group is not dependent on Dunham-Bush Sales & Services Sdn Bhd and any supplier and subcontractor, as there are other suppliers and subcontractors in the market with similar quality and prices of products and services.

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## **7. BUSINESS OVERVIEW (CONT'D)**

### **7.16 RESEARCH AND DEVELOPMENT**

Due to the nature of our business, we do not engage in any research and development activity and have not undertaken any research and development activities.

### **7.17 DEPENDENCY ON CONTRACTS, PRODUCTION OR BUSINESS PROCESS, MAJOR APPROVALS, LICENCES AND PERMITS AND TRADEMARKS**

As at the LPD and save as disclosed in Section 7.10 of this Prospectus, our Group's business or profitability is not materially dependent on any contracts, intellectual property rights, licences and permits, and production or business processes.

### **7.18 GOVERNING LAWS AND REGULATIONS**

The following are major laws and regulations governing the conduct of our Group and may materially affect our business operations:

(i) CIDB Act

The CIDB Act governs the registration of construction personnel as well as skills and competency certification. The CIDB Act provides that no person shall carry out or complete, undertake to carry out or complete any construction work or hold himself out as a contractor, unless he is registered with CIDB and holds a valid certificate of registration issued by the CIDB under the CIDB Act.

If any person carries out construction works without being registered with CIDB, shall be guilty of an offence and shall, on conviction, be liable to a fine of not less than RM10,000 but not more than RM100,000.

As at the LPD, both our Subsidiaries hold a valid Grade G7 certificate of registration issued under the CIDB Act.

(ii) Local Government Act 1976

The Local Government Act 1976 and the by-laws of the respective local councils/ authorities in setting out the requirements to obtain business, trade, industrial or premise and signage licences. Every licence or permit granted by the local authority may be subject to certain conditions and restrictions as the local authority may think fit.

Pursuant to the Local Government Act 1976, a person who fails to exhibit or to produce his licence on the premises shall be guilty of an offence and on conviction be liable to a fine not exceeding RM500.00 or to imprisonment for a term not exceeding six (6) months or to both such fine and imprisonment.

As at LPD, our Group holds valid premise and signage licences for all of its premises occupied for its business.

Details of our major approvals and licences issued to our Group in order for us to carry out our operations are set out in Section 7.10 of this Prospectus.

Save as disclosed in Section 7.6.1 of this Prospectus, as at the LPD, there are no breach of laws, regulations, rules or requirements governing the conduct of our business and environmental issues which may materially affect our Group's business or operations and usage of properties owned by our Group.

## 7. BUSINESS OVERVIEW (CONT'D)

### 7.19 EXCHANGE CONTROLS/ REPATRIATION OF CAPITAL AND REMITTANCE OF PROFIT

As at the date of this Prospectus, we do not have any foreign subsidiary, associated company or branch office outside of Malaysia and are not subject to any governmental laws, decrees, regulations and/ or other requirements which may affect the repatriation of capital and remittance of profits by or to our Group.

### 7.20 INTERRUPTIONS TO BUSINESS

Save for the temporary interruption to our operations arising from the imposition of movement controls in Malaysia following the outbreak of the COVID-19, our Group has not experienced any interruption which has significantly affected our business during the past 12 months preceding the LPD.

#### 7.20.1 Impact of the COVID-19 on our Group

In December 2019, there was an outbreak of the COVID-19 which began in China and spread globally including Malaysia. The World Health Organisation declared the COVID-19 as a pandemic on 11 March 2020. As a result of this pandemic, businesses globally faced disruptions in production arising from a shortage of workers and restrictions on human contact resulting from various forms of lockdown instituted by governing authorities.

Due to the outbreak of the COVID-19, the Government implemented the MCO as part of the efforts to curb the spread of the disease in the country. The first MCO was effective on 18 March 2020, which involved the restrictions on the movement of people within Malaysia and internationally as well as restrictions on business, economic, cultural and recreational activities.

#### 7.20.2 Temporary suspension period and our operating capacity during the MCO

Due to the outbreak of COVID-19, the Government imposed a MCO, which was effective from 18 March 2020 to 3 May 2020 ("**MCO 1.0**"). The imposition of this lockdown impacted most of the economic sectors and activities, especially those operating in non-essential services, and led to work stoppages in construction activities.

As such, our business operations were temporary halted during the following period:

	<b>MCO 1.0</b>
Critical M&E	18 March 2020 – 20 April 2020
Critical Sales & Services	18 March 2020 – 21 April 2020

Upon obtaining the MITI approval and/or the uplifting of the MCO 1.0, our Group resumed activities in accordance to the specific guidelines and the applicable standard operating procedures, including workforce capacity restrictions.

On 11 January 2021, the Government announced the implementation of MCO with certain restrictions in selected states including Pulau Pinang beginning 13 January 2021 until 4 March 2021 ("**MCO 2.0**"). The imposition of the MCO 2.0 did not materially impact our operations as our Group was granted approval from the MITI to operate at full capacity with observation of standard operating procedures at all project sites beginning 13 January 2021.

## **7. BUSINESS OVERVIEW (CONT'D)**

On 2 March 2021, the Government of Malaysia announced that Pulau Pinang will be placed under a conditional movement control order (“**CMCO**”), effective from 5 March 2021 to 18 March 2021 and the CMCO subsequently was extended to 17 May 2021. On 10 May 2021, it was announced that the whole of Malaysia will be placed under a nationwide lockdown effective 12 May 2021 to 7 June 2021 (“**MCO 3.0**”). On 28 May 2021, the Government announced the first phase of total lockdown from 1 June 2021 to 14 June 2021 (“**FMCO**”). Subsequently on 15 June 2021, the Prime Minister of Malaysia announced the introduction of the National Recovery Plan (“**NRP**”) which contains a four-phase exit strategy to transition out of the COVID-19 crisis. Our business operations were not materially impacted as we obtained the MITI approvals to continue operations beginning 6 May 2021 and 1 June 2021 with observation of standard operating procedures and applicable workforce capacity restrictions at project sites. Following the uplifting of MCOs and the implementation of the NRP, our Group was able to resume operations at full capacity beginning 5 July 2021 as 80.00% of our registered employees were fully vaccinated.

Malaysia has transition to the endemic phase since 1 May 2022. Since then, all restrictions limiting business operating hours and number of employees in a workplace have been uplifted and our Group has been operating at 100.00% capacity.

Up to the LPD, the total costs for the implementation of the abovementioned COVID-19 standard operating procedures since the beginning of the pandemic is approximately RM0.07 million.

### **7.20.3 Impact of the COVID-19 and the MCOs on our supply chain**

We procure equipment, systems, products and parts from brand owners and/or their appointed distributors, traders as well as stockists.

We faced some delays in obtaining selected equipment, systems, products and parts from our suppliers during the COVID-19 pandemic due to supply-demand imbalance and supply chain disruptions.

Notwithstanding the above, we did not experience any cancellation in contracts as a result of the COVID-19 and the imposition of the MCOs. However, due to the temporary suspension of project sites and limitation of workforce capacity imposed under various stages of the MCOs, the initial work plan for one (1) of our Group’s projects had been deferred which resulted in delays to our project timelines. In light of this, we applied for and had been granted extension of time of 5 days to deliver the project with no additional cost for preliminaries or loss and/or expenses for this extension of time.

### **7.20.4 Impact of the COVID-19 on our liquidity, financial position and financial performance**

We did not experience material disruptions in our business operations as a result of the impositions of various phases of the MCOs since March 2020.

With the upliftment of the MCO restrictions and the current endemic phase of the COVID-19, we currently do not expect any material impact to the sustainability of our business operations in the foreseeable future as:

- (i) our business operations have resumed to full capacity and have been complying with the standard operating procedures and other rules and guidelines required by the MITI;
- (ii) we did not experience any cancellation in purchase orders or service contracts during the lockdown period, as it has since been resolved with the resumption of business activities by our clients and suppliers/subcontractors; and
- (iii) our Group recorded cash and cash equivalents of approximately RM16.05 million and total banking facilities of approximately RM28.35 million (excluding finance leases) as at the LPD.

## 7. BUSINESS OVERVIEW (CONT'D)

We have not experienced any material impact to our liquidity, financial position and financial performance from the impact of the COVID-19 and the MCO.

Despite the challenging environment, we managed to secure approximately RM1.94 million and RM32.35 million worth of purchase orders from new clients during FYE 2021 and FYE 2022. During FYE 2021 and FYE 2022, we recorded revenues of RM53.70 million and RM107.33 million, respectively, as compared to RM43.62 million revenue in FYE 2020. The increase was primarily attributed to the higher demand for the MEP Engineering Solutions from our clients amidst the COVID-19 pandemic. We did not experience any impact on our revenue in FYE 2023.

Thus, we do not anticipate any financial difficulties in meeting our obligations to sustain our business operations in the future.

### 7.21 QUALITY CONTROL AND QUALITY ASSURANCE PROCEDURES

#### 7.21.1 Quality management system

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

In line with this, we have established and implemented a quality management system in accordance with the ISO 9001:2015 standards and requirements. As a testament to our quality commitment, Critical M&E has been certified compliant to ISO 9001:2015, details of which are included below:

<u>Year first awarded</u>	<u>Current validity period</u>	<u>Certification</u>	<u>Scope</u>	<u>Awarding body</u>
2019	29 November 2022 – 23 December 2025	ISO 9001:2015	Design, development, installation and maintenance engineering services of industrial and commercial air conditioning and mechanical ventilation system, clean room, process utilities and data centre	Business Systems Certification Pty Ltd

#### 7.21.2 Quality assurance measures

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

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

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

## **7. BUSINESS OVERVIEW (CONT'D)**

For every project, we would assign at least 1 project management staff and site safety supervisor from our project management department to monitor the construction works throughout the project. The project management staff and site safety supervisor from our project management department will report the project progress to the assigned project manager. The project manager is responsible for supervising the day-to-day site activities, ensuring the project is progressing as scheduled as well as monitoring the work quality in accordance to the requirements of ISO 9001:2015.

As at the LPD, we have 38 employees in our Projects Department, details of which are set out in Section 7.23 of this Prospectus. These employees are assigned to project management roles based on their experience, scale of project to be undertaken as well as project scheduling. While our current headcount of project management staff is sufficient for our current project level, we anticipate that we will require more project management staff to support the future expansion of our MEP Engineering Solutions business segment as this will allow us to undertake more projects for MEP Engineering Solutions simultaneously. As part of our future plans, we intend to recruit 2 additional project managers and 5 additional project engineers within the next 24 months. Please refer to Section 7.22.2 of this Prospectus for further details. The project team conducts regular on-site inspections on a weekly basis for quality assurance together with clients and/or consultants and conducts regular internal discussion within the project team members and the project manager. Any issues arising will be notified promptly within the project team and corrective actions will be taken. In cases where the works of the subcontractor do not meet our technical specifications and requirements, our project management staff will liaise with the subcontractor's site representative, so that the corrective measures and rectification works can be carried out promptly.

A defect liability period that ranges between 12 months to 24 months is usually incorporated in the contractual terms of the project, where we are responsible to perform repairs and rectifications if we fail to perform satisfactorily under our project contracts. Our practice is to maintain a back-to-back defect liability period with our subcontractors, whereby our subcontractors are responsible for performing the rectification works and bearing the associated rectification costs.

### **7.22 BUSINESS STRATEGIES AND FUTURE PLANS**

#### **7.22.1 We intend to expand our scale of operations and undertake more MEP Engineering Solutions projects in Malaysia**

Our Group has carved our niche in the MEP engineering industry in Pulau Pinang as an integrated MEP engineering contractor. We have built a strong network of clients and maintained robust and stable relationships with our clients due to our performance in delivering MEP Engineering Solutions as well as MEP Maintenance and Services that meet the specific needs and requirements of our clients.

Through our good relationship with our clients, we aim to gradually secure an increasing number of projects in the private sector. For the FYE Under Review and up to the LPD, our ongoing and completed projects comprised 100.00% from the private sector. We intend to expand our scale of operations through actively seeking opportunities in undertaking additional MEP Engineering Solutions projects, from both our existing clients and potential new clients, on top of our present scale of operations and our current projects on hand.

As at the LPD, our Group has a service and support office located at a rented premise in Kajang, Selangor i.e. Selangor Service and Support Office. Upon the maturity of the tenancy term in end November 2023, we will relocate our Selangor Service and Support Office to Seri Kembangan, Selangor. As at the LPD, our Selangor Service and Support Office has 4 staffs that they mainly support smaller scale service and maintenance jobs that we secure in the central region of Peninsular Malaysia. As such, our existing presence in the central region of Peninsular Malaysia is relatively limited at this juncture.

## 7. BUSINESS OVERVIEW (CONT'D)

Therefore, we believe a stronger presence in the central region of Peninsular Malaysia, being a key business zone in Malaysia, is vital for us to effectively conduct our marketing efforts and offer efficient services to our potential clients in the central and southern regions of Peninsular Malaysia. To achieve our plan for regional expansion, we intend to acquire and set-up our new regional office in the central region of Peninsular Malaysia that would allow us to better support our future expansion to the central and southern regions of Peninsular Malaysia.

We intend to allocate approximately 1,500 sq. ft. as a dedicated area in the new regional office in the central region of Peninsular Malaysia to be utilised as a testing facility for our MEP equipment and systems before deploying these equipment and systems for installation at project sites. The testing facility can be used to support our MEP Engineering Solutions as well as MEP Maintenance and Services business segments. The testing facility will be equipped with 3-phase electrical power supplies, which resemble the electrical supply infrastructure that is commonly used in critical facilities such as data centres and plantrooms, to provide better simulation of the testing process. Presently, we perform these tests at the premises of our suppliers for the products and systems that they supply to us.

As at the LPD, our Group is currently tendering for 23 projects with contract value of RM253.04 million comprising RM135.87 million (53.70% of total tender contract value) for the northern region states of Pulau Pinang, Kedah and Perlis and RM117.17 million (46.30% of total tender contract value) for the central and southern region states of Selangor, Kuala Lumpur and Johor.

As at the LPD, we are still in the midst of identifying a suitable property for the new central region office and we have allocated a total of approximately RM6.00 million of our IPO proceeds raised from the Public Issue for the acquisition and set-up our new regional office within the next 24 months from the date of Listing.

In identifying the suitable property, we will be guided by the following selection criteria:

- located in a city that forms a key part of the Malaysia Digital Status in Malaysia e.g. Cyberjaya, hence is a preferred location for corporations to set up their data centres;
- multi-storey semi-detached factory located in a commercial or industrial park;
- minimum built-up area of 5,000 sq. ft.;
- freehold title;
- equipped with commercial lift that can support a maximum weight load of up to 1.50 tonnes;
- with ready electrical infrastructure that can provide 3-phase 150 Amp of electrical supply; and
- dedicated workspace area that has a ceiling height of at least 20 feet.

Details of the allocated proceeds for the new regional office are as follows:

<b>Details</b>	<b>RM'000</b>
Acquisition of property	(1)5,000
Renovation and interior fit-out	(2)1,000
<b>Total</b>	<b>6,000</b>

**Notes:**

- (1) Based on our internal research and enquiries with property agents on the market value of relevant properties that meet our selection criteria.

**7. BUSINESS OVERVIEW (CONT'D)**

- (2) The details of the estimated renovation and interior fit-out cost based on the built-up area of the property according to the preliminary quotation provided by a third-party contractor are as follows:

<b>Description</b>	<b>RM'000</b>
Site preparation and demolition	15
Architectural	704
Fire protection	53
Mechanical – HVAC	135
Electrical power	54
Life safety systems	5
Project fee	18
Preliminaries	55
Handover	7
<b>Total</b>	<b>(a) 1,046</b>

**Note:**

- (a) The remaining balance of RM0.05 million renovation and interior fit-out cost will be funded via our internally generated funds.

