
7. BUSINESS OVERVIEW (Cont'd)

Microtunneling is an advantageous technique for conditions where pipeline alignment is deep underground as this technique utilises the following features:

- Remote controlled

The microtunneling boring machine is operated from a control panel, normally located on the surface. The system simultaneously installs pipes as soil is excavated and removed. Manpower entry is not required for routine operations;

- Guided

The microtunneling boring machine is outfitted with a guidance system for navigation. The guidance system usually utilises laser beam which will be projected on to a target as reference point;

- Pipe jacking

The process of constructing a pipeline by consecutively pushing pipes and microtunneling boring machine through the ground using a jacking system for thrust; and

- Continuous pressure support

Continuous pressure is provided to the face of the excavation to balance ground water and earth pressures.

Using the microtunneling technique, we install cables along tunnel sections where the majority of such pipelines are buried approximately 5 metres beneath the ground level.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

7. BUSINESS OVERVIEW (Cont'd)

(b) Mansfield technique

The mansfield is a pipe jacking technique of installing underground pipelines using hydraulic jacks and manual excavation. An open face shield with no cutter head is used to maintain and support the tunnel face at the pressure required to prevent subsidence and allow a visual contact to tunnel face. Pipes are jacked into the ground using hydraulic jacks from the drive shaft which also act as a support of the tunnel while the face of the tunnel is being excavated manually with human labour or machines (such as excavators) depending on the soil conditions whilst the excavated materials are extracted manually. The mansfield technique is as illustrated below:



- Dig a drive shaft (entry point) and reception shaft (exit point) to the required depth
- Place microtunneling boring machine and jacking rigs in drive shaft



- The pipes are jacked into the ground using hydraulic jacks from the drive shaft
- The amount of jacks needed to install the pipes depends on the size and length of pipe being installed, the strength of jacking pipes, and frictional resistance required
- Check alignment of pipeline using a steerable shield and by placing guide rails inside the thrust pit upon which the pipes are laid
- Pipe is placed in position where manual excavation is carried out within the pip. Excavated earth is removed manually using roller trays
- When the earth in the pipe is removed, the pipes will be jacked further into the ground and manual excavation will be carried out
- Remove microtunneling boring machine and jacking rig once pipeline installed underground



- Backfill shafts with sand or gravel
- Restore pavement

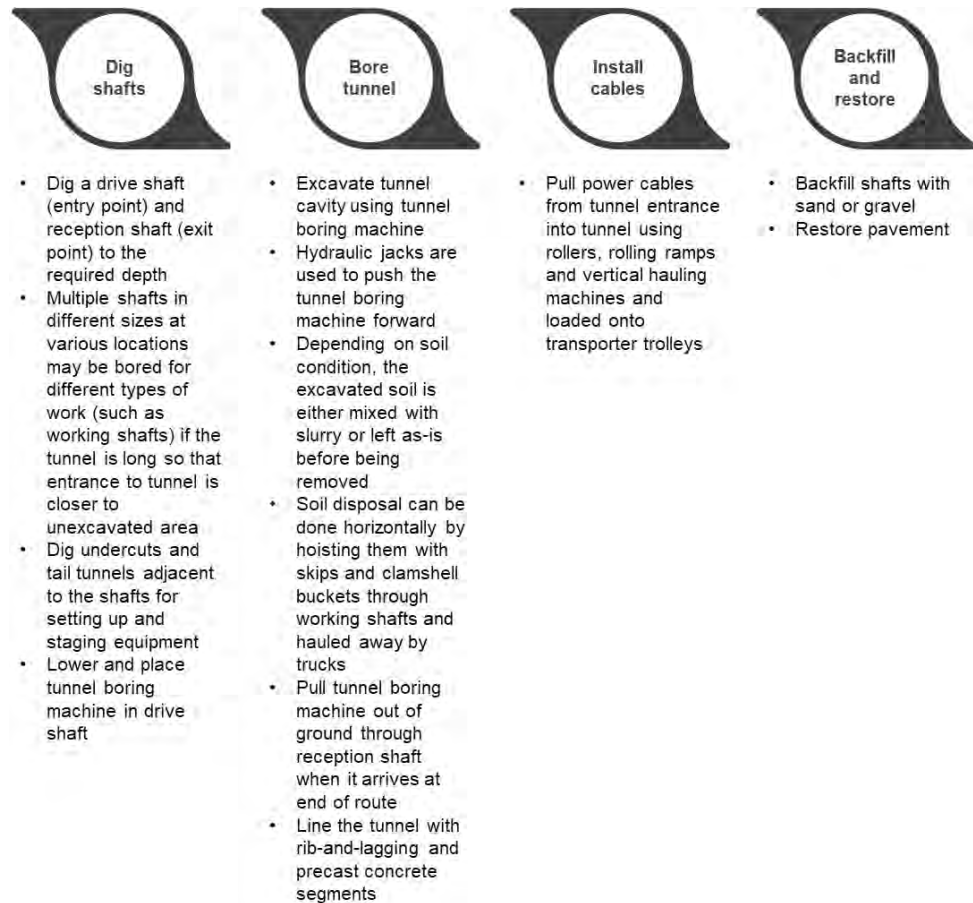
-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

7. BUSINESS OVERVIEW (Cont'd)

(iii) Cable tunnel installation method

Tunnel construction for the installation of utility lines is suitable in dense urban areas where demand for power supply is on an increasing trend and the buried depth of utility systems is deeper due to congestion and restrictions posed by existing utility systems and rivers. This method involves supplying and installing high-voltage electricity cables along tunnel sections where the majority of such tunnel sections are buried approximately 25 metres beneath the ground level.

The cable tunnel installation method is illustrated as below:



We also design, supply and construct cable bridges when underground cables and pipeline routes are required to cross existing streams. Cable bridges are steel truss bridges carrying electrical cable containments with their ends connected to partially above-ground cable troughs to the underground cable-pulling manholes.

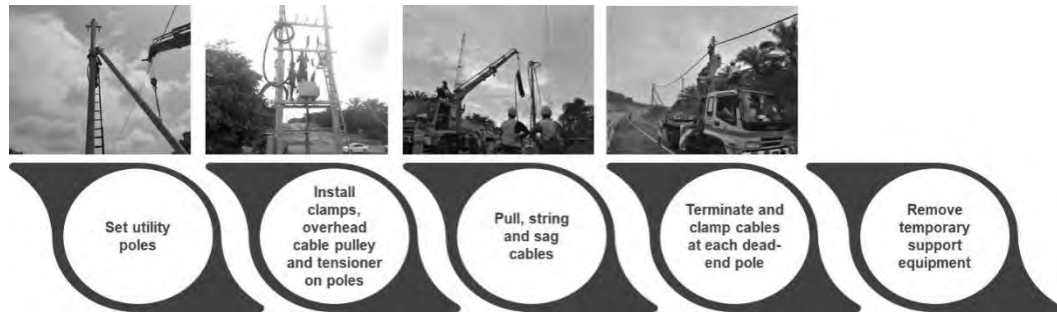
For overhead utilities, we are involved in the supply and installation of ABCs. ABCs are overhead electricity cables consisting of fully insulated conductors suspended above the ground from the utility poles for power distribution.

ABCs, attached to utility poles or structures, may be either self-supporting or messenger-supported. Self-supporting aerial cables have high tensile strength and are suitable for relatively short distances (30-45m) whereas messenger-supported aerial cables can span over relatively longer distances (over 300m), subject to the weight of cables and tensile strength of the messenger. Messenger-supported cables are either spirally wrapped around with a steel band or pulled through rings suspended from the messenger. The supporting messenger provides high strength to withstand climatic rigors or mechanical shock.



7. BUSINESS OVERVIEW (Cont'd)

The process of the installation of ABCs is illustrated in the diagram below:



7.5.2 Provision of substation EPCC services

We undertake substation EPCC works involving technical design and build of transmission and distribution substations where this involves:

- design of indoor and outdoor medium and high voltage electrical substations, medium and high voltage underground and overhead transmission and distribution line systems; and
- project management, structural and civil construction, installation, testing and commissioning of medium and high voltage electrical substations, medium and high voltage underground and overhead transmission and distribution line systems.

As an EPCC subcontractor, we also undertake the project management of structural and civil construction as well as M&E works. While permits and approvals for the project are generally secured by our customers, in some instances, our Project team may be required to assist our customers in submitting the applications and following up with the local authorities for the necessary permits and approvals to commence works.

The typical project life cycle for the delivery of substation EPCC services is summarised below:



We provide the following EPCC services as part of the project life cycle:

- **Planning and project management**

We conduct site surveys and feasibility studies as part of the planning and pre-qualification process to allow us to assess and understand the required technical expertise, costs, legal requirements for the substation project. We also develop a master work plan detailing all the activities to be conducted on-site. Subsequently, we schedule, monitor and supervise the on-site operational activities such that they are in compliance with contractual requirements and safety regulations. As part of project management, we also prepare and provide project status documents, certificates and licence documents, safety compliance reports as well as functional and acceptance testing reports.

7. BUSINESS OVERVIEW (Cont'd)

- **Design, engineering and procurement**

We develop preliminary design drawings. We further engage consultants and engineers with the required expertise to produce and endorse design drawings when we are required to obtain the relevant permits and approvals for the project. The design drawings, to be approved by our customers, will include the structural and civil construction of the substation as well as electrical systems that meet applicable standards and codes. We also engage suppliers of equipment, components and materials such as cables, pipes, cable joints, link boxes, relays, batteries, transformers, concrete products, premix, crusher run and sand based on the project requirements. We perform quality checks and function tests on the procured equipment, components and materials before they are used in the project.

- **Civil construction**

Our scope of civil construction and site works includes excavation, installation of steel structure foundations, land grading and erosion control, installation of fences, grounding and pavement restoration. We engage subcontractors to perform the abovementioned physical construction works while our project team supervises and monitors work progress onsite to ensure timely delivery of the overall project.

- **Supply, installation, testing, commissioning, service and maintenance of substation electrical systems and components**

We are able to supply, install, test, commission, service and maintain substation electrical systems and components including transformers, switchgears, circuit breakers, ground switches, surge arrestors, fire detection and protection systems as well as automation and control systems.

We are responsible for the procurement of and overseeing the installation of the abovementioned substation electrical systems and components. The installation and maintenance of substation electrical systems and components is typically carried out by product suppliers or their appointed subcontractors as part of their delivery services in instances where there is a requirement for a certified installer to perform such works, or in instances where it is a proprietary service to maintain product warranty.

We perform wiring and cabling works for the purpose of interconnecting the electrical substations to the utility grid system.



7.5.3 Trading of equipment for substations

In selected instances, we are engaged by our customers for the supply of equipment for transmission and distribution substations. As part of our supply services, we also provide installation services. Our customers are typically main contractors appointed by utility companies for utility related projects.

7. BUSINESS OVERVIEW (Cont'd)

We are able to supply and install the following equipment:

(i) Current transformers

Current transformers in electrical substations are used to either step up or step down the voltage of the electricity current as per voltage requirements such that the electricity can be supplied for further transmission or distribution. The use of transformers to increase the voltage reduces the inevitable transmission losses in the process of transmitting electricity in the electricity supply system.

(ii) Nickel cadmium batteries

We provide industrial nickel cadmium batteries that are used for auxiliary power supply in substations. Typical power backup applications for nickel cadmium batteries comprise uninterrupted power supply (UPS), substation switchgears, process control systems, emergency lighting, fire alarms and security systems.

(iii) Battery chargers

Battery chargers in electrical substations are used as part of the control and support circuit as they ensure the continuity of operations of the essential electrical equipment and systems in the event of a power outage.

The abovementioned equipment is provided to our customers on a purchase order basis after receiving sales quotations from our suppliers.

We are responsible for the procurement of and overseeing the installation of the abovementioned equipment. The installation and maintenance of certain equipment is typically carried out by 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.

7.5.4 Street Lighting Services

In addition to supporting the electricity supply industry, we also undertake street lighting projects that fall under the social amenities sector. Our foray into Street Lighting Services began in 2005 when we were approached by a contractor appointed by a highway concessionaire to undertake street lighting installation and maintenance works, owing to our familiarity with electrical engineering works.

Our customers for Street Lighting Services are contractors appointed by property developers and highway concessionaires to undertake street lighting installation and maintenance works.

As part of our Street Lighting Services, we manage projects relating to the provision of routine and non-routine checks, supply, installation, servicing and maintenance of street lighting equipment and systems including but not limited to luminaries, lamps and starters, control gears, cables, contactors, circuit breakers, photoelectric cells and plug bases in the event of equipment malfunction, circuitry failure, vandalism or weather damage. We typically engage subcontractors to perform the abovementioned services.

7. BUSINESS OVERVIEW (Cont'd)

7.5.5 Our ongoing and completed projects

(i) Ongoing projects

As at the LPD, we have 43 ongoing projects.

The following table sets forth our major ongoing projects (i.e., with contract value of RM5.00 million and above) as at the LPD, all of which are electricity supply-related projects:

| No. | Project details/ scope ⁽¹⁾ | Customer | Type of contract | Commencement date ⁽²⁾ | Expected completion date ⁽³⁾ | Contract value/ Balance contract value as at the LPD ⁽⁴⁾ (RM million) | Stage of completion (% as at LPD) | FYE of balance contract value to be fully recognised ⁽⁵⁾ |
|-----|--|----------------------|------------------|----------------------------------|---|--|-----------------------------------|---|
| 1. | Danga Bay Project | Worktime Engineering | Single | July 2019 | April 2024 | 77.24/ 4.89 | 93.67 | FYE 2024 |
| 2. | 132kV double circuit underground cable works from Tun Razak Exchange substation to Cochrane substation, Kuala Lumpur | CD Electrical | Single | August 2019 | April 2024 | 10.45/ 8.66 | 17.13 | FYE 2024 |
| 3. | 33kV cable laying and jointing works from Bahau substation to Mini Juaseh, Negeri Sembilan | Worktime Engineering | Bulk | July 2019 | November 2023 ⁽⁹⁾ | 7.86/ 0.07 | 99.11 | FYE 2023 |
| 4. | 33kV cable laying and jointing works for power distribution in Johor | Worktime Engineering | Bulk | August 2019 | November 2025 ⁽⁹⁾ | 16.75/ 9.52 | 43.16 | FYE 2025 |
| 5. | 33kV cable laying and jointing works for power distribution in Perak | Worktime Engineering | Bulk | October 2019 | November 2025 ⁽⁹⁾ | 7.94/ 5.58 | 29.72 | FYE 2025 |

7. BUSINESS OVERVIEW (Cont'd)

| No. | Project details/ scope ⁽¹⁾ | Customer | Type of contract | Commencement date ⁽²⁾ | Expected completion date ⁽³⁾ | Contract value/ Balance contract value as at the LPD ⁽⁴⁾ (RM million) | Stage of completion (% as at LPD) | FYE of balance contract value to be fully recognised ⁽⁵⁾ |
|-----|---|---|------------------|----------------------------------|---|--|-----------------------------------|---|
| 6. | Farlim Project comprising: | Worktime Engineering/ YM Teras ⁽⁷⁾ | Single | January 2020 | May 2024 | 165.31/ 6.72 | 95.93 | FYE 2024 |
| | | (i) Worktime Engineering ⁽⁷⁾ | Single | January 2020 | May 2022 | 89.34/ Nil | 100.00 | |
| | | (ii) YM Teras ⁽⁷⁾ | Single | May 2022 | May 2024 | 75.97/ 6.72 | 91.15 | |
| 7. | 132kV double circuit underground cable installation from Kuala Lumpur Pavilion-Imbi to Prince Court substation, Kuala Lumpur | CD Electrical | Single | April 2020 | April 2024 | 31.27/ 30.11 | 3.71 | FYE 2024 |
| 8. | Cable tunnel construction works for 275kV and 132kV underground cable route to Prince Court substation, Kuala Lumpur ⁽⁶⁾ | CD Electrical | Single | July 2020 | May 2025 | 60.45/ 50.85 | 15.88 | FYE 2025 |
| 9. | Installation, testing and commissioning of 33kV underground cables and accessories from Keteri South substation to Chuping Valley Industrial Area (CVIA) substation, Perlis | YM Teras | Single | December 2021 | April 2024 | 10.44/ 5.29 | 49.33 | FYE 2024 |
| 10. | Proposed 132kV double circuit underground cable installation from Bayan Mutiara-Gelugor into The Light, Pulau Pinang | CD Electrical | Single | August 2022 | November 2024 | 42.28/ 35.27 | 16.58 | FYE 2024 |

7. BUSINESS OVERVIEW (Cont'd)

| No. | Project details/ scope ⁽¹⁾ | Customer | Type of contract | Commencement date ⁽²⁾ | Expected completion date ⁽³⁾ | Contract value/ Balance contract value as at the LPD ⁽⁴⁾ (RM million) | Stage of completion (% as at LPD) | FYE of balance contract value to be fully recognised ⁽⁵⁾ |
|--------------|---|------------------------|------------------|----------------------------------|---|--|-----------------------------------|---|
| 11. | Proposed 132kV underground cable installation from Bayan Mutiara-Gelugor into The Light, Pulau Pinang | Pintar Gembira Sdn Bhd | Single | August 2022 | November 2024 | 18.12/ 17.98 | 0.77 | FYE 2024 |
| 12. | HDD works for 11kV underground cable in Johor | YM Teras | Bulk | March 2019 | November 2023 ⁽⁸⁾ | 19.24/ 1.01 | 94.75 | FYE 2023 |
| 13. | 33kV cable laying and jointing works for power distribution in Kelantan | Worktime Engineering | Bulk | January 2020 | April 2024 ⁽⁸⁾ | 5.43/ 1.87 | 65.56 | FYE 2024 |
| 14. | 500kV transmission line project from Pulau Indah power plant to Olak Lempit substation | Worktime Engineering | Single | September 2021 | November 2023 ⁽⁹⁾ | 8.97/ 0.01 | 99.89 | FYE 2023 |
| 15. | 132kV underground cables and fibre optic cables installation from Batu Berendam substation, Melaka to Texas Instrument Electronics Malaysia substation, Melaka. | Worktime Engineering | Bulk | April 2023 | October 2024 | 22.95/ 20.80 | 9.37 | FYE 2024 |
| 16. | 33kV design, installation and commissioning of cables and electrical system to an industrial property in Kulim Hi-Tech Park, Kedah | Worktime Engineering | Single | April 2021 | March 2024 | 5.01/ 0.54 | 89.22 | FYE 2024 |
| Total | | | | | | 508.98/ 199.17 | | |

7. BUSINESS OVERVIEW (Cont'd)

Notes:

- (1) *Project details/ scope are based on the respective LOAs.*
- (2) *Commencement date of each project is based on the respective LOAs.*
- (3) *Expected completion date of each project is based on the completion date set out in the respective LOAs and includes subsequent extension of time required to deliver variation of work orders from the customers to our Group, if any.*
- (4) *Contract value and balance contract value as at the LPD of each project includes original contract value as per LOAs and subsequent variation orders, if any.*
- (5) *FYE of balance contract value to be fully recognised is subject to project progress and certification by our Group's customers.*
- (6) *The commencement of cable tunnel construction works was delayed due to delay in obtaining approval/ permit to proceed with excavation works from Dewan Bandaraya Kuala Lumpur (DBKL) by the project owner (TNB) and main contractor (CD Electrical). The project commenced in August 2022 and our Group is in the midst of project delivery as at the LPD.*
- (7) *The first LOA for Farlim Project was awarded to our Group by Worktime Engineering in January 2020. Pursuant to Worktime Engineering entering into an unincorporated joint venture with YM Teras, our Group was then awarded the second LOA for Farlim Project by YM Teras in May 2022 when YM Teras took over as the project lead for the Farlim Project. Subsequent to this, our Group began liaising with YM Teras for Farlim Project.*
- (8) *Pending the issuance of further work orders from our customers.*
- (9) *Pending commissioning for the energisation of the cables.*

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

7. BUSINESS OVERVIEW (Cont'd)**(ii) Completed projects**

The following table sets forth our major completed projects (i.e., with contract value of RM5.00 million and above), all of which are electricity supply-related projects, during the Financial Years and Period Under Review and up to the LPD:

| No. | Project details/ scope | Customer | Type of contract | Commencement date/ completion date ⁽¹⁾ | Contract value (RM million) ⁽²⁾ |
|--------------|--|-----------------------------|------------------|---|--|
| 1. | Installation, testing and commissioning of 33kV single core underground cables and accessories at Kuala Lumpur South substation, Kuala Lumpur for power distribution | Tenaga Nirwana Jati Sdn Bhd | Single | January 2013/ December 2019 | 5.06 |
| 2. | Proposed 132kV underground cables from Pasir Gudang Industrial Estate substation to Kota Masai substation, Johor | Worktime Engineering | Single | April 2016/ October 2020 | 17.03 |
| 3. | Construction and completion of cable containment works for 132kV electrical substation at Semantan North Portal, Kuala Lumpur for MRT Kajang Line Project | Worktime Engineering | Single | September 2016/ December 2021 | 6.57 |
| 4. | Proposed 132kV double circuit underground cable installation from Sun City substation to MRT Cochrane substation, Kuala Lumpur | Worktime Engineering | Single | March 2017/ August 2021 | 11.11 |
| 5. | Proposed 132kV double circuit underground cable installation from Air Terjun substation to Tanjung Tokong substation, Pulau Pinang | Worktime Engineering | Single | March 2017/ January 2021 | 33.49 |
| 6. | Menara Warisan Project | CD Electrical | Single | August 2018/ April 2022 ⁽³⁾ | 27.20 |
| 7. | Supply, installation, testing and commissioning of 33kV/11kV underground cables for Bank Negara substation, Kuala Lumpur | Worktime Engineering | Single | October 2018/ April 2022 | 10.90 |
| 8. | Proposed 132kV double circuit underground cable installation from Kuala Lumpur South substation to Kuchai Lama switching station, Kuala Lumpur and connectivity to bulk supply station | CD Electrical | Single | November 2018/ September 2021 | 42.87 |
| 9. | HDD works for 11kV underground cables in Perak, Kedah and Perlis | Worktime Engineering | Bulk | December 2020/ October 2022 | 7.87 |
| 10. | 33kV cable laying and jointing works for power distribution in Kuala Lumpur | Worktime Engineering | Bulk | February 2019/ August 2023 ⁽⁴⁾ | 5.70 |
| Total | | | | | 167.80 |

7. BUSINESS OVERVIEW (Cont'd)

Notes:

- (1) Commencement period of each project is based on the respective LOA, whereas the completion period is based on the CPC.
- (2) Contract value of each project includes original contract value as per LOA and subsequent variation orders, if any.
- (3) Finalisation of account took place in FPE 2023.
- (4) Pending issuance of CPC from our customer.

The breakdown of number of our completed projects by business segments for the Financial Years and Period Under Review are as follows:

| | FYE 2020 | FYE 2021 | FYE 2022 | FPE 2022 | FPE 2023 |
|--|------------|------------|-----------|-----------|-----------|
| Provision of underground and overhead utilities engineering services and solutions | 120 | 188 | 69 | 54 | 60 |
| Others | 21 | 11 | 8 | 8 | 5 |
| Total | 141 | 199 | 77 | 62 | 65 |

In FYE 2020, our Group completed 141 projects. Subsequently in FYE 2021, our completed projects increased to 199 projects. The lower number of total completed projects in FYE 2020 was primarily due to the MCOs imposed in Malaysia during the COVID-19 pandemic which caused temporary suspension of works as well as additional time required to recommence work sites activities, such as remobilising workers, equipment and supply of materials as well as the time taken to establish the required standard operating procedures at the project sites. Notwithstanding the above, our Group did not experience any cancellations in contracts by our customers as a result of COVID-19 and the imposition of MCOs.

In FYE 2021, our Group's total completed projects increased to 199 as compared to the 141 in FYE 2020, notwithstanding supply chain disruptions during MCO 3.0, as we were able to complete our projects that were initially disrupted in FYE 2020.

In FYE 2022 and FPE 2023, our total completed projects declined to 77 projects and 65 projects respectively as our Group focused on our major projects which were substantially in the initial and ongoing stages. We also undertook lesser projects with contract value below RM1.00 million in FYE 2022 and FPE 2023 as compared to FYE 2021 and FYE 2020.

As set out in Section 12.3.1(ii) of the Prospectus, the number of new projects secured and commenced did not move in tandem with the contract value of new projects for the Financial Years and Period Under Review. In this regard, our Group was selective in our tender participation as we took into consideration our Group's project delivery timeline commitments, and our intention to undertake more transmission related projects, thus our Group focused on meeting the deadlines of secured projects and was more selective in our tender participation.

Please refer to Section 7.18.1 of this Prospectus for further details on the impact of COVID-19 on our Group's business operations.

7. BUSINESS OVERVIEW (Cont'd)

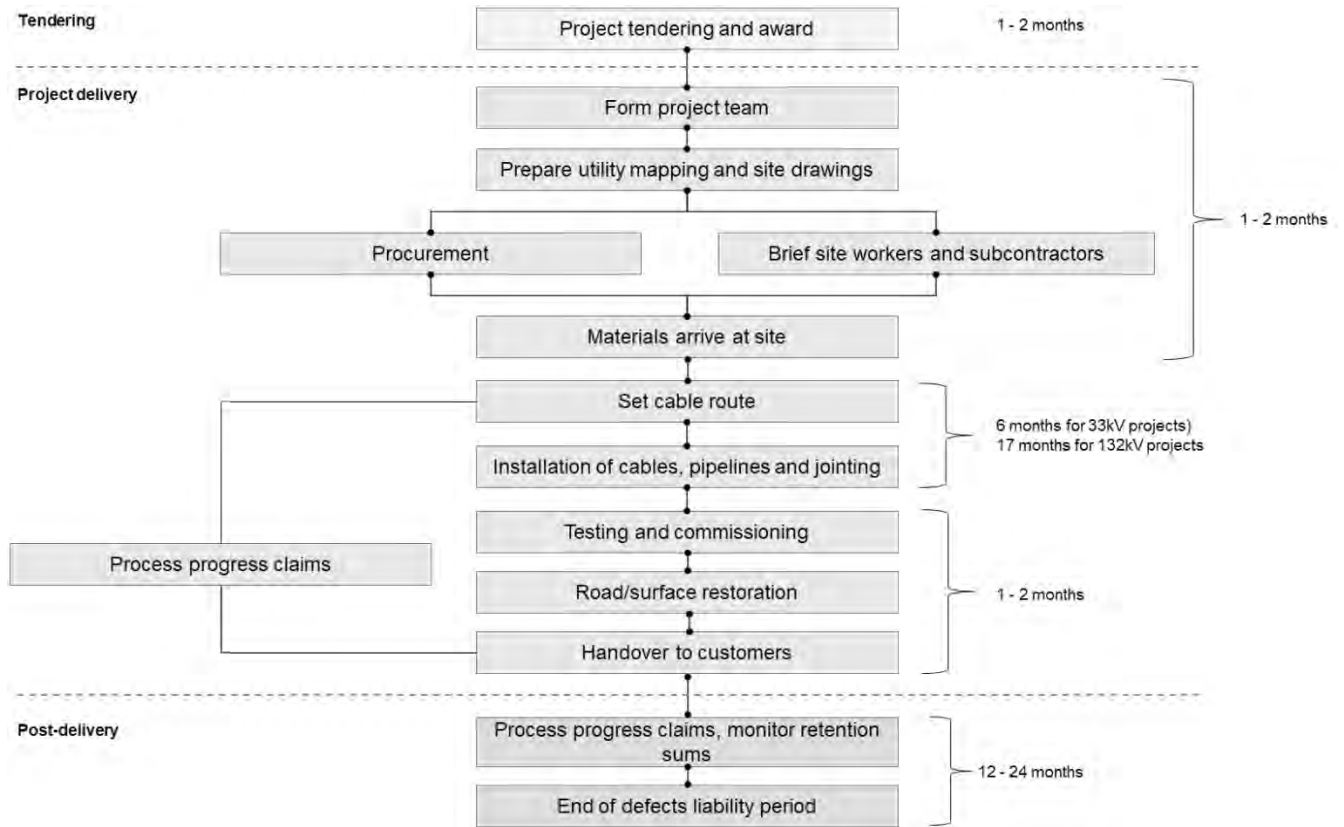
7.6 SEASONALITY

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

7.7 BUSINESS PROCESSES

7.7.1 Underground and overhead utilities engineering services and solutions

Our general process flow in carrying out underground and overhead utilities engineering services and solutions is depicted in the diagram below:



The key phases and activities performed by our Group are as follows:

| Stage | Description |
|-------------------|---|
| Project tendering | <p>This is the initial phase of an underground and overhead utilities engineering project where the contract of the project is secured and the terms of the contract are negotiated and agreed. Generally, some of the key terms outlined in a contract include contract value, scope of work, work commencement date and work completion date.</p> <p>We generally participate in private tenders via direct invitations extended to us by main contractors, which may be in the form of open tendering (whereby tender participation is open to all contractors) or selective tendering (whereby tender participation is restricted to a limited number of pre-identified or pre-qualified contractors)*.</p> |

7. BUSINESS OVERVIEW (Cont'd)

| Stage | Description |
|-------------------|--|
| | <p>Upon the receipt of invitation to tender, we will review and evaluate the scope of services required to determine if it is within our capabilities or if any statutory or regulatory requirements are applicable for the project, before deciding whether to participate in the tender exercise. In our preliminary review, the factors we assess comprise specific requirements from customers, type and size of project, scope of site works, capability to offer the project, requirements for delivery and post-delivery activities such as warranty, contract obligations and maintenance, and the applicable statutory or regulatory requirements. We will also take into account our current project commitments in deciding whether to participate in a new project tender.</p> <p>We will also utilise information from the customers' tender documents, bill of quantity and tender drawings in preparing our cost analysis, and decide on the allocation of manpower and project budget. After the review of such cost analysis and adjustments, our business development team will prepare a tender proposal including tender document or quotation, which will be subsequently reviewed and approved by our Executive Directors before the submission.</p> <p>We are required to provide a specified amount as tender bond together with the submission of tender documents. The tender bond will be returned to us upon the announcement of the results of the tender, regardless of whether we successfully secure the project.</p> <p>During the tendering phase, we may be requested to attend tender interviews. If we are successful, we will be issued a LOA for single contracts or engaged by our customers via purchase orders or work orders for bulk contracts.</p> <p>We are required to provide a performance bond (typically 5.00% of contract value) to our customers to guarantee the completion of project. We also impose performance bond requirements on our subcontractors.</p> <p>Typically, the main contractor (i.e., our customer) will attend the project kick-off meeting organised by the project owner. There will be a separate kick-off meeting to be held between JTHSB and its main contractor upon the award of a contract. Our Group will only attend the project kick-off meeting with the project owner together with our customer upon the request of our customer.</p> |
| Form project team | <p>Upon award of a contract, our project team will hold a kick-off meeting including project managers, project engineers and safety officers.</p> <p>At this stage, we are involved in project scheduling and planning, costing, budgeting and financing, site preparation as well as obtaining and complying to regulatory matters. During this stage, our Project team may be required to assist our customers in submitting the applications and following up with the local authorities for the necessary permits and approvals to commence works.</p> |

7. BUSINESS OVERVIEW (Cont'd)

| Stage | Description |
|--|---|
| | <p>Subject to our existing workload, resource availability, cost effectiveness and the complexity of the project, we may source, receive quotations and appoint subcontractors to scale up our capabilities to carry out selected parts of our works, such as soil testing, cabling works, cable termination and jointing, milling and paving, electrical works and structural works.</p> <p>Our project manager will liaise closely with customers and/ or subcontractors in preparing the project schedule based on their input, which will be reviewed and approved by our Executive Directors.</p> |
| <p>Prepare utility mapping and site drawings</p> | <p>The project engineer will prepare the utility mapping and site drawing plan for customers' approval and/or signoff by an engineering consultant before commencement of works.</p> <p>In this respect, we are responsible for preparing the overall design for the laying of cables including cable jointing. There are many factors that affect cable layout design, including the depth and temperature for the cables. Thus, as part of the design works, we engage a third-party engineering consultant with the necessary specialised software for ampacity calculation.</p> <p>Taking into account the various factors, including ampacity calculations, our project engineer will prepare the cable single line diagram, which is a schematic diagram showing the distribution of the power system, method and applicable length of excavation method across the planned cable route.</p> <p>We then undertake survey and mapping of existing utilities along the planned cable route. This is important for project planning, as it allows us to ascertain and verify the presence of power cables, fibre optic cables, steel and sewerage pipes that may be buried below the surface along our planned cable route, ahead of excavation works and mitigate the risk to damage to existing underground utilities as well as to minimise and avoid cost overruns as the cable route layout plan would have been finalised before cables are purchased. For the avoidance of doubt, there are no central database on the data/ plan/ layout of existing underground utilities in Malaysia available to contractors as at the LPD.</p> <p>As such, our Group will carry out existing utilities survey for every project in order to prepare the utility mapping and site drawing plan for the local authorities' approval before commencement of works.</p> <p>We will further assess the traffic flow trends along the proposed cable route, and prepare a traffic management plan to minimise disruption to traffic flow and ensure safety to pedestrians and motorists.</p> <p>Our Group assists to submit the underground utility map to the local authorities as part of the documentation required for the necessary permits and approvals to commence construction works.</p> |

7. BUSINESS OVERVIEW (Cont'd)

| Stage | Description |
|--|---|
| | If required by the relevant authorities, we will also provide deposits to them prior to the commencement of the project works. The deposits will be returned to us 1 year from the completion of the inspection works by the relevant authorities. |
| Brief site supervisors, workers and subcontractors | Our project manager will brief our onsite project operation team on the master work programme, which shows the work activities, sequence and milestones according to the project requirements and specifications. A copy of the approved drawing plan will be handed over to our site supervisors. We will liaise with the local authorities for permit approval. |
| Procurement | <p>Our procurement process involves the procurement of materials such as cables (132kV and above) and concrete slabs, rental of machinery and equipment, contracting labour and appointing external contractors. The appointment of suppliers and subcontractors will be based on criteria such as timeliness of delivery, reputation, reliability, quality and pricing.</p> <p>Our project manager will identify the materials required for procurement and seek for quotations from suppliers. Our procurement team will begin procurement activities and perform inspection on the cables and pipelines at the production factory before scheduling for delivery to the project site.</p> |
| Materials arrive at site | Once all relevant permits and/or approvals have been secured, we will arrange for onsite deployment of machinery and manpower. |
| Setting up cables and pipeline route | The setting up of cables and pipeline routes shall be in accordance with the approved drawing plan and specifications of the contract. Trenches and shafts will be excavated according to requirement. The layouts of the trenches or shafts are guided by the boundary markers, which have been stuck onto the ground. During this stage, we may engage subcontractors to perform excavation works using open trench method or trenchless methods in accordance with the utility mapping and site drawings, under our supervision. |
| Installation of cables, pipelines and jointing | <p>Installation of cables, pipelines and jointing are done in accordance with standard procedures and project specifications. Installation of cables, pipelines and jointing which are labour intensive site works are outsourced to our subcontractors depending on our resource availability, under our supervision. As part of installation works, we also engage subcontractors to lay fibre optic cables.</p> <p>The installation of fibre optic infrastructure is required along electricity supply assets, namely power plants, transmission networks, distribution networks to manage and monitor the flow of electricity from the point of generation to the point of consumption at user premises (residential, commercial and industrial).</p> |

7. BUSINESS OVERVIEW (Cont'd)

| Stage | Description |
|----------------------------------|---|
| | <p>From the generation of power supply to transmission and distribution of electricity to the specific locations and/or premises, electricity trips occur when there are interruptions or disconnections in electricity supply between the power generation and distribution of electricity to users.</p> <p>When there are interruptions in electricity supply which lead to a blackout, signals will be sent from the affected substation via the fibre optic cables to the Regional Control Centre where TNB personnel can take steps to divert electricity supply from another region to the affected area while planning for and carrying out rectification works to restore the electricity supply.</p> <p>During the course of installation, the customer may send their project managers, engineers or technical specialists to monitor the progress of the works and to ensure that the installation is done to specification. If the installation works do not meet the technical specifications and/ or our customers' requirements, we are required to perform the relevant rectification works.</p> <p>Subsequently, a post construction survey will be carried out by our customers' project engineer or surveyor. The survey will include as-built surveys on levels and routes as well as alignments of the cable and pipeline installation works.</p> |
| <p>Testing and commissioning</p> | <p>After the installation of cables, pipelines and jointing, we engage testing and commissioning subcontractors who are approved by and registered with the ST to carry out test and inspection on the integrity of the installed cables, pipelines and jointing to ensure smooth operation of the utility system before our final test and inspection is conducted with our customers.</p> <p>As part of testing and commissioning, optical time domain reflectometer ("OTDR") test and circuit breaker test are carried out whereby:</p> <ul style="list-style-type: none"> • The OTDR test is carried out using a OTDR device that assesses the integrity of a fibre cable and is used for the building, certifying, maintaining, and troubleshooting fibre optic systems. Hand-held OTDRs build a virtual image of the fibre optic cable to determine the condition and performance capability of the fibre cable. These tools can also test components along the cable path such as connection points, bends, or splices to analyse the cable's capability from start to finish; and • The circuit breaker test is carried out using a multimeter to test both the performance of individual switching mechanisms and the timing of the overall tripping system. This test is done on each circuit on the breaker panel to identify which circuit consumes the most energy. <p>Approval is sought from the customers' authorised officer to conduct testing. The customer will send their inspectors to witness the tests to ensure the installation's safety and fitness for use. Should any non-conformance be identified at this stage, we will undertake the relevant rectification works.</p> |

7. BUSINESS OVERVIEW (Cont'd)

| Stage | Description |
|--|--|
| Road/ surface restoration | <p>We will then reinstate the excavated area, road, footpath, kerb, traffic signs and road markings, in accordance with standard procedures or per customers' requirements. We may also engage subcontractors to perform road reinstatement works.</p> <p>At this stage, our project manager or project engineer or site supervisor will supervise and inspect the site reinstatement works. If there are any defects, we will undertake rectification works. Our site-supervisor will re-inspect the site after the rectification works are completed. Our customers and/ or their representatives will jointly inspect the rectification.</p> |
| Handover to customers | <p>We will hand over the completed installation works to the customer after all the necessary tests have been carried out to ensure compliance with contractual and regulatory requirements. Our project team will retain records of release (handover), including test reports if any, as evidence of conformity to requirements.</p> <p>Subsequent to this, we will typically receive a taking over certificate or notice of commencement of DLP from our customer, which indicates that our works have been completed, inspected and approved.</p> |
| Process progress claims, monitor retention sums and end of DLP | <p>Our revenue is recognised based on the physical proportion of contract work certified by professional consultants, and periodical progress claims are processed based on actual work performed and certified by our customers. Our Finance and Accounts department is responsible for the recording of accounts payables, receivables and preparation of progress claims (together with our project team) and invoices. Our project team will reflect the works performed on the progress claims to be made to our customers. Our Finance and Accounts department will then proceed to prepare and issue the corresponding invoices to our customers.</p> <p>Upon completion and handover of our projects, we will submit the final accounts to our customers for approval, which will state all the completed works, the rates and prices including all variation orders. Our customers will typically review the final accounts to ensure that payments made, completed works are as per drawing, and to ascertain the balance amount of works (if any).</p> <p>Retention sum We will, from time to time, also monitor our receipts and the return of retention monies. Generally, 5.00% to 10.00% of the contract value is held by our customers as retention sum. From the retention sum which will be withheld by our customer, half of which will be released to us upon the issuance of taking over certificate, while the remaining half will be released to us upon the expiry of the DLP. We also impose retention sum requirements on our subcontractors.</p> |

7. BUSINESS OVERVIEW (Cont'd)

| Stage | Description |
|-------|--|
| | <p>DLP We generally provide our customers with DLP for a period of 12 months from the date of taking over certificate. During the DLP, we are liable to render remedial works which may arise from the defective works or materials used as identified by our customers. Thereafter, upon the expiry of the DLP, we will be released from our obligations under the contract terms and our performance bond will be released to us along with the remaining retention sum.</p> |

Note:

* *In respect Worktime Engineering, CD Electrical and YM Teras, whom we have entered into the collaboration agreements and/ or memorandum of collaboration (as set out in Section 7.19 of this Prospectus) with, the typical tender process would be as follows:*

- (i) *the employer(s)/ project owner(s) (i.e., utility companies such as TNB) will extend an invitation to companies (i.e., main contractors) via open tender for the contractors to submit their tenders for the said project. At this point in time, the employer(s)/ project owner(s) would detail the scope of work which is required to be undertaken for the project;*
- (ii) *at this point, our customers will approach us for indicative quotations for the above-mentioned tender opportunities; and*
- (iii) *subject to us providing commercial and technical information required for the preparation of the tender and upon successful award of projects from project owners to our customers, the latter will approach us for first right of refusal to the project which we had participated in the tender process.*

7.8 OPERATING CAPACITIES AND OUTPUT

Our Group is principally involved in the provision of infrastructure utilities engineering solutions.

As such, conventional measures of production capacity and utilisation are not applicable to our operations.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

7. BUSINESS OVERVIEW (Cont'd)

7.9 QUALITY CONTROL AND QUALITY ASSURANCE PROCEDURES

7.9.1 Quality management system

Our Group places strong emphasis on quality management to ensure that the quality of our deliverables comply with the relevant regulations and meet the expectations and requirements of our customers.

In line with this, we have implemented a quality management system that is in compliance with the requirements of ISO 9001 standards. This quality management system creates a framework that helps coordinate and direct our Group's activities to meet customer requirements while meeting the requirements of ISO 9001 standards.