Notwithstanding the above, to grow our business further and capture a larger market share, we will continue to strengthen our financial position by increasingly assuming the role of main contractor for MEP Engineering Solutions projects and/or participating in more large-scaled projects.

For the FYE 2022, we submitted a total of 16 tenders or quotations, as an MEP Engineering Solutions main contractor for the MEP Engineering Solutions projects and were subsequently awarded a total of 13 projects. Our revenue generated by acting as an MEP Engineering Solutions main contractor accounted for approximately 5.79%, 7.84%, 37.25% and 35.20% of our total revenue for the FYE 2020, FYE 2021, FYE 2022 and FYE 2023, respectively. We believe that as an MEP Engineering Solutions main contractor, we will have greater control and flexibility in planning and executing the MEP design and engineering services, managing subcontracting costs and the overall costs of the whole project, all of which will contribute to increasing our profitability. We will also gain opportunities to establish stronger and long-standing relationships with critical facility owners through our direct collaboration, which will possibly lead us to more future business opportunities.

Leveraging on our experience in MEP engineering services, we also plan to undertake more large-scaled projects which involve our MEP engineering services specialities. The number of MEP Engineering Solutions projects with contract value of not less than RM3.00 million historically undertaken by our Group, is as follows:

	<b><u>No. of MEP Engineering Solutions project</u></b>	<b><u>Contract value (RM'000)</u></b>
FYE 2017	1	3,156
FYE 2018	2	8,905
FYE 2019	2	9,053
FYE 2020	1	3,233
FYE 2021	10	52,211
FYE 2022	8	100,613
FYE 2023	13	285,636
<b>Total</b>	<b>37</b>	<b>462,807</b>

Collectively, these MEP Engineering Solutions projects had a total contract value of RM462.81 million. We believe that undertaking large-scaled MEP Engineering Solutions projects will have a positive effect on our reputation and goodwill in the MEP engineering industry hence increasing our Group's exposure to potential critical facility owners, thereby attracting potential clients when the opportunities arise.



## **7. BUSINESS OVERVIEW (CONT'D)**

In order to undertake more larger-scaled projects (i.e. being projects with contract value of not less than RM3.00 million) which involve our MEP engineering services specialities, we will need to expand our workforce strength and acquire more engineering tools, software and motor vehicles. Please refer to Section 7.22.2 of this Prospectus for further details on our plan to expand our workforce and acquire more engineering tools, software and motor vehicles.

### **7.22.2 We plan to expand our workforce by recruiting additional skilled professionals and labour, as well as acquiring engineering tools, software and motor vehicles to support our business expansion**

Our capacity to undertake MEP Engineering Solutions projects, to a large extent, depends on the number of direct skilled professionals and workers we are able to recruit. Otherwise, we may have to rely on our subcontractors to perform certain works.

Our qualified and experienced key senior management team who are supported by technically competent engineering personnel have contributed significantly to the growth of our Group. We plan to expand our sales and technical team by recruiting additional personnel to support the growth of our existing business operations and the expected growth in our business in tandem with our plan to expand into the central and southern regions of Peninsular Malaysia. This will also allow us to better manage and control the progress of various larger scale MEP Engineering Solutions projects undertaken by us. At the same time, it enables us to supervise and monitor the works of our workers and subcontractors at different project sites simultaneously. This will further develop our capacity to undertake more sizeable MEP Engineering Solutions projects at one time while adhering to the quality and reliability of our MEP Engineering Solutions projects. Additionally, maintaining and expanding a stable pool of skilled workers will enhance our in-house capability and capacity, thereby providing us with the flexibility to take on more MEP Engineering Solutions projects, as well as maintenance and service contracts by deploying and utilising our own workforce and reducing the need to subcontract the works, which will therefore increase our overall revenue in the future.

Presently, our Maintenance and Service team primarily undertakes first level maintenance support and troubleshooting using handheld tools. To strengthen our MEP Maintenance and Services business, we intend to recruit technicians to perform second level maintenance and service works where this involves the servicing and replacement of parts/components that can be performed using handheld tools. This will allow us to undertake more maintenance and service works internally.

To ensure that our Group continues to perform at a competitive level and is well positioned to undertake more MEP Engineering Solutions projects of larger scale as well as to manage more MEP Maintenance and Services works in-house, we plan to recruit 51 additional personnel within the next 24 months from the date of Listing (comprising sales and business development managers and engineers, project managers, project engineers, technician and/or supervisors) of which 34 of these personnel will be stationed in the northern region (i.e. Pulau Pinang) and the remaining in the central region (i.e. Selangor Service and Support Office as well as the new regional office). The salaries of these additional personnel are estimated to be RM4.50 million per annum which we intend to fund via the IPO proceeds. Please refer to Section 4.8.2 of this Prospectus for further details.

In line with our expansion plans, we will also allocate RM1.60 million of our proceeds raised from the Public Issue for the purchase of new technician tools, engineering tools, software and motor vehicles to support our business expansion and replacement of fully depreciated engineering tools.

**7. BUSINESS OVERVIEW (CONT'D)****7.23 EMPLOYEES**

As at the LPD, we have a total workforce of 68 employees, all of whom are Malaysians, consisting of 65 permanent employees and 3 contractual employees. We do not have any foreign workers employed within our Group. From our 65 permanent employees, 61 are based in our office in Pulau Pinang while 4 are based at our Selangor Service and Support Office. All of our contractual employees are based in our office in Pulau Pinang. Depending on project requirements, we will mobilise our staff to project sites. Our staff at our Selangor Service and Support Office mainly support service and maintenance jobs that we secure in the central region of Peninsular Malaysia.

The breakdown of our Group's workforce as at FYE 2020, FYE 2021, FYE 2022, FYE 2023 and the LPD is as follows:

	Employees				
	FYE 2020	FYE 2021	FYE 2022	FYE 2023	As at the LPD
Executive Directors	2	2	2	2	2
Finance and Administration	5	4	4	6	6
Projects	10	8	15	(1)27	(5)38
• Project managers	2	2	3	(2)4	(2)5
• Project assistant managers	-	-	-	3	4
• Project engineers	4	4	8	9	12
• Safety officer/ supervisors	2	1	2	4	4
• Site executive/ supervisors	2	1	-	5	11
• Project administrators	-	-	2	2	2
Maintenance and Services	7	5	14	(3) (4)17	(6) (7)18
Business Development	5	5	3	4	4
<b>Total</b>	<b>29</b>	<b>24</b>	<b>38</b>	<b>56</b>	<b>68</b>

**Notes:**

- (1) Includes 22 employees holding engineering qualifications and/or relevant technical certifications.
- (2) Project managers include Ng Teik Hoe, General Manager (Project) and Yang Chee Wan, General Manager (Design and Engineering).
- (3) Includes 13 employees holding engineering qualifications and/or relevant technical certifications.
- (4) Includes 7 technicians involved in MEP Maintenance and Services.
- (5) Includes 31 employees holding engineering qualifications and/or relevant technical certifications.
- (6) Includes 14 employees holding engineering qualifications and/or relevant technical certifications.
- (7) Includes 8 technicians involved in MEP Maintenance and Services.

As at the LPD, none of our Group's employees are a member of any union and there has not been any major industrial dispute.

**7.24 TRAINING AND DEVELOPMENT**

We believe that employees at all levels should be equipped with the requisite knowledge and relevant skill sets to enable them to carry out their work and discharge their responsibilities effectively by attending in-house training, on-the-job training, external courses or a combination thereof.

Our engineers and office staff are required to attend periodic training and development courses to familiarise themselves with workplace safety and quality practices, operating procedures as well as project management skills, typically before they commence working on construction sites as part of site safety induction and being certified to perform certain tasks.

## 7. BUSINESS OVERVIEW (CONT'D)

The key training and development programmes attended by our employees for the FYE Under Review and up to the LPD are set out below:

Year	Training and development programme
2019	<ul style="list-style-type: none"> <li>• Safety Induction Construction Workers (SICW)</li> </ul>
2020	<ul style="list-style-type: none"> <li>• Hot water system</li> <li>• Safety Induction Construction Workers (SICW)</li> </ul>
2021	<ul style="list-style-type: none"> <li>• Project Planning and Control using Microsoft Project</li> <li>• Project Management Essentials</li> <li>• Safety Induction Construction Workers (SICW)</li> </ul>
2022	<ul style="list-style-type: none"> <li>• Safety Induction Construction Workers (SICW)</li> <li>• Hazard and Risk Management in Construction Site</li> <li>• Compressor Technology 2022 - Refrigeration &amp; Air Conditioning</li> </ul>
2023	<ul style="list-style-type: none"> <li>• Panasonic Variable Refrigerant Flow (VFR) Training</li> <li>• CDA System Technical Training</li> <li>• Technical Training for Dehumidifier Technology</li> <li>• Technical Training on Truwater Cooling Tower</li> <li>• Technical Training for Chiller and Air Handling Unit</li> <li>• Accelerating Construction Through Digital Technologies</li> <li>• Technical Training on Belimo Product Presentation</li> <li>• Sustainability with Dunham-Bush</li> <li>• Integrity and Ethical Code for Contractors</li> <li>• Heat Load Training with Dunham-Bush</li> <li>• Webinar Series 2023 – Environmental, Social and Governance (ESG)</li> <li>• Safety Induction Construction Workers (SICW)</li> <li>• Moisture Control Solutions for Semiconductor and Electronics Industries</li> <li>• Malaysian Contractors Seminar at Kedah and Perlis State Level 2023</li> </ul>

### 7.25 ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES AND INITIATIVES

We strive to adopt the following practices to ensure environmentally responsible operations, a conducive workplace for employees, and to support the local communities.

#### (i) Environmental

Our Group is committed to identifying, managing and minimising the environmental impact of our business operations through the following initiatives:

- To reduce consumption of non-renewable, non-recycled materials;
- To conserve electricity to avoid any unproductive use or wastage of electricity in daily business operation;
- To encourage the use of renewable resources;
- To minimise the level of pollutants entering into the air and water from daily business operations;
- To comply with environmental regulatory and legal requirements; and
- To create an ever-increasing awareness of the sustainability policy within our Group and stakeholders.

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## **7. BUSINESS OVERVIEW (CONT'D)**

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### **(ii) Social**

Our Group seeks to protect the lives and health of its employees and communities that surround our operations, and protect our assets, ensure continuity of our business and create public trust. Our Group shall incorporate public interest in our business operations by way of the following:

- To maintain a safe and healthy workforce;
- To recruit and retain high potential and high performing employees;
- To use training and development as a strategic investment and a way of shaping sustainability governance culture and behaviour in our Group;
- To enable employees to further develop their professional and personal skills;
- To promote racial harmony and prevent racial discrimination;
- To prevent sexual harassment and other forms of violence against women;
- To be recognised as a good corporate citizen;
- To align our charitable giving with our Group's activities;
- To actively encourage our employees to be involved in charity work;
- To respond in a professional and timely manner to public enquiries; and
- To continue to improve public perception and experience of our Group.

### **(iii) Governance**

Our Group believes that good governance is more than just a pursuit towards complying with all the prescripts but that it translates into better business performance and creates a more sustainable value for our Group by way of the following:

- To ensure sustainability forms an integral part of strategic planning;
- To enhance sustainability through regular updates of strategies, policies and procedures and provide relevant training;
- To establish and continue to improve appropriate governance structures and processes;
- To adopt high ethical values and ensure these practices are upheld across the business of our Group through our Group's code of conduct and employee training programmes;
- To assess the impacts and outcomes of sustainability; and
- To plan for long-term resources including human and financial.

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## 8. INDUSTRY OVERVIEW



PROVIDENCE STRATEGIC PARTNERS SDN BHD  
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67-1, Block D, Jaya One, Jalan Prof Diraja Ungku Aziz,  
46200 Petaling Jaya, Selangor, Malaysia.  
T: +603 7625 1769

31 October 2023

The Board of Directors  
**CRITICAL HOLDINGS BERHAD**  
1-2-1, 1-2-2 and 1-2-3 Jalan Sungai Tiram 8  
Summerskye Residences  
11900 Bayan Lepas  
Pulau Pinang  
Malaysia.

Dear Sirs,

**Independent Market Research Report on the Outlook of the Mechanical, Electrical and Process Utility Engineering Industry in Malaysia in conjunction with the Listing of CRITICAL HOLDINGS BERHAD on the ACE Market of Bursa Malaysia Securities Berhad**

PROVIDENCE STRATEGIC PARTNERS SDN BHD ("**PROVIDENCE**") has prepared this independent market research report on the Outlook of the Mechanical, Electrical and Process Utility Engineering Industry in Malaysia for inclusion in the Prospectus of CRITICAL HOLDINGS BERHAD.

PROVIDENCE has taken prudent measures to ensure reporting accuracy and completeness by adopting an independent and objective view of these industries within the confines of secondary statistics, primary research and evolving industry dynamics.

No part of this publication may be copied, reproduced, published, distributed, transmitted or passed, in whole or in part, without the prior express written consent of PROVIDENCE.

For and on behalf of PROVIDENCE:

ELIZABETH DHOOS  
EXECUTIVE DIRECTOR

**About PROVIDENCE STRATEGIC PARTNERS SDN BHD:**

*PROVIDENCE is an independent research and consulting firm based in Petaling Jaya, Selangor, Malaysia. Since our inception in 2017, PROVIDENCE has been involved in the preparation of independent market research reports for capital market exercises. Our reports aim to provide an independent assessment of industry dynamics, encompassing aspects such as industry performance, demand and supply conditions, competitive landscape and government regulations.*

**About ELIZABETH DHOOS:**

*Elizabeth Dhoos is the Executive Director of PROVIDENCE. She has more than 10 years of experience in market research for capital market exercises. Elizabeth Dhoos holds a Bachelor of Business Administration from the University of Malaya, Malaysia.*

**8. INDUSTRY OVERVIEW (CONT'D)**

# 1 MECHANICAL, ELECTRICAL AND PROCESS UTILITY ENGINEERING INDUSTRY IN MALAYSIA

## 1.1 INTRODUCTION AND BACKGROUND

Engineering is the field or discipline, practice, profession and art that relates to the development, acquisition and application of technical, scientific and mathematical knowledge about the understanding, design, development, invention, innovation and use of materials, machines, structures, systems and processes for specific purposes. This report focuses on the mechanical, electrical and process utility ("MEP") engineering sub-fields whereby:

- Mechanical engineering relates to the theory and application of physical or mechanical systems. It comprises the design, manufacture, and operation of a wide range of mechanical components, devices, and systems. Many mechanical engineers are involved in the design and production of machines to lighten the burden of human work while others practice in the areas of heating, ventilation and air-conditioning ("HVAC"), automotive, manufacturing, and refrigeration engineering.
- Electrical engineering relates to the theory and application of electrical systems. It is the field of engineering that focuses on the study and application of electricity and electromagnetism. The discipline of electrical engineering includes the subjects of power generation and distribution, electric circuits, transformers, motors, electromagnetic and associated devices. In a broad perspective, electrical engineering deals with larger scale systems of electricity, power transmission and energy.
- Process utilities primarily relate to the supply of water, fuel and speciality gas utilities and its corresponding infrastructure. The supply of utilities, including compressed air, inert gases, water, heat and cooling, are essential to commercial and industrial operations and their security. As an illustration, major industrial facilities consist of interconnected production and utility systems. The production system produces the desired final products from raw materials that can undergo different production processes, such as chemical reactions or separations. These processes require significant amounts of several types of utilities, such as steam, industrial gases and water. In general, most industrial buildings have onsite utility systems that are directly connected via pipelines to the main production system so as to satisfy its demands for utilities.