As a testament to our quality commitment, JTHSB has been certified compliant with ISO 9001, details of which are as follows:

| Year achieved | Current validity period | Certification | Scope | Awarding body |
|---------------|----------------------------|---------------|---|--|
| 2022 | 10 July 2022 – 9 July 2025 | ISO 9001:2015 | Provision of electrical & telecommunication cabling, building of infrastructure (road and tunnelling) and related civil engineering works | Intertek Certification Limited (accredited under UKAS) |

7.9.2 Quality assurance measures

Quality control on project delivery

We have adopted the following procedures to ensure quality standards are maintained for our project delivery activities as set out below:

- we ensure that our projects are delivered in accordance with contractual requirements, customer specifications and relevant standards and regulations;
- we assign a project manager for each project team, who is responsible for supervising the day-to-day site activities such that they are in accordance with project specifications, project timeline, industry standards and regulatory requirements;
- we adopt occupational safety, health and environment practices that comply with the relevant regulations such as OSHA and the DOSH guidelines;
- we ensure that the safety implementation as well as civil and electrical works undertaken at our project sites are in compliance with relevant statutory requirements and TNB's Occupational Safety and Health Requirements for Contractors for the Safety Compliance Audit (SAFCA). We also ensure that all safety documents are available and in order for reference by our project team, site workers and subcontractors;
- when subcontracting services are required for a project, we evaluate and appoint subcontractors based on a set of selection criteria including quality of services, delivery time, as well as availability of resources to fulfil the customer requirements and pricing;

7. BUSINESS OVERVIEW (Cont'd)

- our project manager and onsite technical staff supervise and inspect works performed by our subcontractors to ensure that the works meet the contractual specifications and safety regulations and are delivered in line with the project schedule;
- we engage testing and commissioning subcontractors who are approved by and registered with ST to test and inspect the installed cables, pipelines and jointings prior to site handover; and
- we are responsible for rectifying defective works, if any, during the DLP of 12 months upon handover of the project. In cases where the works are carried out by our subcontractors, we supervise their rectification works as we also impose similar defect liability rectification arrangements on them.

Quality control on materials and equipment

We undertake the following quality assurance measures to ensure the quality of materials and equipment used in our projects:

- we procure materials and rent machinery and equipment from approved suppliers appointed based on criteria such as timeliness of delivery, reputation, reliability, quality and pricing;
- we inspect the cables and pipelines at the production factory before scheduling for delivery to the project site; and
- If the procured materials do not meet the relevant quality standards or project specifications, we ensure that our suppliers replace such materials promptly.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

7. BUSINESS OVERVIEW (Cont'd)**7.10 TYPES, SOURCES AND AVAILABILITY OF MATERIALS AND SERVICES**

The main components of our purchases and services procured are subcontractors' fee as well as materials such as cables, pipes, cable joints, link boxes, relays and batteries.

The breakdown of our Group's purchases and services procured during the Financial Years and Period under Review are as follows:

| | Audited | | Audited | | Audited | | Audited | | Audited | |
|------------------------------------|-------------------------|---------------|-------------------------|---------------|-------------------------|---------------|---------------|---------------|-------------------------|---------------|
| | FYE 2020 ⁽¹⁾ | | FYE 2021 ⁽¹⁾ | | FYE 2022 ⁽¹⁾ | | FPE 2022 | | FPE 2023 ⁽¹⁾ | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| Subcontractors' fee ⁽²⁾ | 33,494 | 40.21 | 36,242 | 49.54 | 46,187 | 22.90 | 18,719 | 20.79 | 20,877 | 71.88 |
| Materials: | | | | | | | | | | |
| Cables | 38,570 | 46.31 | 25,682 | 35.10 | 137,823 | 68.34 | 63,789 | 70.86 | 1,888 | 6.50 |
| Pipes | 3,968 | 4.76 | 3,826 | 5.23 | 6,772 | 3.36 | 2,831 | 3.14 | 2,811 | 9.68 |
| Cable joints | 2,868 | 3.44 | 3,138 | 4.29 | 1,756 | 0.87 | 1,503 | 1.67 | 48 | 0.17 |
| Link boxes | 424 | 0.51 | 1,419 | 1.94 | 407 | 0.20 | 244 | 0.27 | 62 | 0.21 |
| Relays | 587 | 0.70 | 912 | 1.25 | - | - | - | - | - | - |
| Batteries | 1,050 | - | - | - | 1,122 | 0.56 | - | - | 129 | 0.44 |
| Others ⁽³⁾ | 2,329 | 2.80 | 1,944 | 2.66 | 7,610 | 3.77 | 2,934 | 3.26 | 3,228 | 11.12 |
| Total | 83,290 | 100.00 | 73,163 | 100.00 | 201,677 | 100.00 | 90,020 | 100.00 | 29,043 | 100.00 |

Notes:

(1) Our Group's local and foreign purchases for FYEs 2020, 2021, 2022 and FPE 2023 are as follow:

| | Local purchases (%) | Foreign purchases (%) |
|----------|---------------------|-----------------------|
| FYE 2020 | 98.90 | 1.10 |
| FYE 2021 | 98.98 | 1.02 |
| FYE 2022 | 96.22 | 3.78 |
| FPE 2023 | 100.00 | - |

(2) Comprises fees for subcontractors engaged by our Group to carry out labour intensive works as well as professional fees for consultants and engineers engaged by our Group to produce and endorse design drawings.

(3) Include, among others, concrete products, premix, crusher run, sand, sockets and transformers.

7. BUSINESS OVERVIEW (Cont'd)

Subcontractors' fee and cables were our top 2 largest component of the purchases and services procured.

Subcontractors' fee was our largest component of the purchases and services procured in FYE 2021 as well as FPE 2023 and second largest component of the purchases and services procured in FYE 2020, FYE 2022 and FPE 2022, and comprised 40.21%, 49.54%, 22.90%, 20.79% and 71.88% of our total purchases and services procured for the FYE 2020, FYE 2021, FYE 2022, FPE 2022 and FPE 2023, respectively. In FPE 2023, subcontractors' fee comprised 71.88% of our total purchases and services procured compared to the 20.79% in FPE 2022 (notwithstanding the increase of RM2.16 million or 11.53%) due to more cable laying works were being performed by subcontractors for project for cable tunnel construction works for 275kV and 132kV underground cable route to Prince Court substation, Kuala Lumpur and project for 33kV cable laying and jointing works from Bahau substation to Mini Juaseh, Negeri Sembilan.

As at the LPD, we have engaged more than 60 subcontractors for our ongoing projects. We engage subcontractors on a project basis to carry out selected parts of our works, such as soil testing, cabling works, cable termination and jointing, milling and paving, electrical works and structural works. Thus, in these instances, we take on the role of overall project manager, whereby we manage and monitor the works performed by our subcontractors. Our Group is not materially dependent on any of the subcontractors that we engage. We have a list of subcontractors that we approach to source comparable quotations prior to engaging a subcontractor. By engaging subcontractors, we are able to scale up our project capabilities to complete our projects in a timely manner and undertake more projects.

Our Group is primarily involved in project planning and management as well as technical design works. This includes developing and implementing the project plan, supervising the works performed by our subcontractors to ensure they are in accordance to standard procedures and project specifications, as well as overseeing site safety matters. This will allow us to further enhance our technical skills and track record as we aspire to establish our presence as a main contractor. As part of project planning, we also develop preliminary design drawings. We further engage consultants and engineers with the required expertise to produce and endorse design drawings when we are required to obtain the relevant permits and approvals for our projects. We do not foresee the need to hire permanent employees (i.e., such consultants and engineers) for such specific service as our Project team is able to manage the relevant documentation work. Thus, we will continue to engage subcontractors to undertake the more labour intensive works as well as consultants and engineers with the required expertise to produce and endorse design drawings when we are required to obtain the relevant permits and approvals for our projects.

Cables were our largest component of the purchases and services procured in FYE 2020, FYE 2022 as well as FPE 2022 and second largest component of the purchases and services procured in FYE 2021 and fourth largest component in FPE 2023 of the purchases and services procured and comprised 46.31%, 35.10%, 68.34%, 70.86% and 6.50% of our total purchases and services procured for the FYE 2020, FYE 2021, FYE 2022, FPE 2022 and FPE 2023, respectively. We purchased 132kV copper cables for use in our transmission line-related projects for the Financial Years and Period Under Review. Our purchases of cables increased significantly in FYE 2022 as the rising copper prices globally since FYE 2020 affected the purchasing prices of 132kV cables. Further in FYE 2022, we had 3 major on-going projects that required copper cables, namely the Farlim Project, Danga Bay Project and Menara Warisan Project⁽¹⁾ (being transmission-related projects) contributing significantly to our revenue and gross profit. We procured 132kV copper cables from suppliers that have been nominated by the project owner for the aforementioned projects. In FPE 2023, our purchases of cables comprised 6.50% of our total purchases and services procured compared to the 70.86% in FPE 2022. There was a significant decrease in purchases of cables as most of the cables had been procured for the 3 major projects in year 2022 (i.e. Menara Warisan Project⁽¹⁾, Farlim Project and Danga Bay Project).

7. BUSINESS OVERVIEW (Cont'd)

In general, electricity distribution-related underground and overhead utilities engineering projects (i.e., 11kV and 33kV projects) involve mainly cable installation works while the supply of cables is generally provided for by the project owner. For transmission-related underground utilities engineering projects (i.e., 132kV and above projects), such projects typically involve the supply (i.e., procurement) of cables in addition to cable installation work.

Notwithstanding that project owners may nominate suppliers from whom we purchase certain materials, the construction materials for our Group's infrastructure utilities engineering solutions are primarily readily available from local suppliers. We maintain a list of suppliers which meet our project requirements. We select these suppliers based on multiple factors, including the availability of materials, quality, pricing and lead time for delivery as well as their reliability. We have good business relationships with our suppliers, which we believe contributes to our purchasing and cost efficiency.

Save for 132kV cables, the materials that we procure are not subject to significant price fluctuations. By maintaining a certain level of buffer in our budgeted project cost, we are better prepared for instances of potential cost overruns due to increased price of materials.

Note:

(1) *Finalisation of account took place in FPE 2023.*

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

7. BUSINESS OVERVIEW (Cont'd)**7.11 INFORMATION ON MATERIAL LANDS AND BUILDINGS****7.11.1 Properties owned by our Group**

The details of the material properties owned by our Group as at the LPD are as set out below:

| No. | Title details/ Postal address/ Type of property | Registered / Beneficial owner | Description of use/ Tenure of property/ Category of land use (if any) | Land area/ Build-up area | Date of issuance of CF/ CCC | Express conditions/ Restriction-in-interest/ Encumbrances | Audited NBV as at 31 May 2023 |
|-----|--|-------------------------------|--|--|-----------------------------|---|-------------------------------|
| 1. | <p><u>Title details:</u> 1 piece of freehold industrial land held under the individual title bearing the title number HSD 39381, PT 4533, Mukim Semenyih, Daerah Ulu Langat, Negeri Selangor.</p> <p><u>Postal address:</u> No. 25, Jalan P4/6, Bandar Teknologi Kajang, 43500 Semenyih, Selangor Darul Ehsan</p> <p><u>Type of property:</u> 1 unit of 3-storey detached factory cum office with a single storey guardhouse</p> | JTHSB | <p><u>Description of use:</u> This property is currently vacant⁽¹⁾</p> <p><u>Tenure of property:</u> Freehold</p> <p><u>Category of land use (if any):</u> Industrial</p> | <p>Land area: approximately 4,832.04 sq. m.</p> <p>Build-up area: 73,986 sq. ft.</p> | 31 October 1998 | <p><u>Express conditions:</u> This land shall be used as an industrial site only.</p> <p><u>Restriction-in-interest:</u> Nil.</p> <p><u>Encumbrances:</u> This land is charged to Public Bank Berhad.</p> | RM8,277,259 |

Note:

- (1) JTHSB had on 17 August 2023 entered into a conditional SPA with BHSB for the Disposal of Property. Please refer to Section 12.5.3 of this Prospectus for further details.

7. BUSINESS OVERVIEW (Cont'd)**7.11.2 Properties owned by our Group and rented out to third parties**

As at the LPD, there are no material properties owned by our Group and rented out to third parties by our Group.

7.11.3 Properties rented by our Group

The details of material properties rented by our Group as at the LPD are set out below:

| No. | Registered owner/ Landlord | Tenant | Address and Title details | Description / Existing use | Land area/ Built-up area | Date issuance of CF/ CCC | Term of tenancy | Rental |
|-----|---|--------|--|---|--|-----------------------------------|--|-------------------|
| 1. | Takdir Untung | JTHSB | A portion of vacant land known as Area D (HSD 109515), PT13293, Kawasan Perindustrian Nilai, Persiaran Pusat Bandar Nilai, 71800 Nilai, Negeri Sembilan. | <u>Description:</u> A vacant piece of land <u>Use of the premise:</u> Storage of power cables | <u>Land area:</u> approximately 6,590.87 sq. m. <u>Build-up area:</u> Nil | N/A | 1 December 2023 to 30 November 2024 ⁽¹⁾ | RM7,000 per month |
| 2. | Chen Tiam Hin | JTHSB | GM 8276, Lot 45378 Seksyen 1, Lot 885, Jalan Balakong, Off Batu 11, 43200 Cheras, Selangor Darul Ehsan. | <u>Description:</u> A vacant piece of land <u>Use of premise:</u> Store | <u>Land area:</u> approximately 20,447 sq. ft. <u>Build-up area:</u> Nil | N/A | 15 August 2023 to 14 August 2024 | RM9,900 per month |
| 3. | Dato' Seri Lim, Chin Jiunn Shyong, Lim Ming Hong | JTHSB | No. 23, Jalan Temenggung 13/9, Bandar Mahkota Cheras, Seksyen 9, 43200 Cheras, Selangor Darul Ehsan. | <u>Description:</u> A three-storey intermediate unit office building <u>Use of premise:</u> Head office of our Group | <u>Land area:</u> 153 sq.m <u>Build-up area:</u> 439.46 sq.m | 31 March 2004 | 1 June 2023 to 31 May 2024 | RM9,200 per month |

7. BUSINESS OVERVIEW (Cont'd)

| No. | Registered owner/ Landlord | Tenant | Address and Title details | Description / Existing use | Land area/ Built-up area | Date of issuance of CF/ CCC | Term of tenancy | Rental |
|-----|---|--------|---|--|---|-----------------------------------|--|-------------------------|
| 4. | Dato' Seri Lim, Chin Jiunn Shyong, Lim Ming Hong | JTHSB | No. 25, Jalan Temenggung 13/9, Bandar Mahkota Cheras, Seksyen 9, 43200 Cheras, Selangor Darul Ehsan. | <u>Description:</u> A three-storey corner unit office building <u>Use of premise:</u> Head office of our Group | <u>Land area:</u> 229 sq.m <u>Build-up area:</u> 594.51 sq.m | 31 March 2004 | 1 June 2023 to 31 May 2024 | RM9,200 per month |
| 5. | Dato' Seri Lim, Chin Jiunn Shyong, Lim Ming Hong | JTHSB | No. 26-G, Jalan Temenggung 13/9, Bandar Mahkota Cheras, Seksyen 9, 43200 Cheras, Selangor Darul Ehsan. | <u>Description:</u> Ground floor of a three-storey corner unit office building <u>Use of premise:</u> Office | <u>Land Area:</u> 229 sq.m <u>Build-up Area:</u> 137.31 sq.m | 31 March 2004 | 1 November 2023 to 31 October 2025 | RM3,000 per month |
| 6. | Dato' Seri Lim, Chin Jiunn Shyong, Lim Ming Hong | JTHSB | No. 26-2, Jalan Temenggung 13/9, Bandar Mahkota Cheras, Seksyen 9, 43200 Cheras, Selangor Darul Ehsan. | <u>Description:</u> Second floor of a three-storey corner unit office building <u>Use of premise:</u> Office | <u>Land area:</u> 229 sq.m <u>Build-up area:</u> 228.60 sq.m | 31 March 2004 | 1 June 2022 to 31 May 2024 | RM4,628.75 per month |

Note:

(1) The previous tenancy was from 1 December 2022 to 30 November 2023.

As at the LPD, the properties owned/ rented by our Group are in compliance with the land use conditions and the current statutory requirements, land codes or building regulations or by-laws.

The Group has no intention to purchase the offices rented by JTHSB from Dato' Seri Lim, Chin Jiunn Shyong and Lim Ming Hong at this juncture.

7. BUSINESS OVERVIEW (Cont'd)**7.12 MAJOR LICENSES AND PERMITS**

Details of the approvals, major licenses and permits obtained by our Group as at the LPD are set out below:

| Company | Issuing authority | Licence/ Reference no. | Commencement date / Expiry date | Description of licence/ approval | Major conditions imposed | Compliance status |
|---------|--------------------------|------------------------|-------------------------------------|--|--------------------------|-------------------|
| JTHSB | Kajang Municipal Council | LBUS-04551 | 21 November 2023 / 20 November 2024 | Business and signage license for the head office located at No 23-G, 23-1, 23-2, 25-G, 25-1 & 25-2, Jalan Temenggung 13/9, Bandar Mahkota Cheras, Seksyen 9 43200 Cheras, Selangor | Nil | N/A |
| JTHSB | Kajang Municipal Council | LBUS-14461 | 3 October 2023 / 2 October 2024 | Business premise licence for our office located at No. 26-G, Jalan Temenggung 13/9, Bandar Mahkota Cheras, Seksyen 9, 43200 Cheras, Selangor | Nil | N/A |
| JTHSB | Kajang Municipal Council | LBUS-07002 | 4 October 2023 / 3 October 2024 | Business premise licence for our office located at No. 26-2, Jalan Temenggung 13/9, Bandar Mahkota Cheras, Seksyen 9, 43200 Cheras, Selangor | Nil | N/A |

7. BUSINESS OVERVIEW (Cont'd)

| Company | Issuing authority | Licence/ Reference no. | Commencement date / Expiry date | Description of licence/ approval | Major conditions imposed | Compliance status |
|---------|-------------------|------------------------|---|---|---|-------------------|
| JTHSB | CIDB | 01220210610-WP076372 | 10 August 2023 ⁽¹⁾ / 7 August 2026 | <p>Certificate of Registration issued to JTHSB as contractor pursuant to Part VI of the LPIP Act in respect of:</p> <ul style="list-style-type: none"> • Grade 7, Category B, Specialisation B04 • Grade 7, Category CE, Specialisation CE01, CE05, CE21, CE31 • Grade 7, Category ME, Specialisation E03, E04, E05, E06, E10, E11, E15, E16, E17, E18, E19, E20, E21, E22, E23, E24, E25, E32, E33, M15 | <p><u>General conditions</u></p> <p>(a) This certificate is non-transferable. (b) CIDB reserves the right to review the registration grade of the registered contractor from time to time. (c) JTHSB shall adhere to the provisions of the LPIP Act, regulations, restrictions and guidelines issued by the CIDB from time to time. (d) JTHSB shall submit the renewal application 60 days before the expiry of the registration certificate. (e) All employees of JTHSB at the construction site must have a valid construction personnel card.</p> <p><u>Responsibility and obligations of the contractor</u></p> <p>(a) The contractor shall comply with the provisions of the LPIP Act, the regulations made thereunder, and any term, condition or restriction imposed by CIDB from time to time. (b) The contractor shall not participate in any tender or execute any construction works after the expiration of this certificate unless it is renewed. (c) The contractor shall not undertake any construction projects which exceeds the value of construction works specified under the registration grade and shall not execute any type of construction work outside of its registered category(ies).</p> | Complied |

7. BUSINESS OVERVIEW (Cont'd)

| Company | Issuing authority | Licence/ Reference no. | Commencement date / Expiry date | Description of licence/ approval | Major conditions imposed | Compliance status |
|---------|-------------------|------------------------|---------------------------------|----------------------------------|---|-------------------|
| | | | | | <p>(d) The contractor shall submit information regarding any new construction works or contract(s) within 14 days of the award or prior to commencement of works, whichever the earlier.</p> <p>(e) The contractor shall submit any information required by CIDB from time to time.</p> <p>(f) The contractor shall display the certificate of registration issued by CIDB or a certified true copy of the same by CIDB at the place of business.</p> <p>(g) The contractor shall display its registration number on the signboard at each construction site.</p> <p>(h) The contractor shall apply for a renewal of registration within 60 days before the expiry date specified in this certificate.</p> <p>(i) The contractor shall comply with all requirements in the Contractor's Code of Ethics.</p> <p>(j) The contractor shall employ skilled construction workers and site supervisors who are accredited and certified by CIDB.</p> <p>(k) All employees at the site must have a valid construction personnel identification.</p> <p><u>Disciplinary actions</u> The contractor's registration shall be cancelled, suspended or revoke if:</p> | |

7. BUSINESS OVERVIEW (Cont'd)

| Company | Issuing authority | Licence/ Reference no. | Commencement date / Expiry date | Description of licence/ approval | Major conditions imposed | Compliance status |
|---------|-------------------|------------------------|---------------------------------|----------------------------------|--|-------------------|
| | | | | | <p>(a) The contractor fails to comply with the requirement of any other written law;</p> <p>(b) The contractor has been adjudicated bankrupt;</p> <p>(c) A winding-up petition in relation to the contractor has been presented;</p> <p>(d) The contractor contravenes or fails to comply with any provision of the LPIP Act;</p> <p>(e) The contractor has obtained the certificate by making or causing to be made any false or fraudulent declaration, certification or representation either in writing or otherwise;</p> <p>(f) The contractor has abandoned any construction works undertaken without good reason;</p> <p>(g) The contractor is found negligent by the court or any board of enquiry established under any written law in connection with any construction works undertaken; or</p> <p>(h) The contractor contravenes or fails to fulfil any of the contractor's responsibilities and obligations as stated hereinabove.</p> <p>Pursuant to Regulation 13 of the Registration of Contractors (Construction Industry) Regulations 1995, a registered contractor shall notify CIDB of any change in its capital, ownership or its board of directors or management within 30 days of the change.</p> | |

7. BUSINESS OVERVIEW (Cont'd)

| Company | Issuing authority | Licence/ Reference no. | Commencement date / Expiry date | Description of licence/ approval | Major conditions imposed | Compliance status |
|---------|-------------------|------------------------|---------------------------------|---|---|-------------------|
| JTHSB | MOF | K1011212482 2959459 | 12 July 2021 / 11 July 2024 | <p>Certificate of Registration of JTHSB as a supplier/ service provider in the sector, field and sub-field under the following sector codes:</p> <p>020301, 020302, 060302, 060401, 060402, 090201, 100101, 110401, 110402, 110403, 130101, 130201, 130202, 140101, 140201, 140301, 140302, 140503, 210102, 210103, 210104, 210105, 210201, 220501, 221002</p> <p>The authority is given to the following persons for managing the government procurement works:</p> <ul style="list-style-type: none"> • Dato' Seri Lim⁽²⁾ – Director; and | <p><u>General conditions</u></p> <p>(a) The approval is granted based on the information provided by the company.</p> <p>(b) Any change to the details of the company shall be updated online at www.eperolehan.gov.my within 21 days from the effective date of change, failing which the company shall be penalized as per paragraph (e) below.</p> <p>(c) The company shall submit any information required by MOF within the prescribed period, failing which the company shall be penalized as per paragraph (e) below.</p> <p>(d) The company must ensure that the registered sector in the certificate shall not overlap with the sectors approved for other companies which has the same shareholders, members of board of directors, management and staff or companies that are operating from the same premises.</p> <p>(e) MOF shall have the right to conduct an inspection or audit at any time without prior notification to the company. Failure to comply with the conditions of registration and/or sector code may result in the registration of the company being suspended/ cancelled and the company, its shareholders and directors may be subject to disciplinary proceedings or blacklisted without any notice being given if it is determined that the information provided is false.</p> | Complied |

7. BUSINESS OVERVIEW (Cont'd)

| Company | Issuing authority | Licence/ Reference no. | Commencement date / Expiry date | Description of licence/ approval | Major conditions imposed | Compliance status |
|---------|-------------------|------------------------|---------------------------------|---|---|-------------------|
| | | | | <ul style="list-style-type: none"> • Chin Jiunn Shyong⁽²⁾ – Director. | <p>(f) A company that is newly registered is not allowed to make any changes to its shareholders or directors within a period of 6 months from the date of registration.</p> <p>(g) Failure of the company to renew its registration after 1 year from the expiry of this registration may result in the company's registration with the MOF being cancelled and automatically removed from the ePerolehan System. In such circumstances, the company is required to make a new application.</p> <p><u>Suspension or cancellation of registration</u></p> <p>The registration shall be suspended/ cancelled in the event the company commits the following offences:</p> <p>(a) The company/ shareholders/ partners/ directors/ other management personnel have committed a crime and is found guilty in a court of law in Malaysia or outside of Malaysia or is subject to any civil liability.</p> <p>(b) The company withdraws an offer before the tender is being considered or rejects an offer that has been made.</p> <p>(c) The company fails to perform its contractual obligations entered into with the government.</p> <p>(d) The company is found to have amended the certificate with the intention to deceive or for whatsoever reasons.</p> <p>(e) The company allows the certificate to be misused by any individual/ companies.</p> | |

7. BUSINESS OVERVIEW (Cont'd)

| Company | Issuing authority | Licence/ Reference no. | Commencement date / Expiry date | Description of licence/ approval | Major conditions imposed | Compliance status |
|---------|-------------------|------------------------|---------------------------------|--|--|-------------------|
| | | | | | (f) The company is found to have involved in price fixing with other companies when entering into a government tender or granted any sub-contract without obtaining prior valid consent from the relevant government agencies. | |
| JTHSB | TNB | 0120210610-WP076372 | 18 August 2023 / 7 August 2026 | <p>Certificate of Registration as Work Contractor with TNB under the following categories:</p> <ul style="list-style-type: none"> • Grade 7, Category B, Specialisation B04 • Grade 7, Category CE, Specialisation CE01, CE05, CE21, CE31 • Grade 7, Category ME, Specialisation E03, E04, E05, E06, E10, E11, E15, E16, E17, E18, E19, E20, E21, E22, E23, E24, E25, E32, E33, M15 | The validity of the registration is subject to the validity period of the certificates of registration issued by MOF, CIDB and other relevant professional certificates. | Noted |

7. BUSINESS OVERVIEW (Cont'd)

| Company | Issuing authority | Licence/ Reference no. | Commencement date / Expiry date | Description of licence/ approval | Major conditions imposed | Compliance status |
|---------|----------------------------|------------------------------------|--|--|--|-------------------|
| JTHSB | TNB | K1011212482 2959459 | 13 September 2021 / 11 July 2024 | Certificate of Registration as Supplier and Services Contractor with TNB under the following categories: 020301, 020302, 060302, 060401, 060402, 090201, 100101, 110401, 110402, 110403, 130101, 130201, 130202, 140101, 140201, 140301, 140302, 140503, 210102, 210103, 210104, 210105, 210201, 220501, 221002 | The validity of the registration is subject to the validity period of the certificates of registration issued by MOF, CIDB and other relevant professional certificates. | Noted |
| JTHSB | Energy Commission Malaysia | ST(TKL)AGR/ C/KE/03733/2 021 | 20 April 2022 / 19 April 2027 | Certificate of Registration as Electrical Contractor for Class A. | Nil | N/A |

Notes:

- (1) *JTHSB registered as a CIDB Grade 7 contractor on 14 June 2021. Subsequently on 1 August 2022, JTHSB applied for the additions in the category of specialisation to broaden its scope of works. JTHSB's application for renewal of CIDB licence on 26 May 2023 was approved on 7 August 2023. The latest issue date of the CIDB licence of 10 August 2023 reflects and maintains the category of specialisation as the CIDB licence dated 1 August 2022.*
- (2) *The Certificate of Registrations obtained by JTHSB as a supplier/ service provider in the sectors, field and sub-field from CIDB, MOF, TNB and ST do not specify or provide any restrictions on the change of directorship or ownership of JTHSB, save for the following:*

7. BUSINESS OVERVIEW (Cont'd)


- (a) Certificate of Registration for CIDB - pursuant to Regulation 13 of the Registration of Contractors (Construction Industry) Regulations 1995, a registered contractor shall notify CIDB of any changes in its capital, ownership or its board of directors or management within 30 days of the change.
- (b) Certificate of Registration for MOF:
- (i) JTHSB must ensure that the registered sectors in the certificate shall not overlap with the sectors approved for other companies which has the same shareholders, members of board of directors, management and staff or companies that are operating from the same premises; and
- (ii) a company that is registered with the MOF cannot arbitrarily transfer or borrow the Certificate of Registration issued by MOF to another company. If there is a change in the ownership, equity, board of directors and so on, JTHSB is required to update the details of change at www.eperolehan.gov.my within 21 days from the date of the change, and it must be approved by MOF.

JTHSB updated the details of the change of shareholding on 20 October 2023, which exceeded the 21 days as stated in the terms and conditions of the Certificate of Registration for MOF. There were no penalties or fines imposed on JTHSB for the delay in updating the details of the change in shareholding and the Certificate of Registration for MOF was not revoked and/ or cancelled, nor were there any threats of revocation and/ or cancellation issued to JTHSB.

The risks associated with regulatory requirements (including revocation or non-renewal of licences and approvals) have been provided for in Section 9.1.4 of this Prospectus and dependency on the Managing Director and other key senior management have been provided for in Section 9.1.5 of this Prospectus.

7.13 INTELLECTUAL PROPERTY

Our Group currently holds the following trademark, which is registered under JTHSB:

| Trademark | Registered Owner | Description | Trademark no. | Validity Period | Status |
|--|------------------|-------------------------|---------------|----------------------------|------------|
|  | JTHSB | Class 37 ⁽¹⁾ | TM2021015208 | 31 May 2021 to 31 May 2031 | Registered |

Note:

- (1) *Advisory services in the fields of construction, repair, restoration, maintenance and installation; advisory services relating to building construction; advisory services relating to the construction of buildings and other structures; construction services; advisory services relating to the maintenance, repair and renovation of buildings and other structures; custom construction and building renovation; providing information relating to building renovation; renovation and maintenance of shopping centers, industrial complexes, office buildings, residential buildings and other real estate developments; construction work relating to the installation and maintenance of electrical systems; construction, repair, maintenance and installation services; installation of electrical wiring.*

7. BUSINESS OVERVIEW (Cont'd)**7.14 KEY MACHINERY AND EQUIPMENT**

A summary of the key machinery and equipment owned and used by our Group are set out as below:

| Equipment | Function | Estimated useful life⁽¹⁾ | Average age⁽²⁾ | No of units | NBV as at 31 May 2023 RM'000 |
|--|---|--|----------------------------------|--------------------|-------------------------------------|
| HDD machines | Boring machines for installing underground utilities such as pipes, conduits and cables | 10 | 8 | 3 | 376 |
| Underground utility locator / detector | Detection of underground utilities | 10 | 8 | 3 | 26 |
| Winch machines | Cable pulling machines at specific tensions for installing underground cables | 10 | 4 | 3 ⁽⁴⁾ | 19 |
| Forklifts | Lifting and movement of pipes, conduits and cables | 5 | 13 ⁽⁵⁾ | 2 | ^ |
| Lorries ⁽³⁾ | Transportation of pipes, conduits and cables | 5 | 7 | 11 | 360 |
| Total | | | | | 781 |

Notes:

^ Negligible

- (1) Estimated useful life is computed based on the depreciation period of machinery and equipment.
- (2) Average age of machinery and equipment is computed based on the average age of all our machinery. The age is computed based on the year of purchase.
- (3) Our lorries are sent for inspection by the Computerised Vehicle Inspection Centre (PUSPAKOM) annually to ensure they are in good condition and are fit for the road. In addition, we also perform routine checks and maintenance on our lorries as part of our preventive maintenance measures. Our lorries are well maintained and thus able to remain in service.
- (4) As at the LPD, our Group has 3 units of winch machines, 2 units of which have been fully depreciated.
- (5) Notwithstanding that the average age of our Group's forklifts exceed their estimated useful life, these forklifts are still functional. Our Group carries out routine checks and maintenance on these forklifts as part of our preventive maintenance measures. These forklifts are well maintained and thus able to remain in service.

As our forklifts are still functional, our Group presently does not have plans to purchase new forklifts. Generally, our Group utilises forklifts to lift and move materials within its store area. In the event we require additional forklifts to support our project needs at the project sites, our Group will rent forklifts from machinery suppliers.

7. BUSINESS OVERVIEW (Cont'd)

7.15 BUSINESS DEVELOPMENT AND MARKETING STRATEGIES

Our projects mainly come from private tenders extended to us via main contractors. Potential customers may also approach us with current or upcoming tender opportunities through referrals or word-of-mouth from our existing customers and/or engineering consultants engaged by the main contractors for a specific utility project.

We procure new projects by leveraging on our track record, experience in cable installation as well as our business relationships with our customers which we have established throughout the years through the quality of our works and timely delivery of our solutions. As such, we have built and maintained a good reputation in the industry over the years. We believe that the goodwill from our satisfied customers will continue to contribute to new project opportunities via recurring business or recommendations to potential customers.

As at the LPD, we have entered into 2 collaboration agreements and 1 memorandum of collaboration with certain major customers of our Group. Further details are set out in Section 15.4 of this Prospectus.

Nevertheless, we will continue to:

- (i) work closely with our existing major customers as part of our efforts in meeting the service quality and other project requirements to ensure customer satisfaction;
- (ii) serve our other customers and pursue business development activities to expand our customer base and reduce dependency on Worktime Engineering and CD Electrical; and
- (iii) engage with potential customers via direct communication in efforts to participate in new tenders and secure new projects from them.

We also intend to leverage on our current capabilities to progressively assume the role of main contractor (which includes tendering for projects directly with TNB) in infrastructure utilities engineering projects and/ or participate in more large-scaled projects in the future, such that we are able to grow our business further and improve our profitability. This will enable us to enlarge our customer base and directly secure more new customers from utility companies, property developers as well as industries that require our services and solutions to enable the supply of power to specific locations and/ or premises.

In order to progressively assume the role of main contractor (which includes tendering for projects directly with TNB), our Group will need to demonstrate project track record, financial strength and availability of technical personnel and machineries. Over the years, we have strengthened our technical skills and capabilities in the areas of project planning, project management, project delivery, quality of works performed and site safety matters to undertake larger and more complex projects. With our proven track record as well as the licenses and permits (including registrations with CIDB, TNB and MOF) obtained by our Group since year 2021, as set out in Section 7.12 of this Prospectus, we believe we have met such requirements and are capable to undertake projects directly as a main contractor.

As at the LPD, we have also entered into a memorandum of understanding with G.B.U. Consultant, a company registered with Sarawak's Registration and Contractor Registration Unit (UPKJ) that is based in Kuching, Sarawak, as part of our plan to expand our business into new markets. Further details are set out in Section 7.24.2 of this Prospectus.

7. BUSINESS OVERVIEW (Cont'd)

7.16 RESEARCH AND DEVELOPMENT

Due to the nature of our business, we do not engage in research and development activities in relation to new product development.

Notwithstanding the above, our Group has developed technology tools that facilitate our daily business operations and projects, namely our ERP system and site management system. These technology tools were conceptualised by Dato' Seri Lim who realised the benefits of adopting technology to improve efficiency and effectiveness in our operations.

Chin Jiunn Shyong, our Executive Director/ COO, who had been working in the field of information technology prior to joining our Group, developed these technology tools together with our team of software programmers. He is also currently overseeing the daily operations, maintenance and enhancement of our technology tools. Under his guidance, our IT team has further developed a site management system accessible via mobile application that is supplementary to our ERP system.

We also use a customised geospatial smart utility mapping solution, namely InfraMap, for project delivery.

As part of their duties, our IT team is responsible for the system maintenance and upgrades for our ERP system, site management system mobile application and Inframap. We presently incur minimal cost for system maintenance and upgrades for our ERP system, site management system mobile application and Inframap, as such costs are in the form of staff salaries of our IT team. We do not capitalise these costs as they are operational costs in nature and not significant in terms of value.

Please refer to Section 7.17 of this Prospectus for further details on these technology tools.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

7. BUSINESS OVERVIEW (Cont'd)

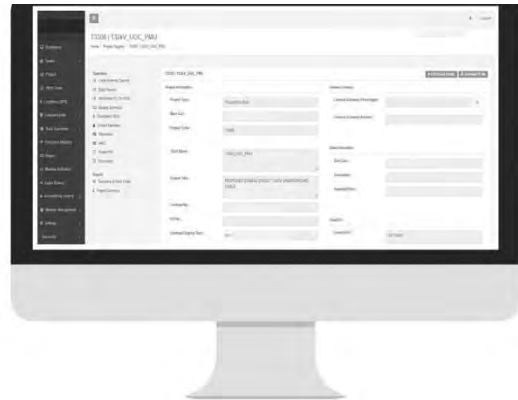
7.17 TECHNOLOGIES USED

The technologies that our Group adopts to facilitate our business operations include the following:

(i) ERP

ERP is a system or software used by organisations to control, monitor and coordinate day-to-day business operations by integrating their major business functions on one single common database. Our Group has developed our in-house ERP system to assist us in project management by managing materials and equipment, logistics, scheduling and workflow processes.

Project registry module of our ERP system:



We further developed a site management system mobile application to supplement our ERP software which facilitates our management of projects, resources and financials. Its features include project tracking and scheduling, project cost and revenue planning, project control and reporting as well as document and records management. The mobile application is utilised to register daily site activities, estimate revenue and costs for projects and manage records for client sign-offs.

Modules on our site management system mobile application:



The introduction of site management system mobile application to supplement our ERP software allows timely flow of information among different departments in our Group via internet to, among others, manage subcontractors and suppliers as well as facilitate monitoring and reporting of work progress.

The ERP systems and the site management system mobile application are developed and continually enhanced for our Group's internal use only. Therefore, our Group has not registered the intellectual properties rights for these technologies as our Group does not intend to sell or provide these information technology services to other parties.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

7. BUSINESS OVERVIEW (Cont'd)

(ii) InfraMap

Our Group utilises a customised InfraMap platform for capturing, storing, checking and displaying data related to the 3D coordinates of underground utilities. We acquired the utility mapping system in FYE 2020.

We utilise an underground utility detector / locator that transmits signals into the ground and captures the responses, such that the existing underground utilities can be located in terms of depth. The spatial coordinates of existing underground utilities obtained using the aforementioned tools are then mapped and stored as data in the InfraMap platform. We subsequently utilise Gyrotrack, a gyroscope-based mapping tool, to map the new pipelines before cable installation, where the precise pipeline location data can be produced on-site, exported to and stored in the InfraMap platform.

InfraMap platform displaying the utility route for an underground utilities engineering project:



These spatial dimensions are crucial to infrastructure utilities management, as they provide the foundation for mapping underground utility systems.

InfraMap relies on data points from Gyrotrack as well as other mapping and surveying tools such as drones to produce underground utility system maps. While we are presently using InfraMap, we are also continually enhancing the features and functions of InfraMap for our internal project usage purposes. As such, we have not finalised our InfraMap platform for patent registration.

(iii) GyroTrack

GyroTrack is a third-party gyroscope-based mapping tool used after completion of pipeline installation and prior to cable laying, to map existing pipelines and utility lines when performing HDD works. The precise pipeline location data is produced on-site and can be exported to open platform formats for seamless integration into common, industry-standard geographical information system (GIS) formats.

(iv) HDD

HDD is a surface-to-surface, horizontal drilling and cables or pipelines installation technique as set out in Section 7.5.1 of this Prospectus.

(v) Pipe jacking

Pipe jacking is a trenchless method for the installation of prefabricated pipe through the ground between 2 excavated vertical points, which is from the drive shaft to the reception shaft, as set out in Section 7.5.1 of this Prospectus.

(vi) Microtunneling

Microtunneling is a remote-controlled, laser guided pipe jacking technique for installing pipelines beneath the surface in a wide range of soil conditions by thrusting pipes through the ground as set out in Section 7.5.1 of this Prospectus.

7. BUSINESS OVERVIEW (Cont'd)

(vii) Manshield

Manshield is a technique of installing underground pipelines using hydraulic jacks and manual excavation. The manshield technique is set out in Section 7.5.1 of this Prospectus.

(viii) Cable tunnelling

Cable tunnelling is a trenchless method for the installation of cables and pipes in tunnel sections at depth of approximately 25 metres underground suitable for dense urban areas. The cable tunnelling method is set out in Section 7.5.1 of this Prospectus.

The abovementioned technologies (including the tools) described in (iii) to (viii) were not developed by our Group. These technologies are common methodologies adopted by industry players to carry out underground utilities engineering services and solutions. As these are commonly used methodologies for underground utilities engineering services and solutions, our Group has no ownership over these technologies nor have we registered the intellectual property rights for these technologies.

7.18 INTERRUPTIONS TO BUSINESS AND OPERATIONS

Save for the interruption in our operations arising from the imposition of movement controls in Malaysia following the outbreak of COVID-19, our Group has not experienced any other interruption which has significantly affected our business during the past 12 months preceding the LPD.

7.18.1 Impact of COVID-19 on our Group's business operations

Following the declaration of COVID-19 as a pandemic on 11 March 2020 by the World Health Organisation, the Government had imposed various phases of movement restrictions, namely the MCO, CMCO, recovery MCO, enhanced MCO, full MCO and various phases of NRP.

These movement restrictions were imposed for different durations in each state, federal territory and area, depending on the severity of the COVID-19 infections in the respective states, federal territories and areas.

During certain movement restriction phases, non-essential construction activities were not allowed, unless the company obtains the relevant approvals from the applicable authorities, and/ or fulfils the vaccination rate specified by the Government upon the commencement of the mass vaccination programme by the Government.

As a provider of infrastructure utilities engineering solutions primarily serving the electricity supply industry, we typically depend on the operating status of each construction site to commence works.

Between 18 March 2020 and 5 May 2020 during which the MCO 1.0 was imposed, our Group's operations were temporarily halted and we did not provide any services, as the construction sites of all the projects in which our Group was involved, were not allowed to operate. We began to gradually resume the provision of our services subsequently in May 2020 as our customers gradually resumed operations and the construction sites of the projects in which our Group was involved resumed works.

We continued to operate throughout the MCO 2.0 phase as the construction sites of the projects in which our Group was involved in, continued to be in operations.

7. BUSINESS OVERVIEW (Cont'd)

In 2021, our Group's operations were temporarily halted from 12 May 2021 to 1 June 2021 following the nationwide lockdown under MCO 3.0, and from 3 July 2021 to 5 July 2021 under the enhanced MCO imposed in Selangor and Kuala Lumpur. During the abovementioned periods, we did not provide any services as the construction sites of all the projects in which our Group was involved were not allowed to operate.