MEP engineering is required to support the commercial and industrial sector, particularly that for critical facilities. Commercial and industrial buildings require critical facilities to support daily building operations. Critical facilities are premises or structures that are essential for organisations to operate, whereby these premises may be standalone or within the same commercial and industrial building that it supports. The business operations of organisations would be negatively impacted if operations in these critical facilities are interrupted. Critical facilities require resilient infrastructure to ensure uninterrupted essential services that enable business, operation, and systems to function efficiently, effectively and continuously. Among others, critical facilities include:

- Cleanrooms are controlled environments where pollutants like dust, airborne microbes, and aerosol particles are filtered out in order to provide the cleanest area possible. Cleanrooms are necessary for industries where small particles can affect the manufacturing and quality of a product or assembly. Cleanrooms are typically used for manufacturing products such as pharmaceuticals, semiconductors, medical devices, aerospace electronics and automotive electronics. Cleanrooms are also found in research as well as medical laboratories. Cleanrooms can be classified into different levels of contamination depending on the amount of particles allowed in the space, per cubic meter. Variables such as temperature, air flow, and humidity are also controlled in cleanrooms;
- Data centres are facilities that centralise an organisation's shared information technology (IT) operations and equipment for the purposes of storing, processing, and disseminating data and applications. As data centres house an organisation's most critical and proprietary assets, data centres are vital to the continuity of daily operations for commercial and industrial buildings. Consequently, the security and reliability of data centres and their information are among any organisation's top priorities. A data centre's design is based on a network of computing and storage resources that enable the delivery of shared applications and data. The key components of a data centre design include routers, switches, firewalls, storage systems, servers, and application-delivery controllers;
- Plantrooms (sometimes referred to as a mechanical room or boiler room), is a dedicated space containing mechanical equipment and its associated electrical equipment required to provide or supply building services. Plantrooms typically house boilers, chillers, heat exchangers, water heaters and tanks, water pumps, main distribution piping and valves, electrical generators, elevator machinery and HVAC equipment. Plantrooms are critical facilities for commercial and industrial buildings.

Critical Holdings Berhad is an engineering solutions firm relating to MEP for critical facilities comprising:

- MEP engineering solutions in relation to the design and build, project management, supply, installation, testing and commissioning of MEP systems for newly built critical facilities as well as redevelopment, refurbishment and upgrading of existing critical facilities; and

## 8. INDUSTRY OVERVIEW (CONT'D)

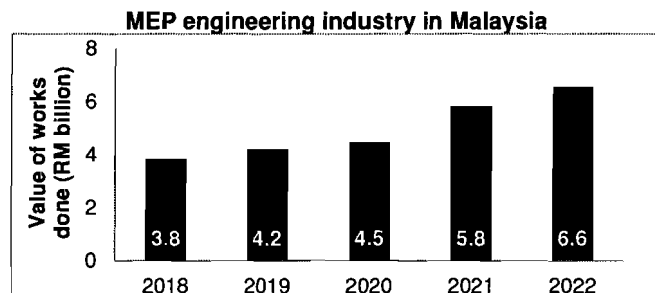


- MEP maintenance and services in relation to the maintenance and service support, including preventive and scheduled maintenance as well as breakdown service and repair, to ensure proper functioning of the existing MEP equipment and systems.

### 1.2 INDUSTRY SIZE AND GROWTH

MEP engineering in Malaysia, measured in terms of value of MEP engineering works done, increased from RM3.8 billion in 2018 to RM6.6 billion in 2022 at a compound annual growth rate ("CAGR") of 14.8%.

MEP engineering is specialised construction work that is performed during the erection, reconstruction, renovation, retrofit or upgrade of buildings or structures, and entails the design, installation, commissioning and maintenance of MEP systems such as heating, ventilation and air conditioning systems; water supply and sanitation; fire protection systems; escalators and lifts, electrical systems such as electricity transmission and distribution systems; communications and information technology networks; lighting systems; security and alarm systems; and process utilities such as steam, industrial gases and corresponding infrastructure.



Source: Department of Statistics Malaysia, PROVIDENCE analysis

PROVIDENCE projects the value of MEP engineering to rise from RM6.6 billion in 2022 to RM10.1 billion in 2025 at a CAGR of 15.2%. The growth in MEP engineering will be supported by the:

- growth of end user industries which drives demand for MEP engineering;
- foreign investment and domestic investment growth which support investments in MEP engineering;
- increased outsourcing and relocation of electrical and electronics ("E&E") manufacturing activities to Southeast Asia;
- growth prospects of the semiconductor and electronics ecosystem in Pulau Pinang; and
- economic and property growth that create demand for MEP engineering.

### 1.3 DEMAND CONDITIONS: KEY GROWTH DRIVERS

#### Growth in end user industries drives demand for MEP engineering

The growth in the following end user industries bode well for the demand for MEP engineering which require resilient critical facilities for continued business operations:

- Semiconductor and electronics industry**

The semiconductor and electronics industry encompasses the manufacturing and sales of semiconductor and electronics products, where manufacturers require cleanrooms in their production processes and plantrooms to house the factory's mechanical and electrical equipment. Semiconductors are manufactured products that are easily affected by pollutants and airborne particles, and thus are manufactured in cleanrooms where parameters such as temperature, humidity, airflow, vibration, lighting and airborne particles are controlled to maintain high air quality standards and optimising productivity. Plantrooms in semiconductor and electronics factories house critical mechanical and electrical equipment.

Thus, semiconductor and electronics manufacturing firms require MEP engineering for critical facilities to support production operations. Between 2015 and 2022, the global semiconductor and electronics industry size, in terms of sales, has been increasing from USD335.2 billion (RM1.3 trillion) to USD574.1 billion (RM2.5 trillion), registering a CAGR of 8.0%.<sup>1, 2</sup> The rising worldwide demand for semiconductor and electronics products has been largely driven by:

- the technological revolution with 5G adoption and the emergence of internet of things ("IoT"), artificial intelligence and big data analytics, which have resulted in the emergence of new final electronic products. New final electronic products that have been introduced to the market as a result of these technologies include smart factories (where machinery, equipment and tools are fully interconnected), autonomous cars (which are self-driving or driverless cars) and smart home devices (such as smart lighting, door locks and home appliances). This technological revolution of semiconductor and electronic products is expected

<sup>1</sup> Semiconductor Industry Association

<sup>2</sup> Exchange rates from USD to RM in 2015 at USD1 = RM3.9064 and 2022 at USD1 = RM4.4130. Sourced from Bank Negara Malaysia

## 8. INDUSTRY OVERVIEW (CONT'D)



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- to continue driving new developments in the semiconductor and electronics industry to produce more advanced semiconductor and electronic products in terms of performance, capacity and technology; and
- rapid technological advancements which have led to continuous introductions of new product innovations and advancements. Final electronic products, especially consumer electronic products, are subject to relatively shorter product lifecycles, given that consumers are highly receptive to new product innovations and advancements.

Increasingly, multinational semiconductor and electronics companies (comprising outsourced semiconductor assembly and test as well as electronic manufacturing service providers) have been relocating their manufacturing facilities to countries in Southeast Asia such as Malaysia. This is due to the lower operating costs and/or availability of talent; established local ecosystem of electronics manufacturing machinery, equipment, tools and supplies; as well as growing demand for final electronic products in these countries. Further, there are also new semiconductor chip assembly and test facilities being set up in Southeast Asia in order to alleviate the present semiconductor chip shortage. Southeast Asia also stands to benefit from the trade war between the United States of America ("**United States**") and the People's Republic of China ("**China**") which has led to more multinational semiconductor and electronics companies setting up or expanding their operations in Southeast Asian countries.

Such expansions include that of Intel Corporation that intends to invest approximately USD7.0 billion (approximately RM30.0 billion) in a new chip packaging and testing factory in Malaysia which is expected to begin production in 2024,<sup>3</sup> as well as Infineon Technologies AG which will be investing over EUR2.0 billion (approximately RM9.5 billion) to expand its operations in Malaysia by 2024.<sup>4</sup> In particular, exports of semiconductor and electronics products from Malaysia grew from RM277.9 billion in 2015 to RM593.5 billion in 2022 at a CAGR of 11.4%.<sup>5</sup>

However, the recent Russia-Ukraine war which began in February 2022 could lead to a shortage in microchips globally if the war prolongs. Both Russia and Ukraine are key suppliers of palladium and neon, which are raw materials used in microchip manufacturing. While foundries have stocked up on these materials, a prolonged war could affect the supply of microchips globally which would consequently have an adverse impact on the manufacturing of new final electronic products, which could affect demand for automated manufacturing solutions. Despite this, the semiconductor and electronics industry is still expected to witness growth driven by factors identified above.

### ▪ Telecommunications industry

Telecommunications refers to the electronic transmission of data, in the form of audio, visual and text, over a distance. The transmission of such data enables the Internet or broadband as well as mobile calls. The global mobile broadband penetration rate has grown from 44.6% in 2015 to 87.0% in 2022.<sup>6</sup> The growth of the telecommunications industry will continue to be driven by the following factors:

- Increased demand for broadband services
 

In 2022, there were approximately 5.3 billion Internet users globally compared to the 3.0 billion Internet users globally in 2015. In addition, there was also growth in the global number of households with home Internet access, from 47.9% in 2015 to 65.7% in 2020.<sup>12</sup> The growth was likely driven by the introduction of new devices which utilise the Internet into the market, such as smart televisions, television streaming boxes, game consoles and smartwatches.
- Advancement of telecommunications technology to 5G
 

The advancement of telecommunications technology to 5G is expected to become the standard technology for mobile communications. This is due to the advantages of 5G such as higher reliability, speed and connectivity, allowing faster data sharing as data can be transmitted at a faster rate (exceeding 10 gigabytes per second) relative to 4G technology. 5G has led to the emergence of IoT, artificial intelligence and big data for businesses, as well as new final electronic products such as smart home devices, smart factories and autonomous cars. Thus, the adoption of these new technologies in both consumer and business premises is expected to drive the usage of broadband services as user experience improves and networks become more reliable and interconnected.
- Affordability of mobile services
 

Over the years, the increased accessibility to mobile devices has led to greater affordability of mobile services. Subscription to mobile services, including both cellular and broadband data, has become more affordable globally. Between 2015 and 2022, the global median price for mobile broadband data has decreased from USD12.0 to USD7.4, while median price for mobile cellular has also dropped from

<sup>3</sup> Intel to invest USD7 billion in chip packaging facility in Malaysia, The Economic Times, 14 December 2021

<sup>4</sup> Infineon to boost Kulim capacity, The Star, 18 February 2022

<sup>5</sup> Malaysia External Trade Development Corporation (MATRADE), PROVIDENCE analysis

<sup>6</sup> International Telecommunication Union. Latest available statistics as at 26 June 2023



## 8. INDUSTRY OVERVIEW (CONT'D)



USD10.9 to USD6.2.<sup>7</sup> In view of more affordable mobile services globally, the usage of Internet-enabled applications is expected to continue to grow, thus benefiting the telecommunications industry.

Growth in demand in the telecommunications industry is expected to bode well for MEP engineering providers as telecommunication device manufacturers seek greenfield investments for capacity expansion or upgrades or retrofitting of existing plants. Plantrooms and cleanrooms are critical facilities for the telecommunications industry.

### ▪ Data centre industry

Data centres are a critical digital enabler. The development of digital infrastructures, such as data centres, are central to enabling 5G applications. Due to a growth of cloud computing, demand for data centres is growing significantly and Malaysia is fast becoming a hub. The data centre colocation market in Malaysia has been witnessing very steady growth due to the increasing volume of data generated and the increased usage of Internet-based services. The use of the internet in commerce, social media, entertainment and cloud adoptions has become more extended during the COVID-19 lockdowns. The pandemic has accelerated the migration towards cloud infrastructure as organisations look for business agility and growth in digital services.

Data centre development in Malaysia has predominantly taken place in Cyberjaya, Selangor, as well as Sedenak Tech Park, Nusajaya Tech Park and YTL Green Data Centre Park in Johor. Cyberjaya has been a primary location for data centre development in Malaysia due to its proximity to Kuala Lumpur. Malaysia's data centre market has witnessed investments in recent times, partly attributable to the increasing adoption of technology by local businesses, especially small and medium enterprises ("SMEs").

In 2021, Microsoft Corp announced plans to establish its first data centre in Malaysia to deliver cloud services locally. Subsequently in the same year, NASDAQ listed Chindata Group Holdings Ltd announced the construction of its fourth hyperscale data centre in Johor with an investment value of about RM2.5 billion over a five-year period. Malaysia has also attracted Hong Kong-listed GDS Holdings Ltd, which broke ground in Johor in April 2022 for the development of a data centre with a total investment value of RM1.38 billion. Google Inc also announced plans to include Malaysia as its new Google Cloud region, an investment that will involve a data centre. YTL Power International Bhd, through its subsidiary, YTL Data Center Holdings Pte Ltd, announced investments of RM1.5 billion for the first phase of the YTL Green Data Centre Park in Johor. During the year, Japan-listed Nippon Telegraph and Telephone Corp also announced plans to invest over USD50.0 million (RM227.0 million) for its sixth data centre in Cyberjaya.<sup>8</sup>

Further, the Malaysia Digital Economy Blueprint aims to provide access to extensive and high quality digital infrastructure, such as broadband, data centres and submarine cable landing stations, which allow for the generation, flow, exchange, consumption and storage of data as well as enable people to participate in the digital economy. Under Budget 2022, the Digital Ecosystem Acceleration ("DESAC") scheme was also introduced to strengthen the digital ecosystem in Malaysia. DESAC encourages investments by digital technology providers involved in providing digital services based on Industrial Revolution 4.0 and digitalisation technology related to manufacturing and manufacturing-related services, as well as digital infrastructure providers that provide infrastructure such as data centres and submarine cables. Under Budget 2023, the Government of Malaysia will ensure that more data centres can be set up in Malaysia by providing suitable tax incentives, security infrastructure, green energy facilities, and locations for these centres.

Several factors support Malaysia's position as a potential leading data centre market globally including the country's being an existing regional hub for manufacturing, logistics and big data analytics; low electricity tariffs; adequate and affordable water supply for the cooling of data centres; tax incentives of up to five years by the Government of Malaysia; high literacy rates; free of natural disasters; and ample land supply at attractive prices.

The growth of Malaysia's data centre market will bode well for industry players that offer MEP engineering for such critical facilities.

### ▪ The solar power industry

Malaysia's renewable energy industry, as measured by cumulative installed capacity, grew from 7,563 megawatt ("MW") in 2015 to 9,044 MW in 2022, at a CAGR of 2.6%.<sup>9</sup> The falling cost of solar power is also another driver for the solar power industry. Since 2010, the cost of solar power has fallen by 85%, enabling solar power to be cost-competitive with fossil fuel electricity in most countries.<sup>10</sup>

The growth of renewable energy has been largely supported by the initiatives and measures by the Government of Malaysia to drive the adoption of renewable energy. These initiatives and measures are

<sup>7</sup> International Telecommunication Union

<sup>8</sup> Data centre investments – good or bad for Malaysia, Malaysian Investment Development Authority ("MIDA"), 17 September 2022

<sup>9</sup> International Renewable Energy Agency

<sup>10</sup> World Economic Forum

## 8. INDUSTRY OVERVIEW (CONT'D)



included in the National Renewable Energy Policy and the Twelfth Malaysia Plan 2021 – 2025. According to Natural Resources, Environment and Climate Change Minister Nik Nazmi Nik Ahmad, efforts will be stepped up to encourage solar power usage such as rooftop solar to expedite Malaysia's energy transition.<sup>11</sup>

The growth in demand for solar power will spur investments in solar photovoltaic (PV) panel manufacturing in Malaysia, which will bode well for the demand for MEP engineering for critical facilities.