In 2022, despite the resurgence of the COVID-19 confirmed cases due to the Omicron variant, construction activities in Malaysia were allowed and there was no material impact to our business and operations.

Consequential to the various movement restrictions imposed and closure of construction sites, we applied for and had been granted extension of time to deliver the Farlim Project with no imposition of LAD, details of which are as follows:

| Ongoing project | Temporary suspension period | Resumption of onsite construction activities |
|-----------------|-----------------------------|--|
| Farlim Project | 18 March 2021 – 8 June 2021 | 9 June 2021 |

Our business and onsite operations were affected by the various phases of MCOs and NRP which resulted in the temporary suspension and slowdown of work during these respective periods. In light of this, we sought a further extension of time from our customer for the Farlim Project, details of which are as follows:

| Project name | Contractual completion date | Extended completion date |
|----------------|-----------------------------|--------------------------|
| Farlim Project | 15 January 2022 | 28 May 2022 |

The extension of time obtained was due to the imposition of the various phases of MCOs and NRP which caused temporary suspension of works as well as additional time required to recommence work sites activities, such as remobilising workers, equipment and supply of materials as well as the time taken to establish the required standard operating procedures at the project sites.

Save for the above, we did not apply for extension of time to deliver our other projects in view that they were either in preliminary stages, or subject to notification from our customers to commence works, or they are bulk contracts for which the timing of our work assignments was subject to notification by our customers.

As at the LPD, our Group has received a further extension of time to deliver Farlim Project with the completion targeted in May 2024.

Prior to resuming on-site work at the various construction sites, we arranged for all site workers to undergo COVID-19 testing to prevent COVID-19 infections in the respective project sites.

Our Group did not experience any cancellations in contracts by our customers as a result of COVID-19 and the imposition of MCOs.

Save for the Farlim Project, our Group did not experience delays in other projects arising from COVID-19 and the impositions of MCOs. Our Group did not incur any LAD due to project delays arising from COVID-19 and the imposition of MCOs as at the LPD.

7.18.2 Impact of COVID-19 on our Group's supply chain

The imposition of MCOs had temporarily halted our suppliers' and subcontractors' operations and resulted in delays in the supply and cost of materials, equipment and services from our suppliers and subcontractors.

7. BUSINESS OVERVIEW (Cont'd)

During MCO 1.0, both our operations and our suppliers and subcontractors' operations were also suspended temporarily. Prior to the resumption of our operations, we worked closely with them to ensure timely delivery of required construction materials and resources, no shortages in the supply of construction materials and the continuation of services by our subcontractors once we resume operations at our project sites. During MCO 2.0, economic sectors were allowed to operate and thus, we did not experience material disruption to our supply chain and the provision of services by our subcontractors. During MCO 3.0, we experienced supply chain disruptions as the quarry sector, which is classified as non-essential services, was unable to obtain MITI approval to resume operations. As a result, we faced temporary delays in obtaining construction materials such as sand, crusher run and premix which affected the progress of certain projects.

During the full MCO period which began on 1 June 2021, the construction sector was allowed to operate with operations being limited to amongst others, critical construction and repair and maintenance of public infrastructure projects. Nonetheless, during the full MCO and various phases of the NRP, our projects were not materially impacted by the suspension of our suppliers' operations as some of our construction projects were also temporarily suspended pending the approval of MITI to resume activities. Further, some of our project sites were operating at lower capacity in order to comply with the standard operating procedures and operating capacity requirements imposed by the Government under the NRP, thus, resulted in slower progress and utilisation of materials and resources.

7.18.3 Impact of COVID-19 on our Group's business cash flows, liquidity, financial position and financial performance

Due to mandatory closure and operational restrictions during the COVID-19 pandemic, our Group's projects were affected. Our Group's revenue decreased from RM112.67 million in FYE 2020 to RM96.41 million in FYE 2021 and subsequently increased to RM234.61 million in FYE 2022. In FYE 2020, we experienced a net cash for operating activities position of RM10.59 million.

Our Group's trade receivables turnover period stood at 83 days in FYE 2020 (beyond the normal credit terms granted by our Group ranging from 30 to 60 days from the date of invoice), mainly due to our Group's customers taking longer time to make payments during the COVID-19 pandemic period. Further, the increased amounts outstanding from our Group's major customers also contributed to the higher trade receivables turnover period in FYE 2020. Our Group's trade receivables turnover period further increased from 83 days in FYE 2020 to 141 days in FYE 2021, despite the reopening of the economy following the COVID-19 pandemic as our Group's customers faced tight cash flows in settling their outstanding balances to our Group. Our Group's trade receivables turnover period decreased from 141 days in FYE 2021 to 60 days in FYE 2022 due to collections from our customers mainly for Farlim Project and Danga Bay Project as well as our Group's efforts to follow up closely on collections.

Our Group's trade payables turnover period stood at 111 days in FYE 2020 (beyond the normal credit terms granted by our subcontractors/ suppliers ranging from 30 days to 60 days), mainly due to slow collections from trade receivables which in turn, resulted in delays in payments to subcontractors and suppliers. In FYE 2021, our Group's trade payables turnover period improved to 110 days and further improved to 40 days in FYE 2022 due to our Group's efforts to make timely payments to nurture the relationships in line with the gradual economic recovery following the COVID-19 pandemic.

With the upliftment of MCO restrictions and the relaxation of business activities allowed as well as the subsequent transition to the endemic phase since 1 May 2022, we currently do not expect any material impact to the sustainability of our business operations in the foreseeable future as:

7. BUSINESS OVERVIEW (Cont'd)

- (i) our business operations have resumed to full capacity as our employees are vaccinated;
- (ii) we did not experience any cancellation in purchase orders/ contracts during the lockdown period as it has since been resolved with the resumption of business activities by our customers and suppliers; and
- (iii) as at the LPD, our Group recorded cash and bank balances of approximately RM21.71 million and unutilised banking facilities of approximately RM27.16 million.

We experienced some impact to our liquidity, financial position and financial performance arising from the impact of COVID-19 and MCO.

Despite the challenging environment, we managed to secure approximately RM242.95 million and RM28.43 million worth of purchase orders/ contracts from customers during FYE 2020 and FYE 2021, respectively. During FYE 2020 and FYE 2021, we recorded revenues of RM112.67 million and RM96.41 million. The fluctuation was primarily attributed to the demand from our customers amidst the COVID-19 pandemic. Nevertheless, with the gradual resumption of normal business activities, our purchase orders/ contracts from customers and revenue for FYE 2022 increased to RM125.79 million and RM234.61 million, respectively.

Based on our audited combined statements of our financial position as at 31 May 2023, we have cash and bank balances of RM2.48 million and total borrowings of RM32.55 million.

Our Directors are of the opinion that, after taking into consideration our cash and bank balances, cash generated from our business operations, the amount of unutilised banking facilities and proceeds to be raised from the Public Issue, we will have adequate working capital to meet our present and foreseeable requirements for at least 12 months from the date of this Prospectus.

In addition, we do not anticipate any financial difficulties in meeting our debt obligations in the foreseeable future. We do not expect any material impairment to our assets, or receivables. Based on the above, we do not expect any material impact to our cash flows, liquidity, financial position and financial performance moving forward.

7.18.4 Impact of COVID-19 on our Group's business and earning prospects

Infrastructure utilities engineering solutions, especially in relation to underground and overhead utilities engineering services and solutions, are crucial in the development of transmission and distribution infrastructure to ensure the accessibility and connectivity of utilities such as electricity.

Between 2022 and 2024, an estimated RM20.0 billion will be allocated in capital expenditure for recurring electricity generation, transmission and distribution in Peninsular Malaysia and Sabah. In February 2023, TNB announced a capital expenditure allocation of RM12.8 billion, from which RM7.0 billion will be for regulated capital expenditure (including energy transition related capital expenditure of RM1.0 billion) while the remaining RM5.8 billion will be allocated for other major projects. Separately in August 2023, TNB announced that it plans to deploy an additional RM35.0 billion between 2025 to 2030 towards upgrading Malaysia's power grid, to ensure the infrastructure does not become an obstacle in the nation's energy transition endeavours. This means that TNB plans to invest a total of RM90.0 billion into Malaysia's grid in the coming five-year period, double the RM46.0 billion previously allocated for the 2018 to 2024 period.

(Source: IMR Report by PROVIDENCE)

7. BUSINESS OVERVIEW (Cont'd)

Moving forward, we expect a continuous demand for our infrastructure utilities engineering solutions due to the capital expenditure commitment for recurring electricity generation, transmission and distribution in Malaysia.

Premised on the above, we do not expect any material impact to our business and earning prospects.

7.18.5 Strategy and steps taken to address the impact of COVID-19 pandemic

In response to the COVID-19 pandemic, our Group had established a standard safety protocol prior to the endemic phase to protect employees and customers against COVID-19 infections which were in accordance with the guidelines imposed by the Government, relevant authorities and local councils.

Malaysia has transitioned 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.

Since FYE 2020 and up to the LPD, the total costs for the implementation of COVID-19 standard operating procedures is approximately RM0.15 million.

7.18.6 Impact of COVID-19 on our Group under the endemic phase of COVID-19

There has not been any material impact on our Group since Malaysia transitioned to the endemic phase of COVID-19, and we do not expect any material impact on our Group during this period.

Notwithstanding the above, we will continue to implement stringent standard operating procedures as precautionary measures to avoid the spread of COVID-19 in our premises.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

7. BUSINESS OVERVIEW (Cont'd)**7.19 MAJOR CUSTOMERS**

Our top 5 major customers for Financial Years and Period Under Review are as follows:

FYE 2020

| No. | Customers | Services provided | Revenue contribution | | Length of relationship (years) as at the LPD |
|--------------|--|--|----------------------|--------------|--|
| | | | RM'000 | % | Years |
| 1 | Worktime Engineering ⁽¹⁾⁽²⁾ | Underground utilities engineering services and solutions, trading of equipment for substations, Street Lighting Services | 67,740 | 60.13 | 20 |
| 2 | CD Electrical | Underground utilities engineering services and solutions, substation EPCC services | 34,621 | 30.73 | 19 |
| 3 | YM Teras ⁽³⁾ | Underground utilities engineering services and solutions | 8,349 | 7.41 | 20 |
| 4 | Pintar Gembira Sdn Bhd | Underground utilities engineering services and solutions, Street Lighting Services | 1,653 | 1.47 | 12 |
| 5 | Lotus Height Sdn Bhd | Underground utilities engineering services and solutions | 166 | 0.15 | 9 |
| Total | | | 112,529 | 99.88 | |

FYE 2021

| No. | Customers | Services provided | Revenue contribution | | Length of relationship (years) as at the LPD |
|--------------|--|--|----------------------|--------------|--|
| | | | RM'000 | % | Years |
| 1 | Worktime Engineering ⁽¹⁾⁽²⁾ | Underground utilities engineering services and solutions, trading of equipment for substations, Street Lighting Services | 56,338 | 58.43 | 20 |
| 2 | CD Electrical | Underground utilities engineering services and solutions | 25,303 | 26.24 | 19 |
| 3 | YM Teras ⁽³⁾ | Underground utilities engineering services and solutions, substation EPCC services | 8,735 | 9.06 | 20 |
| 4 | Pintar Gembira Sdn Bhd | Underground utilities engineering services and solutions, Street Lighting Services | 3,349 | 3.47 | 12 |
| 5 | Tempinas Sdn Bhd | Underground utilities engineering services and solutions | 2,326 | 2.41 | 20 |
| Total | | | 96,051 | 99.62 | |

7. BUSINESS OVERVIEW (Cont'd)**FYE 2022**

| No. | Customers | Services provided | Revenue contribution | | Length of relationship (years) as at the LPD |
|--------------|--|--|----------------------|---------------|--|
| | | | RM'000 | % | Years |
| 1 | Worktime Engineering ⁽¹⁾⁽²⁾ | Underground utilities engineering services and solutions, trading of equipment for substations, Street Lighting Services | 158,004 | 67.35 | 20 |
| 2 | YM Teras ⁽³⁾ | Underground utilities engineering services and solutions, substation EPCC services | 62,664 | 26.71 | 20 |
| 3 | CD Electrical | Underground utilities engineering services and solutions | 7,998 | 3.41 | 19 |
| 4 | Tempinas Sdn Bhd | Underground utilities engineering services and solutions, Street Lighting Services | 3,947 | 1.68 | 20 |
| 5 | Pintar Gembira Sdn Bhd | Underground utilities engineering services and solutions, Street Lighting Services | 1,999 | 0.85 | 12 |
| Total | | | 234,612 | 100.00 | |

FPE 2023

| No. | Customers | Services provided | Revenue contribution | | Length of relationship (years) as at the LPD |
|--------------|--|--|----------------------|---------------|--|
| | | | RM'000 | % | Years |
| 1 | Worktime Engineering ⁽¹⁾⁽²⁾ | Underground utilities engineering services and solutions, Street Lighting Services | 21,888 | 47.58 | 20 |
| 2 | YM Teras ⁽³⁾ | Underground utilities engineering services and solutions, substation EPCC services | 17,078 | 37.12 | 20 |
| 3 | CD Electrical | Underground utilities engineering services and solutions | 4,432 | 9.64 | 19 |
| 4 | Tempinas Sdn Bhd | Underground utilities engineering services and solutions, Street Lighting Services | 1,491 | 3.24 | 20 |
| 5 | Pintar Gembira Sdn Bhd | Underground utilities engineering services and solutions, Street Lighting Services | 1,114 | 2.42 | 12 |
| Total | | | 46,003 | 100.00 | |

7. BUSINESS OVERVIEW (Cont'd)

Notes:

- (1) *Affendy Bin Arifin, a shareholder (40.00%) and director of Worktime Engineering, was employed by JTHSB from years 2006 to 2008 where he left as a project coordinator. He is not related to our Directors and/ or shareholders and is not a person connected with our Directors and/ or shareholders.*
- (2) *Sainul Haizan Binti Baharudin, a director of Worktime Engineering, was employed by JTHSB for certain period in year 2020 where she left as a business development manager. She is not related to our Directors and/ or shareholders and is not a person connected with our Directors and/ or shareholders.*
- (3) *Sara Binti Zahiad, a director of YM Teras, was employed by JTHSB from years 2012 to 2020 where she left as a senior project manager. She is not related to our Directors and/ or shareholders and is not a person connected with our Directors and/ or shareholders.*

For the Financial Years and Period Under Review, our Group's major customers primarily comprised main contractors appointed by TNB, a major utility company in Malaysia. Revenue contribution from our Group's major customers varies from year to year given the nature of our business which is conducted on a contract basis. Our Group may not secure similar contracts in terms of size and scope with the same customers every year.

Collectively, our Group's top 5 customers contributed 99.88%, 99.62%, 100.00% and 100.00% of our Group's total revenue for FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively. In particular, our Group's top 3 customers for the Financial Years and Period Under Review were Worktime Engineering, CD Electrical and YM Teras, all being TNB-approved main contractors for underground electricity supply utilities construction. Collectively, Worktime Engineering, CD Electrical and YM Teras contributed 98.27%, 93.73%, 97.47% and 94.34% of our Group's revenue for FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively.

The significant revenue contribution from Worktime Engineering and YM Teras in FYE 2022 is mainly attributable to the revenue contributed by the following ongoing projects:

- (i) Farlim Project (contracts awarded by Worktime Engineering and YM Teras) which contributed to a revenue of RM112.59 million in FYE 2022, as compared to RM23.93 million in FYE 2021; and
- (ii) Danga Bay Project (contract awarded by Worktime Engineering) which contributed to a revenue of RM52.22 million in FYE 2022, as compared to RM2.02 million in FYE 2021.

The revenue contribution from Worktime Engineering and YM Teras in FPE 2023 is mainly attributable to the revenue contributed by the following ongoing projects secured from Worktime Engineering and YM Teras:

- (i) Farlim Project which contributed to a revenue of RM12.75 million in FPE 2023, as compared to RM64.75 million in FPE 2022; and
- (ii) Danga Bay Project which contributed to a revenue of RM10.62 million in FPE 2023, as compared to RM12.03 million in FPE 2022.

The significant decrease in revenue contribution from CD Electrical in FYE 2022 is primarily attributable to the delay in the commencement of cable tunnel construction works for the 275kV and 132kV underground cable route into Prince Court substation that was then pending relevant approvals from the relevant authorities. Our Group was informed in August 2022 that the project owner (TNB) and main contractor (CD Electrical) had only in August 2022

7. BUSINESS OVERVIEW (Cont'd)

obtained the approval/ permit to proceed with excavation works from Dewan Bandaraya Kuala Lumpur (DBKL). Thus, we have commenced preliminary works for this project in November 2022. As at the LPD, the project is presently in the midst of project delivery.

Worktime Engineering, YM Teras and CD Electrical are private limited companies incorporated in Malaysia and are principally involved in the business of civil substations, electrical infrastructure and construction, project management and other related engineering works. Our Group was engaged by Worktime Engineering, YM Teras and CD Electrical to perform underground utilities engineering solutions. Generally, our Group acts as a subcontractor to undertake the underground utilities engineering solutions such as HDD works and cable installation works for the electricity supply projects awarded by Worktime Engineering, YM Teras and CD Electrical.

Due to the nature of our Group's business, revenue contributions from our customers are based on projects secured from time to time as well as work-in-progress claims.

Save for Worktime Engineering, YM Teras and CD Electrical, our Group is not dependent on other major customers as our projects with them are secured on a contract basis or based on a purchase order basis. Nevertheless, we will continue to:

- (i) work closely with our existing major customers as part of our efforts in meeting the service quality and other project requirements to ensure customer satisfaction;
- (ii) engage with potential customers via direct communication in efforts to participate in new tenders and secure new projects from them;
- (iii) serve our other customers and pursue business development activities to expand our customer base and reduce dependency on Worktime Engineering and CD Electrical.

In FYE 2019, our Group secured a new customer for a project relating to external electrical infrastructure (11kV) for utility mapping, HDD cable pulling, cable termination and cable jointing works in Sepang. In FPE 2023, our Group secured a new customer (a property developer) that engaged us as a main contractor (in December 2022) for substation EPCC works in relation to the civil construction of a new 33kV substation with a project value of RM3.68 million. On 27 June 2023, our Company voluntarily submitted a self-determination letter to withdraw ourselves as the main contractor due to delays in commencement of physical works (because of the impending approvals from relevant authorities) which rendered the estimated costs and profits to be no longer feasible. On 15 September 2023, the said property developer accepted our self-determination pursuant to, amongst others, default under PAM Contract 2006 (With Quantities) Clause 26.1(d)(ii). Save for the above, no new customers were secured during the Financial Years and Period Under Review and up to the LPD.

Moving forward, our Group expects Worktime Engineering, CD Electrical and YM Teras to continue contributing significantly to our revenue. Thus, if Worktime Engineering, CD Electrical and/ or YM Teras cease to be our Group's customer(s), our financial results will be adversely affected if we are not able to replace the decrease or loss in sales in a timely manner.

Nevertheless, our Group is also expanding our business and customer base through our future plans and strategies as set out in Section 7.24 of this Prospectus.

7. BUSINESS OVERVIEW (Cont'd)

Collaboration documents

On 23 September 2022, JTHSB entered into the following with its top 3 customers, premised upon their established and continuing working relationships as well as to explore potential business opportunities:

- (i) a collaboration agreement with Worktime Engineering;
- (ii) a memorandum of collaboration with CD Electrical; and
- (iii) a collaboration agreement with YM Teras⁽¹⁾.

Note:

- (1) *Similar to Worktime Engineering and CD Electrical, the projects awarded by YM Teras are generally for our Group to act as a subcontractor to undertake underground utilities engineering solutions such as HDD works and cable installation works for electricity supply industry projects.*

(“**Collaboration Documents**”, collectively).

These respective Collaboration Documents serve to formalise the working relationship of the parties and to establish a framework for collaboration, to leverage on each party’s core competencies and strengths for the respective construction projects, and to deal with business opportunities which may arise in the infrastructure utilities industry. The Collaboration Documents shall, amongst others:

- (i) take effect from the date of the respective Collaboration Document and shall continue to remain effective for a continuous period of 10 years. The Collaboration Documents shall be renewed for a further term of 10 years upon the same terms and conditions contained in the Collaboration Documents unless otherwise mutually agreed by the parties; and
- (ii) provide first right of refusal to JTHSB for JTHSB to accept the projects offered by Worktime Engineering, CD Electrical and/ or YM Teras. For avoidance of doubt, the first right of refusal provided to JTHSB by Worktime Engineering, CD Electrical and/ or YM Teras is only reserved for pre-mutually agreed joint participation in tenders and/ or projects.

Notwithstanding the Collaboration Documents, the contract value for each project is still subject to separate negotiation(s) based on the project’s requirements.

Notwithstanding that JTHSB intends to tender as a main contractor as part of our future plans as set out in Section 7.24.1 of this Prospectus, this will not have any impact to the Collaboration Documents as the terms and conditions of the Collaboration Documents do not restrict our Group to tender for projects as a main contractor. The salient terms of the Collaboration Documents are set out in Section 15.4 of this Prospectus.

Save for Worktime Engineering, CD Electrical and YM Teras, our Group has not entered into any long-term agreement or long-term contract with other major customers.

7. BUSINESS OVERVIEW (Cont'd)

Our Group has established a long working relationship with our top 3 major customers ranging from not less than 18 to 19 years when the Collaboration Documents were entered into. We have maintained long and mutually beneficial relationships with the abovementioned major customers over the years based on, among others, our project track record and this has provided our Group with a platform for growth. Our Group believes that we have achieved the level of growth and technical expertise, where it is timely to formalise the working relationship with the said customers via the Collaboration Documents in 2022. Both our Group and our major customers believe that this will augur well with the positive outlook of the power infrastructure utilities market whereby it was published in February 2022 that between 2022 and 2024, an estimated RM20.0 billion will be allocated by TNB in capital expenditure for recurring electricity generation, transmission and distribution in Peninsular Malaysia and Sabah and it was announced by TNB in February 2023 that a capital expenditure allocation of RM12.8 billion, from which RM7.0 billion will be for regulated capital expenditure (including energy transition related capital expenditure of RM1.0 billion) while the remaining RM5.8 billion will be allocated for other major projects. Furthermore, in August 2023, TNB announced its plans to deploy an additional RM35.0 billion between 2025 to 2030 towards upgrading Malaysia's power grid, to ensure the infrastructure does not become an obstacle in the nation's energy transition endeavours. This means that TNB plans to invest a total of RM90.0 billion into Malaysia's grid in the coming five-year period, double the RM46.0 billion previously allocated for the 2018 to 2024 period (*Source: IMR Report by PROVIDENCE*).

As at the LPD, none of our Directors, Promoters and/ or substantial shareholders has any interest, direct or indirect, in any of our Group's major customers.

Our Group's major shareholders, Executive Directors and persons connected with them are not connected to our Group's major customers for the Financial Years and Period Under Review and as at the LPD.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

7. BUSINESS OVERVIEW (Cont'd)**7.20 MAJOR SUPPLIERS**

Our top 5 major suppliers comprising the suppliers for construction materials and subcontractors for Financial Years and Period Under Review are as follows:

FYE 2020

| No. | Suppliers | Materials / services procured | Contribution to purchases and subcontractors' fees | | Length of relationship (years) as at the LPD |
|--------------|----------------------------------|-------------------------------|--|--------------|--|
| | | | RM'000 | % | Years |
| 1 | Power Cables Malaysia | Cables | 25,259 | 30.33 | 4 |
| 2 | Bras Ventures Bhd ⁽¹⁾ | Cables | 10,546 | 12.66 | 2 |
| 3 | Roflex Pipe Sdn Bhd | Pipes | 3,081 | 3.70 | 8 |
| 4 | A&A Dinar Sdn Bhd | Cable joints and terminations | 2,766 | 3.32 | 6 |
| 5 | MK Drilling Engineering Sdn Bhd | Provision of HDD works | 2,320 | 2.79 | 5 |
| Total | | | 43,972 | 52.79 | |

FYE 2021

| No. | Suppliers | Materials / services procured | Contribution to purchases and subcontractors' fees | | Length of relationship (years) as at the LPD |
|--------------|----------------------------|--|--|--------------|--|
| | | | RM'000 | % | Years |
| 1 | Power Cables Malaysia | Cables | 24,472 | 33.45 | 4 |
| 2 | Equity Gain ⁽²⁾ | All materials and services (including provision of subcontractors and other project works) | 8,191 | 11.20 | 1 |
| 3 | Roflex Pipe Sdn Bhd | Pipes | 2,983 | 4.08 | 8 |
| 4 | ST Trenchless (M) Sdn Bhd | Provision of HDD works | 2,444 | 3.34 | 3 |
| 5 | A&A Dinar Sdn Bhd | Cable joints and terminations | 2,269 | 3.10 | 6 |
| Total | | | 40,359 | 55.17 | |

7. BUSINESS OVERVIEW (Cont'd)**FYE 2022**

| No. | Suppliers | Materials / services procured | Contribution to purchases and subcontractors' fees | | Length of relationship (years) as at the LPD |
|--------------|--|---|--|--------------|--|
| | | | RM'000 | % | Years |
| 1 | Power Cables Malaysia | Cables | 118,413 | 58.71 | 4 |
| 2 | Tenaga Ptaras (M) Sdn Bhd | Provision of HDD works | 6,823 | 3.38 | 2 |
| 3 | Taihan Cable & Solution Co., Ltd (South Korea) | Cables | 6,180 | 3.06 | 1 |
| 4 | Roflex Pipe Sdn Bhd | Pipes | 6,016 | 2.98 | 8 |
| 5 | MK Drilling Engineering Sdn Bhd | Provision of HDD and pipe jacking works | 3,886 | 1.93 | 5 |
| Total | | | 141,318 | 70.06 | |

FPE 2023

| No. | Suppliers | Materials / services procured | Contribution to purchases and subcontractors' fees | | Length of relationship (years) as at the LPD |
|--------------|-------------------------|--|--|--------------|--|
| | | | RM'000 | % | Years |
| 1 | Power Cables Malaysia | Cables | 16,787 | 57.80 | 4 |
| 2 | KM Tinabalan Enterprise | Provision of civil construction services | 1,798 | 6.19 | 1 |
| 3 | Roflex Pipe Sdn Bhd | Pipes | 1,768 | 6.09 | 8 |
| 4 | Magnatac Sdn Bhd | Provision of pipe laying, cable laying and HDD works | 1,149 | 3.96 | 7 |
| 5 | Chor Thern Enterprise | Rental of lorry, backhoe and crusher | 1,025 | 3.53 | 6 |
| Total | | | 22,527 | 77.57 | |

Notes:

- (1) *Bras Ventures Bhd is principally an electrical contractor. In FYE 2020, Bras Ventures Bhd emerged as a supplier of our Group although Bras Ventures Bhd is not a cable manufacturer as Bras Ventures Bhd had surplus inventory and agreed to sell its inventory (cables) to JTHSB at a competitive price.*

7. BUSINESS OVERVIEW (Cont'd)

- (2) *Equity Gain was principally involved in the wholesale of construction and civil engineering machinery and equipment, and was the procurement arm for JTHSB. Such arrangement only took place from November 2020 until June 2021. Since then, all procurements for our Group are made directly by JTHSB.*

Dato' Seri Lim and Chin Jiunn Shyong previously held the entire equity interest in Equity Gain. Dato' Seri Lim and Chin Jiunn Shyong had intended for Equity Gain to procure all materials and services on behalf of JTHSB to facilitate JTHSB's business, while JTHSB would focus on the operations and project work. Subsequently, they were of the view that Equity Gain's role was redundant and decided to dispose off their respective interests in Equity Gain to focus on JTHSB's core business.

Dato' Seri Lim was a director and shareholder of Equity Gain. He resigned as a director on 16 June 2021 and disposed his shares on 15 November 2021 to a third party.

Chin Jiunn Shyong was a director and shareholder of Equity Gain. He resigned as a director on 16 June 2021 and disposed his shares on 15 November 2021 to a third party.

- (3) *As at the LPD, JT Gardens is principally involved in property investment and construction of buildings. There were 2 projects awarded by JTHSB to JT Gardens during the Financial Years and Period Under Review as JT Gardens had the necessary construction expertise (i.e., system formworks) and experience. However, the person with the expertise left JT Gardens in September 2020. As at the LPD, 1 of the 2 projects is completed and the other project is pending issuance of CPC from our customer. As such, our Group will no longer require JT Gardens' service.*

Dato' Seri Lim and Chin Jiunn Shyong are the shareholders of JT Gardens. Collectively, they hold 57.00% equity interest in the company. Dato' Seri Lim is also a director of JT Gardens.

System formwork is required for civil and structural works in the provision of substation EPCC services for initial building civil and structural construction stage. Our Group is able to source system formwork from other suppliers in the market and evaluate these suppliers on the basis of project track record, service quality, timeliness as well as cost. Our Group does not expect JT Gardens to continue being our supplier of system formwork after completion of the said 2 projects.

The construction materials and services for our Group's infrastructure utilities engineering solutions are readily available from local suppliers, and these suppliers are selected based on a variety of factors, including the availability of materials, quality, pricing and lead time for delivery as well as their reliability. We have established a good business relationship with our suppliers and we believe that the relationships forged will be beneficial to our procurement and cost efficiency purposes.

We do not have any long-term agreements or arrangements with any of our major suppliers, as this allows us to have the flexibility to source for quality products and services at competitive prices. Power Cables Malaysia contributed to approximately 30.33%, 33.45%, 58.71% and 57.80% of our subcontractors' fees and purchases for FYE 2020, FYE 2021, FYE 2022 and FPE 2023 respectively. The increasing purchases from Power Cables Malaysia indicate our Group's increasing dependency on Power Cables Malaysia for the supply of cables (in particular 132kV cables for transmission projects as Power Cables Malaysia is one of the suppliers nominated by TNB to supply 132kV cables), in line with the growth of our Group's business. The rising copper prices globally since FYE 2020 also affected the purchasing prices of 132kV cables. In FYE 2022, the increased purchases were mainly attributable to the purchases of 132kV cables for our Group's 4 major on-going projects namely the Farlim Project, Danga Bay Project, Menara Warisan Project⁽¹⁾ and project for 500kV transmission line from Pulau Indah power plant to Olak Lempit substation being transmission related projects involved the supply (i.e., procurement) of cables by our Group. As a result, our Group secured variation orders from our customers to cover the unexpected significant increase in the purchase prices of 132kV cables for the Danga Bay Project and Farlim Project. In FPE 2023, there was a significant decrease in purchases

7. BUSINESS OVERVIEW (Cont'd)

of cables as most of the cables had been procured for the 3 major projects in year 2022 (i.e. Menara Warisan Project⁽¹⁾, Farlim Project and Danga Bay Project). Please refer to Section 12.3.1 of this Prospectus for further details on the Group's financial commentary.

Our Group's purchases of cables from Power Cables Malaysia have increased across the Financial Years and Period Under Review, arising from the good business relationship that we have established with the company and timely supply of cables that meet our requirements at competitive rates. In addition, we recognise the importance of sourcing materials from the same supplier to ensure consistency in quality and reliability of supplies of materials.

We maintain a list of suppliers and subcontractors which meet our project requirements. Save for Power Cables Malaysia, we are not dependent on any single supplier/ subcontractor as we are able to source the materials/ services from other suppliers/ subcontractors in the local market if we are unable to source from our major suppliers/ subcontractors.

In general, electricity distribution-related underground and overhead utilities engineering projects (i.e., 11kV and 33kV projects) involve mainly cable installation works while the supply of cables is generally provided for by the project owner. For transmission-related underground utilities engineering projects (i.e., 132kV and above projects), such projects typically involve the supply (i.e., procurement) of cables in addition to cable installation work. Generally, for projects where TNB is the project owner, TNB will identify its nominated cable suppliers (such as Power Cables Malaysia, Leader Cable Industry Berhad, Universal Cable (M) Bhd and Southern Cable Group Berhad) for the contractors to purchase the required 132kV cables. This is to ensure that the cables meet TNB's quality and project requirements. It is our Group's practice to approach and obtain quotations from all the cable suppliers nominated by TNB. We will then purchase the cables from the supplier who is able to meet the project requirements i.e., delivery schedule and supply cables at competitive rates.

As at the LPD, save for JT Gardens, none of our Directors, Promoters and/ or substantial shareholders have any interest, direct or indirect, in any of our major suppliers/ subcontractors.

Note:

(1) *Finalisation of account took place in FPE 2023.*

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

7. BUSINESS OVERVIEW (Cont'd)**7.21 EMPLOYEES**

A summary of the Group's total workforce by job functions as at 30 November 2022 and the LPD are as set out below.

| Categories | As at 30 November 2022 | | | As at the LPD | | |
|--|------------------------|-------------------|------------|-----------------|-------------------|-----------|
| | Local Employees | Foreign Employees | Sub-Total | Local Employees | Foreign Employees | Sub-Total |
| Directors and senior management ⁽¹⁾ | 9 | - | 9 | 9 | - | 9 |
| Finance and accounts ⁽¹⁾ | 7 | - | 7 | 5 | - | 5 |
| Human resources and administration ⁽¹⁾ | 4 | - | 4 | 6 | - | 6 |
| Business development ⁽¹⁾ | 7 | - | 7 | 5 | - | 5 |
| Procurement ⁽¹⁾ | 10 | - | 10 | 8 | - | 8 |
| Project (and safety) ⁽²⁾ | 57 | 1 | 58 | 49 | 1 | 50 |
| Legal, contract and project risk management ⁽¹⁾ | 4 | - | 4 | 3 | - | 3 |
| IT ⁽¹⁾ | 5 | - | 5 | 3 | - | 3 |
| Total | 103 | 1 | 104 | 88 | 1 | 89 |

Notes:

- (1) These departments are occupying the head office of our Group, bearing the postal address of No. 23 and No. 25, Jalan Temenggung 13/9, Bandar Mahkota Cheras, Seksyen 9, 43200 Cheras, Selangor.
- (2) This department is occupying the offices of our Group, bearing the postal address of No. 26-G, No. 26-2 and No. 22A-2, Jalan Temenggung 13/9, Bandar Mahkota Cheras, Seksyen 9, 43200 Cheras, Selangor.

As at the LPD, we have a total workforce of 89 permanent employees of which:

- (i) 88 permanent employees are Malaysians and accounted for approximately 98.88% of our total workforce; and
- (ii) 1 permanent employee who is an expatriate from India and represents 1.12% of our total workforce. This expatriate holds a valid employment pass which is renewable every 6 months.

As at the LPD, we do not have any contractual and/ or temporary workers.

None of our employees belong to any trade unions and there has been no industrial dispute in the past save as disclosed in Section 7.21.1 of this Prospectus.

Our Group values employee training and development programmes. The infrastructure utilities engineering industry is subject to various codes, guidelines, laws, rules and regulations. Thus, it is vital for us and our employees to continuously keep abreast in the news and development and/ or updates related to the changes to the relevant codes, guidelines, laws, rules and regulations so that our employees are equipped with the requisite knowledge and relevant skill sets to enable them to carry out their work and discharge their responsibilities effectively. It is our Group's policy to develop and train our employees to improve their skillsets and knowledge in order to enhance our operational efficiency.

7. BUSINESS OVERVIEW (Cont'd)

The table below sets out the training programmes that were attended by our employees during the Financial Years and Period Under Review:

| Year | Training subjects |
|-------------|---|
| 2020 | <ul style="list-style-type: none"> • Akademi Binaan Malaysia – Backhoe Loader Operation Level 2 • NIOSH Tenaga Safety Passport • Electronics Engineering Course • Occupational Safety and Health Training • Payroll Training • Authorised Entrant and Standby Person for Confined Space Refresher • Payroll Software Setup, Configuration and Implementation • Rapid Rail Safety Induction • Expressway Operation Safety Passport |
| 2021 | <ul style="list-style-type: none"> • NIOSH Tenaga Safety Passport • Construction Work Permit for Receiving Authorised Authority • Oil and Gas Safety Passport Refresher • Traffic Management Officer • TNB ILSAS – Traffic Control and Road Resurfacing • TNB ILSAS – Cable Laying Practices • TNB ILSAS – HDD • TNB ILSAS – Traffic Management • High Profit Talent System • TNB ILSAS – Vegetation Management • The Dale Carnegie Course: Skills for Success |
| 2022 | <ul style="list-style-type: none"> • NIOSH Tenaga Safety Passport • High Impact Manager Programme • Emergency Response Team Training • Personal Track Safety • TNB ILSAS – Traffic Control and Road Resurfacing • Effective Project Management • Occupational Safety and Health Coordinator • Basic Occupational First Aid, Cardiopulmonary Resuscitation and Automated External Defibrillator • Construction Work Permit for Receiving Authorised Authority • Authorised Entrant and Standby Person for Confined Space Refresher |
| 2023 | <ul style="list-style-type: none"> • Practical Construction Contract Administration Management • NIOSH Tenaga Safety Passport • Construction Work Permit for Receiving Authorised Authority • Authorised Entrant and Standby Person for Confined Space Refresher • Course For Certified Professional in Scheduled Waste Management |

7.21.1 Additional disclosures

On 24 May 2023, JTHSB received a letter dated 17 May 2023 from the Industrial Relations Department Selangor for reinstatement of an ex-employee's job in respect of the ex-employee's dismissal pursuant to Section 20 of the Industrial Relations Act 1967 on 14 May 2023.

7. BUSINESS OVERVIEW (Cont'd)

Subsequent to negotiations between JTHSB and the ex-employee which took place between June 2023 and September 2023, a Memorandum of Agreement dated 18 September 2023 was signed by JTHSB and the ex-employee to record the terms of their resolution where the parties agreed to resolve the dispute amicably after the conciliation meeting held pursuant to Section 20(2) of the Industrial Relations Act 1967 and the resolution was reached voluntarily without admission of any liabilities by both parties. An ex-gratia payment of RM7,000 was paid by JTHSB to the ex-employee on 26 September 2023 as full and final settlement in respect of the representation made by the ex-employee pursuant to Section 20(1) of the Industrial Relations Act 1967. Neither party shall have any further claims against each other pertaining to this matter.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

7. BUSINESS OVERVIEW (Cont'd)

7.22 GOVERNMENT LAWS AND REGULATIONS

Our Group is subject to the following governing laws and regulations which are material to our business operation:

(i) LPIP Act and its regulations

LPIP Act and regulations made thereunder, governing the registration of construction personnel as well as skills and competency certification.

The LPIP Act prescribes that no person shall undertake any construction works unless he is registered with the CIDB and hold a valid certificate of registration issued by the CIDB under the LPIP Act. Every contractor, whether registered under the LPIP Act or not, shall be subject to the provisions of LPIP Act in order to carry out or complete, undertake to carry out or complete any construction works or hold himself as a contractor. Construction works include amongst others, construction, extension, installation, renovation or dismantling of any building or erection above or below ground level and includes any works that are an integral part of or preparatory to the same. Pursuant to Section 25 of the LPIP Act, a contractor shall register with the CIDB and hold a valid certificate of registration issued by the CIDB under the LPIP Act in order to carry out or complete, undertake to carry out or complete any construction works or hold himself as a contractor.

Section 29 of the LPIP Act provides that any person who contravenes Section 25(1) of the LPIP Act 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, our subsidiary, JTHSB, holds a Grade G7 CIDB certificate of registration which is valid and subsisting.

Save as disclosed below, there was no non-compliance of our Group as to the provisions of the LPIP Act.

| | |
|---|---|
| Nature of previous non-compliance | Non-registration of JTHSB as a contractor under the LPIP Act |
| Status as at the LPD | JTHSB submitted an application to the CIDB for registration as a Grade 7 contractor in June 2021. JTHSB's registration with CIDB as a Grade 7 contractor was effective from 14 June 2021. As at the LPD, JTHSB is registered with CIDB as a Grade 7 contractor |
| Estimated time for rectification | Rectified |
| Estimated cost to rectify (RM'000) | Not applicable |
| Potential maximum penalty | Pursuant to Section 29 of the LPIP Act, the penalty for carrying out construction works without being registered is a fine of not less than RM10,000 but not more than RM100,000. |
| Impact to business operations or financial condition | No impact on business operations of our Group. |

7. BUSINESS OVERVIEW (Cont'd)

JTHSB is primarily engaged in the provision of underground and overhead utilities engineering services and solutions which include construction and installation of cable ducts, excavation works, installation works, piping and cable laying works, infrastructure works and roadway restoration works. Since the commencement of its business, JTHSB has been providing subcontracting works for its customers/ main contractors who are involved in testing, installation and commissioning of underground cables and accessories for projects with TNB and other customers.

The past non-registration of JTHSB as a contractor under the LPIP Act arose because JTHSB was not aware that it was required to register with the CIDB in view that JTHSB's customers have registered with the CIDB and hold a valid CIDB licence which is a prerequisite for the projects awarded to them as a main contractor.

Actions taken by and views of our Group

Our management views that such non-compliance arose due to our Group's lack of awareness on the compliance with regulatory and legal requirements in the past. When JTHSB became aware that as a subcontractor, it is required to register with the CIDB under Section 25 of the LPIP Act, JTHSB immediately submitted an application to the CIDB for registration as a Grade 7 contractor with the CIDB in June 2021. JTHSB's application for registration with CIDB as a Grade 7 contractor was approved on 10 June 2021, and subsequently JTHSB was granted with a valid CIDB licence issued by the CIDB commencing from 14 June 2021 until 13 June 2023. *(Note: The CIDB licence was renewed on 10 August 2023 and is valid until 7 August 2026.)*

On 19 July 2021, JTHSB issued a letter to the CIDB to seek waiver from any penalties that may be imposed by the CIDB arising from the non-registration as a contractor under the LPIP Act in the past. On 2 September 2021, CIDB, via written responses confirmed that no disciplinary action has been imposed by the CIDB on JTHSB. JTHSB has applied for and currently maintains a valid certificate of registration with CIDB, and there were no outstanding fines, summons and/ or records of misconduct on JTHSB's previous non-registration status.

Our Group also employed a contract manager to head the contract, legal and project risk management unit (which is a unit under the commercial department of our Group), and he is assisted by an executive with legal qualifications. With effect from 1 April 2022, the contract, legal and project risk management unit has been assigned to handle all regulatory licences or permits of our Group (except ad-hoc approvals required for specific projects which will be handled separately by the project department). In March 2023, the said contract manager left our Group. Notwithstanding the above, as at the LPD, our Group has since appointed a new contract manager to replace the previous contract manager.

The contract, legal, and project risk management unit has also issued a compliance renewal calendar for monitoring purposes which states the respective expiry date and the renewal reminder for each of the licences for year 2022 and this procedure will be adopted for every subsequent financial year. The said unit will also hold meetings with the project department and commercial department on a semi-annual basis to review the regulatory compliance status of our Group and to determine whether any new licence or new approval is required for its future business operations/ expansions. This is a new standard operating procedure adopted by our Group to ensure that all licences will be renewed or obtained on a timely basis.

We are of the view that this past non-compliance will not have a material adverse impact on our Group's business operations and/ or financial performance as JTHSB has obtained the relevant CIDB registrations required under the LPIP Act, the potential financial impact on our Group would not have a material impact on our financial performance and position (as stated in the table above), and our Group has taken the necessary remedial actions to rectify the non-compliance and to ensure future compliance as stated above.

7. BUSINESS OVERVIEW (Cont'd)

(ii) Local Government Act 1976

The Local Government Act 1976 (“**LGA**”) was enacted to revise and consolidate the laws relating to local government in Peninsular Malaysia. Every licence or permit granted by the local authority shall be subject to such conditions and restrictions as the local authority may think fit and shall be revocable by the local authority at any time without assigning any reason therefore.

Pursuant to the LGA, a person who fails to exhibit or produce his licence on the licenced premises shall be liable to a fine not exceeding RM500 or to imprisonment for a term not exceeding 6 months or to both.

Pursuant to the Licensing of Trades, Business and Industries (Kajang Municipal Council) By-Laws 2007 (“**KMC By-laws**”), no person shall operate any activity of trade, business and industry or use any place or premises in the local area of the Kajang Municipal Council (“**KMC**”) for any activity of trade, business and industry without a license issued by the licensing authority. Any person who contravenes any provisions of the KMC By-laws commits an offence and shall, on conviction be liable to a fine not exceeding RM2,000.00 or to imprisonment for a term not exceeding 1 year or to both and in the case of a continuing offence, to a fine not exceeding RM200.00 for each day during which such offence is continued after conviction.

As at the LPD, we have obtained the necessary licences for our business premises and such licences are currently valid and subsisting.

(iii) Electricity Supply Act 1990 (“ESA”)

The ESA including the Electricity Regulations 1994 regulate the electricity supply industry, the supply of electricity, the licensing of any electricity installation, as well as the registration of any electrical contractors, manufacturers, importers and any competent person involved in the supply or use of electricity.

Further, Regulation 75 of the Electricity Regulations 1994 states that no person shall perform or carry out any electrical work unless he holds a valid certificate of registration as an electrical contractor issued under the Electricity Regulations 1994. An electrical contractor can be classified into 4 classes, i.e., Class A, B, C and D, each permitted to undertake electrical work of certain value and is further required to keep in employment a certain number of wiremen of certain qualification, depending on the classification of its registration. The Electricity Regulations 1994 also provides that the wireman shall possess a valid certificate of competency appropriate to such classes, with restrictions, if any, issued to him by the Energy Commission.

Generally, unless otherwise specified in the Electricity Regulations 1994, a person who contravenes or fails to comply with any of the provisions of the Electricity Regulations 1994 and the ESA shall be guilty of an offence and shall on conviction, be liable to a fine not exceeding RM5,000 or to imprisonment for a term not exceeding 1 year or to both.

As at the LPD, our subsidiary, JTHSB is registered with the Energy Commission under the Electricity Regulations 1994 to carry out electrical work business as an Electrical Contractor (Class A). Our employees, being Mazlan Bin Amir, Nashan Firdaus Bin Ahmad Zambri, Shamsol Bin Maarof, Mior Mohd Azli Bin Zakariah and Syahiduddin Bin Misbahulmunir, who are categorised as wireman, fulfill the requirements of the Electricity Regulations 1994 and has also been issued with Certificate of Competency in accordance with the Electricity Regulations 1994.

During the Financial Years and Period Under Review and up to the LPD, there were no previous non-compliances to the ESA.

7. BUSINESS OVERVIEW (Cont'd)

(iv) Occupational Safety and Health Act 1994 (OSHA) and its regulations

OSHA regulates safety, health and welfare of persons, in connection with the activities of persons at their place of work in various industries including the construction industry.

Under the OSHA, employers must, so far as is practicable, ensure the safety, health and welfare of all the employees at work. It shall be the duty of the employer to prepare and as often as may be appropriate revise a written statement of its general policy with respect to the employees' safety and health at work. Failure to carry out the aforementioned duties shall constitute an offence and the employer is liable to a fine not exceeding RM50,000 or to imprisonment for term not exceeding 2 years or to both.

The employer shall also notify the nearest occupational safety and health office of any accident, dangerous occurrence, occupational poisoning or occupational disease which has occurred or is likely to occur at the place of work.

Our Group has observed and will continue to ensure that we comply with the provisions of the OSHA.

(v) Employment Act 1955 ("EA 1955")

The EA 1955 and the regulations made thereunder govern employment laws in Peninsular Malaysia and set out the minimum work requirements and benefits of employment, as well as the rights and responsibilities of employers and employees who fall within the ambit of the EA 1955.

Any person who commits an offence under, or contravenes any provision of the EA 1955, or any regulations made thereunder, in respect of which no penalty is provided, shall be liable, on conviction, to a fine not exceeding RM50,000. In the event that an employee's contract does not adhere to the minimum standards prescribed by the EA 1955, the affected employee can lodge a complaint of non-compliance of the standards prescribed by the EA 1955 to the Director General of Labour.

Our Group has observed and will continue to ensure that we comply with the minimum standards prescribed by the EA 1955.

(vi) Employment (Restriction) Act 1968 ("ERA 1968") and Immigration Act 1959/63 ("Immigration Act")

The ERA 1968 and Immigration Act generally sets out the restriction of employment of non-citizen and the registration of such non-citizens.

In so far as non-residents of Malaysia are concerned, their employment is further governed by the ERA 1968 which imposes the requirement on a person not being a citizen to obtain a valid employment permit before he or she can be employed in any business in Malaysia or accept employment in any business in Malaysia. The ERA 1968 similarly prohibits a person from employing in Malaysia any person not being a citizen unless there has been issued in respect of that latter person a valid employment permit. Failure to comply will result the employer being fined not exceeding RM5,000 or to imprisonment for a term not exceeding 1 year or to both.

Apart from the ERA 1968, employers of non-residents are further subject to the provisions contained in the Immigration Act, which prohibits the employment of one or more persons not in possession of valid pass or entry permit issued under the Immigration Act. Any person who contravenes this provision 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 RM50,000 or to imprisonment for a term not exceeding 12 months or to both for each such employee.

7. BUSINESS OVERVIEW (Cont'd)

As at the LPD, we have one foreign employee in Malaysia, which holds a valid working permit.

During the Financial Years and Period Under Review and up to the LPD, there were no previous non-compliances to the ERA 1968 and the Immigration Act.

(vii) Income Tax Act 1967 (“ITA 1967”)

Pursuant to the ITA 1967 and the prevailing taxation policies in Malaysia, corporate taxpayers are generally subject to Malaysia corporate income tax on income accruing in or derived from Malaysia or received in Malaysia from outside Malaysia at the prevailing corporate income tax rate of 24%.

Pursuant to the Income Tax (Deduction from Remuneration) Rules 1994 and any subsequent amendments to the legislation, it is mandatory for employers to make deductions from their employees’ remuneration every month in accordance with the Monthly Tax Deduction Schedule. The employer shall then pay to the Director General the deducted remuneration by the 15th day of the month following the month of deduction.

JTHSB received a monthly tax deduction (“**PCB**”) audit letter from the Inland Revenue Board (“**IRB**”) dated 5 April 2022 for years 2019 and 2020 of JTHSB’s employees’ remuneration. JTHSB then provided the supporting documents requested by IRB for years 2019 and 2020 for the PCB audit in April 2022. Subsequently, JTHSB received the PCB audit findings letter dated 25 July 2022 from the IRB confirming that JTHSB has complied with the PCB requirements under the Income Tax (Deduction from Remuneration) Rules 1994 for the years of remuneration 2019 and 2020.

Our Group will continue to ensure that we comply with the taxation laws and policies in Malaysia.

(viii) Employees Provident Fund (EPF) Act 1991 (EPFA 1991)

Under the EPFA 1991, both the employer and employee are required to make contributions into the employee’s individual account in the EPF. The amount is calculated based on the monthly wage of the employee and the contribution rate is based on the wage or salary received by the employee. The EPFA 1991 would be applicable to all local employees.

Our Group will continue to ensure that we comply with the EPF laws and policies in Malaysia.

Save as disclosed below, there was no non-compliance of our Group as to the provisions of the EPFA 1991.

| | |
|--|---|
| Nature of previous non-compliance | Omissions of remitting EPF contributions to the EPF for bonus payouts and fixed allowances by JTHSB for years 2019, 2020 and 2021. |
| Status as at the LPD | JTHSB had made payments to EPF for the shortage in EPF contributions (comprising both the employer’s portion and employee’s portion of the contributions) and for the late payment charges and dividends (attributable to late payment). The total penalty (comprising late payment charges and dividends (attributable to late payment)) imposed by the EPF was RM122,502. |

7. BUSINESS OVERVIEW (Cont'd)

| | |
|---|--|
| Estimated time for rectification | Rectified |
| Estimated cost to rectify (RM'000) | Not applicable |
| Potential maximum penalty | Section 43(2) of the EPFA 1991 provides that if the employer fails to pay to the EPF any contributions within the prescribed period, the company and the directors are liable to pay in respect of or on behalf of any employee shall, on conviction, be liable to imprisonment for a term not exceeding 3 years or to a fine not exceeding RM10,000 or to both. |
| Impact to business operations or financial condition | No impact on business operations of our Group. |

The non-compliance was due to:

- (i) oversight by the human resources (“HR”) and administration (“HR and Admin”) department as there was an absence of proper review in payroll processing during the period where there was a lack of experienced HR personnel; and
- (ii) there were issues with JTHSB’s previous HR/ payroll software (i.e., the software version was not updated frequently by the vendor to cater for the updates in regulatory requirements).

JTHSB then implemented a new payroll system in April 2021 to replace the outdated software. However, there were data migration issues in the early stage of use (after transferring/ migration to the new HR/ payroll system) and the new system was also not configured correctly, thus leading to errors.

We are of the view that this past non-compliance will not have a material adverse impact on our Group’s business operations and/ or financial performance as JTHSB has taken the necessary remedial actions to rectify the matters and to ensure future compliance as follows:

- (i) our Group has strengthened the HR and Admin department to ensure adherence to the EPFA 1991 for EPF contributions and performed reviews of payroll reports generated monthly and monthly payroll reconciliations to ensure the required contributions and deductions have been made.
 - (ii) our Group has notified/ reported the errors to the new HR software system provider whom had since rectified the errors. Our Group continues to monitor the deductions made by the system via monthly reconciliations to check consistency and accuracy.
- (ix) **Employees’ Minimum Standards of Housing, Accommodations and Amenities Act 1990 (EMSHAA 1990)**

EMSHAA 1990 and regulations made thereunder, prescribing the minimum standards of housing for employees and centralized accommodations, requirement for employers to provide health, hospital, medical and social amenities and all matters incidental thereto.

Pursuant to the EMSHAA 1990, no accommodation shall be provided to an employee unless the accommodation is certified with a Certificate for Accommodation issued by the Department of Labour (“DOL”). The EMSHAA 1990 provides that an employer who contravenes this provision commits an offence and shall, on conviction, be liable to a fine not exceeding RM50,000. If the offence is committed by a company, pursuant to Section 29A of EMSHAA 1990, a person who at the time of the commission of the

7. BUSINESS OVERVIEW (Cont'd)

offence was a director, compliance officer, partner, manager, secretary or other similar officer of the company, or was purporting to act in the capacity or was in any manner or to any extent responsible for the management of any of the affairs of the company or was assisting in its management may be charged severally or in the same proceedings with the company and if the company is found guilty of the offence, shall be deemed to be guilty of that offence and shall be liable to the same punishment or penalty as an individual unless, having regard to the nature of his functions in that capacity and to all circumstances, he proves that the offence was committed without his knowledge, or that the offence was committed without his consent or connivance and that he had taken all reasonable precautions and exercised due diligence to prevent the commission of the offence.

As at the LPD, we do not provide any hostels for the benefit of our employees or as a centralised accommodation provider. Nevertheless, during the Financial Years and Period under Review, our Group had provided accommodations to our employees and as a centralised accommodation provider. Save as disclosed below, there is no non-compliance of our Group as to the provisions of the EMSHAA 1990.

| | |
|---|---|
| Nature of previous non-compliance | Absence of a Certificate of Accommodation under Section 24D of the EMSHAA 1990 issued by the Department of Labour and failure to give notice of occupation under Section 24E of the EMSHAA 1990 |
| Status as at the LPD | As at the LPD, JTHSB has ceased to provide hostels for its own employees and the workers of its customer. As at the LPD, no fines have been imposed by the relevant authorities on JTHSB for such previous non-compliances. |
| Estimated time for rectification | Rectified |
| Estimated cost to rectify (RM'000) | Not applicable |
| Potential maximum penalty | Pursuant to Section 24D(3) of the EMSHAA 1990, JTHSB (as employer) may be subject to a fine not exceeding RM50,000. Pursuant to Section 24D(4) of the EMSHAA 1990, JTHSB (as a centralised accommodation provider) may be subject to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 1 year or to both. Pursuant to Section 24E of the EMSHAA 1990, JTHSB (for the failure to give notice of occupation) may be subject to a fine not exceeding RM10,000. |
| Impact to business operations or financial condition | No impact on business operations as JTHSB has ceased to provide any accommodation for its own employees and workers of its customer (as a centralised accommodation provider) as at the LPD. |

7. BUSINESS OVERVIEW (Cont'd)

An application for a Certificate for Accommodation shall be made by an employer or a centralised accommodation provider to the Director General in the form and manner as may be determined by the Director General and shall be accompanied by the prescribed processing fee.

JTHSB had provided hostels as accommodation for its own employees and workers of its major customer, being Worktime Engineering during the Financial Years and Period Under Review. This was due to an arrangement entered between Worktime Engineering and JTHSB whereby Worktime Engineering had requested for a portion of the labour-intensive works to be awarded to Worktime Engineering, and be carried out by Worktime Engineering's own workers. For these portions of work, JTHSB had agreed to provide accommodation on behalf of Worktime Engineering.

However, the hostels provided were not certified with Certificate of Accommodation as required under the EMSHAA 1990 and JTHSB did not apply for the Certificate of Accommodation prior to July 2021 due to an oversight by the management of our Group.

Actions taken by and views of our Group

Our management views that such non-compliance arose due to our Group's lack of awareness on the compliance with regulatory and legal requirements in the past. When JTHSB became aware that a Certificate of Accommodation is required, JTHSB immediately applied to the DOL for a Certificate of Accommodation for the properties rented for the provision of providing accommodation for foreign workers.

In July 2021, JTHSB had submitted applications to the DOL for the Certificate of Accommodation for 5 of its rented properties used as accommodation for the workers of its major customers. As JTHSB did not obtain any replies from DOL on the decision of their application to the DOL, JTHSB had issued termination letters to the respective landowners to terminate all the tenancies from September 2021 onwards. Effective 9 June 2022, JTHSB no longer provides hostels for its employees. Our Group's employees subsequently entered into tenancy agreements with the landowners directly for their own convenience.

We are of the view that this past non-compliance will not have a material adverse impact on our Group's business operations and/or financial performance as we have ceased to provide such services. Our Group has taken the necessary remedial actions to rectify the non-compliance and to ensure future compliance as JTHSB no longer provides hostels for the benefit of its own employees and workers of any of its customers and therefore it is no longer under the purview of EMSHAA 1990. Our Group will ensure that we comply with the provisions of the EMSHAA 1990 should there be a need for us to provide accommodation to our employees or act as a centralised accommodation provider in the future.

Please refer to Section 7.12 of this Prospectus for details of the major licences and permits issued to our Group in order for us to carry out our operations, other than those pertaining to the general business requirements.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

7. BUSINESS OVERVIEW (Cont'd)**7.23 MATERIAL INVESTMENTS AND DIVESTITURES****(i) Material investments**

Save as disclosed below, our Group has not incurred any other material capital expenditure for the Financial Years and Period Under Review and up to the LPD.

| | FYE 2020 | FYE 2021 | FYE 2022 | FPE 2023 | 1 June 2023 up to the LPD |
|---------------------------------------|------------|--------------------|--------------------|-----------|---------------------------|
| Capital expenditure | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Furniture and fittings ⁽¹⁾ | 29 | 47 | 15 | - | - |
| Office equipment ⁽¹⁾ | 29 | 16 | 30 | 3 | 8 |
| Tools and equipment ⁽¹⁾ | 29 | 51 | 686 ⁽²⁾ | 2 | 19 |
| Motor vehicles* | 357 | 743 ⁽³⁾ | 427 ⁽³⁾ | 1 | 332 |
| Plant and machinery | - | - | 473 ⁽⁴⁾ | - | - |
| Computer systems ⁽¹⁾ | 229 | 94 | 267 | 17 | - |
| Renovation ⁽¹⁾ | 12 | - | 27 | - | - |
| Container ⁽⁵⁾ | - | - | 4 | 7 | 5 |
| Signboard ⁽⁶⁾ | - | - | 5 | - | - |
| Total | 685 | 951 | 1,934 | 30 | 364 |

Notes:

* Right-of-use included.

(1) Capital expenditure for usage of our corporate head office.

(2) Purchase of site equipment for our operations, mainly comprising 1 unit of welding set, 1 unit of HDD beacon tracking system for HDD surveys and 1 unit of gyroscopic utility mapping device.

(3) In FYE 2021, our Group purchased 5 units of motor vehicles for our operations mainly for the use by the Project team for work-related travel.

In FYE 2022, our Group purchased 4 units of motor vehicles for our operations mainly for the use by the Project team and Directors for work-related travel.

(4) Purchase of 3 units of HDD machines, 2 units of welding machines, 1 unit of tracker detector, 1 unit generator set and 1 unit of fuel pump kit for our site operations.

(5) Purchase of guard house cabin for our operations.

(6) Purchase of signboard for our corporate head office.

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

Our capital expenditures, particularly for computer systems are due to laptop purchases and software licensing for new employees that joined our Group in FYE 2020 as well as computer servers while in FYE 2022, our capital expenditures for computer systems are mainly due to laptop purchases and software licensing as well as the purchasing and upgrading of computer servers.

Our capital expenditures, particularly for purchase of tools and equipment such as shape moulds and site equipment for utility mapping, plant and machinery such as HDD machines and tracker detector as well as acquisition and leasing of motor vehicles are mainly driven by the projects awarded to our Group during the relevant Financial Years and Period Under Review as well as for replacement purposes.

7. BUSINESS OVERVIEW (Cont'd)**(ii) Material capital divestitures**

Save as disclosed below, there were no other material capital divestitures for the Financial Years and Period Under Review and up to the LPD.

| | FYE 2020 | FYE 2021 | FYE 2022 | FPE 2023 | 1 June 2023 up to the LPD |
|---|------------|----------|----------|----------|---------------------------|
| Capital divestitures | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Furniture and fittings | - | - | * | - | - |
| Office equipment | - | 1 | - | - | - |
| Tools and equipment | - | - | - | - | - |
| Motor vehicles | * | - | - | - | - |
| Disposal of 100% equity interest in QCasts ⁽¹⁾ | * | - | - | - | - |
| Disposal of 45% equity interest in Crossing Master Engineering ⁽²⁾ | 113 | - | - | - | - |
| Total | 113 | 1 | * | - | - |

Notes:

* Negligible. Less than RM500.

(1) On 17 November 2020, JTHSB completed the disposal of its entire equity interest in QCasts for a total consideration of RM100. QCasts was dormant during the FYE 2021.

(2) On 30 November 2020, JTHSB completed the disposal of its entire 45% equity interest in Crossing Master Engineering for a total consideration of RM112,500.

7.24 OUR BUSINESS STRATEGIES AND FUTURE PLANS

We have, amongst others, the following business strategies and future plans to grow our business:

7.24.1 We intend to participate in more large-scaled projects and establish our presence as a main contractor

Our Group has an established track record as an infrastructure utilities engineering solutions provider, primarily serving the electricity supply industry. We have built and maintained strong and robust relationships with our customers who are main contractors due to our satisfactory performance in delivering subcontracted works that meet their specific needs and requirements.

Notwithstanding the above, we believe that we need to leverage on our current capabilities to progressively assume the role of main contractor (which includes tendering for projects directly with TNB) in infrastructure utilities engineering projects and/ or participate in more large-scaled projects in the future, such that we are able to grow our business further and improve our profitability. We believe that as a main contractor, we will:

- (i) have greater flexibility and control in planning and executing infrastructure utilities engineering works, managing subcontracting costs and the overall costs of the project; and
- (ii) render us with opportunities to establish stronger and long-lasting relationships with project owners and utilities companies through direct collaboration, which will possibly lead us to more future business opportunities.

7. BUSINESS OVERVIEW (Cont'd)

In order to progressively assume the role of main contractor (which includes tendering for projects directly with TNB), our Group will need to demonstrate project track record, financial strength, availability of technical personnel and machineries. Over the years, we have strengthened our technical skills and capabilities in the areas of project planning, project management, project delivery, quality of works performed and site safety matters to undertake larger and more complex projects. With our proven track record as well as the licenses and permits (including registration with CIDB, TNB and MOF) obtained by our Group since year 2021, as set out in Section 7.12 of this Prospectus, we believe we have met such requirements and are capable to undertake the projects directly as a main contractor.

Notwithstanding that JTHSB intends to tender as a main contractor, JTHSB is of the view that this will not affect the business relationships between JTHSB and Worktime Engineering/ CD Electrical/ YM Teras as the industry (i.e., the electricity supply industry within the power infrastructure utilities market) that they operate in and the geographical coverage are large enough for our Group and other market players/competitors to tap into.

Between 2022 and 2024, an estimated RM20.0 billion will be allocated in capital expenditure for recurring electricity generation, transmission and distribution in Peninsular Malaysia and Sabah. In February 2023, TNB announced a capital expenditure allocation of RM12.8 billion, from which RM7.0 billion will be for regulated capital expenditure (including energy transition related capital expenditure of RM1.0 billion) while the remaining RM5.8 billion will be allocated for other major projects. Separately in August 2023, TNB announced that it plans to deploy an additional RM35.0 billion between 2025 to 2030 towards upgrading Malaysia's power grid, to ensure the infrastructure does not become an obstacle in the nation's energy transition endeavours. This means that TNB plans to invest a total of RM90.0 billion into Malaysia's grid in the coming five-year period, double the RM46.0 billion previously allocated for the 2018 to 2024 period (*Source: IMR Report by PROVIDENCE*).

Our Group also takes note that certain tender notices issued by the project owners (e.g., TNB) have the requirement for the tenderer to be a Bumiputera registered contractor. As set out in Section 8 (Competitive Landscape) of this Prospectus, contractors will need to meet certain criteria when submitting their proposals for underground and overhead utilities engineering services and solutions with utility companies. As an illustration, based on tender notices posted on TNB's website, TNB requires tenderers to be registered as a TNB vendor and possess the requisite CIDB license registrations (for which the grade and specialisation will be stipulated in the tender notice), demonstrate experience/ project track record and financial strength. In instances where participation in tenders is restricted to Bumiputera registered contractors, such requirement will be indicated in TNB's tender notices.

Nevertheless, our Company takes cognisance of the industry size and positive outlook of the power infrastructure utilities market. Hence, there are ample business opportunities for contractors (including our Group and the major customers) to tender for potential projects within Peninsular Malaysia and Sabah. As such, we are of the view that all qualified contractors with, among others, project track record and technical competence, have chances to participate in such tenders for potential projects that spread across Peninsular Malaysia and Sabah.

Furthermore, it is at the discretion of the project owner (e.g., TNB) to determine which main contractor will be appointed to carry out a particular project based on the commercial and technical aspects of the proposals submitted by tender participants. Our Group believes that the project owner would consider, among others, the track record of the tender participants who are bidding for a project including their historical performance, capabilities, available resources (i.e., financial and technical) and previous accomplishments in assessing the submitted tender. Our Group also believes that it is important to the project owners that projects are completed in a timely manner and in accordance with its requirements. In this regard, contractors play a critical role

7. BUSINESS OVERVIEW (Cont'd)

in assisting the project owner in developing transmission and distribution infrastructure to ensure the accessibility and connectivity of electricity.

As testament of our capabilities, we have to date, completed distribution and transmission related underground and overhead utilities engineering services with voltages ranging from 11kV to 33kV as well as 132kV and 275kV.

The IPO of our Group will accord us the status of being a listed entity. As a listed entity, we stand to gain recognition and enhance the stature of our Group as a provider of infrastructure utilities engineering solutions. Further, the listing status will enhance our Group's reputation in tendering for new projects, as well as retain and attract new, skilled and experienced employees to support our business operations and project delivery.

Our Group has completed and presently also has ongoing distribution (11kV to 33kV) and transmission (132kV, 275kV and 500kV) related underground and overhead utilities engineering projects for the electricity supply industry. We will actively seek for large-scaled projects by leveraging on our Group's customer networks and reputation in the electricity supply industry. In this context, we are presently participating in more tenders for transmission related underground and overhead utilities engineering services with voltages ranging from 132kV, 275kV and 500kV, which are more technically complex and thereby large-scale in terms of contract value.

In order to undertake large-scaled projects, our Group depends on the availability of machineries and equipment. Our Group may acquire or lease machineries to supplement our existing assets in carrying out project works, including HDD machines, backhoes, cranes, excavators and generator sets as these machineries are available in the market. The decision to acquire or lease these machineries will depend on our financial position at that juncture as well as the cost benefits to our Group.

Notwithstanding the above, our Group has allocated RM0.20 million of our gross proceeds from the Public Issue for the purchase of 2 units of winch machines which we believe, collectively would meet and are sufficient to cater for our existing use and business expansion. Further details are set out in Section 4.8.1, Note (3) of this Prospectus.

Our Group believes that our track record in undertaking infrastructure utilities projects as well as conformance and adherence to the specifications of TNB, a major utilities company in Malaysia, as well as increasing participation in larger-scaled projects will position our Group favourably in the course of tendering for new projects as main contractor.

The above plans are part of our Group's continuous efforts, and are expected to be realised within 18 months from our Listing.

7.24.2 We intend to expand our business into new markets

As at the LPD, we operate in and serve the infrastructure utilities industry in Peninsular Malaysia. We aspire to further expand geographically to East Malaysia, to tap into its potential for infrastructure utilities engineering business opportunities.

We intend to expand our scale of operations through seeking opportunities to undertake additional infrastructure utilities projects in East Malaysia, primarily in the electricity supply industry on top of our present scale of operations and current projects in Peninsular Malaysia. We believe that our engineering expertise and capabilities, presence in the infrastructure utilities market will support this business expansion. On 27 February 2023, JTHSB entered into a memorandum of understanding with G.B.U. Consultant, a company registered with Sarawak's Registration and Contractor Registration Unit ("UPKJ") that is based in Kuching, Sarawak ("**Sarawak Company**") which is principally involved in civil and structural consultancy works for building, road, water reticulation, drainage, bridge, jetty, substation, project management and other

7. BUSINESS OVERVIEW (Cont'd)

related engineering works to establish a framework for cooperation to deal with business opportunities which may arise in the infrastructure utilities industry for EPCC works, which includes power cabling works as well as other related engineering, civil or electrical works for the power, telecommunication, distributed gas, water and sewerage markets in Sarawak.

Collaborations with local partners will provide our Group with opportunities to bid for projects of different scales and complexities in the transmission and distribution segments of the electricity supply industry and allows our Group to venture into new regions as well as end-user markets.

In this instance, tenderers for infrastructure utilities engineering projects in East Malaysia are required to be registered with the UPKJ for projects in Sarawak and with the Sabah State Works, Supplies and Services Contractors Registration Centre (“**PUKONSA**”) for projects in Sabah. As such, a collaboration with a local contractor/ engineering consultancy firm that possesses the requisite UPKJ or PUKONSA registrations in Sarawak and/ or Sabah will allow our Group to venture into the infrastructure utilities engineering industry in East Malaysia and allow our Group to participate in tenders for distribution and transmission projects in Sarawak and/ or Sabah. Factors that our Group take into consideration in selecting its local partners include, among others, the local partner’s track record, strength of technical support as well as possession of relevant licenses and/ or permits.

The above plans are part of our Group’s continuous efforts, and are expected to be realised within 18 months from our Listing.

After taking into the consideration our competitive strengths in Section 7.4 of this Prospectus, business strategies and future plans of our Group as set out above as well as the prospects of the power infrastructure utilities market in Malaysia (as set out in Section 8 of this Prospectus), we believe that our prospects in the power infrastructure utilities market are favourable.

7.25 MATERIAL DEPENDENCY ON COMMERCIAL OR FINANCIAL CONTRACTS, INTELLECTUAL PROPERTY RIGHTS, LICENCES, PERMITS AND OTHER ARRANGEMENTS

As at the LPD, save for the major licences and permits, and intellectual property as disclosed in Sections 7.12 and 7.13 of this Prospectus respectively, we do not have any other regulatory approvals, licences, permits and intellectual property rights which we are materially dependent for our business or profitability. Further, save as disclosed below, we do not have any other commercial or financial contracts on which are materially dependent for our business or profitability.

- (i) collaboration agreement entered into between Worktime Engineering and JTHSB dated 23 September 2022 of which the salient terms are set out in Section 15.4.1(i) of this Prospectus;
- (ii) memorandum of collaboration entered into between CD Electrical and JTHSB dated 23 September 2022 of which the salient terms are set out in Section 15.4.1(ii) of this Prospectus; and
- (iii) collaboration agreement entered into between YM Teras and JTHSB dated 23 September 2022 of which the salient terms are set out in Section 15.4.1(iii) of this Prospectus.

7. BUSINESS OVERVIEW (Cont'd)**7.26 ENVIRONMENT, SOCIAL AND GOVERNANCE PRACTICES OF OUR GROUP**

We recognise the importance of adopting Environment, Social and Governance (“**ESG**”) practices such as ensuring environmentally responsible operations, providing conducive workplaces for employees and a high standard of corporate governance for sustainable valuation creation and maintaining the confidence of our shareholders and stakeholders. As such, we are committed to:

- (i) develop our sustainability framework based on the following guidelines and standards;
- Bursa Securities’ ACE Market Listing Requirements in Relation to Sustainability Reporting Framework;
 - Bursa Securities’ Sustainability Reporting Guide (3rd Edition);
 - MCCG;
 - Global Reporting Initiative (“**GRI**”); and
 - United Nations Sustainable Development Goals (“**UNSDG**”)
- (ii) establish our Sustainability Governance Structure as follow:

| Board and Committee | Roles and responsibilities |
|------------------------------|---|
| Board of Directors | <ul style="list-style-type: none"> • Provide general leadership, direction and oversight of the Group’s Sustainability Framework and performance • Approve our Group’s overall sustainability framework |
| Sustainability Committee | <ul style="list-style-type: none"> • Responsible for the overall governance of our sustainability strategies and performance • Ensure key decisions on sustainability matters are made and aligned with our Group’s overall business strategies and goals • Review all sustainability-related policies, initiatives, key sustainability risks and opportunities for sustainability practices across all business operations • Ensure adequate resources are made available for the successful implementation of sustainability strategies and initiatives • Review and report sustainability progress and performance to our Board |
| Sustainability Working Group | <ul style="list-style-type: none"> • Implement sustainability strategies, sustainability-related policies, initiatives, sustainability risks and opportunities for sustainability practices across all business operations. • Daily management of sustainability matters • Research sustainability initiatives to enhance our Group’s sustainability performance • Perform data gathering, compiling and reporting • Track sustainability targets and progress • Report on sustainability progress and performance indicators • Manage stakeholder engagement efforts |

7. BUSINESS OVERVIEW (Cont'd)

We are committed to conduct a materiality assessment at least once every three years to engage with our internal and external stakeholders and identify issues that matter most to them and our business. We will evaluate and realign our sustainability initiatives, identify opportunities, mitigate risks and review our ESG impacts. We define material matters as issues that substantively affect our sustainability.

Our Sustainability Focus

In terms of implementing and managing Sustainability matters, we will focus on the following 4 broad categories.

As at the LPD, we are developing our sustainability framework including updating relevant pertinent policies, procedures, materiality assessment criteria, performance indicators and reporting schedules as well as forms and formats to encourage and ensure compliance with Bursa Securities' Listing Requirements. Our sustainability governance framework will also include various working stakeholders, governing committees, reporting structures and frequencies, and roles and responsibilities.

(i) Economic

In managing economic sustainability matters, we will focus on, amongst others, the following:

- conduct business in an open, transparent, and accountable manner;
- support and contribute to the development of the local economy through sourcing materials and equipment from local suppliers as far as is practicable;
- be committed to developing high-quality and sustainable products to ensure continued commercial success by adhering to the quality management system to achieve total customer satisfaction;
- establish and continually improve the effectiveness of our management system in all operations and service delivery according to our customer requirements; and
- engage in continuous, timely, transparent, and meaningful communication with shareholders and stakeholders to facilitate mutual understanding.

(ii) Environmental

In managing environmental sustainability matters, we will focus on, amongst others, the following:

- be committed to environmental protection and stewardship by minimising risks and impacts to the environment in our daily operations;
- comply with all relevant environmental regulatory and legal requirements; and
- ensure responsible waste management and disposal.

(iii) Social

In managing social sustainability matters, we will focus on, amongst others, the following:

- ensure a safe, healthy, and conducive work environment for our employees;
- cultivate a diverse and inclusive culture that recognises and values individuality;

7. BUSINESS OVERVIEW (Cont'd)

- ensure equal access to opportunities regardless of one's age, gender, ethnicity, religion, national origin, disability, sexual orientation or any other relevant characteristics;
- eliminate improper conduct and practices, including but not limited to workplace bullying, discrimination against individual differences, discriminatory and sexual harassment, intimidation and victimisation;
- empower our workforce by supporting their personal and professional growth;
- respect and uphold the fundamental workers' rights through the elimination of child labour and forced labour of all forms; and
- contribute to the well-being and development of the surrounding community through corporate social responsibility programmes, employee volunteerism, job creation and donation.

We recognise the importance to act responsibly in our business operations, as well as in supporting our community. Our Group has many stakeholders that range from our shareholders, employees, customers, suppliers, business associates and the community in general.

We have in place operational safety policies such as safety briefings for our projects. Our project sites under the TNB grid division are selected for audit by the TNB Safety Compliance Team (SAFCA) based on the TNB SAFCA procedures, from time to time. Our project sites are also subject to inspection by the local authorities and government agency to ensure that they comply with the OSHA and its regulations.

In addition to the above, our Group is committed to ensuring training and skills development of our employees. These programmes include safety training, production techniques, leadership skills and self-development training. Moving forward, our Group will include training and development as an integral part of our Group's annual business plan and budget which will be aligned with our Group's yearly performance appraisal exercise.

(iv) Governance

In managing governance sustainability matters, we will focus on, amongst others, the following:

- maintain high standards of business ethics, integrity, and corporate governance practices;
- establish and continually improve appropriate governance structures and processes;
- comply with all applicable laws and regulations in relation to corporate governance;
- resolve verifiable complaints, grievances and conflicts through an open, transparent and consultative process; and
- establish policies and procedures to ensure the adequacy and integrity of the Group's internal control system.

We recognise the importance of adhering to a high standard of corporate governance as set out in the MCCG. We have among others, the following policies to uphold good corporate governance practices:

7. BUSINESS OVERVIEW (Cont'd)

- (a) formal organisational structure with clear lines of reporting to Board Committees and Key Senior Management, including defined lines of accountability and limits of authority;

As at the LPD, we have adopted, amongst others, the following practices of the MCCG:

- (aa) recommendation under Practice 5.2 of the MCCG that at least half of the Board comprises independent directors.

As at the LPD, 4 out of 6 of our Directors are independent directors.

- (bb) recommendation under Practice 5.9 of the MCCG for the Board to comprise at least 30% women directors.

As at the LPD, 2 out of our 6 Directors are female.

- (cc) recommendation under Step Up Practice 9.4 of the MCCG that the Audit Committee should comprise solely of independent directors.

As at the LPD, our Audit and Risk Management Committee is comprised solely of independent directors.

- (b) adopted the Anti-Bribery and Corruption Policy and Whistle-blowing Policy to promote and maintain compliance with the Malaysian Anti-Corruption Commission Act 2009 and the Whistleblower Protection Act 2010;

- (c) adopted a Personal Data Protection Notice, which complies with the Personal Data Protection Act, 2010 in order to protect the personal data that we obtained from our customers, vendors, suppliers, service providers and/ or employees; and

- (d) as part of our continuous effort and commitment to ensure product quality, JTHSB has obtained the ISO 9001:2015 accreditation in quality management systems under the scope provision of electrical & telecommunication cabling, building of infrastructure (road and tunnelling) and related civil engineering works.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

8. IMR REPORT



PROVIDENCE STRATEGIC PARTNERS SDN BHD
(1238910-A)
67-1, Block D, Jaya One, Jalan Prof Diraja Ungku Aziz,
46200 Petaling Jaya, Selangor, Malaysia.
T: +603 7625 1769

31 October 2023

The Board of Directors
JATI TINGGI GROUP BERHAD
No. 23 & 25, Jalan Temenggung 13/9
Bandar Mahkota Cheras
Seksyen 9
43200 Cheras
Selangor
Malaysia.

Dear Sirs,

Outlook of the Power Infrastructure Utilities Market in Malaysia in conjunction with the Listing of JATI TINGGI GROUP BERHAD on the ACE Market of Bursa Malaysia Securities Berhad

PROVIDENCE STRATEGIC PARTNERS SDN BHD (“**PROVIDENCE**”) has prepared this Outlook of the Power Infrastructure Utilities Market in Malaysia strictly for inclusion in the Prospectus of JATI TINGGI GROUP 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. IMR REPORT (Cont'd)**1 POWER INFRASTRUCTURE UTILITIES MARKET IN MALAYSIA**

Utilities are infrastructure services provided to consumers, and include electricity, piped gas, water and sewerage as well as communications services. Utility projects refer to construction projects where design, construction, installation, repair and maintenance of utility infrastructure are included. Thus, the power infrastructure utilities market relates to the construction of subsurface and above surface pipelines, communication and power lines, water mains and line construction, reservoirs, irrigation systems, sewer systems and sewage disposal plants, electricity substations and power plants.

Overhead utilities (also known as overhead power lines) are overhead wires and supporting infrastructure used in electric power transmission and distribution to transmit electricity. Overhead power lines consist of one or more conductors suspended by towers or poles.

Underground utilities, also known as subsurface utilities, are infrastructures installed beneath the ground surface. Underground utilities include lines used for electricity distribution, traffic lights, street lights, natural gas transportation, telecommunications, water and sewerage pipelines, and broadband internet services. These infrastructures are typically installed and maintained by public utility companies or contractors engaged by public utility companies. Underground utilities construction activities are undertaken for the installation, repair, maintenance and upgrading of such subsurface utilities.

Underground utilities construction can be performed by way of:

- Open trench excavation method - a method of pipeline installation, repair and replacement that requires opening up the surface of the ground to the required depth for installing a pipeline. Upon installation, the excavated route is then backfilled, and the surface is restored. This can be an affordable method for non-pavement covered surfaces.
- Trenchless method - a method for the installation of new, replacement or rehabilitation of existing underground infrastructure with minimal disruption to surface traffic, businesses and other activities. Trenchless methods include:
 - horizontal directional drilling (“HDD”) involves the use of a directional drilling machine that can be precisely steered to avoid any obstructions for any pipeline crossing to be completed. Through HDD, pipelines can be laid in the underground space without breaking the surface or with minimal excavation works. The HDD technique does not involve a large working space and does not disrupt other works as well as urban traffic systems. HDD can be done at any time of the day, subject to approval from the relevant authorities, and thus requires a shorter duration for completion. Hence, HDD can be cost effective when compared to the conventional open-trench excavation methods;
 - pipe jacking allows for the installation of prefabricated pipelines through the ground from a drive shaft to a reception shaft. The benefits of pipe jacking include minimal traffic disruption and disturbance to public with regards of noise, dirt and vibration. Pipe jacking techniques include microtunneling and manshield; and
 - cable tunnelling refers to the installation of high-voltage electricity cables along tunnel sections that can go as deep as 60 metres beneath the ground level.

The open trench excavation method and trenchless method can be used for the installation of pipelines such as electricity cables, sewerage pipes and water mains.

An electrical substation is a subsidiary station of an electricity generation, transmission and distribution system where voltage is transformed from high to low or the reverse using transformers. Electric power may flow through several substations in varying voltages between generating plant and consumers. A substation that has a step-up transformer increases the voltage while decreasing the current, while a step-down transformer decreases the voltage while increasing the current for domestic and commercial distribution. Substations generally have switching, protection and control equipment and one or more transformers. In a large substation, circuit breakers are used to interrupt any short-circuits or overload currents that may occur on the circuit network. Smaller distribution stations may use recloser circuit breakers or fuses for protection of distribution circuits. Other devices such as power factor correction capacitors and voltage regulators may also be located at a substation.

The electricity supply industry comprises electricity generation, transmission and distribution / retail. Utility companies and independent power producers (IPPs) generate electricity from energy sources to be sold to consumers. Utility companies are companies typically involved in all three phases of electricity supply chain from generation to transmission to distribution. The three main utility companies, namely Tenaga Nasional Berhad, Sabah Electricity Sdn Bhd and Sarawak Energy Berhad, typically engage third party engineering companies to design, construct, install, repair and maintain underground and overhead utility infrastructure.