### Foreign investment and domestic investment growth support investments in MEP engineering

Malaysia recorded a total of RM264.6 billion worth of approved investments in the services, manufacturing and primary sectors in 2022 across 4,454 projects. From the total investments approved, foreign investments accounted for RM163.3 billion or 61.7%, while domestic investments accounted for RM101.3 billion or 38.3%.<sup>12</sup>

The services sector accounted for the largest share of the total investments in 2022, amounting to RM154.0 billion (58.2%), followed by the manufacturing sector with RM84.3 billion (31.9%) and the primary sector with RM26.3 billion (9.9%). Foreign investments comprised 55.1%, 78.3% and 47.1% of approved investments in the services, manufacturing and primary sectors respectively. The services sector saw an increase in investments of RM57.0 billion in 2022 (2021: RM97.0 billion). During the year, the services sector comprised the information and communications (RM84.7 billion), real estate (RM28.9 billion), financial services (RM11.2 billion), utilities (RM10.8 billion) and distributive trade RM6.2 billion segments. Malaysia's manufacturing sector experienced promising and strong growth in 2022, with an increase of 31.9% in investments from 2021. The E&E (RM27.9 billion), transport equipment (RM6.6 billion), chemicals and chemical products (RM5.7 billion), petroleum products (including petrochemicals) (RM5.6 billion), non-metallic mineral products (RM5.3 billion), machinery and equipment (RM5.3 billion) and scientific and measuring equipment (RM4.6 billion) basic metal products (RM19.4 billion), rubber products (RM5.8 billion), food manufacturing (RM5.4 billion), transport equipment (RM2.2 billion), and made up 92.4% of total approved investments for the manufacturing sector in 2022.<sup>13</sup>

Malaysia aims to attract quality investments, as this will be key in driving a more sustainable economic recovery for Malaysia and to achieve its aspirations of becoming a high-income nation. Foreign investment and domestic investment are important contributors to the country's economic growth and the Government of Malaysia has been proactive in encouraging growth based on productivity, innovation and shared prosperity in order for wages to continue rising. Foreign investment also plays an important role in supporting Malaysia's move to become a high-income technology-based economy.

As such, investments in new built commercial and industrial properties and its supporting infrastructure are crucial to support the investment prospects of Malaysia for foreign investors. Such investments are expected to benefit industry players offering MEP engineering.

### Increased outsourcing and relocation of E&E manufacturing activities to Southeast Asia

The established local ecosystem of electronics manufacturing machinery, equipment, tools and supplies, growing demand for final electronic products, availability of local talents, and lower operating costs are key factors for global electronics, brand owners and foundries to relocate and outsource their operations in the region.

The United States-China trade war, which started in 2018, caused the imposition of tariffs and trade barriers on products/services originating from companies based in both countries. This has restricted trading activities between the United States and China, thus benefiting countries in Southeast Asia as global electronics, brand owners and foundries began to shift their production from China to Southeast Asia or purchase more electronics and semiconductor products from this region in order to circumvent these tariffs.

Further, Malaysia's Ministry of Investment, Trade and Industry (MITI) has also been proactively positioning Malaysia as a viable automotive hub by providing strong government policy support focusing on higher-value automotive components as a well-established E&E industry through the National Automotive Policy.

This has been the catalyst in attracting E&E manufacturing firms to consider Malaysia as their regional base. The increased outsourcing and relocation of E&E manufacturing activities to Southeast Asia will support demand for MEP engineering for critical facilities such as plantrooms and cleanrooms for E&E manufacturing firms.

### Growth prospects of the semiconductor and electronics ecosystem in Pulau Pinang support demand for MEP engineering

Pulau Pinang's conducive business environment has been successful in attracting foreign direct investments, as well as nurturing local E&E success stories of locally employed engineers turned technopreneurs, who have founded and built companies that have successfully grown to become internationally renowned in their own right. These homegrown E&E companies play crucial roles in the ecosystem, particularly in the areas of automated test

<sup>11</sup> Malaysia's renewable energy supply now at 25pct, on right track to achieve 2025 target, New Straits Times, 20 March 2023

<sup>12</sup> Malaysia Performance Investment Report 2022, MIDA

<sup>13</sup> Malaysia Performance Investment Report 2022, MIDA

## 8. INDUSTRY OVERVIEW (CONT'D)



equipment (ATE), automation, outsourced semiconductor assembly and testing (OSAT) services, electronics manufacturing services, precision engineering and tooling.

The E&E industry in Pulau Pinang is vibrant and attracts greenfield and brownfield investments from local and foreign multinational companies, especially in Bayan Lepas and Batu Kawan. Several business opportunities for MEP engineering stem from multinational corporations in the semiconductor industry who are seeking to expand their existing operating capacities and/or build new plants in Pulau Pinang. The state has flourished as a vibrant regional semiconductor and electronics hub, and is focused on pursuing investments that have propelled the industry up the value chain, away from its beginnings as a low-cost manufacturing hub. Consequently, Pulau Pinang has seen a proliferation of upstream technology-related investments in high value-added functions in recent years, ranging from research and development (R&D), design and knowledge-based solutions, and downstream advanced manufacturing and testing to global business services.

Pulau Pinang garnered RM13.7 billion in total approved manufacturing investments in 2022. On the trade front, Pulau Pinang's exports in 2021 were valued at RM354.0 billion, among which E&E products and medical devices made up about 80.0% of the total exports. From January to August 2022, Pulau Pinang's exports were RM291.0 billion. In 2022 and 2023, several multinational corporations have announced capital investment plans including:

- In March 2022, sensor and LED maker ams Osram, announced that it will expand its presence by constructing a flagship facility in a 24-hectare site at the Pulau Pinang International Technology Park in Batu Kawan. The construction of the campus is expected to begin in the second quarter of 2022 and is targeted to complete by end-2023. In the new facility, ams OSRAM intends to create a state-of-the-art campus, cutting-edge manufacturing facilities as well as a research and development centre to design and develop the next generation of highly integrated optical solutions as it advances its technologies in the fields of sensing, illumination, and visualisation;<sup>14</sup>
- In June 2022, TF AMD Microelectronics Sdn Bhd, announced its plans of expanding a new manufacturing facility at the Batu Kawan Industrial Park with nearly RM2.0 billion of capital investment. The new facility, spanning 1.5 million square feet and occupying approximately 5.67 hectares, will manufacture advanced integrated circuit technology and is expected to be completed in 2023;<sup>15</sup>
- Western Digital Corp is planning to expand operations in Malaysia after its factory in Batu Kawan Industrial Park, Pulau Pinang, was recognised as the latest entrant to the World Economic Forum's (WEF) Global Lighthouse Network. The expansion will involve the building of a control tower to house offices, a multi-storey carpark that would also house finished goods and a warehouse, as well as another two developments currently known as Building 3 and Building 4;<sup>16</sup>
- ViTrox Corp Berhad is expanding its new facility, Campus 3.0, in Batu Kawan, Pulau Pinang for which it has allocated RM150.0 million for building and interior design (RM110.0 million in 2023 and RM40.0 million in 2024). Campus 3.0 will add 442,000 square feet of floor space for production, business development, design and development, and shared services activities at the plant;<sup>17</sup>
- In February 2023, Greatech Technology Berhad announced that an investment of RM1.3 billion to expand its fourth manufacturing plant in Batu Kawan, Pulau Pinang. The manufacturing plant will be a 500,000 square feet facility, with an estimated capital expenditure of RM200. million as well as an estimated operating expenditure of RM1.1 billion, designated to manufacture solar products;<sup>18</sup> and
- QES Group Berhad has earmarked approximately RM25.0 million for the construction of a new plant in Batu Kawan, Pulau Pinang. This 10,000 square feet double-storey plant is slated for completion in the third quarter of 2024.<sup>19</sup>

Accordingly, the State Government of Pulau Pinang has announced that there are development plans for Bandar Cassia Technology Park (BCTP) and Batu Kawan Industrial Park 3 (BKIP 3) to ensure there are sufficient industrial lands especially for promoted industries such as the E&E, electronics manufacturing services, light emitting diodes (LED), medical devices, aerospace, semiconductor, automotive and other related industries.

The expansion of the semiconductor and electronics ecosystem in Pulau Pinang will bode well for industry players offering MEP engineering.

### **Economic and property growth creates demand for MEP engineering**

The demand for MEP engineering, particularly that in new development projects, is dependent on construction activities undertaken to erect commercial and industrial properties. Construction activities are largely economic-

<sup>14</sup> Upcoming Batu Kawan flagship factory vital for future growth, says ams OSRAM, MIDA, 7 March 2022

<sup>15</sup> TF-AMD Microelectronics invests RM2bil to expand facility in Penang, New Straits Times, 14 June 2022

<sup>16</sup> Western Digital plans for expansion, buoyed by WEF recognition, The Sunday Daily, 8 August 2022

<sup>17</sup> ViTrox prepares for mild slowdown while continuing to invest, The Edge, 26 December 2022

<sup>18</sup> Greatech Technology invests RM1.3b in fourth manufacturing plant in Batu Kawan, MIDA and Bernama, 23 February 2023

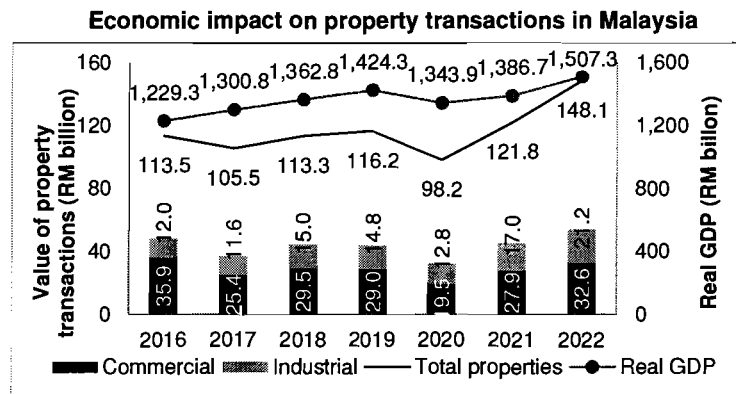
<sup>19</sup> QES continues investing, MIDA and The Star, 25 March 2023

## 8. INDUSTRY OVERVIEW (CONT'D)



driven, whereby economic growth has the potential to contribute to increased earnings for businesses and companies due to greater operating scale and wider market reach, consequently leading to increased demand for commercial and industrial properties, and thus, higher demand for MEP engineering.

Economic growth is a catalyst for development and growth in construction activities and demand for construction services. Between 2016 and 2019, Malaysia's wealth, as depicted by its real gross domestic product ("GDP"), increased from RM1.2 trillion to RM1.4 trillion at a CAGR of 5.3%. Total property transaction value increased from RM113.5 billion to RM116.2 billion during the same period at a CAGR of 0.8%. From this, the industrial property segment increased from RM12.0 billion to RM14.8 billion at a CAGR of 7.3%. Comparatively, the commercial property segment declined at a rate of 6.9%, from RM35.9 billion to RM29.0 billion during the same period.



Source: Department of Statistics Malaysia, Ministry of Finance Malaysia, National Property Information Centre (NAPIC), PROVIDENCE analysis

In 2020, all economic sectors registered a contraction in growth. While the COVID-19 pandemic containment measures aided Malaysia's efforts to rein in the outbreak, the tighter operating procedures (such as operating hours, capacity limit on premise, activity restrictions), mobility restrictions and supply-chain disruptions affected economic activity. Additionally, most industries also faced weaker demand conditions both domestically and externally, which further weighed on production and business activities. As a result, Malaysia's GDP contracted by 5.6% in 2020 and real GDP dipped to RM1.3 trillion (2019: RM1.4 trillion). Total property transaction value in 2020 was RM98.2 billion, a 15.5% drop from the RM116.2 billion recorded in 2019. Correspondingly in the same year, residential property transactions dropped to RM65.9 billion (from RM72.4 billion in 2019).

Malaysia's GDP registered a growth of 3.1% in 2021. The recovery momentum in the early part of the year was affected by the reimposition of nationwide containment measures from June to September 2021, following a rapid resurgence of cases due to the Delta variant. However, unlike the movement restrictions in the second quarter of 2020, more essential economic sectors were allowed to operate, while businesses and households were better adapted to the containment measures and standard operating procedures. External demand also provided additional support to Malaysia's economic growth in 2021.

Malaysia continued to face challenges in 2022 ranging from a volatile external environment, surges in Omicron cases at the start of the year, labour shortages, supply chain disruptions, and rising inflation. Despite this, the nation's economy expanded by 8.7% in 2022. Domestically, the full upliftment of containment measures and the revival of tourism activity amid continued policy support led to an improvement in economic growth. Externally, the impact of lower global growth and trade activity arising from the geopolitical conflicts, and tightening monetary policy was contained. Malaysia's economy is projected to grow between 4.0% and 5.0% in 2023, supported by firm domestic demand.<sup>20</sup>

Construction activities in the residential and non-residential subsectors remained subdued following extended periods of lockdown and reduced operating capacity. Nevertheless, the easing of the containment measures since August 2021 and the reopening of the economy supported gradual improvement in construction activities towards the end of 2021. The reopening of the economy as well as ongoing construction activity in large infrastructure projects and implementation of small-scale projects under Budget 2022 is expected to positively impact the construction sector in 2022.

In 2021, the property market began showing signs of recovery as total property transactions rose to RM121.8 billion at a year-on-year growth rate of 24.0%. Correspondingly, industrial property transactions rose to RM17.0 billion (2020: RM12.8 billion) at a year-on-year growth rate of 32.8%, while commercial property transactions rose to RM27.9 billion (2020: RM19.5 billion) at a year-on-year growth rate of 43.1%.

In 2022, total property transactions rose further to RM148.1 billion at a year-on-year growth rate of 21.6%. During the year, industrial property transactions rose to RM21.2 billion (2021: RM17.0 billion) at a year-on-year growth rate of 24.7%, while commercial property transactions rose to RM32.6 billion (2021: RM27.9 billion) at a year-on-year growth rate of 16.8%.

<sup>20</sup> Economic and Monetary Review 2022, Bank Negara Malaysia

## 8. INDUSTRY OVERVIEW (CONT'D)



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 non-residential buildings and residential buildings subsectors registered positive growth in line with vibrant economic activities. The sector is forecast to expand by 5.9% in the second half of 2023 supported by growth in all subsectors. The non-residential buildings subsector is envisaged to increase, particularly with the realisation of approved private investments. The performance of the construction sector is expected to remain steady and grow by 6.3% in 2023.<sup>21</sup>

Premised on the above, the commercial and industrial property markets is expected to be optimistic in 2023. The policies, Government support as well as implementation of measures under the Budget 2024 and initiatives under Twelfth Malaysia Plan (12MP) (2021 – 2025) are expected to support developments in the property sector.

### 1.4 INDUSTRY DYNAMICS

#### ***Dependency on imports***

The MEP engineering industry in Malaysia has a certain degree of dependency on the imports of MEP materials and components such as steel and copper. While MEP construction materials and components are subject to certain levels of imports, MEP engineering is provided primarily by local MEP engineering firms, with the exception of selected large projects where foreign companies may be involved.

#### ***Industry challenges***

MEP engineering activities are exposed to risks such as project delays, poor quality of work and on-site accidents that have consequences on the industry and its stakeholders. These risks lead to customer and/or public complaints, loss of reputation and revenue. Project delays typically lead to increased overheads and cost overruns. Increased overheads affect the ability of industry players to complete projects on time as a result of financial shortages or budget overruns, and loss of opportunity if resources have been committed to a delayed project.

In 2020, the construction industry faced the COVID-19 pandemic which resulted in reduced work capacity to comply with containment measures, labour shortages due to international border closures, supply chain disruptions and site shutdowns. This resulted in many industry players experiencing cash flow issues, as well as being exposed to liquidated damages and termination.

### 1.5 COMPETITIVE LANDSCAPE

MEP engineering is vital for the delivery of commercial and industrial properties. The range of services offered by MEP engineering industry players differ depending on their capabilities, with some industry players being able to offer design, installation, testing and commissioning expertise, while other industry players may only possess installation capabilities. There are distinct barriers to entry, with industry players possessing a CIDB license, experienced employees with engineering experience who can carry out planning and design as well as MEP engineering project management and project track record.

In the FYE 30 June 2023, Critical Holdings Berhad generated a revenue of RM150.9 million from the provision of MEP engineering solutions and MEP maintenance and services. In 2022, the value of MEP engineering works done in Malaysia was RM6.6 billion. Thus, in comparison to the value of MEP engineering works done in Malaysia of RM6.6 billion, Critical Holdings Berhad secured a market share of 2.3%.

In the FYE 30 June 2023, Critical Holdings Berhad achieved a profit before tax ("PBT") margin of 8.7%. The major factors that contributed to Critical Holdings Berhad achieving a higher PBT margin relative to other industry players are:

- Critical Holdings Berhad focuses on the delivery of MEP engineering solutions and MEP maintenance and services for critical facilities which require greater complexity to execute due to the nature of these physical structures in ensuring uninterrupted essential services for businesses, operations and systems to function efficiently, effectively and continuously;
- Critical Holdings Berhad undertakes engineering, project management, testing and commissioning, as well as quality assurance and quality control functions internally for MEP engineering solutions, which generally contribute to higher profit margins; and
- Critical Holdings Berhad adopts lean management principles to improve their process efficiency and quality while minimising waste. The adoption of lean management contributes to improving productivity, reducing costs and ultimately increasing profitability.

The future prospects of Critical Holdings Berhad will be supported by the long term growth of end user industries, foreign investment and domestic investment growth, increased outsourcing and relocation of E&E manufacturing activities to Southeast Asia, growth prospects of the semiconductor and electronics ecosystem in Pulau Pinang as well as economic and property growth in Malaysia.

<sup>21</sup> Economic Outlook 2024, Ministry of Finance Malaysia

**8. INDUSTRY OVERVIEW (CONT'D)**



**Financial performance of industry players that are involved in the provision of MEP engineering**

The following sets out the latest available revenues of private and public listed engineering firms in Malaysia that are involved in the provision of MEP engineering with Group revenue of RM50.0 million and above.

Industry player	Business activities <sup>a</sup>	Latest available financial year ended	Segmental revenue (RM)	Group revenue <sup>c</sup> (RM)	Profit before tax (RM)	Profit before tax margin <sup>1</sup> (%)	Profit after tax (RM)	Profit after tax margin <sup>1</sup> (%)
AWC Berhad <sup>b</sup>	Provision of engineering services and facilities solutions	30 June 2023	74,118,560	381,304,691	13,829,950	3.6	10,791,887	2.8
Bintai Kinden Corporation Berhad <sup>b</sup>	Provision of specialised mechanical and electrical engineering, construction, property development, concessionaire arrangement, civil and structural, turnkey and infrastructure project, project management, medical and healthcare related business	31 March 2023	99,254,000	116,100,000	-116,624,000	-100.5	-114,513,000	-98.6
Cabinet Holdings Berhad <sup>c</sup>	Provision of building management solutions which comprise structured cabling works and extra low voltage, as well as information technology services which can be offered as complementary to building management solutions or offered separately on a stand-alone basis as an additional product offering	28 February 2023	96,654,732	96,654,732	607,324	0.6	179,967	0.2
Critical Holdings Berhad	Provision of MEP for critical facilities comprising MEP engineering solutions and MEP maintenance and service	30 June 2023	150,940,359	150,940,359	13,192,901	8.7	9,590,143	6.4
Kinetics Systems Malaysia Sdn Bhd	Provision of building construction, mechanical engineering and electrical engineering services	31 December 2022		509,144,732	13,429,845	2.6	9,562,417	1.9
Kinergy Advancement Berhad (formerly known as Kejuruteraan Asastera Berhad) <sup>b</sup>	Provision of electrical and mechanical services as well as other associated engineering services for commercial, industrial and residential buildings	31 December 2022	173,786,444	187,002,510	4,917,155	2.6	2,788,994	1.5
Kelington Group Berhad <sup>b</sup>	Provision of turnkey engineering services from the initial system design up to maintenance and servicing after completion, and provision of on-site gas supply as well as manufacturing of liquid carbon dioxide	31 December 2022	1,214,380,000	1,278,837,000	74,391,000	5.8	58,506,000	4.6
LFE Corporation Berhad <sup>b</sup>	Provision of construction, mechanical and electrical services, property development and investment holding	31 December 2022	65,641,488	73,227,340	3,174,886	4.3	1,930,980	2.6
MCC Technique Sdn Bhd	Provision of a range of mechanical and electrical engineering contracting, mechanical and electrical service and maintenance, low voltage, electrical switchboards and control panels manufacturing and extra low voltage services	31 December 2022		87,071,449	4,590,039	5.3	3,028,582	3.5

8. INDUSTRY OVERVIEW (CONT'D)



PROVIDENCE  
STRATEGIC PARTNERS

Industry player	Business activities <sup>a</sup>	Latest available financial year ended	Segmental revenue (RM)	Group revenue <sup>e</sup> (RM)	Profit before tax (RM)	Profit before tax margin (%)	Profit after tax (RM)	Profit after tax margin (%)
Pasukhas Group Berhad <sup>c</sup>	Provision of design, system integration, fabrication, installation, testing and commissioning of electrical and mechanical works for specified industries: civil engineering and construction business	30 June 2023	12,754,762	146,494,521	-21,502,750	-14.7	-23,125,166	-15.8
Shirryo (Malaysia) Sdn Bhd	Provision of engineering, procurement, construction and commissioning, specialising in the design and construction of power/co-generation plants, oil and gas facilities, district cooling plants and commercial/office buildings	30 September 2022		55,295,995	8,486,315	15.3	8,406,771	15.2
Sunway Engineering Sdn Bhd <sup>d</sup>	Provision of mechanical, engineering works and to engage in the business of solar photovoltaic investment and related activities	31 December 2022		431,140,318	41,789,729	9.7	31,953,976	7.4
T.T.E Engineering Sdn Bhd	Provision of design and build construction of building HVAC, clean room systems, electrical supply and other related utility systems	31 December 2022		383,756,210	15,600,543	4.1	11,766,346	3.1
Wah Loon (M) Sdn Bhd	Provision of mechanical and electrical services, air conditioning and mechanical ventilation systems, and fire protection systems	31 December 2022		81,289,109	-12,799,532	-15.7	-9,710,551	-11.9

**Notes:**

The key industry players were identified based on publicly available sources, such as the internet, published documents and industry directories. The following criteria was adopted in identifying comparable industry players based on publicly available sources:

- Companies that are involved in the provision of MEP engineering solutions; and/or
- Companies that are involved in the provision of MEP maintenance and services.

<sup>a</sup> Save for Critical Holdings Berhad, based on publicly available information sourced from the annual reports and websites of identified industry players

<sup>b</sup> Listed on the Main Market of Bursa Malaysia Securities Berhad

<sup>c</sup> Listed on the ACE Market of Bursa Malaysia Securities Berhad

<sup>d</sup> Wholly owned subsidiary of Sunway Construction Group Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad

<sup>e</sup> May include revenue derived from other businesses as segmental revenue is not publicly available from the audited financial statements of the identified private companies from the Companies Commission of Malaysia

<sup>f</sup> Computed in relation to group revenue

Latest available as at 31 October 2023

Source: Various annual reports, company websites, Companies Commission of Malaysia, PROVIDENCE analysis

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## 9. RISK FACTORS

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**Before investing in our Shares, you should pay particular attention to the fact that we and to a large extent, our business and operations are subject to legal, regulatory and business risks where we operate. Our operations are also subject to a number of factors, many of which are outside our control. Before making an investment decision, you should carefully consider, along with the other matters in this Prospectus, the risks and investment considerations set out below.**

### 9.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

#### 9.1.1 **Our operations require us to obtain and maintain certificates of registration with the CIDB and the loss of such registrations could significantly affect our business**

We are required to obtain and hold valid certificates of registration issued by the CIDB in order for us to operate our business. As at the LPD, Critical M&E and Critical Sales & Services are both registered with the CIDB as Grade G7 contractors which allows us to undertake projects without any restrictions on the project value.

To maintain such certificates of registration, we are required to comply with the relevant standards and conditions imposed by the CIDB and the Ministry of Finance, including the need to notify the CIDB on projects that we have secured and to provide the corresponding required information on these projects. Failure to do so may result in the downgrading, suspension or revocation of our registration, subject to reinstatement by the CIDB, or a penalty to be imposed on our Group by the CIDB. When seeking for renewal of such certificates of registration upon its expiry, we may be exposed to the risk of delay or non-renewal of these certificates of registration.

If we are unable to maintain or renew our certificates of registration with the CIDB, we will be restricted or prohibited from providing MEP Engineering Solutions, hence our business and financial position may be adversely affected.

#### 9.1.2 **Our business is dependent on our ability to replenish and ensure the continuity of our order book**

Our financial performance depends on our ability to secure new projects to sustain our order book. If we are unable to secure new orders and replenish our order book. It would adversely affect our sustainability and future financial performance. As the nature of our business is project-based, there is a risk that we would not be able to continuously secure new projects, nor can we assure that the new projects we secure will be commercially favourable to us.

Our order book is approximately RM264.53 million as at the LPD of which RM154.53 million is expected to be realised by the FYE 2024 and RM110.00 million between FYE 2025 and FYE 2027. As at the LPD, our Group is currently tendering for 23 projects with focus areas in plantrooms, cleanrooms and data centres, collectively totalling RM253.04 million in contract value. From this, the majority of these tendered projects are relating to plantroom and our role as a subcontractor. Please refer to Section 7.2.1 of this Prospectus for more details. There can be no assurance that we will be able to sustain such level of order book in the future. Further, our order book is also subject to the risk of unexpected delays, cancellations or scope adjustments that may occur from time to time, which could contribute to a reduction in the value of our order book.



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**9. RISK FACTORS (CONT'D)**

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**9.1.3 We are dependent on the supply and quality of services of our subcontractors and suppliers to complete our projects**

We regularly engage subcontractors to perform or assist us in performing certain works specifically services requiring specialised expertise, skills and/or licences and specialised machinery and/or equipment or due to limitation of manpower to carry out the workload. We or our subcontractors also engage and coordinate with suppliers of equipment, systems, products and parts that are required for the projects we undertake. As at the LPD, our internal approved list of subcontractors and suppliers comprises 239 subcontractors and 226 suppliers.

Save for some projects where the subcontractors are selected by our clients, we typically appoint subcontractors from a shortlisted list by taking into consideration the project requirements and specifications, the quotations submitted by the suppliers, the suppliers' abilities to deliver contracted services on a timely and satisfactory basis as well as our past working experiences and relationships with the suppliers. Upon negotiation on the pricing and scope of works, we will subsequently issue purchase orders to the designated subcontractors outlining the descriptions, costs and due dates of deliverables before the commencement of the contracted works.

Since our subcontractors do not have a direct contractual relationship with our clients, we supervise and are responsible for the works of our subcontractors, and thus are subject to risks associated with any suboptimal or late performance by our subcontractors. Subcontractor failures are generally in the form of delays or poor workmanship that does not meet the contractual specifications. This may adversely affect our ability to complete our projects based on the project timeline stipulated in the contractual agreements, which as a result, may render us liable to potential claims for LAD by our clients.

In such event, although we may attempt to seek compensation from the relevant subcontractors, we may be required to compensate our clients prior to receiving any compensation from the relevant subcontractors, if at all. If no corresponding claim can be asserted against a subcontractor or the claim amount cannot be recovered in full, we may be required to bear some or all the costs of the claims, in which case our financial performance could be adversely affected. Our Group has not encountered any LAD claims due to the quality of subcontracted works during the FYE Under Review and up to the LPD.

**9.1.4 We derive a significant portion of our revenues from our top 5 customers**

Our revenue from our top 5 customers collectively accounted for approximately 46.42%, 64.17%, 65.94% and 67.44% of our total revenues for the FYE 2020, FYE 2021, FYE 2022 and FYE 2023, respectively. Further details of our major customers and their respective revenue contributions are set out in Section 7.14 of this Prospectus.

From our top 5 customers, we are dependent on Tialoc Malaysia Sdn Bhd which contributed to 17.02%, 17.04%, 20.93% and 35.46% of our Group's revenues for FYE 2020, FYE 2021, FYE 2022 and FYE 2023 respectively. Our Group was engaged by Tialoc Malaysia Sdn Bhd as a subcontractor for MEP Engineering Solutions projects for MNCs based in Pulau Pinang. We expect that Tialoc Malaysia Sdn Bhd will continue to contribute to our Group's revenue in the future. As at the LPD, our Group has order book of RM9.13 million for the projects from Tialoc Malaysia Sdn Bhd and the duration of these projects is up to FYE 2024.

As our revenue streams depend on contracts awarded to us on a project-by-project basis, the revenue that we secure from our major customers vary on a year-to-year basis. The contracts that we enter into with our customers typically range between 3 months to 24 months, depending on the scope of services in which we have been engaged to perform. There is no assurance that we will continue to secure contracts from these customers as we do not have long-term agreements with these customers. If these customers discontinue their business relationships with us, we may not be able to secure other customers who are able to contribute similar proportion of revenue on a timely basis.

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## **9. RISK FACTORS (CONT'D)**

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### **9.1.5 We are liable for LAD if we fail to complete our projects within the stipulated contract period**

The timely completion of projects that we undertake is dependent on various external factors inherent in our industry which are beyond our control including, amongst others, the timely receipt of requisite licences, permits or regulatory approvals, availability of equipment and labour, availability of financing at reasonable rates and terms as well as satisfactory performance of the engaged subcontractors.

Project delays can also arise due to client delays as well as variations in scope of works and project implementation timelines, which are also beyond our control. There can be no assurance that we will be able to substantiate and obtain the extensions of time required from our clients to complete our contracted works and avoid the imposition of LAD.

Any adverse developments in relation to the abovementioned factors can lead to interruptions and delays in completing a project, which may result in our clients imposing LAD on us that could have a material effect on our profitability and cash flows. Our Group has not encountered any LAD claims during the FYE Under Review and up to the LPD.

### **9.1.6 We are dependent on our Executive Directors and key senior management**

We attribute the success of our Group to the experience, knowledge and network of our Executive Directors and key senior management who possess relevant engineering qualifications and/or have accumulated in-depth knowledge and experience in the industry. Please refer to Sections 5.1.2 and 5.2.2 of this Prospectus for their profiles.

We believe that our continued success and future business growth will depend, to a certain extent, on the abilities and continuous efforts of our Executive Directors and key senior management. They play a significant role in developing and implementing our Group's business strategies. The loss of any of our Executive Directors and key senior management simultaneously or within a short time and failure to find suitable replacements in a timely manner could adversely affect our continued ability to manage our operations effectively and competitively.