8. IMR REPORT (Cont'd)



Large industrial customers such as mining operators, steel mills, cement plants, oil refineries, airports and seaports require high volumes of electricity and therefore may erect electricity substations within their premises which draw electricity supply from the National Grid.

Utility companies typically engage third party engineering companies to undertake the design and development of transmission and distribution infrastructure, connecting residential, commercial and industrial consumers to the National Grid. These third-party engineering companies are typically main contractors who subsequently engage subcontractors such as Jati Tinggi Group Berhad or its subsidiary (“**Jati Tinggi Group**”) to perform the required works. Property developers and large industrial users also engage third-party engineering companies to erect electricity substations within their premises and/or lay pipelines and cables to draw power from the National Grid to their premises. In these instances, the main contractor third-party engineering companies may also engage subcontractors such as Jati Tinggi Group. These main contractors and subcontractors play a critical role in developing transmission and distribution infrastructure to ensure the accessibility and connectivity of utilities such as electricity, telecommunications, piped gas, water and sewerage.

Jati Tinggi Group delivers infrastructure utilities engineering solutions comprising the provision of underground and overhead infrastructure utilities engineering solutions; provision of substation engineering, procurement, construction and commissioning (“**EPCC**”) services; trading of equipment for substations as well as maintenance of street lighting.

INDUSTRY SIZE AND GROWTH POTENTIAL

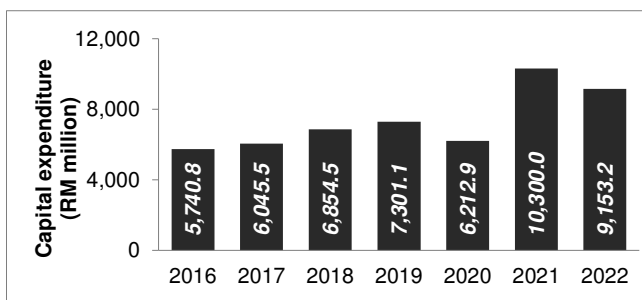
The power infrastructure utilities market in Malaysia, based on the capital expenditure incurred for recurring electricity generation, transmission and distribution, rose from RM5.7 billion in 2016 to RM9.2 billion in 2022 at a compound annual growth rate (“**CAGR**”) of 8.3%.

In 2020, the capital expenditure incurred for electricity transmission and distribution was affected by the COVID-19 pandemic and the subsequent phases of the movement control order (“**MCO**”) that stifled economic activity. Between 2022 and 2024, an estimated RM20.0 billion will be allocated in capital

expenditure for recurring electricity generation, transmission and distribution in Peninsular Malaysia and Sabah.¹ In February 2023, Tenaga Nasional Berhad announced a capital expenditure allocation of RM12.8 billion, from which RM7.0 billion will be for regulated capital expenditure (including energy transition related capital expenditure of RM1.0 billion) while the remaining RM5.8 billion will be allocated for other major projects.² Separately in August 2023, TNB announced that it plans to deploy an additional RM35.0 billion between 2025 to 2030 towards upgrading Malaysia’s power grid, to ensure the infrastructure does not become an obstacle in the nation’s energy transition endeavours. This means that Tenaga Nasional Berhad plans to invest a total of RM90.0 billion into Malaysia’s grid in the coming five-year period, double the RM46.0 billion previously allocated for the 2018 to 2024 period.³

The power infrastructure utilities market comprises the capital expenditure for utility systems and related services by industry players that construct generation facilities, transmission and distribution lines, as well as related structures for power utilities. All structures that are integral parts of utility systems are included in this market. The work performed by these industry players includes new installations, additions, alterations, maintenance, and repairs.

Capital expenditure for recurring power generation, transmission and distribution in Malaysia



Source: Annual Reports 2016 - 2020, Tenaga Nasional Berhad; Sarawak Energy Berhad; PROVIDENCE analysis

¹ TNB plans RM20.0 billion capex for 2022-2024, TheStar, 22 February 2022

² TNB records strong FY2022 EBITDA, intensifies progress in energy transition plan, Tenaga Nasional Berhad press release, 28 February 2023

³ TNB to invest additional RM35 bil over 2025-2030 to beef up grid for energy transition, The Edge Malaysia, 24 August 2023

8. IMR REPORT (Cont'd)**DEMAND CONDITIONS: KEY GROWTH DRIVERS****Long term economic growth supports investments in utility infrastructure**

Malaysia continued to face economic 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.⁴

According to the Ministry of Finance Malaysia's Economic Outlook 2024, Malaysia's GDP is forecast to expand by approximately 4.0% in 2023 and between 4.0% and 5.0% in 2024. GDP growth in 2024 is expected to be achieved through robust domestic demand, effectively offsetting the challenges posed by the moderate global growth, supported by the implementation of measures in the new National Energy Transition Roadmap, New Industrial Master Plan 2030, and the Mid-Term Review of the Twelfth Malaysia Plan.

Economic growth is a key driver for investments in utilities, as a robust utility infrastructure supports economic activities and attracts foreign and domestic investments. PROVIDENCE anticipates that the private and public sector will still incur capital investments for underground and overhead utilities engineering services and solutions, as infrastructure and utilities are important drivers for the growth of economy of any region. Electricity, roads, water systems, public utilities, airports, railways, and telecommunications are essential services that drive economic activity by channelling trade and mobility.

Population growth and urbanisation promotes investments in utility infrastructure

Based on a projection by the United Nations Department of Economic and Social Affairs ("DESA"), it is estimated that Malaysia's population, similar to the rest of the world, will increase exponentially within three decades. According to the World Population Prospects: The 2017 Revision, the nation's population is expected to reach almost 33 million people in 2020, with numbers projected to rise to more than 40 million in 2050. The same trend has been projected for the nation's urbanisation rate, which stands at 75.0%. DESA, in its World Urbanisation Prospect: The 2014 Revision, projected that Malaysia was expected to register an urbanisation rate of 80.0% in 2020, and between 85.0% to 90.0% by 2050. In 2022, Malaysia's population stood at 32.7 million. According to the Key Findings of Population and Housing Census of Malaysia 2020 published by the Department of Statistics Malaysia in December 2022, Malaysia's urbanisation rate increased to 75.1% in 2020 from the 70.9% in 2010.⁵

The increase in urbanisation will bring changes and challenges unless it can be supported by robust utility infrastructure for electricity, piped gas, water and sewerage as well as communications services. This will ensure that Kuala Lumpur and other cities will continue to experience growth and remain competitive. Thus, investments in utility infrastructure to support population growth and urbanisation will benefit industry players that offer underground and overhead utilities engineering services and solutions; as well as substation engineering services and solutions.

Growing demand for electricity stimulates investments in new and replacement utility infrastructure

Electricity energy is a crucial element in the development process as well as economic growth of a country. Shortage of electricity supply may negatively affect the development progress of the country, and possibly limit its potential growth.

Malaysia's consumption of electricity increased from 132,199.0 gigawatt hours ("GWh") in 2015 to 172,819.8 GWh in 2022. Regionally, Peninsular Malaysia remains as the primary consumer of electricity in Malaysia, consuming close to 80.0% of the electricity sold.⁶

Peninsular Malaysia and Sabah's transmission systems were 25,838.0 kilometres ("km") and 3,153.9 km in length respectively comprising 500.0 kilovolt ("kV") lines, 275.0 kV lines, 132.0 kV lines and 66.0 kV lines. Separately, Peninsular Malaysia and Sabah's distribution systems, comprising overhead lines and underground cables, were 741,764.2 km and 27,871.0 km in length respectively. Peninsular Malaysia had 480 transmission substations and 87,947 distribution substations, while Sabah had 49 transmission

⁴ Economic and Monetary Review 2022, Central Bank of Malaysia

⁵ Department of Statistics Malaysia. Latest available statistics as at 31 October 2023

⁶ Malaysia Energy Statistics Handbook 2020, Energy Commission Malaysia

8. IMR REPORT (Cont'd)

substations and 8,945 distribution substations in 2022.⁷ Comparatively, Sarawak transmission system was 2,391 km comprising 500.0 kV lines, 275.0 kV lines and 132.0 kV lines, and its distribution system was 37,174 km comprising overhead lines and underground cables in 2020. In 2020, Sarawak had 43 transmission substations and 14,395 distribution substations.⁸

The consumption of electricity is a key driver for the electricity supply industry, and spurs investments in generation, transmission and distribution infrastructure. Over the longer term, the demand for electricity is expected to recover and exhibit growth at a healthy pace as a result of future economic growth, supportive Government policies, as well as population growth. Thus, this is expected to benefit industry players that are involved in the design, construction, installation, repair and maintenance of utility infrastructure. Further, Tenaga Nasional Berhad has embarked on a Grid of the Future initiative which will enable the grid system to accommodate innovative energy solutions as these emerge while having inbuilt cybersecurity as well as resilience against the impact of climate change. Separately in August 2023, TNB announced that it plans to deploy an additional RM35.0 billion between 2025 to 2030 towards upgrading Malaysia's power grid, to ensure the infrastructure does not become an obstacle in the nation's energy transition endeavours. This means that Tenaga Nasional Berhad plans to invest a total of RM90.0 billion into Malaysia's grid in the coming five-year period, double the RM46.0 billion previously allocated for the 2018 to 2024 period.⁹ This too presents opportunities for industry players that are involved in the design, construction, installation, repair and maintenance of utility infrastructure.

Foreign investment and domestic investment growth support investments in utility infrastructure

Malaysia recorded a total of RM264.6 billion worth of approved investments in the manufacturing, services and primary sectors in 2022 across 4,454 projects. From the total investments approved, foreign investments accounted for RM163.3 billion or 61.7%, with domestic investments accounting for RM101.3 billion or 38.3%.¹⁰

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%). While foreign investments lead the approved investments in the services and manufacturing sector, investments from local companies dominated in the primary sectors. Malaysia's services sector experienced promising and strong growth, with an increase of 63.7% in investments from 2021. 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) made up 92.1% of total approved investments for the services sector in 2022.¹¹

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 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 properties and infrastructure also crucial to support the investment prospects of Malaysia for foreign investors. Such investments are expected to benefit industry players offering underground and overhead utilities engineering services and solutions as well as substation engineering services and solutions.

Growing demand for other utilities stimulates investments in new and replacement utility infrastructure

a) Piped gas

The marketing, sales and distribution of natural gas, as well as development, operations and maintenance of Malaysia's natural gas distribution system within Peninsular Malaysia is under the purview of Gas Malaysia Berhad. Gas Malaysia Berhad further undertakes the supply and sales of liquefied petroleum gas (LPG) in Peninsular Malaysia.

⁷ Annual Report 2022, Tenaga Nasional Berhad

⁸ Sourced from Malaysia Energy Statistics Handbook 2021, Energy Commission Malaysia. Latest available statistics as at 31 October 2023

⁹ TNB to invest additional RM35 bil over 2025-2030 to beef up grid for energy transition, TheEdge Malaysia, 24 August 2023

¹⁰ Malaysia Performance Investment Report 2022, Malaysian Investment Development Authority ("MIDA")

¹¹ Malaysia Performance Investment Report 2022, MIDA

8. IMR REPORT (Cont'd)

As at 31 December 2022, Gas Malaysia Berhad operated and maintained 2,786 km of gas pipeline across Peninsular Malaysia, supplying natural gas to 1,037 industrial customers, 1,845 commercial customers and 21,430 residential customers. The natural gas distribution system within Peninsular Malaysia was previously 2,139 km in length in 2015, with 795 industrial customers, 862 commercial customers and 12,571 residential customers. Industrial customers accounted for approximately 99.5% of total gas volume sales in 2022. They represent a diverse range of industries that include rubber products, consumer products, oleo-chemicals, glass products, pulp and paper, steel / aluminium / copper, and other industries.¹²

Gas Malaysia Berhad incurred capital expenditure of RM152.0 million in 2022, mainly due to construction projects awarded in relation to the natural gas distribution system network as well as non-natural gas distribution system projects. Projects under the natural gas distribution system network development are specific towards construction of gas pipelines and metering stations while non-natural gas distribution system projects include, among others, the purchase of gas and office equipment, digitalisation efforts as well as motor vehicles. A future financial commitment of approximately RM278.0 million will be spent during the next 12 months of the Incentive Based Regulation's first regulatory period (RP2) in 2023. The sum will be utilised for the development of natural gas distribution system network and non-natural gas distribution system activities.¹³

Capital investments aimed at further developing and expanding the natural gas distribution system network in Peninsular Malaysia will support investments in underground utilities engineering services and solutions for the laying of gas pipelines. Such capital investments will improve the accessibility of industrial customers to natural gas and improve the investment prospects of Malaysia for foreign investors.

b) Water and sewerage

The demand for clean treated water is growing ever bigger but climate changes are putting pressure on Malaysia's water resources while its catchment areas are facing a rising incidence of pollution and development activities. In Peninsular Malaysia and Labuan, the production of water increased from 14.4 billion litres per day in 2018 to 15.5 billion litres per day in 2022 at a CAGR of 1.9%. During this period, metered water consumption rose from 9.6 billion litres per day to 10.3 billion litres per day at a CAGR of 1.8%. Among the states in Malaysia, Selangor is the largest consumer of metered water with its consumption comprising 35.9% of total metered water consumption in 2022.¹⁴

In Selangor, Air Selangor Sdn Bhd operates 34 water treatment plants located in various parts of the state and seven dams. Air Selangor Sdn Bhd also manages and maintains a total of 29,270 km of pipe network to supply water to areas in the state. Air Selangor Sdn Bhd has committed a capital expenditure of an estimated RM35.4 billion over the next 30 years. From this, an estimated RM13.4 billion is intended to be utilised to improve asset reliability and resilience and several water treatment plants are slated to be built at a cost of RM13.0 billion. These new water treatment plants include the 700 million litres a day ("MLD") Rasau Stage 1 which will deliver water to the Klang region and is targeted to be operational by 2024; the 769 MLD Langat 2 Phase 2 catering for the Gombak, Kuala Lumpur, Hulu Langat and Sepang regions which is expected to be completed in 2030; and the Rasau Stage 2 meant for the Petaling region that will treat 700 MLD. With the construction of these water treatment plants, Air Selangor Sdn Bhd is looking to increase its treated water reserve margins to more than 15.0% by 2030.¹⁵

Malaysia's sewerage system is an underground network of pipes that transport wastewater from domestic, residential, industrial and commercial consumers to wastewater treatment plants. Sewerage systems play a critical role in supporting public health and environmental protection. Sewers are further classified based on the type of wastewater that it carries. For example, storm sewers are designed to carry stormwater from roofs, paved areas, pavements and roads; industrial sewers are designed to carry wastewater generated from the industry; sanitary sewers are designed to carry waste water from cooking, washing and toilet waste; and combined sewers are designed to carry stormwater, industrial wastes, as well as domestic sewage.

Water and sewerage are basic utilities that need to be installed for all new development projects. Further, old water and sewerage pipes also need to be maintained and replaced when necessary. Thus, industry players offering underground utilities engineering services and solutions will benefit from capital expenditure for the design, construction, installation, repair and maintenance of water and sewerage infrastructure.

¹² Annual Report 2022, Gas Malaysia Berhad.

¹³ Annual Report 2022, Gas Malaysia Berhad

¹⁴ Water and Sewerage Factbook 2022, Peninsular Malaysia and Federal Territory Labuan, National Water Services Commission

¹⁵ SPAN approves Air Selangor's RM35.4 bil capex, The Edge Markets, 14 December 2020

8. IMR REPORT (Cont'd)**c) Communication services**

Connectivity services have been a driver for service provider revenue growth and investments in communication utility infrastructure. Connectivity services have evolved from fixed voice to mobile and recently, mobile broadband.

Malaysia's mobile cellular market had a penetration rate per 100 inhabitants of 145.3% in 2022 (2016: 99.8%). Many users have more than one subscription, taking advantage of competitive voice or data plans offered by the various service providers, or to make best use of network coverage and call quality in different locations. Additionally, subscribers use multiple phones or dual-SIM phones to differentiate between professional and personal use.

Broadband subscriptions grew from 31.0 million in 2016 to reach 47.5 million in 2022. In 2022, mobile broadband subscriptions constituted 131.0% of national broadband penetration rate per 100 inhabitants while fixed broadband was at 47.6%. Fixed broadband subscriptions increased from 2.5 million in 2016 to 4.2 million in 2022.¹⁶ In places where fixed broadband is not available, mobile broadband is an alternative for Internet access. Mobile broadband subscriptions increased to 43.2 million in 2022 from 28.5 million in 2016, supported by 3G and 4G LTE population coverage.¹⁷ The factors driving mobile broadband subscriptions growth include improved network coverage, more attractive pricing plans, and consumer uptake of more connected devices.

The capital expenditure of fixed service providers increased from RM1.8 billion in 2014 to RM4.6 billion in 2019 before dipping to RM1.8 billion in 2020. In 2021, the capital expenditure of fixed service providers increased to RM2.0 billion (2020: RM1.8 billion). Comparatively, the capital expenditure of mobile service providers increased from RM4.9 billion in 2014 to RM5.2 billion in 2018 before dipping to RM3.0 billion in 2019. In 2020 and 2021, the capital expenditure of mobile service providers remained at a constant RM3.0 billion respectively.¹⁸ Investments by mobile services providers are driven by several factors, including improving network coverage; increasing network capacity to accommodate both ongoing growth in subscriber base and data usage; and funding higher speed mobile broadband networks deployments (for both 3G and 4G LTE). Capital expenditure investments in the near term would be used to support the increase in data consumption, the National Digital Network (Jalan Digital Negara, "JENDELA") network requirements as well as the need to maintain service quality.

Demand for bandwidth surged in 2020 as a result of the COVID-19 pandemic that resulted in the imposition of the MCO. Adherence to the MCO by remaining indoors at all times saw 23.5% higher internet traffic nationwide during the first week of the MCO, while the second week of the MCO saw a further increase of 8.6% in internet traffic. During this period, Malaysia saw an increase in internet use during the stay-at-home period primarily for streaming, online games and video conferencing calls. The increase in internet demand stemmed from both fixed and mobile broadband. The surge in bandwidth demand was inevitable as more Malaysians turned to video conferencing, online classes and e-commerce while working and studying at home.¹⁹

In February 2021, the Government of Malaysia launched the Malaysia Digital Economy Blueprint (2021 – 2030) which aims to transform Malaysia into a digitally-enabled and technology-driven high income nation, and a regional lead in digital economy. Phase 1 (2021 – 2022) aims to accelerate adoption towards strengthening the digital foundation needed for the rollout of Phases 2 and 3. In Phase 2 (2023 – 2025), the focus shifts to driving digital transformation and inclusion among the *rakyat* and all levels of businesses across the digital economy. Phase 3 (2026 – 2030) aims to chart the pathway for strong, sustainable growth in the decades to come, positioning Malaysia to become a regional market producer for digital products and digital solutions provider.

Digital Nasional Berhad was established in 2021 to deliver several key outcomes in line with the goals of the Malaysia Digital Economy Blueprint, among which include to accelerate deployment of 5G infrastructure and network in Malaysia and realise the potential of 5G in Malaysia to spur economic activity. According to Digital Nasional Berhad, Malaysia will kick off the launch 5G at its national and administrative capitals of Kuala Lumpur, Putrajaya and Cyberjaya by the end of 2021, before eventually expanding nationwide between 2022 and 2024.

On 29 August 2020, the then Prime Minister of Malaysia, Tan Sri Muhyiddin Yassin, announced the JENDELA action plan which forms part of the 12th Malaysia Plan (2021 – 2025). The JENDELA plan, valued at RM21.0 billion, was formulated to steer Malaysia towards achieving better digital connectivity by boosting

¹⁶ Malaysian Communications and Multimedia Commission ("MCMC")

¹⁷ MCMC

¹⁸ MCMC. Latest available statistics as at 31 October 2023

¹⁹ Media statement: Changing Usage Patterns Influence Internet Speed In Malaysia, MCMC, 9 April 2020

8. IMR REPORT (Cont'd)

the efficiency of national infrastructure and optimising spectrum usage. From the RM21.0 billion allocated for JENDELA, 40% is to be funded by the Malaysian Communications and Multimedia Commission's Universal Service Provision (USP) fund while the remaining 60% is to be funded by industry players. The implementation of JENDELA will be carried out in two phases, namely Phase 1 (2020 – 2022) and Phase 2 (2022 – 2025).

The JENDELA initiative has improved the country's broadband infrastructure towards providing ubiquitous availability of services. Hence, fixed broadband has seen more demand, with subscriptions growing 23.5% to 4.2 million in 2022 (2021: 3.7 million).²⁰ The higher uptake of both mobile and fixed broadband has in turn contributed to the increase in total broadband subscriptions nationwide by 12.6% to 47.5 million in 2022 (2021: 45.8 million).

Greater demand for connectivity services will contribute positively towards spurring investments in utility infrastructure, thereby benefitting industry players that offer underground and overhead utilities engineering services and solutions.

Malaysia's renewable energy generation targets create opportunities for investments in power infrastructure

At the 21st Conference of Parties (COP21) in 2015, Malaysia pledged to reduce its carbon emission intensity per GDP by 35.0% in 2030 relative to the 2005 levels, or 45.0% with support from developed countries. This nationally determined contribution was ratified at the 2015 Paris Agreement, and adopted by United Nations member states to counter the damaging impacts of climate change. To support the nationally determined contribution, the Eleventh Malaysia Plan (2016 – 2020) established more pathways for green growth in the country. In 2017, the Green Technology Master Plan (2017 – 2030) created the framework for mainstreaming green technologies into planned developments. It called for green technologies to be embedded in six carbon-intensive sectors, and by doing so, change the trajectory of the nation's growth. One of these sectors is energy.²¹

Meanwhile, in 2018, the ambit of the Ministry of Energy, Green Technology and Water was expanded to include environment and climate change. With clean energy becoming a priority, the Government targets a capacity mix of 31.0% renewable energy by 2025 and 40.0% by 2035. As at the end of 2020, renewable energy accounted for 23.0% of the national power installed capacity, with the remaining 77.0% dominated by fossil fuels.²²

Renewable energy generation in Peninsular Malaysia covers solid waste, small hydro, biomass, biogas, geothermal and solar. Large hydro plants with the capacity of more than 100.0 megawatts ("MW") are not considered as renewable energy. The 31.0% renewable energy target by 2025 focuses on increasing solar energy generation capacity, and along the way creating new business opportunities for big companies, small and medium enterprises (SMEs), microbusinesses and households.

As of 2020, renewable energy installed capacity stood at 8.5GW, generated by LSS farms, net energy metering (NEM) and feed-in-tariff (FiT) developers. There was also a 589.0MW off-grid capacity from co-generation plants and self-generation. Renewable energy capacity must be ramped up to 4.5GW to deliver the 31.0% target by 2025. This plan is being reviewed periodically, subject to changes in demand forecast, generation requirement, completion of committed projects and government policies.²³

Large scale solar ("LSS") projects are solar PV plants that generate between 1.0MW to 50.0MW worth of electricity. The LSS program is a competitive bidding programme to drive down the levelised cost of energy (LCOE) for the development of LSS PV plants. The Energy Commission is the implementing agency for the LSS program. The LSS program aims to diversify Malaysia's power generation mix and increase the country's renewable resources from 2.0% to 20.0% by 2025.²⁴

In November 2020, Ministers in the Association of Southeast Asian Nations ("ASEAN") region agreed to set a new target of 35.0% renewable energy in installed power capacity by 2025 which will contribute to achieving ASEAN's target of 23.0% of renewable energy in total primary energy supply by 2025.²⁵

In May 2023, Malaysia's Cabinet agreed for the renewable energy capacity mix target to be raised to 70% of the nation's total capacity by 2050 under the Renewable Energy Strategic Development Roadmap, from

²⁰ MCMC

²¹ Peninsular Malaysia Electricity Supply Industry Outlook 2019, Energy Commission Malaysia

²² Malaysia Renewable Energy Roadmap, Sustainable Energy Development Authority (SEDA) Malaysia

²³ Malaysia Energy Information Hub database, Energy Commission Malaysia

²⁴ Energy Malaysia Volume 18/2019, Energy Commission Malaysia

²⁵ Asean ministers set 35% target on renewable energy, The Malaysian Reserve, 20 November 2020

8. IMR REPORT (Cont'd)

the initial 40.0% target under the Malaysia Renewable Energy Roadmap. The robustness of grid infrastructure is a key prerequisite for accommodating the anticipated growth in renewable energy. Efforts to increase the renewable energy capacity would require new investments estimated at RM637.0 billion up to year 2050, where this would include investments in renewable energy generation resources as well as the strengthening of the transmission and distribution grid infrastructure.

While Malaysia builds up its LSS capabilities in an effort to achieve its renewable targets by 2025, corresponding utility infrastructure such as substations and underground cabling will also be required to support this effort. As such, Malaysia's aspirations to boost the adoption of renewable energy in Malaysia will benefit industry players offering underground and overhead utilities engineering services and solutions.

Government initiatives to strengthen utility infrastructure in Malaysia

The Government of Malaysia has proposed several initiatives under Budget 2024 to strengthen accessibility to utilities in Malaysia. Among others, these include:

▪ Electricity

- Beginning 2023, the Government has implemented a targeted subsidy by lifting a part of the subsidy for the highest 10.0% of electricity consumption, but at the same time, maintaining the same subsidy for 90% of consumers. This targeted approach has saved over RM4.6 billion of the projected electricity subsidy of RM20.0 billion. To reiterate, the electricity rate will remain the same for 90% of the *rakyat*, and any increase will only affect 10.0% of consumers with the highest electricity consumption, and not the other 90.0%. This means that while the electricity subsidy will be continued, it will be reduced for the upper class. However, the Government will still bear RM16.0 billion in electricity subsidy for 2023, especially for residential consumers and micro, small, and medium entrepreneurs (MSMEs); and
- The Government agrees to continue providing electricity bill rebates of up to RM40 per month to hardcore poor households with an allocation of RM55.0 million to further reduce the burden on these households even though the electricity rate and tariff remained the same. Apart from this, the Government also agrees to waive deposit payment of electricity bill in consumers' own names.

▪ Rural infrastructure

To bridge the gap between regions, the improvement of rural infrastructure will continue to be a top priority:

- RM1.63 billion is allocated for the construction and upgrading of roads in villages and rural areas including in Bachok, Kelantan; Tambun Tulang, Perlis; and Kuala Lukut to Chuah, Port Dickson, Negeri Sembilan;
- A total of RM939.0 million is allocated to provide water supply to 5,150 households and electricity supply to 2,200 households;
- RM134.0 million is allocated for the installation of 60,000 units of streetlights in villages and the maintenance of over 500,000 units of village streetlights;
- RM57.0 million for the implementation of 115 projects, including 54 new projects to upgrade deteriorated bridges and construct new bridges; and
- RM100.0 million is allocated for the upgrading, construction and repair of basic facilities such as community halls, town halls, paved walkways and covered pathways in villages and rural and remote areas under the Social Amenities Project.

The Unity Government pledges to solve the issue of clean water supply, especially in Kelantan, Sabah, and the Federal Territory of Labuan. A total of RM1.1 billion will be allocated, to implement solutions for water supply issues:

- For the State of Kelantan, the construction project of the Machang Water Treatment Plant Phase 1 with a capacity of 250 million litres per day will be implemented to enhance the water supply reserve;
- To address the water supply issue, especially in Kota Kinabalu, Sabah, the focus will be on restoring and replacing infrastructure and equipment to enhance the capacity of water treatment plants; and
- For the Federal Territory of Labuan, efforts are directed towards replacing dilapidated pipes and repairing existing infrastructure.

▪ Development of Sabah and Sarawak

- Next year, the Federal allocation for the development of Sarawak will increase to RM5.8 billion from RM5.6 billion. Meanwhile, for Sabah, the allocation will increase to RM6.6 billion compared to RM6.5 billion. To increase the effectiveness of the allocation, the Federal Government has also delegated

8. IMR REPORT (Cont'd)

the authority to implement development projects valued under RM50.0 million to technical agencies in Sabah and Sarawak;

- The Federal Government and the Sabah State Government have reached an agreement regarding the transfer of electricity supply regulatory powers, which will come into effect on 3 January 2024. Although the regulatory power will be transferred to the Sabah State Government, the Federal Government will continue to assist the Sabah State Government in strengthening the electricity supply industry in Sabah by providing subsidies to Sabah Electricity Sdn Bhd (“**SESB**”) until the SESB Transformation Plan is successfully implemented within seven years, that is by 2030; and
- To ensure stability and reduce electricity supply disruptions in Sabah, especially in the eastern area, the Federal Government will support the implementation of hybrid solar energy generation as well as the construction of a network of electricity transmission lines in southern Sabah.

- **Digital connectivity**

- As of September 2023, Digital Nasional Berhad has successfully developed a 5G network with coverage in populated areas at 70.2%. The 5G network is expected to reach approximately 80.0% coverage in populated areas by the end of 2023. The *rakyat* can now enjoy high-quality 5G services offered by all telecommunications companies. To boost 5G adoption, concerted efforts will be intensified through collaboration with telecommunication companies to ensure that more consumers and businesses can benefit from this.

The abovementioned initiatives that aim to reduce the urban and rural development gap, improve digital connectivity and bridge the economic gap will require investments in underground cabling and substations, thereby benefitting industry players offering underground and overhead utilities engineering services and solutions as well as substation engineering services and solutions.

COMPETITIVE LANDSCAPE

Jati Tinggi Group’s customers are primarily main contractors involved in electricity supply projects, that require its services to enable the supply of power to specific locations and/or premises. There are distinct barriers to entry, with industry players possessing the relevant licenses and registrations, experienced technical employees who can carry out large scale and complex projects as well as project track record.

Contractors will need to meet certain criteria when submitting their proposals for underground and overhead utilities engineering services and solutions with utility companies. As an illustration, based on tender notices posted on Tenaga Nasional Berhad’s website, Tenaga Nasional Berhad requires tenderers to be registered as a Tenaga Nasional Berhad vendor and possess the requisite Construction Industry Development Board (CIDB) license registrations (for which the grade and specialisation will be stipulated in the tender notice), demonstrate experience / project track record and financial strength. In instances where participation in tenders is restricted to Bumiputera registered contractors, such requirement will be indicated in Tenaga Nasional Berhad’s tender notices.²⁶

The power infrastructure utilities market comprises the capital expenditure for utility systems and related services by industry players that construct generation facilities, transmission and distribution lines, as well as related structures for power utilities. All structures that are integral parts of utility systems are included in this market. The work performed by these industry players includes new installations, additions, alterations, maintenance, and repairs. Thus, the revenue of industry players that are involved in the delivery of underground and overhead utilities engineering services and solutions; and substation engineering services and solutions for power utilities are a subset of the capital expenditure incurred for utility systems and related services.

In the financial year ended (“**FYE**”) 30 November 2022, Jati Tinggi Group recorded a revenue of RM234.6 million for the provision of underground and overhead utilities engineering services and solutions, provision of substation EPCC services and trading of equipment for substations. When compared against the capital expenditure incurred for recurring electricity generation, transmission and distribution in Malaysia of RM9.2 billion, Jati Tinggi Group has a market share of 2.6%.

²⁶ Source: <https://www.tnb.com.my/doing-business-with-tnb/suppliers>

8. IMR REPORT (Cont'd)



Financial performance of selected industry players

| Industry player | Business activities * | Latest available FYE | Revenue (RM) | Gross profit (RM) | Gross profit margin (%) | Profit before tax (RM) | Profit after tax (RM) | Profit after tax margin (%) |
|--|-----------------------|----------------------|--------------|-------------------|-------------------------|------------------------|-----------------------|-----------------------------|
| Akli (Malaysia) Sdn Bhd | (a) | 31 December 2022 | 37,823,090 | 5,775,660 | 15.3 | 2,237,807 | 1,822,797 | 4.8 |
| Aras Kejuruteraan Sdn Bhd | (a) and (b) | 31 December 2021 | 48,118,262 | 1,323,149 | 2.7 | 312,249 | 239,663 | 0.5 |
| Bras Ventures Bhd | (a) and (b) | 30 September 2022 | 45,008,377 | 6,806,414 | 15.1 | 3,250,736 | 2,718,858 | 6.0 |
| Bricomp Maju Sdn Bhd | (a) | 30 June 2022 | 10,393,660 | 1,931,745 | 18.6 | -293,753 | -314,329 | -3.0 |
| Bumiraya Setia Sdn Bhd | (a) | 31 December 2022 | 31,047,939 | 2,568,551 | 8.3 | 1,843,384 | 1,390,536 | 4.5 |
| Eiscon Construction Sdn Bhd | (a) | 31 July 2021 | 189,481,928 | - 8,561,594 | - 4.5 | - 18,541,838 | - 19,392,777 | - 10.2 |
| HG Power Transmission Sdn Bhd [@] | (b) | 31 December 2022 | 222,306,444 | 17,850,522 | 8.0 | 12,780,145 | 6,248,590 | 2.8 |
| Komasi Engineering Sdn Bhd | (a) | 31 December 2022 | 57,142,413 | 9,954,283 | 17.4 | 4,673,802 | 3,570,916 | 6.2 |
| Kum Fatt Engineering Sdn Bhd | (a) | 28 February 2023 | 60,679,153 | 11,678,934 | 19.2 | 8,004,899 | 6,660,546 | 11.0 |
| Jati Tinggi Holding Sdn Bhd | (a), (b) and (c) | 30 November 2022 | 234,612,000 | 17,585,000 | 7.5 | 12,302,017 | 10,221,149 | 4.4 |
| Mersing Construction & Engineering Sdn Bhd | (a) | 31 December 2022 | 5,084,474 | -3,020,306 | -59.4 | -5,621,472 | -5,646,854 | -111.1 |
| MN Holdings Berhad [^] | (a), (b) and (c) | 30 June 2023 | 164,452,657 | 33,766,402 | 20.5 | 13,183,849 | 9,296,826 | 5.7 |
| Motobina Sdn Bhd | (a) | 31 May 2022 | 24,781,558 | 8,033,479 | 32.4 | 1,170,010 | 32,126 | 0.1 |
| Pembinaan Tajri Sdn Bhd | (a) and (b) | 31 December 2022 | 48,787,443 | 2,569,994 | 5.3 | 250,183 | 212,549 | 0.4 |
| Pembinaan Terasmaju Sdn Bhd | (b) and (c) | 31 December 2022 | 31,930,275 | 6,658,531 | 20.9 | 438,913 | 251,357 | 0.8 |
| Pestech Sdn Bhd [#] | (a), (b) and (c) | 30 June 2022 | 298,476,635 | | | 13,026,170 | 12,109,105 | 4.1 |
| Pestech Transmission Sdn Bhd [#] | (b) and (c) | 30 June 2022 | 63,784,120 | | | -2,535,352 | -2,535,352 | -4.0 |
| Swis Resources Sdn Bhd | (a), (b) and (c) | 31 December 2022 | 119,471,560 | 19,860,372 | 16.6 | 5,279,023 | 9,882,954 | 8.3 |
| System Protection & Maintenance Sdn Bhd | (b) and (c) | 31 December 2021 | 93,065,741 | 19,123,918 | 20.5 | 12,326,182 | 10,418,552 | 11.2 |
| Technoft Sdn Bhd | (b) and (c) | 31 December 2022 | 107,166,903 | 21,014,619 | 19.6 | 7,244,200 | 5,352,328 | 5.0 |

Notes:

* Categories of business activities: (a) provision of underground and overhead infrastructure utilities engineering solutions; (b) provision of substation EPCC services; and (c) trading of equipment for substations

[@] Subsidiary of Fohas Technic Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad

[^] Listed on the ACE Market of Bursa Malaysia Securities Berhad

[#] Subsidiary of Pestech International Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad

Latest available as at 31 October 2023

Source: Various annual reports, Companies Commission of Malaysia, PROVIDENCE analysis

9. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER, IN ADDITION TO THE OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF OUR GROUP BEFORE INVESTING IN OUR SHARES.

If you are in any doubt as to the information contained in this section, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers.

9.1 RISKS RELATING TO OUR BUSINESS OPERATIONS

9.1.1 Our historical financial performance may not be indicative of our future financial performance considering our business operations are predominantly project-based, and hence reflected in our revenue, profits and operating cash flows trend

We provide infrastructure utilities engineering solutions to our customers on a project-to-project basis. Therefore, our revenue, profits and operating cash flows trend may be affected depending on the number, value, and stage of completion of each project that we undertake. Our customers are under no obligation to continue to award projects to us and there is no assurance that we are able to continuously and consistently secure new projects, nor will there be any assurance whereby the new projects secured will be on commercial terms favourable to our Group in the future.

Impact on our Group's revenue and profits trend

The key financial highlights of our Group for the Financial Years and Period Under Review are as set out below:

| | Audited | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| | FYE 2020 | FYE 2021 | FYE 2022 | FPE 2022 | FPE 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 112,666 | 96,413 | 234,612 | 105,592 | 46,003 |
| GP | 19,858 | 13,694 | 17,400 | 10,341 | 9,386 |
| PAT/ Total comprehensive income attributable to owners of the Company | 7,653 | 7,239 | 9,132 | 7,089 | 2,091 |
| GP margin (%) | 17.63 | 14.20 | 7.42 | 9.79 | 20.40 |
| PBT margin (%) | 9.51 | 10.14 | 4.78 | 7.90 | 7.03 |
| PAT margin (%) | 6.79 | 7.51 | 3.89 | 6.71 | 4.55 |

In general, electricity distribution-related underground and overhead utilities engineering projects (i.e., 11kV and 33kV projects) involve mainly cable installation works while the supply of cables is generally provided for by the project owner. Thus, the project margins for distribution-related projects are mainly from the cable installation works/ services provided. Conversely, transmission-related underground utilities engineering projects (i.e., 132kV and above projects) are generally larger-scaled and of higher values. Such projects typically involve the supply (i.e., procurement) of cables in addition to cable installation work thus the project margins for transmission-related projects may be lower relative to distribution-related projects, if a significant portion of the project value entails the supply of cables.

Accordingly, the scale and number of projects and the amount of revenue, profits and operating cash flows that we are able to derive therefrom are affected by a series of factors including but not limited to changes in our customers' businesses, types of projects we undertake (e.g., distribution-related projects versus transmission-related projects), economic downturn and availability of funds/ budgetary considerations on the part of project owners. Consequentially, our revenue, profits and operating cash

9. RISK FACTORS (Cont'd)

flows may vary significantly from period to period, and it may be difficult to forecast our financial performance.

The financial performance of our Group also depends on our ability to secure new projects to sustain our order book. Any significant decline in our order book will materially and adversely impact our sustainability, growth potential, and future financial performance. As at the LPD, the total unbilled contract value of our on-going projects based on contracts secured was RM233.25 million and our Group expects the unbilled order book to be recognised progressively over the next 1 to 3 financial years based on the expected progress of each project and subject to certification by our Group's customers. Of this, our total unbilled contract value for our major on-going projects (being projects with contract value of RM5.00 million and above) is RM199.17 million while our total unbilled contract value for other on-going projects (being projects with contract value below RM5.00 million) is RM34.08 million. However, there can be no assurance that we will be able to maintain our order book at such levels in the future. In addition, our order book is subject to unexpected project cancellations or scope adjustments which may occur from time to time. There can also be no certainty that projects from our order book will not be delayed or terminated or we may face situation of delays in securing new contracts. Any delay or cancellation or reduction in the contract value or scope of work of projects secured in our order book may reduce the value of our order book and in turn, affect our future financial performance.

In our industry, it is common for projects to be awarded based on competitive bidding, and as such, we have to bid competitively for every contract that we wish to secure. We support our major customers with whom our Group has entered into collaboration documents with competitive quotations as well as technical information during the tendering stage in order to increase their chances of securing such projects from project owners (i.e., utility companies such as TNB, state-based water utility companies as well as fixed and mobile service providers). Upon successful award of projects from project owners to these major customers, our Group is accorded the first right of refusal to the project which we had participated in the tender process.

Notwithstanding the above, our Group is presently also participating in tenders as a main contractor directly with project owners. In these instances, our Group will need to price our projects competitively and provide the necessary technical information during the tendering stage in order to increase our chances of securing projects directly from project owners.

Our quotations and success of our tenders are affected by various factors which include our pricing and tendering strategy, level of competition and our customers' evaluation of standards. Therefore, there is no guarantee that we will be able to secure every contract that we tender for or achieve similar success in our tenders for every bid that we put in. Depending on the then market condition and competitive landscape, we may have to lower our pricing or adjust our tendering strategy in order to maintain the competitiveness of our quotations and tenders. In the event that our Group fails to secure new projects from our customers with contract values, sizes and/ or margins comparable to existing ones, our business and financial performance and results of operations will be materially and adversely affected. Therefore, the historical financial performance and financial condition of our Group may not be indicative of our future financial performance.

Impact on our Group's operating cash flows trend

A summary of our operating cash flows for the Financial Years and Period Under Review is as follows:

9. RISK FACTORS (Cont'd)

| | Audited | | | | |
|---|----------|----------|----------|----------|----------|
| | FYE 2020 | FYE 2021 | FYE 2022 | FPE 2022 | FPE 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Net cash (for)/ from operating activities | (10,591) | 2,105 | 10,240 | 7,482 | (15,497) |

In addition to the credit risk of our customers as set out in Section 9.1.3 of this Prospectus, we may encounter time lags between receiving payments from customers and making payments to suppliers (including initial cash outlays for the procurement of cables), resulting in cash flow mismatches. For transmission-related underground utilities engineering projects (i.e., 132kV and above projects) in particular, we need to procure cables and provide cable installation works, where cables form a substantial portion of the cost incurred for the period. Such costs would be financed via our internally generated funds (including collections from our customers) and utilisation of banking facilities from financial institutions. As such, our Group may experience a net cash for operating activities for a particular period, when payments to suppliers and subcontractors exceed the receipts from customers.

For FPE 2023, our Group had a net cash for operating activities of RM15.50 million, mainly attributable to the major projects undertaken by our Group (i.e., Farlim Project and Danga Bay Project, being transmission-related projects) because of the longer time needed to process the claim-back of purchased cables and installation services from TNB/ project owner through our customers. This resulted in a net decrease in cash and cash equivalents of RM12.02 million for the FPE 2023. Please refer to Section 12.5.2 – FPE 2023 of this Prospectus for further details.