### **9.1.7 Our operations are dependent on our ability to attract and retain a skilled workforce**

Due to the specialised and technical nature of the services we provide for critical facilities, our Group's future prospects are dependent on the abilities, knowledge, experience and competency of our skilled personnel. We rely on the availability of our skilled personnel for the provision of MEP Engineering Solutions as well as MEP Maintenance and Services.

Therefore, our ability to attract and retain a competent base of skilled workforce is crucial for our business to continue growing and achieving favourable performance. Should these skilled personnel leave our Group simultaneously or within a short span of time without suitable or timely replacement, this could have an adverse impact on our business operations and the overall performance of our Group.

### **9.1.8 We are exposed to project cost overruns, project delays and credit risk**

Our revenue is mainly derived from project-based contracts and the revenue recognition for any particular year is dependent on the stage of completion of the projects. Project contracts in our order book are fixed price contracts where the price is determined upfront at the time of tendering for the project.

We may be exposed to the risk of underestimating project costs, arising from, among others, our underestimation of the complexity of work, or increase in actual project costs due to factors beyond our control, such as longer project implementation period due to unscheduled delays in readiness of site, increases in cost of labour, equipment and supplies. In such events, we may incur cost overruns which will affect our cash flows and financial performance.

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**9. RISK FACTORS (CONT'D)**

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Further, our clients make progressive payments based on completed works or milestones achieved pursuant to contracts and/or purchase orders, whereby our Group typically grants credit terms from 30 to 90 days to our clients. In the event of delay or default in payment by our clients, our cash flows and financial performance may be affected.

There is no guarantee that our clients will be able to fulfil their payment obligations within our credit terms and that we will not encounter any collection problems in the future. Any default or delay in the collection of payment will lead to impairment losses on trade receivables or bad debts which may impact our financial performance. During FYE 2023, we impaired a trade receivable of RM0.25 million which was long outstanding from 1 client. Save for this, we have not impaired for any credit loss or experienced any material delay or default in payment by our clients for the FYE Under Review and up to the LPD.

**9.1.9 We are subject to potential defects liability claims**

A defects liability period is imposed on us in relation to the contracts that we secure. The defects liability period commences upon issuance of the Certification of Practical Completion and generally covers a period of between 12 months to 24 months.

We bear the costs associated with any claims by our clients and these are charged as our costs of sales for the respective projects. Any material defects liability claims by our clients could have an adverse impact on our operations, cash flows and financial performance.

We maintain back-to-back defects liability periods with our subcontractors and suppliers for services and products that we procure from them. Notwithstanding this, we are still exposed to potential defects liability claims in respect of the project management role that we undertake for our MEP projects to the extent that it may affect project delivery timeline, work quality, and ultimately our reputation among our existing and potential customers. We have established and implemented a quality management system in accordance with the ISO 9001:2015 standards and requirements. However, there is no guarantee that we will always be able to effectively carry out our role as project manager in our MEP projects.

Our Group has not encountered any defects liability claims during the FYE Under Review and up to the LPD.

**9.1.10 We are exposed to operational risks**

Our operations are exposed to day-to-day operational risks, which include the risk of fire, flood, disruption in supply of utilities, breakdown of equipment and logistics failure. The occurrence of these risks will cause significant disruptions to our business operations and could have an adverse effect on our business and financial performance. There can be no assurance that our existing operations and procedures will be adequate to avoid the occurrence of the aforementioned risks.

We maintain corporate insurance coverage at levels that are customary in the industry in which we operate to protect against various losses and liabilities as a result of the abovementioned operational risks. At a Group level, we presently maintain the following insurance policies: workmen compensation, erection all risk, public liability, brick wall, on all plate glass, fire commercial, medical insurance and personal accident, which collectively have a total insured amount of RM28.25 million. Our Group also takes additional erection all risk and workmen compensation insurance policies at the commencement of each new project.

In the FYE 2022, we were liable for a fire loss claim by our client amounting to approximately RM0.75 million due to the breakdown of equipment supplied and installed by our subcontractor. A total of 90.00% of the costs of the fire loss claim was covered by our existing insurance plan due to insurance excess, with the remaining 10.00% was borne by us due to goodwill. Our Group was engaged as the main contractor by an MNC in Pulau Pinang for this particular project.

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## **9. RISK FACTORS (CONT'D)**

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There can be no assurance that our existing insurance coverage is sufficient to compensate for claims arising from any of the above incidents in the future.

### **9.1.11 Our business may be affected by outbreaks of diseases and pandemics**

Our business is exposed to risks in respect of outbreaks of the COVID-19 pandemic and any other possible future diseases/pandemics, which could adversely affect our business operations and financial performance, to the extent that it would cause interruptions to our on-site operations and supply chain.

As our billings are based on progressive payments based on the percentage of works completed or the achievement of milestones, we may experience delays in our billings in the event our on-site operations are temporary suspended as part of measures to contain the spread of future diseases/pandemics. Any suspension in our on-site operations may lead to delays or changes in our work and delivery schedule, and may adversely impact the business and financial conditions of our Group.

There can be no assurance that there will not be another severe spike in COVID-19 cases or that another pandemic of a similar nature will not happen in the future. Should there be a severe spike in COVID-19 cases or an outbreak of future diseases/pandemics of similar nature, local and global economic conditions may be negatively affected, thus leading to an adverse effect on our business, financial condition and future prospects.

## **9.2 RISKS RELATING TO OUR INDUSTRY**

### **9.2.1 We are subject to political, social, economic and regulatory conditions of Malaysia**

Our Group's business operations and financial performance may be adversely affected by the developments in the political, social, economic and regulatory conditions in Malaysia. Political, social, economic and regulatory uncertainties include, but are not limited to, change in government policies, change in licensing requirements, change in tax policies, change in credit and lending policies, economic downturns, interest rate environment and foreign exchange controls.

While we continue to take relevant measures such as ensuring efficient operating procedures and prudent planning in our financial management, there can be no assurance that adverse political, social, economic and regulatory conditions will not materially affect our Group.

### **9.2.2 We are dependent on the end user markets of our clients**

The business of our Group is dependent on the developments of end user markets of our clients. The end user markets of our clients may be adversely affected by numerous factors such as political, social, economic and regulatory risks as well as decrease in demand for their products and services. A negative performance in the end user markets of our clients may affect the demand for our services and may lead to an adverse impact on our business operations and financial performance.

A negative performance in the end user markets of our clients may result in the industry attracting lesser foreign direct investments, thereby affecting the expansion plans of our clients and consequently leading to lower demand for our services.

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## **9. RISK FACTORS (CONT'D)**

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### **9.2.3 We face competition from other industry players**

We face competition from other industry players who also provide MEP Engineering Solutions for critical facilities. Industry players compete amongst each other in terms of reputation, track record, resources, technical expertise, range and quality of services as well as timeliness of project delivery. The range of services offered by MEP engineering industry players differ depending on their capabilities, with some industry players being able to offer design, installation, testing and commissioning expertise, while other industry players may only possess installation capabilities. There are distinct barriers to entry, with industry players possessing a CIDB license, experienced employees with engineering experience who can carry out planning and design as well as MEP engineering project management and project track record.

Competitive bidding from our competitors may result in us losing the tenders against our competitors. We may also have to lower our prices to match our competitors in order to retain our existing contracts.

There can be no assurance that we can or will remain competitive among our existing or new competitors in light of changing client's requirements and competitive business environments.

## **9.3 RISKS RELATING TO INVESTMENT IN OUR SHARES**

### **9.3.1 The offering of our Shares may not result in an active liquid market for our Shares**

Prior to our Listing, there has been no public market for our Shares. Hence our Listing does not guarantee that it will develop an active market for the trading of our Shares, or if developed, such market can be sustained.

The IPO Price has been determined after taking into consideration a number of factors, including but not limited to, our Group's financial performance, operating history and condition, the prospects of our Group and the industry in which our Group operates and the prevailing market conditions.

Further, as we are seeking listing on the ACE Market, investment in our Shares may be of a higher investment risk as compared to companies listed on the Main Market of Bursa Securities and that there is no assurance that there will be a liquid market for our Shares traded on the ACE Market. Please refer to the cautionary statement disclosed in the cover page of this Prospectus.

As such, the price at which our Shares will trade on the ACE Market is dependent on market forces beyond our control.

There is also no assurance as to the liquidity of the market that may develop for our Shares, the ability of holders to sell our Shares or the prices at which holders would be able to sell our Shares.

### **9.3.2 The trading price and trading volume of our Shares may be volatile**

The trading price and volume of our Shares may fluctuate due to various factors which are not within our control and may be unrelated or disproportionate to our financial results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

The performance of Bursa Securities is also affected by external factors such as the performance of the regional and world bourses, inflow or outflow of foreign funds, economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our Shares.

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## **9. RISK FACTORS (CONT'D)**

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### **9.3.3 We may not be able to declare dividends to our shareholders**

It is the intention of our Board to recommend and distribute a dividend of up to 25% of the profit attributable to the owners of the Company. However, our Group's ability to distribute dividends to our shareholders is dependent on, amongst others, our future financial performance, cash flow positions, capital requirements as well as the implementation of our business plans.

There can be no assurance that we will be able to pay dividends to our shareholders. If we do not pay our shareholders dividends, or if the dividends paid are lower compared to levels anticipated by our investors, the market price of our Shares may be negatively affected, reducing the value of any investment in our Shares.

### **9.3.4 Our Listing may be delayed or aborted**

Our Listing may be delayed or aborted should any of the following events occur:

- (i) we are unable to meet the public shareholding spread requirements under the Listing Requirements, where at least 25.00% of our total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders, with each holding not less than 100 Shares at the point of our Listing;
- (ii) MIDF Investment exercising its rights under the Underwriting Agreement or under the placement agreement, discharges itself from its obligations therein; and
- (iii) revocation of approvals from relevant authorities for our Listing.

Should any of the events occur, investors will not receive any Shares, and all monies paid in respect of the Application will be returned in full without interest within 14 days, failing which the provisions of Section 243(2) of the CMSA will apply.

If our Listing is aborted and our Shares have been allotted to the investors, the return of monies to investors could only be achieved by way of cancellation of share capital as provided under Section 116 or 117 of the Act and its related rules. Such cancellation requires, among others, the sanction of our shareholders by special resolution in a general meeting and consent of our creditors (if required). There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

## **9.4 OTHER RISKS**

### **9.4.1 The interest of our specified shareholders who control our Company may not be aligned with the interest of our other shareholders**

Upon Listing, our specified shareholders will collectively hold an aggregate of 260,217,100 Shares, representing approximately 70.00% of our enlarged number of issued Shares. As a result, our specified shareholders will have significant influence on the outcome of certain matters requiring the vote of our shareholders unless they are required to abstain from voting by law and/or the relevant guidelines or regulations.

As a result, our specified shareholders will be able to effectively control the business direction and management of our Group. This will include the election of Directors, timing and payment of dividends as well as having voting controls over our Group. Therefore, our specified shareholders will likely influence the outcome of certain matters which require the vote of our shareholders, unless they and persons connected with them are abstained from voting, either by law, relevant guidelines or regulations. As such, there exists a risk of non-alignment of interests by our specified shareholders with those of our other shareholders.

**10. RELATED PARTY TRANSACTIONS**

**10.1 RELATED PARTY TRANSACTIONS**

**10.1.1 Related party transactions entered into by our Group**

Save as disclosed below, there is no other related party transaction, existing or proposed, entered or to be entered into by our Group which involves the interest, direct or indirect, of our Directors, substantial shareholders and/or persons connected with them for the FYE Under Review and the subsequent period up to the LPD:

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2020		FYE 2021		FYE 2022		FYE 2023		1 July 2023 up to the LPD	
				RM'000/	%	RM'000/	%	RM'000/	%	RM'000/	%	RM'000/	%
(i)	<u>Landlord</u> Ir. Tan Si Lim and Ir. Chow Chin Seang	<u>Interested Directors</u> Ir. Tan Si Lim and Ir. Chow Chin Seang <sup>(1)</sup>	Rental of property to Critical M&E for use of office <sup>(2)</sup>	-	-	55 / 1.78%	(a)	55 / 1.21%	(a)	-	-	-	-
	<u>Tenant</u> Critical M&E												
(ii)	<u>Purchasers</u> Ir. Tan Si Lim and Ir. Chow Chin Seang	<u>Interested Directors</u> Ir. Tan Si Lim and Ir. Chow Chin Seang <sup>(1)</sup>	The disposal of the property, being a non-core asset of our Group, by Critical M&E (as the vendor) to Ir. Tan Si Lim and Ir. Chow Chin Seang (as purchasers) <sup>(3)</sup> .	-	-	-	-	-	-	998 / 4.54%	(b)	-	-
	<u>Vendor</u> Critical M&E												

**10. RELATED PARTY TRANSACTIONS (CONT'D)**

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2020 RM'000/%	FYE 2021 RM'000/%	FYE 2022 RM'000/%	FYE 2023 RM'000/%	1 July 2023 up to the LPD RM'000/%
(iii)	Sub-contractor Critical Sales & Services  Client Various Management Services Sdn Bhd <sup>(4)</sup> (formerly known as Critical Facility Solutions Sdn Bhd)	Interested Directors Ir. Tan Si Lim and Ir. Chow Chin Seang <sup>(1)</sup>	Servicing and maintenance services for CRAC and UPS <sup>(5)</sup> .	7 / Negligible <sup>(c)</sup>	8 / Negligible <sup>(c)</sup>	-	-	-

**Notes:**

- (a) Based on our Group's administrative expenses for each of the respective FYE.
- (b) Based on our Group's audited net assets as at 30 June 2023 of RM22.00 million.
- (c) Based on our Group's audited revenue for each of the respective FYE.
- (1) Both Ir. Tan Si Lim and Ir. Chow Chin Seang are our directors and substantial shareholders. Prior to the Acquisitions, Ir. Tan Si Lim and Ir. Chow Chin Seang each held 50% of the share capital of Critical M&E and Critical Sales & Services.
- (2) Critical M&E entered into tenancy agreements dated 1 July 2020 and 1 July 2021 with Ir. Tan Si Lim and Ir. Chow Chin Seang for the rental of Unit 2A and Unit 6, Changkat Bukit Belah, 11920 Bayan Lepas, Pulau Pinang for the periods from 1 July 2020 to 30 June 2021 and 1 July 2021 to 30 June 2022. The monthly rental for Unit 2A and Unit 6, Changkat Bukit Belah, 11920 Bayan Lepas, Pulau Pinang were RM2,300.00 each which was determined based on the then prevailing market rental rate of a comparable property located directly behind the rented properties. These tenancy agreements have expired on 30 June 2022.



**10. RELATED PARTY TRANSACTIONS (CONT'D)**

- (3) Critical M&E entered into a sale and purchase agreement dated 28 March 2022 with Ir. Tan Si Lim and Ir. Chow Chin Seang for the disposal of a 3-storey terrace house (freehold) bearing the postal address No. 8 Changkat Bukit Belah, 11920 Bayan Lepas, Pulau Pinang at a total consideration of RM998,000. The market value of the property as appraised by Messrs. Raine & Horne on 13 April 2022 was RM1,000,000. The purchase consideration paid by Ir. Tan Si Lim and Ir. Chow Chin Seang to Critical M&E of RM998,000, is marginally below the market value of RM1,000,000. The difference of RM2,000 is to compensate the purchasers i.e. Ir. Tan Si Lim and Ir. Chow Chin Seang for the cost to be incurred to restore access into the property (i.e. there is no main entrance to the said property and it is only accessible via the unit next to it as the main entrance of the property was previously demolished and covered with plastered brick wall). The NBV of the said property at the point of disposal was RM704,589.
- (4) Various Management Services Sdn Bhd  
Both Ir. Tan Si Lim and Ir. Chow Chin Seang were directors and shareholders of Various Management Services Sdn Bhd. Ir. Chow Chin Seang resigned as directors of Various Management Services Sdn Bhd on 10 October 2018 and disposed of his 1 share in the company to Tan Si Lim on 12 March 2021. Subsequently, Ir. Tan Si Lim resigned as director of Various Management Services Sdn Bhd on 15 March 2022 and disposed of his entire shareholding in the company on 24 March 2022.
- (5) Critical Sales & Services provided servicing and maintenance services to Various Management Services Sdn Bhd for their clients and the costs of the servicing and maintenance services provided were transacted on an arms' length basis and were based on normal commercial terms as the fees were charged based on the prevailing market rates. Our Group has not provided any services to Various Management Services Sdn Bhd after FYE 2021.