There is no assurance that our Group will not experience a net cash for operating activities for certain periods in the future. In such situation, our Group may have to fund our operating costs and cash flows via increased bank borrowings, resulting in higher financing costs which may adversely impact our business operations, financial position and results.

9.1.2 We are dependent on our major customers

During the Financial Years and Period Under Review, the revenue contributions from our top 3 major customers are as follows:

| Customers | Length of relationship as at the LPD (years) | FYE 2020 | | FYE 2021 | | FYE 2022 | | FPE 2023 | |
|----------------------|--|----------------|--------------|---------------|--------------|----------------|--------------|---------------|--------------|
| | | RM'000 | %* | RM'000 | %* | RM'000 | %* | RM'000 | %* |
| Worktime Engineering | 20 | 67,740 | 60.13 | 56,338 | 58.43 | 158,004 | 67.35 | 21,888 | 47.58 |
| CD Electrical | 19 | 34,621 | 30.73 | 25,303 | 26.24 | 7,998 | 3.41 | 4,432 | 9.64 |
| YM Teras | 20 | 8,349 | 7.41 | 8,735 | 9.06 | 62,664 | 26.71 | 17,078 | 37.12 |
| Total | | 110,710 | 98.27 | 90,376 | 93.73 | 228,666 | 97.47 | 43,398 | 94.34 |

Note:

* Computed based on the total revenue of the respective financial year and period.

As at the LPD, our unbilled order book for contracts secured by our Group from Worktime Engineering, CD Electrical and YM Teras are RM65.48 million, RM127.38 million and RM18.63 million respectively, representing 28.07%, 54.61% and 7.99%, respectively.

We expect that the abovementioned major customers will continue to contribute significantly to our Group's revenue in the future. We have entered into collaboration agreements with Worktime Engineering and YM Teras as well as a memorandum of collaboration with CD Electrical. These collaboration agreements and memorandum of collaboration are intended to establish a framework for collaboration for future business

9. RISK FACTORS (Cont'd)

opportunities which may arise in the power infrastructure utilities market. We work closely with our existing customers to ensure customer satisfaction and participate in business meetings with them or potential customers as part of our efforts to secure new projects from them. We will continue to serve our other customers and strive to pursue business development activities to expand our customer base and reduce dependency on the abovementioned major customers.

We have maintained long and mutually beneficial relationships with the abovementioned major customers over the years and this has provided our Group with a platform for future growth.

Therefore, our Group's sustainability, revenue, and financial results will be materially and adversely affected if:

- (i) we were to lose any 1 of our top 3 major customers or all of them (or reduce the level of services provided to them) without capturing new customers to replace the loss of business;
- (ii) we were to encounter difficulties in collecting payments from these major customers;
- (iii) our contracts with the abovementioned major customers are delayed or terminated; and/ or
- (iv) the project owners (including TNB) cease to award projects to our Group's 3 major customers.

Although we have not encountered any major disputes with the abovementioned major customers, there can be no assurance that the current working relationship with them will not deteriorate due to potential disputes that could not be resolved and that we would continue to be successful in securing projects from them in the future. Thus, we are exposed to concentration risk on the abovementioned major customers.

9.1.3 We are subject to the credit risk of our customers

If our customers fail to make timely or full payments to us as they become due pursuant to the contract, our cashflow will be affected/ reduced and this may have an adverse impact on our financial performance and financial position. Further, our billings are dependent on the terms agreed with our customers.

The contract value of a project represents the amount of revenue that we expect to earn/ receive under the terms of the contract, assuming the contract is performed in accordance with its terms. Contract assets are recognised when we complete the works under such contracts but are yet to be billed to our customers. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to our customers.

Our Group's contract assets, trade receivables and trade receivables turnover for the Financial Years and Period Under Review are as follows:

| | AUDITED | | | |
|--|----------|----------|----------|----------|
| | FYE 2020 | FYE 2021 | FYE 2022 | FPE 2023 |
| Contract assets (RM'000) | 719 | - | - | - |
| Trade receivables* (RM'000) | 59,887 | 56,781 | 75,561 | 77,720 |
| Average trade receivables turnover period (days) | 83 | 141 | 60 | 165 |

9. RISK FACTORS (Cont'd)

Note:

* *The trade receivables include the amount owing by related parties which are trade in nature.*

The fluctuations in contract assets during the Financial Years and Period Under Review were mainly due to the unbilled work-in-progress claims that have been recognised by our Group after works have been performed.

Our customers are required to make progress payments based on billings which are subjected to actual work performed and certified by our customers.

We usually grant our customers credit period of 30-60 days from the date of invoice. Therefore, we are exposed to credit risk arising from trade receivables due to unanticipated events beyond our control, such as delays in our customers receiving the corresponding payment from project owners or economic downturn. As such, our trade receivables turnover period may fluctuate as well. For FYE 2020 and FYE 2021 during the COVID-19 pandemic period, our Group experienced increased trade receivables turnover periods due to our customers taking a longer time to make payments. This in turn, had an impact on our operating cash flows in particular for FYE 2020 where we recorded a net cash for operating activities of RM10.59 million. For FPE 2023, our customers needed more time to process the claim-back of purchased cables and installation services from TNB/ project owner which resulted in the increased trade receivables turnover period. Our Group also experienced a net cash used for operating activities of RM15.50 million.

During the Financial Years and Period Under Review, there were bad debts written off of RM0.93 million and net impairment losses on financial assets of RM1.40 million which affected our financial performance for FYE 2020. The said bad debts arose due to uncollectable cost incurred by our Group mainly on behalf of 2 subcontractors (i.e. cost amounting to RM0.71 million in relation to a subcontractor who absconded and cost amounting to RM0.10 million being payment to rectify damages caused by another subcontractor), where the retention sums that we previously collected from these subcontractors were not sufficient to set-off against the said costs. The impairment losses were mainly attributable to collective impairment on trade receivables of RM1.04 million and amounts owing by related parties of RM0.19 million (i.e., Congoxtreme and Crossing Master Engineering) as they were long outstanding. There were also net impairment losses on financial assets of RM0.63 million which affected our financial performance for FPE 2023. The impairment losses were attributable to collective impairment on trade receivables of RM0.63 million as a result of higher balances as at FPE 2023.

For the FYE 2021, FYE 2022 and FPE 2023, we did not experience any bad debts written off and for the FYE 2021 and FYE 2022, there were net impairment gains mainly due to reversals of impairment losses. For the FPE 2023, there were net impairment losses mainly due to collective impairment of trade receivables as a result of higher trade receivables balances. For further details on the impact of net impairment loss and gain on our financial performance, please refer to Section 12.3.8 of this Prospectus.

There is no assurance that our customers will settle our progress payments on time or in full. In the event we encounter any difficulty in collecting a substantial portion of our trade receivables from our customers, our liquidity position may be materially and adversely affected.

As the receivables are not covered by collateral or credit insurance, we are subjected to credit risks which could adversely affect our financial condition and performance. For the Financial Years and Period Under Review up to the LPD, we have not experienced any reduced payments (i.e., partial payments) or non-payments from our customers.

9. RISK FACTORS (Cont'd)

9.1.4 We are subject to regulatory requirements for our business operations

Our business is subject to various laws, rules and regulations. We have obtained the required certificates of registrations and licenses as set out in Section 7.12 of this Prospectus and we are in compliance with the relevant governing laws and regulations as set out in Section 7.22 of this Prospectus, to carry out our operations as well as to progressively assume the role of main contractor (which includes tendering for projects directly with TNB).

The licences and approvals are subject to compliance with the relevant conditions, laws and regulations under which they were issued. In the event of non-compliance, these licences and approvals may be revoked or may not be renewed upon expiry, which will have a material impact on our Group. Similarly, any breach of these conditions, laws and regulations can result in penalties, fines, potential prosecution against us and/ or our directors, restrictions on operations and/ or remedial liabilities which would have a material impact on our Group.

Historically, there were previous material non-compliances by our subsidiary as set out below:

- (i) non-registration of JTHSB as a contractor under the LPIP Act in the past. Please refer to Section 7.22(i) of this Prospectus on the previous non-compliance with the LPIP Act;
- (ii) omissions of remitting EPF contributions to the EPF for bonus payouts and fixed allowances by JTHSB for years 2019, 2020 and 2021. Please refer to Section 7.22(viii) of this Prospectus on the previous non-compliance with the EPFA 1991; and
- (iii) absence of certificate of accommodation pursuant to the EMSHAA 1990. Please refer to Section 7.22(ix) of this Prospectus on the previous non-compliance with the EMSHAA 1990.

9.1.5 We depend on our Managing Director and other key senior management for our continued success

Our future prospects are, to a significant extent, attributable to the abilities, skills, experience, competency and continuous effort of our Managing Director, other key senior management and qualified personnel. A team of experienced personnel in our business is crucial in guiding and implementing our Group's strategies, maintaining the quality of our Group's services whilst retaining the business confidence of our customers as well as to ensure our business continues to grow. Our Group intends to participate in more large-scaled projects and establish our presence as a main contractor and expand into new markets in East Malaysia. Please refer to Section 7.24 of this Prospectus for further information on our Group's expansion.

The continued success and future growth of our Group are largely dependent on the contributions and involvement of Dato' Seri Lim (our Promoter, substantial shareholder and Managing Director) as well as other key senior management in our business. Dato' Seri Lim is responsible for planning the overall strategy and corporate direction of our Group, and implementing business strategies to grow our Group and business. With his experience and knowledge of the power infrastructure utilities market and our business, he plays an important role in formulating and implementing strategies and policies to drive the growth and expansion of our Group. Our other key senior management has extensive knowledge and experience in our business and plays a significant role in our day-to-day operations as well as the implementation of our business strategies. Please refer to Sections 5.1.2 and 5.4.2 of this Prospectus for further details on the profiles of Managing Director and other key senior management.

9. RISK FACTORS (Cont'd)

The loss of our Managing Director, other key senior management and/ or qualified personnel simultaneously or within a short time without timely replacement or discontinuity in knowledge transfer may potentially create an unfavourable impact on our Group's business operations, performance and prospects if there is a lack of succession planning, or inability to retain qualified personnel.

9.1.6 Our Group is dependent on a major supplier

Our Group is dependent on our major supplier, Power Cables Malaysia, for the supply of cables, being a major cost component. Power Cables Malaysia contributed to approximately 30.33%, 33.45%, 58.71% and 57.80% of our Group's subcontractors' fees and purchases for FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively. The increasing purchases from Power Cables Malaysia indicate our Group's increasing dependency on Power Cables Malaysia for the supply of cables, in line with the growth of our Group's business. As such, our Group is exposed to the risks that the supplier may, amongst others, cease to supply to our Group at competitive prices or on terms less favourable to our Group. In such circumstances, our Group's financial performance may be materially and adversely affected.

9.1.7 Our operations depend on the availability of an adequate supply of materials at competitive prices and any unanticipated increases in costs associated with our projects may affect our financial performance

We utilise various materials such as cables, pipes and cable joints in carrying the projects, and are thus dependent on the continuous supply of such materials. Please refer to Section 7.10 of this Prospectus for more details on our purchases.

Our materials are price sensitive, and we face the risk of inability to obtain sufficient quantities of materials at competitive prices. Some of our materials such as cables and pipes which are made from copper and resins are subjected to the fluctuation in global market commodity prices. As we have been in the power infrastructure utilities market for approximately 20 years, we have experienced fluctuations in the price of materials over the years. In FYEs 2020 and 2021, we experienced rising copper prices as reflected in the increase in material cost. Nevertheless, we managed to obtain variation orders from our customers to cover the unexpected significant increase in the purchase prices of 132kV cables for the Danga Bay Project and Farlim Project. As such, our margins were not materially impacted. Further, any fluctuation in price of materials will affect the entire power infrastructure utilities market as a whole. Nonetheless, any price fluctuations in the materials caused by demand and supply and price volatility, which are beyond our control, could result in increased costs and have a material adverse effect on our business and financial performance.

In the FYE 2020, FYE 2021, FYE 2022 and FPE 2023, cables were the main component of our material purchases. For distribution-related underground and overhead utilities engineering projects, 11kV and 33kV cables are provided to our Group by the project owner via our customer. However, our Group is responsible for the procurement of 132kV cables from nominated suppliers of project owners for transmission-related underground and overhead utilities engineering projects. While we endeavor to obtain quotations and negotiate for competitive rates from all nominated suppliers of project owners, we are still exposed to rising material prices which may affect our overall project cost. In such instances, we will approach our customers to explore the possibilities of submitting variation orders. Our ability to obtain customer approval for these variation orders is on a case-to-case basis.

A material increase in construction costs arising from materials costs, labour, and overheads, may adversely affect our profit margin, particularly in situations where our contracts with our customers prevent us from passing on these increased costs to them. As such, our failure to accurately estimate the resources and time required for a project or our failure to complete our contractual obligations within the timeframe and costs committed could have a material adverse effect on our financial performance.

9. RISK FACTORS (Cont'd)

Furthermore, contracts with our customers generally, do not cater for such price fluctuations of construction materials. We are exposed to the risks of price fluctuations and we assume the risk that the actual costs associated with our performance may be greater than anticipated. Our cash flows and profitability will be reduced if the actual costs to complete a contract exceed the original estimates.

In view of the above, our cash flows and profitability are dependent on our ability to accurately estimate the cost associated with our projects, which are dependent on a variety of factors, amongst others, such as, conditions at the project sites, contagious diseases as well as cost of materials and labour. These variations may cause actual gross profit for a project to differ from the original estimates which may result in certain contracts having a lower profit margin than anticipated or losses if actual contract cost exceeds its estimates, and thereafter, would reduce our profitability, cash flows, liquidity and impact on our financial performance.

9.1.8 We are dependent on the services and quality of our subcontractors' and our consultants' works

We usually engaged subcontractors to scale up our project capabilities and to carry out selected parts of our project activities, such as HDD works, installation works, piping and cable laying works, infrastructure works, roadway restoration works and other related works. We may also engage third party consultants to carry out specialised work scopes requiring certifications such as, submission of structural design and surveying works for our projects. We schedule, monitor and provide overall supervision of the on-site operational activities carried out by the subcontractors such that they are in compliance with contractual requirements and safety regulations. We are responsible for the quality of our subcontractors' and our consultants' works.

Subcontractors are appointed following the shortlisting of candidates based on the project requirements, assessment of tenders/ quotations submitted by the candidates, as well as our past working experiences and relationship with the candidates. Upon finalisation of negotiation of pricing, scope of works and the bills of quantities, we will issue letters of award to the subcontractors.

As our subcontractors have no direct contractual relationships with our customers, we are subject to risks associated with non-performance by our subcontractors. If our subcontractors or consultants:

- (i) are unable to deliver their services in a timely manner;
- (ii) deliver substandard work to us;
- (iii) do not meet the technical specifications and requirements; and/ or
- (iv) fail to make good of the defects or undertake all rectification works,

our Group's operations may experience delays in project completion, quality issues concerning the work done, or non-performance on the affected projects. Further, we are exposed to defects liability claims as a result of the non-performance of our subcontractors.

There is no assurance that we would be able to monitor the performance of our subcontractors efficiently. Notwithstanding that we may attempt to seek compensation from the relevant subcontractors, we may incur significant time, cost and resources to rectify the defects and resolve the issues concerning the quality of works performed by our subcontractors. This in turn would affect the project delivery schedule and accordingly our Group would need to request for extension of time or be subject to defects liability claims from our customers, or liquidated ascertained damages (LAD) arising from delays in completion of our projects which would have a material impact on our Group. Any faults in the technical or design standards by our third party consultants may also cause material delays or interruptions to the implementation and completion of our projects. We may be susceptible to risks of our customers claiming

9. RISK FACTORS (Cont'd)

against our performance bond, or legal liabilities arising from such defects or substandard works.

The subcontracted services accounted for approximately 36.09%, 43.81%, 21.26% and 57.01% of our total cost of sales for FYE 2020, FYE 2021, FYE 2022 and FPE 2023 respectively. During the Financial Years and Period Under Review and up to the LPD, we have not experienced any material complaint(s) from our customers in respect of the services and quality of our subcontractors' and consultants' works and all the defect rectification works requested have been attended by our Group or our subcontractors in a timely manner.

9.1.9 Error or inaccurate estimation of project duration and costs will affect our profitability and our financial performance

Our projects are generally awarded through a tendering process. Our contracts with customers normally have a fixed and pre-determined value throughout the contract period in accordance with the scope of works that we tendered for. In pricing a tender or quotation, we estimate the project costs based on numerous factors including but not limited to:

- (i) scope of works;
- (ii) material and labour requirements and costs;
- (iii) project complexity;
- (iv) time required for completing a project;
- (v) types of machinery required;
- (vi) historical fees we charged for similar projects; and
- (vii) prevailing market conditions.

Incorrect estimations of our project costs may result in cost overruns and hence will affect our profitability and financial performance. If the actual costs to complete the projects significantly deviate from the estimated costs when the tenders or quotations were submitted, we may be bound by the contract to undertake the project at a substantial loss and hence our business operations as well as financial performance and profitability may be adversely affected.

We may not be able to complete the project on time or we may be subject to cost overruns due to certain events that are not within our control, such as the timing required to obtain the necessary work permits from local authorities and adverse weather conditions.

During the Financial Years and Period Under Review and up to the LPD, we have experienced error or inaccurate estimation of project duration and costs as disclosed in Section 12.3.1(v) (FYE 2021 compared to FYE 2020) of the Prospectus whereby the Group's estimation did not take into consideration the significant increase in global copper prices. This led to the slowdown of Farlim Project and Danga Bay Project in FYE 2021 which impacted our revenue. The said slowdown resulted in lesser works performed and certified. Our Group then had to secure variation orders and extensions of time from our customer to cover the increase in cost in order to progress further. This in turn led to the lower GP in FYE 2021, as disclosed in Section 12.3.3(ii) (FYE 2021 compared to FYE 2020) of the Prospectus.

9.1.10 We are subject to the risk of defects liability claims from our customers

We extend a defects liability period of up to 12 months from the date of the takeover certificate. During the defects liability period, we are liable for any repair work, reconstruction or rectification of any defects which may surface or be identified during this period at our own cost.

9. RISK FACTORS (Cont'd)

In situations where we are affected by defects liability claims, we may experience an increase in project costs if:

- (i) no corresponding claim can be asserted against a subcontractor/ supplier;
- (ii) amount of the claim cannot be recovered in full or at all from the subcontractor/ supplier or the retention sum retained from the subcontractor is insufficient, we may be required to bear some or all the cost of such claim; and/ or
- (iii) we are unable to enforce or experience delay in enforcing legal recourse against our subcontractors/ suppliers to indemnify or compensate us (such as the subcontractor's insolvency).

As a result of this, our business, reputation and financial performance may be materially and adversely affected.

During the Financial Years and Period Under Review and up to the LPD, we have not experienced any defects liability claim which has materially affected our business operations and financial performance. Furthermore, as at the LPD, there is no claim for any compensation and retention sum asserted by our customers against us in relation to any defect works performed by us or our subcontractors, as well as the quality of construction materials supplied by our suppliers. Nonetheless, there can be no assurance that in the future we will not be subject to material defects liability claims, which may have an adverse impact on our business operations, profitability, reputation and financial performance.

9.1.11 We cannot assure you that our insurance coverage is adequate for our operations and to cover all losses and/ or liabilities arising from potential claims

Pursuant to the terms of the contracts awarded by our customers, we are to procure and maintain insurance policies relevant to the projects, in the interest of our customers/ main contractors, such as contractor all risks and workmen's compensation.

We are aware of the adverse consequences arising from the inadequate insurance coverage that could potentially affect our business, operations and financial performance. We have also purchased comprehensive business insurance policies, to protect our business and office furniture and equipment against unexpected losses or damage due to break-ins or loss of monies and policies to insure our vehicles.

Although we have procured and maintained the relevant insurance policies for our projects, we may receive claims from our customers, subcontractors or other parties in respect of various matters concerning our business operations from time to time. There is no assurance that our current insurance policies will sufficiently protect us against all potential liabilities arising from any claims or losses.

Further, the insurance coverage is subject to exclusions and limitations of liability both in amount and with respect to the insured events. The outcome of any claim is subject to the relevant parties' negotiation and the result of claims may be unfavourable to us. If we are held liable for uninsured losses or the amounts of claims for insured losses exceed the limit of our insurance coverage, our business and financial performance will be impacted.

For the Financial Years and Period Under Review and up to the LPD, we have not encountered any events that resulted in any insurance claims that materially affected our business and financial condition.

9. RISK FACTORS (Cont'd)

9.1.12 Our business and financial performance may be affected in the event of delay or inability to complete projects on a timely basis

Our projects are subject to timelines for us to adhere to. In the event there are any delays in the timeline of a project, it would usually result in project cost overruns, which attract negative publicity and legal uncertainties such as potential LAD claims from our customers.

Our revenue is recognised based on percentage of completion and billing is based on actual work performed and certified by our customers. Thus, any delays or postponement in projects may influence our resource allocation for the execution of subsequent projects and delay our revenue recognition. Any form of delay in completing the projects will therefore affect our billings, revenue, operational cash flow and financial performance. We may be required to pay our suppliers and subcontractors regardless of such delays if the works have been performed, and as such, it would affect our cash flow.

The timely completion of projects undertaken by our Group is dependent on external factors inherent in the power infrastructure utilities market including, amongst others, the timely receipt of requisite licenses, permits or approvals from regulatory authorities, performance of any subcontractors appointed, expected soil conditions, safety and site conditions, shortage of materials, equipment and/ or labour, adverse weather conditions, economic downturn and changes to government policies. Any adverse developments in respect of these factors can lead to interruptions or delays in completing a project, which may result in our customers imposing LAD claims on us as stipulated in our contracts and our reputation, financial performance and operational cash flows would be materially affected.

There was no LAD incurred by our Group during the Financial Years and Period Under Review and up to the LPD.

9.1.13 COVID-19 and the possibility of future health outbreaks may have a significant adverse effect on our Group

Our business is exposed to risks in respect of outbreaks of diseases in Malaysia and the region, which could materially and adversely affect our business operations and financial performance whereby our business is susceptible to the extent that it would cause interruptions to our business operations including our supply chain.

On 16 March 2020, the Government of Malaysia exercised its power under the Prevention and Control of Infectious Diseases Act 1988 and issued the Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) Regulations 2020 (“**PCIDR 2020**”) to regulate the first phase of the MCO, also known as MCO 1.0 which was effective from 18 March 2020 to up 31 March 2020.

Between 18 March 2020 and 5 May 2020 during which the MCO 1.0 was imposed, our Group’s operations were temporarily halted and we did not provide any services, as the construction sites of all the projects in which our Group was involved, were not allowed to operate. We began to gradually resume the provision of our services subsequently in May 2020 as our customers gradually resumed operations and the construction sites of the projects in which our Group was involved resumed works.

Further in 2021, our Group’s operations were temporarily halted from 12 May 2021 to 1 June 2021 following the nationwide lockdown under MCO 3.0, and from 3 July 2021 to 5 July 2021 under the enhanced MCO imposed in Selangor and Kuala Lumpur. During the abovementioned periods, we did not provide any services as the construction sites of all the projects in which our Group was involved were not allowed to operate.

9. RISK FACTORS (Cont'd)

In view of the above, our Group's revenue decreased from RM112.67 million in FYE 2020 to RM96.41 million in FYE 2021. We also experienced a net cash for operating activities of RM10.59 million in FYE 2020. With the gradual resumption of normal business activities, our revenue increased to RM234.61 million in FYE 2022.

Our Group's trade receivables turnover period stood at 83 days in FYE 2020 (beyond the normal credit terms granted by our Group ranging from 30 to 60 days from the date of invoice), mainly due to our Group's customers taking longer time to make payments during the COVID-19 pandemic period. Further, the increased amounts outstanding from our Group's major customers also contributed to the higher trade receivables turnover period in FYE 2020. Our Group's trade receivables turnover period further increased from 83 days in FYE 2020 to 141 days in FYE 2021, despite the reopening of the economy following the COVID-19 pandemic as our Group's customers faced tight cash flows in settling their outstanding balances to our Group. Our Group's trade receivables turnover period decreased from 141 days in FYE 2021 to 60 days in FYE 2022 due to collections from our customers mainly for Farlim Project and Danga Bay Project as well as our Group's efforts to follow up closely on collections.

Our Group's trade payables turnover period stood at 111 days in FYE 2020 (beyond the normal credit terms granted by our subcontractors/ suppliers ranging from 30 days to 60 days), mainly due to slow collections from trade receivables which in turn, resulted in delays in payments to subcontractors and suppliers. In FYE 2021, our Group's trade payables turnover period improved to 110 days and further improved to 40 days in FYE 2022 due to our Group's efforts to make timely payments to nurture the relationships in line with the gradual economic recovery following the COVID-19 pandemic.

Please refer to Section 7.18 of this Prospectus for further details on the impact of COVID-19 on our Group.

There is no assurance that our on-going projects would not be subject to further disruptions due to COVID-19, or that we would not be exposed to similar disruptions to business operations and financial performance arising from other future health outbreaks.

9.1.14 Our contracts may be subject to early termination

In line with industry practice, our contracts with customers ordinarily contain clauses which could give rise to a right of early termination by our customers or us, in the event of, amongst others, suspension of works, our persistent failure to comply with the terms and conditions contained in the contracts, failure for payment of our works as per the payment schedule, and in situations of insolvency faced by our customers or us.

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

In December 2022, our Group secured a new customer (a property developer) that engaged us as a main contractor for substation EPCC works in relation to the civil construction of a new 33kV substation with a project value of RM3.68 million. On 27 June 2023, our Company voluntarily submitted a self-determination letter to withdraw ourselves as the main contractor due to delays in commencement of physical works (because of the impending approvals from relevant authorities) which rendered the estimated costs and profits to be no longer feasible. On 15 September 2023, the said property developer accepted our self-determination pursuant to, amongst others, default under PAM Contract 2006 (With Quantities) Clause 26.1(d)(ii). There were no penalties/ cost incurred arising from the self-determination.

9. RISK FACTORS (Cont'd)

Save as disclosed above, as at the LPD, our Company has not experienced any termination of our contracts which have a material impact on our financial performance and position.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

9. RISK FACTORS (Cont'd)

9.2 RISKS RELATING TO OUR INDUSTRY**9.2.1 There are inherent risks in power infrastructure utilities market**

As our business is mainly in the provision of infrastructure utilities engineering solutions whereby, we, amongst others, procure, supply, deliver, install, lay, construct, relocate, test and commission as well as inspect, repair and maintain underground and overhead utilities or product pipelines and therefore we are subject to inherent risks within power infrastructure utilities market. Such inherent risks include, amongst others, dependency on public and private investments in utilities infrastructure which in turn are affected by the economic conditions, foreign direct investments, construction industry and government initiative and spending. Some of the changes, which include changes to economic conditions, government initiatives and spending or situations may reduce new underground utilities engineering projects and substation engineering projects available in the market. In such situations, we will face more intense competition in tenders among the industry players and we may need to be more aggressive in our pricing strategy. This will adversely affect our business, financial performance, prospects and liquidity.

9.2.2 We face competition from industry players

We face competition from competitors which may be capable of offering similar services and compete with us in terms of pricing, technology, range and quality of services and timeliness of project delivery. Some of our competitors may have longer operating track record and financial resources or are equipped with better machineries, resources and technical expertise allowing them to offer a more comprehensive range of services or specialised services in comparison to us. In the event our competitors are able to offer the services at a more competitive price than ours, we may be forced to match their pricing to secure the projects, which may affect our profit margins. In addition, if we fail to match or be better than our competitors in terms of the range of comprehensive solutions and technology offered, our clients may choose our competitors. Additionally, consolidation of small market players within the power infrastructure utilities market would also result in a competitive environment.

There is no assurance that we can or will remain competitive among our existing or new competitors in light of the competitive business environment. As such, the competition we face and failure to remain competitive or to build on our competitive advantages and key strengths going forward may adversely affect our business operations and financial performance.

9.2.3 We are subject to economic, political and/ or regulatory risks in Malaysia

Our principal market is Malaysia, which contributed to all of our revenue for the Financial Years and Period Under Review.

Our business, prospects, financial condition and results of operations may be affected by any adverse developments, changes and/ or uncertainties in the political, economic and legal environments that are beyond our control in Malaysia. These risks include unfavourable changes in political conditions, economic conditions, interest rates, government policies and regulations, import and export restrictions, duties and tariffs, civil unrest, methods of taxation, inflation and foreign exchange controls. All of these changes are beyond our control.

Any adverse developments in one or more of the abovementioned conditions may cause disruptions in the delivery and completion schedules of our infrastructure utilities engineering solutions projects, which may consequently cause a decline in our revenue, or may cause a decline in demand for our Group's solutions. As such, there is no assurance that any adverse political, economic or regulatory developments, would not materially affect our business, financial performance and prospects.

9. RISK FACTORS (Cont'd)

9.3 RISKS RELATING TO OUR SHARES AND OUR LISTING**9.3.1 There is no prior market for our Shares**

Prior to our IPO, there has been no public market for our Shares. Accordingly, there can be no assurance that an active market for our Shares will develop upon our Listing or, if developed, that such market will be sustained.

Furthermore, notwithstanding that our IPO Price was determined after taking into consideration a number of factors including but not limited to our historical earnings, prospects and future plans and our financial and operating history, we cannot assure you that our IPO Price will correspond to the price at which our Shares will be traded on the ACE Market upon or subsequent to our Listing and that the market price of our Shares will not decline below the IPO Price or that an active market for our Shares will develop and continue upon or subsequent to our Listing.

9.3.2 Our Share price and trading volume may be volatile

The market price of our Shares may be highly volatile and could be subject to wide fluctuations in response to, among others, the following factors, some of which are beyond our control:

- (i) variation in our operating results;
- (ii) success or failure of our management in implementing business and growth strategies;
- (iii) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- (iv) changes in conditions affecting the industry, general economic conditions or stock market sentiments or other events or factors;
- (v) changes in market valuations and share prices of companies with similar businesses to our Company that may be listed in Malaysia or anywhere else in the world;
- (vi) additions or departures of key management;
- (vii) fluctuations in stock market prices and volume;
- (viii) involvement in litigation; or
- (ix) changes in government policy, legislation or regulation.

The performance of Bursa Securities is also affected by external factors such as the performance of the regional and global stock exchanges, inflow or outflow of foreign funds. Sentiment is also largely driven by internal factors such as 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 on Bursa Securities, thus adding risks to the market price of our Shares.

9.3.3 Our Listing is exposed to risk that it may be aborted or delayed

Our Listing may be aborted or delayed due to possible occurrences of certain events, which include the following:

- (i) the selected investors fail to subscribe for their portion of our IPO Shares;

9. RISK FACTORS (Cont'd)

- (ii) our Underwriter exercising its rights under the Underwriting Agreement to discharge itself of its obligations under such agreement;
- (iii) we are unable to meet the minimum public shareholding spread requirement under the Listing Requirements of having at least 25.00% of the total number of our Shares for which our Listing is sought being in the hands of a minimum number of 200 public shareholders holding not less than 100 Shares each at the point of our Listing; and/ or
- (iv) the revocation of the approvals from the relevant authorities for our Listing for whatever reason.

Although we endeavour to comply with the various regulatory requirements, in any event these events as mentioned above occurs, the investors will not receive any Shares and we will return in full without interest, all monies paid in respect of the application within 14 days, failing which the provisions of Section 243(2) of the CMSA shall apply. Our Company shall be liable to return such monies with interest at the rate of 10.00% per annum or at such other rate as may be specified by the SC upon expiration of that period until the full refund is made.

If our Listing is aborted/ terminated and our Shares have been allotted to the investors, all monies paid in respect of all applications for our IPO Shares will be refunded to the investors only by way of cancellation of share capital as provided under Sections 116 and 117 of the Act and its related rules.

Such cancellation requires the approval of the shareholders by special resolution in a general meeting, the consent of our creditors (if required), with the sanction of the High Court of Malaysia or with notice to be sent to the Director General of the Inland Revenue Board and Registrar of Companies within 7 days of the date of the special resolution and meeting the solvency requirements under Section 117(3) of the Act. There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

Nonetheless, our Board will endeavour to comply with the various regulatory requirements, including, inter alia, public shareholding spread requirements for our Listing. However, there can be no assurance that the abovementioned factors/ events will not cause a delay in or non-implementation of our Listing.

9.3.4 Future sale or issuance of our Shares could adversely affect our Share price

Any future sale, issuance or availability of our Shares can have an adverse effect on our Share price. The sale of a significant amount of our Shares in the public market after the IPO, or the perception that such sales may occur, could adversely affect the market price of our Shares. These factors also affect our ability to raise funds from the issue of additional equity securities.

If our Promoters sell, or are perceived to sell, substantial amounts of Shares in the public market following the expiry of the moratorium period, this may result in a dampening effect on our Share price.

9.3.5 Our future fund raising exercise may result in dilution of your shareholdings

Our capital requirements are dependent on, amongst others, our business, the availability of our resources for attracting, maintaining and enlarging our client base and the need to maintain and expand our service offering. Thus, we may need additional capital expenditure for future expansions and/ or investments. An issue of new Shares or other securities to raise funds will dilute shareholders' equity interest and may, in case of a rights issue, require additional investments by shareholders.

9. RISK FACTORS (Cont'd)

9.4 OTHER RISKS

9.4.1 Our Promoters will be able to exert significant influence over our Company and the interest of our Promoters who control our Company may not be aligned with the interest of our other shareholders

Our Promoters (whom are also our Specified Shareholders) will collectively hold at least 74.01% of our enlarged number of issued Shares upon Listing. As a result, they will be able to effectively control the business direction and management of our Group including the election of Directors, the timing and payment of dividends as well as having substantial voting control and as such, will likely influence the outcome of certain matters requiring the vote of our shareholders, unless they and persons connected with them are required to abstain from voting either by law, relevant guidelines or regulations. Therefore, there is a risk of non-alignment of interests by our Promoters with those of our other shareholders.

9.4.2 Forward-looking/ prospective statements in this Prospectus may not be achievable

Certain statements in this Prospectus are based on historical data which may not be reflective of future results and others are forward-looking in nature that are based on assumptions and subject to uncertainties and contingencies which may or may not be achievable.

Whether such statements would ultimately prove to be accurate depends on variety of factors that may affect our businesses and operations, and such forward-looking statements also involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance and achievements, or industry results, to be materially different from any future results, plans, performances and achievements, expressed or implied, by such prospective statements.

Although we believe that the expectations reflected in such future statements are reasonable at this time, there can be no assurance that such prospective statements or expectations will materialise.

As such, such prospective statements or expectations should not be regarded as a representation and warranty by our Group, Principal Adviser and other advisers that the plans and objectives of our Group will be achieved.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

10. RELATED PARTY TRANSACTIONS
10.1 RELATED PARTY TRANSACTIONS

Save for the Acquisition of JTHSB and as disclosed below, there are no material related party transactions, existing or proposed, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, major shareholders and/ or persons connected with them for the Financial Years and Period Under Review and up to the LPD:

| No. | Transacting company in our Group | Related party/ Interested person/ Nature of relationship between JTHSB and the related party | Nature of transaction | Transaction value | | | | |
|-----|----------------------------------|--|--|--|--|--|--|--|
| | | | | FYE 2020 RM'000 | FYE 2021 RM'000 | FYE 2022 RM'000 | FPE 2023 RM'000 | 1 June 2023 up to LPD RM'000 |
| 1. | JTHSB | Dato' Seri Lim ⁽¹⁾ and Chin Jiunn Shyong ⁽²⁾ | Disposal of 45% equity interest of Crossing Master Engineering ⁽⁴⁾ by JTHSB to Dato' Seri Lim (27%) and Chin Jiunn Shyong (18%). | 113 (0.60% of our NA) | - | - | - | - |
| 2. | JTHSB | Dato' Seri Lim ⁽¹⁾ , Chin Jiunn Shyong ⁽²⁾ and Lim Ming Hong ⁽³⁾ | Office leases paid or payable to Dato' Seri Lim, Chin Jiunn Shyong and Lim Ming Hong for the tenancy of our Group's offices ⁽⁵⁾ . | (228) (3.59% of our administrative expense) | (240) (4.23% of our administrative expense) | (294) (3.30% of our administrative expense) | (156) (3.60% of our administrative expense) | (130) (3.00% of our administrative expense) |
| 3. | JTHSB | JT Mix, Dato' Seri Lim ⁽¹⁾ and Chin Jiunn Shyong ⁽²⁾ Dato' Seri Lim and Chin Jiunn Shyong are shareholders of JT Mix. Collectively, they hold 100.00% equity interest in the company. Dato' Seri Lim and Chin Jiunn Shyong have resigned as directors on 1 August 2022. As at the LPD, JT Mix is principally involved in the manufacturing of asphalt premix products, road pavement and maintenance materials. | Provision of raw materials and sub-contracting work (e.g., supply premix, labour and mill and pave) by JT Mix to JTHSB. | (453) (0.49% of our cost of sales) | (851) (1.03% of our cost of sales) | (105) (0.05% of our cost of sales) | (305) (0.83% of our cost of sales) | (68) (0.19% of our cost of sales) |
| | | | Interest charges on the loan provided by JTHSB to JT Mix. | 74 (5.49% of our other income) | 21 (1.30% of our other income) | - | - | - |

10. RELATED PARTY TRANSACTIONS (Cont'd)

| No. | Transacting company in our Group | Related party/ Interested person/ Nature of relationship between JTHSB and the related party | Nature of transaction | Transaction value | | | | |
|-----|----------------------------------|---|--|--|--|--|--|--|
| | | | | FYE 2020 RM'000 | FYE 2021 RM'000 | FYE 2022 RM'000 | FPE 2023 RM'000 | 1 June 2023 up to LPD RM'000 |
| 4. | JTHSB | <p>Takdir Untung, Dato' Seri Lim⁽¹⁾, Chin Jiunn Shyong⁽²⁾ and Lim Ming Hong⁽³⁾</p> <p>Dato' Seri Lim, Chin Jiunn Shyong and Lim Ming Hong are directors and shareholders of Takdir Untung. Collectively, they hold 77.50% equity interest in the company.</p> <p>As at the LPD, Takdir Untung is principally involved in property investment.</p> | Lease paid to Takdir Untung for a dedicated area measuring 6,590.87 sq. m. on a piece of vacant land bearing the address of Area D (HSD 109515), PT13293, Kawasan Perindustrian Nilai, Persiaran Pusat Bandar Nilai, 71800 Nilai, Negeri Sembilan for storage of materials (i.e., power cables). | (84) (1.32% of our administrative expenses) | (84) (1.48% of our administrative expenses) | (84) (0.94% of our administrative expenses) | (42) (0.97% of our administrative expenses) | (35) (0.81% of our administrative expenses) |
| 5. | JTHSB | <p>Equity Gain, Dato' Seri Lim⁽¹⁾ and Chin Jiunn Shyong⁽²⁾</p> <p>Dato' Seri Lim and Chin Jiunn Shyong previously held the entire equity interest in Equity Gain. Equity Gain was principally involved in the wholesale of construction and civil engineering machinery and equipment, and was the procurement arm for JTHSB. Such procurement structure only took place from November 2020 until June 2021. Since then, the procurements are made directly by JTHSB.</p> <p>Dato' Seri Lim and Chin Jiunn Shyong had intended for Equity Gain to procure all</p> | Purchase of all materials and services (including provision of subcontractors and other project cost) by JTHSB from Equity Gain. | (610) (0.66% of our cost of sales) | (8,191) (9.90% of our cost of sales) | - | - | - |

10. RELATED PARTY TRANSACTIONS (Cont'd)

| No. | Transacting company in our Group | Related party/ Interested person/ Nature of relationship between JTHSB and the related party | Nature of transaction | Transaction value | | | | |
|-----|----------------------------------|--|-----------------------|-------------------|-----------------|-----------------|-----------------|------------------------------|
| | | | | FYE 2020 RM'000 | FYE 2021 RM'000 | FYE 2022 RM'000 | FPE 2023 RM'000 | 1 June 2023 up to LPD RM'000 |
| | | <p>materials and services on behalf of JTHSB to facilitate JTHSB's business, while JTHSB would focus on the operations and project work. Subsequently, they were of the view that Equity Gain's role was redundant and decided to dispose of their respective interest in Equity Gain to focus on JTHSB's core business.</p> <p>Dato' Seri Lim was a director and shareholder of Equity Gain. He resigned as a director on 16 June 2021 and disposed his shares on 15 November 2021 to Foo Xiong Chor.</p> <p>Chin Jiunn Shyong was a director and shareholder of Equity Gain. He resigned as a director on 16 June 2021 and disposed off his shares on 15 November 2021 to Foo Xiong Chor.</p> <p>Foo Xiong Chor is not a person connected to Dato' Seri Lim and/ or Chin Jiunn Shyong.</p> | | | | | | |

10. RELATED PARTY TRANSACTIONS (Cont'd)

| No. | Transacting company in our Group | Related party/ Interested person/ Nature of relationship between JTHSB and the related party | Nature of transaction | Transaction value | | | | |
|-----|----------------------------------|--|---|---|---|-----------------|-----------------|------------------------------|
| | | | | FYE 2020 RM'000 | FYE 2021 RM'000 | FYE 2022 RM'000 | FPE 2023 RM'000 | 1 June 2023 up to LPD RM'000 |
| 6. | JTHSB | <p>Trivolution, Dato' Seri Lim⁽¹⁾ and Chin Jiunn Shyong⁽²⁾</p> <p>Dato' Seri Lim and Chin Jiunn Shyong previously held the entire equity interest in Trivolution. Trivolution was principally engaged in mill and pave, HDD works and related maintenance services, and transportation services. They disposed off their entire equity interests in Trivolution to focus on JTHSB's core business.</p> <p>Dato' Seri Lim was a director and shareholder of Trivolution. He resigned as a director on 10 September 2021 and disposed his shares on 10 September 2021 to Foo Xiong Chor.</p> <p>Chin Jiunn Shyong was a director and shareholder of Trivolution. He has resigned as a director on 10 September 2021 and disposed his shares on 10 September 2021 to Chew Kit Pin.</p> <p>Chew Kit Pin is not a person connected to Dato' Seri Lim and/ or Chin Jiunn Shyong.</p> | <p>Provision of subcontractor works for HDD works (including provision of materials such as High Density Polyethylene (HDPE) pipes and concrete slabs) by Trivolution to JTHSB.</p> | (1,991) (2.15% of our cost of sales) | (1,584) (1.91% of our cost of sales) | - | - | - |