Our Directors (save for Ir. Tan Si Lim and Ir. Chow Chin Seang, who abstained from deliberation as they were interested in the transaction) are of the view that the related party transactions entered into by our Group were carried out on an arm's length basis and on normal commercial terms which are not more favourable to the related party than those generally available to the public and are not to the detriment to our Group i.e. rental rate and service and maintenance services cost were based on prevailing market rates, and the total consideration for the sale and purchase of property (after taking into consideration the expenses to be incurred to restore accessibility to the property) was equivalent to the market value of the property.

After the Listing, we will be required to seek our shareholders' approval each time we enter into material related party transactions in accordance with the Listing Requirements. Our Audit and Risk Management Committee will review the terms of all related party transactions.

**10.2 RELATED PARTY TRANSACTIONS THAT ARE UNUSUAL IN NATURE OR CONDITION**

Our Directors have confirmed that there are no transactions that were unusual in its nature or condition, involving goods, services, tangible or intangible assets, to which we were a party in respect of the FYE Under Review and up to the LPD.

**10.3 LOANS AND/OR FINANCIAL ASSISTANCE MADE TO OR FOR THE BENEFIT OF RELATED PARTIES**

Our Directors have confirmed that there is no loan (including guarantees of any kind) and/or financial assistance made by us to or for the benefit of related parties for the FYE Under Review and up to the LPD.

**10. RELATED PARTY TRANSACTIONS (CONT'D)**

**10.4 LOANS AND/OR FINANCIAL ASSISTANCE FROM RELATED PARTIES FOR THE BENEFIT OF OUR GROUP**

The following table sets out the loans (including guarantees of any kind) and/or financial assistance from related parties for the benefit of our Group for the FYE Under Review and as at the LPD:

**(i) Financiers**

No.	Transacting parties	Nature of transaction and purpose	Outstanding amount				As at the LPD RM'000
			As at 30 June				
			2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	
(i)	Ir. Tan Si Lim and Ir. Chow Chin Seang, as guarantors	Ir. Tan Si Lim and Ir. Chow Chin Seang had given personal, joint and several guarantees as the directors of Critical M&E, in favour of Public Islamic Bank Berhad for the facility granted in the sum of RM598,800 <sup>(1)</sup> .  The facility obtained is for the purpose of partially financing the purchase of one (1) unit of 3- storey terrace house with Lot PT No 20259, Mukim 11 Daerah Barat Daya, Negeri Pulau Pinang bearing postal address No. 8 Changkat Bukit Belah, 11920, Bayan Lepas, Pulau Pinang.	558	535	511	-	-
(ii)	Ir. Tan Si Lim and Ir. Chow Chin Seang, as guarantors	Ir. Tan Si Lim and Ir. Chow Chin Seang had given personal joint and several guarantees as the directors of Critical M&E, in favour of RHB Bank Berhad for the facility granted in the sum of RM3,504,000.  The facility obtained is for the purpose of partially financing the purchase of BK Factory.	2,052	2,533	2,436	2,355	3,323
(iii)	Ir. Tan Si Lim and Ir. Chow Chin Seang, as guarantors	Ir. Tan Si Lim and Ir. Chow Chin Seang had given personal joint and several guarantees as the directors of Critical M&E, in favour of Maybank Islamic Berhad for the facility granted in the sum of RM2,500,000.  The facility obtained is for the purpose of meeting working capital requirements.	289	303	1,953	1,765	1,765

**10. RELATED PARTY TRANSACTIONS (CONT'D)**

No.	Transacting parties	Nature of transaction and purpose	Outstanding amount					As at the LPD RM'000
			As at 30 June					
			2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000		
(iv)	Ir. Tan Si Lim and Ir. Chow Chin Seang, as guarantors	Ir. Tan Si Lim and Ir. Chow Chin Seang had given personal joint and several guarantees as the directors of Critical Sales & Services, in favour of Maybank Islamic Berhad for the facility granted in the sum of RM1,000,000.	-	-	169	*	-	
		The facility obtained is for the purpose of meeting working capital requirements.						
(v)	Ir. Tan Si Lim and Ir. Chow Chin Seang, as guarantors	Ir. Tan Si Lim and Ir. Chow Chin Seang had given personal joint and several guarantees as the directors of Critical M&E, in favour of CIMB Islamic Bank Berhad for the facility granted in the sum of RM14,130,000.	-	-	-	2,940	4,008	
		The facility obtained is for the purpose of meeting working capital requirements.						
(vi)	Ir. Tan Si Lim and Ir. Chow Chin Seang, as guarantors	Ir. Tan Si Lim and Ir. Chow Chin Seang had given personal joint and several guarantees as the directors of Critical Sales & Services, in favour of Alliance Bank (Malaysia) Berhad for the facility granted in the sum of RM5,000,000.	-	-	-	1,924	1,924	
		The facility obtained is for the purpose of meeting working capital requirements.						
(vii)	Ir. Tan Si Lim and Ir. Chow Chin Seang, as guarantors	Ir. Tan Si Lim and Ir. Chow Chin Seang had given personal joint and several guarantees as the directors of Critical M&E, in favour of United Overseas Bank (Malaysia) Berhad for the facility granted in the sum of RM3,000,000.	-	-	-	-	2,403	
		The facility obtained is for the purpose of meeting working capital requirements.						

**10. RELATED PARTY TRANSACTIONS (CONT'D)**

Transacting No.	Nature of transaction and purpose	Outstanding amount				As at the LPD RM'000
		As at 30 June				
		2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	
(viii)	Ir. Tan Si Lim and Ir. Chow Chin Seang had given personal joint and several and Ir. Chow guarantees as the directors of Critical Sales & Services, in favour of United Chin Seang, as Overseas Bank (Malaysia) Berhad for the facility granted in the sum of guarantors RM1,000,000.	-	-	-	-	938
	The facility obtained is for the purpose of meeting working capital requirements.					

**Notes:**

\* Negligible.

(1) The property has been disposed to Ir. Tan Si Lim and Ir. Chow Chin Seang, details as set out in Section 10.1.1 of this Prospectus and the loan has been fully redeemed and settled. Hence the personal, joint and several guarantees are no longer applicable. The sale and purchase agreement was completed on 30 August 2022.

In conjunction with the Listing, our Group had written to the abovementioned financiers to discharge and/or release the guarantees provided by Ir. Tan Si Lim and Ir. Chow Chin Seang by substituting the same with a corporate guarantee to be provided by our Company. As at the LPD, we have received conditional approvals from our Group's financiers to discharge the personal joint and several guarantees provided by our Directors which are subject to the successful Listing of our Group.

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## **10. RELATED PARTY TRANSACTIONS (CONT'D)**

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### **(ii) Suppliers**

Our Directors namely, Ir. Tan Si Lim and Ir. Chow Chin Seang have jointly over the ordinary course business provided their personal guarantees for the purchases on credit terms by certain suppliers.

As at the LPD, all guarantees provided by Ir. Tan Si Lim and Ir. Chow Chin Seang to our Group's suppliers have been discharged and/or released by substituting the same with a corporate guarantee provided by our Company.

Moving forward, any guarantees of such nature will be provided by our Company, if required.

## **10.5 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST**

### **10.5.1 Audit and Risk Management Committee review**

Our Audit and Risk Management Committee assesses the financial risk and matters relating to related party transactions and conflicts of interest situations that may arise within our Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity. Our Audit and Risk Management Committee maintains and periodically reviews the adequacy of the procedures and processes set by our Company to monitor related party transactions and conflicts of interest. It also sets the procedures and processes to ensure that transactions are carried out in the best interest of our Company on normal commercial terms that are industry norms and not more favourable to the related party than those generally available to third parties dealing at arm's length basis and are not to the detriment of the interest of our Company's minority shareholders. Amongst others, the related parties and parties who are in a position of conflict with the interest of our Group will be required to abstain from deliberations on the transactions.

Any reviews on the related party transactions by our Audit and Risk Management Committee are reported to our Board for its further deliberation.

### **10.5.2 Our Group's policy on related party transactions and conflicts of interest**

Related party transactions by their nature, involve a conflict of interest between our Group and the related parties with whom our Group has entered into such transactions. As disclosed in this Prospectus, certain Directors and/or major shareholders of our Group who are also the directors and/or shareholders of the related parties of our Group, and in respect of these related party transactions, may individually and collectively, give rise to potential conflicts of interest.

It is the policy of our Group that all related party transactions and conflicts of interest (including potential conflict of interest) must be immediately and fully disclosed by our interested or conflicted Directors or substantial shareholders to the management for reporting to our Audit and Risk Management Committee. Any related party transactions must be reviewed by our Audit and Risk Management Committee to ensure that they are negotiated and agreed upon in the best interest of our Company on an arm's length basis, and are based on normal commercial terms not more favourable to the related party than those generally available to third parties and are not to the detriment of the interest of our Company's minority shareholders.

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**10. RELATED PARTY TRANSACTIONS (CONT'D)**

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In addition, in line with the Listing Requirements and Malaysian Code on Corporate Governance 2021 and the Corporate Governance Guide, our Directors are required to make an annual disclosure of any related party transactions and conflicts of interest with our Group and our Audit and Risk Management Committee must carry out an annual assessment of our Directors which include an assessment of such related party transactions and/or conflicts of interest. Our Audit and Risk Management Committee will in turn report to our Board after their evaluation and assessment and make the appropriate recommendations to our Board.

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## **11. CONFLICT OF INTEREST**

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### **11.1 INTEREST IN ENTITIES CARRYING ON A SIMILAR TRADE OR CUSTOMERS OR SUPPLIERS OF OUR GROUP**

As at the LPD, none of our Directors or substantial shareholders has any direct or indirect interest in any entity which is carrying on a similar trade as our Group or is a customer or supplier of our Group.

### **11.2 DECLARATION BY THE ADVISERS ON CONFLICT OF INTEREST**

#### **11.2.1 Principal Adviser, Sponsor, Underwriter and Placement Agent**

Malaysia Building Society Berhad (“**MBSB**”) is the holding company of Malaysian Industrial Development Finance Berhad (“**MIDF**”) and MIDF Investment is a wholly-owned subsidiary of MIDF. MBSB, its subsidiaries and its related companies (collectively referred to as “**MBSB Group**”) are involved in diversified financial activities. MBSB Group has been engaged, and may in the future be engaged, in transactions with and/or perform services for MBSB Group and its affiliates, in addition to MIDF Investment’s role as the Principal Adviser, Sponsor, Underwriter and Placement Agent for the IPO. Further, in the ordinary course of business, any member of MBSB Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of MBSB Group and its affiliates or any other entity or transactions for its own account or the account of its customer. This is a result of the business of MBSB Group generally acting independent of each other and accordingly, there may be situations where parts of MBSB Group and/or its customers now have, or in the future, may have interest or take actions that may conflict with the said interest. Nonetheless, MBSB Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities, and Chinese Walls between different business divisions.

MIDF Investment has confirmed that there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Sponsor, Underwriter and Placement Agent for the IPO. The Underwriting Agreement, which certain details are set out in Section 4.10 of this Prospectus, was entered into on arm’s length basis and on market terms.

#### **11.2.2 Due Diligence Solicitors**

Olivia Lim & Co, has confirmed that it has no existing or potential conflict of interest in the Company and there is no existing or potential conflict of interest in its capacity as the Due Diligence Solicitors to our Group in relation to the Listing.

#### **11.2.3 Auditors and Reporting Accountants**

BDO PLT, has confirmed that it has no existing or potential conflict of interest in the Company and there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants to our Group in relation to the Listing.

#### **11.2.4 Independent Market Research Consultants**

Providence, has confirmed that it has no existing or potential conflict of interest in the Company and there is no existing or potential conflict of interest in its capacity as the IMR to our Group in relation to the Listing.

**12. FINANCIAL INFORMATION****12.1 HISTORICAL FINANCIAL INFORMATION**

The following historical combined financial information for the FYE Under Review have been extracted from the Accountants' Report as set out in Section 13 of this Prospectus.

The historical combined financial information below should be read in conjunction with the "Management's Discussion and Analysis of Financial Conditions and Results of Operations" in Section 12.2 of this Prospectus and our historical combined financial statements and the accompanying notes as set out in the Accountants' Report included in Section 13 of this Prospectus. Our historical combined financial statements have been prepared in accordance with MFRS and IFRS. Our audited combined financial statements for the FYE Under Review were not subject to any audit qualifications, modification and disclaimer.

**12.1.1 Combined Statements of Profit or Loss and Other Comprehensive Income**

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
Revenue	43,623	53,702	107,330	150,940
Less : Cost of sales	(36,356)	(44,043)	(91,521)	(128,798)
<b>GP</b>	<b>7,267</b>	<b>9,659</b>	<b>15,809</b>	<b>22,142</b>
Other operating income	39	122	136	498
Administrative expenses	(2,757)	(3,110)	(4,552)	(7,702)
Distribution expenses	(123)	(161)	(177)	(386)
Net (losses)/ gains on impairment of financial assets	(492)	203	47	(372)
Other operating expenses	(258)	(498)	(576)	(616)
<b>Profit from operations</b>	<b>3,676</b>	<b>6,215</b>	<b>10,687</b>	<b>13,564</b>
Finance costs	(126)	(150)	(248)	(371)
<b>PBT</b>	<b>3,550</b>	<b>6,065</b>	<b>10,439</b>	<b>13,193</b>
Tax expense	(908)	(1,304)	(2,542)	(3,603)
<b>PAT</b>	<b>2,642</b>	<b>4,761</b>	<b>7,897</b>	<b>9,590</b>
EBIT <sup>(1)</sup>	3,674	6,161	10,648	13,526
EBITDA <sup>(1)</sup>	3,932	6,658	11,222	14,124
GP margin (%) <sup>(2)</sup>	16.66	17.99	14.73	14.67
PBT margin (%) <sup>(3)</sup>	8.14	11.29	9.73	8.74
PAT margin (%) <sup>(3)</sup>	6.06	8.87	7.36	6.35
EPS (sen) <sup>(4)</sup>	0.89	1.60	2.66	3.22
Diluted EPS (sen) <sup>(5)</sup>	0.71	1.28	2.12	2.58

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**12. FINANCIAL INFORMATION (CONT'D)****Notes:**

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

	<b>Audited</b>			
	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>PAT</b>	<b>2,642</b>	<b>4,761</b>	<b>7,897</b>	<b>9,590</b>
Less:				
Interest income	(2)	(54)	(39)	(38)
Add:				
Finance cost	126	150	248	371
Taxation	908	1,304	2,542	3,603
<b>EBIT</b>	<b>3,674</b>	<b>6,161</b>	<b>10,648</b>	<b>13,526</b>
Add:				
Depreciation	258	497	574	598
<b>EBITDA</b>	<b>3,932</b>	<b>6,658</b>	<b>11,222</b>	<b>14,124</b>

- (2) Calculated based on GP divided by revenue.
- (3) PBT margin and PAT margin are calculated based on the respective PBT and PAT for the FYE Under Review divided by revenue.
- (4) Calculated based on PAT divided by our issued share capital of 297,391,000 Shares in issue before IPO.
- (5) Calculated based on PAT divided by our enlarged issued share capital of 371,739,000 Shares in issue after IPO.

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**12. FINANCIAL INFORMATION (CONT'D)****12.1.2 Combined Statements of Financial Position**

	Audited			
	As at 30 June			
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
<b>Non-current assets</b>				
Property, plant and equipment	3,653	3,921	(1)287	509
Right-of-use assets	1,210	959	1,411	1,414
Investment property	-	-	(1)2,930	2,909
Deferred tax assets	-	-	24	12
<b>Total non-current assets</b>	<b>4,863</b>	<b>4,880</b>	<b>4,652</b>	<b>4,844</b>
<b>Current assets</b>				
Inventories	-	24	-	-
Trade receivables	11,237	13,257	39,371	38,437
Other receivables	108	294	1,920	3,130
Contract assets	-	-	464	305
Cash and bank balances	4,418	7,241	7,234	9,708
<b>Total current assets</b>	<b>15,763</b>	<b>20,816</b>	<b>48,989</b>	<b>51,580</b>
Non-current assets held for sale	-	-	705	-
<b>Total assets</b>	<b>20,626</b>	<b>25,696</b>	<b>54,346</b>	<b>56,424</b>
<b>Equity</b>				
Invested equity	1,300	1,300	1,300	1,750
Reserves	4,456	7,617	13,514	20,254
<b>Total equity</b>	<b>5,756</b>	<b>8,917</b>	<b>14,814</b>	<b>22,004</b>
<b>Non-current liabilities</b>				
Borrowings	2,581	2,940	2,823	2,265
Lease liabilities	731	552	909	931
Deferred tax liabilities	46	81	-	8
<b>Total non-current liabilities</b>	<b>3,358</b>	<b>3,573</b>	<b>3,732</b>	<b>3,204</b>
<b>Current liabilities</b>				
Trade payables	9,990	11,051	31,692	28,204
Other payables	272	163	2,528	563
Contract liabilities	-	-	241	154
Borrowings	318	431	480	1,233
Lease liabilities	247	235	277	369
Current tax liabilities	685	1,326	582	693
<b>Total current liabilities</b>	<b>11,512</b>	<b>13,206</b>	<b>35,800</b>	<b>31,216</b>
<b>Total liabilities</b>	<b>14,870</b>	<b>16,779</b>	<b>39,532</b>	<b>34,420</b>
<b>Total equity and liabilities</b>	<b>20,626</b>	<b>25,696</b>	<b>54,346</b>	<b>56,424</b>

**Note:**

- (1) The BK Factory was initially recognised in property, plant and equipment prior to FYE 2022 as our Group had acquired the property with the intention of relocating our operations to this premise in late 2021 / early 2022. However, our Group did not proceed with this plan due to mobility and accessibility of the BK Factory premise for our employees who mainly reside in Pulau Pinang island. Thus, in FYE 2022, we reclassified BK Factory from property, plant and equipment to investment property upon renting the factory building out to a third party. Prior to renting out BK Factory to the third party, the BK Factory was vacant.

**12. FINANCIAL INFORMATION (CONT'D)****12.1.3 Historical combined statements of cash flows**

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from operating activities</b>				
PBT	3,550	6,065	10,439	13,193
Adjustments for:				
Depreciation of property, plant and equipment	123	122	125	102
Depreciation of right-of-use assets	135	375	435	474
Depreciation of investment property	-	-	14	22
Loss/(Gain) on disposal of property, plant and equipment	19	1	(85)	-
Gain on disposal of non-current asset held for sale	-	-	-	(293)
Property, plant and equipment written off	-	-	-	1
Gain on disposal of right-of-use assets	-	(19)	-	-
Impairment loss on trade receivables	492	46	132	373
Reversal of impairment losses on trade receivables	-	(249)	(179)	-
Interest expenses	126	150	248	371
Interest income	(2)	(54)	(39)	(38)
Net unrealised loss on foreign exchange	*	1	*	13
Operating profit before working capital changes	<b>4,443</b>	<b>6,438</b>	<b>11,090</b>	<b>14,218</b>
Changes in working capital:				
(Increase)/Decrease in inventories	-	(24)	24	-
Increase in trade and other receivables	(7,224)	(2,003)	(27,693)	(649)
(Increase)/Decrease in contract assets	-	-	(464)	159
Increase/(Decrease) in trade and other payables	3,606	952	21,006	(3,453)
Increase/(Decrease) in contract liabilities	-	-	241	(87)
Cash generated from operations	825	5,363	4,204	10,188
Interest paid	(107)	(111)	(206)	(312)
Interest received	2	54	39	38
Tax paid	(591)	(628)	(3,391)	(3,602)
Tax refunded	5	-	-	130
<b>Net cash from operating activities</b>	<b>134</b>	<b>4,678</b>	<b>646</b>	<b>6,442</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(1,476)	(410)	(147)	(325)
Purchase of right-of-use assets	(326)	-	(209)	(20)
Placement of deposits with licensed banks with maturity of more than 3 months	-	(920)	(28)	(29)
Proceeds from disposal of property, plant and equipment	*	19	92	-
Proceeds from disposal of non-current asset held for sale	-	-	-	998
Proceeds from disposal of right-of-use assets	-	33	-	-
<b>Net cash (used in)/from investing activities</b>	<b>(1,802)</b>	<b>(1,278)</b>	<b>(292)</b>	<b>624</b>

**12. FINANCIAL INFORMATION (CONT'D)**

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from financing activities</b>				
Proceeds from issuance of new ordinary shares	-	-	-	*
Dividend paid	-	(1,600)	-	(4,400)
Net drawdown/(repayments) of term loans	1,407	458	(121)	(592)
Drawdown of bankers' acceptances	-	-	168	891
Payments of lease liabilities	(190)	(368)	(321)	(401)
<b>Net cash from/(used in) financing activities</b>	<b>1,217</b>	<b>(1,510)</b>	<b>(274)</b>	<b>(4,502)</b>
Net (decrease)/ increase in cash and cash equivalents	(451)	1,890	80	2,564
Effect of foreign exchange rates changes	*	(1)	*	(13)
Cash and cash equivalents at beginning of financial years	3,956	3,505	5,394	5,474
<b>Cash and cash equivalents at end of financial years</b>	<b>3,505</b>	<b>5,394</b>	<b>5,474</b>	<b>8,025</b>

**Note:**

\* Negligible.

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**12. FINANCIAL INFORMATION (CONT'D)****12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS**

The following discussion and analysis of our Group's financial performance and results of operations should be read together with the Accountants' Report included in Section 13 of this Prospectus.

The discussion and analysis contain data derived from our audited combined financial statements as well as forward-looking statements reflecting our current views with respect to future events and our financial performance. Our actual results may differ significantly from those anticipated in the forward-looking statements as a result of a number of factors, including, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 9 of this Prospectus.

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

We are principally involved in the provision of MEP Engineering Solutions for critical facilities such as data centres, cleanrooms and plantrooms. We are also involved in MEP Maintenance and Services. We primarily operate our business in Malaysia. Hence, our revenue is primarily derived from projects and services carried out locally and the primary currency used in our invoicing is in RM.

We operate in the following business segments:

<b>Business segment</b>	<b>Description</b>	<b>Revenue recognition</b>
(a) <b>MEP Engineering Solutions</b>	<p><b>- Design and build of MEP engineering solutions</b></p> <p>Our Group undertakes the design and build, project management, supply, installation, testing and commissioning of MEP systems for newly built critical facilities as well as redevelopment, refurbishment and upgrading of existing critical facilities.</p> <p>We generate revenue from MEP Engineering Solutions on a project basis for which we receive progressive payments based on completed work or milestones achieved pursuant to contracts and/or purchase orders.</p>	<p>Our revenue from MEP Engineering Solutions is measured at a fixed transaction price agreed under the respective agreements with the project owners, net of expected LAD payments, based on the expected value method.</p> <p>We recognise revenue as and when control of the asset is transferred to the clients, and it is probable that our Group would collect the consideration to which it will be entitled in exchange for the asset that would be transferred to the clients. Depending on the terms of the contract, control of the asset may transfer over time or a point in time. Control of the asset is transferred over time if the performance of the Group creates or enhances an asset that the client controls as the asset is created or enhanced over time using the output method, which is based on the contract work certified to date.</p>

**12. FINANCIAL INFORMATION (CONT'D)**

<u>Business segment</u>	<u>Description</u>	<u>Revenue recognition</u>
		<p>If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation using the output method. The output method recognises revenue based on contract work certified to date which depicts the basis of direct measurements of value to the clients of the work performed to date relative to the remaining work promised under the contract. Otherwise, revenue is recognised at a point in time when the client obtains control of the asset.</p> <p>Our revenue from the supply and testing of data centre cooling solutions and UPS solutions are also recognised as per the same method above.</p>
(b) <b>MEP Maintenance and Services</b>	<p>- Our Group provides comprehensive MEP Maintenance and Services in accordance with clients' work orders, which includes preventive and scheduled maintenance as well as breakdown service and repair, to ensure proper functioning of the existing MEP equipment and systems. We generally derive recurrent revenue from maintenance and service as preventive and scheduled maintenance services are normally required on a regular basis.</p> <p>Upon completion of some of our installation projects under MEP Engineering Solutions business segment, we are engaged to provide maintenance and services over a fixed period of 3 months to 24 months or monthly basis. We may also be engaged to provide maintenance and service for MEP equipment and systems for which the installation work was not handled by us. We also provide MEP Maintenance and Services on an ad-hoc basis where our maintenance and service support is available on a 24-hour and 7 days a week basis.</p>	<p>Our revenue from MEP Maintenance and Services relating to the current period is recognised in the financial period as income, whilst downpayment received prior to fulfilment of performance obligations (i.e., maintenance services in relation to the subsequent financial period) would be classified as contract liabilities due to its nature as a deferred income.</p>

Please refer to Section 7 of this Prospectus for further information on our Group's business activities.

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**12. FINANCIAL INFORMATION (CONT'D)****12.2.2 Review of our results of operations****(i) Revenue**

Our revenue was solely generated from Malaysia during the FYE 2020 to 2022. During the FYE 2023, we derived 98.83% of our revenue from Malaysia, and the remaining 1.17% of our revenue was from Singapore (0.90%) and Thailand (0.27%).

On a combined basis, our Group's revenue by business activities for the FYE Under Review are analysed as follows:

**Revenue by business activities**

	<b>Audited</b>							
	<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FYE 2022</b>		<b>FYE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
MEP Engineering Solutions <sup>(1)</sup>								
• Engaged as main contractor	2,524	5.79	4,208	7.84	39,984	37.25	53,124	35.20
• Engaged as sub-contractor	34,621	79.36	43,815	81.59	56,435	52.58	84,965	56.29
Subtotal	37,145	85.15	48,023	89.43	96,419	89.83	138,089	91.49
MEP Maintenance and Services <sup>(2)</sup>	6,478	14.85	5,679	10.57	10,911	10.17	12,851	8.51
	<b>43,623</b>	<b>100.00</b>	<b>53,702</b>	<b>100.00</b>	<b>107,330</b>	<b>100.00</b>	<b>150,940</b>	<b>100.00</b>

**Notes:**

- (1) The nature of our MEP Engineering Solutions is on project-basis and contracts are typically on average 3 months to 24 months. As such, our revenue generated from the MEP Engineering Solutions in any financial year fluctuates depending on the number of projects and stage of completion of the projects we undertake.

During the FYE Under Review, our clients are generally main contractors engaged mainly in the greenfield construction for the manufacturing services industries in the northern region of Peninsular Malaysia.

- (2) MEP Maintenance and Services (includes preventive and scheduled maintenance as well as breakdown service and repair) is provided to our clients on an agreed intervals over a fixed period between 3 months to 24 months (via clients' work orders) or on an ad hoc basis. Our fees charged to clients vary and depend on the work scope and tenure.

**12. FINANCIAL INFORMATION (CONT'D)****Revenue by facility type for our MEP Engineering Solutions business segment**

	Audited								
	FYE 2020		FYE 2021		FYE 2022		FYE 2023		
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	
MEP Engineering Solutions									
• Plantrooms	30,980	83.40	38,861	80.92	60,037	62.27	94,581	68.49	
• Cleanrooms	2,164	5.83	1,591	3.31	27,714	28.74	30,494	22.08	
• Data centres <sup>(1)</sup>	4,001	10.77	7,571	15.77	8,668	8.99	13,014	9.43	
	<b>37,145</b>	<b>100.00</b>	<b>48,023</b>	<b>100.00</b>	<b>96,419</b>	<b>100.00</b>	<b>138,089</b>	<b>100.00</b>	

**Note:**

- (1) Comprises data centre MEP Engineering Solutions as well as supply and testing of data centre cooling solutions and UPS solutions, which is a subset of our MEP Engineering Solutions business segment.

**Comparison between FYE 2020 and FYE 2021**

Our Group's total revenue increased by RM10.08 million or 23.11% to RM53.70 million in FYE 2021 from RM43.62 million in FYE 2020 due to an increase of RM10.87 million in revenue contribution from the MEP Engineering Solutions and this was offset by a decrease of RM0.80 million in revenue contribution from MEP Maintenance and Services. During FYE 2021, revenue recognised based on certified stage was RM28.91 million (FYE 2020: RM21.87 million) while revenue recognised at a point in time when the client obtains control of the asset was RM24.79 million (FYE 2020: RM21.75 million).

In terms of revenue by clients, our revenue was derived mainly from top 5 major clients (4 construction companies and 1 information technology company) that contributed RM34.47 million in FYE 2021 (representing 64.17% of total revenue in FYE 2021) as compared to RM17.44 million in FYE 2020 (representing 39.98% of total revenue in FYE 2020) respectively. Furthermore, 40 new clients mainly from construction, logistics and warehousing, information technology, engineering and test and assembly manufacturing industries had contributed to an aggregate revenue of RM1.94 million in FYE 2021, representing 3.61% of our total revenue in FYE 2021.

**MEP Engineering Solutions**

The MEP Engineering Solutions business segment is our largest revenue contributor, having contributed 85.15% and 89.43% of our total revenue for FYE 2020 and FYE 2021 respectively. In FYE 2021, our revenue derived from the MEP Engineering Solutions business segment increased by RM10.87 million or 29.26% to RM48.02 million in FYE 2021 from RM37.15 million in FYE 2020. The increase was mainly attributable to the following:

- (a) 2 new plantroom projects (located at Kulim Industrial Estate, Kedah and Bukit Minyak Industrial Park, Seberang Perai, Pulau Pinang) for a construction company, which commenced in September 2020 and November 2020 and contributed to revenue of RM6.63 million and RM2.64 million respectively in FYE 2021. These projects were completed in FYE 2022;
- (b) 2 new plantroom projects (located at Batu Kawan Industrial Park, Seberang Perai, Pulau Pinang and Kulim Hi-Tech Park, Kedah) for a construction company, which commenced in July 2020 and September 2020 and contributed to revenue of RM3.39 million and RM2.68 million respectively in FYE 2021. These projects were completed in FYE 2021; and
- (c) Increased orders from our clients for data centre cooling solutions and UPS solutions, which contributed to a revenue of RM7.57 million in FYE 2021 as compared to RM4.00 million in FYE 2020.