10. RELATED PARTY TRANSACTIONS (Cont'd)

| No. | Transacting company in our Group | Related party/ Interested person/ Nature of relationship between JTHSB and the related party | Nature of transaction | Transaction value | | | | |
|-----|----------------------------------|---|--|---------------------------------------|---------------------------------------|---|---------------------------------------|---------------------------------------|
| | | | | FYE 2020 RM'000 | FYE 2021 RM'000 | FYE 2022 RM'000 | FPE 2023 RM'000 | 1 June 2023 up to LPD RM'000 |
| 7. | JTHSB | JT Benchmark, Dato' Seri Lim ⁽¹⁾ and Chin Jiunn Shyong ⁽²⁾ Dato' Seri Lim and Chin Jiunn Shyong are directors and shareholders of JT Benchmark. Collectively, they hold 100.00% equity interest in the company. As at the LPD, JT Benchmark no longer provides utility mapping services and is principally involved in property investment. | Purchase of utilities mapping services by JTHSB from JT Benchmark. | (128) (0.14% of our cost of sales) | (8) (0.01% of our cost of sales) | - | - | - |
| | | | Interest charges on the loan provided by JTHSB to JT Benchmark. | 2 (0.13% of our other income) | 3 (0.18% of our other income) | - | - | - |
| | | | Purchase of utility mapping equipment by JTHSB from JT Benchmark. | (649) (3.47% of our NA) | - | - | - | - |
| 8. | JTHSB | QCast ⁽⁶⁾ , Dato' Seri Lim ⁽¹⁾ and Chin Jiunn Shyong ⁽²⁾ | Purchase of materials such as concrete slabs by JTHSB from QCast | - | (68) (0.08% of our cost of sales) | (504) (0.23% of our cost of sales) | (368) (1.01% of our cost of sales) | (206) (0.56% of our cost of sales) |
| 9. | JTHSB | JT Gardens, Dato' Seri Lim ⁽¹⁾ and Chin Jiunn Shyong ⁽²⁾ Dato' Seri Lim and Chin Jiunn Shyong are shareholders of JT Gardens. Collectively, they hold 57.00% equity interest in the company. Dato' Seri Lim is also a director of JT Gardens. Chin Jiunn Shyong has resigned as a director on 28 July 2022. | Provision of subcontractor works for construction of main distribution substation (PPU) and cable bridge works by JT Gardens to JTHSB. | - | (834) (1.01% of our cost of sales) | (1,653) (0.76% of our cost of sales) | - | - |
| | | | Interest charges on the loan provided by JTHSB to JT Gardens. | 38 (2.84% of our other income) | 44 (2.71% of our other income) | - | - | - |

10. RELATED PARTY TRANSACTIONS (Cont'd)

| No. | Transacting company in our Group | Related party/ Interested person/ Nature of relationship between JTHSB and the related party | Nature of transaction | Transaction value | | | | |
|-----|----------------------------------|---|--|-------------------|-----------------|--------------------------------------|-----------------|------------------------------|
| | | | | FYE 2020 RM'000 | FYE 2021 RM'000 | FYE 2022 RM'000 | FPE 2023 RM'000 | 1 June 2023 up to LPD RM'000 |
| | | <p>As at the LPD, JT Gardens is principally involved in property investment and construction of buildings. There were 2 projects awarded by JTHSB to JT Gardens during the Financial Years and Period Under Review as JT Gardens had the necessary construction expertise (i.e., system formworks).</p> <p>However, the person with the expertise left JT Gardens in September 2020. As at the LPD, one of the projects is completed and the other project is pending issuance of CPC from our customer. As such, our Group will no longer require JT Gardens' service.</p> | | | | | | |
| 10. | JTHSB | <p>Florence Acres, Dato' Seri Lim⁽¹⁾ and Chin Jiunn Shyong⁽²⁾</p> <p>Dato' Seri Lim and Chin Jiunn Shyong are directors and shareholders of Florence Acres. Collectively, they hold 97.00% equity interest in the company.</p> <p>As at the LPD, the company is principally involved in construction of building and does not have any more</p> | <p>Provision of subcontractor works for construction of main distribution substation (PPU) by Florence Acres to JTHSB.</p> | - | - | (99) (0.05% of our cost of sales) | - | - |

10. RELATED PARTY TRANSACTIONS (Cont'd)

| No. | Transacting company in our Group | Related party/ Interested person/ Nature of relationship between JTHSB and the related party | Nature of transaction | Transaction value | | | | |
|-----|----------------------------------|--|---|-----------------------------------|-----------------------------------|---|-----------------|------------------------------|
| | | | | FYE 2020 RM'000 | FYE 2021 RM'000 | FYE 2022 RM'000 | FPE 2023 RM'000 | 1 June 2023 up to LPD RM'000 |
| | | projects. The last project was completed in May 2022. The company is in the midst of collecting and settling the outstanding debtors and creditors balances, respectively. The company's directors have provided an undertaking to wind-up the company upon collection of all the outstanding balances. | | | | | | |
| 11. | JTHSB | Eco Awareness, Dato' Seri Lim ⁽¹⁾ and Chin Jiunn Shyong ⁽²⁾ | Interest charges on the loan provided by JTHSB to Eco Awareness. | 20 (1.45% of our other income) | 27 (1.65% of our other income) | - | - | - |
| | | Dato' Seri Lim and Chin Jiunn Shyong previously held 65.00% equity interest in Eco Awareness. Eco Awareness was principally involved in general trading of air purifier and sanitiser. They disposed of their equity interests in Eco Awareness to focus on JTHSB's business. Dato' Seri Lim was a director and shareholder of Eco Awareness. He resigned as a director on 13 September 2022 and disposed his shares on 27 October 2022 to Ewe Tuan Cheng and Yan Sow Lim. Chin Jiunn Shyong was a director and shareholder of | Purchase of air purifier and sanitiser equipment by JTHSB from Eco Awareness. | - | - | (5) (0.05% of our administrative expenses) | - | - |

10. RELATED PARTY TRANSACTIONS (Cont'd)

| No. | Transacting company in our Group | Related party/ Interested person/ Nature of relationship between JTHSB and the related party | Nature of transaction | Transaction value | | | | |
|-----|----------------------------------|--|-----------------------|-------------------|-----------------|-----------------|-----------------|------------------------------|
| | | | | FYE 2020 RM'000 | FYE 2021 RM'000 | FYE 2022 RM'000 | FPE 2023 RM'000 | 1 June 2023 up to LPD RM'000 |
| | | Eco Awareness. He resigned as director on 13 September 2022 and disposed his shares on 27 October 2022 to Ewe Tuan Cheng. Ewe Tuan Cheng and Yan Sow Lim are not persons connected to Dato' Seri Lim and/ or Chin Jiunn Shyong. | | | | | | |

Notes:

- (1) *Dato' Seri Lim is our Promoter, substantial shareholder and Managing Director.*
- (2) *Chin Jiunn Shyong is our Promoter, substantial shareholder and Executive Director/ COO.*
- (3) *Lim Ming Hong is our Promoter and substantial shareholder.*
- (4) *Crossing Master Engineering was a 45%-owned associate company of JTHSB, engaged as a contractor in HDD work and supplier of High Density Polyethylene (HDPE) pipes and related products. JTHSB decided to dispose of its interest in Crossing Master Engineering as JTHSB had no control over it being an associate company and to focus on JTHSB's core business. On 30 November 2020, JTHSB completed the disposal of its entire equity interest in Crossing Master Engineering to Dato' Seri Lim (27%) and Chin Jiunn Shyong (18%), to facilitate and expedite the disposal process for JTHSB. The disposal consideration of RM112,500 was based on JTHSB's cost of investment for its 45% equity interest in JTHSB while Crossing Master Engineering had net liabilities of RM0.14 million at the time of disposal. As such, this transaction was not carried out on an arms' length basis. However, it was not on terms that were unfavourable to our Group.

Subsequently, Dato' Seri Lim disposed his 27% equity interest on 11 January 2022 to Hau Han Shyong and Hong Wea Jen who were the other existing shareholders of Crossing Master Engineering while Chin Jiunn Shyong disposed his 18% equity interest on 11 January 2022 to Hong Wea Jen. Hau Han Shyong and Hong Wea Jen are not persons connected to Dato' Seri Lim and Chin Jiunn Shyong.

Dato' Seri Lim was also a director of Crossing Master Engineering since 3 December 2011 but resigned on 12 November 2021.*
- (5) *The offices rented by JTHSB from Dato' Seri Lim, Chin Jiunn Shyong and Lim Ming Hong bearing the following postal addresses:*
 - *No. 23, Jalan Temenggung 13/9, Bandar Mahkota Cheras, Seksyen 9, 43200 Cheras, Selangor (which forms part of our head office);*

10. RELATED PARTY TRANSACTIONS (Cont'd)

- No. 25, Jalan Temenggung 13/9, Bandar Mahkota Cheras, Seksyen 9, 43200 Cheras, Selangor (which forms part of our head office);
- No. 26-G, Jalan Temenggung 13/9, Bandar Mahkota Cheras, Seksyen 9, 43200 Cheras, Selangor; and
- No. 26-2, Jalan Temenggung 13/9, Bandar Mahkota Cheras, Seksyen 9, 43200 Cheras, Selangor.

The Group has no intention to purchase the offices rented by JTHSB from Dato' Seri Lim, Chin Jiunn Shyong and Lim Ming Hong at this juncture.

- (6) *QCasts was a 100%-owned subsidiary company of JTHSB, which was dormant but intended to be a contractor for solar photovoltaic (PV) system. On 17 November 2020, JTHSB disposed its entire equity interest in QCasts to Dato' Seri Lim and Chin Jiunn Shyong. The disposal consideration of RM100 was based on JTHSB's cost of investment for its 100% equity interest in QCasts while QCasts had net liabilities of RM7,374 at the time of disposal. As such, this transaction was not carried out on an arm's length basis. However, it was not carried out on terms that were unfavourable to our Group.*

As at the LPD, Dato' Seri Lim and Chin Jiunn Shyong are shareholders of QCasts. Collectively, they hold 100.00% equity interest in the company. Dato' Seri Lim and Chin Jiunn Shyong have resigned as directors on 28 July 2022.

As at the LPD, QCasts is principally involved in the manufacturing of precast concrete products.

Save for the disposals of Crossing Master Engineering and QCasts, we are of the opinion that the transactions as disclosed above were carried out on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not detrimental to our Group.

Our Directors have confirmed that there are no material related party transactions that we had entered into with related parties but not yet effected up to the date of this Prospectus.

Save for the rental of our offices and storage space as disclosed below, there are no subsisting agreements with the related parties after our Listing:

(i) Dato' Seri Lim, Chin Jiunn Shyong and Lim Ming Hong

For the property bearing the postal address of No. 23, Jalan Temenggung 13/9, Bandar Mahkota Cheras, Seksyen 9, 43200 Cheras, Selangor, the rental expense from such rental is RM9,200 per month and the tenancy will expire on 31 May 2024. The tenancy can be renewed for a further term of 1 year at a rental to be agreed upon between the parties and termination shall be 3 months' written notice in advance by either party or rent compensation in lieu thereof.

For the property bearing the postal address of No. 25, Jalan Temenggung 13/9, Bandar Mahkota Cheras, Seksyen 9, 43200 Cheras, Selangor, the rental expense from such rental is RM9,200 per month and the tenancy will expire on 31 May 2024. The tenancy can be renewed for a further term of 1 year at a rental to be agreed upon between the parties and termination shall be 3 months' written notice in advance by either party or rent compensation in lieu thereof.

10. RELATED PARTY TRANSACTIONS (Cont'd)

For the property bearing the postal address of No. 26-G, Jalan Temenggung 13/9, Bandar Mahkota Cheras, Seksyen 9, 43200 Cheras, Selangor, the rental expense from such rental is RM3,000 per month and the tenancy will expire on 31 October 2025. The tenancy can be renewed for a further term of 2 years at a rental to be agreed upon between the parties and termination shall be 3 months' written notice in advance by either party or rent compensation in lieu thereof.

For the property bearing the postal address of No. 26-2, Jalan Temenggung 13/9, Bandar Mahkota Cheras, Seksyen 9, 43200 Cheras, Selangor, the rental expense from such rental is RM4,628.75 per month and the tenancy will expire on 31 May 2024. The tenancy can be renewed for a further term of 2 years at a rental to be agreed upon between the parties and termination shall be 3 months' written notice in advance by either party or rent compensation in lieu thereof.

Further details on the rentals stated above are set out in Section 7.11.3 of this Prospectus.

(ii) Takdir Untung

For the property bearing the address of Area D (HSD 109515), PT13293, Kawasan Perindustrian Nilai, Persiaran Pusat Bandar Nilai, 71800 Nilai, Negeri Sembilan, the rental expense from such rental is RM7,000 per month and the tenancy will expire on 30 November 2024. The tenancy can be renewed for a further term of 1 year at a rental to be agreed upon between the parties and termination shall be 3 months' written notice in advance by either party or rent compensation in lieu thereof.

Further details on the rental are set out in Section 7.11.3 of this Prospectus.

Our Audit and Risk Management Committee has reviewed the current rental terms for the rental of our offices and storage space from Dato' Seri Lim, Chin Jiunn Shyong, Lim Ming Hong and Takdir Untung, and is of the opinion that the said rental rates are fair, reasonable and on normal commercial terms and not detrimental to the interest of our non-interested shareholders and are in the best interest to our Group.

The renewal terms of such rental will be reviewed by our Audit and Risk Management Committee and our Board shall seek the relevant approvals from our shareholders to enter into such recurrent related party transactions at a general meeting.

Further, upon our Listing, our Group will put in place strict internal controls and compliance procedures, among others, our Directors through our Audit and Risk Management Committee will review the terms of all related party transactions before the transactions are entered into or any renewals relating to the same to ensure that all related party transactions are carried out on terms not more favourable to the related parties than those normally agreed terms with third parties and not detrimental to our non-interested shareholders, and in the best interest of our Group. The procedures for monitoring and oversight of related party transactions are set out in Section 10.3 of this Prospectus.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

10. RELATED PARTY TRANSACTIONS (Cont'd)

10.2 OTHER TRANSACTIONS

10.2.1 Transactions which are unusual in their nature or conditions

There were no transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party during the Financial Years and Period Under Review and up to the LPD.

10.2.2 Outstanding loans and/ or financial assistance from related parties or made to or for the benefit of related parties

Save as disclosed below, there are no outstanding loans and/ or financial assistance (including guarantees of any kind) from related parties, or made by our Group to or for the benefit of the related parties for the Financial Years and Period Under Review and as at the LPD:

(i) Amount owing by related parties

| No. | Company within our Group | Interested person/ Nature of relationship between JTHSB and the related party | Nature of transaction | Outstanding amount | | | | |
|-----|--------------------------|--|--|--------------------------|----------------|----------------|-----------------------------|-------------------------|
| | | | | As at 30 November | | | As at 31 May 2023 RM'000 | As at the LPD RM'000 |
| | | | | 2020 RM'000 | 2021 RM'000 | 2022 RM'000 | | |
| 1. | JTHSB | Congoxtrema ⁽⁴⁾ , Dato' Seri Lim ⁽¹⁾ and Chin Jiunn Shyong ⁽²⁾ | Advance from JTHSB to Congoxtrema as working capital. | 115 (0.61% of our NA) | - | - | - | - |
| 2. | JTHSB | JT Benchmark, Dato' Seri Lim ⁽¹⁾ and Chin Jiunn Shyong ⁽²⁾ Please refer to item 7 of Section 10.1 of this Prospectus for further details. | Advance/ Loan from JTHSB to JT Benchmark as working capital. | 57 (0.30% of our NA) | * | - | - | - |
| 3. | JTHSB | JT Gardens, Dato' Seri Lim ⁽¹⁾ and Chin Jiunn Shyong ⁽²⁾ | Advance/ Loan from JTHSB to JT Gardens as working capital. | 727 (3.89% of our NA) | - | - | - | - |

10. RELATED PARTY TRANSACTIONS (Cont'd)

| No. | Company within our Group | Interested person/ Nature of relationship between JTHSB and the related party | Nature of transaction | Outstanding amount | | | | |
|-----|--------------------------|--|--|----------------------------|----------------|----------------|-----------------------------|-------------------------|
| | | | | As at 30 November | | | As at 31 May 2023 RM'000 | As at the LPD RM'000 |
| | | | | 2020 RM'000 | 2021 RM'000 | 2022 RM'000 | | |
| | | Please refer to item 9 of Section 10.1 of this Prospectus for further details. | | | | | | |
| 4. | JTHSB | Eco Awareness, Dato' Seri Lim ⁽¹⁾ and Chin Jiunn Shyong ⁽²⁾ Please refer to item 11 of Section 10.1 of this Prospectus for further details. | Loan from JTHSB to Eco Awareness as working capital. | 532 (2.84% of our NA) | - | - | - | - |
| 5. | JTHSB | JT Mix, Dato' Seri Lim ⁽¹⁾ and Chin Jiunn Shyong ⁽²⁾ Please refer to item 3 of Section 10.1 of this Prospectus for further details. | Advance/ Loan from JTHSB to JT Mix as working capital. | 1,022 (5.46% of our NA) | - | - | - | - |
| 6. | JTHSB | Equity Gain, Dato' Seri Lim ⁽¹⁾ and Chin Jiunn Shyong ⁽²⁾ Please refer to item 5 of Section 10.1 of this Prospectus for further details. | Advance from JTHSB to Equity Gain as working capital. | 12 (0.06% of our NA) | - | - | - | - |

10. RELATED PARTY TRANSACTIONS (Cont'd)

| No. | Company within our Group | Interested person/ Nature of relationship between JTHSB and the related party | Nature of transaction | Outstanding amount | | | | |
|-----|--------------------------|---|---|-------------------------|-------------------------|----------------|-----------------------------|-------------------------|
| | | | | As at 30 November | | | As at 31 May 2023 RM'000 | As at the LPD RM'000 |
| | | | | 2020 RM'000 | 2021 RM'000 | 2022 RM'000 | | |
| 7. | JTHSB | Crossing Master Engineering, Dato' Seri Lim ⁽¹⁾ and Chin Jiunn Shyong ⁽²⁾ Please refer to item 1 of Section 10.1 of this Prospectus for further details. | Advance from JTHSB to Crossing Master Engineering as working capital. | 71 (0.38% of our NA) | - | - | - | - |
| 8. | JTHSB | Florence Acres, Dato' Seri Lim ⁽¹⁾ and Chin Jiunn Shyong ⁽²⁾ Please refer to item 10 of Section 10.1 of this Prospectus for further details. | Advance from JTHSB to Florence Acres as working capital. | - | 17 (0.07% of our NA) | - | - | - |

Notes:

* Negligible, less than RM500.

(1) Dato' Seri Lim is our Promoter, substantial shareholder and Managing Director.

(2) Chin Jiunn Shyong is our Promoter, substantial shareholder and Executive Director/ COO.

(3) Lim Ming Hong is our Promoter and substantial shareholder.

(4) Dato' Seri Lim and Chin Jiunn Shyong are shareholders of Congoxtreme. Collectively, they hold 49.00% equity interest in Congoxtreme. Dato' Seri Lim was also a director of Congoxtreme and he resigned on 8 August 2022. Chin Jiunn Shyong remains as the sole director of Congoxtreme as at the LPD.

10. RELATED PARTY TRANSACTIONS (Cont'd)

For FYE 2020 and FYE 2021, there were interests charged based on market rates for the loans made by JTHSB to JT Benchmark, JT Gardens, JT Mix and Eco Awareness. For the other related parties, the advances made by JTHSB to them were not on an arm's length basis as they were unsecured, interest-free and repayable on demand.

For the FYE 2022 and up to the LPD, there were no advances/ loans made by our Group for the benefit of the related parties.

During the Financial Years and Period Under Review, the advances/ loans made by JTHSB to the related parties (as set out above) were for their respective working capital purposes. Nevertheless, as at the LPD, all the advances/ loans extended to the related parties have been collected in full and our Group no longer provides such advances/ loans to the related parties.

Moving forward, we have put in place internal controls and compliance procedures in relation to advances, loans or financial assistance to be provided to related parties. As such, no further advances, loans or financial assistance will be provided to related parties by our Group unless such advances, loans or financial assistance are permitted under applicable laws, rules and regulations (including the Listing Requirements) and brought to our Audit and Risk Management Committee and our Board for deliberation and approval.

(ii) Amounts owing to related parties

| No. | Company within our Group | Interested person/ Nature of relationship between JTHSB and the related party | Nature of transaction | Outstanding amount | | | | |
|-----|--------------------------|---|---|-------------------------|----------------|----------------|-----------------------------|-------------------------|
| | | | | As at 30 November | | | As at 31 May 2023 RM'000 | As at the LPD RM'000 |
| | | | | 2020 RM'000 | 2021 RM'000 | 2022 RM'000 | | |
| 1. | JTHSB | Trivolution, Dato' Seri Lim ⁽¹⁾ and Chin Jiunn Shyong ⁽²⁾ Please refer to item 6 of Section 10.1 of this Prospectus for further details. | Advance from Trivolution to JTHSB for working capital purposes. | 34 (0.18% of our NA) | - | - | - | - |

For FYE 2020, the advance made by the related parties to JTHSB was not made on an arm's length basis as it was unsecured, interest-free and repayable on demand. However, these terms were not unfavourable to our Group. All the advances to our Group have been fully repaid as at the LPD.

For the FYE 2021 and up to the LPD, there were no advances/ loans granted to our Group by related parties for the benefit of our Group.

10. RELATED PARTY TRANSACTIONS (Cont'd)

Moving forward, we have put in place internal controls and compliance procedures in relation to advances, loans or financial assistance from related parties. As such, no further advances, loans or financial assistance will be taken from related parties by our Group unless such advances, loans or financial assistance are permitted under the applicable laws, rules and regulations (including the Listing Requirements) and brought to our Audit and Risk Management Committee and our Board for deliberation and approval.

Notwithstanding to the above, our Promoters and their related parties have extended guarantees for our banking facilities as follows:

Guarantees extended by our Promoters and their related parties for our banking facilities

| Banks | Types of facility as set out in the letter of offer | Guarantor(s) | Guaranteed amount ⁽¹⁾ (RM'000) | Outstanding amount as at the LPD (RM'000) |
|--------------------------|--|---|--|--|
| AmBank (M) Berhad | <u>Types of facility:</u> Banking facilities (comprising bankers' acceptance, trust receipt, letter of credit, bank guarantee/ financial guarantee and short term loan) | Dato' Seri Lim ⁽¹⁾ , Chin Jiunn Shyong ⁽²⁾ , Lim Ming Hong ⁽³⁾ and Yew Seow Mei ⁽⁴⁾ They have given joint and several guarantees in favour of AmBank (M) Berhad for banking facilities granted to JTHSB. The banking facilities were also secured against a legal charge over a property which is registered under the name of Chin Jiunn Shyong and Lim Ming Hong. | 5,500 | 5,486 |
| CIMB Islamic Bank Berhad | <u>Types of facility:</u> Banking facilities (comprising Islamic multi option line, Islamic bank guarantee, Islamic documentary credit, Islamic domestic bill of exchange purchased and Islamic multi currency trade financing) | Dato' Seri Lim ⁽¹⁾ , Chin Jiunn Shyong ⁽²⁾ and Lim Ming Hong ⁽³⁾ They have given joint and several guarantees in favour of CIMB Islamic Bank Berhad for banking facility granted to JTHSB. | 32,500 | 6,000 |

10. RELATED PARTY TRANSACTIONS (Cont'd)

| Banks | Types of facility as set out in the letter of offer | Guarantor(s) | Guaranteed amount ⁽¹⁾ (RM'000) | Outstanding amount as at the LPD (RM'000) |
|--|---|---|--|--|
| Hong Leong Bank Berhad | <u>Types of facility:</u> Banking facilities (comprising overdraft, letter of credit, trust receipt, bankers acceptance, invoice financing and bank guarantee) | Dato' Seri Lim ⁽¹⁾ and Chin Jiunn Shyong ⁽²⁾ Dato' Seri Lim and Chin Jiunn Shyong have given joint and several guarantees in favour of Hong Leong Bank Berhad for banking facilities granted to JTHSB. The banking facilities were also secured against a legal charge over a piece of leasehold land with 1 unit of single storey detached factory and 1 unit of single storey detached warehouse erected thereon which is registered under the name of Takdir Untung. Dato' Seri Lim, Chin Jiunn Shyong and Lim Ming Hong collectively hold 77.50% equity interest in Takdir Untung. They are also the directors of Takdir Untung. | 11,000 | 10,802 |
| United Overseas Bank (Malaysia) Berhad | <u>Types of facility:</u> Banking facilities (comprising performance guarantee and financial guarantee) | Dato' Seri Lim ⁽¹⁾ , Chin Jiunn Shyong ⁽²⁾ , Lim Ming Hong ⁽³⁾ and Yew Seow Mei ⁽⁴⁾ . They have given joint and several guarantees in favour of United Overseas Bank (Malaysia) Berhad for banking facilities granted to JTHSB. The banking facilities were also secured against a legal charge over a property which is registered under the name of Dato' Seri Lim. | 1,300 | 1,289 |

10. RELATED PARTY TRANSACTIONS (Cont'd)

| Banks | Types of facility as set out in the letter of offer | Guarantor(s) | Guaranteed amount ⁽¹⁾ (RM'000) | Outstanding amount as at the LPD (RM'000) |
|--------------------|---|--|--|--|
| Public Bank Berhad | <p><u>Types of facility:</u> Banking facilities (comprising term loans, letter of credit, trust receipts, banker's acceptances and performance guarantee)</p> | <p>Dato' Seri Lim⁽¹⁾, Chin Jiunn Shyong⁽²⁾, Lim Ming Hong⁽³⁾ and Yew Seow Mei⁽⁴⁾</p> <p>They have given joint and several guarantee in favour of Public Bank Berhad for banking facilities granted to JTHSB.</p> <p>The banking facilities were also secured against legal charges over:</p> <p>(i) 1 property owned by Dato' Seri Lim and Yew Seow Mei⁽⁴⁾;</p> <p>(ii) 1 unit of 3-storey shop office registered under the name of Dato' Seri Lim, Chin Jiunn Shyong and Lim Ming Hong; and</p> <p>(iii) 1 unit of double storey shophouse which is registered under the name of TS International. Dato' Seri Lim and Chin Jiunn Shyong collectively hold 100.00% equity interest in TS International. They are also the directors of TS International.</p> <p>TS International had provided a corporate guarantee to JTHSB.</p> <p><i>(Note: The term loan is also secured against a legal charge over a piece of industrial land with a 3-storey detached factory cum office with a single storey guardhouse erected thereon which is registered under the name of JTHSB.)</i></p> | 21,400 | 21,391 |

10. RELATED PARTY TRANSACTIONS (Cont'd)

| Banks | Types of facility as set out in the letter of offer | Guarantor(s) | Guaranteed amount ⁽¹⁾ (RM'000) | Outstanding amount as at the LPD (RM'000) |
|--------------|---|--|--|--|
| | <u>Types of facility:</u> Banking facilities (comprising letter of credit, trust receipts, banker's acceptances, shipping guarantee and performance guarantee) | Dato' Seri Lim ⁽¹⁾ , Chin Jiunn Shyong ⁽²⁾ and Lim Ming Hong ⁽³⁾ They have given joint and several guarantees in favour of Public Bank Berhad for banking facilities granted to JTHSB. The banking facilities were also secured against: (i) a legal charge over a property which is registered under the name of Dato' Seri Lim, Chin Jiunn Shyong and Lim Ming Hong; and (ii) a legal charge over a piece of vacant agriculture land which is registered under the name of Grand Income Sdn Bhd. Dato' Seri Lim and Chin Jiunn Shyong collectively hold 100.00% equity interest in Grand Income Sdn Bhd. Dato' Seri Lim, Chin Jiunn Shyong and Lim Ming Hong are the directors of Grand Income Sdn Bhd. | 8,100 | 8,093 |
| | <u>Types of facility:</u> Hire purchase | Dato' Seri Lim ⁽¹⁾ and Chin Jiunn Shyong ⁽²⁾ They have given personal guarantees in favour of Public Bank Berhad for hire purchase facilities granted to JTHSB. | 1,464 | 921 |

10. RELATED PARTY TRANSACTIONS (Cont'd)

| Banks | Types of facility as set out in the letter of offer | Guarantor(s) | Guaranteed amount ⁽¹⁾ (RM'000) | Outstanding amount as at the LPD (RM'000) |
|--|--|--|--|--|
| Al Rajhi Banking & Investment Corporation (M) Berhad | <u>Types of facility:</u> Banking facilities (comprising Islamic structured commodity financing, Islamic letter of credit and Islamic bank guarantee) | Dato' Seri Lim ⁽¹⁾ and Chin Jiunn Shyong ⁽²⁾ They have given personal guarantees in favour of Al Rajhi Banking & Investment Corporation (M) Berhad for the banking facilities granted to JTHSB. The banking facilities were also secured against a legal charge over a piece of freehold agriculture land which is registered under the name of Enhanced Wealth Management Sdn Bhd. Dato' Seri Lim and Chin Jiunn Shyong are the directors of Enhanced Wealth Management Sdn Bhd. Dato' Seri Lim, Chin Jiunn Shyong and Lim Ming Hong are the shareholders of Enhanced Wealth Management Sdn Bhd. | 14,000 | 13,980 |
| Total | | | 95,264 | 67,962 |

Notes:

- (1) Dato' Seri Lim is our Promoter, substantial shareholder and Managing Director.
- (2) Chin Jiunn Shyong is our Promoter, substantial shareholder and Executive Director/ COO.
- (3) Lim Ming Hong is our Promoter and substantial shareholder.
- (4) Yew Seow Mei is the spouse of Dato' Seri Lim. She was a director of JTHSB and resigned as a director of JTHSB on 11 April 2017.
- (5) The amount guaranteed represents the total banking facilities and/ or leasing facilities.

In conjunction with our Listing, we have applied to the financiers to obtain a release and/ or discharge of the guarantees as well as the third-party legal charges by substituting the same with a corporate guarantee from our Company and/ or other securities from our Group acceptable to the financiers. As at the LPD, we have obtained the release and/ or discharge from the respective financiers, to discharge the above guarantees which include conditions such as:

10. RELATED PARTY TRANSACTIONS (Cont'd)

- (i) our Listing; and
- (ii) substituting the guarantees with a corporate guarantee from our Company and/ or other securities from our Group acceptable to the financial institutions.

In addition, JTHSB has extended corporate guarantees for the banking facilities of our Promoters and their related parties for the Financial Years and Period Under Review and up to the LPD as follows:

| No. | Banks | Types of facility | Related party | Guarantee amount | | | | |
|--------|------------------------|--|--|-------------------|--------|------|-------------------|---------------|
| | | | | As at 30 November | | | As at 31 May 2023 | As at the LPD |
| | | | | 2020 | 2021 | 2022 | | |
| RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | | | |
| 1. | Malayan Banking Berhad | Hire purchase facilities obtained by Strong Column | Strong Column, Dato' Seri Lim ⁽¹⁾ and Chin Jiunn Shyong ⁽²⁾ Dato' Seri Lim and Chin Jiunn Shyong are the directors and shareholders of Strong Column. Collectively, they hold 100.00% equity interest in Strong Column. As at the LPD, Strong Column is dormant and its directors have provided an undertaking to wind-up Strong Column upon collection and settlement of outstanding balances. | 383 | 254 | - | - | - |
| 2. | Public Bank Berhad | Fixed property loan obtained by TS International | TS International, Dato' Seri Lim ⁽¹⁾ and Chin Jiunn Shyong ⁽²⁾ Dato' Seri Lim and Chin Jiunn Shyong are the directors and shareholders of TS International. Collectively, they hold 100.00% equity interest in TS International. As at the LPD, TS International is principally involved in property investment. | 2,512 | 2,587 | - | - | - |

10. RELATED PARTY TRANSACTIONS (Cont'd)

Notes:

- (1) *Dato' Seri Lim is our Promoter, substantial shareholder and Managing Director.*
- (2) *Chin Jiunn Shyong is our Promoter, substantial shareholder and Executive Director/ COO.*

As at 30 November 2022, the related parties have made full settlement of the outstanding balances in respect of the banking facilities provided. Strong Column had on 1 December 2022 received the letter of discharge from Malayan Banking Berhad. TS International had on 30 November 2022 received the letter from Public Bank Berhad stating that TS International has fully settled the fixed property loan. In addition, TS International had on 17 February 2023 received the letter from Public Bank Berhad stating that it has no objection to discharge JTHSB as the corporate guarantor.

Upon our Listing, our Group will no longer be extending corporate guarantees for the banking facilities of the Promoters and their related parties.

Moving forward, we have put in place strict internal control and compliance procedures in relation to loans and/ or financial assistance to be provided to related parties and/ or third parties, and no further loans or financial assistance will be provided to any related parties by our Group unless such loans are permitted under the applicable laws and the Listing Requirements and brought to our Audit and Risk Management Committee and our Board for deliberation and approval.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

10. RELATED PARTY TRANSACTIONS (Cont'd)

10.3 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS

10.3.1 Audit and Risk Management Committee review

Our Audit and Risk Management Committee reviews related party transactions and conflict of interest situations that may arise within our Group. Our Audit and Risk Management Committee also reviews any transaction, procedures or course of conduct that raises questions of management integrity, including our related party transactions. In reviewing the related party transactions, the following, amongst other things will be considered:

- (i) the rationale and the cost/ benefit to our Company are first considered;
- (ii) where possible, comparative quotes will be taken into consideration;
- (iii) that the transactions are based on normal commercial terms and not more favourable to the related parties than those generally available to third parties' dealings on an arm's length basis; and
- (iv) that the transactions are not detrimental to our Company's non-interested shareholders.

All reviews by our Audit and Risk Management Committee are reported to our Board for its further action.

10.3.2 Our Group's policy on related party transactions

Related party transactions by their nature, involve conflict of interest between our Group and the related parties with whom our Group has entered into such transactions. Some of the Directors and/ or major shareholders of our Group are also directors and/ or shareholders of the related parties of our Group, as disclosed in this Prospectus and with respect to these related party transactions, may individually and in aggregate have conflicts of interest. It is the policy of our Group that all related party transactions are carried out on normal commercial terms which are not more favourable to the related parties than those generally available to the public dealing at arm's length with our Group and are not detrimental to our non-interested shareholders.

In addition, we have adopted a comprehensive corporate governance framework that meets best practice principles to mitigate any potential conflict of interest situation, and intend for the framework to be guided by the Listing Requirements and MCCG upon our Listing. The procedures which may form part of the framework include, amongst other things, the following:

- (i) our Board shall ensure that majority of our Board members are independent directors and will undertake an annual assessment on our independent directors;
- (ii) our Directors will be required to immediately make full disclosure of any direct/ indirect interest that they may have in any business enterprise that is engaged in or proposed to be engaged in a transaction with our Group, whether or not they believe it is a material transaction. Upon such disclosure, the interested director shall be required to abstain from deliberation and voting on any resolution related to the related party transaction; and

10. RELATED PARTY TRANSACTIONS (Cont'd)

- (iii) all existing or potential related party transactions would have to be disclosed by the interested party for management reporting. Our management will propose the transaction to our Audit and Risk Management Committee for evaluation and assessment who would in turn, make a recommendation to our Board.

10.3.3 Our Group's policy on recurrent related party transactions

In order to ensure that recurrent related party transactions are undertaken on an arm's length basis and on normal commercial terms, we have established the following procedures:

- (i) At least two (2) other contemporaneous transactions carried out with third parties for similar products and/ or quantities will be used as comparison wherever possible, to determine if the price and the terms as offered by the related parties are for the same or substantially similar type of products/ services and/ or quantities.
- (ii) If we are unable to obtain or procure the quotation or comparative pricing from third parties, the transaction price will be determined by our Group based on those offered by other third parties for substantially the similar type of transactions to ensure that the recurrent related party transactions are not detrimental to us.

We will seek mandate from our shareholders to enter into any recurrent related party transactions at a general meeting. However, due to the time-sensitive nature of such transactions, the shareholders' mandate will enable us to enter into such recurrent transactions which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such recurrent transactions as and when they are entered into.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

11. CONFLICT OF INTEREST

11.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS OR SUPPLIERS

As at the LPD, none of our Directors or substantial shareholders have any interests, direct or indirect, in businesses and corporations carrying on a similar trade as our Group. As at the LPD, save as set out below none of our Directors or substantial shareholders have any interests, direct or indirect in corporations which are the customers and/ or suppliers of our Group:

| No. | Company | Principal activities | Nature of relationship | Interested Directors and/ or substantial shareholders | Nature of interest |
|--|---------------------------|--|--|---|--|
| Existing suppliers of our Group | | | | | |
| 1. | JT Mix ⁽³⁾ | Manufacturer of asphalt premix products, road pavement and maintenance materials | JT Mix is a supplier of our Group, supplying asphalt premix products and road pavement materials to JTHSB | Dato' Seri Lim ⁽¹⁾ | He is a shareholder of JT Mix with a 60.00% direct equity interest. |
| | | | | Chin Shyong ⁽²⁾ Jiunn | He is a shareholder of JT Mix with a 40.00% direct equity interest. |
| 2. | QCasts ⁽³⁾ | Manufacturing of precast concrete products. | QCasts is a supplier of our Group, supplying precast slabs to JTHSB. | Dato' Seri Lim ⁽¹⁾ | He is a shareholder of QCasts with a 60.00% direct equity interest. |
| | | | | Chin Shyong ⁽²⁾ Jiunn | He is a shareholder of QCasts with a 40.00% direct equity interest. |
| 3. | JT Gardens ⁽⁴⁾ | Property investment and construction of building. | JT Gardens is a subcontractor of JTHSB, providing subcontractor works for construction of main distribution substation (PPU) and cable bridge works. Please refer to note (4) below for further details. | Dato' Seri Lim ⁽¹⁾ | He is a director and shareholder of JT Gardens with a 34.00% direct equity interest. |
| | | | | Chin Shyong ⁽²⁾ Jiunn | He is a shareholder of JT Gardens with a 23.00% direct equity interest. |

11. CONFLICT OF INTEREST (Cont'd)

Notes:

- (1) *Dato' Seri Lim is our Promoter, substantial shareholder and Managing Director.*
- (2) *Chin Jiunn Shyong is our Promoter, substantial shareholder and Executive Director/ COO.*
- (3) *Our Group is expected to continue dealing with JT Mix and QCasts for trade purposes (i.e., purchases of construction materials and procurement of subcontracting works) although the transaction values are not expected to be material (the transaction values for the Financial Years and Period Under Review with these 2 companies were less than 2.00% of JTHSB's cost of sales). Nevertheless, our Group shall ensure any dealings will be on an arm's length basis, and shall be reviewed by the Audit and Risk Management Committee before recommending for our Board's approval.*
- (4) *There were 2 projects awarded by JTHSB to JT Gardens during the Financial Years and Period Under Review as JT Gardens had the necessary construction expertise (i.e., system formworks) and experience. However, the person with the expertise has left JT Gardens in September 2020. As at the LPD, one of the projects is completed and the other project is pending issuance of CPC from our customer.*

System formwork is required for civil and structural works in the provision of substation EPCC services for initial building civil and structural construction stage. Our Group is able to source system formwork from other suppliers in the market and evaluate these suppliers on the basis of project track record, service quality, timeliness as well as cost. Our Group does not expect JT Gardens to continue being our supplier of system formwork after completion of the said projects.

Our Board is of the view that the interests of Dato' Seri Lim and Chin Jiunn Shyong in the companies stated above do not give rise to a conflict of interest situation, on the following basis:

- (i) they are not involved in the day-to-day operations of the above businesses as their daily operations are managed by or operated by the other directors and/ or shareholders or have their own independent management teams;
- (ii) all the transactions carried out with the above companies were on an arm's length basis, based on normal commercial terms which are not more favourable to our Group's related parties than those generally available to the public, and are not to the detriment of our minority shareholders; and
- (iii) the above customers and suppliers are not major customers and suppliers of our Group, and our Group is not dependent on them for its business operations.

In any event, our Group's Audit and Risk Management Committee will supervise any conflict of interest or potential conflict of interest situations, and our Board will disclose such conflict of interest, if any, for resolution as and when they arise.

11. CONFLICT OF INTEREST (Cont'd)

Further, transactions entered into between our Group and the abovementioned companies will be related party transactions and subject to our Group's monitoring and oversight procedures for related party transactions. Please refer to Section 10.1 of this Prospectus for details of our Group's related party transactions with the abovementioned companies, and Section 10.3 of this Prospectus for further details of the aforesaid monitoring and oversight procedures.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

11. CONFLICT OF INTEREST (Cont'd)

11.2 DECLARATION BY THE ADVISERS

- (i) TA Securities has confirmed that there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Sponsor, Underwriter and Placement Agent in respect of our IPO;
- (ii) Crowe Malaysia PLT has confirmed that there is no existing or potential conflict of interest in its capacity as the Reporting Accountants in respect of our IPO;
- (iii) David, Lai & Tan has confirmed that there is no existing or potential conflict of interest in its capacity as the Solicitors to our Company in respect of our IPO;
- (iv) Cheang & Ariff has confirmed that there is no existing or potential conflict of interest in its capacity as the Solicitors to the Principal Adviser, Sponsor, Underwriter and Placement Agent in respect of our IPO;
- (v) Providence has confirmed that there is no existing or potential conflict of interest in its capacity as the Independent Market Research Consultant in respect of our IPO;
- (vi) Tai Yit Chan and Tai Yuen Ling have confirmed that there is no existing or potential conflict of interest in their capacity as the Company Secretaries of Jati Tinggi;
- (vii) Malaysian Issuing House Sdn Bhd has confirmed that there is no existing or potential conflict of interest in its capacity as the Issuing House in respect of our IPO; and
- (viii) Boardroom Share Registrars Sdn Bhd has confirmed that there is no existing or potential conflict of interest in its capacity as the Share Registrar in respect of our IPO.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

12. FINANCIAL INFORMATION**12.1 HISTORICAL FINANCIAL INFORMATION****12.1.1 Historical combined statements of profit or loss and other comprehensive income**

The following table sets out a summary of our combined statements of profit or loss and other comprehensive income for the Financial Years and Period Under Review, which was extracted from the Accountants' Report set out in Section 13 of this Prospectus. The historical combined statements of profit or loss and other comprehensive income have been prepared in accordance with MFRS.

The following financial information should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations as set out in Section 12.3 of this Prospectus and the Accountants' Report and accompanying notes set out in Section 13 of this Prospectus.

| | AUDITED | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| | FYE 2020 | FYE 2021 | FYE 2022 | FPE 2022 | FPE 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Continuing operations</u> | | | | | |
| Revenue | 112,666 | 96,413 | 234,612 | 105,592 | 46,003 |
| Cost of sales | (92,808) | (82,719) | (217,212) | (95,251) | (36,617) |
| GP | 19,858 | 13,694 | 17,400 | 10,341 | 9,386 |
| Other income | 1,355 | 1,610 | 2,698 | 1,077 | 419 |
| Administrative expenses | (6,361) | (5,672) | (8,922) | (3,860) | (4,336) |
| Other expenses | (1,686) | (713) | (710) | (364) | (400) |
| Finance costs | (1,051) | (960) | (1,412) | (619) | (1,212) |
| Net impairment (loss)/ gain on financial assets | (1,395) | 1,817 | 2,159 | 1,769 | (625) |
| PBT | 10,720 | 9,776 | 11,213 | 8,344 | 3,232 |
| Income tax expense | (3,078) | (2,537) | (2,081) | (1,255) | (1,141) |
| PAT from continuing operations | 7,642 | 7,239 | 9,132 | 7,089 | 2,091 |
| <u>Discontinued operations</u> | | | | | |
| Profit after taxation from discontinued operations | 11 | - | - | - | - |
| PAT | 7,653 | 7,239 | 9,132 | 7,089 | 2,091 |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income for the financial year/ period | 7,653 | 7,239 | 9,132 | 7,089 | 2,091 |
| PAT/ comprehensive income attributable to: - Owners of the Company | 7,653 | 7,239 | 9,132 | 7,089 | 2,091 |

12. FINANCIAL INFORMATION (Cont'd)

| | AUDITED | | | | |
|--|-------------|-------------|-------------|-------------|-------------|
| | FYE 2020 | FYE 2021 | FYE 2022 | FPE 2022 | FPE 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| EBITDA ⁽¹⁾ | 12,427 | 11,466 | 13,694 | 9,417 | 5,274 |
| GP margin (%) ⁽²⁾ | 17.63 | 14.20 | 7.42 | 9.79 | 20.40 |
| PBT margin (%) ⁽³⁾ | 9.51 | 10.14 | 4.78 | 7.90 | 7.03 |
| PAT margin (%) ⁽⁴⁾ | 6.79 | 7.51 | 3.89 | 6.71 | 4.55 |
| Number of Shares assumed in issue (^{'000}) ⁽⁵⁾ | 391,801 | 391,801 | 391,801 | 391,801 | 391,801 |
| Basic EPS (sen) ⁽⁶⁾ | 1.95 | 1.85 | 2.33 | 1.81 | 0.53 |
| Diluted EPS (sen) ⁽⁶⁾⁽⁷⁾ | 1.95 | 1.85 | 2.33 | 1.81 | 0.53 |

Notes:

- (1) The table below sets forth a reconciliation of our PBT to EBITDA.

| | AUDITED | | | | |
|-----------------|---------------|---------------|---------------|--------------|--------------|
| | FYE 2020 | FYE 2021 | FYE 2022 | FPE 2022 | FPE 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| PBT | 10,720 | 9,776 | 11,213 | 8,344 | 3,232 |
| <u>Add:</u> | | | | | |
| Finance costs | 1,051 | 960 | 1,412 | 619 | 1,212 |
| Depreciation | 804 | 788 | 1,019 | 433 | 790 |
| Amortisation | 119 | 130 | 130 | 65 | 65 |
| <u>Less:</u> | | | | | |
| Interest income | (267) | (188) | (80) | (44) | (25) |
| EBITDA | 12,427 | 11,466 | 13,694 | 9,417 | 5,274 |

- (2) GP margin is computed based on our GP over revenue.
- (3) PBT margin is computed based on our PBT over revenue.
- (4) PAT margin is computed based on our PAT over revenue.
- (5) Assumed number of ordinary shares in issue in Jati Tinggi after our IPO.
- (6) Basic and diluted EPS is calculated based on PAT attributable to owners of the Company divided by 391,800,800 enlarged total number of Shares after our IPO.
- (7) Our Company does not have any outstanding convertible securities at the end of the financial years/ periods.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

12. FINANCIAL INFORMATION (Cont'd)

12.1.2 Historical combined statements of financial position

The following table sets out a summary of our combined statements of financial positions for the Financial Years and Period Under Review, which was extracted from the Accountants' Report set out in Section 13 of this Prospectus.

The following financial information should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations set out in Section 12.3 of this Prospectus and the Accountants' Report and accompanying notes set out in Section 13 of this Prospectus.

| | AUDITED | | | | |
|--|--------------------------|---------------|----------------|---------------------|----------------|
| | As at 30 November | | | As at 31 May | |
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Plant and equipment | 1,292 | 1,172 | 2,407 | 2,002 | 2,173 |
| Investment property ⁽¹⁾ | 8,565 | 8,450 | 8,335 | 8,392 | 8,277 |
| Right-of-use assets ⁽²⁾ | 550 | 1,056 | 1,994 | 1,141 | 1,525 |
| Intangible assets ⁽³⁾ | 530 | 400 | 270 | 335 | 205 |
| Total non-current assets | 10,937 | 11,078 | 13,006 | 11,870 | 12,180 |
| Current assets | | | | | |
| Inventories | 4,328 | 373 | 19 | 1,971 | 409 |
| Trade receivables | 57,137 | 55,175 | 74,344 | 50,144 | 76,503 |
| Other receivables, deposits and prepayments ⁽⁴⁾ | 7,265 | 8,104 | 9,163 | 16,917 | 7,816 |
| Contract assets | 719 | - | - | - | - |
| Amount owing by related parties | 4,400 | 1,624 | 1,217 | 1,175 | 1,217 |
| Fixed deposits with licensed banks | 2,684 | 2,442 | 3,487 | 3,668 | 3,600 |
| Cash and bank balances | 2,289 | 2,161 | 13,796 | 3,419 | 2,476 |
| Total current assets | 78,822 | 69,879 | 102,026 | 77,294 | 92,021 |
| TOTAL ASSETS | 89,759 | 80,957 | 115,032 | 89,164 | 104,201 |
| EQUITY AND LIABILITIES | | | | | |
| Equity | | | | | |
| Share capital | - | - | * | - | * |
| Invested capital | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Retained profits | 17,716 | 24,954 | 34,086 | 32,043 | 36,177 |
| TOTAL EQUITY | 18,716 | 25,954 | 35,086 | 33,043 | 37,177 |

12. FINANCIAL INFORMATION (Cont'd)

| | AUDITED | | | | |
|-------------------------------------|-------------------|---------------|----------------|---------------|----------------|
| | As at 30 November | | | As at 31 May | |
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Non-current liabilities | | | | | |
| Lease liabilities | 318 | 764 | 1,135 | 771 | 666 |
| Term loans | 7,773 | 7,790 | 7,688 | 7,672 | 7,410 |
| Total non-current liabilities | 8,091 | 8,554 | 8,823 | 8,443 | 8,076 |
| Current liabilities | | | | | |
| Trade payables | 35,665 | 20,128 | 35,560 | 29,932 | 31,288 |
| Other payables and accruals | 9,641 | 12,664 | 16,801 | 7,525 | 2,363 |
| Amount owing to related parties | 3,009 | 575 | 186 | 710 | 573 |
| Amount owing to directors | - | 10 | - | - | - |
| Lease liabilities | 465 | 312 | 968 | 360 | 958 |
| Term loans | 229 | 228 | 134 | 234 | 303 |
| Banker's acceptances | 7,470 | 6,076 | 5,580 | 4,600 | 7,658 |
| Trade financing | 4,626 | 4,234 | 11,112 | 3,430 | 14,428 |
| Bank overdraft | - | 786 | 429 | - | 1,130 |
| Current tax liabilities | 1,847 | 1,436 | 353 | 887 | 247 |
| Total current liabilities | 62,952 | 46,449 | 71,123 | 47,678 | 58,948 |
| TOTAL LIABILITIES | 71,043 | 55,003 | 79,946 | 56,121 | 67,024 |
| TOTAL EQUITY AND LIABILITIES | 89,759 | 80,957 | 115,032 | 89,164 | 104,201 |

Notes:

* Negligible

- (1) Refers to a piece of freehold industrial land measuring approximately 4,832.04 sq. m. together with a 3-storey detached factory cum office building erected thereon, bearing the postal address of No. 25, Jalan P4/6, Section 4, Bandar Teknologi Kajang, 43500 Semenyih, Selangor Darul Ehsan. This property was rented out to a third party from 16 February 2020 until 15 February 2023. Upon expiry of the term of tenancy, the tenancy was not renewed. This property has been vacant since 16 February 2023. On 17 August 2023, JTHSB entered into a conditional SPA with BHSB, a third party for the disposal of this property to BHSB for a cash consideration of RM16,000,000. Please refer to Section 12.5.3 of this Prospectus for further details.
- (2) Refers to the contracts containing leases (i.e., motor vehicles under hire purchase arrangements as well as rental of offices and site stores) where our Group can make decisions about the use of the asset in a similar way it makes decisions about the use of assets it owns outright. In such cases, our Group (i.e., the lessee) recognises these rights on our combined statements of financial position as a "right-of-use asset".
- (3) Refers to utility mapping system, namely InfraMap.
- (4) Included in prepayments are expenses incurred for our Listing of approximately RM0.16 million for FYE 2021, RM0.44 million for FYE 2022 and RM0.37 million for FPE 2023.

12. FINANCIAL INFORMATION (Cont'd)

12.1.3 Historical combined statements of cash flows

The following table sets out our combined statements of cash flows for the Financial Years and Period Under Review, which have been extracted from the Accountants' Report set out in Section 13 of this Prospectus.

The following financial information should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations set out in Section 12.3 of this Prospectus and the Accountants' Report and accompanying notes set out in Section 13 of this Prospectus.

| | AUDITED | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| | FYE 2020 | FYE 2021 | FYE 2022 | FPE 2022 | FPE 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| CASH FLOWS (FOR/ FROM OPERATING ACTIVITIES | | | | | |
| PBT | | | | | |
| - continuing operations | 10,720 | 9,776 | 11,213 | 8,344 | 3,232 |
| - discontinued operations | 11 | - | - | - | - |
| Adjustments for: | | | | | |
| Amortisation of intangible assets | 119 | 130 | 130 | 65 | 65 |
| Bad debts written off | 925 | - | - | - | - |
| Depreciation of investment property | 115 | 115 | 115 | 57 | 57 |
| Depreciation of plant and equipment | 279 | 328 | 437 | 196 | 264 |
| Depreciation of right-of-use assets | 410 | 345 | 467 | 180 | 469 |
| Impairment loss on trade receivables | 1,141 | - | - | - | 625 |
| Impairment loss on other receivables | 62 | - | - | - | - |
| Impairment loss on related parties | 192 | 25 | - | 25 | - |
| Interest expense | 1,051 | 960 | 1,412 | 619 | 1,212 |
| Plant and equipment written off | * | - | * | - | - |
| Reversal of impairment loss on trade receivables | - | (946) | (2,081) | (1,740) | - |
| Reversal of impairment loss on other receivables | - | (8) | (54) | (54) | - |
| Reversal of impairment loss on related parties | - | (888) | (24) | - | - |
| Gain on disposal of plant and equipment | (31) | (19) | * | * | - |
| Gain on lease modification | - | (16) | (2) | - | - |
| Gain on disposal of a subsidiary | (7) | - | - | - | - |
| Gain on disposal of an associate | (113) | - | - | - | - |
| Interest income | (267) | (188) | (80) | (44) | (25) |

12. FINANCIAL INFORMATION (Cont'd)

| | AUDITED | | | | |
|--|-----------------|--------------|----------------|----------------|-----------------|
| | FYE 2020 | FYE 2021 | FYE 2022 | FPE 2022 | FPE 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Share of results of equity accounted associate | 106 | - | - | - | - |
| Operating profit before working capital changes | 14,713 | 9,614 | 11,533 | 7,648 | 5,899 |
| (Increase)/ Decrease in inventories | (3,657) | 3,955 | 354 | (1,598) | (390) |
| (Increase)/ Decrease in trade and other receivables | (34,004) | 2,077 | (18,094) | (1,989) | (1,437) |
| Decrease in contract assets | 3,504 | 718 | - | - | - |
| Increase/ (Decrease) in trade and other payables | 11,619 | (12,515) | 19,569 | 4,666 | (18,709) |
| (Increase)/ Decrease in amount owing (to)/ by related parties | (1,172) | 1,204 | 42 | 559 | 387 |
| Cash (for)/ from operations | (8,997) | 5,053 | 13,404 | 9,286 | (14,250) |
| Income tax paid | (1,594) | (2,948) | (3,164) | (1,804) | (1,247) |
| Net cash (for)/ from operating activities | (10,591) | 2,105 | 10,240 | 7,482 | (15,497) |
| CASH FLOWS (FOR)/ FROM INVESTING ACTIVITIES | | | | | |
| Interest received | 267 | 188 | 80 | 44 | 25 |
| Purchase of plant and equipment | (333) | (209) | (1,548) | (1,025) | (29) |
| Addition of right-of-use assets | 11 | (39) | (22) | (22) | - |
| Addition of intangible assets | (648) | - | - | - | - |
| Proceeds from disposal of plant and equipment | 31 | 20 | * | * | - |
| (Increase)/ Decrease in pledged fixed deposits with licensed banks | (618) | 263 | (1,256) | (1,224) | (113) |
| Proceeds from disposal of an associate | 113 | - | - | - | - |
| Net cash (for)/ from investing activities | (1,177) | 223 | (2,746) | (2,227) | (117) |
| | | | | | |

12. FINANCIAL INFORMATION (Cont'd)

| | AUDITED | | | | |
|---|----------------|----------------|---------------|----------------|-----------------|
| | FYE 2020 | FYE 2021 | FYE 2022 | FPE 2022 | FPE 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| CASH FLOWS FROM/ (FOR) FINANCING ACTIVITIES | | | | | |
| (Repayment to)/ Advances from Directors | (1,480) | 10 | (10) | (10) | - |
| Net drawdown/ (repayment) of banker's acceptances | 3,753 | (1,394) | (496) | (1,476) | 2,078 |
| Net drawdown/ (repayment) of trade financing | 4,626 | (392) | 6,877 | (804) | 3,317 |
| Drawdown of term loans | 28 | * | - | 25 | - |
| Repayment of term loans | (138) | (21) | (195) | (161) | (110) |
| Repayment of lease liabilities | (362) | (503) | (476) | (187) | (480) |
| Proceeds from issuance of shares | - | - | *^ | - | - |
| Interest paid | (911) | (923) | (1,412) | (595) | (1,212) |
| Net cash from/ (for) financing activities | 5,516 | (3,223) | 4,288 | (3,208) | 3,593 |
| Net (decrease)/ increase in cash and cash equivalents | (6,252) | (895) | 11,782 | 2,047 | (12,021) |
| Cash and cash equivalents at beginning of the financial year/ period | 8,742 | 2,490 | 1,595 | 1,595 | 13,377 |
| Cash and cash equivalents at end of the financial year/ period | 2,490 | 1,595 | 13,377 | 3,642 | 1,356 |

Notes:

* Less than RM500.

^ Refers to the allotment and issuance of 50 subscribers' shares in our Company at RM1 each upon incorporation of our Company on 21 December 2021, with an issued share capital of RM50.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

12. FINANCIAL INFORMATION (Cont'd)

12.2 CAPITALISATION AND INDEBTEDNESS

The following table sets out our Group's capitalisation and indebtedness based on our unaudited financial information as at 30 September 2023 and after adjusting for the effects of our Public Issue and utilisation of proceeds from our Public Issue.

| | Unaudited as at 30 September 2023 RM'000 | (I) | (II) |
|---|--|---------------------------------|---|
| | | After Public Issue RM'000 | After (I) and utilisation of proceeds RM'000 |
| Capitalisation | | | |
| Shareholders' equity | 38,658 | 56,694 | 53,194 |
| Total capitalisation | 38,658 | 56,694 | 53,194 |
| Indebtedness | | | |
| Current | | | |
| <u>Secured and guaranteed</u> | | | |
| - Banker's acceptances | 7,311 | 7,311 | 5,165 |
| - Trade financing | 12,787 | 12,787 | 7,933 |
| - Term loans | 327 | 327 | 327 |
| - Lease liabilities (under hire purchase arrangements) ⁽¹⁾ | 331 | 331 | 331 |
| <u>Unsecured and unguaranteed</u> | | | |
| - Lease liabilities (rentals) ⁽²⁾ | 634 | 634 | 634 |
| | 21,390 | 21,390 | 14,390 |
| Non-current | | | |
| <u>Secured and guaranteed</u> | | | |
| - Term loans | 7,285 | 7,285 | 7,285 |
| - Lease liabilities (under hire purchase arrangements) ⁽¹⁾ | 709 | 709 | 709 |
| <u>Unsecured and unguaranteed</u> | | | |
| - Lease liabilities (rentals) ⁽²⁾ | 4 | 4 | 4 |
| | 7,998 | 7,998 | 7,998 |
| Total indebtedness | 29,388 | 29,388 | 22,388 |
| Total capitalisation and indebtedness | 68,046 | 86,082 | 75,582 |
| Gearing ratio (times) ⁽³⁾ | 0.76 | 0.52 | 0.42 |

Notes:

- (1) Lease liabilities (under hire purchase arrangements) represent our motor vehicles under hire purchase arrangements which are guaranteed by our Promoters and secured with the corresponding motor vehicles.
- (2) Lease liabilities (rentals) represent the present value of the remaining rental payments over the rental period for our rented properties.
- (3) Computed based on total indebtedness divided by total equity.

As at the LPD, there is no indirect and/ or material contingent liabilities incurred by our Group which may have a substantial impact on the financial position of our Group.

12. FINANCIAL INFORMATION (*Cont'd*)

12.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of our Group's financial condition and results of operations for the Financial Years and Period Under Review should be read in conjunction with our Accountants' Report and accompanying notes presented in Section 13 of this Prospectus.

This discussion and analysis contains data derived from our financial statements as well as forward-looking statements that reflect our views with respect to future events and our future financial performance. Actual events and results may differ materially from those anticipated in these forward-looking statements. Factors that may cause future events and results to differ significantly from those described in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 9 of this Prospectus.

Overview of business operations

Our Company is principally an investment holding company and through our wholly-owned subsidiary, JTHSB, we mainly provide underground and overhead utilities engineering services and solutions which primarily support the transmission and distribution sectors of the electricity supply industry in Malaysia. We also provide our services and solutions to telecommunications, water and sewerage utilities companies. We are also involved in the provision of substation EPCC services, trading of equipment for substations as well as maintenance of street lighting.

For the Financial Years and Period Under Review, we have primarily been engaged as a subcontractor (based on 99.13% of the total number of new projects for the Financial Years and Period Under Review). Our customers are generally main contractors engaged in the electricity supply industry in Peninsular Malaysia. Save for Lotus Heights Sdn Bhd being one of our top 5 customers for the FYE 2020, our top 5 recurring and continuing major customers for the Financial Years and Period Under Review, namely Worktime Engineering, CD Electrical, YM Teras, Pintar Gembira Sdn Bhd and Tempinas Sdn Bhd, collectively contributed 99.62% to 100.00% of our total revenue.

Please refer to Section 12.3.1 (iv) for a breakdown of our revenue by industry segments. We engage subcontractors on a project basis to carry out selected parts of our works, such as soil testing, cabling works, cable termination and jointing, milling-and-paving, electrical works and structural works.

For the Financial Years and Period Under Review, all our revenue was derived from Malaysia.

Please refer to Section 7 of this Prospectus for further information on the business operations of our Group.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

12. FINANCIAL INFORMATION (Cont'd)

12.3.1 Segmental analysis by revenue

We operate in the following business segments:

| Business segment | Description | Revenue recognition |
|--|--|---|
| <p>(i) Provision of underground and overhead utilities engineering services and solutions</p> | <p>We procure, supply, deliver, install, lay, construct, relocate, test, commission, inspect, repair and maintain underground and overhead infrastructure utilities.</p> <p>We undertake infrastructure utilities engineering projects in the forms of single contracts and bulk contracts. During the Financial Years and Period Under Review, our major customers comprised mainly main contractors for electricity supply projects that require our services and solutions to enable the supply of electricity to specific locations and/or premises.</p> <p>Our customers issue LOA for single and bulk contracts to engage our Group. For bulk contracts, multiple work orders are issued throughout the project duration detailing the types of services and pricing for selected stages of construction works required, prior to commencement of work. Any subsequent changes in the initially agreed scope or pricing will be set out in a variation order and/ or revised work order which will be issued by our customers.</p> | <p>Revenue is recognised based on the physical proportion of contract work certified. Please refer to Note 4.1(g) of the Accountants' Report (as set out in Section 13 of this Prospectus) for further details.</p> |
| <p>(ii) Others</p> | | |
| <p>(a) Provision of substation EPCC services</p> | <p>We are involved in technical design, project management of structural and civil construction as well as M&E works.</p> <p>Our contracts for the provision of substation EPCC services are awarded in the form of EPCC contracts. Our customers issue LOA to our Group for EPCC contracts.</p> <p>Any subsequent changes in the initially agreed scope or pricing will be set out in a variation order and/ or revised purchase order which will be issued by our customers.</p> | <p>Revenue is recognised based on the physical proportion of contract work certified. Please refer to Note 4.1(g) of the Accountants' Report (as set out in Section 13 of this Prospectus) for further details.</p> |
| <p>(b) Trading of equipment for substations</p> | <p>Our Group supplies and installs electrical equipment for electrical substations including current transformers, switchgears, batteries and battery chargers.</p> <p>We issue invoices to our customers upon the delivery of products and services.</p> | <p>Our Group recognises revenue at the point of delivery of products/ services.</p> |

12. FINANCIAL INFORMATION (Cont'd)

| Business segment | Description | Revenue recognition |
|------------------------------|---|--|
| (c) Street Lighting Services | Our Group provides installation and maintenance services which includes the replacement of parts for street lighting. Our customers issue LOA to our Group for Street Lighting Services. | Our Group recognises revenue over time in the period in which these services are rendered. |

For further details on the description of our principal business activities and revenue streams, please refer to Sections 7.2.1 and 7.3 of this Prospectus.

The breakdown of our Group's revenue by business activities is set out below in Section 12.3.1(i) of this Prospectus.

For the Financial Years and Period Under Review, all our revenue was derived from Malaysia. Hence, a segmental analysis based on geographical markets has not been prepared.

Please refer to Section 7 of this Prospectus for our detailed business overview as well as Section 9 and Section 12.10 of this Prospectus for the significant factors affecting our Group's operations and financial performance.

(i) Revenue by business activities

The table below presents the breakdown of our total revenue by business activities:

| Business activity | Audited | | | | | | | | | |
|---|-----------------|---------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|
| | FYE 2020 | | FYE 2021 | | FYE 2022 | | FPE 2022 | | FPE 2023 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| Provision of underground and overhead utilities engineering services and solutions | 109,154 | 96.88 | 93,712 | 97.20 | 227,539 | 96.99 | 102,806 | 97.36 | 45,753 | 99.46 |
| Others: | | | | | | | | | | |
| Provision of substation EPCC services | 10 | 0.01 | 806 | 0.84 | 4,070 | 1.73 | 2,211 | 2.09 | 9 | 0.02 |
| Trading of equipment for substations | 1,319 | 1.17 | 1,553 | 1.61 | 2,395 | 1.02 | 189 | 0.18 | 135 | 0.29 |
| Street Lighting Services | 2,183 | 1.94 | 342 | 0.35 | 608 | 0.26 | 386 | 0.37 | 106 | 0.23 |
| Sub-total | 3,512 | 3.12 | 2,701 | 2.80 | 7,073 | 3.01 | 2,786 | 2.64 | 250 | 0.54 |
| Total | 112,666 | 100.00 | 96,413 | 100.00 | 234,612 | 100.00 | 105,592 | 100.00 | 46,003 | 100.00 |

12. FINANCIAL INFORMATION (Cont'd)**(ii) Number and value of new contracts secured and commenced during the Financial Years and Period Under Review**

The nature of our construction business is project-based and our construction contracts typically ranged from 3 months to 3 years. The commencement year/ period of each project is based on the respective LOAs. The contract value of each project includes original contract value as per LOAs and subsequent variation orders issued during the commencement year/ period, if any.

The table below presents the number and value of new projects secured and commenced during the Financial Years and Period Under Review and the corresponding contract values:

| | Number of new projects secured and commenced during the year/ period | | | | Contract value of new projects | | | |
|-----------------|--|-------------------------------------|-------------------|------------|--------------------------------|-------------------------------------|-------------------|----------------|
| | below RM1 million | between RM1 million and RM5 million | above RM5 million | Total | below RM1 million | between RM1 million and RM5 million | above RM5 million | Total |
| | Unit | Unit | Unit | Unit | RM'000 | RM'000 | RM'000 | RM'000 |
| FYE 2020 | 85 | 7 | 4 | 96 | 11,850 | 16,592 | 212,164 | 240,606 |
| FYE 2021 | 173 | 3 | 1 | 177 | 8,878 | 11,798 | 7,751 | 28,427 |
| FYE 2022 | 115 | 11 | *5 | 131 | 9,347 | 33,469 | 82,970 | 125,786 |
| FPE 2022 | 55 | 2 | 2 | 59 | 3,642 | 7,401 | 13,298 | 24,341 |
| FPE 2023 | 63 | 1 | 1 | 65 | 3,082 | 4,284 | 22,950 | 30,316 |

Note:

* There was one project which was secured in FYE 2021 (i.e., project for 500kV transmission line from Pulau Indah power plant to Olak Lempit substation with contract value of RM9.11 million) which only commenced in FYE 2022.

Based on the number of projects, more than 80.00% of our projects had project value of less than RM1.00 million for the Financial Years and Period Under Review. Hence, the table above was tabulated based on project value below RM1.00 million, between RM1.00 million and RM5.00 million and above RM5.00 million.

12. FINANCIAL INFORMATION (Cont'd)

For FYE 2020, our Group secured and commenced 96 new projects worth RM240.61 million. Out of 96 new projects, 43 projects were completed in the same year. Further in FYE 2020, we secured and commenced 4 projects with contract value above RM5.00 million. These 4 projects collectively contributed a total contract value of RM212.16 million, details of which are as follows:

- (a) Farlim Project (contract awarded by Worktime Engineering) with contract value RM119.00 million.

The first LOA for Farlim Project was awarded to our Group by Worktime Engineering in January 2020. Pursuant to Worktime Engineering entering into an unincorporated joint venture with YM Teras, our Group was then awarded the second LOA for Farlim Project by YM Teras in May 2022 when YM Teras took over as the project lead for the Farlim Project. Subsequent to this, our Group began liaising with YM Teras for Farlim Project.

Despite this project commencing in FYE 2020, more physical works were performed in FYE 2022 due to slow down of project in FYE 2021 resulting from time taken to obtain a variation order from the customer to cover the increase in copper prices as our construction materials mainly contain copper. The portion of contract value awarded by Worktime Engineering was revised to RM89.34 million. Such project and its portion awarded by Worktime Engineering was completed in May 2022.

- (b) project for cable tunnel construction works for 275kV and 132kV underground cable route to Prince Court substation, Kuala Lumpur (contract awarded by CD Electrical) with contract value of RM59.38 million. While our Group secured this project in April 2020, the commencement of physical works was delayed pending relevant approvals. Our Group was informed in August 2022 that the project owner (TNB) and the main contractor (CD Electrical) had only obtained the approval / permit to proceed with the excavation works from the Dewan Bandaraya Kuala Lumpur (DBKL) in August 2022;
- (c) project for 132kV double circuit underground cable installation from Kuala Lumpur Pavilion-Imbi to Prince Court substation, Kuala Lumpur (contract awarded by CD Electrical) with contract value of RM28.35 million. This project is ongoing as at the LPD; and
- (d) bulk contracts for 33kV cable laying and jointing works for power distribution in Kelantan (contract awarded by Worktime Engineering) with contract value of RM5.43 million. This project is ongoing as at the LPD.

For FYE 2021, our Group secured and commenced 177 new projects worth RM28.43 million as compared to 96 new projects worth RM240.61 million in FYE 2020. Out of 177 new projects, 167 projects were completed in FYE 2021. In FYE 2021, we completed 167 projects (out of 173 projects with contract values less than RM1.00 million each) which we had commenced during the same financial year, contributing to revenue of RM6.35 million in FYE 2021. In FYE 2021, we secured and commenced 1 project with contract value of RM7.75 million, being a contract for HDD works for 11kV underground cables in Kedah and Perlis (contract awarded by Worktime Engineering) which commenced in December 2020.

12. FINANCIAL INFORMATION (Cont'd)

For FYE 2022, we secured and commenced 131 new projects worth RM125.79 million as compared to 177 new projects worth RM28.43 million in FYE 2021. Out of 131 new projects, 63 projects were completed in FYE 2022, contributing to revenue of RM4.54 million in FYE 2022. In FYE 2022, we commenced 5 projects with contract value above RM5.00 million. These 5 projects collectively contributed a total contract value of RM82.97 million, of which 4 projects were secured in FYE 2022 and 1 project was secured in FYE 2021. The details are as follows:

- (a) project for 132kV double circuit underground cable installation from Bayan Mutiara-Gelugor into The Light, Pulau Pinang (contract awarded by CD Electrical) with contract value of RM42.28 million[^]. This project is ongoing as at the LPD;
- (b) project for 132kV underground cable installation from Bayan Mutiara-Gelugor into The Light, Pulau Pinang (contract awarded by Pintar Gembira Sdn Bhd) with contract value of RM18.12 million[^]. This project is ongoing as at the LPD;
- (c) project for 500kV transmission line from Pulau Indah power plant to Olak Lempit substation (contract awarded by Worktime Engineering) with a contract value of RM9.11 million. This project is ongoing as at the LPD where the physical work of this project was substantially completed in FPE 2023.
- (d) project for 33kV cable laying and jointing works from Bahau substation to Mini Juaseh, Negeri Sembilan (contract awarded by Worktime Engineering) with contract value of RM7.86 million. This project is ongoing as at the LPD; and
- (e) project for milling and paving works for 33kV assets in North Selangor (contract awarded by YM Teras) with contract value of RM5.61 million. In FYE 2022, we recognised a revenue and issued a first claim of RM0.52 million to YM Teras based on the work orders received up to April 2022. On 1 March 2023, we received an omission order of RM5.08 million from YM Teras which meant the portion of contract worth RM0.52 million that we had completed in FYE 2022 was a first and final claim. This project was closed from continuing due to the receipt of omission order.

Note:

[^] These are different work packages of the same project, whereby JTHSB was required to undertake underground cable installation works for different job sites in the same project. Please refer to items No. 10 and 11 in Section 7.5.5(i) of the Prospectus for further details.

For FPE 2023, our Group secured and commenced 65 new projects worth RM30.32 million as compared to 59 new projects worth RM24.34 million in FPE 2022. Out of 65 new projects, 57 projects were completed in FPE 2023. In FPE 2023, we completed 57 new projects (out of 63 projects with contract values less than RM1.00 million each) which we had commenced during the same financial period, contributing revenue of RM2.73 million in FPE 2023. In FPE 2023, we secured and commenced 1 project in April 2023 with contract value of RM22.95 million, being a contract for bulk supply of 132kV underground cable and fibre optic cable installation from PMU Batu Berendam to PMU Texas Instrument Electronics Malaysia, Melaka (contract awarded by Worktime Engineering).

12. FINANCIAL INFORMATION (Cont'd)

For the Financial Years and Period Under Review, there is a declining trend in terms of the number and/ or contract value of new projects secured as most of our projects were secured in FYE 2018 and FYE 2019, prior to the imposition of MCOs. Taking into consideration our Group's capacity (i.e., to ensure projects are delivered in accordance to the project schedule, with our available resources comprising our project (and safety) team, equipment and working capital) and our Company's intention to undertake more transmission-related projects, our Group focused on meeting secured projects' deadlines and was more selective in our tender participation. Nonetheless, depending on the opportunities available, our Group will continue to tender or undertake both distribution-related projects and transmission-related projects.

The number of new projects secured and commenced did not move in tandem with the contract value of new projects for the Financial Years and Period Under Review. In FYE 2020, the number of new projects secured and commenced was only 96 while the contract value of new projects was RM240.61 million. In FYE 2021, the number of new projects secured and commenced increased to 177 while the contract value declined to only RM28.43 million. In FYE 2022, the number of new projects secured and commenced declined to 131 while the contract value increased to RM125.79 million. In FPE 2023, the number of new projects secured and commenced increased to 65 (FPE 2022: 59) with the contract value increased to RM30.32 million (FPE 2022: 24.34 million). In this regard, our Group was selective in our tender participation as we took into consideration our Group's project delivery timeline commitments, and our intention to undertake more transmission-related projects and our Group focused on meeting the deadlines of secured projects.

The MCO imposed during the COVID-19 pandemic also impacted our total number of completed projects for the Financial Years and Period Under Review. In FYE 2019, our Group completed a total of 254 projects. Subsequently in FYE 2020, our total completed projects declined to 141 projects before increasing to 199 projects in FYE 2021. In FYE 2022 and FPE 2023, our total completed projects declined to 77 projects and 65 projects respectively as our Group focused on our major projects which were substantially in the initial and ongoing stages. We also undertook lesser projects with contract value below RM1.00 million in FYE 2022 and FPE 2023 as compared to FYE 2021 and FYE 2020. Please refer to Section 7.5.5(ii) of this Prospectus for further details.

Notwithstanding the above, our Group's order book as disclosed in Section 12.9 of this Prospectus sets out the expected revenue to be recognised in FYE 2023, FYE 2024 and FYE 2025 based on the expected progress of the projects and subject to certification by our Group's customers. Our Group is also continuing with efforts to participate in tenders of various underground utilities engineering projects to increase our order book. Our Group is of the view that after taking into consideration our competitive strengths in Section 7.4 of this Prospectus as well as our business strategies and future plans in Section 7.24 of this Prospectus, all these will augur well with the positive outlook of the power infrastructure utilities market in Malaysia (as set out in Section 8 of this Prospectus) whereby, amongst others:

- between 2022 and 2024, an estimated RM20.0 billion will be allocated in capital expenditure for recurring electricity generation, transmission and distribution in Peninsular Malaysia and Sabah;
- in February 2023, TNB announced a capital expenditure allocation of RM12.8 billion, from which RM7.0 billion will be for regulated capital expenditure (including energy transition related capital expenditure of RM1.0 billion) while the remaining RM5.8 billion will be allocated for other major projects; and

12. FINANCIAL INFORMATION (Cont'd)

- in August 2023, TNB announced that it plans to deploy an additional RM35.0 billion between 2025 to 2030 towards upgrading Malaysia's power grid, to ensure the infrastructure does not become an obstacle in the nation's energy transition endeavours. This means that TNB plans to invest a total of RM90.0 billion into Malaysia's grid in the coming five-year period, double the RM46.0 billion previously allocated for the 2018 to 2024 period.

In order to capture market opportunities and ensure the sustainability of our business, our Group will continue to:

- work closely with our existing major customers in meeting the service quality and other project requirements to ensure customer satisfaction;
- serve our other customers and pursue business development activities to expand our customer base and reduce dependency on Worktime Engineering, CD Electrical and YM Teras;
- engage with potential customers via direct communication in efforts to participate in new tenders and secure new projects from them; and
- we intend to leverage on our current capabilities to progressively assume the role of main contractor (which includes tendering for projects directly with TNB) in infrastructure utilities engineering projects and/ or participate in more large-scaled projects in the future, such that we are able to grow our business further and improve our profitability. This will enable us to enlarge our customer base and directly secure more new customers from utility companies, property developers as well as industries that require our services and solutions to enable the supply of power to specific locations and/ or premises.

The risk associated with the above and our revenue being project-based is set out in Section 9.1.1 of this Prospectus.

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

12. FINANCIAL INFORMATION (Cont'd)**(iii) Number and value of contracts completed and on-going during the Financial Years and Period Under Review**

The completion year of each project is based on the CPC issued for the respective projects.

The table below presents the number of projects completed and on-going during the Financial Years and Period Under Review and the corresponding revenue.

| | Number of projects (unit) | | | | | Revenue (RM'000) | | | | |
|--|---------------------------|------------|------------|------------|------------|------------------|---------------|----------------|----------------|---------------|
| | FYE 2020 | FYE 2021 | FYE 2022 | FPE 2022 | FPE 2023 | FYE 2020 | FYE 2021 | FYE 2022 | FPE 2022 | FPE 2023 |
| Ongoing projects | 84 | 47 | 100 | 38 | 43 | 79,717 | 65,298 | 229,211 | 103,017 | 42,123 |
| Provision of underground and overhead utilities engineering services and solutions | 71 | 42 | 83 | 34 | 43 | 76,906 | 62,938 | 222,560 | 100,562 | 42,123 |
| Others | 13 | 5 | 17 | 4 | - | 2,811 | 2,360 | 6,651 | 2,455 | - |
| Completed projects | 141 | 199 | 77 | 62 | 65 | 32,949 | 31,115 | 5,401 | 2,575 | 3,880 |
| Provision of underground and overhead utilities engineering services and solutions | 120 | 188 | 69 | 54 | 60 | 32,248 | 30,774 | 4,979 | 2,244 | 3,630 |
| Others | 21 | 11 | 8 | 8 | 5 | 701 | 341 | 422 | 331 | 250 |
| Total | 225 | 246 | 177 | 100 | 108 | 112,666 | 96,413 | 234,612 | 105,592 | 46,003 |

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-

12. FINANCIAL INFORMATION (Cont'd)**(iv) Revenue by industry**

The table below presents the breakdown of our total revenue by industry:

| Industry | Audited | | | | | | | | | |
|-----------------------------------|----------------|---------------|---------------|---------------|----------------|---------------|----------------|---------------|---------------|---------------|
| | FYE 2020 | | FYE 2021 | | FYE 2022 | | FPE 2022 | | FPE 2023 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| Electricity supply ⁽¹⁾ | 108,187 | 96.02 | 96,015 | 99.59 | 233,039 | 99.33 | 104,960 | 99.39 | 45,762 | 99.48 |
| Others ⁽²⁾ | 4,479 | 3.98 | 398 | 0.41 | 1,573 | 0.67 | 632 | 0.61 | 241 | 0.52 |
| Total | 112,666 | 100.00 | 96,413 | 100.00 | 234,612 | 100.00 | 105,592 | 100.00 | 46,003 | 100.00 |

Notes:

(1) Including TNB related projects.

(2) Comprise telecommunication, water and sewerage as well as Street Lighting Services.

(v) Commentary on revenue**FYE 2021 compared to FYE 2020**

Our total revenue decreased by RM16.26 million or 14.43%, from RM112.67 million in FYE 2020 to RM96.41 million in FYE 2021, due to decrease in revenue from:

- (a) underground and overhead utilities engineering services and solutions of RM15.44 million; and
- (b) others of RM0.81 million.

For FYE 2021, our Group secured 177 new projects worth RM28.43 million as compared to 96 new projects worth RM240.61 million secured in FYE 2020. For FYE 2021, we worked on 47 on-going projects contributing a revenue of RM65.30 million (FYE 2020: 84 on-going projects with revenue of RM79.72 million) while we completed 199 projects contributing revenue of RM31.12 million (FYE 2020: 141 completed projects with revenue of RM32.95 million).

The electricity supply industry accounted for 96.02% of our Group's total revenue in FYE 2020 and 99.59% in FYE 2021.

12. FINANCIAL INFORMATION (Cont'd)

Underground and overhead utilities engineering services and solutions

Revenue from underground and overhead utilities engineering services and solutions accounted for 96.88% and 97.20% of our total revenue in FYE 2020 and FYE 2021, respectively.

Revenue decreased by RM15.44 million or 14.15% from RM109.15 million in FYE 2020 to RM93.71 million in FYE 2021. The decrease was due to:

- (a) 2 completed projects in FYE 2021:
 - (aa) 132kV double circuit underground cable installation from Kuala Lumpur South substation to Kuchai Lama switching station, Kuala Lumpur and connectivity to bulk supply station (contract awarded by CD Electrical), which contributed a revenue of RM13.22 million in FYE 2021 as compared to RM29.28 million in FYE 2020; and
 - (bb) 132kV double circuit underground cable installation from Air Terjun substation to Tanjung Tokong substation, Pulau Pinang (contract awarded by Worktime Engineering) which contributed a revenue of nil in FYE 2021 as compared to RM20.05 million in FYE 2020; and
- (b) revenue recognised from the on-going projects in FYE 2021 was lower than expected, mainly due to the slowdown of Farlim Project and Danga Bay Project (both contracts awarded by Worktime Engineering) in FYE 2021. The said slow down which resulted in lesser works performed and certified as compared to our planned progress and resources allocation, arose from the significant increase in global copper prices* as most of the construction materials for these 132kV projects contain copper. This led to our Group having to secure variation orders and extensions of time from our customer to cover the increase in cost in order to progress further. Notwithstanding the above, the Farlim Project contributed RM23.93 million to our Group's revenue (FYE 2020: RM0.67 million).

Note:

* *The increase in copper prices from FYE 2020 to FYE 2021 and subsequent fluctuation in copper prices up to FPE 2023 is as set out below:*

-THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK-