

**NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF COSMOS TECHNOLOGY INTERNATIONAL BERHAD (“COSMOS” OR “COMPANY”) DATED 14 SEPTEMBER 2022 (“ELECTRONIC PROSPECTUS”)**

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

**Website**

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

**Availability and Location of Paper/Printed Prospectus**

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Company, Mercury Securities Sdn Bhd (“**Mercury Securities**”), or Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Forms are not available in electronic format.

**Jurisdictional Disclaimer**

This distribution of the Electronic Prospectus and the sale of the units are subject to Malaysian law. Bursa Securities, Mercury Securities and Cosmos take no responsibility for the distribution of the Electronic Prospectus and/or the sale of the units outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any units, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

**Close of Application**

Applications will be accepted from 10.00 a.m. on 14 September 2022 and will close at 5.00 p.m. on 22 September 2022. In the event there is any change to the timetable, the Company will advertise the notice of the change in widely circulated daily English and Bahasa Malaysia newspaper within Malaysia.

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

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

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

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



COSMOS TECHNOLOGY INTERNATIONAL BERHAD



**COSMOS TECHNOLOGY INTERNATIONAL BERHAD**

(Registration No. 201901017221 (1326549-P))  
(Incorporated in Malaysia under the Companies Act 2016)



INITIAL PUBLIC OFFERING OF 64,125,300 NEW ORDINARY SHARES IN COSMOS TECHNOLOGY INTERNATIONAL BERHAD ("COSMOS" OR "COMPANY") ("SHARES") IN CONJUNCTION WITH THE LISTING OF AND QUOTATION FOR THE ENTIRE ENLARGED TOTAL NUMBER OF 256,501,300 SHARES ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING A PUBLIC ISSUE OF 64,125,300 NEW SHARES IN THE FOLLOWING MANNER:

- (A) 12,825,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- (B) 7,880,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF COSMOS AND ITS SUBSIDIARIES;
- (C) 11,357,600 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS; AND
- (D) 32,062,700 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

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

Principal Adviser, Sponsor, Underwriter and Placement Agent



**MERCURY SECURITIES SDN BHD**  
Registration No. 198401000672 (113193-W)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

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

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

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

**FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 171.**

This Prospectus has been registered by Bursa Securities. The registration of this Prospectus should not be taken to indicate that Bursa Securities recommends the offering or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus. Bursa Securities has not, in any way, considered the merits of the securities being offered for investment.

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



**COSMOS TECHNOLOGY INTERNATIONAL BERHAD**

(Registration No. 201901017221 (1326549-P))

No. 11, Jalan Mega 2/1  
Kawasan Perindustrian Mega 2  
43500 Semenyih  
Selangor Darul Ehsan

**TEL** : +603 87276029

**FAX** : +603 89623353

**EMAIL** : customer.service@ctib.com.my

**www.ctib.com.my**



PROSPECTUS

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

### **RESPONSIBILITY STATEMENTS**

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

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

### **STATEMENTS OF DISCLAIMER**

Our Company has obtained the approval of Bursa Securities for the listing of and quotation for our Shares. Our admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

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

### **OTHER STATEMENTS**

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

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

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

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

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

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

### ELECTRONIC PROSPECTUS

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

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

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

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

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

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

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

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**INDICATIVE TIMETABLE**

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An indicative timetable of our IPO is set out below:

<b><u>Events</u></b>	<b><u>Indicative time/date</u></b>
Issuance of this Prospectus/Opening of Application	10.00 a.m. / 14 September 2022
Closing of Application	5.00 p.m. / 22 September 2022
Balloting of Applications	27 September 2022
Allotment of our IPO Shares to successful applicants	4 October 2022
Listing	6 October 2022

In the event there is any change to the timetable, we will advertise a notice of change in widely circulated English and Bahasa Malaysia daily newspaper within Malaysia.

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## PRESENTATION OF INFORMATION

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All references to “our Company” or “Cosmos” in this Prospectus are to Cosmos Technology International Berhad. All references to “Cosmos Group” or “our Group” in this Prospectus are to our Company and our subsidiaries taken as a whole. All references to “we”, “us”, “our” or “ourselves” are to our Company and where the context otherwise requires, our Group. Unless the context otherwise requires, references to “Management” are to our Directors and Key Senior Management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Directors and Key Senior Management.

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

In this Prospectus, all references to “Government” are to the Government of Malaysia and references to “RM” and “sen” are to the lawful currency of Malaysia. Certain amounts and percentage figures included in this Prospectus have been subjected to rounding adjustments. Any discrepancy in the tables or charts between the amounts listed and the total amount in this Prospectus are due to rounding. Other abbreviations and acronyms used in this Prospectus are defined in the “Definitions” section and technical terms used in this Prospectus are defined in the “Glossary of Technical Terms” section. Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons, where applicable, include natural persons, firms, companies, bodies corporate and corporations.

References to any provisions of the statutes, rules, regulations, enactments, guidelines or rules of stock exchange shall (where the context admits), be construed as reference to provisions of such statutes, rules, regulations, enactments, guidelines or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactment to the statutes, rules, regulations, enactments, guidelines or rules of stock exchange for the time being in force.

References to a date and time shall be a reference to a date and time in Malaysia, unless otherwise stated.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originated from us. We have appointed Infobusiness to provide an independent market and industry review of the industry in which we operate in. In compiling their data for the review, Infobusiness relied on its research methodology, industry sources, published materials, its private databanks and direct contacts within the industry. Further, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We cannot assure you that the projections will be achieved and you should not place undue reliance on the statistical data and third-party projections cited in this Prospectus.

The information on our website or any website directly or indirectly linked to our website does not form part of this Prospectus and you should not rely on such information for the purposes of your decision whether or not to invest in our Shares. If there is any discrepancy between the contents of the English and Bahasa Malaysia versions of this Prospectus, the English version of this Prospectus shall prevail.

References to the “LPD” in this Prospectus is to 16 August 2022, being the latest practicable date prior to the registration of this Prospectus with Bursa Securities.

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## FORWARD-LOOKING STATEMENTS

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

Forward-looking statements can be identified by the use of forward-looking terminologies including words such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “aim”, “forecast”, “may”, “will”, “would”, and “could” or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- (i) our business strategies, trends and competitive position;
- (ii) demand for our products and services;
- (iii) our plans and objectives for future operations;
- (iv) potential growth opportunities;
- (v) our future financial position, earnings, cash flows and liquidity;
- (vi) our ability to pay future dividends; and
- (vii) the regulatory environment and the effects of future regulation.

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

- (i) general economic, business, social, political and investment environment in Malaysia and globally;
- (ii) government policy, legislation and regulation;
- (iii) interest rates, tax rates and foreign exchange rates;
- (iv) the competitive environment in the industry in which we operate;
- (v) reliance on approvals, licenses and permits;
- (vi) availability and fluctuations in prices of raw materials; and
- (vii) fixed and contingent obligations and commitments.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 9 of this Prospectus on “Risk Factors” and Section 12 of this Prospectus on “Management’s Discussion and Analysis of Financial Information and Results of Operations”. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

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**FORWARD-LOOKING STATEMENTS (CONT'D)**

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Should we become aware of any subsequent material change or development affecting matters disclosed in the Prospectus arising from the date of registration of this Prospectus with Bursa Securities but before the date of allotment of our IPO Shares, we will issue a supplementary or replacement prospectus, as the case may be, in accordance with the provisions of Rule 3.12D of the Listing Requirements and Paragraph 1.02, Chapter 1 of Part II (Division 6) of the Prospectus Guidelines (Supplementary and Replacement Prospectus).

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## DEFINITIONS

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The following definitions shall apply throughout this Prospectus unless the terms are defined otherwise or the context requires otherwise:

### COMPANIES WITHIN OUR GROUP:

<b>Cosmos or Company</b>	:	Cosmos Technology International Berhad (Registration No. 201901017221 (1326549-P))
<b>Cosmos Group or Group</b>	:	Collectively, our Company and our Subsidiaries
<b>Cosmos Instruments</b>	:	Cosmos Instruments Sdn Bhd (Registration No. 200401022411 (660916-X))
<b>MCI</b>	:	Marc Conleth Industries Sdn Bhd (Registration No. 201001027440 (911359-A))
<b>Subsidiaries</b>	:	Collectively, Cosmos Instruments and MCI

### GENERAL:

<b>ACE Market</b>	:	ACE Market of Bursa Securities
<b>Act</b>	:	Companies Act 2016
<b>ADA</b>	:	Authorised depository agent
<b>Air Selangor</b>	:	Pengurusan Air Selangor Sdn Bhd (Registration No. 201401006213 (1082296-U))
<b>Application</b>	:	Application for our IPO Shares by way of Application Form, Electronic Share Application or Internet Share Application
<b>Application Form</b>	:	Printed application form for the application of our IPO Shares accompanying this Prospectus
<b>ATM</b>	:	Automated teller machine
<b>Authorised Financial Institution</b>	:	Authorised financial institution participating in the Internet Share Application with respect to payments for our IPO Shares
<b>Board</b>	:	Board of Directors of our Company
<b>Bursa Depository</b>	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
<b>Bursa Securities</b>	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
<b>CAGR</b>	:	Compound annual growth rate
<b>CDS</b>	:	Central depository system
<b>CDS Account</b>	:	An account established by Bursa Depository for a depositor for the recording of securities and for dealing in such securities by the depositor

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**DEFINITIONS (CONT'D)**

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<b>Channel Partner Agreement</b>	: Channel Partner Agreement entered into between Cosmos Instruments and LACROIX Sofrel dated 17 January 2022
<b>CIDB</b>	: Construction Industry Development Board
<b>CMSA</b>	: Capital Markets and Services Act 2007
<b>Constitution</b>	: Constitution of our Company
<b>Cosmos Share(s) or Share(s)</b>	: Ordinary share(s) in our Company
<b>COVID-19</b>	: An infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
<b>Dato' Chong</b>	: Dato' Chong Toh Wee
<b>Director(s)</b>	: Director(s) of our Company
<b>EBIT</b>	: Earnings before interest and taxation
<b>EBITDA</b>	: Earnings before interest, taxation, depreciation and amortisation
<b>Electronic Prospectus</b>	: A copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium including, but not limited to, CD-ROMs ( <i>compact disc read-only memory</i> )
<b>Electronic Share Application</b>	: Application for our IPO Shares under the Public Issue through a Participating Financial Institution's ATM
<b>Eligible Persons</b>	: Collectively, our Directors, employees of our Group and persons who have contributed to the success of our Group who are eligible to participate in the Public Issue
<b>EPF</b>	: Employees Provident Fund
<b>EPS</b>	: Earnings per Share
<b>Equity Guidelines</b>	: Equity Guidelines issued by the SC
<b>FYE</b>	: Financial year ended or ending 30 April, as the case may be
<b>FYE Under Review</b>	: FYE 2019, FYE 2020, FYE 2021 and FYE 2022
<b>Government</b>	: Government of Malaysia
<b>GP</b>	: Gross profit
<b>IFRS</b>	: International Financial Reporting Standards
<b>IMR or Infobusiness</b>	: Infobusiness Research & Consulting Sdn Bhd (Registration No. 199901024026 (498926-P))
<b>IMR Report</b>	: Independent market research report titled "The Fluid Control Industry in Malaysia" prepared by Infobusiness

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**DEFINITIONS (CONT'D)**

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<b>Internet Participating Financial Institution(s)</b>	: Participating financial institution(s) for the Internet Share Application
<b>Internet Share Application</b>	: Application for our IPO Shares under the Public Issue through an Internet Participating Financial Institution
<b>IPO</b>	: Our initial public offering comprising the Public Issue
<b>IPO Price</b>	: Issue price of RM0.35 per IPO Share
<b>ISSET</b>	: I.S.E.T. Engineering Sdn Bhd (Registration No. 199701040188 (455688-H))
<b>Issue Share(s) or IPO Share(s)</b>	: New Share(s) to be issued by our Company pursuant to the Public Issue
<b>Issuing House or Share Registrar</b>	: Tricor Investor & Issuing House Services Sdn Bhd (Registration No. 197101000970 (11324-H))
<b>Key Senior Management</b>	: Key senior management personnel of our Group comprising Lai Khar Khei, Syahdan Bin Ab Samad and Goh Choon Hoong
<b>LEAP Market</b>	: LEAP Market of Bursa Securities
<b>Listing</b>	: Admission to the Official List and the listing of and quotation for our entire enlarged total number of 256,501,300 Shares on the ACE Market
<b>Listing Requirements</b>	: ACE Market Listing Requirements of Bursa Securities
<b>LPD</b>	: 16 August 2022, being the latest practicable date prior to the registration of this Prospectus with Bursa Securities
<b>Malaysian Public</b>	: Malaysian citizens, companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
<b>Market Day</b>	: Any day between Monday and Friday (both days inclusive) which is not a public holiday and a day on which Bursa Securities is open for trading of securities
<b>MCCG</b>	: Malaysian Code on Corporate Governance issued by the SC as at 28 April 2021
<b>MCO</b>	: Movement control order imposed by the Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 which was in effect from 18 March 2020 and unless otherwise specified, includes all its subsequent phases
<b>Mercury Securities or Principal Adviser or Sponsor or Underwriter or Placement Agent</b>	: Mercury Securities Sdn Bhd (Registration No. 198401000672 (113193-W))
<b>MFRS</b>	: Malaysian Financial Reporting Standards
<b>MIA</b>	: Malaysian Institute of Accountants

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**DEFINITIONS (CONT'D)**

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<b>MIDA</b>	:	Malaysian Investment Development Authority
<b>MITI</b>	:	Ministry of International Trade and Industry
<b>MOF</b>	:	Ministry of Finance
<b>MSM</b>	:	MSM International Limited (Registration No. 200918800R), a company which is listed on the Catalist of Singapore Exchange Securities Trading Limited
<b>NA</b>	:	Net assets
<b>NBV</b>	:	Net book value
<b>National Recovery Plan</b>	:	A four-phase exit strategy from the COVID-19 crisis announced by the Government in 2021
<b>New Building</b>	:	A piece of leasehold land known as PT 59919, Pekan Cheras, Daerah Ulu Langat, Negeri Selangor held under H.S.(D) 174625, measuring approximately 36,860 square feet in area together with a factory cum office and warehouse erected thereon and bearing postal address of PT 59919, H.S.(D) 174625, Jalan KPB 6, Kawasan Perindustrian Kampung Baru Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan
<b>Official List</b>	:	A list specifying all securities listed on Bursa Securities
<b>Oil and Gas Customer(s)</b>	:	Customer(s) in the oil and gas industry, such as oilfield equipment and service company(ies)
<b>Participating Financial Institution</b>	:	Participating financial institution for the Electronic Share Application
<b>PAT</b>	:	Profit after taxation
<b>PAAB</b>	:	Pengurusan Aset Air Berhad (Registration No. 200601012793 (732544-D)), also known as Water Asset Management Company
<b>PBT</b>	:	Profit before taxation
<b>Pink Application Form</b>	:	Application form for the application of our Issue Shares by the Eligible Persons accompanying this Prospectus
<b>Pink Form Shares</b>	:	The allocation of 7,880,000 Issue Shares to the Eligible Persons pursuant to the Public Issue
<b>Promoters or Specified Shareholders</b>	:	Collectively, Dato' Chong and MSM
<b>Prospectus</b>	:	This prospectus dated 14 September 2022 issued by our Company
<b>Prospectus Guidelines</b>	:	Prospectus Guidelines issued by the SC
<b>Public Issue</b>	:	The public issue of 64,125,300 Issue Shares at our IPO Price



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**DEFINITIONS (CONT'D)**

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<b>QC</b>	:	Quality control
<b>Reporting Accountants</b>	:	Nexia SSY PLT (Registration No. 201906000679 (LLP0019490-LCA) & AF 002009)
<b>ROC</b>	:	Registrar of Companies
<b>Rules of Bursa Depository</b>	:	Rules of Bursa Depository as issued pursuant to the SICDA
<b>SAMB</b>	:	Syarikat Air Melaka Berhad (Registration No. 200501030101 (712238-W))
<b>SC</b>	:	Securities Commission Malaysia
<b>SICDA</b>	:	Securities Industry (Central Depositories) Act 1991
<b>Siemens Malaysia</b>	:	Siemens Malaysia Sdn Bhd (Registration No. 198201013259 (93008-X)), an affiliate company of Siemens AG
<b>SOCSSO</b>	:	Social security organisation
<b>Solution Partner Contract</b>	:	Solution partner contract entered into between Cosmos Instruments and Siemens Malaysia for Cosmos Instruments' participation in the solution partner program, including all subsequent renewal(s), since 1 October 2018
<b>SOP</b>	:	Standard operating procedures
<b>SPAN</b>	:	Suruhanjaya Perkhidmatan Air Negara also known as National Water Services Commission
<b>Specified Shareholders</b>	:	Specified shareholders of Cosmos as set out in Section 2.4 of this Prospectus
<b>SST</b>	:	Sales and Service Tax
<b>Triumphant Hope</b>	:	Triumphant Hope Sdn Bhd (Registration No. 200901038266 (881398-W))
<b>Underwriting Agreement</b>	:	Underwriting agreement dated 22 August 2022 entered into between our Company and Mercury Securities for the underwriting of 20,705,000 Issue Shares under the Public Issue
<b>US</b>	:	United States of America
<b>Vendor</b>	:	Jemco Venture Sdn Bhd (Registration No. 200201017179 (584842-X))
<b>Water Authorities</b>	:	Government agencies which are involved in the water industry such as Air Selangor, SAMB, Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (Registration No. 199901001061 (475961-X))
<b>Water Customers</b>	:	Customers in the water and wastewater industries, which include Water Authorities, Water Operators, wastewater treatment plant operators, and industrial and commercial customers, contractors and sub-contractors.

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**DEFINITIONS (CONT'D)**

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- Water Operators** : Water operators are water utility companies (i.e., water plant operators and water distributors) which are involved in the operations and maintenance of water assets.
- White Application Form** : Application form for the application of our Issue Shares by the Malaysian Public accompanying this Prospectus

**CURRENCIES AND UNITS:**

- EUR** : Euro
- RM and sen** : Ringgit Malaysia and sen
- SGD** : Singapore Dollar
- USD** : US Dollar
- %** : Per centum

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## GLOSSARY OF TECHNICAL TERMS

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

<b>Computer numerical control (CNC)</b>	:	An automated control of machining tools by means of a computer. A CNC machine processes a piece of material to meet specifications by following a coded programmed instruction and without a manual operator directly controlling the machining operation
<b>Datalogger(s)</b>	:	An electronic device that records, stores and transmits data generated from electronic flowmeters to its receiving equipment for monitoring
<b>Electromagnetic flowmeter(s)</b>	:	An electronic flowmeter which uses magnetic field to measure fluid flow through a pipe
<b>Electronic flowmeter(s)</b>	:	An industrial digital flowmeter for fluid flow rate measurement which converts the monitored fluid flow into electronic signals
<b>Fabricated metal products</b>	:	Metal parts that are combined, shaped or otherwise processed into a by-product for specific application usage.
<b>Fluids</b>	:	Substances that have no fixed shape and yield easily to external pressure, such as a liquid or a gas
<b>General Packet Radio Service (GPRS)</b>	:	A packet-switching technology that enables data transfers through cellular networks. It is used for mobile internet, multimedia messaging service and other data communications
<b>Geographic information system (GIS)</b>	:	A computer system for capturing, storing, checking and displaying data related to positions on the earth's surface
<b>Global System for Mobile (GSM)</b>	:	The second-generation (2G) digital cellular networks used by mobile devices
<b>Instrumentation services</b>	:	Consultation and advice, design and integration of telemetry solutions, installation and commissioning, calibration and testing, maintenance and training of fluid control products as provided by Cosmos
<b>Level transducer</b>	:	A sensor using ultrasonic technology to detect the level of water in contained spaces such as container, tank, dams and river
<b>Metal fabrication</b>	:	Metal working processes which include but not limited to rolling, punching, stamping, sintering, welding and machining
<b>NRW</b>	:	Non-revenue water, being the difference between the volume of treated water produced and the water billed. It is measured in percentages as an indicator of the efficiency of a water distribution network
<b>Petrochemicals</b>	:	Organic chemicals which are derived from crude oil or natural gas
<b>Petroleum</b>	:	A naturally occurring complex liquid hydrocarbon such as crude oil and natural gas
<b>Petroleum reservoir</b>	:	A subsurface body of rock having sufficient porosity and permeability to store and transmit crude oil and/or natural gas

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

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<b>Pressure transmitter</b>	:	An industrial pressure measuring instrument that measures the pressure in fluids
<b>Process instrumentation</b>	:	The equipment used in controlling, measuring and analysing variables such as temperature, pressure, humidity, fluid flow rates and fluid levels
<b>Remote terminal unit (RTU)</b>	:	A microprocessor that remote monitors digital and analog data and transmits them to a SCADA system
<b>Rig</b>	:	A machine used to drill a well (also known as a borehole or a drillhole)
<b>SCADA</b>	:	Supervisory control and data acquisition, which is a control system that is designed to collect and analyse critical data from industrial equipment
<b>Shaker filter</b>	:	A component of a shale shaker. It is a metal frame that encloses a screen or a sieve and is used to remove cuttings from the circulatory fluids during drilling operations
<b>Shale shaker</b>	:	A piece of equipment attached to a rig
<b>Telemetry</b>	:	A collection of measurements or other data at remote points and their automatic transmission to receiving equipment for monitoring
<b>Ultrasonic flowmeters</b>	:	An electronic flowmeter which uses sound waves to measure fluid flow through a pipe
<b>Workover</b>	:	The process of performing major maintenance or remedial treatments on a crude oil or natural gas well

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

<b>Name</b>	<b>Nationality/Gender</b>	<b>Designation</b>	<b>Address</b>
Datuk Phang Ah Tong	Malaysian/Male	Independent Non-Executive Chairperson	21, Jalan SS 21/8, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan
Dato' Chong Toh Wee	Malaysian/Male	Managing Director	20, Jalan Aman Sutera 8, Alam Sutera, Bukit Jalil, 57000 Kuala Lumpur
Ng Boon Keong	Malaysian/Male	Executive Director	47, Jalan SL 9/10C, Bandar Sungai Long, 43000 Kajang, Selangor Darul Ehsan
Mok Tuck Meng	Malaysian/Male	Independent Non-Executive Director	10, Jalan SCI 5/2, Country Homes, Sunway City Ipoh, 31150 Ulu Kinta, Perak Darul Ridzuan
Chong Kur Sen	Malaysian/Female	Independent Non-Executive Director	12-15-3 Robson Condominium, Persiaran Syed Putra 2, 50460 Kuala Lumpur
Chua Hui Chen	Malaysian/Female	Independent Non-Executive Director	24, Jalan SS2/98, 47300 Petaling Jaya, Selangor Darul Ehsan

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

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**AUDIT AND RISK MANAGEMENT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Mok Tuck Meng	Chairperson	Independent Non-Executive Director
Chong Kur Sen	Member	Independent Non-Executive Director
Chua Hui Chen	Member	Independent Non-Executive Director

**REMUNERATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Chong Kur Sen	Chairperson	Independent Non-Executive Director
Mok Tuck Meng	Member	Independent Non-Executive Director
Chua Hui Chen	Member	Independent Non-Executive Director

**NOMINATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Chua Hui Chen	Chairperson	Independent Non-Executive Director
Mok Tuck Meng	Member	Independent Non-Executive Director
Chong Kur Sen	Member	Independent Non-Executive Director

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

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- COMPANY SECRETARIES** : Pauline Ng Peck Kun (MAICSA 7029550) (SSM PC No. 201908002573)  
Tan Ai Peng (MAICSA 7018419) (SSM PC No. 201908003179)  
  
Level 13A-6, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur
- REGISTERED OFFICE** : Level 13A-6, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur  
  
Tel. No.: +603 9212 0978
- HEAD OFFICE** : No. 11, Jalan Mega 2/1  
Kawasan Perindustrian Mega 2  
43500 Semenyih  
Selangor Darul Ehsan  
  
Tel. No.: +603 8727 6029  
Fax. No.: +603 8962 3353  
Email: [customer.service@ctib.com.my](mailto:customer.service@ctib.com.my)  
Website: <https://www.ctib.com.my>
- PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT** : Mercury Securities Sdn Bhd  
L-7-2, No. 2, Jalan Solaris  
Solaris Mont' Kiara  
50480 Kuala Lumpur  
  
Tel. No.: +603 6201 1088
- AUDITORS AND REPORTING ACCOUNTANTS** : Nexia SSY PLT  
(201906000679 (LLP0019490-LCA) & AF 002009)  
UOA Business Park, Tower 3  
5<sup>th</sup> Floor, K03-05-08  
1, Jalan Pengaturcara U1/51A, Section U1  
40150 Shah Alam  
Selangor Darul Ehsan  
  
Tel. No.: +603 5039 1811  
  
Partner-in-charge: Michelle Yong Voon Sze  
(Approval Number: 02864/07/2024 J)  
(MIA Member No. CA 25252)  
(Chartered Accountant, Member of the Malaysian Institute of Accountants and Fellow Member of the Association of Chartered Certified Accountants)
- SOLICITORS FOR OUR LISTING** : Wong Beh & Toh  
Level 19, West Block  
Wisma Golden Eagle Realty  
142-C, Jalan Ampang  
50450 Kuala Lumpur  
  
Tel. No.: +603 2713 6050

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

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<b>INDEPENDENT MARKET RESEARCHER</b>	:	Infobusiness Research & Consulting Sdn Bhd C4-3A-3, Solaris Dutamas No. 1, Jalan Dutamas 1 50480 Kuala Lumpur  Tel. No.: +603 6205 3930  Research Director: Leow Hock Bee (B.Sc. (Hons) Geology from the University of Western Ontario and Masters of Business Administration from Massey University)
<b>ISSUING HOUSE AND SHARE REGISTRAR</b>	:	Tricor Investor & Issuing House Services Sdn Bhd Unit 32-01, Level 32, Tower A Vertical Business Suite, Avenue 3 Bangsar South 8, Jalan Kerinchi 59200 Kuala Lumpur  Tel No.: 03-2783 9299
<b>LISTING SOUGHT</b>	:	ACE Market

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## 2. APPROVALS AND CONDITIONS

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### 2.1 BURSA SECURITIES

Bursa Securities had, via its letter dated 8 July 2022, approved our admission to the Official List and our Listing subject to compliance with the following conditions:

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

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

### 2.2 SC

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

The SC had, via its letter dated 8 July 2022, approved our resultant equity structure under the equity requirements for public listed companies pursuant to our Listing, subject to compliance with the following conditions:

No.	Conditions imposed by the SC	Status of compliance
1.	Cosmos allocating Shares equivalent to 12.50% of its enlarged number of issued Shares at the point of Listing to Bumiputera investors to be approved by the MITI; and	To be complied
2.	Cosmos is to make available at least 50.00% of the Shares offered to the Malaysian Public via balloting to Bumiputera public investors at the point of Listing.	To be complied

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

Category of shareholders	As at 31 December 2021		After the Listing	
	No. of Shares	%	No. of Shares	%
<b>Bumiputera</b>				
- Bumiputera investors to be approved by MITI	-	-	32,062,700 <sup>(2)</sup>	12.5
- Bumiputera public investors via balloting	-	-	6,412,500 <sup>(2)</sup>	2.5
- Others <sup>(1)</sup>	1,000,000	0.5	1,000,000	0.4
<b>Total Bumiputera</b>	<b>1,000,000</b>	<b>0.5</b>	<b>39,475,200</b>	<b>15.4</b>
Non-Bumiputera	122,121,600	63.5	147,771,700	57.6
<b>Malaysians</b>	<b>123,121,600</b>	<b>64.0</b>	<b>187,246,900</b>	<b>73.0</b>
Foreigner	69,254,400	36.0	69,254,400	27.0
<b>Total</b>	<b>192,376,000</b>	<b>100.0</b>	<b>256,501,300</b>	<b>100.0</b>

Notes:

(1) Bumiputera investors which are not recognised or approved by MITI.

(2) Based on the assumption that Shares offered to Bumiputera investors to be approved by MITI and to Bumiputera public investors via balloting shall be fully subscribed.

### 2.3 MITI

The MITI has, via its letter dated 21 March 2022, stated it has taken note and has no objection to our Listing.

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

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### 2.4 MORATORIUM ON OUR SHARES

Pursuant to Rule 3.19(1) of the Listing Requirements and the conditions imposed under the approval letter by Bursa Securities, a moratorium will be imposed on the sale, transfer or assignment of our Shares held by our Specified Shareholders as follows:

- (i) the moratorium applies to our Specified Shareholders' entire shareholdings for a period of 6 months from the date of our admission to the ACE Market ("**First 6 Months Moratorium**");
- (ii) upon expiry of the First 6 Months Moratorium, we must ensure that our Specified Shareholders' aggregate shareholdings amounting to at least 45.00% of our issued share capital remain under moratorium for a further 6 months ("**Second 6 Months Moratorium**"); and
- (iii) upon the expiry of the Second 6 Months Moratorium, our Specified Shareholders may sell, transfer or assign up to a maximum of one-third (1/3) per annum (on a straight-line basis) of their Shares held under moratorium.

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

Details of our Shares held by our Specified Shareholders which will be subject to moratorium are as follows:

Specified Shareholders	Year 1				Year 2		Year 3	
	Shares under moratorium for the First 6 Months Moratorium		Shares under moratorium for the Second 6 Months Moratorium		Shares under moratorium		Shares under moratorium	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
Dato' Chong	103,881,600	40.50	69,255,351	27.00	46,170,234	18.00	23,085,117	9.00
MSM	69,254,400	27.00	46,170,234	18.00	30,780,156	12.00	15,390,078	6.00
<b>Total</b>	<b>173,136,000</b>	<b>67.50</b>	<b>115,425,585</b>	<b>45.00</b>	<b>76,950,390</b>	<b>30.00</b>	<b>38,475,195</b>	<b>15.00</b>

**Note:**

(1) Computed based on our enlarged total number of 256,501,300 Shares after our IPO.

The moratorium restrictions, which are fully acknowledged and accepted by our Specified Shareholders, are specifically endorsed on our share certificates representing their shareholdings which are under moratorium to ensure that our Share Registrar will not register any sale, transfer or assignment that contravenes the moratorium restrictions.

In addition, our Specified Shareholders have also provided their respective undertakings that they will comply with the said moratorium restrictions relating to the sale of their Shares as mentioned above.

### 3. PROSPECTUS SUMMARY

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

#### 3.1 PRINCIPAL DETAILS OF OUR IPO

Our IPO entails an offering of 64,125,300 IPO Shares at an IPO Price of RM0.35.

In summary, our IPO Shares will be allocated in the following manner, as set out in Section 4 of this Prospectus:

	Public Issue	
	No. of Shares	% <sup>(1)</sup>
Malaysian Public (via balloting)	12,825,000	5.00
Eligible Persons	7,880,000	3.07
Private placement to selected investors	11,357,600	4.43
Private placement to selected Bumiputera investors approved by MITI	32,062,700	12.50
<b>Total</b>	<b>64,125,300</b>	<b>25.00</b>

**Note:**

(1) Based on the enlarged total number of 256,501,300 Shares after our IPO.

Enlarged total number of Shares upon Listing	256,501,300
IPO Price	RM0.35
Market capitalisation upon Listing (calculated based on our IPO Price and the enlarged total number of 256,501,300 Shares upon Listing)	RM89,775,455
Total gross proceeds to be raised by our Company from the Public Issue	RM22,443,855

Please refer to Section 4.1 of this Prospectus for further details on our IPO.

A moratorium will be imposed on the sale, transfer or assignment of our Shares held by our Specified Shareholders. Further information on moratorium restrictions is disclosed under Section 2.4 of this Prospectus.

#### 3.2 INFORMATION ON OUR GROUP AND BUSINESS

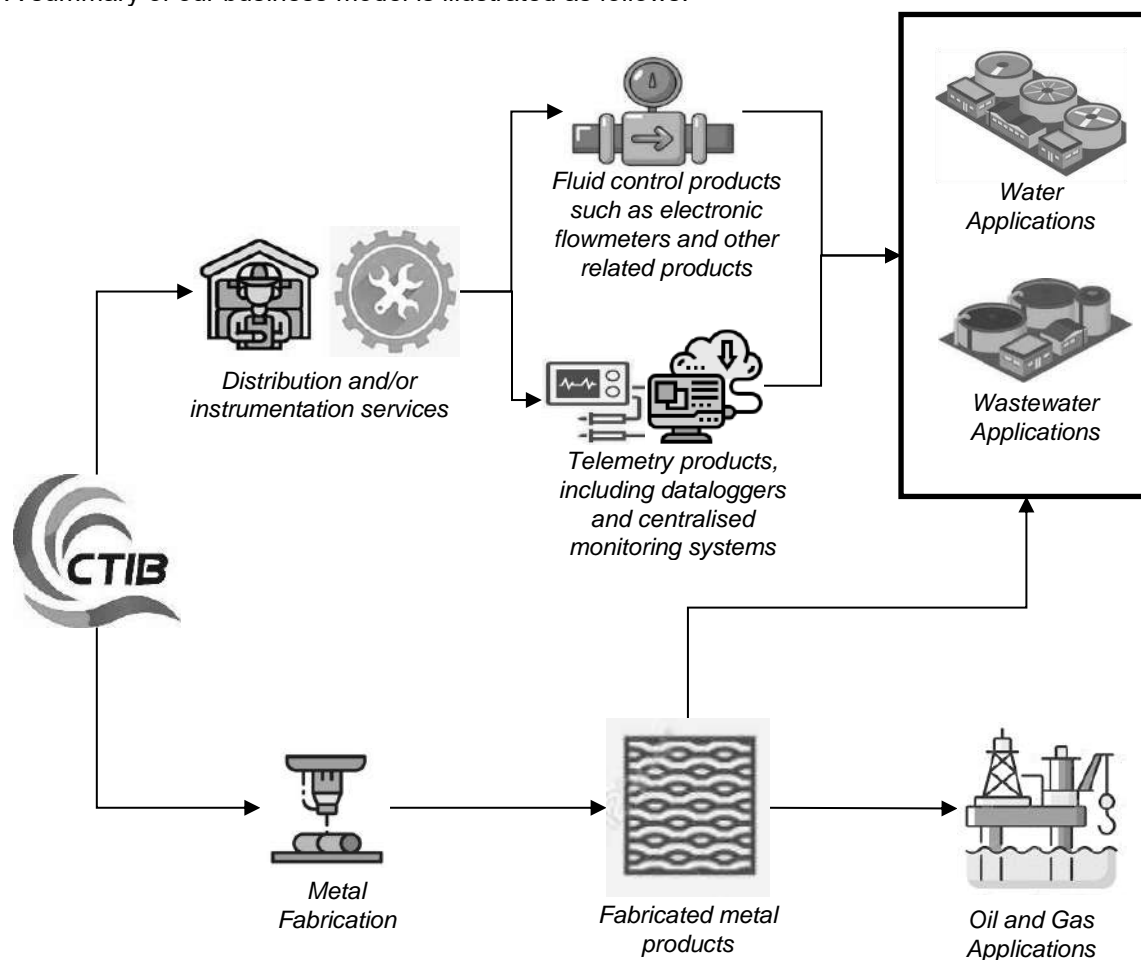
Our Company was incorporated on 14 May 2019 under the Act as a private limited company under the name Cosmos Technology International Sdn Bhd. On 30 September 2019, our Company was converted to a public limited company and assumed its present name, Cosmos Technology International Berhad.

Our Company is an investment holding company and through our Subsidiaries, we are an integrated water technology solutions provider principally involved in the distribution and instrumentation services of fluid control products and manufacturing of fabricated metal products for industrial applications used in the water, wastewater and oil and/or gas industries.

Our Company was listed on the LEAP Market on 9 March 2020. Pursuant to our listing on LEAP Market, we issued 19,240,000 Shares representing approximately 10.00% of our enlarged issued share capital at RM0.28 per Share to sophisticated investors as specified in Part I of Schedule 7 of the CMSA pursuant to Section 230 of the CMSA. Subsequently, our Company was delisted from the LEAP Market on 10 November 2021 pursuant to the withdrawal of the listing from the LEAP Market to facilitate the listing on the ACE Market.

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

A summary of our business model is illustrated as follows:



We generated our revenue mainly from Malaysia and the US for the FYE Under Review.

Further details on our Group and business are set out in Sections 6 and 7 of this Prospectus.

### 3.3 COMPETITIVE STRENGTHS AND ADVANTAGES

Our competitive strengths and advantages are as follows:

- (i) Cosmos Instruments is the certified partner and solution partner of Siemens Malaysia and official partner of Lacroix Sofrel;
- (ii) MCI possesses the competency and capability in fabricating and customising a diverse range of fabricated metal products for its customers in the water, wastewater and oil and gas industries;
- (iii) Our Group is managed by an experienced management team, thus, enabling us to provide the service that is expected by our customers in these industries; and
- (iv) Our Group has established ourselves as a reliable distributor of fluid control products for the water and wastewater industries in Malaysia and has good track record in manufacturing metal frames for shaker filters for the oil and gas industry.

Further details on our competitive strengths are set out in Section 7.7 of this Prospectus.

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

#### 3.4 BUSINESS STRATEGIES AND FUTURE PLANS

Our Group's business strategies and future plans are set out below:

(i) Acquisition of the New Building

Cosmos Instruments had, on 14 January 2022, entered into the sale and purchase agreement with the Vendor for the acquisition of the New Building for a purchase consideration of RM11.80 million on a willing-buyer willing-seller basis. As at the LPD, we have paid a total of RM1.77 million being 15% of the purchase consideration which comprised of the 10% deposit under the sale and purchase agreement and the differential sum between the purchase consideration and term loan facility for the acquisition of the New Building of RM0.59 million. The purchase of the New Building is our Group's strategy to consolidate Cosmos Instruments' and MCI's management, operations and production space in the New Building at one location. MCI intends to transfer its manufacturing operations and production space to the New Building. This will enable our Group to streamline all the internal administrative and finance processes, increase efficiency, improve and expedite decision making and reduce travel time and costs by our staff and employees. In addition, it will also enhance our Group's corporate image among the customers, suppliers, employees and other stakeholders. Further to the above, Cosmos intends to carry out renovations on the interior of the New Building without affecting its external structure. The renovations are estimated to cost approximately RM1.00 million, which will be funded by our Group's internally-generated funds.

(ii) Purchase of new machineries

In the last 12 months, MCI's production orders for the new and existing products (e.g., metal frame for shaker filters) have increased progressively. Therefore, MCI anticipates that we will be facing limitation in our production capacity for the fabrication of MCI's fabricated metal products in the near future. MCI intends to purchase several new machineries to increase MCI's manufacturing output in order to meet the anticipated increase in demand from our Oil and Gas Customers and expand MCI's manufacturing capability to produce metal body frames for shale shakers and other fabricated metal products internally. The purchase and installation of new and improved machineries, such as high-power laser cutting machines, press brake machines, and robotic welding machines has higher efficiency through improved specifications which include higher output and increased automation. The increased automation through the use of new machineries is also expected to have higher precision and enable our Group to reduce our reliance on trained workers.

Further details on our business strategies and future plans are set out in Section 7.11 of this Prospectus.

#### 3.5 RISK FACTORS

Our business is subject to a number of risk factors, many of which may have a material adverse impact on our business operations, financial position and performance. A summary of the key risk factors is set out below:

(i) **We may be materially and adversely affected by events relating to the ongoing COVID-19 pandemic or other similar future outbreaks, epidemics or pandemics**

The outbreak of pandemics of infectious diseases or other health epidemics may create substantial economic uncertainty and global instability, which may adversely affect business operations and overall economic activity globally. Please refer to Section 7.8.2 of the Prospectus for the impact of COVID-19 to our business and operations and the measures and precautions taken by us to continue our operations.

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

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During the COVID-19 pandemic, our Group recorded an increase in revenue from RM25.19 million in FYE 2020 to RM33.72 million in FYE 2021 mainly due to increased orders secured and delivered due to increased orders for flowmeters from different states' water authorities for upgrading and replacing existing flowmeters including the postponement of delivery of orders received for flowmeters between 19 March 2020 and 30 April 2020 which were fulfilled between May 2020 and September 2020. Further, our Group had recorded an increase in revenue from RM33.72 million in FYE 2021 to RM49.12 million in FYE 2022 mainly due to, among others, the higher demand from our Oil and Gas Customers as a result of the global recovery of average crude oil price in 2021. We have not experienced any termination or cancellation of any of the contracts with our customers and we were still able to procure new contracts with our customers during the MCO period. In addition, we have not experienced any shortage in inventory and product supply. Nevertheless, if there is any tightening of movement restriction in the future which results in reduction of workforce or closure of our operations, there can be no assurance that our manufacturing or distribution schedule will not be materially impacted and that we will be able to fulfil our orders in a timely manner.

**(ii) We are materially dependent on Siemens Malaysia for the supply of fluid control products that we distribute**

We are dependent on Siemens Malaysia for the distribution of fluid control products to our Water Customers. For FYE Under Review, Siemens Malaysia contributed approximately 24.54%, 46.09%, 62.45% and 38.18% of our Group's total purchases respectively. Presently, Siemens Malaysia is our main supplier of the fluid control products that we distribute. If Siemens Malaysia terminates the Solution Partner Contract and cease supplying fluid control products to us, the loss of supply may have a negative impact on our financial performance.

**(iii) We are dependent on our major customers**

Presently, the majority of our Group's revenue is derived from the manufacturing of fabricated metal products for the Oil and Gas Customers. For FYE Under Review, our major customers are NOV (Malaysia) Sdn Bhd and National Oilwell Varco, Inc., which in aggregate contributed 71.79%, 56.18%, 26.62% and 33.64% of our Group's total revenue respectively. Further, in FYE 2022, NOV Process & Flow Technologies Malaysia Sdn Bhd had become one of our Group's major customers and contributed 15.50% of our Group's total revenue in FYE 2022.

Notwithstanding that the revenue from NOV (Malaysia) Sdn Bhd and National Oilwell Varco, Inc. has decreased over the FYEs 2019 to 2021, we expect that these 3 major customers will continue to contribute significantly to our Group's revenue in the future in light of the improving crude oil prices as evident in FYE 2022 which they contributed, in aggregate, 49.14% of our Group's total revenue. Any loss of these major customers and our inability to replace these customers with new customers or with additional orders from existing customers in a timely manner, could result in a loss of revenue and may have an adverse impact on our financial performance.

**(iv) We may experience delays or disruptions in supply from our suppliers**

Presently, we are largely dependent on our suppliers, particularly Siemens Malaysia, for the supply of the fluid control products that we distribute. In the event our suppliers experience delays or disruptions in the production of the fluid control products, it would directly affect our supplies to our customers. Such delays or disruptions in the supply of fluid control products may materially and adversely impact our Group's business operations and financial performance.



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

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**(v) We rely on our subcontractors for some processes of our manufacturing**

There are certain processes of the manufacturing of our products that are outsourced to our subcontractors. Our reliance on our subcontractors will persist until we are able to expand our operations with higher production capacity or procure the required machineries. For the FYE Under Review, the total subcontractor fees incurred by our Group are between 5.57% and 10.94% of our total cost of sales. Although we have long-term business relationships with our subcontractors, there are no formal agreements or contracts signed with the subcontractors, and engagements with our subcontractors are based on purchase orders. In the event our subcontractors are unable to accept our purchase orders, we will need to engage other subcontractors to assist us in the fulfilment of the manufacturing processes required. Any unsuccessful attempt to engage subcontractor services to fulfil the manufacturing processes required in a timely manner may result in delays in project deliverables to our customers, which will subsequently affect our industry reputation.

**(vi) We are subject to the availability and volatility in prices of our raw materials and supplies**

Our Group's raw materials mainly consist of steel materials used in the manufacturing of our fabricated metal products. Our raw materials are mainly sourced locally. The price of our raw materials fluctuates in accordance with the global steel prices in the market. Global steel prices are, among others, subject to the demand and supply conditions of steel in the global market and are also subject to the prices of raw materials to produce steel, such as iron ore, coal, and steel scraps, as well as the prevailing energy costs associated with its production. Any changes in the above conditions may cause a material increase in the price of steel, which consequently may lead to an increase in our cost of production. If we are unable to pass on such increase in cost to our customers by raising the selling price of our products, it may adversely affect our cost of operations which in turn could adversely affect our operating results and financial condition.

Nevertheless, we have been able to renegotiate the selling prices of our fabricated metal products based on global steel prices which allows us to pass on the purchase costs of materials with our Oil and Gas Customers during the FYE Under Review. In view of the above, our financial performance during the FYE Under Review was not materially affected by the fluctuation of raw materials arising from the global steel prices in the market.

**(vii) We are subject to the risk of termination or non-renewal of partnership agreements**

Our Group has entered into partnership agreements with 2 of our major suppliers, namely Siemens Malaysia and LACROIX Sofrel for the distribution of Siemens and Sofrel products, respectively, in Malaysia. These partnership agreements provide us with preferential terms for our purchases and technical support when we require it. In the event of termination or non-renewal of the partnership agreements, we may not be able to enjoy competitive pricing for the products we purchase or receive technical support from our suppliers. We may be required to purchase the products of these brands from other authorised partners, which may result in a higher cost of sales for our Group. Furthermore, we may not be able to source for the specific products in our desired quantity and hence restrict our ability to fulfil our customers' orders, which may cause delays to our customers' projects.

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

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**(viii) The continued growth and success of our Group is dependent on existing Directors and key management personnel**

Our Group's continued success depends on the continuous efforts of Dato' Chong, Ng Boon Keong and our key management team who are directly responsible for our Group's daily operations. Should any of them leave our Group, we may not be able to find suitable and timely replacements for them. Accordingly, their departure could have a material adverse impact on our business operations, financial condition and operational results.

**(ix) We are dependent on trained workers at our manufacturing facility**

Our manufacturing facility requires trained workers to carry out the manufacturing and fabrication processes and we are dependent on these workers to operate our machineries to produce fabricated metal products according to our customers' specifications and requirements. If we are unable to hire and train these workers, there is a risk that we may not have sufficient workers to take over or replace our trained workers if they resign or leave their employment. Accordingly, the business operations at our manufacturing facility may be materially and adversely affected.

**(x) We are exposed to the credit risks of our customers**

We provide our customers with credit terms ranging between 30 to 90 days. However, we may extend the credit terms on a case-to-case basis depending on, among others, the length of business relationship with our customers, payment track record and creditworthiness of our customers. We are exposed to credit risks arising from our Group's trade receivables which may arise from events or circumstances beyond our Group's control. Our trade receivables for the FYE Under Review are RM15.30 million, RM5.21 million, RM9.80 million and RM15.10 million respectively and our trade receivables' turnover period for the FYE Under Review were 135 days, 149 days, 81 days and 93 days respectively.

**(xi) We are exposed to foreign exchange fluctuation risks**

We are exposed to foreign exchange fluctuation risks for our manufacturing segment, as the export sales for our fabricated metal products are mainly quoted in USD. For the FYE Under Review 47.11%, 35.09%, 12.57% and 15.63% of our Group's revenues are generated in USD. Further, under our distribution segment, our purchases of Sofrel products are denominated in EUR. Our Group does not hedge our exposure to fluctuations in foreign currency exchange rates. As such, we are subject to the risk arising from fluctuations in the exchange rate between USD and RM for the revenue generated from our export sales and exchange rate between EUR and RM for our purchases of Sofrel products.

We are exposed to foreign currency exchange gains or losses arising from the timing of billing or invoices and actual payments to our suppliers or from our customers. Any unfavourable fluctuations in these foreign exchange rates may have an adverse impact on our financial performance and profitability.

**(xii) We may not have adequate insurance coverage**

As the insurance coverages (i.e. personal accident policies for our employees, burglary insurance, fire insurance, forklift insurance, and goods in transit insurance) are subject to exclusions and limitations of liability both in amount and with respect to the insured events, we are unable to guarantee that the insurance coverage will be adequate in all circumstances to cover the losses, damages or liabilities which we may incur, in the event that any of the incidences take place or that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. To the extent that any such risks are uninsured, not covered under our insurance policies, or where the insurance protection is insufficient to cover such risks, we may have to bear such losses,

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

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damages or liabilities and consequently our business and financial performance may be materially and adversely affected.

**(xiii) We depend on our ability to secure new projects and customers**

Our future profitability and financial performance depend on our ability to secure new projects and customers. The orders for our fluid control and other related products and fabricated metal products secured by our Group are generally on a purchase order basis and we generally do not have long-term contracts with our customers save for the framework agreements with Air Selangor. We secure our sales from our customers when they place a purchase order to our sales department. If we were to lose any of our customers, particularly our major customers, and are unable to secure sales from new customers or additional sales from existing customers in a timely manner, our business and financial performance may be adversely affected.

**(xiv) We are dependent on certain licences, certifications, registrations, permits and approvals**

We are required to obtain and hold valid licences, certifications, registrations, permits and approvals granted by local authorities such as local municipal council (such as Majlis Perbandaran Kajang), CIDB, SPAN, MITI and MOF for the continuity of our business. Failure in keeping or renewing the requisite licences, certifications, registrations, permits and approvals may result in the suspension or restriction of our business operations, where we may be unable to participate in tenders or carry out ongoing works, which will adversely affect our business and financial performance.

Further details on the risks faced by our business and operations, the industry we operate in and our Shares are set out in Section 9 of this Prospectus.

**3.6 BUSINESS INTERRUPTION AND IMPACT OF COVID-19**

Our Group has experienced interruptions to our business operations due to the various MCOs and National Recovery Plan imposed by the Government to curb the spread of the COVID-19 pandemic in Malaysia from 18 March 2020 till to-date.

Throughout the various MCOs and National Recovery Plan period, our Group had operated based on the capacity permitted by MITI. Our Group had also experienced the following throughout the abovementioned period:

- (i) Cosmos Instruments experienced minor disruptions in the supply of fluid control and telemetry products between March 2020 to May 2020 as our office and our customers' offices were closed and all staff worked from home. We were not able to carry out deliveries of our fluid control and telemetry products to several of our Water Customers and there were no staff available to accept our deliveries at their respective premises. This also resulted in delays in our ability to bill our customers and collection of payments.
- (ii) Our manufacturing activities were partially disrupted and we experienced order backlogs and delivery delays for our metal fabricated products, as well as delays in our raw materials supply. Nevertheless, we were still able to secure new manufacturing orders from our customers as well as extend delivery timeframes for our metal fabricated products. Hence, we did not incur any penalties on late product deliveries as we worked together with our customers to understand the challenges posed by the various MCOs.
- (iii) 9 of our MCI employees tested positive for COVID-19 resulting in a shutdown of our manufacturing factory for 7 days (from 10 February 2021 to 16 February 2021) for deep sanitisation procedures. After the quarantined period of the infected employees, all of them recovered and returned to work. There was no order backlog because the quarantined period was during the Chinese New Year period.

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

Nevertheless, our Group did not experience any significant negative impact on our operations and financial performance during the various series of the MCO and the various phases of the NRP. We recorded an increase in revenue by 33.88% to RM33.72 million in FYE 2021 from RM25.19 million in FYE 2020. Further, we also recorded an increase in revenue by 45.66% to RM49.12 million in FYE 2022 from RM33.72 million in FYE 2021. We also have not experienced any termination or cancellation of customer contracts, as well as any shortage in inventory for our manufacturing operation and fluid control and telemetry products.

Further to be above, we have also taken the necessary precautionary measures to safeguard the health and safety of our employees working in our factory and office.

Further details on the timeline, measures and steps taken to commence and continue our manufacturing and office operations as well as impact of COVID-19 on our manufacturing operations and our supply chain resulting from the various MCOs are set out in Section 7.8.2 of this Prospectus.

#### 3.7 DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD, our Directors and Key Senior Management are as follows:

Name	Designation
<b>Directors</b>	
Datuk Phang Ah Tong	Independent Non-Executive Chairperson
Dato' Chong Toh Wee	Managing Director
Ng Boon Keong	Executive Director
Mok Tuck Meng	Independent Non-Executive Director
Chong Kur Sen	Independent Non-Executive Director
Chua Hui Chen	Independent Non-Executive Director
<b>Key Senior Management</b>	
Lai Khar Khei	Financial Controller
Syahdan Bin Ab Samad	Sales and Marketing Manager
Goh Choon Hoong	Technical Manager

Further details on our Directors and Key Senior Management are set out in Section 5 of this Prospectus.

#### 3.8 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

Details of our Promoters and substantial shareholders before and after our IPO are as follows:

Name	Nationality/ Country of incorporation	As at the LPD and before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of shares	% <sup>(1)</sup>	No. of shares	% <sup>(1)</sup>	No. of shares	% <sup>(2)</sup>	No. of shares	% <sup>(2)</sup>
<b>Promoters and Substantial Shareholders</b>									
Dato' Chong	Malaysian	103,881,600	54.00	-	-	103,881,600	40.50	-	-
MSM <sup>(3)</sup>	Singapore	69,254,400	36.00	-	-	69,254,400	27.00	-	-
<b>Substantial Shareholders</b>									
Triumphant Hope <sup>(6)</sup>	Malaysia	-	-	69,254,400 <sup>(4)</sup>	36.00	-	-	69,254,400 <sup>(4)</sup>	27.00
Chan Kee Sieng <sup>(6)</sup>	Malaysian	-	-	69,254,400 <sup>(5)</sup>	36.00	-	-	69,254,400 <sup>(5)</sup>	27.00
Chan Kit Moi <sup>(6)</sup>	Malaysian	-	-	69,254,400 <sup>(5)</sup>	36.00	-	-	69,254,400 <sup>(5)</sup>	27.00

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

**Notes:**

- (1) Based on the total number of 192,376,000 Shares before our IPO.
- (2) Based on the total enlarged number of 256,501,300 Shares after our IPO.
- (3) MSM is a public company listed on the Catalist of Singapore Exchange Securities Trading Limited. As at the LPD, the shareholders of MSM are as follows:

Name	Direct shareholdings in MSM	
	No. of shares	%
Triumphant Hope*	76,955,933	73.02
CGS-CIMB Securities (Singapore) Pte Ltd	7,449,906	7.07
Chan Wen Chau**	2,785,186	2.64
Chan Wen Yee**	883,810	0.84
Chan Kee Sieng**	187,000	0.18
Chan Kit Moi**	130,000	0.12
Others	16,999,351	16.13
<b>Total</b>	<b>105,391,186</b>	<b>100.00</b>

\* As at the LPD, the entire issued shares of Triumphant Hope are held by Chan Kee Sieng and Chan Kit Moi.

\*\* Chan Kee Sieng and Chan Kit Moi are brothers. Chan Wen Chau is the son of Chan Kee Sieng. Chan Wen Yee is the son of Chan Kit Moi. Chan Wen Chau and Chan Wen Yee are cousins. Chan Wen Chau is the nephew of Chan Kit Moi. Chan Wen Yee is the nephew of Chan Kee Sieng.

- (4) Deemed interest pursuant to Section 8 of the Act by virtue of its shareholding interest in MSM.
- (5) Deemed interest pursuant to Section 8 of the Act by virtue of their shareholding interest in Triumphant Hope.
- (6) Chan Kee Sieng and Chan Kit Moi each holds 50.00% of the shareholdings in Triumphant Hope.

Further details on our Promoters and substantial shareholders and their shareholdings in our Company are set out in Section 5 of this Prospectus.

#### 3.9 UTILISATION OF PROCEEDS

The total gross proceeds of approximately RM22.44 million to be raised by our Company from the Public Issue will be utilised by our Group in the following manner:

Utilisation of proceeds	Amount of proceeds		Estimated timeframe for utilisation from the date of our Listing
	RM'000	%	
Acquisition of New Building	10,000	44.56	Within 24 months
Purchase of new machineries	3,500	15.59	Within 24 months
Repayment of bank borrowing	1,500	6.68	Within 6 months
Working capital	4,444	19.80	Within 12 months
Estimated listing expenses	3,000	13.37	Within 1 month
<b>Total</b>	<b>22,444</b>	<b>100.00</b>	

There is no minimum subscription to be raised from our IPO. Further details on the utilisation of proceeds are set out in Section 4.5 of this Prospectus.

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

#### 3.10 FINANCIAL AND OPERATIONAL HIGHLIGHTS

The following table sets out a summary of the combined and consolidated financial information of our Group for the FYE Under Review.

	Audited			
	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000
<b>Combined and consolidated statements of profit or loss</b>				
Revenue	44,078	25,189	33,723	49,120
GP	10,860	7,684	11,822	13,649
PBT	6,186	1,969	7,430	8,208
PAT attributable to owners of the company	5,280	1,218	5,588	5,787
<b>Combined and consolidated statements of cash flow</b>				
Net cash generated from / (used in) operating activities	2,910	2,542	(456)	3,387
Net cash generated from / (used in) investing activities	15,857	223	549	(298)
Net cash (used in) / generated from financing activities	(18,357)	4,141	(547)	(972)
Net increase / (decrease) in cash and cash equivalents	410	6,906	(454)	2,117
Cash and cash equivalents at the beginning of the financial year	711	1,121	8,027	7,573
<b>Cash and cash equivalents at the end of the financial year</b>	<b>1,121</b>	<b>8,027</b>	<b>7,573</b>	<b>9,690</b>
<b>Other selected financial information</b>				
EBITDA (RM'000)	7,737	3,419	8,557	9,369
GP margin (%)	24.64	30.51	35.06	27.79
PBT margin (%)	14.03	7.82	22.03	16.71
PAT margin (%)	11.98	4.84	16.57	11.78
Gearing ratio (times)	0.88	0.25	0.25	0.31

Further details on the financial information relating to our Group are set out in Sections 12 to 14 of this Prospectus.

#### 3.11 DIVIDEND POLICY

Our Company presently does not have a fixed dividend policy. As our Company is a holding company, our income and therefore, our ability to pay dividends is dependent upon the dividends we receive from our Subsidiaries from time to time. The payment of dividends or other distributions by our Subsidiaries will depend upon their operating results, level of cash, retained earnings and gearing, capital expenditure and working capital requirements, business expansion and investment plans and other relevant factors. The dividends paid by our Group for the FYE Under Review are as follows:

	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000
Dividends paid	8,325 <sup>(1)</sup>	-(2)	-	-

**Notes:**

- (1) The dividend payout rate during the FYE 2019 is 157.68%. The dividend of RM8.33 million declared in October 2018 – December 2018 for the FYE 2019 was made after taking into consideration our Group's audited PAT for the FYE 2019 of RM5.28 million and the proceeds from the disposal of lands and buildings amounting to RM15.60 million undertaken as part of the Restructuring Exercise.
- (2) The dividend declared on 23 August 2019 by MCI of RM6.88 million in the FYE 2020 was applied towards full settlement of the amount due from our Company for the acquisition of Cosmos Instruments.

No dividend was declared and paid in FYE 2021 and FYE 2022.

Further details on our dividend policy are set out in Section 12.15 of this Prospectus.

#### 4. DETAILS OF OUR IPO

##### 4.1 DETAILS OF OUR IPO

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, our IPO Shares are expected to be allocated in the manner described below.

##### 4.1.1 Public Issue

A total of 64,125,300 Issue Shares representing approximately 25.00% of the enlarged total number of Shares are offered at our IPO Price. Our Issue Shares will be allocated in the following manner:

##### (i) Malaysian Public

12,825,000 Issue Shares, representing 5.00% of the enlarged total number of Shares will be made available for application by the Malaysian Public through a balloting process as follows:

- (a) 6,412,500 Issue Shares, representing 2.50% of our enlarged share capital, made available to public investors; and
- (b) 6,412,500 Issue Shares, representing 2.50% of our enlarged share capital, made available to Bumiputera public investors.

##### (ii) Eligible Persons

7,880,000 Pink Form Shares, representing 3.07% of the enlarged total number of Shares will be made available for application by eligible Directors, employees and persons who have contributed to the success of our Group.

A summary of the allocation of the Pink Form Shares to our eligible Directors, employees and persons who have contributed to the success of our Group is set out below:

Eligibility	No. of persons	Aggregate no. of Pink Form Shares allocated
Eligible Directors <sup>(1)</sup>	4	1,000,000
Eligible employees <sup>(2)</sup>	13	2,880,000
Persons who have contributed to the success of our Group <sup>(3)</sup>	15	4,000,000
<b>Total</b>	<b>32</b>	<b>7,880,000</b>

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

## (1) Eligible Directors

The criteria for allocation to our Directors is based on, among others, their respective roles and responsibilities in, and contribution to our Group. The number of Pink Form Shares to be allocated to our Directors are set out as follows:

<b>Name</b>	<b>Designation</b>	<b>No. of Pink Form Shares allocated</b>
Datuk Phang Ah Tong	Independent Non-Executive Chairperson	500,000
Ng Boon Keong	Executive Director	380,000
Chong Kur Sen	Independent Non-Executive Director	20,000
Chua Hui Chen	Independent Non-Executive Director	100,000
<b>Total</b>		<b>1,000,000</b>

## (2) Eligible employees

## (a) Key Senior Management

The criteria for allocation to our Key Senior Management are based on their respective roles and responsibilities in our Group, their performance, seniority within our Group as well as contributions leading up to our Listing and they will be allocated Pink Form Shares as follows:

<b>Name</b>	<b>Designation</b>	<b>No. of Pink Form Shares allocated*</b>
Lai Khar Khei	Financial Controller	700,000
Goh Choon Hoong	Technical Manager	300,000
<b>Total</b>		<b>1,000,000</b>

*Note:*

\* *Syahdan Bin Ab Samad (our Sales and Marketing Manager) has opted not to participate in the allocations of the Pink Form Shares.*

## (b) Other eligible employees

The criteria for allocation to our other eligible employees (save for our Key Senior Management) are that they must be confirmed and employed on a full-time basis, length of service, seniority and job responsibility as well as past contribution to our Group's success.



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

(3) Persons who have contributed to the success of our Group

The criteria for allocation to persons who have contributed to the success of our Group are based on their contribution to the success of our Group and length of business relationship with us. The persons who have contributed to the success of our Group include our suppliers, customers and business associates.

Save for the allocation made available for Application as disclosed in Section 4.1.1(ii) of this Prospectus, it is not known to our Company as to whether any of the Directors or Key Senior Management have the intention to subscribe for the Issue Shares allocated under Section 4.1.1(i) of this Prospectus for the Malaysian Public. Our Company is also not aware as to whether there is any person intending to subscribe for more than 5% of the Issue Shares allocated under Section 4.1.1(i) of this Prospectus for the Malaysian Public.

**(iii) Private placement to selected investors**

11,357,600 Issue Shares, representing 4.43% of our enlarged total number of Shares will be made available by way of private placement to selected investors.

**(iv) Private placement to Bumiputera Investors approved by MITI**

32,062,700 Issue Shares, representing 12.50% of our enlarged total number of Shares will be made available by way of private placement to Bumiputera investors approved by MITI.

Upon completion of our Public Issue, our total number of issued Shares will increase from 192,376,000 Shares to 256,501,300 Shares.

#### 4.1.2 Summary of our IPO Shares to be allocated, underwriting arrangement and reallocation provision

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

	<b>Public Issue</b>	
	<b>No. of Shares</b>	<b>%</b>
Malaysian Public (via balloting)	12,825,000	5.00
Eligible Persons	7,880,000	3.07
Private placement to selected investors	11,357,600	4.43
Private placement to Bumiputera investors approved by MITI	32,062,700	12.50
<b>Total</b>	<b>64,125,300</b>	<b>25.00</b>

The 12,825,000 Issue Shares made available for Application by the Malaysian Public and the 7,880,000 Pink Form Shares made available to the Eligible Persons under Sections 4.1.1(i) and 4.1.1(ii) of this Prospectus, respectively are fully underwritten by our Underwriter.

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

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All the 11,357,600 IPO Shares made available to selected investors and 32,062,700 IPO Shares made available to Bumiputera investors approved by MITI (“**MITI Tranche**”) by way of private placement under Sections 4.1.1(iii) and 4.1.1(iv) of this Prospectus, respectively, are not underwritten by our Underwriter. Irrevocable undertakings will be obtained from these selected investors to subscribe for our IPO Shares made available under the private placement.

If there is an under-subscription of the MITI Tranche, the unsubscribed MITI Tranche shall be offered to Bumiputera institutional investors. Any unsubscribed MITI Tranche not taken up by the Bumiputera institutional investors will be allocated firstly to Bumiputera public investors and thereafter to the other Malaysian Public via the balloting process under the Application by the Malaysian Public as mentioned in Section 4.1.1(i) of this Prospectus.

If there is an under-subscription of Issue Shares in respect of the allocation to private placement to selected investors, any unsubscribed Issue Shares will be made available for Application by the Malaysian Public.

Any unsubscribed Pink Form Shares (“**Excess Issue Shares**”) will be re-offered to other Eligible Persons (excluding our Directors) who have applied for excess on top of their pre-determined allocation and allocated on a fair and equitable basis in the following priority:

- (i) firstly, allocation on a pro-rata basis to the eligible employees of our Group who have applied for the Excess Issue Shares based on the number of Excess Issue Shares applied for;
- (ii) secondly, allocation of any surplus Excess Issue Shares after (i) above on a pro-rata basis to persons who have contributed to the success of our Group who have applied for the Excess Issue Shares based on the number of Excess Issue Shares applied for; and
- (iii) thirdly, to minimise odd lots.

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

Once completed, the steps involving items (i) to (iii) above will not be repeated. Should there be any balance of Excess Issue Shares thereafter, such balance will be made available to the Malaysian Public and/or selected investors via private placement.

Any unsubscribed Issue Shares allocated for Application by the Malaysian Public will be reallocated to selected investors via private placement. Any remaining Issue Shares not taken up by the selected investors after being reallocated from the Malaysian Public and/or Eligible Persons shall be taken up by our Underwriter in accordance with the terms and conditions of the Underwriting Agreement.

The allocation of our IPO Shares shall be on a fair and equitable manner and shall take into account the desirability of distributing our IPO Shares to a reasonable number of applicants with a view of broadening our Company's shareholding base to meet the public shareholding spread requirements of Bursa Securities and to establish a liquid market for our Shares.

The number of IPO Shares offered under the Public Issue will not be increased via any over-allotment or “greenshoe” option.

Details on the underwriting arrangement are set out in Section 4.7 of this Prospectus.

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

##### 4.1.3 Minimum subscription

There is no minimum level of proceeds to be raised by us under our IPO. However, in order to comply with the public shareholding spread requirement of the Listing Requirements or as approved by Bursa Securities, the minimum subscription level will be the number of Shares required to be held by public shareholders of our Company to comply with the minimum public shareholding spread requirement under the Listing Requirements.

Under the Listing Requirements, we are required to have a minimum of 25.00% of our Shares held by at least 200 public shareholders, each holding not less than 100 Shares at the point of our Listing. If the above requirement is not met, we may not be able to proceed with our Listing. Please refer to Section 9.3.2 of this Prospectus for details in the event our Listing is delayed or aborted.

#### 4.2 SHARE CAPITAL, CLASSES OF SHARES AND RANKING

Upon completion of our IPO, our enlarged issued share capital would be as follows:

Details	No. of Shares	RM
Total number of Shares as at the date of this Prospectus	192,376,000	13,962,515
New Shares to be issued pursuant to the Public Issue	64,125,300	22,443,855
<b>Enlarged total number of Shares upon Listing</b>	<b>256,501,300</b>	<b>36,406,370</b>
IPO Price		0.35
<b>Pro forma consolidated NA (attributable to the owners of our Group) per Share</b> as at 30 April 2022 (based on the enlarged issued share capital of 256,501,300 Shares after the Public Issue and the intended use of proceeds)		0.19
<b>Market capitalisation upon Listing</b> (based on our IPO Price and the enlarged issued share capital of 256,501,300 Shares upon Listing)		89,775,455

As at the date of this Prospectus, we have only one class of shares, being ordinary shares. Our Issue Shares will, upon allotment and issuance, rank equally in all respects with our then existing Shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of allotment of our Issue Shares, subject to any applicable Rules of Bursa Depository.

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

At any general meeting of our Company, each of our shareholders shall be entitled to vote in person, by proxy, by attorney or by duly authorised representative. A proxy may but need not be a member of our Company and there shall be no restriction as to the qualification of the proxy.

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

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

#### 4.3 BASIS OF ARRIVING AT OUR IPO PRICE

Our IPO Price was determined and agreed upon between our Directors and our Promoters, together with Mercury Securities, being our Principal Adviser, Sponsor, Underwriter and Placement Agent, after taking into consideration the following factors:

- (i) our pro forma consolidated NA per Share of approximately RM0.19 as at 30 April 2022 based on the enlarged issued share capital of 256,501,300 Shares in our Company after the IPO and utilisation of proceeds from our Public Issue as set out in Section 4.5 of this Prospectus;
- (ii) price-to-earnings multiple of approximately 15.51 times based on our Group's EPS of 2.26 sen for the FYE 2022 after taking into account the enlarged total number of 256,501,300 Shares and PAT attributable to owners of our Company of RM5.79 million. Our PAT after adjusting for the Listing expenses incurred in FYE 2022 of RM1.67 million would be RM7.46 million, which translates into an adjusted EPS of 2.91 sen for the FYE 2022 and a price-to-earnings multiple of approximately 12.04 times;
- (iii) our historical financial track record as summarised below:

	<u>FYE 2019</u> <u>RM'000</u>	<u>FYE 2020</u> <u>RM'000</u>	<u>FYE 2021</u> <u>RM'000</u>	<u>FYE 2022</u> <u>RM'000</u>
Revenue	44,078	25,189	33,723	49,120
GP	10,860	7,684	11,822	13,649
PAT attributable to owners of our Company	5,280	1,218	5,588	5,787

- (iv) our competitive strengths and advantages as set out in Section 7.7 of this Prospectus;
- (v) our Group's business strategies and future plans as described in Section 7.11 of this Prospectus;
- (vi) overview and outlook of the industry in which our Group operates, as well as the prevailing market conditions as described in Section 8 of this Prospectus; and
- (vii) the market performance of Bursa Securities and anticipated demand for our IPO Shares.

**Prospective investors should note that the market price of our Shares upon Listing is subject to the vagaries of market forces and other uncertainties which may affect the market price of our Shares. Prospective investors should form your own views on the valuation of our IPO Shares and reasonableness of the bases used before deciding to invest in our IPO Shares. You are also reminded to consider carefully the risk factors as set out in Section 9 of this Prospectus.**

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

##### 4.4 DILUTION

Dilution is the amount by which the price paid by you for our Issue Shares (i.e. the IPO Price) exceeds our pro forma consolidated NA per Share immediately after the implementation of our IPO. The following table illustrates such dilution on a per Share basis:

	<u>RM</u>
IPO Price	0.35
Audited consolidated NA per Share as at 30 April 2022 before our Public Issue	0.14
Pro forma consolidated NA per Share as at 30 April 2022 after the Public Issue and the intended use of proceeds	0.19
Increase in the pro forma consolidated NA per Share attributable to our existing shareholders	0.05
Dilution in the pro forma consolidated NA per Share to new investors	0.16
Dilution in the pro forma consolidated NA per Share to new investors as a percentage of our IPO Price	45.71%

Please refer to Section 13 of this Prospectus for further details of our Group's pro forma consolidated NA per Share as at 30 April 2022.

Save as disclosed below, there is no substantial disparity between our IPO Price and effective cash cost of our Shares acquired by our Promoters, Directors, substantial shareholders or Key Senior Management, or persons connected with them, or any transaction entered into by them which grants them the right to acquire any of our Shares from the date of our incorporation to the date of this Prospectus:

<u>Name</u>	<u>No. of Shares held before our IPO</u>	<u>Total consideration RM</u>	<u>Average effective cost for each Share RM</u>
<b><u>Promoter, Director and substantial shareholder</u></b>			
Dato' Chong	103,881,600	5,194,080	0.05
<b><u>Promoter and substantial shareholder</u></b>			
MSM	69,254,400	3,462,720	0.05
<b><u>Director</u></b>			
Mok Tuck Meng	1,000,000	280,000	0.28
<b>Total</b>	<b><u>174,136,000</u></b>	<b><u>8,936,800</u></b>	

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

##### 4.5 UTILISATION OF PROCEEDS

The total gross proceeds of approximately RM22.44 million from the Public Issue will be utilised by our Group in the following manner:

Utilisation of proceeds	Note	Amount of proceeds		Estimated timeframe for utilisation from the date of our Listing
		RM'000	%	
(i) Acquisition of New Building	i	10,000	44.56	Within 24 months
(ii) Purchase of new machineries	ii	3,500	15.59	Within 24 months
(iii) Repayment of bank borrowing	iii	1,500	6.68	Within 6 months
(iv) Working capital	iv	4,444	19.80	Within 12 months
(v) Estimated expenses listing	v	3,000	13.37	Within 1 month
<b>Total</b>		<b>22,444</b>	<b>100.00</b>	

##### Notes:

Further details of the utilisation of proceeds are set out in the ensuing paragraphs:

##### (i) Acquisition of New Building

We have earmarked RM10.00 million or 44.56% of the total proceeds from our Public Issue to acquire the New Building which is a piece of industrial land with existing and ready built factory as well as office in Balakong industrial area. The New Building has a land area of approximately 36,860 square feet with a semi-detached factory erected thereon comprising factory area on part of the ground floor, office area on the ground floor, levels 1 and 2 and an open utility area on the rooftop. The New Building has a built-up area of approximately 27,782 square feet. Cosmos Instruments had, on 14 January 2022, entered into the sale and purchase agreement with the Vendor for the acquisition of the New Building for a purchase consideration of RM11.80 million on a willing-buyer willing-seller basis. As at the LPD, we have paid a total of RM1.77 million being 15% of the purchase consideration which comprised of the 10% deposit under the sale and purchase agreement and the differential sum between the purchase consideration and term loan facility for the acquisition of the New Building (as detailed below in this section) of RM0.59 million.

Presently, our employees and operations are housed in 2 different locations, that is our management office located in Semenyih, Selangor and MCI's manufacturing facility located in Balakong, Selangor. Our Group plans to consolidate and centralise both Cosmos Instruments' and MCI's management, operations and production space in the New Building at one location. MCI intends to transfer its manufacturing operations and production space to the New Building. This will enable our Group to streamline all our internal administrative and finance processes, increase efficiency, improve and expedite decision making and reduce travel time and costs by our staff and employees and other stakeholders. In addition, it will also enhance our corporate image among our customers, suppliers, employees and other stakeholders.

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

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Our Group does not expect the lower built-up area of the New Building as compared to our existing manufacturing in Balakong to constrain our Group's plan to expand our manufacturing capability and capacity after taking into consideration the following:

- (i) the purchase and installation of new and improved machineries, such as high-power laser cutting machines, press brake machines, and robotic welding machines, as detailed in Note (ii) below, has higher efficiency through improved specifications which include higher output and increased automation. Increased automation through the use of new machineries is also expected to have higher precision and enable our Group to reduce our reliance on trained workers; and
- (ii) the relocation of our Group's operations provides an opportunity for our Group to re-design our manufacturing processes and systems at the New Building.

This is to improve our efficiency in the use of our production space by identifying and reducing inefficiencies such as, among others, reducing storage space and maintaining optimum level of inventory with improved supply chain management by leveraging our established business relationships with our suppliers through shorter delivery time.

The New Building will also be used by Cosmos Instruments to set up a product showroom and service and maintenance centre and store its inventories. Cosmos Instruments intends to showcase our range of fluid control products, flowmeters, RTUs and other products distributed by Cosmos Instruments and to demonstrate their functions and potential benefits and advantages to our future or potential customers. Cosmos intends to carry out renovations on the interior of the New Building without affecting its external structure. The renovations are estimated to cost approximately RM1.00 million, which will be funded by our Group's internally-generated funds. The renovations will not be subject to approval from any relevant authority.

The cost of acquiring the New Building is RM11.80 million (excluding stamp duty, legal fees and other miscellaneous charges). Pending the receipt of the proceeds from the Public Issue, our Group intends to fund the acquisition of the New Building via bank borrowings and/or internally-generated funds. Pursuant to a letter of offer dated 3 March 2022, our Group was offered a term loan facility of RM10.03 million by Public Islamic Bank Berhad for the acquisition of the New Building with a tenure of 20 years. Upon receipt of the proceeds from the Public Issue, our Company will use the RM10.00 million allocated for the acquisition of the New Building to repay the bank borrowings taken to fund the acquisition of the New Building with the remaining RM0.03 million to be financed by our Group's internally-generated funds. The intended repayment of bank borrowing will result in an estimated annual interest savings of approximately RM0.318 million based on the effective interest rate of approximately 3.17% per annum.

We intend to complete the acquisition of the New Building within 24 months from the date of our Listing.

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

##### (ii) Purchase of new machineries

We intend to allocate RM3.50 million or 15.59% of the total proceeds from our Public Issue to MCI for our purchase of new machineries to be located at the New Building to expand our manufacturing operations.

Details of the new machineries proposed to be acquired are as follows:

Type of machinery	Description (Purpose)	No. of unit(s)	Estimated cost (RM'000)
Laser cutting machine	To obtain higher powered laser from 1,500 watts to 3,000 watts	2	1,600
Tube/pipe laser cutting machine	To automatically cut any size of metal pipes into desired lengths with clean and accurate cut to produce pipes used in the production.	1	650
Press brake machine	To bend the metal sheet into the desired form.	2	1,000
Robotic welding machine	To perform fast welding, which completely automates the welding process without any reliance on personnel to weld the materials.	3	600
<b>Total</b>		<b>8</b>	<b>3,850</b>

The estimated cost for the purchase of machineries is inclusive of the installation cost and was derived based on quotations. All the machineries will be purchased locally.

As at the LPD, we have 1 unit of laser cutting machine, 1 unit of tube/pipe cutting machine, 2 units of press brake machines and 16 units of robotic welding machines. We intend to purchase new laser cutting machines, tube/pipe laser cutting machine, press brake machines and robotic welding machines as additional machineries to increase our production and manufacturing capacity in order to meet the anticipated increase in demand from our Oil and Gas Customers and our plan to grow our customer base from the water and wastewater industry. With these additional machineries, we are also able to reduce our dependency on our subcontractors for laser cutting and bending services.

The purchase of these new machineries is in line with our Group's future plans to further expand MCI's manufacturing operations. Please refer to Section 7.11 of the Prospectus for our Group's future plans.

We intend to complete the purchase of the new machineries within 24 months from the date of our Listing.

The excess cost for the purchase of machineries will be funded from our internally-generated funds and/or bank borrowings.



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

##### (iii) Repayment of bank borrowing

We have earmarked RM1.50 million or 6.68% of the total proceeds from our Public Issue to repay part of the Group's bank borrowings. MCI has an overdraft facility of RM1.50 million with United Overseas Bank (Malaysia) Bhd. As at the LPD, the amount outstanding under the overdraft facility is RM1.49 million. We intend to repay the entire amount outstanding under the abovementioned overdraft facility to reduce our financing cost. The repayment is expected to result in interest savings of approximately RM0.06 million per year based on the weighted average interest rate of 5.76% per annum. However, the actual interest savings may vary depending on the then applicable interest rate.

We intend to fully repay the entire amount outstanding under the overdraft facility within 6 months from the date of our Listing.

Any excess from the proceeds allocated for the repayment of bank borrowing will be adjusted to our working capital.

##### (iv) Working capital

We intend to allocate RM4.44 million or 19.80% of the total proceeds from our Public Issue to supplement our general working capital requirements. The following is a breakdown of the expected utilisation for our working capital:

Details	RM'000
Purchase of goods and settlement of trade payables <sup>(1)</sup>	2,500
General working capital <sup>(2)</sup>	1,944
<b>Total</b>	<b>4,444</b>

Notes:

- (1) Includes purchase of fluid control products (i.e. electronic flowmeters, level transducers, pressure transmitters) and telemetry products (i.e. datalogger and RTU) as well as steel materials.

The settlement of trade payables refers to the payments to be made to our suppliers for the future purchase of goods which includes purchase of fluid control products (i.e. electronic flowmeters, level transducers, pressure transmitters) and telemetry products (i.e. datalogger and RTU) as well as steel materials from the proceeds raised from our Public Issue. Hence, the purchase of goods and settlement of trade payables are inter-related.

In view of the above, our Company is unable to segregate the allocation of proceeds to be utilised for purchase of goods and settlement of trade payables at this juncture.

- (2) Includes payment of wages, salaries, medical expenses and benefits to our employees and payment of administration and operational expenses such as for the upkeep of offices, office utilities and related expenses.

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


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**(v) Estimated listing expenses**

Our listing expenses are estimated to be approximately RM3.00 million or 13.37% of the total proceeds from our Public Issue. The details of which are as follows:

<b>Estimated listing expenses</b>	<b>RM'000</b>
Professional fees <sup>(1)</sup>	2,100
Estimated brokerage, underwriting and placement fees	401
Other fees and expenses such as printing, advertising, travel and roadshow expenses	320
Miscellaneous expenses and contingencies <sup>(2)</sup>	179
<b>Total</b>	<b>3,000</b>

Notes:

- (1) Includes professional fees payable to, among others, our Principal Adviser, Solicitors, Reporting Accountants, IMR and Issuing House.
- (2) This includes other incidental charges or related expenses in connection with our IPO, such as fees to be paid to the translator, media or investor relation consultant and funds reserved for contingency purposes.

If our actual listing expenses are higher than the amount budgeted, the deficit will be funded out of the portion allocated for our working capital requirements. Conversely, if our actual listing expenses are lower than the amount budgeted, the excess will be utilised for our working capital requirements.

We intend to utilise the proceeds allocated for the listing expenses within 1 month from the date of our Listing.

Pending the eventual utilisation of proceeds from our Public Issue for the above intended purposes, we intend to place the proceeds (including accrued interest, if any) or the balance thereof in interest bearing deposits and/or money market instruments with licensed financial institutions in Malaysia.

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

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

##### **4.6.1 Underwriting commission**

We have entered into the Underwriting Agreement with Mercury Securities, our Underwriter for the underwriting of 20,705,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations (“**Underwritten Shares**”). We will pay an underwriting commission of 2.5% of the total value of the Underwritten Shares based on the IPO Price.

##### **4.6.2 Brokerage fee**

We will pay the brokerage fee in respect of our 12,825,000 Issue Shares available for application by the Malaysian Public and Pink Form Shares under the Public Issue, at the rate of 1.00% of our IPO Price in respect of all successful applications which bear the stamp of either the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or the Issuing House.

Mercury Securities, being our Placement Agent is entitled to charge brokerage commission to successful applicants for the IPO Shares made available to selected investors and Bumiputera investors approved by MITI by way of private placement. For the avoidance of doubt, such brokerage commission under the abovementioned successful applications will not be payable by us.

##### **4.6.3 Placement fee**

Our Placement Agent has agreed to place out 43,420,300 Issue Shares to selected investors and Bumiputera investors approved by MITI. Our Company will pay a placement fee of up to 2.50% of the total value of Issue Shares successfully placed out by our Placement Agent.

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

Pursuant to the Underwriting Agreement entered on 22 August 2022, the Underwriter has agreed to underwrite 20,705,000 Underwritten Shares for an underwriting commission of 2.5% of the total value of the Underwritten Shares based on the IPO Price and on the terms and conditions as set out in the Underwriting Agreement.

The following are the salient terms of the Underwriting Agreement. The capitalised terms used in this section shall have the respective meanings as ascribed thereto in the Underwriting Agreement:

- (i) The obligation of our Underwriter to underwrite the Underwritten Shares under the Underwriting Agreement is conditional on the performance by our Company of our obligations under the Underwriting Agreement and is conditional on the following:
  - (a) our Underwriter receiving the certificate in the form or substantially in the form contained in Schedule 3 (Certificate by the Company) of the Underwriting Agreement, one dated the date of registration of the Prospectus and the other dated the Closing Date, both of which are to be signed by a director of our Company (on behalf of our Board) stating that, to the best of his knowledge and belief, after having made all reasonable enquiries with the Directors and management of our Company, there has been no such change, development or occurrence as set out in the Underwriting Agreement and being provided with the reports or confirmation and being satisfied at the date of registration of the Prospectus and Closing Date respectively that:

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

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- there is no occurrence of any change or any development likely to result in a prospective change in the financial position, business operations or conditions (financial or otherwise) of our Group taken as a whole and from that set out in the Prospectus which would have or is likely to have a material adverse effect;
  - there is no occurrence of any event or the discovery of any facts or circumstances which would render any representations, warranties or undertakings set out in the Underwriting Agreement to be untrue or inaccurate, misleading or incorrect, not complied with, failure to be performed in any respect or result in a breach of the Underwriting Agreement by our Company;
  - there is no occurrence of any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), political or fiscal or economic conditions or exchange control or currency exchange rates which in the opinion of our Underwriter would have or is likely to have a material adverse effect (whether in the primary market or in respect of dealings in the secondary market). For the avoidance of doubt, if the FTSE Bursa Malaysia KLCI ("Index") is, at the close of normal trading on Bursa Securities, on any Market Day, on or after the date of the Underwriting Agreement and prior to the Closing Date, lower than 90% of the level of Index at the last close of normal trading on Bursa Securities on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least three (3) consecutive Market Days, it shall be deemed a material adverse change in the stock market condition;
  - there is no breach by our Company of any of its obligations under the Underwriting Agreement;
  - all undertakings, representations, warranties and covenants of our Company under the Underwriting Agreement has been complied with and not breached; and
  - our Company has satisfied all the conditions as set out in the Underwriting Agreement on its part to be performed.
- (b) the Underwriting Agreement being signed by the relevant authorised signatories to the Underwriting Agreement and stamped within the statutory time frame;
- (c) the Prospectus being in the form and substance satisfactory to our Underwriter;
- (d) the issue of the Prospectus not later than one (1) month from the date of the Underwriting Agreement or such later date as our Underwriter and our Company may from time to time agree in writing;
- (e) the registration of the Prospectus and such other documents as may be required in accordance with the CMSA in relation to the IPO with Bursa Securities and its lodgement with the ROC by the Issue Date;
- (f) all necessary approvals including, but not limited to, the approvals as set out in the Underwriting Agreement remaining in full force and effect and that all conditions to the approvals (except for any which can only be complied with after the IPO has been completed) have been complied with;

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

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- (g) the approval of Bursa Securities for the admission of our Company to the Official List and the Listing being obtained on terms acceptable to our Underwriter and the approvals of Bursa Securities and all such approvals stated in the Underwriting Agreement remaining in full force and effect and that all conditions (except for any which can only be complied with after the IPO has been completed) have been complied with to our Underwriter's reasonable satisfaction;
- (h) our Underwriter being satisfied that our Company will, following completion of the IPO, be admitted to the Official List and its Enlarged Shares quoted on the ACE Market no later than two (2) months from the date of the Underwriting Agreement unless mutually agreed to in writing by the parties;
- (i) the execution of the Placement Mandate and such agreement(s) as may be determined by the Placement Mandate are in force and not having been terminated or rescinded pursuant to the provisions thereof (whereby for the avoidance of doubt, the execution of the Placement Mandate by our Underwriter in its capacity as the placement agent shall be at the sole discretion of our Underwriter);
- (j) our Underwriter receiving a copy duly certified by a director or secretary of our Company to be a true and accurate copy and in full force and effect, of a resolution of the Directors:
- approving the Prospectus (including a confirmation that the Directors, collectively and individually, accept full responsibility for the accuracy of all information stated in the Prospectus), the Underwriting Agreement and the transactions contemplated by it;
  - authorising the issuance of the Prospectus;
  - authorising a Director to sign and deliver the Underwriting Agreement on behalf of our Company;
  - approving the IPO and the Listing and the transactions contemplated by each of the same; and
  - approving the allotment and issue of the IPO Shares under the IPO.
- (k) all the resolutions referred to in Section 4.7(j) remaining in full force and effect as at the Closing Date and none having been rescinded or revoked or varied;
- (l) the IPO and/or the Listing not being prohibited or impeded by any statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia and all consents, approvals, authorisations or other orders required by our Company under such laws for or in connection with the IPO and/or the Listing have been obtained and are in force up to and including the Trading Date;
- (m) our Company and/or any of our Subsidiaries does not have any actual or contingent liability under applicable laws or regulations concerning human health and safety, pollution or protection of the environment or in relation to any interest in land which would have a material effect on the IPO and/or the Listing;
- (n) our Underwriter being satisfied that our Company has complied with and that the IPO and the Listing is in compliance with the policies, guidelines and requirements of the Bursa Securities, SC and all other applicable securities laws and regulations, including all revisions, amendments and/or supplements to it;

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

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- (o) there being no occurrence of any event which occurs after the date of the Underwriting Agreement and on or prior to the Trading Date which if it had occurred before the date of the Underwriting Agreement would have rendered any of the representations, warranties and undertakings as set out in the Underwriting Agreement untrue or inaccurate;
  - (p) there not having occurred on or prior to the Closing Date any breach of and/or failure to perform any of the undertakings by our Company contained in the Underwriting Agreement;
  - (q) there not being any investigation, directions or actions by any judicial, governmental or regulatory authority in relation to the Listing or in connection with our Group which is still subsisting or unresolved to the satisfaction of our Underwriter;
  - (r) there having been, as at Closing Date, no registration or lodgement of any amendment, supplement, or replacement to the Prospectus with Bursa Securities or the ROC without the prior written approval of our Underwriter;
  - (s) the obligations of our Underwriter to subscribe for and/or procure subscriptions for the Underwritten Shares not being prohibited by any statute, order, external rule, directive or regulation amended, supplemented or introduced after the date of the Underwriting Agreement by any legislative, executive or regulatory body or authority in Malaysia at any time on or before the Trading Date; and
  - (t) our Underwriter being satisfied with the arrangements of our Company to pay the expenses as set out in the Underwriting Agreement.
- (ii) Notwithstanding anything contained in the Underwriting Agreement, our Underwriter may at its sole and absolute discretion terminate the Underwriting Agreement and withdraw its obligations upon the occurrence of any of the following:
- (a) there is any breach by our Company of any of the representations, warranties or undertakings as set out in the Underwriting Agreement or which is contained in any certificate, statement or notice under or in connection with the Underwriting Agreement; or
  - (b) there is failure on the part of our Company to perform any of its obligations contained in the Underwriting Agreement; or
  - (c) there is withholding of information from our Underwriter which is required to be disclosed pursuant to the Underwriting Agreement which, in the opinion of our Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group, the success of the IPO, or the distribution or sale of the Shares issued or offered under the IPO; or
  - (d) there shall have occurred, or happened any material and adverse change in the business or financial condition of our Group; or
  - (e) the closing date of the application of the IPO Shares does not occur within three (3) months from the date of the Underwriting Agreement, subject to the extension of the Closing Date which is approved by our Underwriter in consultation with Bursa Securities and/or the SC; or

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

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- (f) the occurrence of any force majeure event or any event or series of events beyond the reasonable control of our Underwriter including (without limitation) acts of government, acts of God (including, without limitation, the occurrence of a tsunami and/or earthquakes), pandemic, epidemic, acts of terrorism, strikes, national disorder, declaration of a state of emergency, lock outs, fire, explosion, flooding, landslide, civil commotion, sabotage, acts of war, diseases or accidents which would have or can reasonably be expected to have a material adverse effect or which has or is likely to have the effect of making any obligation under the Underwriting Agreement incapable of performance with its terms or which prevents the processing of applications and/or payments pursuant to the IPO or pursuant to the underwriting of the Underwritten Shares; or
- (g) there shall have occurred any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), political or fiscal or economic conditions or exchange control or currency exchange rates which in the opinion of our Underwriter would have or is likely to have a material adverse effect (whether in the primary market or in respect of dealings in the secondary market). For the avoidance of doubt, if the Index is at the close of normal trading on Bursa Securities, on any Market Day, on or after the date of the Underwriting Agreement and prior to the Closing Date, lower than 90% of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least three (3) consecutive Market Days, it shall be deemed a material adverse change in the stock market condition; or
- (h) any new law or change in law, regulation, directive, policy or ruling in any jurisdiction, interpretation or application by the court/authorities which has/likely to have material adverse effect on our Group and/or materially prejudice the business or the operations of our Group, the success of the IPO, or the Listing or market conditions generally or which has or is likely to have the effect of making the Underwriting Agreement incapable of performance in accordance with its terms; or
- (i) any imposition of moratorium, suspension or material restriction on trading of securities on Bursa Securities; or
- (j) any government requisition or occurrence of any other nature which would have or is likely to have a material adverse effect on the business, operations and/or financial position or prospects of our Group or the success of the IPO; or
- (k) the Public Issue is stopped or delayed by our Company, the Selling Shareholder or any relevant authorities for any reason whatsoever (unless such delay has been approved by our Underwriter); or
- (l) any commencement of legal proceedings or action against any member of our Group or the Selling Shareholder or any of their directors, which in the opinion of our Underwriter, would have or is likely to have a material adverse effect or make it impracticable to market the IPO or to enforce contracts to allot and/or transfer the Shares; or

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

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- (m) any one of the Issue Documents (i) having been terminated or rescinded in accordance with its terms; (ii) ceased to have any effect whatsoever, or (iii) varied or supplemented upon terms and such variation or supplementation would have or likely to have a material adverse effect; or
- (n) any of the resolutions or approvals referred to in Section 4.9(i)(j) is revoked, suspended or ceases to have any effect whatsoever, or is varied or supplemented upon terms that would have or is likely to have a material adverse effect; or
- (o) if Bursa Securities, the SC or any other relevant authority issues an order pursuant to any Malaysian law such as to make it impracticable to market the IPO or to allot and/or transfer the IPO Shares; or
- (p) any other event in which a material adverse effect has occurred or which in the opinion of our Underwriter is likely to occur; or
- (q) if the obligations of our Underwriter to subscribe for and/or procure subscriptions for the Underwritten Shares is or becomes prohibited by any statute, order, rule, directive or regulation amended, supplemented or introduced after the date of the Underwriting Agreement by any legislative, executive or regulatory body or authority of any jurisdiction; or
- (r) in the event that the Listing is withdrawn or not procured or procured but subject to conditions not acceptable to our Underwriter or does not take place within two (2) months from the date of the Underwriting Agreement or such other extended date as may be agreed in writing by our Underwriter in consultation with Bursa Securities and/or the SC.

#### 4.8 OBJECTIVES OF OUR IPO

The objectives of our IPO are as follows:

- (i) to establish liquidity for our Shares by the listing of and quotation for our entire issued share capital of 256,501,300 Shares on the ACE Market;
- (ii) to enable us to access the equity capital market and to provide us the financial flexibility to pursue growth opportunities;
- (iii) to enable our Group to raise funds for the purposes as set out in Section 4.5 of this Prospectus;
- (iv) to enable our Group to gain recognition through our listing status which will further enhance our corporate reputation and brand name which is aimed at expanding our customer base; and
- (v) to provide an opportunity for the Malaysian Public, our eligible Directors and employees as well as persons who have contributed to the success of our Group to participate in our equity.



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

### 5.1 OUR PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

#### 5.1.1 Shareholdings of our Promoters and substantial shareholders

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

Name	Nationality/ Country of incorporation	As at the LPD and before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of shares	% <sup>(1)</sup>	No. of shares	% <sup>(1)</sup>	No. of shares	% <sup>(2)</sup>	No. of shares	% <sup>(2)</sup>
<b><u>Promoters and Substantial Shareholders</u></b>									
Dato' Chong	Malaysian	103,881,600	54.00	-	-	103,881,600	40.50	-	-
MSM <sup>(3)</sup>	Singapore	69,254,400	36.00	-	-	69,254,400	27.00	-	-
<b><u>Substantial Shareholders</u></b>									
Triumphant Hope <sup>(6)</sup>	Malaysia	-	-	69,254,400 <sup>(4)</sup>	36.00	-	-	69,254,400 <sup>(4)</sup>	27.00
Chan Kee Sieng <sup>(6)</sup>	Malaysian	-	-	69,254,400 <sup>(5)</sup>	36.00	-	-	69,254,400 <sup>(5)</sup>	27.00
Chan Kit Moi <sup>(6)</sup>	Malaysian	-	-	69,254,400 <sup>(5)</sup>	36.00	-	-	69,254,400 <sup>(5)</sup>	27.00

**Notes:**

(1) Based on the total number of 192,376,000 Shares before our IPO.

(2) Based on the enlarged total number of 256,501,300 Shares after our IPO.

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

(3) MSM is a public company listed on the Catalist of Singapore Exchange Securities Trading Limited. As at the LPD, the shareholders of MSM are as follows:

Name	Direct shareholdings in MSM	
	No. of shares	%
Triumphant Hope*	76,955,933	73.02
CGS-CIMB Securities (Singapore) Pte Ltd	7,449,906	7.07
Chan Wen Chau**	2,785,186	2.64
Chan Wen Yee**	883,810	0.84
Chan Kee Sieng**	187,000	0.18
Chan Kit Moi**	130,000	0.12
Others	16,999,351	16.13
<b>Total</b>	<b>105,391,186</b>	<b>100.00</b>

\* As at the LPD, the entire issued shares of Triumphant Hope are held by Chan Kee Sieng and Chan Kit Moi.

\*\* Chan Kee Sieng and Chan Kit Moi are brothers. Chan Wen Chau is the son of Chan Kee Sieng. Chan Wen Yee is the son of Chan Kit Moi. Chan Wen Chau and Chan Wen Yee are cousins. Chan Wen Chau is the nephew of Chan Kit Moi. Chan Wen Yee is the nephew of Chan Kee Sieng.

- (4) Deemed interest pursuant to Section 8 of the Act by virtue of its shareholding interest in MSM.
- (5) Deemed interest pursuant to Section 8 of the Act by virtue of their shareholding interest in Triumphant Hope.
- (6) Chan Kee Sieng and Chan Kit Moi each holds 50.00% of the shareholdings in Triumphant Hope.

The Shares held by our Promoters and substantial shareholders do not have and will not have different voting rights from the other shareholders of our Company.

Save for our Promoters and substantial shareholders named above, we are not aware of any other persons who is able to, directly or indirectly, jointly or severally, exercise control over our Company. As at the LPD, there is no arrangement between our Company and our Promoters, with any third parties, which may at a subsequent date result in the change in control of our Company.

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

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### 5.1.2 Profiles of Promoters and substantial shareholders

#### (i) Dato' Chong Toh Wee

Dato' Chong Toh Wee, a Malaysian, aged 53, is our Promoter, substantial shareholder, and Managing Director. He was appointed to our Board on 14 May 2019. He is responsible for steering the overall strategic direction and vision as well as formulating the business growth of our Cosmos Group.

He graduated with a Diploma in Computer Studies from Sedaya College, Malaysia, in August 1991.

Upon his graduation, he began his career in September 1991 as a Technical Assistant in Salcon Engineering Sdn Bhd ("**Salcon Engineering**") whose principal activities were then providing engineering services, operation, maintenance and investing in privatised projects in palm oil and water industries. He assisted in site supervision for the installation works, testing and commissioning of complete mechanical and electrical engineering services. He was responsible for the project implementation of several water treatment plants in Kedah, Perak, Sabah, Langkawi, Johor, Melaka, Selangor and overseas in China and Vietnam.

He founded ISET in 1997 with the intention of forming a company specialising in engineering and contractual works for projects involving mechanical and electrical works for the water and wastewater industry in Malaysia. He then left Salcon Engineering in June 1999 and joined ISET full time thereafter as a Sales and Marketing Director, securing engineering works and contractual works for water and wastewater industries in Malaysia for ISET.

During his tenure with ISET, he co-founded Cosmos Instruments with 2 other investors, namely, Tan Tong Huat and Siaw Poon Keong, in July 2004 to distribute fluid control products for the water and wastewater industries and was appointed as the Managing Director, a position he continues to hold presently. Siaw Poon Keong and Tan Tong Huat resigned as director and sold their shares in Cosmos Instruments in 2006 and 2017 respectively.

Dato' Chong Toh Wee has 30 years of experience in the water and wastewater industries. His past experiences within the industry include supervision of installation, testing and commissioning of SCADA, instrumentation, mechanical and electrical equipment and tender evaluations, marketing plan and strategy, plants process logic automation, SCADA system and networking solution, and project implementation, mechanical and electrical works, manpower management, planning and training.

Please refer to Section 5.2.3(ii) of this Prospectus for details of Dato' Chong Toh Wee's principal directorships in other corporations and principal business activities performed outside our Group as at the LPD.

#### (ii) MSM

MSM is a company listed on the Catalist of Singapore Exchange Securities Trading Limited on 7 May 2010. MSM was incorporated on 8 October 2009 under the name Mann Seng Metal International Limited and assumed its present name, MSM International Limited, since 24 April 2015. MSM is incorporated in Singapore. The registered office address of MSM is 8 Robinson Road, #03-00, ASO Building, Singapore, 048544.

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

As at the LPD, the issued share capital of MSM is SGD13.70 million. The principal activity of MSM is that of investment holding for a group of companies involved in integrated metal engineering in the business of OEM contract manufacturing and provision of standard, and customised kitchen appliances, equipment, cleanroom laboratories and related services.

As at the LPD, the substantial shareholders of MSM are as follows:

	Direct Interest		Indirect Interest	
	No. of shares	%	No. of shares	%
Triumphant Hope	76,955,933	73.02	-	-
Chan Kee Sieng	187,000	0.18	76,955,933	73.02
Chan Kit Moi	130,000	0.12	76,955,933	73.02

As at the LPD, the directors of MSM are Chan Kee Sieng, Chan Kit Moi, Chan Wen Chau, Leow Wee Kia, Clement, Wong Kok Seong and Lee Kean Cheong.

### (iii) Triumphant Hope

Triumphant Hope was incorporated in Malaysia under the Companies Act 1965 on 3 December 2009 as a private limited company and deemed registered under the Act. The principal activity of Triumphant Hope is investment holding of shares in MSM.

As at the LPD, the issued share capital of Triumphant Hope is RM300 comprising 300 ordinary shares. As at the LPD, the shareholders of Triumphant Hope are as follows:

	Direct Interest		Indirect Interest	
	No. of shares	%	No. of shares	%
Chan Kee Sieng	150	50.00	-	-
Chan Kit Moi	150	50.00	-	-

As at the LPD, the directors of Triumphant Hope are Chan Kee Sieng, Chan Kit Moi, Chan Wen Chau and Chan Wen Yee.

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

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**(iv) Chan Kee Sieng**

Chan Kee Sieng, a Malaysian, aged 70, is a substantial shareholder of Cosmos.

Upon leaving Tsun Jin High School in 1966, he started his career in Loon Sunn Engineering Sdn Bhd ("**Loon Sunn Engineering**"), a company which manufactures turning and milling machinery, as an Engineering Technician in 1967. He was then promoted to the position of Senior Engineering Technician in 1970. Subsequently, in 1981, he left Loon Sunn Engineering. He became involved in two family businesses with Chan Kit Moi, namely Ban Seng Trading Company and Chan Brothers Metal Trading Co. Ban Seng Trading Company is a partnership dealing in trading and supply of cooking oil and gas which he joined in 1979 and left in 2008. Chan Brothers Metal Trading Co. is a partnership dealing in steel trading which was set up in 1984 and terminated on 31 December 1985. In 1985, he co-founded MSM Metal Industries Sdn Bhd, a wholly-owned subsidiary of MSM whose principal activities are manufacturing, trading and servicing of all types of steel equipment, with Chan Kit Moi.

Chan Kee Sieng was a Director of Mann Seng Sdn Bhd, a company whose principal activities are provider of transport services dealer on electronic appliances, apparatus systems, cassettes and projection general merchant, from 1991 to 2010. Chan Kee Sieng also holds directorships and shareholdings in various private limited companies. He has over 40 years of experience in the manufacturing of semi-conductor components such as, amongst others, control box, console systems as well as precision fittings and kitchen equipment industries.

He is the elder brother of Chan Kit Moi.

**(v) Chan Kit Moi**

Chan Kit Moi, a Malaysian, aged 69, is a substantial shareholder of Cosmos.

Upon leaving Tsun Jin High School in 1968, he was involved in livestock farming for a period of 3 years. In 1972, he started his career as an Engineering Technician in Loon Sunn Engineering which manufactures turning and milling machinery, and left Loon Sunn Engineering in 1981. Subsequently, he became involved in family businesses with Chan Kee Sieng, namely Ban Seng Trading Company, a partnership dealing in trading and supply of cooking oil and gas in 1979 and left in 2008, and Chan Brothers Metal Trading Co., a partnership dealing in steel trading which was set up in 1984 and terminated on 31 December 1985. In 1985, he co-founded MSM Metal Industries Sdn Bhd, a wholly-owned subsidiary of MSM whose principal activity is manufacturing, trading and servicing of all types of steel equipment, with Chan Kee Sieng.

Chan Kit Moi was a Director of Mann Seng Sdn Bhd, a company whose principal activities are provider of transport services dealer on electronic appliances, apparatus systems, cassettes and projection general merchant, from 1991 to 2010. Chan Kit Moi also holds directorships and shareholdings in various private limited companies. He has over 40 years of experience in the manufacturing of semi-conductor components such as, amongst others, control box, console systems as well as precision fittings and kitchen equipment industries.

He is the younger brother of Chan Kee Sieng.

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

### 5.1.3 Changes in our Promoters' and substantial shareholders' shareholdings in our Company for the past 3 years

Details of changes in our Promoters' and substantial shareholders' shareholdings in our Company for the past 3 years is as follows:

Name	Nationality/ Country of incorporation	As at incorporation				After transfer of 2 shares from MSM to Dato' Chong and subdivision of 20 shares into 40 shares				After issuance of shares in conjunction with the acquisition of Cosmos Instruments and MCI			
		Direct		Indirect		Direct		Indirect		Direct		Indirect	
		No. of shares	% <sup>(1)</sup>	No. of shares	% <sup>(1)</sup>	No. of shares	% <sup>(2)</sup>	No. of shares	% <sup>(2)</sup>	No. of shares	% <sup>(3)</sup>	No. of shares	% <sup>(3)</sup>
<b>Promoters and Substantial Shareholders</b>													
Dato' Chong	Malaysian	10	50.00	-	-	24	60.00	-	-	103,881,600	60.00		
MSM	Singapore	10	50.00	-	-	16	40.00	-	-	69,254,400	40.00		
<b>Substantial Shareholders</b>													
Triumphant Hope	Malaysia	-	-	10 <sup>(6)</sup>	50.00	-	-	16 <sup>(6)</sup>	40.00	-		69,254,400 <sup>(6)</sup>	40.00
Chan Kee Sieng	Malaysian	-	-	10 <sup>(7)</sup>	50.00	-	-	16 <sup>(7)</sup>	40.00	-		69,254,400 <sup>(7)</sup>	40.00
Chan Kit Moi	Malaysian	-	-	10 <sup>(7)</sup>	50.00	-	-	16 <sup>(7)</sup>	40.00	-		69,254,400 <sup>(7)</sup>	40.00

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

Name	Nationality/ Country of incorporation	After listing on the LEAP Market				After the IPO			
		Direct		Indirect		Direct		Indirect	
		No. of shares	% <sup>(4)</sup>	No. of shares	% <sup>(4)</sup>	No. of shares	% <sup>(5)</sup>	No. of shares	% <sup>(5)</sup>
<b>Promoters and Substantial Shareholders</b>									
Dato' Chong	Malaysian	103,881,600	54.00	-	-	103,881,600	40.50	-	-
MSM	Singapore	69,254,400	36.00	-	-	69,254,400	27.00	-	-
<b>Substantial Shareholders</b>									
Triumphant Hope	Malaysia	-	-	69,254,400 <sup>(6)</sup>	36.00	-	-	69,254,400 <sup>(6)</sup>	27.00
Chan Kee Sieng	Malaysian	-	-	69,254,400 <sup>(7)</sup>	36.00	-	-	69,254,400 <sup>(7)</sup>	27.00
Chan Kit Moi	Malaysian	-	-	69,254,400 <sup>(7)</sup>	36.00	-	-	69,254,400 <sup>(7)</sup>	27.00

### Notes:

- (1) Based on the total number of 20 Shares as at the date of incorporation of Cosmos (i.e. 14 May 2019).
- (2) Based on the total number of 40 Shares after transfer of 2 Shares from MSM to Dato' Chong and subdivision of 20 Shares into 40 Shares.
- (3) Based on the total number of 173,136,000 Shares after the issuance of Shares in conjunction with the acquisition of Cosmos Instruments and MCI.
- (4) Based on the total number of 192,376,000 Shares before our IPO.
- (5) Based on the enlarged total number of 256,501,300 Shares after our IPO.
- (6) Deemed interest pursuant to Section 8 of the Act by virtue of its shareholding interest in MSM.
- (7) Deemed interest pursuant to Section 8 of the Act by virtue of their shareholding interest in Triumphant Hope.

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

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

Save for the dividends paid to our Promoters for the FYE 2019 and FYE 2020 as disclosed below and remuneration and benefits-in-kind paid or to be paid to Dato' Chong in his capacity as our Managing Director as disclosed in Section 5.2.4 of this Prospectus, there are no other amounts or benefits paid and intended to be paid or given to our Promoters and/or substantial shareholders within the 2 years preceding the date of this Prospectus:

Name	Dividend declared				
	FYE 2019	FYE 2020 <sup>(1)</sup>	FYE 2021	FYE 2022	1 May 2022 up to the LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Dato' Chong Toh Wee	3,140	4,126	-	-	-
MSM	5,185	2,750	-	-	-

*Note:*

(1) *The dividend declared on 23 August 2019 by MCI of RM6.88 million in the FYE 2020 was applied towards full settlement of the amount due from our Company for the acquisition of Cosmos Instruments.*

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

### 5.2 BOARD OF DIRECTORS

#### 5.2.1 Shareholdings of our Directors

The following table sets out the direct and indirect shareholdings of our Directors before and after our IPO:

Director	As at the LPD and before our IPO				After our IPO			
	Direct		Indirect		Direct		Indirect	
	No. of shares	% <sup>(1)</sup>	No. of shares	% <sup>(1)</sup>	No. of shares	% <sup>(2)</sup>	No. of shares	% <sup>(2)</sup>
Datuk Phang Ah Tong	-	-	-	-	500,000 <sup>(3)</sup>	0.19	-	-
Dato' Chong Toh Wee	103,881,600	54.00	-	-	103,881,600	40.50	-	-
Ng Boon Keong	-	-	-	-	380,000 <sup>(3)</sup>	0.15	-	-
Mok Tuck Meng	1,000,000	0.52	-	-	1,000,000	0.39	-	-
Chong Kur Sen	-	-	-	-	20,000 <sup>(3)</sup>	0.01	-	-
Chua Hui Chen	-	-	-	-	100,000 <sup>(3)</sup>	0.04	-	-

**Notes:**

- (1) Based on the total number of 192,376,000 Shares before our IPO.
- (2) Based on the enlarged total number of 256,501,300 Shares after our IPO.
- (3) Assuming full subscription to the Issue Shares allocated to the Eligible Persons pursuant to the Public Issue.

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

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### 5.2.2 Profiles of Directors

The profiles of our Directors are as follows:

#### (i) **Datuk Phang Ah Tong**

Datuk Phang Ah Tong, a Malaysian, aged 65, is our Independent Non-Executive Chairperson. He was appointed to our Board on 1 December 2021.

He graduated with a Bachelor of Arts (Economics) (Honours) from University of Malaya in 1981. Upon his graduation, he joined the civil service of Malaysia, where began his service as an economist in the Malaysian Investment Development Authority (“MIDA”). Throughout his tenure in MIDA, he was actively involved in promoting foreign and domestic investments and assisted in developing the manufacturing and services sectors in Malaysia under MIDA, including in the capacity as the Assistant Trade Commissioner for MIDA office in London from 1989 to 1993 and Director of MIDA office in New York from 2001 to 2006. Upon his return to Malaysia in 2006, he was appointed as the Director of Foreign Direct Investment (“FDI”), overseeing the promotion of global FDI into Malaysia.

He was actively involved in formulating the First Industrial Master Plan (1986-1995), the 10<sup>th</sup> and 11<sup>th</sup> Malaysian Plan for the manufacturing sector, the Economic Transformation Programme as well as various industrial roadmaps and blueprints. His last held position in MIDA was Deputy Chief Executive Officer before his retirement in 2017.

Currently, he is the Chairman of Malaysia Automotive, Robotics and IoT Institute, an agency under the MITI.

He is also an Independent Non-Executive Chairman of JF Technology Berhad and an Independent Non-Executive Director of Apex Healthcare Berhad, Inari Amertron Berhad, Media Prima Berhad, United Overseas Bank (Malaysia) Berhad, and UMS Holdings Limited (Singapore).

Please refer to Section 5.2.3(i) of this Prospectus for details of Datuk Phang Ah Tong’s principal directorships in other corporations and principal business activities performed outside our Group as at the LPD.

#### (ii) **Dato’ Chong Toh Wee**

Dato’ Chong Toh Wee is our Promoter, substantial shareholder and Managing Director. The profile of Dato’ Chong Toh Wee is set out in Section 5.1.2(i) of this Prospectus.

#### (iii) **Ng Boon Keong**

Ng Boon Keong, a Malaysian, aged 48, is our Executive Director. He was appointed to our Board on 14 May 2019. He is responsible for the business development and overall management and operations of MCI.

He graduated with a Diploma in Mechatronics Engineering from Perak Institute of Engineering Technology in October 1995.

He began his career as a Mechanical Designer in April 1996 with Wemark Engineering Services Pte Ltd (Singapore), where he was responsible for costing calculations and mechanical design. In June 2001, he left Wemark Engineering Services Pte Ltd and joined Pentamaster Engineering Sdn Bhd (“Pentamaster”) in July 2001 as a Senior Design Engineer, where he was responsible for the mechanical engineering design works for factory automation.

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

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He left Pentamaster in March 2013 and joined MCI in the same month as General Manager, where he was responsible for the daily manufacturing and quality control activities. In March 2018, he was promoted to Vice President of MCI in charge of MCI's overall manufacturing, quality control, product development and sales and marketing activities. He was then appointed as Executive Director of MCI in September 2019. He has 26 years of experience in mechanical design, process engineering, lean manufacturing and project management.

Please refer to Section 5.2.3(iii) of this Prospectus for details of Ng Boon Keong's principal directorships in other corporations and principal business activities performed outside our Group as at the LPD.

**(iv) Mok Tuck Meng**

Mok Tuck Meng, a Malaysian, aged 57, is our Independent Non-Executive Director. He was appointed to our Board on 1 December 2021.

He graduated with a Bachelor of Science with Honours in Mathematics in August 1989 from Universiti Sains Malaysia, Penang.

Upon graduation, he joined Micro Computers Sdn Bhd as a Sales Executive where he was involved in retailing computers and accounting software. He left Micro Computers Sdn Bhd in May 1990 and joined KYM Holdings Berhad as an Executive, where he was responsible for technical services on the consumer packaging for corrugated cartons.

He was then transferred to Hasrat Meranti Sdn Bhd, a subsidiary of KYM Holdings Berhad, in September 1991 as a Manager, where he was responsible for starting the industrial bags business. He was subsequently promoted to the position of General Manager of the Multiwall Industrial Paper Sacks Division in May 1999. He was appointed to be the Managing Director of Hasrat Meranti Sdn Bhd in May 2012, a position where he remains presently. His responsibilities as Managing Director include managing the overall operations of the Multiwall Industrial Paper Sacks Division.

In conjunction with his position within KYM Holdings Berhad, he was appointed as a director of Hasrat Meranti Sdn Bhd in September 1998, Hasrat Meranti (Chemor) Sdn Bhd in September 1999, and Hasrat Meranti (Tapah) Sdn Bhd in June 2012 where he leads the management of these companies and is responsible for their overall operations.

Please refer to Section 5.2.3(iv) of this Prospectus for details of Mok Tuck Meng's principal directorships in other corporations and principal business activities performed outside our Group as at the LPD.

**(v) Chong Kur Sen**

Chong Kur Sen, a Malaysian, aged 46, is our Independent Non-Executive Director. She was appointed to our Board on 1 December 2021.

She graduated with a Bachelor of Laws with Honours from Universiti Malaya in April 2001. In March 2002, she was admitted as an Advocate and Solicitor in the High Court of Malaya and has been a member of the Bar Council Malaysia since then.

She has over 19 years of experience in the legal profession. Upon her graduation, she commenced her pupillage in Messrs Tan Chuan Yong & S.M. Chan in June 2001, where she was exposed to conveyancing and litigation matters. After being admitted as an Advocate and Solicitor in the High Court of Malaya, she continued practicing in Messrs Tan Chuan Yong & S.M. Chan as a legal assistant until February 2004.

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

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She left Messrs Tan Chuan Yong & S.M. Chan and then joined Messrs Abraham Ooi & Partners as a legal assistant in February 2004 and was subsequently made partner of the firm in June 2006. Throughout her time with the firm, she was involved in handling sales and purchase of real property matters, preparing loan documentation and advising financial institutions, overseeing project based legal documents for major developments and management of legal assistants and secretaries of the firm.

Upon her resignation from Messrs Abraham Ooi & Partners in June 2011, she then set up her own legal firm, Messrs Kur Sen Chong & Co. in July 2011. Being the Managing Partner of the firm, her expertise spans from drafting of sale and purchase agreements, loan agreements, and corporate and commercial contracts, land dealings, and family and estate matters.

She is also an Independent Non-Executive Director of JF Technology Berhad.

Please refer to Section 5.2.3(v) of this Prospectus for details of Chung Kur Sen's principal directorship in other corporations and principal business activities performed outside our Group as at the LPD.

**(vi) Chua Hui Chen**

Chua Hui Chen, a Malaysian, aged 45, is our Independent Non-Executive Director. She was appointed to our Board on 1 December 2021.

She was admitted as an affiliate of the Association of Chartered Certified Accountants ("ACCA") in December 2001. She became a Member of ACCA in April 2003 and was subsequently made a Fellow Member of ACCA in April 2008. She has also been a member of the Malaysian Institute of Accountants since May 2006. She then graduated and became a member of the Chartered Tax Institute of Malaysia (formerly known as the Malaysian Institute of Taxation) in June 2007, where she was then admitted as an Associate in July 2015.

She began her career as an Accounts Executive in Video Edit Productions Sdn Bhd in March 1996, where she was responsible for human resources management and handling of the accounts of the company. She left the company in November 2002 and joined K.S. Hoo & Co. as an Audit Associate in December 2002, where she was involved in auditing and taxation.

She was subsequently promoted to the position of Senior Audit Manager in January 2010, where she was responsible for monitoring and leading the team on auditing and taxation assignments. She was further promoted in January 2015 to the position of Head of the Audit Department, a position she assumes to present date. Her responsibilities at K.S. Hoo & Co and K.S. Hoo Taxation Services include planning the company's business strategy, setting business direction managing the operations of the firm, and being accountable for the firm's profit and loss.

She is also an Independent Non-Executive Director of JF Technology Berhad.

Please refer to Section 5.2.3(vi) of this Prospectus for details of Chua Hui Chen's principal directorships in other corporations and principal business activities performed outside our Group as at the LPD.

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

### 5.2.3 Involvement of our Directors in other businesses/ corporations outside our Group

The following table sets out other principal directorships of our Directors outside our Group and the principal business activities performed by our Directors outside our Group as at the LPD (“**Present Involvement**”) and those other principal directorships and involvement of our Directors outside our Group that were held within the past 5 years up to the LPD (“**Past Involvement**”):

#### (i) Datuk Phang Ah Tong

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest (%)	
					Direct	Indirect
<b><u>Present Involvement</u></b>						
APEX Healthcare Berhad	Investment holding and provision of management services. Its subsidiaries are involved in the development, manufacturing, wholesaling, marketing and distribution of pharmaceuticals, consumer healthcare products, diagnostics and orthopaedic devices.	Independent Non-Executive Director	21 May 2018	-	-	-
Inari Amertron Berhad	Investment holding and provision of management services. Its subsidiaries are involved in Outsourced Semiconductor Assembly and Test service providers for the semiconductor industry.	Independent Non-Executive Director	8 February 2018	-	-	-

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

<u>Name of company</u>	<u>Principal activities</u>	<u>Designation</u>	<u>Date of appointment</u>	<u>Date of resignation</u>	<u>Equity interest (%)</u>	
					<u>Direct</u>	<u>Indirect</u>
JF Technology Berhad	Investment holding. Its subsidiaries are involved in the manufacturing and trading of electronic products and components, design, development, custom manufacture and sale of integrated circuit test sockets, interconnect, test solutions and equipment for the semi-conductor and electronic assembly markets, investment holding, test development engineering services, talent development and sales of test interface solutions.	Independent Non-Executive Chairman	1 January 2018	-	-	-
Kiswire Sdn Bhd	Investment holding and manufacturing and sales of wire ropes and other related steel wire products	Director	2 May 2018	-	-	-
Malaysia Automotive Robotics And IOT Institute	To assist the government in setting the frameworks and direction for the development of the local automotive industry especially in the areas of research, planning and policy advice	Director	23 October 2013	-	-	-

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

<u>Name of company</u>	<u>Principal activities</u>	<u>Designation</u>	<u>Date of appointment</u>	<u>Date of resignation</u>	<u>Equity interest (%)</u>	
					<u>Direct</u>	<u>Indirect</u>
Media Prima Berhad	Investment holding and leading fully-integrated media company with a complete repertoire of media-related businesses in television, print, radio, out-of-home advertising, content creation and digital media	Independent Non-Executive Director	3 June 2022	-	-	-
Nouvegen Pharma Sdn Bhd	Manufacturer of pharmaceutical products	Director	1 March 2018	-	-	-
Nouvegen Oncology Sdn Bhd	Manufacturer of pharmaceutical products	Director	1 March 2018	-	-	-
Pat Advisory Sdn Bhd	Business management consultancy services	Director	26 October 2017	-	100.0	-
UMS Holdings (Singapore) Limited	Equipment manufacturing and engineering services to original equipment manufacturers (OEMs) of semiconductors and related products	Independent Non-Executive Director	1 October 2017	-	-	-
United Overseas Bank (Malaysia) Bhd	Banking and related financial services	Independent Non-Executive Director	2 January 2019	-	-	-

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

<u>Name of company</u>	<u>Principal activities</u>	<u>Designation</u>	<u>Date of appointment</u>	<u>Date of resignation</u>	<u>Equity interest (%)</u>	
					<u>Direct</u>	<u>Indirect</u>
<b>Past Involvement</b>						
Jerasia Capital Berhad <sup>(1)</sup>	Investment holding and provision of management consultancy services. Its subsidiaries are involved in manufacturing and retailing of fashion apparel	Independent Non-Executive Director	29 November 2018	26 April 2022	-	-

**Note:**

- (1) Jerasia Capital Berhad ("**JCB**") had on, 13 January 2022 announced that JCB is an affected listed issuer under Practice Note 17 ("**PN17**") of the Main Market Listing Requirements of Bursa Securities ("**MMLR**") as JCB has triggered the prescribed criteria pursuant to Paragraph 8.04 of the MMLR and Paragraph 2.1(f) of PN17 of the MMLR, where JCB defaulted in payment pursuant to Paragraph 9.19A of the MMLR and is unable to provide a solvency declaration to Bursa Securities.

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

(ii) **Dato' Chong Toh Wee**

<u>Name of company</u>	<u>Principal activities</u>	<u>Designation</u>	<u>Date of appointment</u>	<u>Date of resignation</u>	<u>Equity interest (%)</u>	
					<u>Direct</u>	<u>Indirect</u>
<b><u>Present Involvement</u></b>						
Great Eastern Traders (M) Sdn Bhd	Trading, supply & installation of LED lights	Director	1 June 2017	-	40.0	-
Ski Pipe & Fitting (Malaysia) Sdn Bhd	Supplying stainless steel water pipes and fittings (dormant company)	Director	13 February 2013	-	70.0	-
I.S.E.T. Engineering Sdn Bhd	Designing, supplying, installation, testing and commissioning of complete mechanical and electrical works	Director	5 August 1999	24 June 2019	85.0	15.0
<b><u>Past Involvement</u></b>						
Coopers Kitchen Sdn Bhd	Wholesale and retailers of fertilizers and agrochemical products, investment holding	Director	3 September 2019	15 November 2019	-	-
Max Ventures (M) Sdn Bhd	Export and import, wholesale or trading of metal and non-metal waste and scrap and materials for recycling	Director	14 August 2014	21 February 2019	-	-
Moscoss Services Sdn Bhd	Servicing of industrial and automation equipment (Winding Up)	Director	19 February 2016	28 May 2019	-	-

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

**(iii) Ng Boon Keong**

<u>Name of company</u>	<u>Principal activities</u>	<u>Designation</u>	<u>Date of appointment</u>	<u>Date of resignation</u>	<u>Equity interest (%)</u>	
					<u>Direct</u>	<u>Indirect</u>
<b><u>Present Involvement</u></b>						
Plustech Engineering and Construction Sdn Bhd	Investment holding with principal activities in commercial renovation and construction works	Director	5 January 2015	-	80.0	-
<b><u>Past Involvement</u></b>						
Amazon Kitchen Sdn Bhd	To carry on business of convenience store and restaurant with dine in and delivery services and supply of ingredient, packing materials and rental of kitchen space and related activities	Director	18 August 2015	12 October 2020	-	-
Kurosaki Resources Sdn Bhd	To carry on business for mobile food carts, provision of educational training, trading of food and beverage related products	Director	10 February 2015	14 June 2018	-	-

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

**(iv) Mok Tuck Meng**

<u>Name of company</u>	<u>Principal activities</u>	<u>Designation</u>	<u>Date of appointment</u>	<u>Date of resignation</u>	<u>Equity interest (%)</u>	
					<u>Direct</u>	<u>Indirect</u>
<b><u>Present Involvement</u></b>						
Hasrat Meranti Sdn Bhd	Manufacturing and sale of multi wall industrial paper bags	Director	10 September 1998	-	-	-
Hasrat Meranti (Chemor) Sdn Bhd	Manufacturing and sale of multi wall industrial paper bags	Director	1 September 1999	-	-	-
Hasrat Meranti (Tengah) Sdn Bhd	Manufacturing and sale of multi wall industrial paper bags	Director	12 June 2012	-	-	-
<b><u>Past Involvement</u></b>						
None						

**(v) Chong Kur Sen**

<u>Name of company</u>	<u>Principal activities</u>	<u>Designation</u>	<u>Date of appointment</u>	<u>Date of resignation</u>	<u>Equity interest (%)</u>	
					<u>Direct</u>	<u>Indirect</u>
<b><u>Present Involvement</u></b>						
Circle International Holdings Limited (Cayman Islands)	Media technology	Director	2 May 2020	-	-	-

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

<u>Name of company</u>	<u>Principal activities</u>	<u>Designation</u>	<u>Date of appointment</u>	<u>Date of resignation</u>	<u>Equity interest (%)</u>	
					<u>Direct</u>	<u>Indirect</u>
JF Technology Berhad	Investment holding. Its subsidiaries are involved in the manufacturing and trading of electronic products and components, design, development, custom manufacture and sale of integrated circuit test sockets, interconnect, test solutions and equipment for the semiconductor and electronic assembly markets, investment holding, test development engineering services, talent development and sales of test interface solutions.	Independent Non-Executive Director	1 August 2022	-	Neg	-

**Past Involvement**

None

**Note:**

Neg Negligible, being less than 0.01%.

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

(vi) **Chua Hui Chen**

<u>Name of company</u>	<u>Principal activities</u>	<u>Designation</u>	<u>Date of appointment</u>	<u>Date of resignation</u>	<u>Equity interest (%)</u>	
					<u>Direct</u>	<u>Indirect</u>
<b><u>Present Involvement</u></b>						
K. S. Hoo Taxation Services Sdn Bhd	Provide tax services	Director	1 March 2016	-	-	-
JF Technology Berhad	Investment holding. Its subsidiaries are involved in the manufacturing and trading of electronic products and components, design, development, custom manufacture and sale of integrated circuit test sockets, interconnect, test solutions and equipment for the semiconductor and electronic assembly markets, investment holding, test development engineering services, talent development and sales of test interface solutions.	Independent Non-Executive Director	1 August 2022	-	-	0.01
<b><u>Past Involvement</u></b>						
None						

The involvement of our Directors in those business activities outside our Group will not affect their commitment and responsibilities to our Group in their respective roles as our Directors. The involvement of our Executive Directors in those business activities does not require significant amount of time, and hence does not affect their ability to perform their executive roles and responsibilities to our Group.

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

### 5.2.4 Directors' remuneration and material benefits-in-kind

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration) paid and proposed to be paid to our Directors for their services rendered in all capacities within our Group for the FYE 2022 and FYE 2023 are set out below:

<b>FYE 2022 (Paid)</b>	<b>Salaries RM'000</b>	<b>Directors' fees RM'000</b>	<b>Bonus RM'000</b>	<b>EPF and SOCSO RM'000</b>	<b>Allowances and benefits- in-kind RM'000</b>	<b>Total RM'000</b>
Datuk Phang Ah Tong	-	20.0	-	-	-	20.0
Dato' Chong Toh Wee	360.0	-	60.0	53.2	15.6	488.8
Ng Boon Keong	142.7	-	12.0	19.5	36.0	210.2
Mok Tuck Meng	-	12.5	-	-	-	12.5
Chong Kur Sen	-	12.5	-	-	-	12.5
Chua Hui Chen	-	12.5	-	-	-	12.5

<b>FYE 2023 (Proposed)</b>	<b>Salaries RM'000</b>	<b>Directors' Fees RM'000</b>	<b>Bonus RM'000</b>	<b>EPF and SOCSO RM'000</b>	<b>Allowances and benefits- in-kind RM'000</b>	<b>Total RM'000</b>
Datuk Phang Ah Tong	-	48.0	-	-	4.0	52.0
Dato' Chong Toh Wee	381.6	-	63.6	56.2	15.6	517.0
Ng Boon Keong	240.0	-	40.0	34.5	36.0	350.5
Mok Tuck Meng	-	30.0	-	-	-	30.0
Chong Kur Sen	-	30.0	-	-	-	30.0
Chua Hui Chen	-	30.0	-	-	-	30.0

Our Directors' remuneration must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board. Our Directors' fees and any benefits payable to Directors shall be subject to further approval by our shareholders pursuant to an ordinary resolution passed at a general meeting in accordance with our Constitution.

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

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**5.3 BOARD PRACTICES****5.3.1 Board**

Our Board assumes the responsibility for the overall direction, strategy, performance and management of our Group. Our Board has adopted the following responsibilities for effective discharge of its functions:

- (a) Understand shareholders' expectations and contribute to the development of strategies of our Group in their best interest to enhance shareholders' value including taking into consideration the integration of strategies on environmental, social and governance;
- (b) Oversee the conduct of our Group's businesses to evaluate whether the businesses are properly managed;
- (c) Identify the principal risks and key performance indicators of our Group's businesses and ensuring that appropriate systems are implemented, and steps are taken to manage these risks;
- (d) Review the adequacy and the integrity of our Group's risk management framework, internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- (e) Establish an effective risk management and internal control framework, determine our Group's level of risk tolerance and actively identify, assess and monitor key business risks;
- (f) Develop succession plan for our Board members and key management;
- (g) Review and approve annual budget and projection submitted by management;
- (h) Ensure key management has the necessary skills and experience;
- (i) Ensure that financial statements are fairly stated and otherwise conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements and approve financial statements for declaration to Bursa Securities on quarterly and annual basis;
- (j) Oversee corporate governance and compliance matters;
- (k) Delegate the above-mentioned matters to the relevant committee or personnel where appropriate;
- (l) Adopt performance measures to monitor implementation and performance of the strategy, policies, plans, legal and fiduciary obligations that affect our Group's business;
- (m) Review and address sustainability risks including climate-related risks and opportunities in an integrated and strategic manner to support our Group's long-term strategy and success;
- (n) Ensure our Group's sustainability strategies, priorities and targets as well as performance against these targets are communicated to stakeholders;
- (o) Develop and implement an investor relations programme or shareholder communication policy for our Group;

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

- (p) Set corporate values and clear lines of responsibility and accountability that are communicated throughout our Group;
- (q) Ensure that the operations of our Group are conducted prudently within the framework of laws and policies;
- (r) Ensure that adequate framework and control systems are in place to safeguard the interests of our Group;
- (s) Establish and review the Code of Conduct and Ethics, and together with management implements its policies and procedures, which include measures in managing conflict of interest, preventing the abuse of power, corruption, insider trading and money laundering to ensure high standards of integrity, ethics and corporate behavior in the conduct of business;
- (t) Establish, review and together with management implements Policies and Procedures on Whistleblowing; and
- (u) Initiate a Board self-evaluation program and follow-up action to deal with issues arising and arrange for directors to attend courses, seminars and participate in development programs as our Board judges appropriate.

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

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

<u>Directors</u>	<u>Age</u>	<u>Nationality</u>	<u>Designation</u>	<u>Date of appointment</u>	<u>Date of expiration of current term of office</u>	<u>No. of year(s) in office</u>
Datuk Phang Ah Tong	65	Malaysian	Independent Non-Executive Chairperson	1 December 2021	Subject to retirement at the annual general meeting in year 2023	< 1
Dato' Chong Toh Wee	53	Malaysian	Managing Director	14 May 2019	Subject to retirement by rotation at the annual general meeting in year 2023	< 3



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

<u>Directors</u>	<u>Age</u>	<u>Nationality</u>	<u>Designation</u>	<u>Date of appointment</u>	<u>Date of expiration of current term of office</u>	<u>No. of year(s) in office</u>
Ng Boon Keong	48	Malaysian	Executive Director	14 May 2019	Subject to retirement by rotation at the annual general meeting in year 2025	< 3
Mok Tuck Meng	57	Malaysian	Independent Non-Executive Director	1 December 2021	Subject to retirement at the annual general meeting in year 2024	< 1
Chong Kur Sen	46	Malaysian	Independent Non-Executive Director	1 December 2021	Subject to retirement at the annual general meeting in year 2024	< 1
Chua Hui Chen	45	Malaysian	Independent Non-Executive Director	1 December 2021	Subject to retirement at the annual general meeting in year 2025	< 1

### 5.3.2 Audit and Risk Management Committee

Our Audit and Risk Management Committee was established by our Board on 1 December 2021 and currently comprises the following members:

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Mok Tuck Meng	Chairperson	Independent Non-Executive Director
Chong Kur Sen	Member	Independent Non-Executive Director
Chua Hui Chen	Member	Independent Non-Executive Director

The terms of reference of our Audit and Risk Management Committee include, among others, the following:

- (a) To review the audit plan and audit report with the external auditors;
- (b) To review the assistance given by our Company's employees to the external auditors and to meet with the external auditors without executive Board members' presence at least twice a year;
- (c) To review the quarterly results and year-end financial statements of our Company and our Group, prior to the approval by our Board, focusing particularly on:

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

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- (i) changes in or implementation of major accounting policies changes;
  - (ii) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; and
  - (iii) compliance with accounting standards, regulatory and other legal requirements.
- (d) To review any related party transaction and conflict of interest situation that may arise within our Company and our Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (e) To review the adequacy of the scope, functions, competency and resources of our internal audit functions including appointment and removal, scope of work, performance evaluation and budget relating thereto, and to ensure that we have the necessary authority to carry out our work;
- (f) To review any internal audit plan, processes, the results of the internal audit assessments, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of our internal audit function;
- (g) To review any evaluation made on the systems of internal controls with our internal and external auditors;
- (h) To review and approve non-audit services before services are rendered by our external auditors and our affiliates;
- (i) To recommend to our Board the appointment or re-appointment of our external auditors at the general meeting, after taking into consideration the independence objective and suitability of our external auditors and the appropriateness of audit fees to support a quality audit, and matters relating to the resignation or removal of our external auditors;
- (j) To consider any resignation or removal of our external auditors, and to furnish such written explanation or representation from our external auditors to Bursa Securities;
- (k) To review whether there is reason (supported by grounds) to believe that our external auditors are not suitable for re-appointments;
- (l) Our Chairperson of our Audit and Risk Management Committee should engage on a continuous basis with key management, our internal audit and our external auditors in order to be kept informed of matters affecting our Group;
- (m) To prepare and review the audit committee report in accordance with Rule 15.15 of the Listing Requirements;
- (n) To report promptly to Bursa Securities on any matter reported by it to our Board, which has not been satisfactorily resolved resulting in a breach of the Listing Requirements;
- (o) To undertake such other functions as may be agreed by our Audit and Risk Management Committee and our Board;
- (p) Determine that there is a robust process in place for identifying, managing, and monitoring critical risks; oversee execution of that process; and ensure it is continuously improved as the business environment changes;

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

- (q) Determine that there are policies and procedures established and in place for whistleblowing and to prevent bribery and corruption; and to ensure that each of the policies will be continuously reviewed;
- (r) Provide timely input to management on critical risk issues;
- (s) Engage management in an ongoing risk appetite dialogue as conditions and circumstances change and new opportunities arise;
- (t) Oversee the conduct, and review the results, of company-wide risk assessments, including the identification and reporting of critical risks;
- (u) Oversee the management of certain risks, with regard to the complexity and significance of these risk exposures;
- (v) Provide advice to our Board on risk strategies and coordinate the activities of the various standing board committees for risk oversight;
- (w) Promote a healthy risk culture and watch for dysfunctional behaviour that could undermine the effectiveness of the risk management process (e.g. excessive risk-taking due to misaligned key performance indicators and remuneration schemes); and
- (x) To consider other matters as may be directed by our Board from time to time.

**5.3.3 Remuneration Committee**

Our Remuneration Committee was established by our Board on 1 December 2021 and currently comprises the following members:

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Chong Kur Sen	Chairperson	Independent Non-Executive Director
Mok Tuck Meng	Member	Independent Non-Executive Director
Chua Hui Chen	Member	Independent Non-Executive Director

The terms of reference of our Remuneration Committee include, among others, the following:

- (a) To formulate and review the policy framework and making recommendations to our Board on the annual remuneration packages, performance bonus, incentives, and benefits extended to our Executive Directors and key management, taking into account the performance of each individual as well as our Group's performance;
- (b) To review the remuneration and benefits accorded to our Non-Executive Directors to ensure that the level of remuneration commensurate with the experience and level of responsibilities undertaken;
- (c) To ensure the fees and benefits payable to our Non-Executive Directors, fees and any non-contractual benefits payable to our Executive Directors (if any), and any compensation for loss of employment of an Executive Director or former Director of our Group (if any) shall be approved at a general meeting;
- (d) To review our Group's compensation policy and ensure alignment of compensation to corporate performance, and compensation offered in line with market practice;

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

- (e) To recommend the engagement of external professional advisors to assist and/or advise our Remuneration Committee and our Board, on remuneration matters, where necessary;
- (f) To provide a report summarising its activities for the year in compliance with the MCGG, Listing Requirements and any relevant regulations; and
- (g) To consider other matters as may be directed by our Board from time to time.

**5.3.4 Nomination Committee**

Our Nomination Committee was established by our Board on 1 December 2021 and currently comprises the following members:

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Chua Hui Chen	Chairperson	Independent Non-Executive Director
Mok Tuck Meng	Member	Independent Non-Executive Director
Chong Kur Sen	Member	Independent Non-Executive Director

The terms of reference of our Nomination Committee include, amongst others, the following:

- (a) To recommend and nominate new candidate(s) to our Board and key senior management, contingent on satisfactory evaluation of the candidates based on our Company's Fit and Proper Policy and in the case of candidates for the position of Independent Non-Executive Directors of our Company, our Nomination Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors;
- (b) To make appropriate recommendations to our Board on matters of renewal or extension of Directors' term and re-election of retiring Directors, contingent on satisfactory evaluation of the Directors based on our Company's Fit and Proper Policy, and taking into consideration the current composition and the tenure of each Director on our Board;
- (c) To recommend to our Board, directors to fill the seats on our Board Committees;
- (d) To assess directors and key senior management on an ongoing basis, taking into account the performance of each individual in managing our Group's material sustainability risks and opportunities;
- (e) To review and assess performance of Non-Executive Directors annually based on skills, experience and core competencies which Non-Executive Directors should bring to our Board and submit its recommendations to our Board;
- (f) To review the structure, size, diversity (including gender diversity) and composition of our Board at least once in a year, and make recommendations to our Board on any adjustments that are deemed necessary;
- (g) To assess the effectiveness of our Board as a whole, our Board Committees and the contribution of each individual Director via a formal and objective annual evaluation;
- (h) To assess the independence of the Independent Non-Executive Directors and their length of tenure in office in line with the recommendations of the MCGG on an annual basis;

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

- (i) To review succession planning of our Board, our Board Committees and key senior management;
- (j) To appraise each individual Director in terms of his experience, knowledge, credibility and credentials, and assess their effectiveness and contribution in carrying out their obligations and duties as a Board member;
- (k) To examine the ability of each Director in contributing to the effective decision-making process of our Board and ensure that our Board is functioning actively, efficiently and effectively in all its decision making;
- (l) To review the term of office and performance of our Audit and Risk Management Committee and each of its members annually to determine whether Audit and Risk Management Committee members have carried out their duties in accordance with the Terms of Reference;
- (m) To identify and recommend the appropriate continuing education/training programmes for our Board members and key senior management, and facilitate induction programmes for newly appointed Board members;
- (n) Our Board, subject to the assessment of our Nomination Committee, shall provide justification and seek annual shareholders' approval at an annual general meeting through a two-tier voting process in accordance with Practice 5.3 of MCCG in the event it intends to retain an Independent Director, a person who has served in that capacity for a cumulative term of nine (9) years;
- (o) To prepare and review the report of our Nomination Committee in accordance with Rule 15.08A(3) of the Listing Requirements; and
- (p) To consider other matters as may be directed by our Board from time to time.

**5.4 KEY SENIOR MANAGEMENT**

**5.4.1 Particulars and shareholdings**

Our Key Senior Management is set out below:

<b>Name</b>	<b>Age</b>	<b>Designation</b>
Lai Khar Khei	32	Financial Controller
Syahdan Bin Ab Samad	37	Sales and Marketing Manager
Goh Choon Hoong	42	Technical Manager

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

The following table sets out the direct and indirect shareholdings of our Key Senior Management before and after our IPO assuming that our Key Senior Management fully subscribe for their respective allocations under the Pink Form Allocations are as follows:

	As at the LPD and before our IPO				After our IPO			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	% <sup>(1)</sup>	No. of shares	% <sup>(1)</sup>
<b>Key Senior Management</b>								
Lai Khar Khei	-	-	-	-	700,000	0.27	-	-
Syahdan Bin Ab Samad	-	-	-	-	-(2)	-	-	-
Goh Choon Hoong	-	-	-	-	300,000	0.11	-	-

**Notes:**

(1) Based on the enlarged total number of 256,501,300 Shares after our IPO.

(2) Syahdan Bin Ab Samad (our Sales and Marketing Manager) has opted not to participate in the allocations of the Pink Form Shares.

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

**5.4.2 Management reporting structure**

The management reporting structure of our Group is as follows:



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

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**5.4.3 Profiles of our Key Senior Management**

The profiles of our Key Senior Management are as follows:

**(i) Lai Khar Khei**

Lai Khar Khei, a Malaysian, aged 32, is our Financial Controller. She is responsible for overseeing and monitoring accounting compliance and financial reporting of our Group.

She graduated with a Bachelor of Commerce (Financial Accounting) from Tunku Abdul Rahman University College in May 2012. She was admitted as an affiliate of the ACCA in January 2015. She became a Member of ACCA in January 2017.

She began her career as an Audit Assistant in Nexia SSY in September 2012 where she was involved in assisting the planning, monitoring and reviewing of audit processes. Subsequently, she was promoted to the position of Senior Audit Assistant, where her responsibilities include reviewing, monitoring and planning audits and finalising audit reports for private and public listed companies in Malaysia.

She left Nexia SSY in June 2015 and joined MSM International Limited as an Assistant Finance Manager in July 2015 where she was responsible for the finance and accounting functions of the company. She was then promoted to Finance Manager in June 2017. In July 2021, she joined Cosmos and assumed her current position as Financial Controller of our Group.

Please refer to Section 5.4.4(i) of this Prospectus for details of Lai Khar Khei's principal directorships in other corporations and principal business activities performed outside our Group as at the LPD.

**(ii) Syahdan Bin Ab Samad**

Syahdan Bin Ab Samad, a Malaysian, aged 37, is our Sales and Marketing Manager. He is responsible for the sales and marketing strategy of Cosmos Instruments.

He obtained a diploma in Engineering Technology in Automated System and Maintenance from Kuala Lumpur University in November 2010.

He began his career as a Technical Executive in Nuha Tech Sdn Bhd in April 2011, where he was involved in technical maintenance of the company's machinery. He left Nuha Tech Sdn Bhd in June 2013 and joined Essmart Systems Sdn Bhd in August 2013 as a Sales Engineer, where he was responsible for the company's sales of oil and gas lubrication systems.

He left Essmart Systems Sdn Bhd in February 2014 and immediately joined Progard Sdn Bhd as a Sales Engineer, where he was responsible for the sales of firefighting supplies and services. In August 2014, upon leaving Progard Sdn Bhd, he joined Cosmos Instruments as a Sales Engineer, where he was responsible for sales of instrumentation products. In June 2017, he was subsequently promoted to the position of Assistant Manager. In October 2017, he was appointed as a Director of Cosmos Instruments and subsequently resigned as a Director of Cosmos Instruments in April 2018. He was then further promoted to Sales and Marketing Manager in July 2019, where he assumes his current responsibilities.

Please refer to Section 5.4.4(ii) of this Prospectus for details of Syahdan Bin Ab Samad's principal directorships in other corporations and principal business activities performed outside our Group as at the LPD.



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

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**(iii) Goh Choon Hoong**

Goh Choon Hoong, a Malaysian, aged 42, is our Technical Manager. He is responsible for monitoring and managing the technical aspects of the implementation of water projects by Cosmos Instruments and providing after-sales service to customers of Cosmos Instruments.

He obtained a diploma in Engineering from the Federal Institute of Technology Malaysia in November 2001.

He began his career as a Technician in Western Digital Malaysia Sdn Bhd, where he was responsible for the maintenance and repairing of the machinery that manufacture hard disks. He was subsequently promoted to the positions of Senior Technician in July 2003 and Technical Specialist in July 2006, respectively.

He resigned from Western Digital Malaysia Sdn Bhd in May 2009 and joined Wasserwelt Sdn Bhd as a Sales Engineer, where he was responsible for the sales of the company's products. He was subsequently promoted to the position of Project Engineer in June 2010 and Project Manager in January 2012, respectively, where he was responsible for managing mechanical and electrical engineering projects.

He then left Wasserwelt Sdn Bhd in May 2014 and joined Techelec Automation & Engineering Sdn Bhd in June 2014 as a Senior Engineer, where he was responsible for the implementation of projects involving programmable logic controller ("PLC") & SCADA engineering.

He then joined I.S.E.T. Engineering Sdn Bhd in May 2019 as an Assistant Manager and was responsible for the implementation of PLC and SCADA engineering projects. He subsequently joined Cosmos Instruments in July 2019 and assumed the role of Assistant Service Manager, where he was responsible for resolving technical issues for service projects involving Siemens instrument products. He was then promoted in January 2020 to the role of Technical Manager, where he assumes his current responsibilities.

Please refer to Section 5.4.4(iii) of this Prospectus for details of Goh Choon Hoong's principal directorships in other corporations and principal business activities performed outside our Group as at the LPD.

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

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**5.4.4 Involvement of our Key Senior Management in other businesses/ corporations outside our Group**

Save for the involvement of Dato' Chong and Ng Boon Keong which are detailed in Section 5.2.3, the following table sets out other principal directorship(s) of our Key Senior Management outside our Group and the principal business activities performed by our Key Senior Management outside our Group as at the LPD ("**KSM Present Involvement**") and those other principal directorship(s) and involvement of our Key Senior Management outside of our Group that were held within the past 5 years up to the LPD ("**KSM Past Involvement**"):

**(i) Lai Khar Khei**

<u>Name of company</u>	<u>Principal activities</u>	<u>Designation</u>	<u>Date of appointment</u>	<u>Date of resignation</u>	<u>Equity interest (%)</u>	
					<u>Direct</u>	<u>Indirect</u>
<b><u>KSM Present Involvement</u></b>						
Amazon Kitchen Sdn Bhd	To carry on business of convenience store and restaurant with dine in and delivery services and supply of ingredient, packing materials and rental of kitchen space and related activities	Director	12 October 2020	-	25.0	-
<b><u>KSM Past Involvement</u></b>						
None						

Her involvement in the business activity outside our Group will not affect her commitment and responsibilities to our Group in her respective roles as our Key Senior Management in view that her involvement in the business activity does not require significant amount of time, and hence does not affect her ability to perform her roles and responsibilities to our Group.

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

**(ii) Syahdan Bin Ab Samad**

<u>Name of company</u>	<u>Principal activities</u>	<u>Designation</u>	<u>Date of appointment</u>	<u>Date of resignation</u>	<u>Equity interest (%)</u>	
					<u>Direct</u>	<u>Indirect</u>
<b>KSM Present Involvement</b>						
None						
<b>KSM Past Involvement</b>						
Techelec Automation & Engineering Sdn Bhd	Designing, supplying, contracting for instrumentation, control system, telemetry, SCADA system, industrial automation, electrical cabling and installation	Director	30 December 2015	18 June 2019	-	-

**(iii) Goh Choon Hoong**

<u>Name of company</u>	<u>Principal activities</u>	<u>Designation</u>	<u>Date of appointment</u>	<u>Date of resignation</u>	<u>Equity interest (%)</u>	
					<u>Direct</u>	<u>Indirect</u>
<b>KSM Present Involvement</b>						
None						
<b>KSM Past Involvement</b>						
Moscoss Services Sdn Bhd	Servicing of industrial and automation equipment (Winding Up)	Director	28 May 2019	-	100.0	-
Techelec Automation & Engineering Sdn Bhd	Design, supply, and instrumentation, control system, telemetry, SCADA system, industrial automation, electrical	Director	18 June 2019	7 January 2020	-	-

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

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest (%)	
					Direct	Indirect
	cabling and installation					

**5.4.5 Key Senior Management's remuneration and benefits-in-kind**

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration) paid and proposed to be paid to our Key Senior Management for their services rendered in all capacities within our Group for the FYE 2022 and FYE 2023 are as follows:

Key Senior Management	Remuneration <sup>(1)</sup> (in bands of RM50,000)	
	FYE 2022 (Paid)	FYE 2023 (Proposed) <sup>(2)</sup>
	RM'000	RM'000
Lai Khar Khei	100 – 150	100 – 150
Syahdan Bin Ab Samad	100 – 150	100 – 150
Goh Choon Hoong	100 – 150	100 – 150

Key Senior Management	Material benefits-in-kind	
	FYE 2022 (Paid)	FYE 2023 (Proposed)
	RM'000	RM'000
Lai Khar Khei	0 – 50	0 – 50
Syahdan Bin Ab Samad	0 – 50	0 – 50
Goh Choon Hoong	0 – 50	0 – 50

**Notes:**

- (1) The remuneration for key senior management includes salaries, commissions, other allowances and benefits-in-kind.
- (2) The bonuses for FYE 2023 are not included. Such bonuses, if any, will be determined at a later date based on our Group's performance, and will be subject to recommendation of our Remuneration Committee and approval by our Board.

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

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

As at the LPD, none of our Promoters, Directors and Key Senior Management is or has been involved in any of the following events (whether within or outside Malaysia):

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

**5.6 FAMILY RELATIONSHIPS AND ASSOCIATIONS**

Save for the family relationship of Chan Kee Sieng and Chan Kit Moi as stated in their profiles in Sections 5.1.2(iv) and (v) respectively and Triumphant Hope as stated in Section 5.1.2(iii), there are no family relationships or associations between our Promoters, substantial shareholders, Directors and Key Senior Management.

**5.7 EXISTING OR PROPOSED SERVICE AGREEMENT**

As at the LPD, there are no existing or proposed service agreement(s) between the companies within our Group and our Directors or our Key Senior Management that provide for benefits upon termination of employment.

## 6. INFORMATION ON OUR GROUP

### 6.1 OUR COMPANY

Our Company was incorporated on 14 May 2019 under the Act as a private limited company under the name Cosmos Technology International Sdn Bhd. On 30 September 2019, our Company was converted to a public limited company and assumed its present name, Cosmos Technology International Berhad.

Our Company is an investment holding company and through our subsidiaries, we are an integrated water technology solutions provider principally involved in the distribution and instrumentation services of fluid control products and manufacturing of fabricated metal parts for industrial applications used in the water, wastewater and oil and/or gas industries.

Our Company was listed on the LEAP Market on 9 March 2020. Pursuant to our listing on LEAP Market, we issued 19,240,000 Shares representing approximately 10.00% of our enlarged issued share capital at RM0.28 per Share to sophisticated investors as specified in Part I of Schedule 7 pursuant to Section 230 of the CMSA. Our Company raised total gross proceeds of RM5.39 million of which a remaining RM1.10 million is unused as at the LPD.

We intend to utilise the remaining unused RM1.10 million to partly fund the acquisition of 2 units of press brake machine, 2 units of spot welding machine and 1 unit of laser cutting machine by March 2023 which will be installed in the New Building.

Subsequently, our Company was delisted from the LEAP Market on 10 November 2021 pursuant to the withdrawal of the listing from the LEAP Market to facilitate the listing on the ACE Market.

### 6.2 SHARE CAPITAL AND CHANGES IN SHARE CAPITAL

As at the LPD, our issued share capital is RM13,962,515 comprising 192,376,000 Shares.

Details of changes to our issued share capital since incorporation up to the LPD are shown below:

Date of transaction	No. of Shares	Nature of transaction	Consideration	Cumulative issued share capital	
				RM	No. of Shares
14 May 2019	20	Subscribers' Shares	Cash	2	20
19 July 2019	20	Subdivision of Shares	-	2	40
24 September 2019	173,135,960	Shares issued in conjunction with the acquisition of Cosmos Instruments and MCI	Cash	8,656,800	173,136,000
2 March 2020	19,240,000	Shares issued in conjunction with the listing on the LEAP Market of Cosmos	Cash	13,962,515	192,376,000

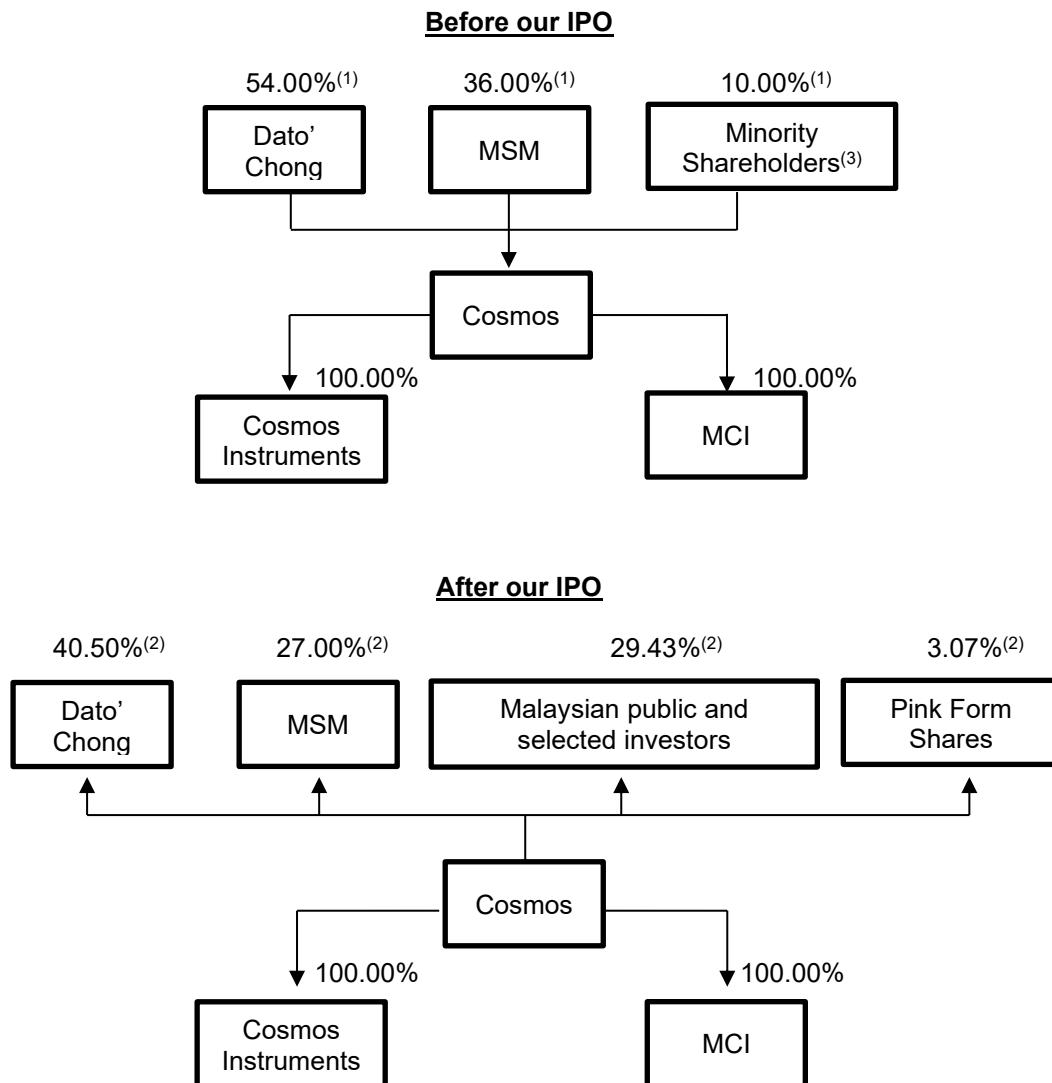
## 6. INFORMATION ON OUR GROUP (CONT'D)

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in our Company. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotments.

Upon our Listing, our issued share capital will increase from RM13,962,515 comprising 192,376,000 Shares to RM36,406,370 comprising 256,501,300 Shares.

### 6.3 OUR SHAREHOLDERS AND GROUP STRUCTURE

Our shareholders and Group structure before our IPO, and after our IPO is set out below:



**Notes:**

- (1) Based on the total number of 192,376,000 Shares before our IPO.
- (2) Based on the enlarged total number of 256,501,300 Shares after our IPO.
- (3) The minority shareholders before our IPO refers to the minority shareholders who invested in our Shares when our Company was listed on the LEAP Market.

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

### 6.4 SUBSIDIARIES

Our Subsidiaries as at the LPD are as follows:

Company name and registration number	Date / Place of incorporation	Principal place of business	Principal activities	Issued share capital (RM)	Effective interest held by our Company (%)
Cosmos Instruments 200401022411 (660916-X)	27 July 2004 / Malaysia	Malaysia	Distribution of industrial automation and control instrumentation and servicing of fluid control products	400,000	100.00
MCI 201001027440 (911359-A)	11 August 2010 / Malaysia	Malaysia	Manufacturing of fabricated metal parts used in water, wastewater and oil and gas applications	1,000,000	100.00

As at the LPD, our Group does not have any jointly controlled entity or associate company.

#### 6.4.1 Share capital and changes in share capital of Cosmos Instruments

Cosmos Instruments' share capital as at the LPD is RM400,000 comprising 400,000 ordinary shares. There were no changes to Cosmos Instruments' issued share capital for the past 3 financial years up to the LPD.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Cosmos Instruments. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

#### 6.4.2 Share capital and changes in share capital of MCI

MCI's share capital as at the LPD is RM1,000,000 comprising 1,000,000 ordinary shares. There were no changes to MCI's issued share capital for the past 3 financial years up to the LPD.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in MCI. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

### 6.5 PUBLIC TAKE-OVER

Since our incorporation up to the LPD, there were no:

- (i) public take-over offers by third parties in respect of our Shares; and
- (ii) public take-over offers by our Company in respect of shares in other companies.



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## 7. BUSINESS OVERVIEW

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### 7.1 HISTORY AND MILESTONES

#### 7.1.1 HISTORY

The history of our Group began back in 2004 when Cosmos Instruments was cofounded by Dato' Chong with 2 other investors, namely, Tan Tong Huat and Siaw Poon Keong, whereby each co-founder held one subscribers' share. Cosmos Instruments was incorporated to be involved in the distribution of fluid control products which include mainly electronic flowmeters sourced from Siemens Malaysia, in particular electromagnetic and ultrasonic flowmeters, for the water and wastewater industries in Malaysia. Cosmos Instruments has only sourced and distributed fluid control products from Siemens Malaysia since it commenced operations until to-date.

In 2004, Cosmos Instruments started selling Siemens' fluid control products to our customers, who were mainly contractors for water and wastewater treatment plants. Notwithstanding the fact that Cosmos Instruments sourced and distributed fluid control products from Siemens Malaysia in 2004, Cosmos Instruments did not enter into a distributorship agreement with Siemens in 2004. In Malaysia, water supply, wastewater treatment, and other related projects are awarded by the Government to contractors with relevant licenses, such as the water supply permit from SPAN and MOF licenses. As Cosmos Instruments did not have the relevant licenses in the early years of our business operations, Cosmos Instruments would supply our fluid control products to contractors who were licensed to participate in tenders for water and wastewater projects and who were awarded water and wastewater projects from the Government, including ISET. At the time, ISET was co-owned by our founder, Dato' Chong. Since then until to-date, we have been supplying Siemens' fluid control products to ISET and other contractors via tenders.

In 2005, Cosmos Instruments expanded our business activity to include the provision of instrumentation services for our Water Customers, as value-added services to complement our distribution business. When we started in 2005, Cosmos Instruments was only offering selected instrumentation services such as calibration, testing, commissioning, and training of new electronic flowmeters for water supply and wastewater treatment plants. Our installation works were outsourced to external contractors including ISET, which had the experience and expertise. At the time, Cosmos Instruments secured its instrumentation services works directly from Water Customers.

In 2007, Cosmos Instruments was appointed as an authorised process instrumentation distributor for Siemens Malaysia Automation and Drives Group. Siemens Malaysia is the representative company for Siemens AG (Germany) in Malaysia, whereas Siemens Malaysia Automation and Drives Group and Siemens Malaysia Digital Factory are divisions within Siemens Malaysia. This appointment enabled Cosmos Instruments to participate in selected tenders from Water Customers which require distributorship of process instrumentation. After being appointed as an authorised process instrumentation distributor of Siemens Malaysia, Cosmos Instruments began to secure new water and wastewater projects through direct engagements with our Water Customers such as water operators, wastewater treatment plant operators, contractors and sub-contractors for water supply and wastewater treatment applications.

Between 2004 and 2014, Cosmos Instruments distributed and installed many electronic flowmeters in the water supply, water treatment, water distribution, wastewater treatment applications across Malaysia via projects secured directly from its Water Customers. The installation works for these projects were outsourced to external contractors including ISET. We saw a demand for replacement services for our electronic flowmeters. Therefore, in 2014, Cosmos Instruments expanded our instrumentation services to include testing and inspecting of old electronic flowmeters and replacing defective flowmeters and/or wear and tear parts to ensure our customers' water monitoring and measurement processes are operating accurately.

In 2016, Cosmos Instruments obtained the G4 licence from CIDB which permits Cosmos Instruments to carry out installation work in Malaysia. In 2017, Cosmos Instruments also obtained the Type C3 water supply permit from SPAN, which enabled us to participate in tenders for water

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

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projects in Malaysia, with contract value between RM200,000 and RM2.00 million. Arising from this, Dato' Chong formed a service team to undertake installation works for water projects by Cosmos Instruments under our instrumentation services business activity. Since obtaining the G4 licence from CIDB and the Type C3 water supply permit from SPAN, we had started to carry out installation works internally which enable our Group to reduce its reliance on external contractors and ISET. Nevertheless, Cosmos Instruments may engage services of external contractors (including ISET) for projects which may require additional manpower or other expertise to meet the deadlines and requirements set by our Water Customers. In 2018, Cosmos Instruments upgraded our water supply permit to Type C2 which enables Cosmos Instruments to operate higher value water projects not exceeding RM10.00 million in Malaysia. In 2019, Cosmos Instruments also upgraded to a G5 licence from CIDB to secure higher value installation work for water projects in Malaysia, of up to RM5.00 million in value.

Occasionally, Cosmos Instruments would receive requests from our Water Customers to assist them in sourcing and supplying of fabricated metal products such as earthing rings, pedestal panels, metal brackets and metal floor panels, for their water and wastewater treatment plants. Being a business-oriented company and to strengthen our relationship with our Water Customers, Cosmos Instruments had assisted them to source these products locally and internationally. In 2016, Cosmos Instruments sourced these fabricated metal products from MCI through MSM's marketing arm, Toyomi Engineering Sdn Bhd.

Dato' Chong recognised the advantages to be gained from the manufacturing of fabricated metal products which could complement Cosmos Instruments' existing distribution service segment. He envisaged the potential in the water and wastewater industries following the Government's efforts to improve the existing water and wastewater facilities in Malaysia. Recognising the manufacturing capabilities of MCI and its potential in the water and wastewater industries, Dato' Chong approached MSM in 2017 to pursue a working partnership with MCI to achieve a backward integration particularly in the water and wastewater industries by combining the expertise and resources from both entities. MCI was incorporated in 2010 with its principal activity being metal engineering work for oil and gas and environmental-related industries. MCI had been operating since its incorporation under MSM and was mainly servicing customers in the oil and gas industry.

On 26 March 2018, Dato' Chong entered into a conditional sale and purchase agreement with MSM to acquire 60.00% of MSM's equity interest in MCI, whilst MSM still held 40.00% equity interest in MCI. On the same day, MCI entered into a conditional sale and purchase agreement with Dato' Chong to acquire 100% equity interest of Cosmos Instruments. On 18 December 2018, Cosmos Instruments became a wholly-owned subsidiary of MCI. On 23 August 2019, Cosmos entered into a share sale agreement with MSM and Dato' Chong to acquire their respective equity interests in MCI. On the same day, Cosmos had also entered into a share sale agreement with MCI to acquire its 100% equity interest of Cosmos Instruments. On 24 September 2019, both Cosmos Instruments and MCI became the wholly-owned subsidiaries of Cosmos.

As a result of the above, our combined group comprising Cosmos Instruments and MCI enables our Group to develop and manufacture a wider range of fabricated metal products for our Water Customers while benefiting from cost savings as certain fabricated metal products can be manufactured internally by MCI. Further, it also enables MCI to mitigate its dependency on the Oil and Gas Customers and Cosmos Instruments to utilise MCI's manufacturing capability to produce fabricated metal products for our Water Customers.

In 2018, Cosmos Instruments further strengthened our business relationship and position with Siemens Malaysia as Cosmos Instruments was appointed as a Process Instrumentation Solution Partner for Siemens Malaysia Digital Factory and Process Industries and Drives Division. As the certified partner and solution partner of Siemens Malaysia, we are able to access to Siemens' complete portfolio of customised solutions, systems, and products, access to their exclusive partner portal information, to obtain their technical support and training, to increase our visibility in their media and on sales platforms, including branding, and certifications; and to undertake joint

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

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marketing efforts to develop solutions for our customers to grow our markets. Please refer to Section 7.7.1 of this Prospectus for more information.

In 2018, Cosmos Instruments also secured our first long-term contract (e.g., framework agreements) from Syarikat Bekalan Air Selangor Sdn Bhd (“**SYABAS**”)<sup>#</sup> to supply, deliver and troubleshoot Siemens’ electromagnetic flowmeter and spare parts for district metering zone operation and maintenance works for a period of 3 years which has been fulfilled and completed in December 2020. As at the LPD, we have 3 long-term contracts from Air Selangor (with expiry dates between December 2022 and December 2023) and a long-term contract from SAMB (with expiry date in March 2023) to supply, deliver and troubleshoot Siemens’ electromagnetic flowmeter and spare parts for district metering zone operation and maintenance works.

*Note:*

<sup>#</sup> *Following the acquisition of SYABAS by Air Selangor in April 2019, Air Selangor became the party to the Framework Agreement in place of SYABAS.*

In 2019, Cosmos Instruments expanded our product offering to include a range of telemetry products from LACROIX Sofrel to complement our distribution of fluid control products for our Water Customers. In the same year, Cosmos Instruments was appointed as the official partner of LACROIX Sofrel to sell and provide support for its range of telemetry products in Malaysia and started to distribute our first telemetry product which was the Sofrel’s dataloggers to our Water Customers. Since the appointment, Cosmos Instruments is now able to offer the integration of Sofrel’s dataloggers with our Siemens’ electronic flowmeters to our Water Customers to remotely monitor their water networks, such as water flow in their water supply and water treatment plants, water distribution and billing systems as well as monitoring of NRW.

After Cosmos Instruments obtained the MOF licence in 2019, Cosmos Instruments began to participate in tenders for Government-linked projects from Water Authorities, such as Air Selangor and SAMB, independently from ISET for the supply of fluid control products and instrumentation services. Further, on 24 June 2019, Dato’ Chong resigned from the board of directors of ISET to focus on managing the operations of our Group.

On 9 March 2020, Cosmos was listed on the LEAP Market.

In 2020 and 2021, we secured our first production orders for 2 new fabricated metal products, namely lamella plates for lamella clarifiers and metal body frames for shale shakers respectively. These new fabricated metal products are supplied for water, and oil and gas applications, respectively. The lamella plates were produced internally whereas the metal body frames for shale shakers were sub-contracted to external sub-contractors. However, we intend to acquire and install high power laser cutting machines in the New Building to produce the metal body frames for shale shakers internally after our Listing.

In 2021, Cosmos Instruments expanded our Sofrel’s range of products to include its centralised monitoring systems comprised of Sofrel’s RTUs for telemetry networks and PCWin2 centralisation software, which can help plant operators to monitor, supervise and manage their water/wastewater networks remotely and effectively from a centralised location. Since then, Cosmos Instruments have set up several centralised monitoring systems for our Water Customers’ water and wastewater treatment plants in Kedah, Selangor, Melaka and Johor.

On 10 November 2021, Cosmos was delisted from the LEAP Market pursuant to the withdrawal of its listing from the LEAP Market to facilitate our Listing.

## 7. BUSINESS OVERVIEW (CONT'D)

### 7.1.2 KEY ACHIEVEMENTS AND MILESTONES

Our Group's key achievements and milestones are listed in the table below.

Year	Key achievements and milestones
2004	<ul style="list-style-type: none"> <li>Cosmos Instruments was incorporated to distribute fluid control products used in the water and wastewater industries in Malaysia.</li> </ul>
2005	<ul style="list-style-type: none"> <li>Cosmos Instruments expanded its service offering to include selected instrumentation services for our Water Customers.</li> </ul>
2007	<ul style="list-style-type: none"> <li>Cosmos Instruments was appointed as an authorised process instrumentation distributor for Siemens Malaysia Automation and Drives Group.</li> </ul>
2010	<ul style="list-style-type: none"> <li>MCI was incorporated to manufacture fabricated metal products for oil and gas application under its then holding company, MSM.</li> </ul>
2012	<ul style="list-style-type: none"> <li>MCI obtained the ISO 9001:2008 certification for the recognition of its quality management system ("QMS") in the customised fabrication work of steel material for the oil and gas industry.</li> </ul>
2016	<ul style="list-style-type: none"> <li>Cosmos Instruments obtained the G4 licence from CIDB.</li> </ul>
2017	<ul style="list-style-type: none"> <li>Dato' Chong initiated a working partnership with MCI through MSM to achieve backward integration and combine the expertise and resources of Cosmos Instruments and MCI to service the water and wastewater industries.</li> <li>Cosmos Instruments obtained the Type C3 water supply permit from SPAN.</li> </ul>
2018	<ul style="list-style-type: none"> <li>MCI upgraded its ISO certification to ISO 9001:2015.</li> <li>Cosmos Instruments obtained the ISO 9001:2015 certification.</li> <li>Cosmos Instruments was appointed as a process instrumentation Solution Partner for Siemens Malaysia Digital Factory and Process Industries and Drives Division.</li> <li>Cosmos Instruments upgraded to Type C2 water supply permit from SPAN.</li> </ul>
2019	<ul style="list-style-type: none"> <li>Cosmos Instruments was appointed as the official partner for LACROIX Sofrel to sell and provide support for its range of products in Malaysia, starting with the distribution of Sofrel's dataloggers.</li> <li>Cosmos Instruments was granted the G5 CIDB licence.</li> <li>Cosmos Instruments obtained the MOF licence from MOF.</li> </ul>
2020	<ul style="list-style-type: none"> <li>Cosmos was listed on the LEAP Market.</li> <li>MCI received our first order to produce and supply the lamella plates for lamella clarifiers for our Water Customers.</li> </ul>
2021	<ul style="list-style-type: none"> <li>MCI received our first order to produce and supply metal body frames for shale shakers for our Oil and Gas Customers.</li> <li>Cosmos Instruments expanded our range of Sofrel's products to include centralised monitoring systems for our Water Customers. These centralised monitoring systems enable our Water Customers to monitor, supervise, and manage their water and wastewater networks in their water and wastewater treatment plants.</li> <li>Cosmos was delisted from the LEAP Market to facilitate our Listing.</li> </ul>

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


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**7.1.3 AWARDS**

Our Group's awards are listed in the table below:

<b>Awarded to</b>	<b>Awards</b>	<b>Awarded by</b>
Cosmos Instruments	<ul style="list-style-type: none"> <li>• Outstanding Achievement Award (2008)</li> <li>• Top Performance Award (2009, 2010, 2011, 2013, 2015, and 2016)</li> <li>• Million Club Award (2011, 2013, 2015, 2016, 2017, and 2018)</li> <li>• ASEAN Performance Excellence Award (2016, 2017, 2018, 2019, 2020 and 2021)</li> <li>• Achievers Award (2019, 2020 and 2021)</li> </ul>	Siemens Malaysia
Cosmos Instruments	<ul style="list-style-type: none"> <li>• ASEAN Partners Excellence Award 2016</li> </ul>	Siemens Pte Ltd
Cosmos Instruments	<ul style="list-style-type: none"> <li>• Top Sales Performer Award 2014</li> </ul>	Siemens Malaysia with approved partner, Sensors

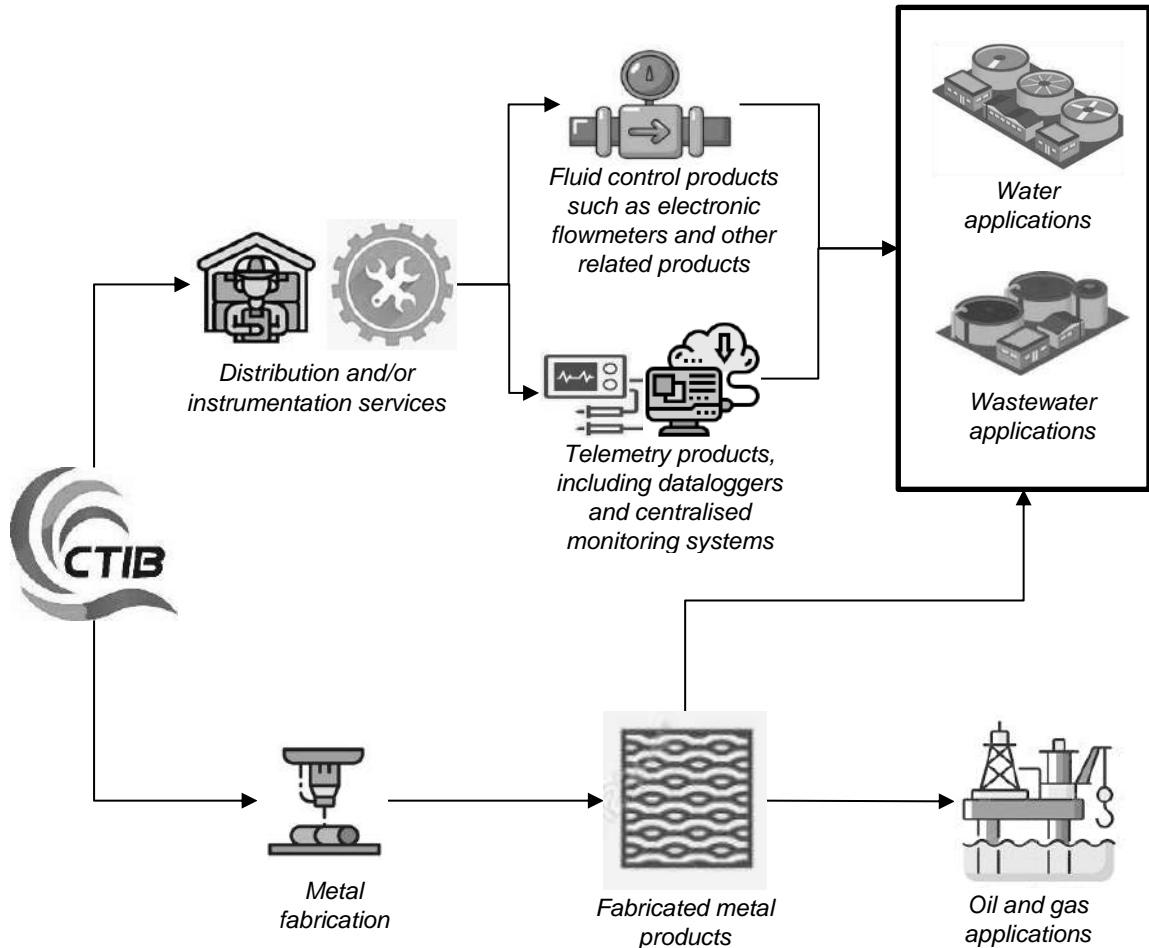
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## 7. BUSINESS OVERVIEW (CONT'D)

### 7.2 PRINCIPAL BUSINESS ACTIVITIES AND PRODUCTS

#### 7.2.1 BUSINESS MODEL

Our Group's business model is illustrated below:



Our Group's principal activities are segmented into the following:

- A. **Distribution and instrumentation services of fluid control and telemetry products** such as Siemens' electronic flowmeters and related products, Sofrel's dataloggers and centralised monitoring systems used in the water and wastewater applications; and
- B. **Manufacturing of fabricated metal products** used in mainly water, wastewater, and oil and gas applications.

## 7. BUSINESS OVERVIEW (CONT'D)

### A. Distribution and instrumentation services of fluid control and telemetry products

Cosmos Instruments specialises in the distribution and instrumentation services of fluid control and telemetry products such as Siemens' electronic flowmeters and related products, Sofrel's dataloggers and centralised monitoring systems for our Water Customers in the Malaysian market. Our distribution and instrumentation services activities contributed 25.81%, 41.59%, 53.42% and 38.80% of our Group's total revenue for the FYE Under Review, respectively.

Our instrumentation services include, but are not limited to, consultation and advice, design and integration of telemetry systems, installation and commissioning of instruments, calibration and testing of instruments, maintenance, training, and after sales services for our fluid control and telemetry systems and equipment as detailed below:

- **Consultation and advice** - Cosmos Instruments provides consultation and advice to our Water Customers on their fluid control and telemetry needs and requirements using Siemens Malaysia and LACROIX Sofrel's fluid control and telemetry products, respectively. Our technical team is able to identify the issues faced in our customers' existing plants, evaluate the situation and provide recommendations to improve their fluid control efficiency and effectiveness.
- **Design and integrate of telemetry solutions** – Cosmos Instruments provides design and integration of telemetry solutions for our Water Customers to improve their water and/or wastewater networks efficiency. Currently, we offer Sofrel's telemetry products (e.g., dataloggers and centralised monitoring systems), which utilises SCADA system to collect water/wastewater information and transmit them remotely to a centralised control centre. Our technical team is able to plan and recommend, design and integrate suitable telemetry solutions for Water Customers to effectively monitor and manage their water/wastewater networks for their treatment plants operations. By integrating our telemetry products (e.g., dataloggers and related accessories) with our fluid control products (e.g., electronic flowmeters and other related products), we can seamlessly and remotely transmit data through wireless networks including GSM communication, GPRS, 3<sup>rd</sup> Generation Communication (“**3G**”), and 4<sup>th</sup> Generation Communication (“**4G**”) connections.
- **Installation and commissioning of instruments** - Cosmos Instruments provides complete installation of fluid control and telemetry products at our customers' sites. Our technicians are trained by Siemens Malaysia and LACROIX Sofrel and have the competency to carry out and complete the jobs.
- **Calibration and testing of instruments** - Cosmos Instruments provides calibration of Siemens Malaysia and LACROIX Sofrel's fluid control and telemetry products to achieve the required measurements, data communication, and data centralisation according to the device technical standards.
- **Maintenance of our instruments** - Cosmos Instruments provides scheduled preventive maintenance to minimise equipment breakdown at our Water Customers' sites. Our maintenance services include the replacement of broken or faulty products that are distributed by us.
- **Training** - Cosmos Instruments also offers training seminars to our customers and educate them on how to use, operate, check and inspect our fluid control and telemetry products that are installed at their sites.

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

As at the LPD, Cosmos Instruments has been appointed by Siemens Malaysia and LACROIX Sofrel for the following:

No.	Particulars of appointment	Principal	Year obtained
1.	Authorised process instrumentation distributor for Siemens Malaysia Automation and Drives Group <sup>(1)</sup>	Siemens Malaysia	2007
2.	Process instrumentation Solution Partner for Siemens Malaysia Digital Factory and Process Industries and Drives Division <sup>(1)</sup>	Siemens Malaysia	2018
3.	Official partner for LACROIX Sofrel to sell and provide support for its range of products in Malaysia <sup>(2)</sup>	LACROIX Sofrel	2019
4.	Channel Partner Agreement with LACROIX Sofrel to distribute the products pertaining to the business of LACROIX Sofrel in Malaysia <sup>(3)</sup>	LACROIX Sofrel	2022

**Notes:**

- (1) *In 2007, Cosmos Instruments was appointed as an authorised process instrumentation distributor for Siemens Malaysia Automation and Drives Group which is a division within Siemens Malaysia. For information purpose, Siemens Malaysia is the representative company for Siemens AG (Germany) in Malaysia, whereas Siemens Malaysia Automation and Drives Group and Siemens Malaysia Digital Factory are divisions within Siemens Malaysia. Subsequently in 2018, Cosmos Instruments was appointed as the Solution Partner of Siemens Malaysia, pursuant to a solution partner contract signed with Siemens Malaysia which was most recently renewed in 2022.*

*The Solution Partner Contract between Cosmos Instruments and Siemens Malaysia is in relation to the participation of Cosmos in the Solution Partner Program with regards to, amongst others, sale and marketing of Siemens' products, systems, applications and software. Cosmos Instruments as the partner of Siemens Malaysia may enjoy the marketing support provided by Siemens Malaysia. Furthermore, Cosmos Instruments will be published as a Solution Partner in Siemens (AG) Germany's website, which enables foreign clients who wish to engage in process instrumentation services in Malaysia to contact Cosmos Instruments.*

*The abovementioned appointments of Cosmos Instruments are not exclusive.*

*The Solution Partner Contract does not have any restriction for Cosmos Instruments to sell competing products in Malaysia. Nonetheless, Cosmos Instruments will only distribute fluid control products from Siemens Malaysia to our Water Customers due to factors as set out in Section 7.7.1 of this Prospectus.*

- (2) *Cosmos Instruments' support activities include installation, calibration, testing and commissioning of the telemetry products on site, as well as product training for customers. Please refer to Section 7.2.1(A) of this Prospectus for the list of telemetry products under Sofrel's range of products.*
- (3) *The Channel Partner Agreement sets out the terms and conditions, and commitments which Cosmos Instruments must comply and achieve in order to maintain its status as LACROIX Sofrel's distributor. In exchange, LACROIX Sofrel will allow Cosmos Instruments access to its full range of products, obtain technical support and training, and receive marketing support to grow our business for Sofrel's products in Malaysia. The Channel Partner Agreement has also imposed a restriction for Cosmos Instruments to sell competing products in Malaysia.*



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

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**Fluid control and telemetry products**

The fluid control and telemetry products distributed by Cosmos Instruments consist of the following:

**(a) Electronic flowmeters**

At present, there are various types of flowmeters available in the market. Cosmos Instruments focuses on the distribution of electronic flowmeters. Electronic flowmeters are widely used in the industrial and commercial sectors to monitor water distribution, water usage and managing NRW, as it provides accurate measurement of flow rate. Since inception, we have been sourcing our fluid control products from Siemens Malaysia and redistribute them to our Water Customers.

As at the LPD, Cosmos Instruments distributes 2 key electronic flowmeters, namely the electromagnetic flowmeter and the ultrasonic flowmeter.

A complete electronic flowmeter system consists of a primary device (i.e., electromagnetic flowmeter or ultrasonic flowmeter) plus a level transducer and a pressure transmitter as detailed below:

**(i) Electromagnetic flowmeters**

The electromagnetic flowmeters provide high-precision volume measurement for electrically conductive fluids such as water. Our Siemens Malaysia's electromagnetic flowmeters can provide accurate measurement of  $\pm 0.2\%$  of the flow rate.

The electromagnetic flowmeter creates a magnetic field across a section of water pipe. As the water flows through the magnetic field, conductive particles in the water create changes in voltage across the magnetic field. This variation can be measured and is used to calculate the velocity of water flow.

During installation, water flow must be stopped to allow the water pipe to be cut so that the electromagnetic flowmeter is then installed at the joint where the pipe is cut.

**(ii) Ultrasonic flowmeters**

Ultrasonic flowmeters use sound waves to determine the speed of a fluid flowing in a pipe. Based on the speed, the ultrasonic flowmeter will be able to calculate the quantity of water flowing through the pipe. The ultrasonic flowmeter is easy to install as it uses clamp-on installation technique which does not require pipe cutting and stopping water flow during installation.

**(iii) Level transducers**

Level transducers use ultrasonic technology to measure flow level in contained spaces such as chemical storage and liquid tanks.

**(iv) Pressure transmitters**

Pressure transmitter is an industrial pressure measuring instrument that measures the pressure in fluids. Pressure transmitters are used in any fluid applications which require accurate electronic measurement of pressure.

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

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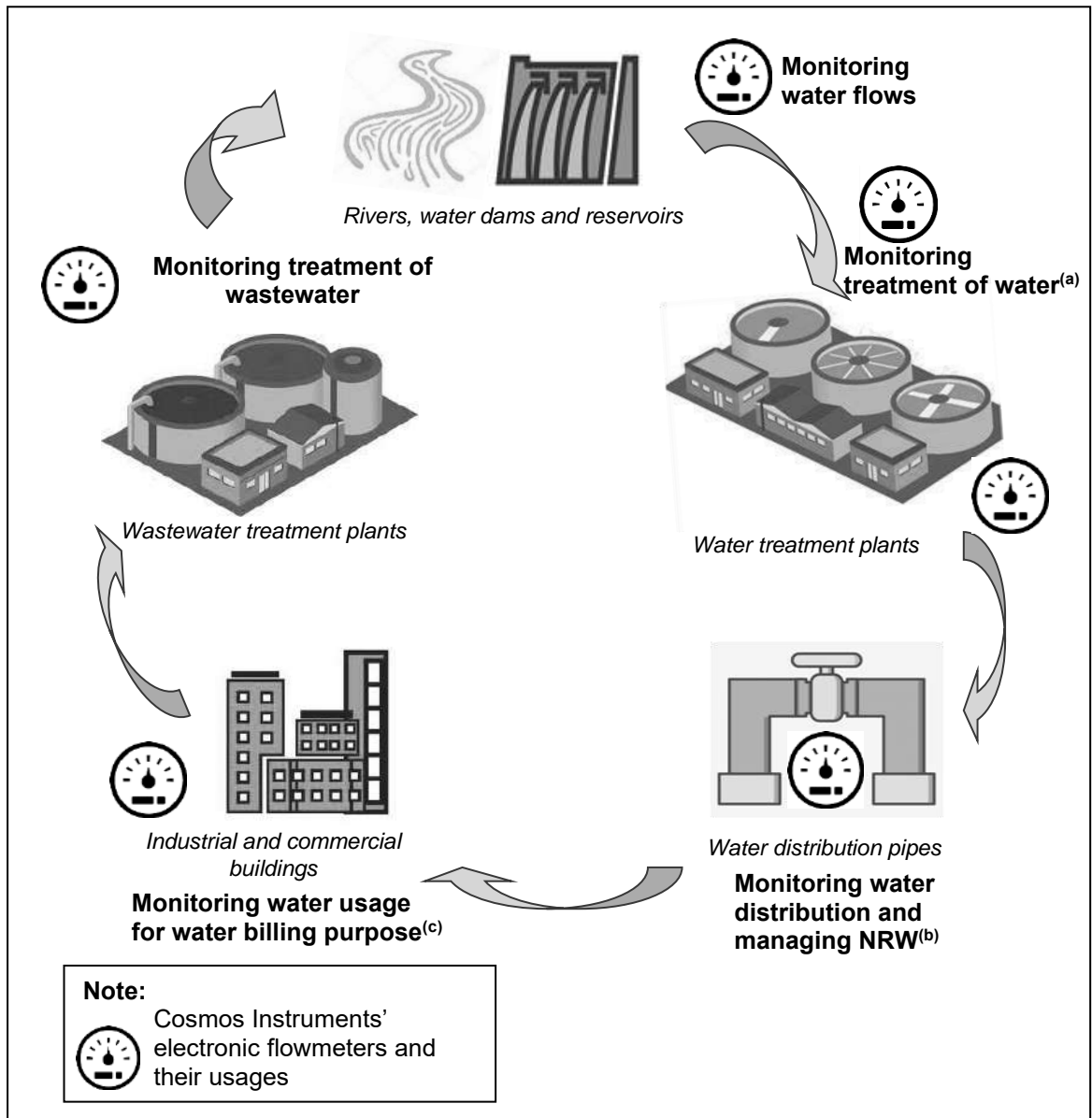
The fluid control products distributed by Cosmos Instruments are employed in 4 key areas of the water industry, namely:

- monitoring the treatment of water-by-water treatment plants and wastewater by wastewater treatment plants;
- monitoring of water distribution;
- water billing/usage; and
- managing NRW.

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

This is depicted in the diagram below:



**Notes:**

**(a) Monitoring the treatment of water and wastewater for industrial and commercial purposes**

Flowmeters are installed at the inflow pipes to measure the amount of raw water flow from the rivers, reservoirs and water dams to the water treatment plant. Flowmeters are also installed at water pipes in the water and wastewater treatment plants to measure the amount of water treated, water produced as well as water outflow from the water and wastewater treatment plants to the main water pipes and rivers respectively.

## 7. BUSINESS OVERVIEW (CONT'D)

### (b) **Monitoring water distribution and managing NRW**

*Flowmeters are installed across the water distribution pipes to measure any water loss when water is flowing through them.*

*NRW is the amount of water that has been treated by a water supply company but does not generate revenue because of losses during the distribution process to the end-customers.*

*Such water loss includes:*

- (i) **real losses** – which include leakage on transmission and/or distribution mains, leakage and overflows at utility's storage tanks, leakage on service connections up to customers' meters; and
- (ii) **apparent losses** – which include water thefts and metering inaccuracies.

*NRW is measured in percentages as an indicator of the efficiency of a water distribution network.*

### (c) **Monitoring water usage for water billing purpose**

*Our flowmeters are installed at industrial and commercial buildings to record water usage and for water billing purposes.*

*Water authorities and water operators install and use our flowmeters to record the amount of water being distributed to end-users, such as commercial and industrial sectors for water billing purposes. Employing electronic flowmeters, as opposed to mechanical flowmeters provides more reliable, improved and precise readings in commercial and industrial applications, which will in turn improve billing accuracy.*

By adopting the use of electronic flowmeters, our Water Customers can effectively measure and monitor the water distribution in the water network to reduce NRW. As more of our Water Customers began to realise the efficiency and accuracy of using electronic flowmeters, we have experienced the growth in the demand for our electronic flowmeters. Our Water Customers began to replace their old mechanical flowmeters with electronic flowmeters to measure and monitor fluids in areas, such as:

- (a) **District metering zone** – measuring the amount of water distributed and monitoring of water leakage in specific zoning areas;
- (b) **Production meter** – measuring the amount of potable water/drinking water generated from the water treatment plants; and
- (c) **Consumer billing meter** – measuring the amount of water consumed by the end-users for billing purpose.

### (b) **Telemetry Products**

Cosmos Instruments is the official partner for LACROIX Sofrel to market and distribute its range of telemetry products, including Sofrel's dataloggers and centralised monitoring systems to our Water Customers. Cosmos Instruments started distributing Sofrel's dataloggers and centralised monitoring systems to our Water Customers in 2020 and 2021, respectively. Sales of Sofrel's products accounted for 0.69%, 2.15% and 2.65% of our Group's total revenues for FYE 2020, FYE 2021 and FYE 2022, respectively.

On 17 January 2022, Cosmos Instruments has entered into a Channel Partner Agreement with LACROIX Sofrel to distribute the products pertaining to the business of LACROIX Sofrel in Malaysia pursuant to the Channel Partner Agreement. The Channel Partner Agreement sets out the terms and conditions, and commitments which Cosmos Instruments has to comply and achieve in order to maintain as LACROIX Sofrel's distributor. In

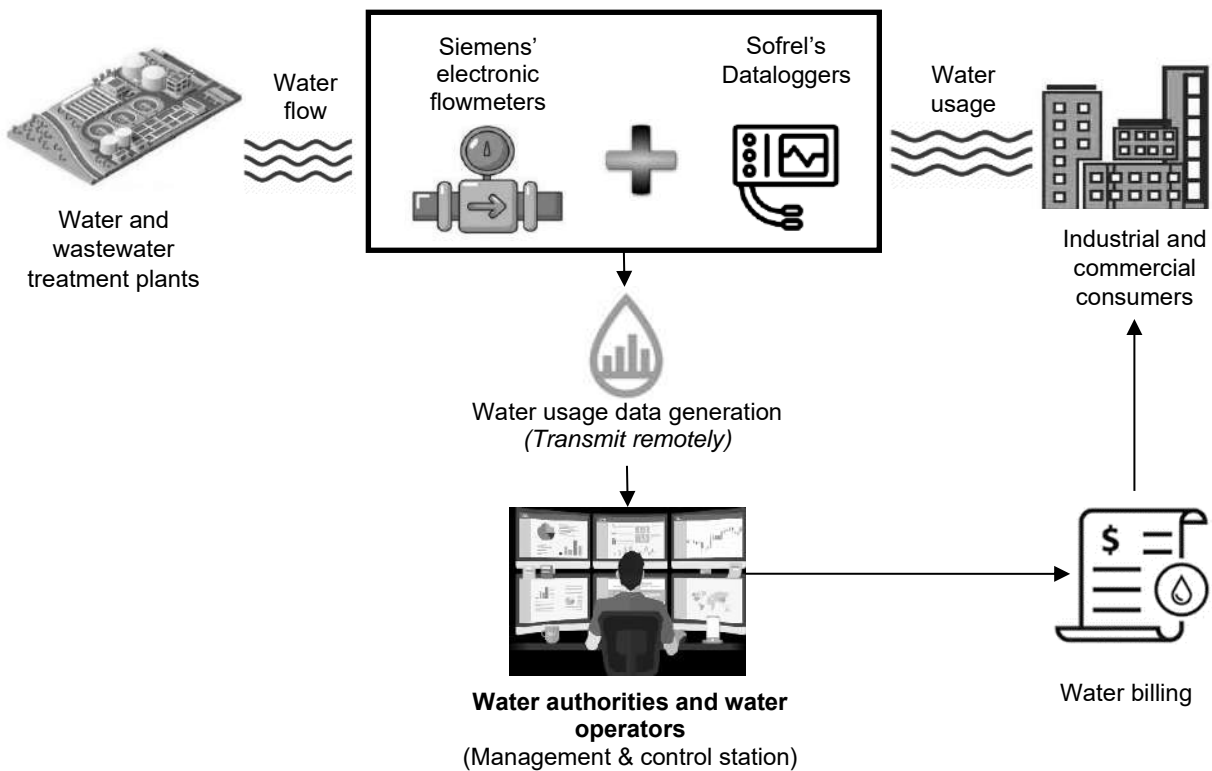
**7. BUSINESS OVERVIEW (CONT'D)**

exchange, LACROIX Sofrel will allow Cosmos Instruments to access to its full range of products, obtain technical supports and training, and receive marketing support to grow our business for Sofrel's products in Malaysia.

**(i) Dataloggers**

Sofrel's datalogger is an electronic device that records and stores data generated from the electronic flowmeters and transmits the recorded data to receiving equipment for monitoring purposes. Our Sofrel's dataloggers can be integrated with third-parties electronic flowmeter to monitor water usage remotely at the water treatment plants, industrial and commercial water applications. The integration between Sofrel's dataloggers and Siemens' electronic flowmeters is to complement and improve the effectiveness of our electronic flowmeters measurement and generate real-time data communication.

Sofrel's dataloggers have auto meter reading and data acquisition capabilities, telemetric and SCADA monitoring system to record water data generated from the electronic flowmeters without the need to be physically present and transmit the water data back to the central monitoring stations. Water authorities and water operators using our datalogging systems with electronic flowmeters can study progress patterns, analyse optimisation rates, and check for any problems that might arise from the system and perform troubleshooting procedures immediately.



**(ii) Centralised monitoring system**

Sofrel's centralised monitoring system uses Sofrel's telemetry and SCADA solutions, comprising technological hardware (e.g., RTUs for telemetry networks) and software (e.g., PCWin2 centralisation software) to automate, operate, manage and monitor the performance and efficiency of the water and wastewater treatment plants' instrumentation and equipment.

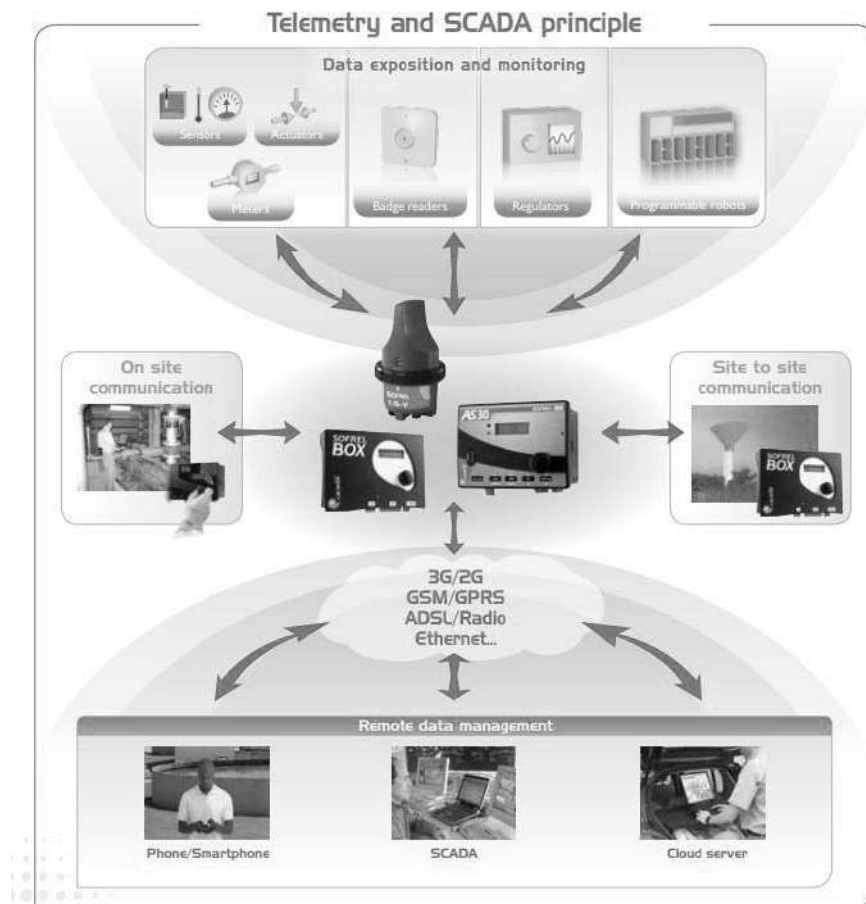
## 7. BUSINESS OVERVIEW (CONT'D)

The primary objectives of these centralised monitoring systems are to help our Water Customers to:

- monitor and enhance water and wastewater treatment plant operation efficiency;
- better measure the efficiency of water pump motor;
- improve the measurement of performance of water pipes and monitoring water leakages; and
- reduce electricity costs.




Cosmos Instruments has an experienced technical team who are competent to design, develop, integrate and implement suitable telemetry solutions for Water Customers to effectively monitor and supervise their entire chain of water and wastewater networks.

A sample of our centralised monitoring system can be illustrated in the diagrams below:





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

The details of the electronic flowmeters system and dataloggers distributed by our Group are shown below:




Product category	Type of product and image	Product description	Application
<p><b>Electronic flowmeters</b></p> <p>(i) <b>Electromagnetic flowmeters</b></p>	<p><b>Electric-powered electromagnetic flowmeter</b></p>  <p><b>Flow transmitter</b></p>  <p><i>(Wall-mounted unit)</i></p>  <p><i>(Standard unit)</i></p>	<p>Our electromagnetic flowmeters can be segregated into 2 main types, namely electric-powered and battery-powered electromagnetic flowmeters.</p> <p><b><u>Electric-powered electromagnetic flowmeter</u></b></p> <p>The electric-powered electromagnetic flowmeter uses electromagnetic sensor which must be connected to a power supply. This electromagnetic flowmeter uses electromagnetic induction to determine the fluid flow inside the pipes. As fluids flow through the electromagnetic field, it induces voltage.</p> <p>Hence, it measures the velocity of conductive fluids in the pipe such as water, chemical, acid, waste and slurry. Electromagnetic flowmeters are commonly used in water and wastewater, food and beverage, and power plant industries.</p> <p>In water and wastewater applications, the electromagnetic flowmeters are installed, amongst others at raw water inflow, treated water flow and distribution flow as depicted by the diagram in <i>Section 7.2.1 of this Prospectus</i>.</p> <p>Our electric-powered electromagnetic flowmeter comes in a variety of sizes ranging between 1 inch and 78 inches.</p> <p><b><u>Flow transmitter</u></b></p> <p>Our electromagnetic sensors must be paired with transmitters. The function of a transmitter is to convert the sensor voltage generated from the electromagnetic sensor into flow readings.</p>	<ul style="list-style-type: none"> <li>• Rivers, water dams, reservoirs, water treatment plants, water distribution pipes, industrial and commercial buildings</li> </ul>

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


Product category	Type of product and image	Product description	Application
<p>(i) <b>Electromagnetic flowmeters (cont'd)</b></p>	<p><b>Battery-powered electromagnetic flowmeter</b></p> 	<p>A battery-powered electromagnetic flowmeter is similar to an electric-powered flowmeter, with an additional advantage that gives customers the flexibility to install the flowmeter at remote areas where power supply is not available. Depending on the selection of battery, these battery-powered electromagnetic flowmeters have a long battery life of 6 to 10 years.</p> <p>Battery-powered flowmeters are widely used for monitoring of NRW and water billing applications in the water industry.</p> <p>Our electromagnetic flowmeter comes in variety of sizes between 1 inch and 48 inches.</p>	<ul style="list-style-type: none"> <li>• Rivers, water dams, reservoirs, water treatment plants, water distribution pipes, industrial and commercial buildings</li> </ul>
<p>(ii) <b>Ultrasonic flowmeters</b></p>	<p><b>Inline ultrasonic flowmeter</b></p> 	<p>Ultrasonic flow measurement offers an advantage over other flow technologies as it can be carried out from outside of the pipe. We distribute 3 types of ultrasonic flowmeters:</p> <ul style="list-style-type: none"> <li>• Inline ultrasonic flow measurement;</li> <li>• Clamp-on ultrasonic flow measurement; and</li> <li>• Open-channel flow measurement.</li> </ul> <p><b><u>Inline ultrasonic flowmeter</u></b></p> <p>An inline ultrasonic flowmeter consists of a sensor and transmitter. It is designed to measure the flow velocity of liquid using ultrasound to calculate volume flow in the pipes.</p> <p>The ultrasonic flowmeter is mainly used in water and wastewater industries, especially for bigger pipe sizes above 40 inches in diameter as it is more cost effective as compared to using electromagnetic flowmeter for our Water Customers.</p> <p>We distribute inline ultrasonic flowmeter in variety of sizes between 4 and 120 inches.</p>	<ul style="list-style-type: none"> <li>• Rivers, water dams, reservoirs, water treatment plants, water distribution pipes, industrial and commercial buildings</li> </ul>






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

Product category	Type of product and image	Product description	Application
	<p data-bbox="595 357 1025 384"><b>Digital clamp-on ultrasonic flowmeter</b></p>   <p data-bbox="595 887 909 914"><b>Ultrasonic level transmitter</b></p> 	<p data-bbox="1128 331 1559 359"><b><u>Digital clamp-on ultrasonic flowmeter</u></b></p> <p data-bbox="1128 387 1753 552">Our clamp-on ultrasonic flowmeter offers reliable flow measurement at a much lower cost than inline ultrasonic flowmeters. The ultrasonic flowmeter is strapped or clamped onto the outer part of pipe without the need to cut into the pipe or to shut down the process, thus saving time and money for our Water Customers.</p> <p data-bbox="1128 580 1753 719">This makes them suitable for fast installations, or for situations where cutting into a pipe is impractical. The clamp-on ultrasonic flowmeter can be left in place for fixed installations or portable for moving around to different measurement points.</p> <p data-bbox="1128 887 1440 914"><b><u>Ultrasonic level transmitter</u></b></p> <p data-bbox="1128 943 1753 1050">The ultrasonic level transmitter is used to measure liquid flow in open channels. The ultrasonic level transmitter provides continuous monitoring of wet wells, flumes, and weirs to provide reliable level-to-flow measurement.</p> <p data-bbox="1128 1078 1753 1185">The ultrasonic level transmitter is a cost-effective, compact, intelligent level solution for liquid chemical inventory, monitoring small process vessels, and level measurement in the environmental industry.</p>	

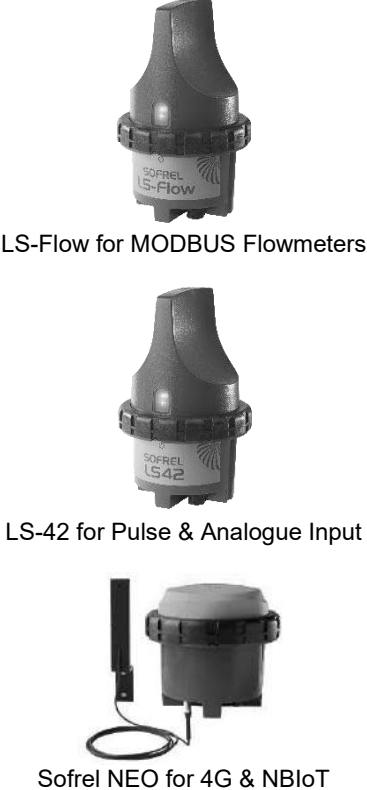
**7. BUSINESS OVERVIEW (CONT'D)**

Product category	Type of product and image	Product description	Application
(iii) Level transducers	<p data-bbox="593 331 728 355"><b>Transducer</b></p> 	<p data-bbox="1124 331 1751 467">A transducer is a level measurement sensor which uses ultrasonic technology to measure the level in a wide range of liquids and solids. It measures levels within a specified range and determines the exact amount of substance in a certain place.</p> <p data-bbox="1124 499 1751 603">During operations, the transducer emits acoustic pulses in a narrow beam. The level monitor measures the transmission time between pulse emission and its echo to calculate the distance.</p> <p data-bbox="1124 635 1751 826">The enclosures of the transducers are designed for maximum resistance to methane, saltwater, caustics and harsh chemicals common in wastewater installations. With a waterproofing protection, this rugged sensor is fully submersible in the event of flood conditions. A submergence shield will maintain a high-level reading output during submerged conditions.</p>	<ul data-bbox="1774 331 2063 499" style="list-style-type: none"> <li>• Rivers, water dams, reservoirs, water treatment plants, water distribution pipes, industrial and commercial buildings</li> </ul>




7. BUSINESS OVERVIEW (CONT'D)

Product category	Type of product and image	Product description	Application
<p>(iv) <b>Pressure transmitters</b></p>	<p><b>Digital pressure transmitter</b></p>  <p><i>(Transmitter for general requirement)</i></p>  <p><i>(Transmitter for applications with advanced requirements)</i></p> <p><b>Submersible sensor transmitter</b></p>  <p><i>(Single-range transmitter for applications with advanced requirements)</i></p>	<p>We supply 2 types of pressure transmitters, namely digital pressure transmitter and submersible sensor transmitter.</p> <p><b>Digital pressure transmitters</b> are used for measuring gauge pressure, absolute pressure, differential pressure, level, volume level, mass level, volume flow and mass flow. They are commonly used in industrial applications, particularly water and wastewater applications. The transmitters are installed in water and wastewater treatment plants in the areas of chemical tanks, pressure vessels, filter bed, etc.</p> <p>The <b>submersible sensor transmitter</b> is for hydrostatic level measurement. The pressure transmitter measures the liquid levels in tanks, containers, channels and dams. This transmitter is commonly used in shipbuilding, water and wastewater supply, and for use in unpressurised/open vessels and wells.</p>	<ul style="list-style-type: none"> <li>Rivers, water dams, reservoirs, water treatment plants, water distribution pipes, industrial and commercial buildings</li> </ul>



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

Product category	Type of product and image	Product description	Application
<b>Telemetry products</b>			
<b>(i) Dataloggers</b>	 <p>LS-Flow for MODBUS Flowmeters</p> <p>LS-42 for Pulse &amp; Analogue Input</p> <p>Sofrel NEO for 4G &amp; NBIoT</p>	<p>LACROIX Sofrel's datalogger is an electronic device that records, stores and transmits data from electromagnetic flowmeters &amp; other devices such as level and pressure sensors. It is integrated to provide periodical readings from flowmeters and transmits to a centralised station (e.g., Sofrel PCWin2) via GPRS, 3G and 4G networks.</p> <p>All data generated from Sofrel's datalogger are archived to the centralised station for further analysis and water management, which includes data obtained from the electronic flowmeter such as total water consumption, flow rate and flowmeter working status. The reliability of dataloggers is crucial for water authorities to monitor water consumption, managing NRW and for billing purposes.</p> <p>Besides connecting to the electronic flowmeters, Sofrel's datalogger can also be implemented for reservoir level monitoring, pipe pressure and chlorine level monitoring.</p>	<ul style="list-style-type: none"> <li>Rivers, water dams, reservoirs, water treatment plants, water distribution pipes, industrial and commercial buildings</li> </ul>

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

Product category	Type of product and image	Product description	Application
	 <p>SOFREL ChloRIN Logger &amp; Chlorine analyser</p>		
<p><b>(ii) Modular telemetry and SCADA remote terminal units for remote control and management</b></p>	<p><b><u>Telemetry &amp; Centralisation</u></b></p>  <p>AS Series Modular Remote Terminal Units for SCADA centralisation &amp; management</p>  <p>PCWin2 Centralisation Software</p>	<p>LACROIX Sofrel's telemetry and centralisation system includes AS series RTU, PCWin2 &amp; Sofrel YDRIX RTU. RTUs are being utilised in process control, data archiving, data transmission and remote control / access in water and/or wastewater treatment plants.</p> <p>Sofrel's RTU are able to form networks between stations using 2<sup>nd</sup> Generation Communication/3G communication, Ethernet LAN and Modbus, which is convenient for monitoring multiple stations in a treatment plant or transmit data from remote reservoirs far away.</p> <p>All RTU data is archived to a centralised station (Sofrel's PCWin2 Centralisation Software) that can be accessed locally on the server desktop or through internet by smart phones. PCwin2 Centralisation Software allows more flexible data/status access of the treatment plant system. Administrators can assign specific login ID for operators to limit access by hierarchy thus offering better security.</p> <p>The modular telemetry and SCADA remote terminal units offer an industrial solution combining performance, ease of implementation and usability for all monitoring, process control and remote management applications used on technical installations of water and wastewater treatment networks, boiler rooms and air-conditioning</p>	<ul style="list-style-type: none"> <li>Rivers, water dams, reservoirs, water treatment plants, water distribution pipes, industrial and commercial buildings</li> </ul>

7. BUSINESS OVERVIEW (CONT'D)

Product category	Type of product and image	Product description	Application
	 <p data-bbox="607 608 1093 687">Sofrel YDRIX Smart Remote Terminal Unit for telemetry and process control of water networks</p>	<p data-bbox="1128 331 1751 384">installations, industrial and commercial refrigeration units, utilities in industry, and more.</p> <p data-bbox="1128 411 1751 518">The modular telemetry and SCADA remote terminal units also provide amongst others, remote alarming, telemetry, remote counting, telecontrol, archives, reports, process control and network communication.</p> <p data-bbox="1128 545 1751 630">It also safeguards and automates isolated or dispersed technical sites, and offers users shorter response times while cutting operating and running costs.</p> <p data-bbox="1128 657 1751 790">Managing a telemetry network involves centralisation of all information from the sites. The SCADA central station thus serves as a gateway between the devices spread across the terrain and the operator responsible for analysing and running the network.</p>	
<p data-bbox="322 831 524 884">(iii) <b>Sensors and accessories</b></p>	 <p data-bbox="712 1174 981 1198">Sensors and accessories</p>	<p data-bbox="1128 831 1751 884">We also sell various sensors for LACROIX Sofrel. It has different sensors which are used for different applications.</p> <p data-bbox="1128 911 1751 1161"><b>Level and pressure sensors for drinking water networks</b> - This ACS-certified sensor measures the water level in reservoirs, tanks and drill holes. It determines the water level by measuring the difference in pressure between the surface of the liquid and the bottom of the reservoir in which it is submerged. It also measures the pressure on hydraulic or pneumatic pipes. It connects to a standard thread and delivers a signal proportionate to the pressure in the pipe.</p> <p data-bbox="1128 1189 1751 1343"><b>Level and pressure sensors for wastewater treatment networks</b> – This sensor detects overflows in sewer overflows either downstream of the overflow, on the bottom of the pipe, or upstream of the overflow, at the weir. Its reliable detection delivers accurate readings when it is covered by effluents.</p>	<ul data-bbox="1783 831 2063 997" style="list-style-type: none"> <li>• Rivers, water dams, reservoirs, water treatment plants, water distribution pipes, industrial and commercial buildings</li> </ul>

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## 7. BUSINESS OVERVIEW (CONT'D)

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### B. Manufacturing of fabricated metal products

MCI specialises in the manufacturing of fabricated metal products. Our manufacturing activity contributed 74.19%, 58.41%, 46.58% and 61.20% of our Group's total revenues for the FYE Under Review, respectively.

MCI possesses the technical knowledge, experience and capabilities in metal fabrication to produce quality fabricated metal products. Our manufacturing facility is equipped with high precision manufacturing technologies, including robotic welding machines to carry out our manufacturing and fabrication processes. We are capable of customising fabricated metal products according to our customers' application needs.

As at the LPD, MCI fabricates metal products for various industries such as water, wastewater, and oil and gas, of which majority of our manufactured products are produced for the oil and gas industry (which accounted for 72.99%, 57.91%, 35.70% and 57.66% of our Group's total revenues for the FYE Under Review).

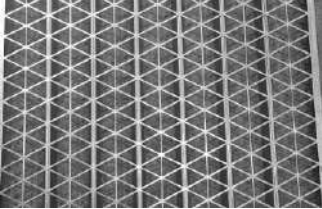




For the FYE Under Review, our key fabricated metal product was the metal frame for shaker filters. In FYE 2021, we secured our first order for the metal body frame for shale shakers. The metal frame for shaker filters and metal body frame for shale shakers are inter-related, whereby the shaker filter is a filtration component used in a shale shaker.

Apart from our metal frame for shaker filters and metal body frame for shale shakers, MCI also produces other metal products such as wall mount, pedestal panels, metal enclosures, stainless-steel earthing rings, mild steel and stainless-steel brackets, and lamella plate used in water and wastewater applications. MCI commenced the manufacturing of metal products used in water and wastewater applications in August 2019. These products have extended our market presence, and also as part of our strategy to reduce our dependency on the oil and gas industry.

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

The details of the fabricated metal products manufactured by MCI are as follows:

Type of products	Product description	Application
<p><b>Metal frames for shaker filters</b></p> 	<p>The metal frames MCI produces will be sent to our customers to be attached to a metal screen to form a complete shaker filter.</p> <p>A shaker filter is a component of a shale shaker that is used as part of the drilling rig equipment to filter rock cuttings during drilling operations in oil and gas explorations and field developments.</p>	<p>Oil and gas industry</p>
<p><b>Metal body frame for shale shakers</b></p> 	<p>A shale shaker is a piece of drilling rig equipment that are used to remove cuttings from circulating fluids in rotary drilling operations.</p> <p>This product is also produced for our existing customers who are using our metal frames for our shaker filters.</p>	<p>Oil and gas industry</p>
<p><b>Wall mount, pedestal panels and metal enclosures</b></p> 	<p>The metal enclosures are wall mounted and/or standalone container used mainly to house switches, sockets and cabling. The metal enclosures are designed to house electrical, electronic, hydraulic or pneumatic controls/instrumentation.</p>	<p>Water and wastewater industries</p>
<p><b>Stainless steel earthing rings</b></p> 	<p>The earthing ring is used for grounding electrical equipment, such as electromagnetic flowmeters, to prevent from damages due to electrical surges.</p>	<p>Water and wastewater industries</p>
<p><b>Mild steel and stainless-steel bracket</b></p> 	<p>The mild steel and stainless-steel brackets are used to hold and support our fluid control products such as level transmitter, differential pressure transmitter, analytical instrument racks and etc.</p>	<p>Water and wastewater industries</p>



## 7. BUSINESS OVERVIEW (CONT'D)

Type of products	Product description	Application
<b>Lamella plate</b> 	<p>The lamella plate is one of the key components of a lamella plate clarifier. Lamella plate clarifier is widely used in the water and wastewater treatment processes to remove unwanted particulates from liquid. It is a key component part used for water filtration process.</p> <p>Our lamella plate is mainly made of stainless steel and comes in various designs and sizes.</p> <p>The lamella plate is one of the key components of a lamella plate clarifier. Lamella plate clarifier is widely used in the water and wastewater treatment processes to remove unwanted particulates from liquid. It is a key component part used for water filtration process.</p>	Water and wastewater industries

### 7.3 GEOGRAPHIC AND ACTIVITY SEGMENTATION

Our Group generates our revenues from 2 business segments, namely:

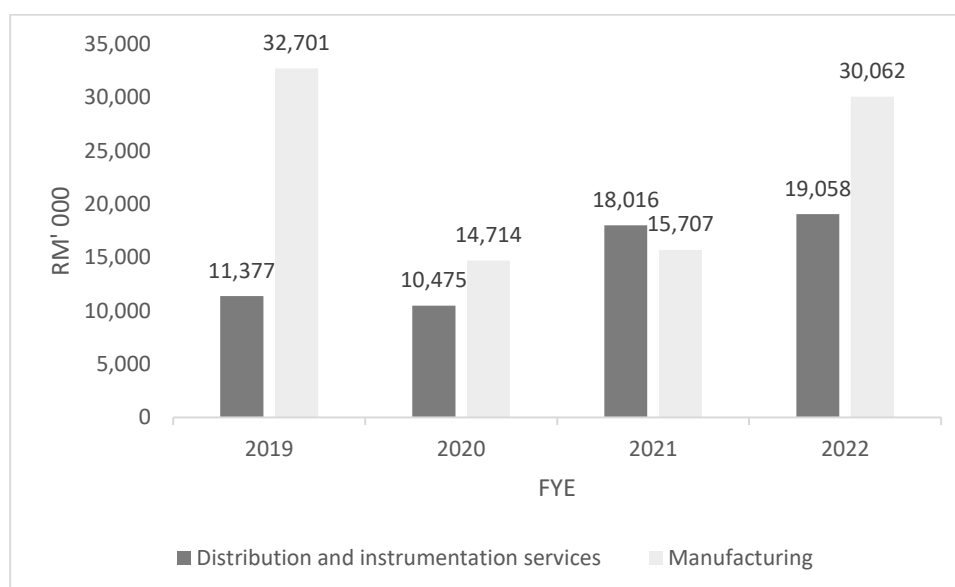
- Distribution and instrumentation services of fluid control and telemetry products used in water and wastewater applications; and
- Metal fabrication of fabricated metal products used in water, wastewater, and oil and gas applications.

Below are the revenue contribution and segmentation of our Group:

#### 7.3.1 REVENUE CONTRIBUTION BY BUSINESS ACTIVITIES AND GEOGRAPHICAL MARKETS

Our Group's revenue contributions by business activities and geographical markets for the FYE Under Review are depicted by the charts below:

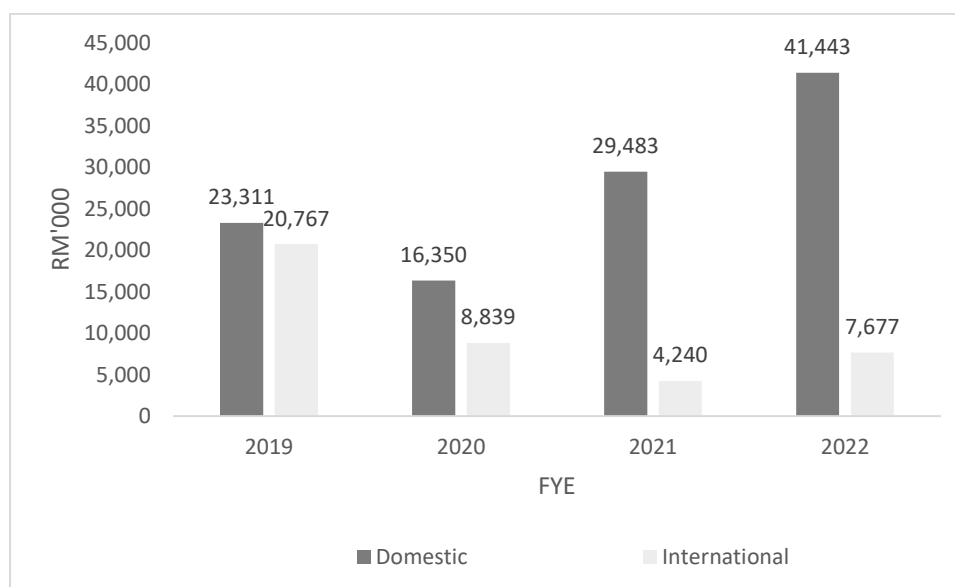
**Cosmos Group's revenue segmentation by business activities (RM'000)**



## 7. BUSINESS OVERVIEW (CONT'D)

Our distribution and instrumentation services segment contributed 25.81%, 41.59%, 53.42% and 38.80% of our Group's total revenue for the FYE Under Review, respectively, while our manufacturing segment contributed the remaining revenue of 74.19%, 58.41%, 46.58% and 61.20% of our Group's total revenue for the FYE Under Review, respectively.

### Cosmos Group's revenue segmentation by geographical markets (RM'000)



Our Group's revenue was mainly generated from the domestic market which accounted for 52.88%, 64.91%, 87.43% and 84.37% of our Group's total revenue for the FYE Under Review, respectively. The remaining revenue was generated from overseas market which accounted for 47.12%, 35.09%, 12.57% and 15.63% of our Group's total revenue for the FYE Under Review, respectively. Save for the FYE 2019 where Singapore contributed approximately 0.01% of our Group's total revenue, the revenue from overseas market for the FYE Under Review was entirely from US.

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## 7. BUSINESS OVERVIEW (CONT'D)

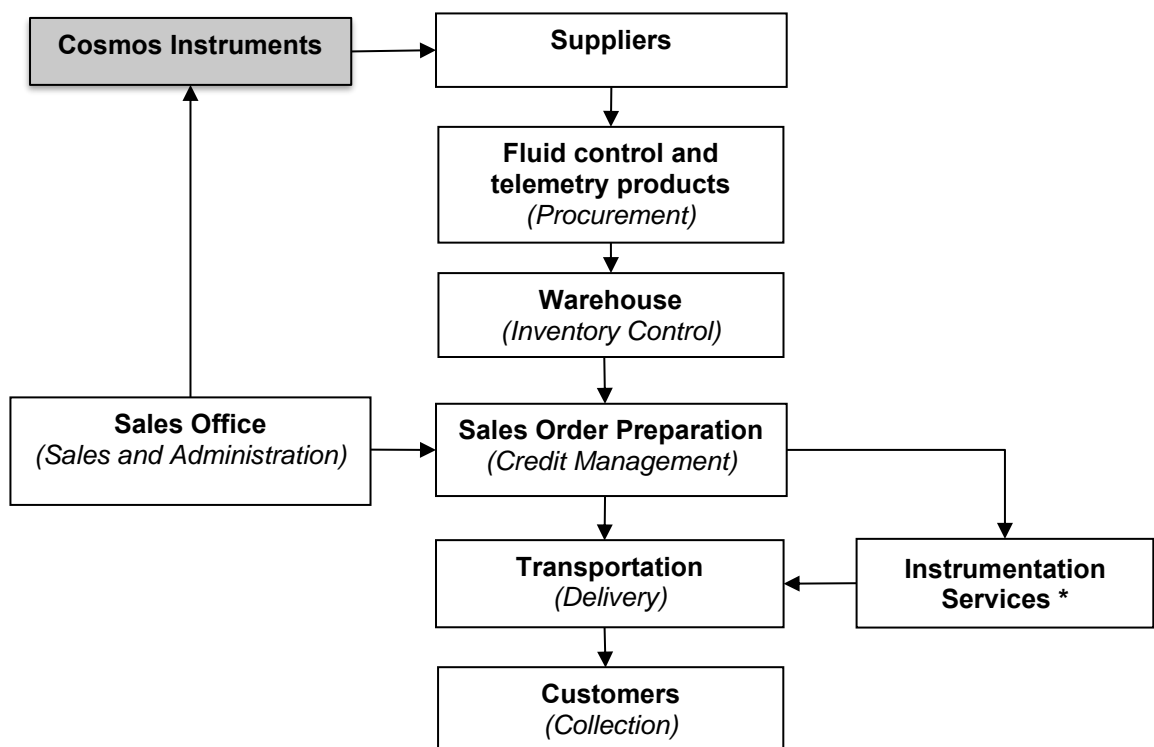
### 7.4 BUSINESS OPERATIONS

The operation flowcharts and detail description of our activities are illustrated as follows:

#### A. Distribution and instrumentation services workflows

##### Distribution activity

Cosmos Instruments' distribution workflow is outlined in the diagram below:



##### **Note:**

\* Please refer to instrumentation services workflow below.

##### **Procurement**

Cosmos Instruments specialises in the distribution of fluid control and telemetry products, such as electronic flowmeters, dataloggers, centralised monitoring systems, and other related products. Currently, Cosmos Instruments is the certified partner and solution partner as well as the official partner for 2 major brands of fluid control and telemetry products, namely Siemens and Sofrel for 14 years and 2 years, respectively. As their certified partner, solution partner and/or official partner, Cosmos Instruments is able to source our fluid control and telemetry products from Siemens Malaysia and LACROIX Sofrel in Malaysia and France, respectively.

##### **Inventory Control**

We have an inventory control procedure where we maintain adequate inventory in our warehouse to serve our customers' orders. In practice, we conduct periodical sales forecasts and monitor our inventory level. We generally maintain our stock level at approximately RM4.00 million worth of inventory in our warehouse to avoid disruption in our products supply to our Water Customers. When there is a low level of inventory, we will replenish our inventory level from our suppliers.

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## 7. BUSINESS OVERVIEW (CONT'D)

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Upon receiving our products from our suppliers, we will conduct a visual inspection on the physical condition of the products and the quantity count against the delivery order. Any discrepancies are reported for follow up action. After the products are received, we will input and record the data into our inventory system and store them in their designated storage areas according to the product category, for easy and speedy retrieval.

### **Sales and Administration**

Our sales and marketing team is responsible for promoting and marketing our products as well as maintaining and building good working relationships with our existing customers and securing new customers. We practice a proactive marketing strategy whereby we constantly communicate with our Water Customers to secure direct sales contracts. In addition, Cosmos Instruments also participate in tenders by water authorities and water operators for their projects. Our team is constantly looking out for new tenders by our Water Customers, as well as working with external contractors for water supply projects to secure new sales.

When Cosmos Instruments receives incoming purchase order from our customer, our sales and marketing department will process the incoming purchase order by checking the price, stock availability and delivery time in our sales order system. If there are any discrepancies or lead-time issues, they will notify the relevant customer immediately for further adjustment. Once our customer agrees to the price, and terms and conditions of the order, Cosmos Instruments will generate a delivery order for the warehouse to arrange for delivery.

### **Delivery**

Our warehouse department will arrange for delivery of our products when they receive the delivery order from our sales and marketing department. Currently, we utilise external logistics companies to handle all our delivery services. We have goods-in-transit insurance to cover for any loss of or damages to our products during delivery. Prior to delivery, we will conduct a quantity inspection to ensure the stock matches the delivery order before handing the products over to our transporters.

When the products are delivered to our customer, they will be installed at the specified water and wastewater supply systems and plants. As an integrated water technology solutions provider, we can also offer our instrumentation services to assist them in the installation, calibration, testing and commissioning of the fluid control systems. Please refer to Section 7.2.1(A) of this Prospectus and the instrumentation services workflow below in relation to our instrumentation services.

We provide manufacturer warranty for our fluid control products and telemetry products, which ranges between 1 and 3 years. If the products that we supply to our customers are faulty within the warranty period, we will assist our customers to claim for the replacement products from Siemens Malaysia and Lacroix Sofrel.

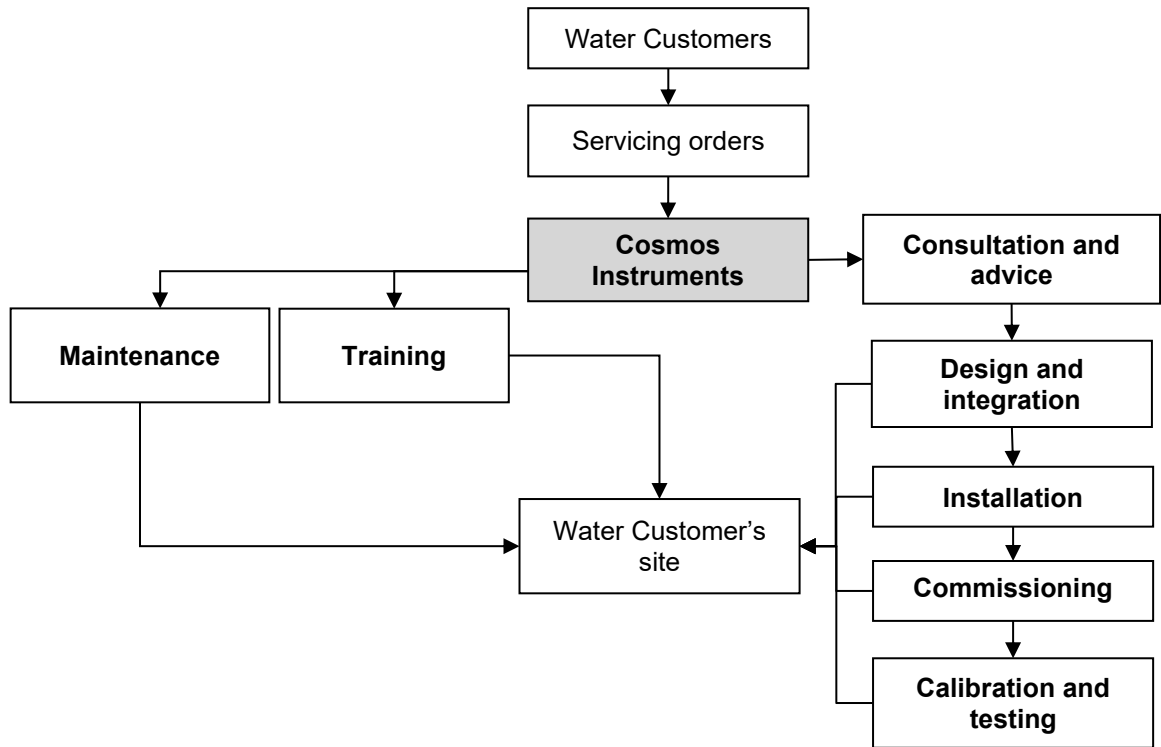
### **Collection**

Once the products are delivered and/or accepted by our customer, we will issue an invoice to them. Our collections department will regularly follow up on payments with our customer based on the invoice. Currently, we do not experience any significant collection issues with our customers, and we do not have provision on doubtful debt for FYE 2022.

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

**Instrumentation services workflow**

Cosmos Instruments' instrumentation services workflow is outlined in the diagram below:



Cosmos Instruments offers instrumentation services, such as design, integration, installation, calibration, testing, commissioning and training, as well as after sales services, for the fluid control and telemetry products that are distributed by our Group. Our technical staff are trained and certified by Siemens Malaysia and LACROIX Sofrel to provide our instrumentation services.

Our instrumentation services are value-added services, where Cosmos Instruments provides an end-to-end solution to our Water Customers' fluid control and telemetry needs in their water and/or wastewater applications. Our instrumentation services process starts from system assessment; identifying system drawback; proposing a working solution; procurement and supply of fluid control and telemetry software and hardware; system engineering, integration, installation and calibration works; to testing and commissioning of a working fluid control and telemetry system and solution for their water supply and/or wastewater network applications.

**Consultation and Advice**

Our sales and marketing team proactively promotes and markets our products and services to Water Customers through direct engagement. Cosmos Instruments also participates in tenders to secure contracts from Water Customers. When we secure orders or are awarded with a tender from our Water Customers, we will begin liaising with the respective project management team to start our instrumentation services. We will conduct multiple consultations with their project management team to understand and identify the issues faced in their existing water supply and plants operations, assessing the situation and provide recommendations to improve their fluid control efficiency for their equipment in their water supply and/or wastewater treatment plants.

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

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Our technical staff work closely with the project management team to develop and design a fluid control and telemetry plan utilising advanced electronic flowmeters coupled with uniform communication technologies to provide accurate measurement and real-time data communication. The plan will then be submitted to their management for approval. When our customer approves and confirms our plan, we will then prepare a working order, method of statement, work program, and schedule for our technical team and construction workers to carry out the works.

**Design and integration**

Cosmos Instruments started to offer telemetry products to our Water Customers when Cosmos Instruments was appointed as the official partner of LACROIX Sofrel to sell its range of telemetry products in Malaysia in 2019. Our first telemetry product was Sofrel's dataloggers, where we supply and integrate it with Siemens' electronic flowmeters at our Water Customers' sites. In 2021, Cosmos Instruments expanded our range of telemetry products to include Sofrel's centralised monitoring systems. Since our appointment in 2019, Cosmos Instruments is actively promoting our telemetry products to our Water Customers. Cosmos Instruments has a technical team who is involved in the design of telemetry systems which enables our Water Customers to remotely monitor and manage their water and wastewater networks in their water supply and wastewater treatment plants. Our technical team will design a plan and prepare a proposal for the project management team for approval. When our customer approves and confirms our plan, our technical team will execute the plan which include the installation, integration and implementation our telemetry products (e.g., dataloggers, RTUs, data centralisation, etc.) at our Water Customers' sites and plants.

**Installation and commissioning of instruments**

Currently, Cosmos Instruments has an inhouse construction team to carry out installation of fluid control and telemetry products at our customers' sites. Cosmos Instruments is a G5 CIDB certified contractor to carry out construction work in Malaysia. Our installation work includes trenching and excavation, which involves digging a narrow trench in the ground for the installation, maintenance, or inspection of our electronic flowmeters, dataloggers, and other related products at our customers' water and wastewater pipelines.

Our construction team will follow the assigned plan to install the fluid control devices and dataloggers.

**Calibration and testing of electronic flowmeters and/or dataloggers**

Once the electronic flowmeters and/or dataloggers are installed at the site, our technical team will conduct calibration works to the electronic flowmeter and/or datalogger to ensure they are working according to their specifications and standards. We will also conduct testing on the fluid control and telemetry systems to ensure they are performing effectively and efficiently.

**Training**

We also provide training seminars to our customers and educate them on how to use, operate, check and inspect our fluid control and telemetry products that are installed at their sites.

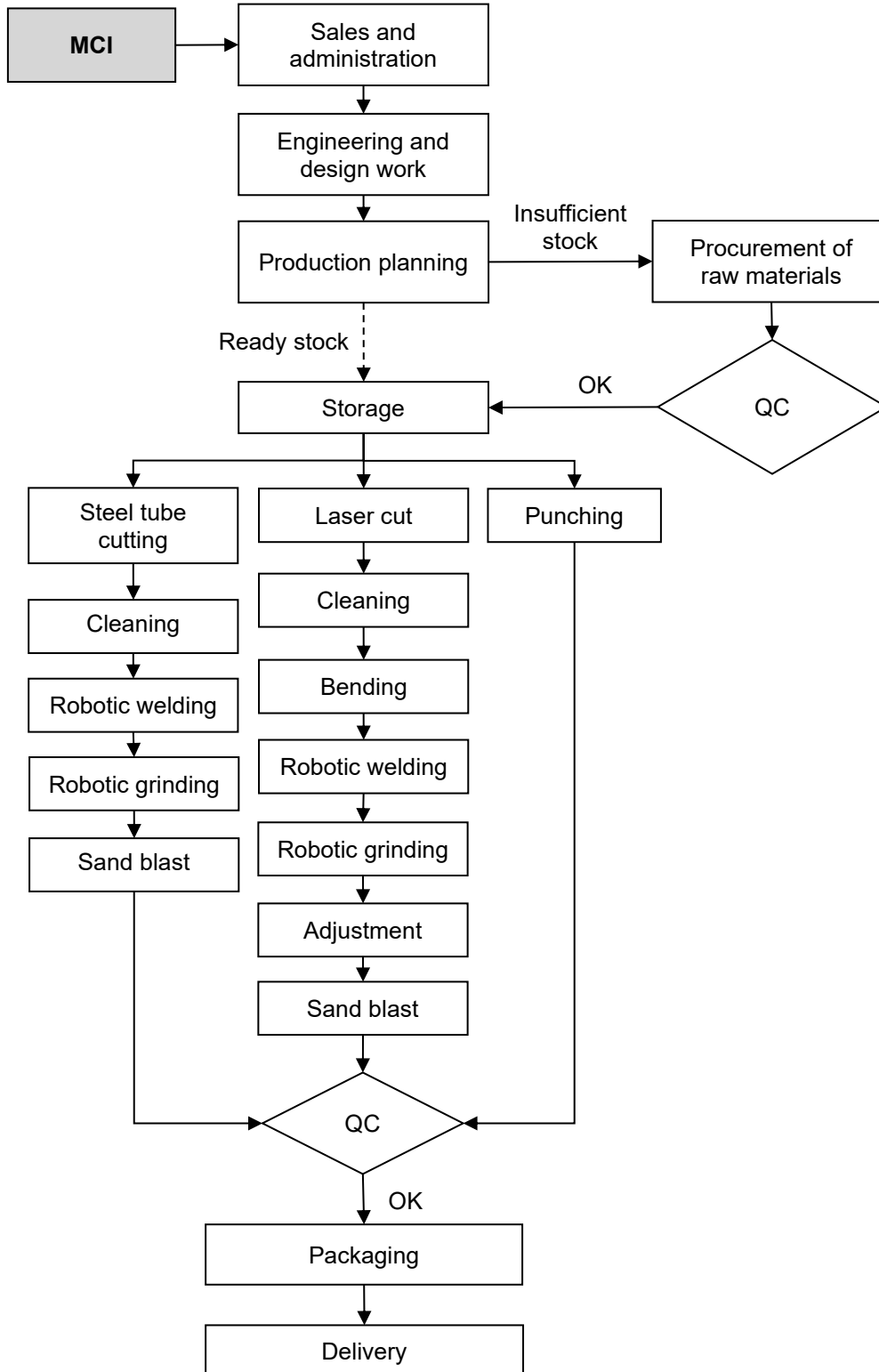
**Maintenance**

We provide scheduled preventive maintenance to minimise equipment breakdown and to ensure they are operating at their exact parameters. We will replace any broken or faulty products for our customers on their sites. If there is any occurrence of equipment breakdown, our technical staff can identify and rectify any issues to prevent any further interruptions to our Water Customer's operations.

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

**B. Manufacturing workflow**

MCI's manufacturing workflow is outlined in the diagram below:



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

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MCI is involved in the metal fabrication of metal products for our customers in the water, wastewater, and oil and gas applications. For the FYE Under Review, our key fabricated metal product was metal frames for shaker filters used in the oil and gas industries. In FYE 2021, MCI secured our first production order for the metal body frames for shale shakers from our Oil and Gas Customers. Currently, the manufacturing of our metal body frames for shale shakers are sub-contracted to external sub-contractors. We intend to manufacture the metal body frames for shale shakers in our New Building after our Listing.

### **Sales and Administration**

MCI secures sales from our customers when they place a purchase order to our sales department. Generally, MCI does not have any long-term contract with our customers for the production and supply of our manufacturing products. Our sales and marketing team is constantly communicating with our existing customers to obtain new orders. Our sales and marketing team is actively searching for new customers to increase our sales.

### **Engineering and Design Work**

Generally, our customers will provide their product design and specification for us to manufacture. MCI has an internal technical team with the capabilities and technical know-how to design, customise, re-engineer and fabricate metal components and parts for our customers' application usages. We also assist our customers to refine their fabricated metal products to enhance their performance. These are the value-added services we can offer our customers and to differentiate ourselves from our competitors.

Prior to commencement of the production planning, we will need to obtain confirmation on the product design and specification. Once it is approved by our customer, we will get the production department to prepare the production order.

### **Production planning**

Next, a production order will be issued by the production floor to commence production operation. The production order will outline the quantity of products to be produced within a timeframe. The production department will conduct inspection on the raw materials to ensure we have the required raw materials for production. If there is deficiency in our raw materials, we will inform the purchasing department to replenish our stock. Otherwise, the production department can proceed to begin production.

### **Procurement of raw materials**

The main raw materials used to produce our fabricated metal products are steel materials. We source our steel materials mainly from local suppliers.

When the raw materials shipment arrives at our manufacturing facility, we will conduct random inspection on incoming raw materials (i.e., check for dents, scratches, etc.) before acceptance from our suppliers. The raw materials which do not meet our Group's standard of quality will be returned to the suppliers for replacement.

All the raw materials which have passed our quality inspection will be accepted and sent to the warehouse. Subsequently, the raw materials are then sent to the production floor for production.



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

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**Manufacturing processes**

MCI has the capability to provide metal fabrication and manufacturing of fabricated metal products. As at the LPD, our key fabricated metal products are metal frames for shaker filters and metal body frames for shale shakers as well as other customised metal products such as metal wall mounts, pedestal panels, metal enclosures, earthing rings and metal brackets used in oil and gas, and water and wastewater industries. Please refer to Section 7.2.1(B) of this Prospectus for the list of fabricated metal products manufactured by MCI.

We are capable of customising and producing fabricated metal products to meet the requirements in terms of safety, cost, ease and efficiency of operations in water, wastewater and oil and gas facilities. We have the capability to conduct metal fabrication works such as cutting, laser cutting, punching, welding, grinding, sand blasting, bending, and cleaning to produce fabricated metal products. We are also able to provide fabrication and pre-fabrication work on steel tubes and pipes, and sheet metals.

To ensure high quality standards in our fabricated metal products, our production workers must ensure that the product designs satisfy the given design criteria, based on safety, process parameters, serviceability, and performance considerations. We have manufacturing capabilities, and we utilise advanced technologies, such as robotic welding and grinding machineries, which can achieve high precision welding, grinding accuracy and operational efficiencies. With these advanced technologies, we are able to maintain the quality of our products as well as minimise human involvement and errors in production processes.

**Quality controls**

We conduct QC inspections in various stages of our production processes including the final products. Please refer to Section 7.6 of this Prospectus for detailed information on our quality control processes. We conduct quality inspections at every step of our fabrication processes to ensure we achieve and deliver high precision and quality products to our customers.

As our key fabricated metal products (e.g., metal frames for shaker filters, and metal body frames for shale shakers) are used in the oil and gas industry, they must comply with the international quality standards such as the American Society of Mechanical Engineers and American Society for Testing and Materials standards. In connection with this, we have established a QMS which is certified according to the ISO 9001:2015 requirements. This is to ensure we conduct proper QC procedures during the entire manufacturing processes.

During the manufacturing processes, any products or semi-finished products which do not meet our quality control standards will be sent for corrective action (i.e., rework). If rework cannot be done, those products or semi-finished products will be scrapped.

For the final products, we will conduct dimension checks. Once they pass our final QC, our products will be packed for delivery.

**Packaging and Delivery**

Products which pass our internal QC will be packed and delivered to our customers. We will prepare the necessary paperwork and arrange for transporters to ship our products to our customers according to the purchase orders and delivery orders. Our job is completed when our customer receives our order by signing and returning the acknowledgement form. We will also follow up with our customers to obtain feedback and promote further sales and services to them.

## 7. BUSINESS OVERVIEW (CONT'D)

### 7.5 TECHNOLOGY AND RESEARCH AND DEVELOPMENT

#### 7.5.1 TECHNOLOGY

The technologies adopted by our Group are as follows:

##### **Cosmos Instruments**

Cosmos Instruments focuses on the distribution and instrumentation services of fluid control and telemetry products for our Water Customers. As at the LPD, Cosmos Instruments sources our fluid control and telemetry products from Siemens Malaysia and LACROIX Sofrel, respectively.

##### **Siemens' Fluid Control Products**

Water is one of the most valuable resources on the planet. Therefore, ensuring efficiency of water supply and quality of water are top priorities in the water industry. These goals are increasingly difficult to achieve as operation costs are rising due to inefficient performance in the water supply system (e.g., inaccurate measurement of waterflow rate, loss of NRW, etc.). Our aim is to provide advance technologies which can consistently provide accurate data of water distributions (i.e., raw water distribution from reservoirs, production of treated/clean water at water treatment plants, and clean water distribution to users) for our Water Customers. As a result, we have been sourcing our fluid control products from our reputable supplier, Siemens Malaysia, since 2004.

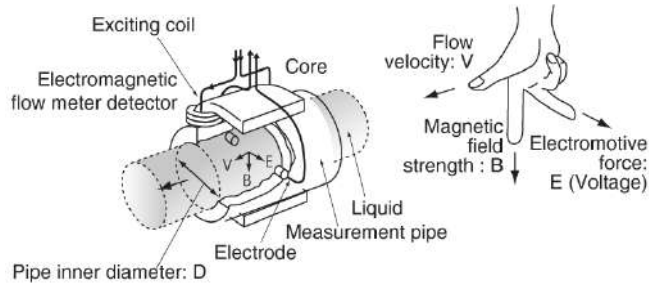
Siemens Malaysia possesses technology that is embedded in a wide range of control instruments that provides innovative, single-source measurement solutions to increase our customers' water and wastewater treatment plants efficiency. Siemens' electronic flowmeters utilise its own propriety software and hardware combining with own transmitters, sensors, and other components, to accurately measure fluid flows electrically. We source and supply 2 types of electronic flowmeters from Siemens, namely the electromagnetic and ultrasonic flowmeters, for our Water Customers.

##### ***Electromagnetic flowmeters***



Electromagnetic flowmeter uses Faraday's Law of Electromagnetic Induction to determine the flow of liquid in a pipe. In an electromagnetic flowmeter, a magnetic field is generated and channelled into the liquid flowing through the pipe. Following Faraday's Law, flow of a conductive liquid through the magnetic field will cause a voltage signal to be sensed by electrodes located on the flow tube walls. When the fluid moves faster, more voltage is generated. We use electronic transmitter, which will process the voltage signal to determine and measure the liquid flow.

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



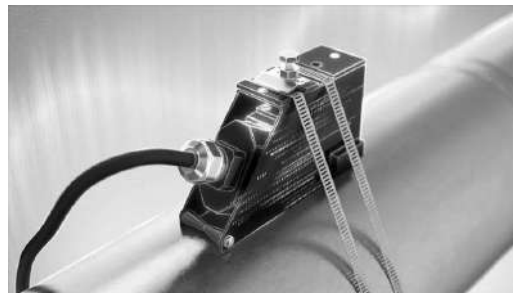
Our electromagnetic flowmeters are used to measure the velocity of conductive liquids in pipes, such as water and wastewater. In water and wastewater applications, electromagnetic flowmeters are used in water treatment plants to measure treated and untreated sewage, process water, water and chemicals.

**Ultrasonic Flowmeters**

An ultrasonic flowmeter utilises ultrasound to measure the velocity of a fluid and is used in a variety of fluid applications. Ultrasonic flowmeters are ideal for water and other liquids. Clamp-on ultrasonic flowmeters achieve high accuracy at low and high flows, save time with no pipe cutting or process shutdown, and are not affected by external noise.



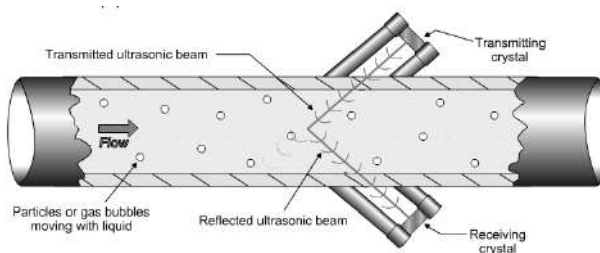
**In-line ultrasonic**



**Clamp-on ultrasonic**

Ultrasonic flowmeters use sound waves at a frequency to measure flows. This ultrasound signal is sent into a stream of flowing liquid by using wetted (insertion) transducers that make direct contact with the liquid or external (clamp-on) transducers that send the ultrasound through the pipe wall. Clamp-on ultrasonic flowmeters allow users to measure the volumetric flow rate of a fluid in a pipe without having to penetrate the pipe which decreases installation and maintenance costs.

A typical transit-time ultrasonic liquid flowmeter utilises two ultrasonic transducers that function as both ultrasonic transmitter and receiver. The ultrasonic flowmeter operates by alternately transmitting and receiving a burst of ultrasound between the two transducers by measuring the transit time that it takes for sound to travel between the two transducers in both directions. The difference in the transit time measured is directly proportional to the velocity of the liquid in the pipe.



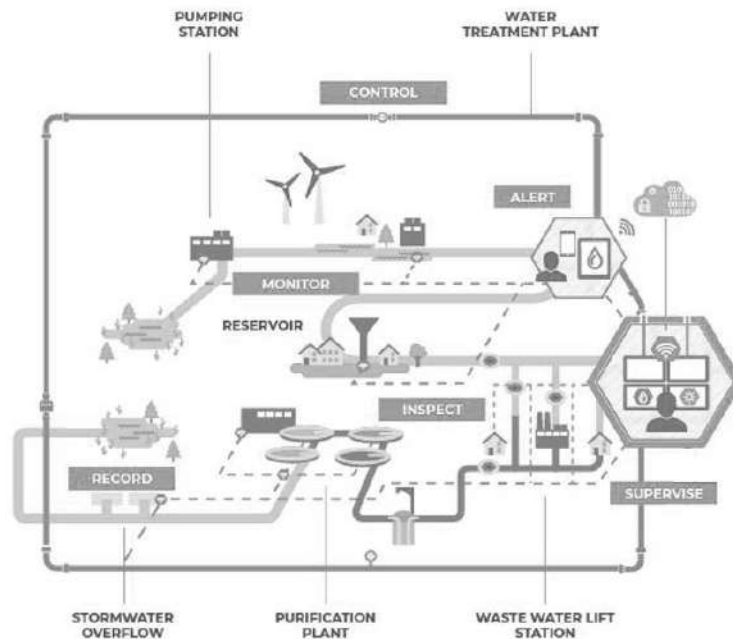
## 7. BUSINESS OVERVIEW (CONT'D)

There are several benefits of using ultrasonic flowmeters as compared to other electronic flowmeters in the market:

- **Ease-of-Installation:** The installation process does not require a shut down of the system, making maintenance and upkeep of ultrasonic flowmeters much more attractive.
- **Low maintenance:** There are not many parts which are subject to wear and tear, therefore, it does not require frequent replacement of parts.

### LACROIX Sofrel's Telemetry Products

LACROIX Sofrel specialises in the provision of telemetry solutions for water and wastewater network operations, from alarm transmission to data recording, process automation, and communication between stations. LACROIX Sofrel's range of products include dataloggers, remote terminal units, SCADA central stations, web servers and communication gateways, sensors and other related accessories.



The telemetry technology enables operating data to be collected, archived and transmitted to a central control station, using the communication medium that best adapts to the technical, geographical and economic constraints of the facility. RTU is used for communicating with field teams, performing centralised archiving and data processing, and displaying these data in mimic diagrams, curve charts and reports, providing users with smart, and effective network management. Telemetry is a flexible and adaptable solution that reduces infrastructure operation and management costs.

The benefits of telemetry for water and wastewater networks include, but not limited to the following:

- Permanent remote monitoring of equipment;
- Improved energy efficiency;
- To carry out network diagnostics;
- Improved service quality; and
- Optimisation of operator time.

## 7. BUSINESS OVERVIEW (CONT'D)

### **Dataloggers**

Sofrel's dataloggers are specifically designed for water and wastewater networks. By combining with Sofrel PCWin2 and WEB LS software, Sofrel dataloggers are able to facilitate communication with all commercially available SCADA monitoring systems remotely. Totally dedicated to the continuous monitoring and improvement of network performance, Sofrel's dataloggers offer water operators an optimal solution for 24-hour monitoring of installations without electricity.



Some of the key characteristics of Sofrel's dataloggers include:

- **Better performance and build quality** – the datalogger can be used in robust environment which means the device is capable of withstanding against intrusion, dust, accidental contact, and water.
- **Long battery life** – the battery of the datalogger only needs to be replaced after it has been used for 10 years.
- **Strong communication** – the datalogger has a built-in GSM communication / GPRS modem with a high-performance antenna for transmitting data, even if used in underground manholes.
- **Easy to use** – The datalogger is easy to install. It has a user-friendly interface for configuration. It also provides easy accessibility as replacement parts can be changed on-site.
- **Additional features** - the datalogger can be used to monitor water flow and pressure for leak detection, remote reading of network metering and management of water consumption, and control of pressure regulation valves.

Combining performance, robustness, simplicity and durability, the Sofrel's dataloggers are part of the transformation towards intelligent water and wastewater networks. They allow operators and local authorities to optimise resource management, network performance or control waste release into the environment so as to comply with smart city initiatives.

### **Centralised Monitoring System**


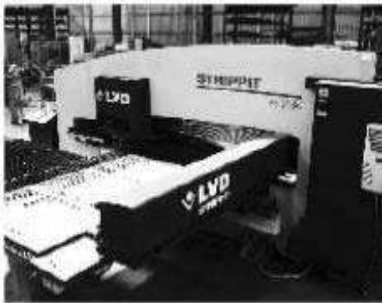

There is great potential for savings in water distribution and wastewater treatment systems through efficiency measurement and control management. Our centralised monitoring system has constant monitoring capability to help water operators to remotely and effectively monitor, control and manage their water and wastewater networks from a centralised control station. By implementing Sofrel's telemetry technologies in their water and wastewater networks, water operators can improve their water control management processes through real-time data collection, instant water leakage detection, to help minimise the loss of NRW, which means saving on resources. There are several ways to directly reduce water losses in water supply systems, while better serving the consumer and protecting the environment. Through effective monitoring,

## 7. BUSINESS OVERVIEW (CONT'D)




water operators can immediately respond and resolve any water distribution and treatment problems arise from the water and wastewater networks to reduce NRW and eliminate water losses caused by operation inefficiencies.

### **MCI**

MCI manufactures fabricated metal products for the water and wastewater, and oil and gas industries. Fabricated metal products used in these industries require quality, precision and durability to withstand heavy duty operations. The fabricated metal products manufactured by us must meet the stringent and precise specification and standards. Therefore, MCI employ the following advanced manufacturing technologies including robotic systems in our metal fabrication activities. Such technologies include:

Key manufacturing technology	Description	No of Units	NBV FYE 2022 (RM'000)
Robotic welding 	We source our robotic technology from Germany, Japan and the People's Republic of China. Our robotic welding machinery uses mechanised programmable tools which completely automate our welding process. The entire welding process is automated, except for loading and unloading of raw materials and workpieces.	16	317
Turret punching machine 	This is a programmable punching press used for metal forming using the punching process. The machine can form and bend sheet metal into the desired structure automatically. The turret punching machine has high punching speed and at the same time can achieve a high precision level.	2	1,042
Tube/pipe cutting machine 	This is an automatic tube/pipe cutting machine which can cut any sizes of metal tube/pipe into the desired lengths with clean and accurate cut to produce tube/pipe used in our production.	1	263
Bandsaw machine	The bandsaw machine is a power saw with a long, sharp blade consisting of a continuous band of toothed metal stretched between two or more	2	26

## 7. BUSINESS OVERVIEW (CONT'D)

Key manufacturing technology	Description	No of Units	NBV FYE 2022 (RM'000)
	wheels to cut metals. This bandsaw machine enables us to saw more metal parts at a time as compared to the conventional sawing method.		
<p>Laser cutting machine</p> 	The laser cutting machine uses a laser to cut metals. This machine works by directing the output of a high-power laser through optics which is controlled by a computer numerical control ("CNC") to ensure high precision. The CNC will direct the laser to cut the metals according to the patterns inputted into the system. The laser beam is directed at the material, which either melts, burns, vaporises away, or is blown away by a jet of gas, leaving an edge with a high-quality surface finish. Our laser cutting machine is used to cut flat sheet metal as well as structural and piping materials.	1	313
<p>Press brake machine</p> 	The press brake machine is a forming machine which bends sheet metal into the desired form.	2	65

MCI is committed to continuously enhance our production processes to achieve better operational efficiency. This is evident in the use of automated technologies such as robotic systems in our processes. These robotic systems enable us to achieve high accuracy and precision level and standards of  $\pm 0.05$  mm.

### 7.5.2 RESEARCH AND DEVELOPMENT ("R&D")

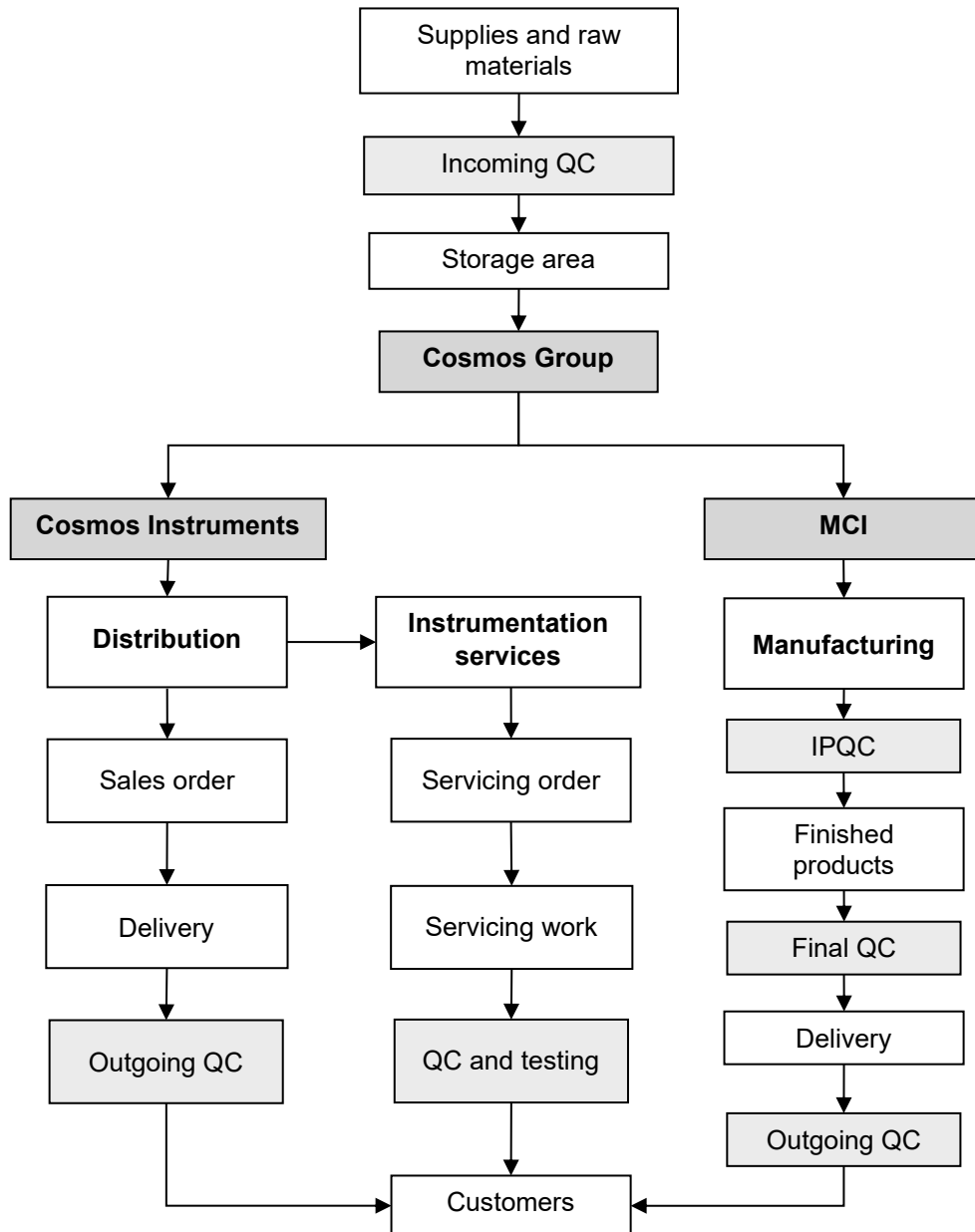
We do not have a R&D department that specialises in R&D activities. However, we apply our technical know-how and manufacturing experience to assist our customers in metal fabrication activities. Our technical team continuously communicates with our customers to share ideas to customise and engineer our customers' products in different ways and/or using different materials to enhance the finished quality and performance of our customers' products. We have received positive responses from our customers for our advice and ideas, that has helped strengthened our business relationship with them (e.g., our 12 years relationship with NOV (Malaysia) Sdn Bhd).

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

**7.6 QUALITY MANAGEMENT SYSTEM**

We emphasise on providing quality products and services to our customers. In order to maintain high quality standards of our products and services, we have established structured QMS in various areas of our manufacturing, distribution and servicing activities. As at the LPD, Cosmos Instruments and MCI are certified with ISO 9001:2015 certifications for the recognition of our quality management and control activities. We believe that the ability to offer quality and reliable products and services translates to customer satisfactions and retentions.

Our Group's QC processes are illustrated in the diagram below:





## 7. BUSINESS OVERVIEW (CONT'D)

### **Cosmos Instruments**

All our Siemens Malaysia and LACROIX Sofrel's products must be quality checked and approved by the respective suppliers before being delivered to us. Cosmos Instruments will also conduct visual inspection and quantity checks prior to acceptance of inventory.

For our instrumentation services, Cosmos Instruments carries out progress QC and testing on the instrumentation work done by our technicians at our customers' premises. Before project hand-over, Cosmos Instruments must ensure our fluid control instruments are fully tested and functional. Cosmos Instruments has a set of testing parameters to check and certify that the instruments are installed properly, and they are operating smoothly and accurately.

Since we started distributing our suppliers' products to our Water Customers, we have not encountered any major complaints and product claims from our customers on the durability and functionality of our fluid control products.

### **MCI**

To achieve the desired QC levels, MCI conducts various stages of QC checks from incoming raw materials right up to the final products which are ready for delivery. In order to provide high quality products, all manufactured products by MCI must pass a stringent inspection process through our internal QMS and procedures, which is part of the requirements set in the ISO 9001:2015 certification, before they are delivered to our customers.

## 7.7 COMPETITIVE STRENGTHS AND ADVANTAGES

Our business is supported by the following competitive strengths and advantages:

### 7.7.1 **COSMOS INSTRUMENTS IS THE CERTIFIED PARTNER AND SOLUTION PARTNER OF SIEMENS MALAYSIA, AND OFFICIAL PARTNER OF LACROIX SOFREL**

Cosmos Instruments is the certified partner and solution partner of Siemens Malaysia in Malaysia. Please refer to Section 7.2.1 of this Prospectus for information on our appointment as the Authorised Process Instrumentation Distributor for Siemens Malaysia Automation and Drives Group and Process Instrumentation Solution Partner for Siemens Malaysia Digital Factory and Process Industries and Drives Division. To be the certified partner and solution partner of Siemens Malaysia, Cosmos Instruments must be able to consistently achieve their sales targets and maintain positive customer services that meet Siemens Malaysia's standards and requirements. In return, Siemens Malaysia provides Cosmos Instruments with the assistance and support, including allowing Cosmos Instruments to:

- access to their complete portfolio of customised solutions, systems, and products;
- access to their exclusive partner portal information;
- to obtain their technical support and training;
- to increase our visibility in their media and on sales platforms, including branding, and certifications; and
- to undertake joint marketing efforts to develop solutions for our customers to grow our markets.

As part of Siemens Malaysia's systematic skills management to its certified partner and solution partner, our sales and technical staff are given training courses by Siemens Malaysia to educate and update Cosmos Instruments on new technological changes in Siemens Malaysia's existing and new products. In this manner, Siemens Malaysia will ensure that Cosmos Instruments maintains a high level of knowledge of technological advancements in the industry, whereby our staff will be equipped with up-to-date industry standards and best practices which makes us competitive and ensure our ability to provide best solutions to our customers with high quality of service.

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

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Notwithstanding that the Solution Partner Contract does not have any restriction for Cosmos Instruments to sell competing products in Malaysia, Cosmos Instruments will only distribute Siemens' electronic flowmeters and other related products to our Water Customers. One of the key reasons is that Siemens produces quality and advanced electronic flowmeters in the market. Cosmos Instruments believes by offering quality products to our Water Customers, it promotes customer satisfaction and retention. Over the years, we have also established market recognition as Siemens' certified partner and solution partner for Siemens' electronic flowmeters and other related products in the water and wastewater industries, developed extensive product knowledge, technical know-how, and supply chain management with Siemens Malaysia for its electronic flowmeters and other related products.

In 2019, Cosmos Instruments was also appointed as an official partner of LACROIX Sofrel to sell and to support its range of products for our Water Customers in Malaysia. In 2021, Cosmos Instruments has also expanded the distribution of its other telemetry products, such as centralised monitoring systems to our Water Customers. On 17 January 2022, Cosmos Instruments has further strengthened our business relationship with LACROIX Sofrel and entered into a Channel Partner Agreement to become its distributor for the products pertaining to the business of LACROIX Sofrel as listed in the Channel Partner Agreement. Through this Channel Partner Agreement, Cosmos Instruments will be able to receive new products information, marketing materials, technical support, and training from LACROIX Sofrel. The Channel Partner Agreement has imposed a restriction for Cosmos Instruments to sell competing products in Malaysia.

**7.7.2 MCI POSSESSES METAL FABRICATION AND CUSTOMISATION CAPABILITIES**

MCI possesses the competency and capability in fabricating and customising a diverse range of fabricated metal products for its customers in the water, wastewater and oil and gas industries. Since inception, MCI has invested in automated technologies to carry out its manufacturing processes. Please refer to Section 7.5 of this Prospectus for our list of key manufacturing technologies.

By investing in and utilising automated and precision technologies (robotic welding arms, laser cutting machines, turret punching machines, and pipe/tube cutting machine and so forth), MCI can meet the specifications set by its customers. The fabricated metal products produced by MCI are mainly used in demanding operating environments, such as the shaker filters used in the oil and gas industry. As a Group, Cosmos Instruments has been utilising the manufacturing strength of MCI to produce other fabricated metal products for Cosmos Instruments' customers in the water and wastewater industries.

In our expansion plan, we intend carry out the full range of our manufacturing operations, including manufacturing of the metal body frame for shaker filters and have the flexibility to produce other metal products in the New Building. We intend to install new and improved machineries, such as high-power laser cutting machines, press brake machines, and robotic welding machines to increase our manufacturing capability and capacity. Please refer to Section 7.11 of this Prospectus for further details on our business strategies and future plans.

**7.7.3 OUR GROUP'S BUSINESS IS RUN BY AN EXPERIENCED MANAGEMENT TEAM**

In order to stay competitive in our industries, our ability to provide good quality services is of utmost importance. Our Group is managed by experienced management team, thus, enabling us to provide the service that is expected by our customers in these industries.

Our Managing Director, namely Dato' Chong, has been servicing the water and wastewater industries since 1991, and has played an instrumental role in charting the strategic direction of our Group for 18 years. With his experience and business network in the water and wastewater industry in Malaysia, he has provided positive business strategic direction and a strong business foundation in the operation and expansion of our Group's business.

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

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Our Executive Director, namely Mr Ng Boon Keong also plays a significant role in our Group's business, specifically in manufacturing activities for 9 years. He has 28 years of experience in sheet metal fabrication and is responsible for overseeing, managing and monitoring our Group's overall manufacturing activities, including quality control and product development.

Our key senior management, Lai Khar Khei (Financial Controller), Syahdan Bin Ab Samad (Sale and Marketing Manager) and Goh Choon Hoong (Technical Manager) also possess the relevant skills, knowledge and experience to carry out their roles and responsibilities. They have been with our Group for 1 year, 8 years and 3 years, respectively. In the past, we have not encountered any major interruption in our operations under the leadership of our directors and key senior management. We believe they will continue to play important roles in our daily operations as well as our future expansions. Please refer to Section 5.4 of this Prospectus for information on our key senior management personnel.

We also recognise the importance of grooming younger talent within our Group to expand and grow in the industries. We provide our young management personnel the opportunity to attend relevant training programmes and on-job training to groom the next generation of talents to assist in running and growing our business. We will continue to develop talent from within the organisation as well as scout new talent to take on important roles in our Company's management and operation activities as part of our succession planning exercise.

**7.7.4 PROVEN TRACK RECORD**

With an 18-year track record, our Group has established ourselves as a reliable distributor of fluid control products for the water and wastewater industries in Malaysia. Furthermore, we source our fluid control products from international and reputable supplier such as Siemens Malaysia in order to meet our customers' stringent quality requirements. Our services include routine visits, scheduled preventive maintenance and site inspections.

In addition, MCI has been in the metal fabrication and manufacturing business for 12 years. Over the years, it has established a good track record in manufacturing metal frames for shaker filters for the oil and gas industry. MCI has a long relationship with its customers, National Oilwell Varco, Inc. and NOV (Malaysia) Sdn Bhd which have business dealings with us since MCI's inception. Hence, the recurring orders from our customers is a testament of MCI's reputation in providing quality and reliable products. The revenues from National Oilwell Varco, Inc. and NOV (Malaysia) Sdn Bhd decreased in FYE 2020 and FYE 2021 and subsequently increased in FYE 2022. They remain as our Group's major customers during the FYE Under Review.

**7.8 SEASONALITY AND BUSINESS INTERRUPTIONS****7.8.1 SEASONALITY**

We are not subjected to any cyclical demand in the distribution of our fluid control products and manufacturing of our fabricated metal products. However, the demand for our fluid control products and fabricated metal products are reliant on the economic conditions of the oil and gas, water and wastewater sectors.

The slowdown in the overall economy may reduce the Government's spending on water and wastewater infrastructures in the country, hence, reduce national budget for the purchase of new and replacement of old fluid control products as well as instrumentation services.

Also, an economic downturn in the oil and gas industry may also cause a reduction in the production and investment in the oil and gas sector, hence, reduce the demand for shale shakers (which use our fabricated metal products, such as shaker filters and metal body frames for shale shakers).

## 7. BUSINESS OVERVIEW (CONT'D)

### 7.8.2 BUSINESS INTERRUPTIONS AND IMPACT OF COVID-19

Malaysia imposed the MCO under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 to curb the spread of COVID-19 pandemic in Malaysia on 18 March 2020. COVID-19 cases have fluctuated since the first MCO, Malaysia has been put under various MCOs such as the conditional MCO (“**CMCO**”), recovery MCO (“**RMCO**”), enhanced MCO (“**EMCO**”), full MCO (“**FMCO**”), and National Recovery Plan.

As a result, we have experienced interruptions to our business operations. Below is the timeline and the impact on our operations from the MCO, CMCO, RMCO, FMCO, EMCO and National Recovery Plan.

Event	Date	Impact on our operations
<ul style="list-style-type: none"> <li>MCO 1.0</li> </ul>	18 March to 3 May 2020	<p><b>MCI</b></p> <ul style="list-style-type: none"> <li>- Obtained MITI letter dated 18 April 2020 to operate.</li> <li>- Our factory was operating with 50% capacity.</li> </ul> <p><b>Cosmos Instruments</b></p> <ul style="list-style-type: none"> <li>- Office was closed and all staff were working from home.</li> </ul>
<ul style="list-style-type: none"> <li>CMCO</li> </ul>	4 May to 9 June 2020	<p><b>MCI</b></p> <ul style="list-style-type: none"> <li>- Our factory was operating with 100% capacity.</li> </ul> <p><b>Cosmos Instruments</b></p> <ul style="list-style-type: none"> <li>- All work resumed in the office. 100% staff return to work in the office.</li> </ul>
<ul style="list-style-type: none"> <li>RMCO</li> </ul>	10 June 2020 to 31 March 2021	<p><b>MCI</b></p> <ul style="list-style-type: none"> <li>- Our factory was operating with 100% capacity.</li> </ul> <p><b>Cosmos Instruments</b></p> <ul style="list-style-type: none"> <li>- Our office was operating with 100% capacity.</li> </ul>
<ul style="list-style-type: none"> <li>MCO 2.0</li> </ul>	13 January 2021 to 31 May 2021	<p><b>MCI</b></p> <ul style="list-style-type: none"> <li>- Obtained MITI letter dated 12 January 2021 to operate</li> <li>- Production staff were operating at 100% capacity.</li> <li>- Management staff were operating at 30% capacity.</li> </ul> <p><b>Cosmos Instruments</b></p> <ul style="list-style-type: none"> <li>- Obtained MITI letter dated 12 January 2021 to operate</li> <li>- All staff were operating at 100% capacity.</li> </ul>
<ul style="list-style-type: none"> <li>FMCO</li> </ul>	1 June 2021 to 2 July 2021	<p><b>MCI</b></p> <ul style="list-style-type: none"> <li>- Obtained MITI letter dated 5 June 2021 to operate</li> <li>- All staff were operating at 60% capacity.</li> </ul> <p><b>Cosmos Instruments</b></p> <ul style="list-style-type: none"> <li>- Obtained MITI letter dated 10 June 2021 to operate</li> <li>- All staff were operating at 60% capacity (our technical team was on standby and proceeded to work at site if requested by authorities/customers).</li> <li>- Administration staff worked from home.</li> </ul>
<ul style="list-style-type: none"> <li>EMCO</li> </ul>	3 July 2021 to 16 July 2021	<p><b>MCI</b></p> <ul style="list-style-type: none"> <li>- Obtained MITI letter dated 7 July 2021 to operate</li> <li>- All staff were operating at 60% capacity.</li> </ul> <p><b>Cosmos Instruments</b></p> <ul style="list-style-type: none"> <li>- Office was closed due to EMCO</li> </ul>

## 7. BUSINESS OVERVIEW (CONT'D)

Event	Date	Impact on our operations
<ul style="list-style-type: none"> <li>National Recovery Plan</li> </ul>	17 July 2021 and on-going	<p><b><u>MCI</u></b></p> <ul style="list-style-type: none"> <li>Obtained MITI letter dated 16 August 2021 to operate</li> <li>Our operation capacity increased progressively when our staff were vaccinated as illustrated below:               <ul style="list-style-type: none"> <li>Vaccination 40% - capacity 60%</li> <li>Vaccination 60% - capacity 80%</li> <li>Vaccination 80% - capacity 100%</li> </ul> </li> </ul> <p><b><u>Cosmos Instruments</u></b></p> <ul style="list-style-type: none"> <li>Obtained MITI letter dated 4 July 2021 to operate</li> <li>All staff were operating at 60% capacity (technical team were on standby and proceeded to work at site if requested by authorities/customers).</li> <li>Administration staff worked from home.</li> <li>Started on 1 September 2021, all staff returned to work in the office.</li> </ul>

### Impact of COVID-19 and various MCOs on our businesses

The Government imposed a MCO under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 to curb the spread of COVID-19 in Malaysia. The 1<sup>st</sup> MCO (“**MCO 1.0**”), from 18 March 2020 to 3 May 2020, required all businesses, social and recreational activities to cease, except for those that were classified as “essential services” or for those with an approval from MITI to operate. MCO 1.0 also restricted the movement of people in Malaysia, including international and regional inbound and outbound as well as the travel into, and from Malaysia.

During MCO 1.0, the operations of MCI and Cosmos Instruments were suspended from 18 March 2020 until 17 April 2020. MCI resumed operations at 50% capacity on 18 April 2020 after we obtained a letter from MITI to operate. However, the operations of Cosmos Instruments were not allowed to resume, and all our staff continued to work from home.

A conditional MCO (“**CMCO**”) was then imposed from 4 May 2020 until 9 June 2020 by the Government. On 4 May 2020, MCI and Cosmos Instruments resumed full operations as permitted by MITI. Our manufacturing division operated at 100% capacity and all our staff at MCI returned to work at the office.

Following the CMCO, as more economic sectors were allowed to operate and further relaxation of movement of people within Malaysia, the recovery MCO (“**RMCO**”) was imposed from 10 June 2020 to 31 March 2021. During the RMCO period, MCI and Cosmos Instruments continued to operate at 100% capacity.

The continual increase in COVID-19 cases in the 2<sup>nd</sup> half of 2020 and subsequently the 1<sup>st</sup> 3 months of 2021, led the Government to announce a second (“**MCO 2.0**”) and third MCO (“**MCO 3.0**”) effective from 13 January 2021 to 31 May 2021 for the whole country. Respective transitions to CMCO or RMCO by state were introduced depending on their respective COVID-19 situations. MCI and Cosmos Instruments obtained letters from MITI dated 12 January 2021 to resume operations. For MCI, 100% of our production staff and 30% of our management staff were allowed to work. For Cosmos Instruments, all staff were allowed to work.

## 7. BUSINESS OVERVIEW (CONT'D)

With COVID-19 cases remaining persistently high, on 1 June 2021, the Government reimposed a full lockdown (“**FMCO**”) of all businesses, social and recreational activities and imposed a movement restriction of people in Malaysia. Only selected industries were allowed to continue to operate. During FMCO, MCI and Cosmos Instruments obtained letters from MITI dated 5 June 2021 and 10 June 2021 respectively to operate at 60% capacity. At Cosmos Instruments, the majority of the allowable staff capacity was allocated to our technical team so that they remain on standby and are able to proceed to work at project sites if requested by our customers.

On 15 June 2021, the Government announced the National Recovery Plan, a four-phased plan to ease the country out from the MCO, the gradual reopening of different economic and business sectors and the measured relaxation of the movement of people and interstate travel. Cosmos Instruments and MCI obtained letters dated 4 July 2021 and 16 August 2021 respectively from MITI to operate based on a 60% staff capacity.

On 3 July 2021, the Government placed an EMCO on most of the districts in the state of Selangor due to the rising daily cases. The EMCO was then lifted for most districts on 17 July 2021 with the exception of the districts of Damansara, Ampang, Klang and Batu. Due to the EMCO, the office of Cosmos Instruments was closed and all staff worked from home. MCI's operation was temporarily suspended until it obtained a letter from MITI dated 7 July 2021 to resume operations at 60% capacity. In September 2021, all Cosmos Instruments staff returned to work at the office. The staff capacity for MCI increased progressively from 60% to 100% as the staff vaccinated rates rose from 40% to 80%.

### **Measures and steps taken to commence and continue our manufacturing and office operations**

We have taken the following precautionary measures to safeguard the health and safety of our employees working in our factory and office and implemented the following standard operating procedures:

- We require all employees to declare their travel history and health status before returning to work.
- We require all visitors to declare their health status before entering the premises of MCI and Cosmos Instruments.
- We implemented a contact tracing and temperature measurement system and require all employees and visitors to record their temperatures before entering the office or factory.
- All employees and visitors are required to wear face masks, regularly sanitise their hands and practise social distancing when on our premises.
- We regularly provide information and updates on COVID-19 to create awareness among all our employees.
- We conduct regular sanitisation, especially at the common areas and touch points around our office and factory.

#### **(i) Impact of COVID-19 on our manufacturing operation**

MCI experienced operation disruptions when the Government implemented various MCOs to limit the spread of COVID-19. During the various series of MCOs, between 30% and 100% of our employees were allowed to return to work. As such, our manufacturing activities were partially disrupted and we experienced order backlogs and delivery delays for our metal fabricated products, as well as delays in our raw materials supply.

Throughout the duration of the various phases of MCO implemented in Malaysia as set out above, 9 of our MCI employees tested positive for COVID-19 resulting in a shutdown of our manufacturing factory for 7 days (from 10 February 2021 to 16 February 2021) for deep sanitisation procedures. After the quarantined period of the infected employees, all of them recovered and returned to work. There was no order backlog because the quarantined period was during the Chinese New Year period.

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

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We have received a wage subsidy from the Malaysian Government amounting to RM112,850.

**(ii) Impact of COVID-19 on our supply chain**

Cosmos Instruments experienced minor disruptions in the supply of fluid control and telemetry products between March 2020 to May 2020 due to the MCO 1.0 imposed by the Government. Our office and our customers' offices were closed and all staff worked from home. We were not able to carry out deliveries of our fluid control and telemetry products to several of our Water Customers and there were no staff available to accept our deliveries at their respective premises. This also resulted in delays in our ability to bill our customers and collection of payments. Cosmos Instruments resumed operations at 100% capacity on 4 May 2020 when Malaysia transitioned to the CMCO phase.

We did not experience any significant negative impact on our operations and financial performance during the various series of the MCO and the various phases of the NRP. We recorded an increase in revenue by 33.88% to RM33.72 million in FYE 2021 from RM25.19 million in FYE 2020. Further to the above, we also recorded an increase in revenue by 45.66% to RM49.12 million in FYE 2022 from RM33.72 million in FYE 2021.

We were able to secure new manufacturing orders from our customers as well as extend delivery timeframes for our metal fabricated products. We were able to secure new water contracts and new product orders from several of our Water Customers. We have not experienced any termination or cancellation of customer contracts, as well as any shortage in inventory for our manufacturing operation and fluid control and telemetry products. We did not incur any penalties on late product deliveries as we worked together with our customers to understand the challenges posed by the various MCOs.

From September 2021 up to the LPD, in view of the measures and steps taken by our Group, we have been able to operate without restrictions or interruptions due to the subsisting COVID-19 pandemic.

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## 7. BUSINESS OVERVIEW (CONT'D)

### 7.9 AVAILABILITY OF RAW MATERIALS AND INVENTORIES

Our Group's main raw materials and inventories are Siemens Malaysia's fluid control products which are supplied to the water and wastewater industries and steel materials used in the manufacturing of our fabricated metal products. Our Group's total purchases for the FYE Under Review were RM28.45 million, RM15.74 million, RM17.83 million and RM28.81 million, respectively.

The breakdown of the major raw materials and inventories procured by our Group, together with their respective sources of supply are as follows:

Type of raw materials and inventories	Country of origin	% of our Group's total purchases									
		FYE 2019		FYE 2020		FYE 2021		FYE 2022		Local (%)	Import (%)
		RM'000	%	RM'000	%	RM'000	%	RM'000	%		
Electronic flowmeters	Malaysia	6,073	21.35	5,926	37.66	9,392	52.68	9,189	31.89	100	-
Level transducers	Malaysia	393	1.38	715	4.54	1,135	6.36	685	2.38	100	-
Pressure transmitters	Malaysia	208	0.73	254	1.61	434	2.43	391	1.36	100	-
Dataloggers and RTUs	France	-	-	190	1.21	554	3.11	875	3.04	-	100
Other accessories	Malaysia	543	1.91	583	3.71	706	3.96	972	3.37	100	-
Steel materials	Malaysia	21,234	74.63	8,067	51.27	5,609	31.46	16,701	57.96	100	-
<b>Total purchases</b>		<b>28,451</b>	<b>100.00</b>	<b>15,735</b>	<b>100.00</b>	<b>17,830</b>	<b>100.00</b>	<b>28,813</b>	<b>100.00</b>		

For FYE 2021 and FYE 2022, our fluid control and telemetry products were sourced from Siemens Malaysia and LACROIX Sofrel, respectively. Presently, we are the certified partner and solution partner of Siemens Malaysia and official partner of LACROIX Sofrel's products and services in Malaysia. As such, we rely on Siemens Malaysia and LACROIX Sofrel for the consistent supply of fluid control and telemetry products for our distribution business. Please refer to Section 9.1.2 of this Prospectus for the risk factor in relation to our dependency on Siemens Malaysia.

In respect of the supply of steel materials used in our manufacturing activities, there are numerous suppliers available in Malaysia. In addition, as these steel materials are easily available both locally and globally, we do not foresee any major supply problems that would have material adverse effect on our manufacturing operations.

Our raw materials and inventories are subject to price fluctuations. For example, the price of our raw materials (i.e., steel materials) fluctuates in accordance with the global steel prices in the market. Global steel prices are, amongst others, subject to the demand and supply conditions of steel in the global market and are also subject to the prices of raw materials to produce steel, such as iron ore, coal, and steel scraps, as well as the prevailing energy costs associated with its production. Any changes in the above conditions may cause a material increase in the price of steel, which consequently may lead to an increase in our cost of production.



## 7. BUSINESS OVERVIEW (CONT'D)

Furthermore, the cost of our inventories (i.e., fluid control and telemetry products) is also subject to our suppliers' cost of production. They may raise the selling price of their fluid control and telemetry products periodically due to factors such as inflation, increase in logistic cost, and/or increase in cost of production. If such matter arises, we will pass on the increase cost of inventories to our Water Customers by increasing our selling price. Please refer to Section 9.1.6 of this Prospectus for the risk factor in relation to the availability and volatility in prices of our raw materials and supplies.

### 7.10 MARKET ACCESS

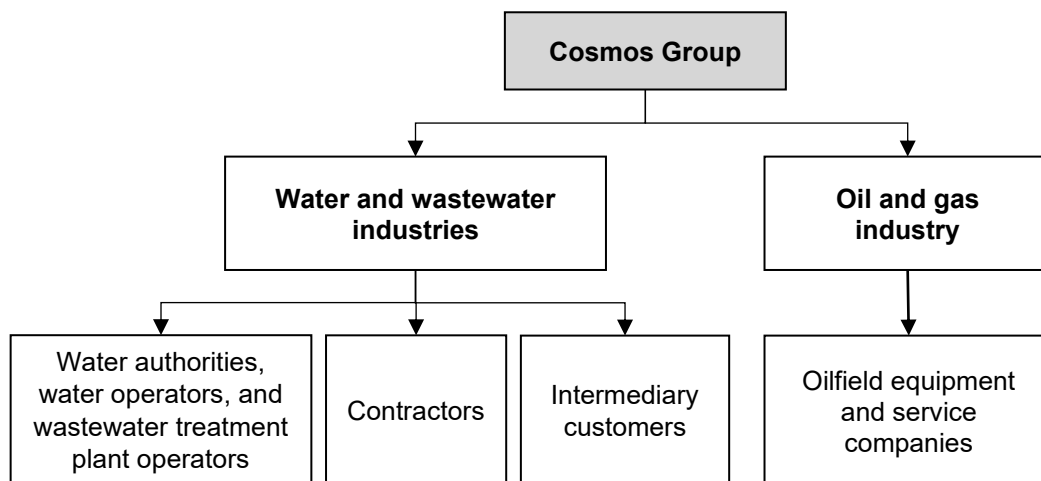
#### 7.10.1 PRINCIPAL MARKETS

We generated our revenue from Malaysia and US for the FYE Under Review. Please refer to Section 7.3.1 of this Prospectus for further details on our Group's revenue contribution by geographical markets.

#### 7.10.2 MARKETING STRATEGIES

##### Distribution strategies and channels

Our products and services are distributed to the following customers in the water, wastewater and oil and gas industries, as illustrated below:



Currently, we have 2 sales and marketing teams for our respective segments, where each marketing team is responsible for the sales and marketing and business development activities of their own products and services to their respective markets, as well as maintaining and building relationships with their customers. We constantly strive to provide quality products and services to meet our customers' expectations and requirements.

Currently, we have a corporate website, namely <https://www.ctib.com.my/> to market and promote our products and services. Our Group's profiles, products and services can be viewed on our website.

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

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We also adopt the following sales and marketing strategies:

**Water and Wastewater Industries**

Our Water Customers are water authorities, water operators, wastewater treatment plant operators, contractors for water and wastewater treatment plants, and intermediary customers.

- (a) **Water authorities, water operators and wastewater treatment plant operators -** Cosmos Instruments participates in tenders to secure contracts from water authorities, water operators and wastewater treatment operators (which are Government-linked and/or privately-owned and operated water and wastewater utility companies). Water treatment plants in Malaysia are operated by water authorities and/or water operators. Our marketing department in Cosmos Instruments is responsible for the continuous monitoring and sourcing of new water projects for our Group. Potential projects could come in the form of open tenders for public sector projects and/or invited tenders for private sector projects. Information on open tenders is available through notices published in websites of relevant Government agencies. Invited tenders are typically initiated through invitation by water authorities, water operators and wastewater treatment plant operators. Our marketing department will also approach and submit proposals for any potential projects identified on a proactive basis to prospective customers. We perform routine follow-ups on tender release dates and their requirements so as to ensure that we are pre-qualified to participate. Once we have become their approved suppliers, our marketing team will work closely with them to introduce suitable electronic flowmeters which meet their fluid control requirements and application usage.
- (b) **Contractors –** We also work with contractors for water and wastewater treatment plants to offer our products and services. Our sales and marketing team will proactively communicate with the contractors to be updated on any new projects. We also provide support to the contractors for their tender submissions for water and wastewater treatment plants. Once they are awarded with the project contracts, we will act as their sub-contractors/suppliers to provide them with the required fluid control products as well as installation, calibration, maintenance and after sales services of the fluid control products. We also help to identify and evaluate the situations, provide suggestions and recommendations to our Water Customers to help them achieve higher accuracies in measuring water flow in their water and wastewater treatment plants.
- (c) **Intermediary customers -** We also distribute our fluid control products to intermediary customers such as sub-distributors, traders and resellers. They will resell our products to their customers. Our marketing team will work with these customers to update them with our latest products and fulfil their sales orders.

**Exhibitions**

We participated in AsiaWater Expo & Forum organised by UBM Asia and Malaysian Water Association in 2014, 2016, 2018 and 2020 to promote and market our Group's fluid control products and services. The AsiaWater Expo & Forum is held every 2 years together with Siemens Malaysia in Malaysia. The AsiaWater Expo & Forum is the longest running and the leading biennial trade event for the water and wastewater industries in Asia. Such participation is significant as our Group is able to demonstrate and present our full range of products to the attendees effectively via direct face-to-face communication.

## 7. BUSINESS OVERVIEW (CONT'D)

### Oil and Gas Industry

MCI specialises in the manufacturing of fabricated metal products. For the FYE 2021 and FYE 2022, our main fabricated metal products are metal frames for shaker filters used in the oil and gas industry. Our Oil and Gas Customers are oilfield equipment and service companies. For the FYE Under Review, National Oilwell Varco, Inc. and its subsidiary company, NOV (Malaysia) Sdn Bhd were our major Oil and Gas Customers and for the FYE 2022, NOV Process & Flow Technologies Malaysia Sdn Bhd had become one of our Group's major Oil and Gas Customer.

We have built a long-term business relationship with National Oilwell Varco, Inc. and NOV (Malaysia) Sdn Bhd since 2011. Our marketing and manufacturing teams are constantly collaborating with National Oilwell Varco Inc. and NOV (Malaysia) Sdn Bhd to provide quality products to accommodate their rig requirements. We started by producing the metal frames for their shaker filters, and through our years of quality product offering and manufacturing capabilities, we were able to secure new manufacturing contracts to produce new product (metal body frames for shale shakers) for their oil and gas application usage. Since then, our sales order for the metal body frames for shale shakers are increasing.

### 7.11 BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans are as follows:

- (i) Acquisition of a New Building to consolidate our Group's business operation, manufacturing and storage activities; and
- (ii) Purchase of new machineries.

We set out below our business plans which are our current measures and action plan that we will implement to achieve our business strategies:

#### 7.11.1 Acquisition of the New Building

Cosmos Instruments had, on 14 January 2022, entered into the sale and purchase agreement with the Vendor for the acquisition of the New Building for a purchase consideration of RM11.80 million on a willing-buyer willing-seller basis. As at the LPD, we have paid a total of RM1.77 million being 15% of the purchase consideration which comprised of the 10% deposit under the sale and purchase agreement and the differential sum between the purchase consideration and term loan facility for the acquisition of the New Building (as detailed below in this section) of RM0.59 million.

Presently, our employees and operations are housed in 2 different locations, that is our management office located in Semenyih, Selangor and MCI's manufacturing facility located in Balakong, Selangor. The purchase of the New Building is our Group's strategy to consolidate Cosmos Instruments and MCI's management, operations and production space in the New Building at one location. MCI intends to transfer its manufacturing operations and production space to the New Building. This will enable our Group to streamline all the internal administrative and finance processes, increase efficiency, improve and expedite decision making and reduce travel time and costs by our staff and employees. In addition, it will also enhance our Group's corporate image among our customers, suppliers, employees and other stakeholders.

MCI intends to transfer its manufacturing operations and production space to the New Building. Our Group does not expect the lower built-up area of the New Building as compared to our existing manufacturing in Balakong to constrain our Group's plan to expand our manufacturing capability and capacity after taking into consideration the following:

## 7. BUSINESS OVERVIEW (CONT'D)

- (i) the purchase and installation of new and improved machineries, such as high-power laser cutting machines, press brake machines, and robotic welding machines, as detailed in Section 7.11.2 below, has higher efficiency through improved specifications which include higher output and increased automation. Increased automation through the use of new machineries is also expected to have higher precision and enable our Group to reduce our reliance on trained workers; and
- (ii) the relocation of our Group's operations provides an opportunity for our Group to re-design our manufacturing processes and systems at the New Building.

This is to improve our efficiency in the use of our production space by identifying and reducing inefficiencies such as, amongst others, reducing storage space and maintaining optimum level of inventory with improved supply chain management by leveraging our established business relationships with our suppliers through shorter delivery time.

The New Building will also be used by Cosmos Instruments to set up a product showroom and service and maintenance centre and store the fluid controls inventories. Cosmos Instruments intends to showcase our range of fluid control products, flowmeters, RTUs and other related products distributed by Cosmos Instruments and to demonstrate their functions and potential benefits and advantages to our future or potential customers. Cosmos intends to carry out renovations on the interior of the New Building without affecting its external structure. The renovations are estimated to cost approximately RM1.00 million, which will be funded by our Group's internally-generated funds. The renovations will not be subject to approval from any relevant authority.

Our Group intends to allocate RM10.00 million of the total proceeds from the Public Issue to finance the acquisition of the New Building. The estimated cost of acquiring the New Building is RM11.80 million (excluding stamp duty, legal fees and other miscellaneous charges). Pending the receipt of the proceeds from the Public Issue, our Group intends to fund the acquisition of the New Building via bank borrowings and internal generated funds. Pursuant to a letter of offer dated 3 March 2022, our Group was offered a term loan facility of RM10.03 million by Public Islamic Bank Berhad for the acquisition of the New Building. Upon receipt of the proceeds from the Public Issue, our Group will use the RM10.00 million allocated for the acquisition of the New Building to repay the bank borrowings taken to fund the acquisition of the New Building.

Cosmos would be required to obtain new licences and permits to enable the Group to operate from the New Building ("**New Licences**") including updating the relevant authorities of the change in business location, where required.

The express condition on the land title for the New Building states that the land is to be used for "Light Industry". In view that MCI proposes to shift its entire manufacturing operations for fabricated metal products to the New Building and intends to produce metal body frames for shale shakers and other fabricated metal products internally, our Group intends to convert the express condition from "Light Industry" to "Medium Industry" ("**Conversion**"). As at the LPD, the application for Conversion submitted by the Vendor of the New Building has been approved by the Hulu Langat Land Office.

Further to the above, our Group is required to obtain the New Licences for our Group to operate its business activities at the New Building.

In this regard, in the unlikely event that Cosmos Instruments is unable to obtain the New Licences in the manner intended due to whatsoever reasons including failure or inability to obtain the New Licences, Dato' Chong, being a Promoter, has provided an unconditional and irrevocable undertaking that he shall:

## 7. BUSINESS OVERVIEW (CONT'D)

- (1) procure Cosmos Instruments to dispose the New Building to a third party as soon as possible;
- (2) purchase the New Building from Cosmos Instruments at a price not lower than the Purchase Price and shall compensate Cosmos Instruments for all costs and expenses associated with the acquisition of the New Building by Cosmos Instruments (the Purchase Price and associated costs and expenses shall hereinafter be referred to as "**Acquisition Costs**") if Cosmos Instruments is unable to successfully dispose the New Building within 18 months from the completion of their acquisition of the New Building; and
- (3) compensate Cosmos Instruments the difference between the Acquisitions Costs and the costs of disposal of the New Building and all costs and expenses associated with the disposal of the New Building.

### 7.11.2 Purchase of new machineries

In FYE 2021, MCI secured orders for metal body frames for shale shakers from our Oil and Gas Customers. Currently, the production of metal body frames for shale shakers is sub-contracted to external sub-contractors. Also, in the last 12 months, MCI's production orders for the new and existing product (e.g., metal frame for shaker filters) have increased progressively. Therefore, MCI anticipates that we will be facing limitation in our production capacity for the fabrication of MCI's fabricated metal products in the near future.

In view of the above, MCI intends to purchase several new machineries for the following purposes:

- increase MCI's manufacturing output, such as metal frames for shaker filters and other fabricated metal products, in order to meet the anticipated increase in demand from our Oil and Gas Customers and reduce reliance on sub-contractors due to our Group's limited production capacity.

MCI expects that the purchase of the new machineries will increase its maximum capacity by approximately 42.86% (i.e. approximately 65,700 machine hours per year as compared to the machine hours for the FYE 2022 of 45,990 machine hours per year) and by approximately 27.78% (i.e. approximately 151,110 machine hours per year as compared to the machine hours for the FYE 2022 of 118,260 machine hours per year) for its primary processes and secondary processes, respectively; and

- expand MCI's manufacturing capability to produce metal body frames for shale shakers and other fabricated metal products internally in order to reduce reliance on sub-contractors for the production of the said products.

Additionally, the purchase and installation of new and improved machineries, such as high-power laser cutting machines, press brake machines, and robotic welding machines, as detailed below, has higher efficiency through improved specifications which include higher output and increased automation. Increased automation through the use of new machineries is also expected to have higher precision and enable our Group to reduce our reliance on trained workers.

As a result, our Group intends to allocate RM3.50 million of the total proceeds from the Public Issue for the purchase of new machineries to be located at the New Building to expand our manufacturing operations.

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

As at the LPD, MCI has 1 unit of laser cutting machine, 1 unit of tube/piping cutting machine, 2 units of press brake machines and 16 units of robotic welding machines. We intend to purchase the proposed new machineries as detailed below:

Type of Machinery and Equipment	No. of units	Estimate Cost (RM)
Laser cutting machine	2	1,600,000
Tube/pipe laser cutting machine	1	650,000
Press brake machine	2	1,000,000
Robotic welding machine	3	600,000
<b>Total</b>		<b>3,850,000</b>

The estimated cost for the purchase of machineries is inclusive of the installation cost and was derived based on quotations. All the machineries will be purchased locally.

Our Group plans to purchase these new machineries upon receiving the proceeds from the Public Issue. The purchase of these new machineries is estimated to cost RM3.85 million. The expected shortfall from the allocated proceeds will be financed through our Group's internally-generated funds and/or bank borrowings.

We intend to utilise the remaining proceeds from our LEAP listing amounting to RM1.3 million to partly fund the acquisition of 2 units of press brake machines, 2 units of spot-welding machines\* and 1 unit of laser cutting machine by March 2023.

Note:

- \* The spot-welding machines are used for pre-welding process which is to join and hold two metal workpieces temporarily prior to undergoing the robotic welding process to join them together permanently via high precision welding. The spot weld process is mainly to improve the production time and product quality of the production of fabricated metal products.

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## 7. BUSINESS OVERVIEW (CONT'D)

### 7.12 PROPERTY, PLANT AND EQUIPMENT

#### 7.12.1 PROPERTY OWNED BY OUR GROUP

Our Subsidiary, Cosmos Instruments had on 14 January 2022 entered into a sale and purchase agreement with the Vendor to acquire the New Building for a purchase consideration of RM11.8 million. As at the LPD, the acquisition of the New Building has yet to be completed. The details of the New Building are as follows:

Registered proprietor	Title details	Description/ Category of land use/ Tenure	Express condition/ Restriction in interest/ Encumbrances	Approximate land area/ Built-up area	Date of issuance of CCC
Jemco Venture Sdn Bhd	PT 59919, Pekan Cheras, Daerah Ulu Langat, Negeri Selangor held under H.S.(D) 174625	<p><b>Description:</b></p> <p>A semi-detached factory erected thereon comprising factory area on part of the ground floor, office area on the ground floor, levels 1 and 2 and an open utility area on the rooftop</p> <p><b>Category of land use:</b></p> <p>Industry</p> <p><b>Tenure:</b></p> <p>Leasehold land of 77 years expiring on 29 November 2093</p>	<p><b>Express condition:</b></p> <p>Light industry<sup>(1)</sup></p> <p><b>Restriction in interest:</b></p> <p>The land cannot be transferred, leased or charged without obtaining the State authority's consent</p> <p><b>Encumbrances:</b></p> <p>Charged to Hong Leong Bank Berhad</p>	<p>Land area: 3,424.38 square meter</p> <p>Built-up area: Approximately 26,000 square feet</p>	24 July 2019

Note:

- (1) The Hulu Langat Land Office had on 22 July 2022 approved the application made by Jemco Venture Sdn Bhd to convert the express condition from "Light Industry" to "Medium Industry".

Our Group intends to relocate to the New Building once the transfer of ownership and renovation is completed. The transfer of ownership and renovation is expected to be completed by the fourth quarter of 2022.

## 7. BUSINESS OVERVIEW (CONT'D)

### 7.12.2 BUSINESS LOCATION

Our Group's principal business operations are situated at the following locations:

Address	Activity/ Purpose of location	Land area/ Built-up area	Rented or owned	Tenant	Terms
No. 11, Jalan Mega 2/1, Kawasan Perindustrian Mega 2, 43500 Semenyih, Selangor <sup>(1)</sup>	<p><b>Description:</b> Office located at the 1<sup>st</sup> floor</p> <p><b>Existing usage:</b> Use for sales, marketing, administrative and support purposes</p>	<p><b>Built-up area</b> 2,000 sq. ft.</p>	Sub-rented from Flexacon Automation System Sdn. Bhd., a subsidiary company of MSM	MCI	<p>2 years (with option to renew for another 2 years)</p> <p>1 July 2021 to 30 June 2023</p> <p><b>Monthly rental fee:</b> RM3,000</p>
Lot 24645, Jalan KPB 5 Kawasan Perindustrian Kampung Baru Balakong 43300 Seri Kembangan, Selangor <sup>(2)</sup>	<p><b>Description:</b> Single-storey detached factory and warehouse</p> <p><b>Existing usage:</b> Use for manufacturing and storage purposes</p>	<p><b>Land area</b> 52,958 sq. ft.</p> <p><b>Built-up area</b> 42,000 sq. ft.</p>	Rented from MSM Metal Industries Sdn. Bhd., a subsidiary company of MSM	MCI	<p>2 years (with option to renew for another 2 years)</p> <p>1 July 2021 to 30 June 2023</p> <p><b>Monthly rental fee:</b> RM15,000</p>

Our Group had previously rented the following factories for our business operations:

- (i) rental of factory located at Lot 3195 Jalan KPB 11, Kawasan Perindustrian Kampung Baru Balakong, 43000 Seri Kembangan of which the tenancy agreement had ceased in April 2019; and
- (ii) rental of factory located at HS(D) 132878 PT 51414, Pekan Cheras, Daerah Ulu Langat, Selangor of which the tenancy agreement had ceased in April 2019.

Notes:

- (1) Our Group had commenced tenancy for the property located at No. 11, Jalan Mega 2/1, Kawasan Perindustrian Mega 2, 43500 Semenyih, Selangor on 1 July 2019.
- (2) Our Group had commenced tenancy for the property located at Lot 24645, Jalan KPB 5 Kawasan Perindustrian Kampung Baru Balakong 43300 Seri Kembangan, Selangor on 1 January 2011.

As at the LPD, the locations of our Group's principal business operations are not in breach of any land use or regulatory requirements.



## 7. BUSINESS OVERVIEW (CONT'D)

### 7.12.3 PRODUCTION CAPACITY

MCI is involved in the manufacturing of fabricated metal products for the oil and gas and water and wastewater industries. Our production capacity in respect of the manufacturing of fabricated metal products is outlined in the table below:

Production process	FYE 2019		FYE 2020		FYE 2021	
	Maximum capacity <sup>(1) (2)</sup>	Utilisation rate (%)	Maximum capacity <sup>(1) (2)</sup>	Utilisation rate (%)	Maximum capacity <sup>(1) (2)</sup>	Utilisation rate (%)
Primary processes	72,270	85.68	55,908	54.77	46,008	54.77
Secondary processes	137,970	76.71	118,260	43.84	118,260	49.32

Production process	FYE 2022		1 May 2022 - LPD	
	Maximum capacity <sup>(1)</sup>	Utilisation rate (%)	Maximum capacity <sup>(1)</sup>	Utilisation rate (%)
Primary processes	46,008	87.64	13,608	87.24
Secondary processes	118,260	81.58	34,992	81.18

**Notes:**

- (1) Maximum capacity is calculated based on machine hours per year.
- (2) The changes in the maximum capacity of our manufacturing facility during the FYE Under Review were mainly attributable to the rental of several machinery and equipment from MSM Metal Industries Sdn Bhd. For FYE 2020 and FYE 2021, in view of the economic downturn of the oil and gas industry and decrease in demand for metal frames for the shaker filters from our Oil and Gas Customers, we ceased the rental of certain machinery and equipment in 1<sup>st</sup> quarter of 2021 which resulted in the decrease of our maximum capacity in the said financial years.

The computation of our manufacturing capacity is based on the following assumptions:

**Primary processes** include laser cutting, turret punch, and cutting machines. The maximum capacity of these machines are estimated based on the number of machines and assuming operations of 18 hours per day, 30 days per month and 12 months per year. Utilisation rates are computed based on the number of hours the machines are in operation obtained from our production report. As our products are not homogeneous and differ in types and sizes according to our customers' requirements, the utilisation rates may not be reflective of the actual production rate of our production facilities.

**Secondary processes** include bending and robotic welding. The maximum capacity of these machines are estimated based on the number of machines and assuming operations of 18 hours per day, 30 days per month and 12 months per year. Utilisation rates are computed based on the number of hours the machines are in operation which are only estimates. As our products are not homogeneous and differ in types and sizes according to our customers' requirements, the utilisation rates may not be reflective of the actual production rate of our production facilities.

## 7. BUSINESS OVERVIEW (CONT'D)

### 7.13 MAJOR CUSTOMERS

Our products and services are distributed to the water, wastewater and oil and gas industries. Our customers include:

- Water authorities, water operators and wastewater treatment operators;
- Contractors for water and wastewater treatment plants;
- Intermediary customers; and
- Oilfield equipment and service companies.

Our top 5 major customers for the FYE Under Review are as follows:

No.	Customers	Country of Origin	Types of Products Sold	Length of Relationship (Years)	RM'000	%
<b>FYE 2019</b>						
1	National Oilwell Varco, Inc.	US	Fabricated metal products	3	20,765	47.11
2	NOV (Malaysia) Sdn Bhd	Malaysia	Fabricated metal products	9	10,877	24.68
3	ISET	Malaysia	Fluid control products	15	1,233	2.80
4	Ranhill Water Services Sdn Bhd	Malaysia	Fluid control products	2	963	2.18
5	Hydro-Trent Automation Sdn Bhd	Malaysia	Fluid control products	10	922	2.09
	<b>Sub-total</b>				<b>34,760</b>	<b>78.86</b>
	<b>Total Sales (FYE 2019)</b>				<b>44,078</b>	<b>100.00</b>
<b>FYE 2020</b>						
1	National Oilwell Varco, Inc.	US	Fabricated metal products	4	8,839	35.09
2	NOV (Malaysia) Sdn Bhd	Malaysia	Fabricated metal products	10	5,312	21.09
3	Ranhill Water Services Sdn Bhd	Malaysia	Fluid control products	3	1,190	4.72
4	Air Selangor	Malaysia	Fluid control products	3	1,172	4.65
5	Vector R Asia Sdn Bhd	Malaysia	Fluid control products	2	970	3.85
	<b>Sub-total</b>				<b>17,483</b>	<b>69.41</b>
	<b>Total Sales (FYE 2020)</b>				<b>25,189</b>	<b>100.00</b>
<b>FYE 2021</b>						
1	NOV (Malaysia) Sdn Bhd	Malaysia	Fabricated metal products	11	4,739	14.05
2	National Oilwell Varco, Inc.	US	Fabricated metal products	5	4,240	12.57
3	Air Selangor	Malaysia	Fluid control products	4	2,389	7.08
4	Ranhill Water Services Sdn Bhd	Malaysia	Fluid control products	4	1,847	5.48
5	Mastersteel Medical Sdn Bhd	Malaysia	Fabricated metal products	5	1,729	5.13
	<b>Sub-total</b>				<b>14,944</b>	<b>44.31</b>
	<b>Total sales (FYE 2021)</b>				<b>33,723</b>	<b>100.00</b>
<b>FYE 2022</b>						
1	NOV (Malaysia) Sdn Bhd	Malaysia	Fabricated metal products	12	8,846	18.01
2	National Oilwell Varco, Inc.	US	Fabricated metal products	6	7,677	15.63

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

No.	Customers	Country of Origin	Types of Products Sold	Length of Relationship (Years)	RM'000	%
3	NOV Process & Flow Technologies Malaysia Sdn Bhd	Malaysia	Fabricated metal products	1	7,615	15.50
4	Air Selangor	Malaysia	Fluid control products	5	4,835	9.84
5	M8 Machinery Sdn Bhd	Malaysia	Fabricated metal products	4	3,882	7.90
	<b>Sub-total</b>				<b>32,855</b>	<b>66.88</b>
	<b>Total sales (FYE 2022)</b>				<b>49,120</b>	<b>100.00</b>

For the FYE Under Review, our top 5 customers collectively contributed 78.86%, 69.40%, 44.31% and 66.88% of our total Group's revenue, respectively. Our Oil and Gas Customers, namely NOV (Malaysia) Sdn Bhd and National Oilwell Varco, Inc. and our Water Customers, namely Air Selangor and Ranhill Water Services Sdn Bhd have been our Group's long term and repeat customers, which span between 4 and 12 years. We enjoy close and long-standing business relationships with our Oil and Gas Customers and Water Customers, and we place a significant emphasis on developing and maintaining customer satisfaction, goodwill and rapport.

We are also mindful of the risk of reliance on a handful of major customers, and we are implementing strategies to diversify our customer base. For example, we are working to improve the design and quality of our lamella plates to increase the customers' confidence in our products, emphasising on research and development efforts to introduce new fabricated metal products for existing and new customers, increasing our marketing efforts to secure more instrumentation services projects as well as increasing our sales for telemetry products. Therefore, through our customers' diversification plans, our revenues contribution from top 5 customers were decreasing in the FYE 2019, FYE 2020 and FYE 2021, as we were able to secure more sales from other new and existing customers.

Further to the above, the decrease in sales to NOV (Malaysia) Sdn Bhd and National Oilwell Varco, Inc. from FYE 2019 to FYE 2021 was mainly contributed by the decrease in demand from these customers as a result of continuing global downtrend in average crude oil prices in FYE 2020 and FYE 2021. Nevertheless, our revenue contribution from top 5 customers increased in FYE 2022 due to increase in sales to NOV (Malaysia) Sdn Bhd and National Oilwell Varco, Inc. as well as sales to our new customers, namely NOV Process & Flow Technologies Malaysia Sdn Bhd as a result of increase in demand for fabricated metal products amid the global recovery in average crude oil prices in FYE 2022.

**7.14 MAJOR SUPPLIERS**

Our top 5 major suppliers for the FYE Under Review are as follows:

No.	Suppliers	Country of Origin	Types of Products Purchased	Length of Relationship (Year(s))	RM'000	%
<b>FYE 2019</b>						
1	Siemens Malaysia	Malaysia	Fluid control products	15	6,983	24.54
2	Leform Sdn Bhd	Malaysia	Steel materials	1	4,832	16.98
3	Waynum Hardware Sdn Bhd	Malaysia	Steel materials	9	3,719	13.07
4	MSM Metal Industries Sdn Bhd	Malaysia	Steel materials and processed steel materials*	9	3,491	12.27
5	Century Steel Sdn Bhd	Malaysia	Steel materials	7	2,652	9.32
	<b>Sub-total</b>				<b>21,677</b>	<b>76.19</b>

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

No.	Suppliers	Country of Origin	Types of Products Purchased	Length of Relationship (Year(s))	RM'000	%
<b>Total Purchases (FYE 2019)</b>					<b>28,451</b>	<b>100.00</b>
<b>FYE 2020</b>						
1	Siemens Malaysia	Malaysia	Fluid control products	16	7,252	46.09
2	Leform Sdn Bhd	Malaysia	Steel materials	2	3,579	22.75
3	Japmas Steel Sdn Bhd	Malaysia	Steel materials	8	997	6.34
4	Century Steel Sdn Bhd	Malaysia	Steel materials	8	789	5.01
5	LACROIX Sofrel	France	Telemetry products	1	190	1.21
<b>Sub-total</b>					<b>12,807</b>	<b>81.39</b>
<b>Total Purchases (FYE 2020)</b>					<b>15,735</b>	<b>100.00</b>
<b>FYE 2021</b>						
1	Siemens Malaysia	Malaysia	Fluid control products	17	11,134	62.45
2	Simmsion Engineering Sdn Bhd	Malaysia	Steel materials and processed steel materials*	3	947	5.31
3	LACROIX Sofrel	France	Telemetry products	2	546	3.06
4	M8 Machinery Sdn Bhd	Malaysia	Steel materials and processed steel materials*	3	478	2.68
5	Leform Sdn Bhd	Malaysia	Steel materials	3	400	2.24
<b>Sub-total</b>					<b>13,505</b>	<b>75.74</b>
<b>Total purchases (FYE 2021)</b>					<b>17,830</b>	<b>100.00</b>
<b>FYE 2022</b>						
1	Siemens Malaysia	Malaysia	Fluid control products	18	11,002	38.18
2	Simmsion Engineering Sdn Bhd	Malaysia	Steel materials and processed steel materials*	4	5,674	19.69
3	Leform Sdn Bhd	Malaysia	Steel materials	4	2,557	8.87
4	Century Steel Sdn Bhd	Malaysia	Steel materials	10	1,527	5.30
5	Waynum Hardware Sdn Bhd	Malaysia	Steel materials	12	956	3.32
<b>Sub-total</b>					<b>21,716</b>	<b>75.36</b>
<b>Total purchases (FYE 2022)</b>					<b>28,813</b>	<b>100.00</b>

**Note:**

- \* *The processed steel materials are steel materials which have undergone processes such as, amongst others, bending, laser-cutting and punching.*

We purchased our raw materials and inventories mainly from local suppliers. For the FYE Under Review, Siemens Malaysia was our largest suppliers for fluid control products which accounted for 24.54%, 46.09%, 62.45% and 38.18% of our Group's total purchases, respectively. We are the certified partner and solution partner to Siemens Malaysia in Malaysia. The increase in purchases of fluid control products by our Group from Siemens Malaysia in FYE 2021 as compared to FYE 2020 was mainly contributed by the increased orders for flowmeters in FYE 2021 as evident by the increase in the number of flowmeters sold in FYE 2021 of 805 units from 522 units in FYE 2020. In FYE 2022, the number of flowmeters sold was 910 units.

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

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Based on the above, we are dependent on Siemens Malaysia for the supply of its fluid control products for our distribution segment. If Siemens Malaysia decides to terminate our partnership in the future, it will have a material impact and effect on our Group's distribution business performance and financial conditions. Notwithstanding this, we have built a strong working relationship with Siemens Malaysia since 2004 and we were appointed as its authorised distributor since 2007. Throughout our 18 years of business relationship with Siemens Malaysia, we have not experienced any major supply interruption from Siemens Malaysia. We will continue to strengthen our relationship with Siemens Malaysia and grow our business together with them. Please refer to Section 9.1.2 of this Prospectus in relation to the risk factor on our dependency on Siemens Malaysia.

Additionally, the decrease of purchases of steel materials and processed steels materials from Leform Sdn Bhd, Waynum Hardware Sdn Bhd, MSM Metal Industries Sdn Bhd and Century Steel Sdn Bhd throughout the FYE 2019 to FYE 2021 was mainly due to the lower demand for fabricated metal products from our Oil and Gas Customers as a result of global downtrend in average crude oil price in FYE 2020 and FYE 2021.

In FYE 2022, the purchases of steel materials and processed steel materials from Simmson Engineering Sdn Bhd, Leform Sdn Bhd, Century Steel Sdn Bhd and Waynum Hardware Sdn Bhd had increased in order to meet the increase in demand of fabricated metal products from our Oil and Gas Customers.

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

**7.15 LICENCES, CERTIFICATIONS, REGISTRATIONS, PERMITS, APPROVALS AND TRADEMARKS**

**7.15.1 LICENCES, CERTIFICATIONS, REGISTRATIONS, PERMITS AND APPROVALS**

Our Group has obtained all the major approvals, licences and permits for the operations of our businesses from the respective authorities, which are outlined as follows:

**Granted to Cosmos**

<b>Approving authority</b>	<b>Type of approvals/ licences/permits</b>	<b>Licences/ certification/ reference no.</b>	<b>Effective date/ Expiry date</b>	<b>Major conditions imposed</b>	<b>Status of compliance with major conditions imposed</b>
Majlis Perbandaran Kajang	Trade, business and industries licence for management office and illuminated advertisement at No. 11, Jalan Mega 2/1, Kawasan Perindustrian Mega 2, 43500, Semenyih, Selangor	MPKJ/CL/2/354/2019*	30 October 2021/ 29 October 2022	Nil	Not applicable

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

**Granted to Cosmos Instruments**

Approving authority	Type of approvals/ licences/permits	Licences/ certification/ reference no.	Effective date/ Expiry date	Major conditions imposed	Status of compliance with major conditions imposed
CIDB	<p>CIDB certificate of registration in respect of:</p> <p>a. Grade G5<sup>(1)</sup>, Category Building Construction, registration specialisation B04;</p> <p>b. Grade G5, Category Civil Engineering Construction, registration specialisation CE20 and CE21;</p> <p>c. Grade G5, Category Mechanical and Electrical, registration specialisation M15</p> <p>This certificate allows Cosmos Instruments to carry out the following work scope:</p> <p>B04: general building construction works</p> <p>CE20: water supply system</p> <p>CE21: construction of civil engineering</p> <p>M15: installation, testing and commissioning of various mechanical system</p>	<p>Registration no. 0120161007-SL180011</p>	<p>22 June 2022/ 28 January 2024</p>	<p><b>1. General conditions</b></p> <p>(i) This certificate is non-transferable</p> <p>(ii) CIDB reserves the right to review the registration grade of Cosmos Instruments from time to time</p> <p><b>2. Responsibilities and obligations</b></p> <p>(i) Cosmos Instruments shall comply with the provisions of the Construction Industry Development Board Act 1994 (“CIDB Act”), the regulations made thereunder and any terms, conditions or restrictions imposed by CIDB from time to time</p> <p>(ii) Cosmos Instruments shall not participate in any tender or execute any construction works after this certificate has expired and unless it is renewed</p> <p>(iii) Cosmos Instruments shall not undertake any construction project which exceeds the value of construction works specified under the registration grade and shall not execute any construction works which is outside its registered category</p> <p>(iv) Cosmos Instruments shall submit information regarding any new construction works or contracts within fourteen days of the award or before the commencement or work, whichever is earlier</p> <p>(v) Cosmos Instruments shall submit any information required from CIDB from time to time</p>	<p>Noted</p> <p>Noted</p> <p>Noted and complied</p> <p>Noted and complied</p> <p>Noted and complied</p> <p>Noted and complied</p> <p>Noted and complied</p>

7. BUSINESS OVERVIEW (CONT'D)

Approving authority	Type of approvals/ licences/permits	Licences/ certification/ reference no.	Effective date/ Expiry date	Major conditions imposed	Status of compliance with major conditions imposed
	M19: installation of plant equipment  M20: general mechanical maintenance  M23: pump system			(vi) Cosmos Instruments shall display the certificate of registration issued by CIDB or a certified true copy of the certificate by CIDB at the place of business  (vii) Cosmos Instruments shall display its registration number on the signboard at each construction site  (viii) Cosmos Instruments shall apply for renewal of registration at any time within 60 days before the expiry date specified in this certificate  (ix) Cosmos Instruments shall comply with all requirements and stipulations in Contractor's Code of Ethics  (x) Cosmos Instruments shall appoint skilled construction workers and accredited site supervisors who are certified by CIDB  (xi) All workers on the construction site must have a valid Construction Personnel Card  <b>3. Disciplinary actions</b>  The registration of Cosmos Instruments shall be cancelled or suspended if:  (i) Cosmos Instruments fails to comply with the requirement of any other written law  (ii) Cosmos Instruments has been adjudicated a bankrupt  (iii) A winding up petition in relation to Cosmos Instruments has been presented	Noted and complied  Noted and complied  Noted and complied  Noted and complied  Noted and complied  Noted and complied  Noted  Noted  Noted



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

Approving authority	Type of approvals/ licences/permits	Licences/ certification/ reference no.	Effective date/ Expiry date	Major conditions imposed	Status of compliance with major conditions imposed
				(iv) Cosmos Instruments contravenes or fails to comply with any provision of the CIDB Act 1994  (v) Cosmos Instruments has obtained the certificate by making or causing to be made any false or fraudulent declaration, certification or representation either in writing or otherwise  (vi) Cosmos Instruments has abandoned any construction undertaken without any good reason  (vii) Cosmos Instruments is found negligent by the court or by any board of enquiry established under any written law in connection with any construction works undertaken  (viii) Cosmos Instruments contravenes any of the terms and conditions of the contractor's Responsibilities and Obligations as specified in paragraph 2 above	Noted  Noted  Noted  Noted  Noted
SPAN	Akta Industri Perkhidmatan Air 2006 (Akta 655) ("IPA") Permit Type C2 (water supply for contract value from RM2.00 million to RM10.00 million) to carry out works in Peninsular Malaysia, Wilayah-Wilayah Persekutuan Putrajaya and Labuan	Permit no. SPAN/EKS/(PT)/800-2C/1/17/458	30 September 2020/ 29 September 2022^  Note:  ^ Cosmos Instruments had renewed its SPAN license prior to the expiry date as set out above.	<b>1. General conditions</b>  (i) Cosmos Instruments shall only carry out the works, and in the state or states, specified in the permit  (ii) Cosmos Instruments shall notify SPAN of any change of particulars of the permit holder  (iii) Cosmos Instruments shall provide information, in the format and at intervals, as required by SPAN	Noted and complied  Noted and complied  Noted and complied

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

Approving authority	Type of approvals/ licences/permits	Licences/ certification/ reference no.	Effective date/ Expiry date	Major conditions imposed	Status of compliance with major conditions imposed
			The effective date and expiry date of the renewed SPAN license are 30 September 2022 and 29 September 2025 respectively.	<p>(iv) The employees and servants of Cosmos Instruments shall be authorised to carry out for Cosmos Instruments' works authorised under the permit provided that Cosmos Instruments shall at all times be responsible for all acts or omissions of its employees and servants</p> <p>(v) Cosmos Instruments shall at all times maintain the requisite certificate of registration as a registered contractor issued by the CIDB, if necessary</p> <p>(vi) Cosmos Instruments shall at all times have and maintain the qualification to hold a permit as may be specified by the SPAN from time to time</p> <p>(vii) Cosmos Instruments shall at all times deal with consumers fairly and reasonably and where applicable, comply with the consumer standards</p> <p>(viii) Cosmos Instruments shall at all times safeguard the safety of the public and its employees and shall at all times comply with relevant occupational, health and safety procedures and regulations imposed by the relevant authority</p> <p>(ix) Cosmos Instruments, its employees and servants shall at all times comply with the applicable health requirements by the relevant health authorities</p> <p>(x) Cosmos Instruments shall observe and comply with the obligations of the permit and the provisions of the Water Services Industry Act 2006 ("<b>Act</b>") and any subsidiary legislation made or other instruments issues under the Act</p>	<p>Noted and complied</p> <p>Noted and complied</p> <p>Noted and complied</p> <p>Noted and complied</p> <p>Noted and complied</p> <p>Noted and complied</p> <p>Noted and complied</p>

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

Approving authority	Type of approvals/ licences/permits	Licences/ certification/ reference no.	Effective date/ Expiry date	Major conditions imposed	Status of compliance with major conditions imposed
				<p>(xi) Cosmos Instruments shall comply with such other conditions as may be imposed by the SPAN from time to time</p> <p><b>2. Special conditions</b></p> <p>(i) Cosmos Instruments shall ensure that qualified persons are employed to run the operations of the company at all times</p> <p>(ii) Cosmos Instruments shall ensure that all works which are subcontracted to sub-contractors are carried out by sub-contractors who hold the requisite SPAN permits.</p> <p>(iii) Cosmos Instruments shall have an employee or use a plumber service that holds a Type A permit to carry out the related works.</p> <p>(iv) Cosmos Instruments is reminded to ensure it always holds a valid CIDB licence and submit a copy of the renewed CIDB licence to SPAN upon expiration of the CIDB licence.</p> <p>(v) Cosmos Instruments is reminded to carry out works involving water supply system or sewage system not exceeding the CIDB grade value.</p> <p>(vi) If Cosmos Instruments submitted the receipt for the registration of the Permit C (Pipe &amp; Reticulation) Water Supply System Revision Course ("RCPC") during the application of the permit, Cosmos Instruments shall submit a copy of the certificate of attendance for the RCPC issued by CIDB latest by 31</p>	<p>Noted and complied</p> <p>Noted and complied</p> <p>Not applicable</p> <p>Not applicable</p> <p>Noted and complied</p> <p>Noted and complied</p> <p>Noted and complied</p>

7. BUSINESS OVERVIEW (CONT'D)

Approving authority	Type of approvals/ licences/permits	Licences/ certification/ reference no.	Effective date/ Expiry date	Major conditions imposed	Status of compliance with major conditions imposed
				<p>December 2021. Failure to submit such certificate will result in the revocation of the permit.</p> <p>(vii) If Cosmos Instruments submitted the receipt for the registration of the Water Reticulation Piping Course Grade 2 during the application of the permit, Cosmos Instruments shall submit a copy of the Certificate of Competency of Skills in Piping (Water Reticulation) Grade 2 issued by CIDB latest by 31 December 2021. Failure to submit such certificate will result in the revocation of the permit.</p>	Not applicable as the condition is only applicable to Type A permit holder
SPAN	IPA Permit Type C3 (water supply for contract value from RM0.20 million to RM2.00 million) to carry out works in Peninsular Malaysia, Wilayah-Wilayah Persekutuan Putrajaya and Labuan	Permit no. SPAN/EKS/(PT)/800-2C/1/17/ 458	8 June 2021/ 7 June 2024	<p><b>1. General conditions</b></p> <p>(i) Cosmos Instruments shall only carry out the works, and in the state or states, specified in the permit</p> <p>(ii) Cosmos Instruments shall notify SPAN of any change of particulars of the permit holder</p> <p>(iii) Cosmos Instruments shall provide information, in the format and at intervals, as required by SPAN</p> <p>(iv) The employees and servants of Cosmos Instruments shall be authorised to carry out for Cosmos Instruments' works authorised under the permit provided that Cosmos Instruments shall at all times be responsible for all acts or omissions of its employees and servants</p> <p>(v) Cosmos Instruments shall at all times maintain the requisite certificate of registration as a registered contractor issued by the CIDB, if necessary</p>	<p>Noted and complied</p> <p>Noted and complied</p> <p>Noted and complied</p> <p>Noted and complied</p> <p>Noted and complied</p>

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

Approving authority	Type of approvals/ licences/permits	Licences/ certification/ reference no.	Effective date/ Expiry date	Major conditions imposed	Status of compliance with major conditions imposed
				<p>(vi) Cosmos Instruments shall at all times have and maintain the qualification to hold a permit as may be specified by the SPAN from time to time</p> <p>(vii) Cosmos Instruments shall at all times deal with consumers fairly and reasonably and where applicable, comply with the consumer standards</p> <p>(viii) Cosmos Instruments shall at all times safeguard the safety of the public and its employees and shall at all times comply with relevant occupational, health and safety procedures and regulations imposed by the relevant authority</p> <p>(ix) Cosmos Instruments, its employees and servants shall at all times comply with the applicable health requirements by the relevant health authorities</p> <p>(x) Cosmos Instruments shall observe and comply with the obligations of the permit and the provisions of Water Services Industry Act 2006 ("<b>Act</b>") and any subsidiary legislation made or other instruments issues under the Act</p> <p>(xi) Cosmos Instruments shall comply with such other conditions as may be imposed by SPAN from time to time</p> <p><b>2. Special conditions</b></p> <p>(i) Cosmos Instruments shall ensure that qualified persons are employed to run the operations of the company at all times</p>	<p>Noted and complied</p> <p>Noted and complied</p> <p>Noted and complied</p> <p>Noted and complied</p> <p>Noted and complied</p> <p>Noted and complied</p> <p>Noted and complied</p>

7. BUSINESS OVERVIEW (CONT'D)

Approving authority	Type of approvals/ licences/permits	Licences/ certification/ reference no.	Effective date/ Expiry date	Major conditions imposed	Status of compliance with major conditions imposed
				(ii) Cosmos Instruments shall ensure that all works which are subcontracted to sub-contractors are carried out by sub-contractors who hold the requisite SPAN permits. (iii) Cosmos Instruments shall have an employee or use a plumber service that holds a Type A permit to carry out the related works. (iv) Cosmos Instruments is reminded to ensure it always holds a valid CIDB licence and submit a copy of the renewed CIDB licence to SPAN upon expiration of the CIDB licence (v) Cosmos Instruments is reminded to carry out works involving water supply system or sewage system not exceeding the CIDB grade value.	Not applicable  Not applicable  Noted and complied  Noted and complied
MOF	Certificate of registration – Provision of supply and service under the following codes:  210202: Information Communication Technology (ICT) / telecommunication equipment/ communication system/ telecommunication  220507: Service/ maintenance/ engineering and communication	Certificate no. K10140128633 190543  Registration reference no. 357-0002307669	31 March 2022/ 24 June 2025	<b>1. General conditions</b>  (i) This approval is given based on the information provided by Cosmos Instruments  (ii) Any changes to the said information should be updated online in the Profile Update Module at <a href="http://www.eperolehan.gov.my">www.eperolehan.gov.my</a> within 21 days from the date of such change and failure to do so may result in action being taken as described in paragraph (v) below  (iii) Cosmos Instruments must submit all such information within the stipulated time as requested by the MOF. Failure to do so will result in action being taken as described in paragraph (v) below	Noted  Noted and complied  Noted and complied

7. BUSINESS OVERVIEW (CONT'D)

Approving authority	Type of approvals/ licences/permits	Licences/ certification/ reference no.	Effective date/ Expiry date	Major conditions imposed	Status of compliance with major conditions imposed
	<p>repair/pump/water pipe and components</p> <p>140502: Electrical and electronic engineering equipment/ system, electric components, electronic, lights and accessories/ components and electrical accessories/ electronics</p> <p>130301: Engineering equipment and production machine/ sewerage system/ sewerage system equipment and accessories</p> <p>100101: Measuring and measurement equipment/all measuring equipment</p>			<p>(iv) Cosmos Instruments must ensure that the fields registered in the certificate do not overlap with the fields approved on any of the companies as follows:</p> <p>a. has the same owner or board of directors, directors, management and employees; or</p> <p>b. operating on the same premises</p> <p>(v) The MOF reserves the right to visit or perform audit inspection at any time without prior notice. Failure to comply with the conditions of registration, field code and/or registration may result in suspension/revocation of registration and Cosmos Instruments, the owner as well as the board of directors/director are subject to disciplinary action including being blacklisted without any notice if any information provided is found to be incorrect</p> <p>(vi) A newly registered company is not allowed to make any changes to the owner or director during the period of six (6) months from the date the company is registered</p> <p>(vii) Failure of Cosmos Instruments to apply for renewal of registration after one (1) year from the expiry date of the registration may result in the registration of Cosmos with the MOF to be automatically cancelled and withdrawn from e-Perolehan system. Cosmos must then make a new application</p>	<p>Noted and complied</p> <p>Noted</p> <p>Noted and complied</p> <p>Noted</p>

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

Approving authority	Type of approvals/ licences/permits	Licences/ certification/ reference no.	Effective date/ Expiry date	Major conditions imposed	Status of compliance with major conditions imposed
				<p><b>2. Suspension/revocation of registration</b></p> <p>(i) Cosmos Instruments' registration will be suspended/revoked in the event that Cosmos commits the following offences:</p> <ul style="list-style-type: none"> <li>a. Company/ owner/ partnership/ director/ any of the management team commits a crime and is found guilty by the court in Malaysia or overseas or undertaking civil liability</li> <li>b. Cosmos Instruments withdraws its offer before the tender is considered or rejects once offer is made</li> <li>c. Cosmos Instruments fails to fulfil its contractual obligations signed with the Government</li> <li>d. Cosmos Instruments is found to amend the Certificate of Registration of Company for the purpose of deception or other purposes</li> <li>e. Cosmos allows its Certificate of Registration of Company to be misused by another individual/company</li> <li>f. Cosmos Instruments if found to have entered into bargains with other companies upon entering into a Government tender or subcontract without prior consent of the Government agency involved</li> </ul>	Noted



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

Approving authority	Type of approvals/ licences/permits	Licences/ certification/ reference no.	Effective date/ Expiry date	Major conditions imposed	Status of compliance with major conditions imposed
				<p><b>3. Renewal</b></p> <p>(i) Cosmos Instruments must submit the renewal application 3 months prior to the expiry date</p> <p>(ii) Applications received after the expiry date are considered renewal registration</p> <p><b>4. Government's rights</b></p> <p>The Certificate of Registration of Company issued in Virtual is a Government Right. The Government reserves the right to withdraw registrations/ suspension/ revocation if Cosmos is subject to disciplinary action in accordance with 1PP/PK8 (Pekeliling Perbendaharaan/Perolehan Kerajaan 8)</p> <p><b>5. Participation of government procurement</b></p> <p>(i) With the issuance of the Virtual Certificate, this certificate will no longer be required to be shown when collecting Government procurement documents (direct purchase, tender/quotes and other procurement methods) except for Government Agencies that do not have internet access</p> <p>(ii) Cosmos Instruments must ensure that the registration with the MOF is valid throughout the contractual period</p>	<p>Noted and complied</p> <p>Noted</p> <p>Noted</p> <p>Noted and complied</p>

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

Approving authority	Type of approvals/ licences/permits	Licences/ certification/ reference no.	Effective date/ Expiry date	Major conditions imposed	Status of compliance with major conditions imposed
				<p><b>6. Reminder regarding the offence of corruption</b></p> <p>Any act or attempt to offer to corrupt or provide, request or accept any bribe to and from any person in connection with the Government procurement is a criminal offence under the Malaysian Anti-Corruption Commission Act 2009 [Act 694]</p>	Noted
Majlis Perbandaran Kajang	Trade, business and industries licence for management office and non-illuminated advertisement at No. 11, Jalan Mega 2/1, Kawasan Perindustrian Mega 2, 43500, Semenyih, Selangor.	Fail No. MPKJ/CL/2/35 3/2019*	30 October 2021/ 29 October 2022	Nil	Not applicable

**Note:**

(1) Grade G5 allows Cosmos Instruments to tender or undertake jobs not more than RM5 million in value.

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

**Granted to MCI**

Approving authority	Type of approvals/ licences/permits	Licences/ certification/ reference no.	Effective date/ Expiry date	Major conditions imposed	Status of compliance with major conditions imposed
Majlis Perbandaran Kajang	Trade, business and industries licence to carry out steel engineering and as management office at Lot 24645, Jalan KPB 5, Kawasan Perindustrian Kampung Baru Balakong, 43300, Seri Kembangan, Selangor	File No. MPKJ/CL/6/548/2011	3 January 2022/ 2 January 2023	Nil	Not applicable
Majlis Perbandaran Kajang	Trade, business and industries licence for management office and non-illuminated advertisement and to carry out steel engineering at No. 11, Jalan Mega 2/1, Kawasan Perindustrian Mega 2, 43500, Semenyih, Selangor.	File No. MPKJ/CL/2/355/2019*	30 October 2021/ 29 October 2022	Nil	Not applicable
MITI	Manufacturing Licence	Licence No. A022117  Serial No. A037392	4 July 2019/ Not stated	(i) Any sales or disposal of shares of MCI must be notified to the MITI and MIDA  (ii) MCI shall train Malaysian citizens so that the technology and skills can be transmitted at all levels of employment  (iii) MCI must adhere to the terms of the Capital Investment Per Employee (CIPE) of at least RM140,000.00	Noted and complied  Noted and complied  Noted and complied

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

Approving authority	Type of approvals/ licences/permits	Licences/ certification/ reference no.	Effective date/ Expiry date	Major conditions imposed	Status of compliance with major conditions imposed
				<p>(iv) The total employment force of the company was 73<sup>(1)</sup> when the application was submitted to MIDA. The total number of additional full-time employees of the company must be at least 80%. The employment of foreigners including outsourced workers in subject to current policy</p> <p>(v) The total full-time employee of MCI should comprise of at least 80% of Malaysians by 31 December 2022<sup>(2)</sup>. Employment of foreign employees including outsourced employees are subject to current policy</p> <p>(i) The company must submit information on investment performance and project implementation under the Industrial Co-ordination Act 1975 (Act 156) and MIDA Act 1965 as required by MIDA. Failure to provide such information, MCI may result in the following:</p> <ul style="list-style-type: none"> <li>(i) being guilty of an offence and may be liable to a fine not exceeding RM1,000.00 or imprisonment for a term not exceeding 3 months or both, and a further fine not exceeding RM500.00 for each day of the continuing offence; or</li> <li>(ii) commit an offence if any false or misleading statements or information is provided or which is confusing in any material manner and may be liable to a fine not exceeding RM2,000.00 or to imprisonment for a term not exceeding six months or both.</li> </ul> <p>(ii) The company must execute its project as approved and in accordance with other laws and regulations in Malaysia.</p>	<p>Noted and to be complied</p> <p>Noted and to be complied</p> <p>Noted and complied</p> <p>Noted and complied</p>

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## 7. BUSINESS OVERVIEW (CONT'D)

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**Notes:**

- (1) *The total employment force of 73 when the application was submitted to MIDA represents the total employment force of MCI at that point in time as well as the outsourced workers as required by MIDA.*

*MCI was required to fulfil the condition by 2020. MCI had on 26 October 2021 written to MIDA to request for an extension of time to fulfil the condition. MIDA had on 12 January 2022 vide its letter granted MCI an extension of time until 31 December 2022 to fulfil the condition.*

- (2) *The percentage of full-time Malaysian employees of MCI is 65% as of 31 December 2021.*

*Further to the above, the percentage of full-time Malaysian employees of MCI is 76% as of 23 March 2022 and 83% as of the LPD.*

*The steps taken by MCI to comply to this condition are as follows:*


- (a) *job advertising; and*
- (b) *approaching vocational and technical university, colleges, technical centre (academy) to recruit skilled employees.*

**[The remainder of this page is intentionally left blank]**

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

**7.15.2 TRADEMARK**

As at the LPD, save as disclosed below, we do not have any other trademarks submitted for registration with Intellectual Property Corporation of Malaysia:

Trademark	Registrant/company	Application no.	Class	Date of application	Place of application	Status of registration
	Cosmos	TM2019031033	35*	Application date: 21 August 2019  Legal status date: 9 December 2020  Date Gazetted: 1 October 2020  Expiry Date: 21 August 2029	Malaysia	Registered

**Note:**

- \* Our Group submitted its application for registration of trademark under Class 35: The bringing together, for the benefit of others, of a variety of goods enabling customers to conveniently view and purchase those goods in a retail stores, wholesale outlets, of from a general merchandise web site provided on the global communication network; pharmacy retail services; presentation of goods on communication media; for retail purposes; advertising; distribution of samples; import-export agencies; marketing; publicity; demonstration of goods; business inquiries; business information; on-line advertising on a computer network; all included in Class 35.

## 7. BUSINESS OVERVIEW (CONT'D)

### 7.16 EMPLOYEES

The following depicts the breakdown of our full-time employees for the FYE Under Review and as at the LPD:

Category	Number of employees				As at the LPD
	FYE 2019	FYE 2020	FYE 2021	FYE 2022	
Executive Directors	2	2	2	2	2
Administration	11	11	10	19	20
Sales and marketing	8	8	8	6	6
Services	5	5	8	10	10
Production	14	13	21	45	39
	<b>40</b>	<b>39</b>	<b>49</b>	<b>82</b>	<b>77</b>

The breakdown of our local and foreign employees are outlined in the table below;

Category	Number of employees				As at the LPD
	FYE 2019	FYE 2020	FYE 2021	FYE 2022	
Malaysian	29	29	31	69	64
Foreigner	11	10	18	13	13
	<b>40</b>	<b>39</b>	<b>49</b>	<b>82</b>	<b>77</b>

As at the LPD, we have a workforce of 77 employees, of which 64 and 13 are local and foreign workers respectively. All our foreign workers are working in our manufacturing department and have valid working permits of which the validity of the working permits is 1 year and we renew the working permit of our foreign workers on a yearly basis.

None of our employees are members of any labour union nor have we been involved in any major industrial dispute pertaining to our employees in the past.

### 7.17 MATERIAL DEPENDENCY ON COMMERCIAL CONTRACTS, AGREEMENTS AND OTHER ARRANGEMENTS

Cosmos Instruments is largely dependent on the Solution Partner Contract entered into with Siemens Malaysia since 1 October 2018 which was most recently renewed on 26 May 2022 for its appointment as the solution partner in Malaysia. The Solution Partner Contract provides that Siemens Malaysia will assist and support Cosmos Instruments in the distribution of its products. The scope of Cosmos Instruments' appointment as the solution partner of Siemens Malaysia includes allowing Cosmos Instruments to:

- access to their complete portfolio of customised solutions, systems, and products;
- access to their exclusive partner portal information;
- to obtain their technical support and training;
- to increase our visibility in their media and on sales platforms, including branding, and certifications; and
- to undertake joint marketing efforts to develop solutions for our customers to grow our markets.

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

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The salient terms of the Solution Partner Contract are set out below:

### **SCOPE OF THE CONTRACT**

The scope of the solution partner contract is the participation of Cosmos Instruments in the solution partner program for the sale and marketing of products, systems, applications, software and services of Siemens Malaysia. Cosmos Instruments is required to create an installed base for such products and systems by actively promoting and integrating them into its systems and solutions to the best of its abilities. In return, Siemens Malaysia will provide to Cosmos Instruments the services and trainings as further detailed in Section 7.7.1 of this Prospectus.

### **PRINCIPLES**

- (a) Cosmos Instruments may advertise its participation in the solution partner program of Siemens Malaysia in Malaysia.
- (b) Cosmos Instruments is responsible to ensure that its employees have and will continue to have throughout its participation in the solution partner program, the qualifications required for the professional expert advice and application support, engineering and integration concerning the products set out in the solution partner contract.

### **LIABILITY**

Unless otherwise agreed in this solution partner contract and to the fullest extent permitted by the applicable laws, any right of a party to claim damages, regardless of the legal basis, but in particular resulting from any breach of duty under the Contract or as a result of any tortious act, is hereby excluded.

### **EFFECTIVENESS AND TERM**

- (a) The latest solution partner contract is effective until 30 September 2022.
- (b) The solution partner contract will be automatically extended by further 12 months at a time, if it is not terminated by either party pursuant to the termination clause.

### **TERMINATION**

- (a) Either party may terminate the solution partner contract or the selection of a portfolio module on 30 September provided it gives at least three (3) months prior written notice to the other party.
- (b) Either party may terminate the solution partner contract with immediate effect by written notice, if the other party becomes bankrupt or insolvent, has a receiving order made against it or has entered into an arrangement with its creditors, or carries on business under a receiver, trustee or manager for the benefit of its creditors or goes into liquidation.
- (c) Notwithstanding any other rights it may have under the solution partner contract, Siemens Malaysia may terminate the solution partner contract with immediate effect by written notice, if Cosmos Instruments:
  - (i) comes under the direct or indirect control of any competitor of Siemens Malaysia, or
  - (ii) breaches the solution partner contract and does not remedy the breach within a reasonable period after a notification by Siemens Malaysia, or
  - (iii) is in delay of the payment of the fee to Siemens Malaysia for more than sixty days, or



## 7. BUSINESS OVERVIEW (CONT'D)

- (iv) Cosmos Instruments makes unauthorized use of the name or logo of “Siemens” or uses the term “Siemens Solution Partner” or similar terms for purposes other than as permitted by the solution partner contract.

### 7.18 GOVERNING LAWS AND REGULATIONS

The following is an overview of the regulatory requirements governing our Group which are material to our business operation, which is not intended to be an exhaustive description of all laws and regulations to which our business is subject to:

(i) **Industrial Co-ordination Act 1975 (“ICA”)**

Pursuant to the ICA, no person shall engage in any manufacturing activity unless he is issued a licence in respect of such manufacturing activity. The ICA defines “manufacturing activity” as the “making, altering, blending, ornamenting, finishing or otherwise treating or adapting any articles or substance with a view to its use, sale, transport, delivery or disposal and includes the assembly of parts and ship repairing but shall not include any activity normally associated with retail or wholesale trade”. Manufacturing companies with shareholders’ funds of RM2.50 million and above or engaging 75 or more full-time paid employees are required to apply for a manufacturing licence.

As MCI’s principal activity is manufacturing of fabricated metal parts for industrial applications used in the water, wastewater, and oil and/or gas industries, MCI has applied for and been issued a manufacturing licence. MCI’s shareholder funds exceeded RM2.50 million in 2012 but they were unaware of the requirement to obtain a manufacturing licence. MCI proceeded to apply for a manufacturing licence in 2019 and currently has a valid manufacturing licence.

As at the LPD, MCI has not received any notices, penalties, or compounds from MITI for operating its manufacturing activities without a manufacturing licence prior to the issuance of its manufacturing licence. Our Directors are of the view that the risk of being charged, convicted, penalised and/or compounded retrospectively for the abovementioned provisions of the ICA is low in view that MCI has already been issued the manufacturing licence.

(ii) **Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994 (“CIDB Act”)**

The CIDB Act which applies throughout Malaysia, regulates the establishment of the CIDB, and provides for its function relating to the construction industry and for matters connected therewith.

Pursuant to the CIDB Act, a contractor is a person who carries out or completes or undertakes to carry out or complete any construction works and for the purpose of the CIDB Act, any person who has been awarded or executed any contracts for construction works, or has undertaken to carry out, manage or complete any construction works, or has carried out, managed or completed any construction works, shall be deemed to be a contractor unless proven otherwise.

In Malaysia, a contractor must register with the CIDB and hold a valid certificate of registration issued by the CIDB under the CIDB Act in order to carry out or complete, undertake to carry out or complete any construction works or hold himself as a contractor. Failure to register with the CIDB constitutes an offence and on conviction, the party in breach of the CIDB Act may be liable to a fine of not less than RM10,000.00 but not more than RM100,000.00.

As at the LPD, Cosmos Instruments holds and maintains a valid CIDB licence issued by the CIDB.

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## 7. BUSINESS OVERVIEW (CONT'D)

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### (iii) **Water Services Industry Act 2006 ("WSIA")**

WSIA provides for the regulation of water supply services and sewerage services and for the matters incidental thereto.

Under section 4 of WSIA, no person shall undertake, provide or make available any water supply services or sewerage services or part of the services by means of operating a public water supply system or public sewerage system unless he holds an individual licence granted under WSIA. As Cosmos Instruments' principal activity is the distribution of industrial automation and control instrumentation and servicing of fluid control products, Cosmos Instruments is therefore required to have the necessary licences as prescribed in WSIA.

As at the LPD, Cosmos Instruments, has obtained Type C2 permit from SPAN which allows Cosmos Instruments to supply water and wastewater services with a contracting value of between RM2.00 million and RM10.00 million.

Cosmos Instruments has also obtained Type C3 permit from SPAN which allows Cosmos Instruments to supply water and wastewater services with a contracting value of between RM0.20 million and RM2.00 million.

### (iv) **Local Government Act 1976 ("LGA")**

Section 102 of the LGA provides that local authorities are empowered to make, amend and revoke the by-laws.

As Cosmos Group primarily carries out its business in Kajang, Selangor, Cosmos Group is under the jurisdiction of the Kajang Municipal Council ("**MPKj**") and the relevant by-laws governing the conduct of Cosmos Group's business would be the Licensing, Business Trade and Industrial By-Law (MPKj) 2007 ("**By-laws**"). The By-laws provide that no person shall operate any activity of trade, business and industry or use any place or premise in the local area of MPKj for any activity of trade, business and industry without a licence issued by the Licensing Authority of MPKj. A contravention of the By-laws would result in an offence, which upon conviction, would result in a fine not exceeding RM2,000.00 or to imprisonment for a term not exceeding 1 year or to both.

As at the LPD, our Group holds and maintains valid industrial licences and business licences issued by the MPKj.

### (v) **Worker's Minimum Standards of Housing and Amenities (Amendment) Act 2019 ("WMSHA")**

Pursuant to the WMSHA, which amended the Worker's Minimum Standards of Housing and Amenities Act 1990 and the Employees' Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralized Accommodation) Regulations 2020 that came into force on 1 September 2020, employers must comply with the WMSHA, which includes providing minimum space requirement for workers' accommodation, basic facilities as well as safety and hygiene standards.

The WMSHA further provides that no employer or centralised accommodation provider shall use any buildings as accommodation if the building is unfit for human habitation in accordance with the relevant written laws. The employer or centralised accommodation provider shall ensure that every accommodation provided for employees complies with the minimum standards required under WMSHA or any regulations made thereunder. As at the LPD, our accommodation complies with the minimum standards required under WMSHA.

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

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Pursuant to the WMSHA, no accommodation shall be provided to an employee unless certified with a Certificate for Accommodation. WMSHA provides that an employer who contravenes the WMSHA commits an offence and shall, on conviction, be liable to a fine not exceeding RM50,000.

As at the LPD, MCI has obtained the Certificate for Accommodation for its workers' accommodations.

(vi) **Street, Drainage and Building Act 1974 ("SDBA") and Uniform Building By-Laws 1984 ("UBBL")**

Section 70(27)(f) of the SDBA provides that any person who occupies or permits to be occupied any building or any part thereof without a certificate of fitness for occupation ("**CF**") or certificate of completion and compliance ("**CCC**"), shall be liable on conviction to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding 10 years, or to both.

By-Law 28 of the UBBL provides that no person shall occupy or permit to be occupied any building or any part thereof, unless a certificate of fitness for occupation, a partial certificate of fitness for occupation or a temporary certificate of fitness for occupation has been issued under the UBBL for such building and any failure to comply with the UBBL shall render such person liable to prosecution under the SBDA.

As at the LPD, all our rented properties are in compliance with relevant/applicable laws, rules and regulations for the occupation of the said properties.

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8. IMR REPORT

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**16 AUG 2022**

The Board of Directors  
Cosmos Technology International Berhad  
Level 13A-6, Menara Millennium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur  
Malaysia

Dear Sirs/Madam,

**INDEPENDENT MARKET RESEARCH REPORT (“IMR REPORT”) ON THE FLUID CONTROL INDUSTRY FOR COSMOS TECHNOLOGY INTERNATIONAL BERHAD (“CTIB”)**

This IMR Report has been prepared for inclusion in the Prospectus pursuant to the listing of CTIB on the ACE Market of Bursa Malaysia Securities Berhad.

Mr Leow Hock Bee is the Research Director of Infobusiness Research & Consulting Sdn Bhd (“Infobusiness Research”). For more than 15 years, Infobusiness Research has been providing independent market research reports on corporate exercises, including initial public offerings and reverse takeovers. He has about 30 years of experience in market research, starting his career at Ban Hin Lee Bank Berhad where he spent 10 years. He has been involved in the research of a wide range of industries such as electronics, engineering supporting, furniture, rubber gloves, retreaded tyres, plastics packaging, oil and gas, oil-palm based, construction and property development, predominantly in corporate exercises for public listed companies.

This research is undertaken with the purpose of providing a strategic and competitive analysis of the fluid control industry in Malaysia. The research methodology includes both primary research, involving in-depth interviews with pertinent companies, as well as secondary research such as reviewing press articles, periodicals, government literatures, in-house databases, Internet research and online databases.

The report contains information supplied by and analysis based on public and private sources. To the extent such sources have been cited herein, we hereby confirm that we are allowed to make reference to such sources. We believe that they are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information.

Infobusiness Research has prepared the IMR Report in an independent and objective manner and has taken all reasonable consideration and care to ensure its accuracy and completeness. This IMR Report should not be taken as recommendation to buy or not to buy the shares of any company.

for and on behalf of  
**INFOBUSINESS RESEARCH & CONSULTING SDN BHD**



**Leow Hock Bee**  
Research Director

## 8. IMR REPORT (CONT'D)

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## IMR REPORT ON FLUID CONTROL INDUSTRY IN MALAYSIA

### 1.0 Overview of the Industrial Automation Industry

Industrial automation is the use of both software and hardware, such as control systems and equipment to control industrial machinery and processes, with little or no human interventions. The primary purpose of industrial automation is to increase productivity and reduce costs, as well as increase quality and flexibility in the production process. Industrial automation is often accomplished by mechanical (operated by machines with moving parts), hydraulic (operated by water or liquid pressure), pneumatic (operated by air or gas pressure) and digital systems (operated by electronics technology).

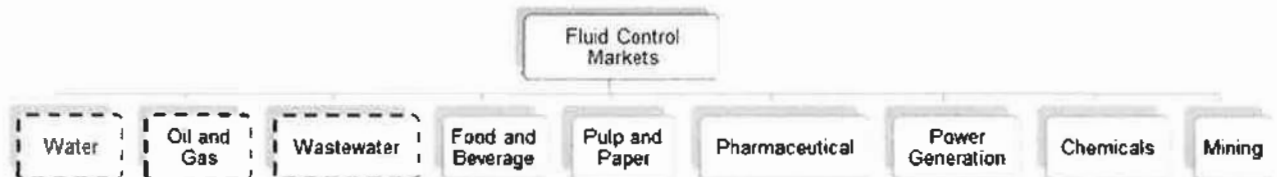
### 2.0 Introduction to the Fluid Control Industry

Fluid controls are widely used in industrial automation. The fluid control industry encompasses the manufacture and/or distribution of products and solutions that manage, measure, or control the flow of fluids. It provides engineered and specialised equipment, machinery and solutions that assist to control the flow of fluids (liquids and gases) in industrial applications. Fluid control equipment form an integral part of many plants and installations as they can operate more effectively, efficiently, economically and safely. Fluid control products such as electronic flowmeters are used in flow control in the water industry while shake filters are utilised for contaminant control in the oil and gas industry.

### 3.0 Segmentation of Fluid Control Markets

Fluid control equipment are needed in many markets. They also assist to monitor, prevent contamination and ensure product safety and quality during operational processes, as illustrated in the diagram below (Figure 1).

Figure 1: Segmentation of the Fluid Control Markets



**Note:**

Cosmos Group is involved in the water, oil and gas, and wastewater markets of the fluid control industry, as indicated by the dotted boxes. It is involved in the oil and gas industry through the manufacturing of metal frames for shaker filters used in the exploration and development of crude oil and natural gas fields (please refer to figure 4).

Source: Infobusiness Research

### 4.0 Government Policies and Regulations

The Suruhanjaya Perkhidmatan Air Negara Act 2006 provides for the establishment of the National Water Services Commission (also known as SPAN) as the technical and economic regulator of the water and sewerage service industries. The Water Services Act 2006, on the other hand, provides the legal framework required for their regulations and the Water Asset Management Company (also known as PAAB) was established to streamline the industry due to the escalating costs of developing water infrastructure. The two Acts were enforced in 2007 and 2008, respectively, and are applicable in Peninsular Malaysia and Labuan.

## 8. IMR REPORT (CONT'D)

# infobusiness

PAAB, designated a water asset holding company or water asset owner, is responsible for building new water infrastructure, while the state water operators of the different states which are licensed by the regulator, SPAN, will become asset-light and be responsible for the operations and maintenance of water assets, as well as the provision of water supply services.

## 5.0 Overview of the Water Industry

Though Malaysia is blessed with abundant water resources, the country has been experiencing an alarming increase in demand for water supply in recent years. The water authorities in the country are facing many challenges in ensuring consumers have continuous access to clean water and in ensuring a sustainable water future. Climate change has also impacted on the complexity of water treatment, through altering the availability, quantity and quality of global water supply and cycle.

Similar to other utilities, the equipment of water authorities are constantly undergoing upgrades on aging equipment and software systems in order to remain operable. Venturing into the water industry requires enormous initial investment for building treatment plants and reservoirs, as well as laying down a distribution network with pipes and pumping stations. For example, the estimated cost to replace a kilometre of pipe is approximately RM1 million. The National Water Services Commission estimated in 2019 that around RM76.9 billion in infrastructure spending was needed in the water industry in both the upstream and downstream sectors of the water infrastructure system, so as to avoid uninterrupted water supply over the next 30 years.

Under the Water Sector Transformation 2040 agenda which covers the period between 2021-2040, the Government is positioning the water industry as a dynamic growth engine, while ensuring water security and sustainability in the country. Under the Twelfth Malaysia Plan 2021-2025, smart technologies such as digital meters and sensors, GIS and SCADA systems will be incorporated to improve water management and service efficiency.

The water industry in Malaysia comprises several segments providing vital goods and services as illustrated and described below (Figure 2):

Figure 2: The Structure of the Water Industry in Malaysia



**Note:**

Cosmos Group is involved in the instruments and monitoring services segment as indicated by the dotted box above.

Source: Infobusiness Research

- Instruments and monitoring services – distributing monitoring equipment such as water flowmeters, sensors and software;

## 8. IMR REPORT (CONT'D)

# infobusiness

- Water utilities and sewerage services - water plant operators and water distributors, and sewerage service providers;
- Water equipment and chemicals – distributing products such as pumps, valves, pipes, chemicals, etc;
- Consulting services – designs of water projects, project engineering, laboratory services, etc;
- Waste management equipment – distributing various types of filters, membranes, etc; and
- Remediation services -ancillary services such as environment remediation, etc.

### 6.0 Introduction to Flowmeters

A flowmeter (also known as a flow gauge or a flow indicator) is a device used to measure or quantify the flow rate of moving fluids such as gases or liquids. The basic functions of flowmeters are in improving the accurate monitoring of fluids. Flowmeters serve in a wide range of applications; whether in determining the proper concentrations of ingredients in manufacturing, measuring fuel usage, or monitoring municipal water and sewer services, etc.

Most water flowmeters used in residential buildings in Malaysia are the mechanical type (also known as turbine flowmeters). However, impurities, such as grit or air can get into the water network and cause problems with mechanical flowmeters. As a result, mechanical meters eventually lose accuracy over the medium and long term, depending upon grit and the volume of air in the water supply. As the main challenge facing the water authorities is the ability to operate on a firm, financial basis, they must ensure that bills sent to customers are accurate, resulting in minimum disputes and the correct charges collected.

In contrast to mechanical flowmeters in widespread use in residential properties, electronic flowmeters (also known as digital flowmeters) provide more reliable, improved and precise readings in the various facilities of the water authorities, as well as in commercial and industrial applications. Accurate flow measurements also play a critical role in many commercial and industrial processes, as water often constitute a major portion of the costs of raw materials.

Electronic flowmeters are placed at every stage throughout the water infrastructure system between the water catchment areas and end-users (*Figure 3*). They assist to locate differences in the volumetric flow rates between two points, which aid to pinpoint the location of water leaks or other inaccuracies. The usage of electronic flowmeters will also enable more accurate monitoring of NRW.

**Figure 3: The Water Infrastructure System**



Source: Infobusiness Research

### 7.0 Demand and Supply Conditions of Electronic Flowmeters

#### Demand Conditions

##### Level of NRW

In general, water management inefficiency can be indicated by NRW. It refers to the difference between the volume of water distributed into the water distribution system and the volume that is billed to customers. As such the NRW is an indicator of the efficiency of a water distribution network.

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**8. IMR REPORT (CONT'D)**


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Most of the NRW is accounted by the water lost in the distribution system before it can be sold to customers to generate revenue. Therefore, NRW has led to lower revenue collection by the water authorities and subsequently affected the maintenance of water assets, which in turn, increased the risk of water supply disruptions. The national NRW level increased from 35.2% in 2016 to 36.4% in 2020 and in order to reduce it further, electronic flowmeters play a crucial role.

### ***Metered Water Consumption***

Water consumption is divided into domestic and non-domestic. Domestic water use refers to water used for both indoor and outdoor household purposes such as drinking, preparing food, bathing, washing clothes and dishes, and watering the garden. Meanwhile, non-domestic water are used by consumers in commercial establishments, industries, construction sites and offices. The major water consumption comes from the domestic water segment. Electronic flowmeters are critical in measuring the exact water consumption in both the domestic and non-domestic segments.

### ***Water Treatment Plants***

There are numerous electronic flowmeters installed for monitoring purposes in water treatment plants. Besides being calibrated according to schedules to ensure the accuracy of the results, they are also replaced periodically due to wear and tear. There were 330 water treatment plants operating in Peninsular Malaysia and Labuan in 2020.

### ***Supply Conditions***

In the distribution of electronic flowmeters, skilled workers such as mechanical and electronic engineers and technicians are needed in the fields of calibration, testing, installation, commissioning and training, as well as after sales services (such as repairs and maintenances). Similar to other industries, the electronic flowmeter industry faces a shortage of skilled workers such as mechanical and electronic engineers and technicians. In addition, there is a need to attract and retain such skilled workers in a highly mobile labour market.

## **8.0 Overview of the Oil and Gas Industry**

A majority of the large oil and gas entities are fully integrated MNCs that are geographically diversified and engaged in exploration and production activities (upstream activities), and refining and distribution activities (downstream activities), including ownership or partial ownership of petrochemical plants. Supporting these integrated oil and gas companies are oilfield equipment and service companies providing a wide range of support services such as consultancy, engineering, fabrication and construction, pipeline maintenance and repair, marine transportation, drilling and well services, environment and safety, equipment repair and service, quality assurance / quality control and others.

As plant and equipment become more sophisticated, it has become imperative for the oil and gas companies to outsource their requirements to the oilfield equipment and service companies, rather than operating the plant and equipment in-house. Outsourcing allows the oil and gas companies to focus on the core business and assists to reduce fixed capital costs by letting external suppliers handle non-core functions. Few, if any, companies have either the time or resources to be best-in-class in every aspect of their businesses. In return, the oilfield equipment and service companies can provide both cost-effective and flexible services to meet the growth aspirations of their clients.



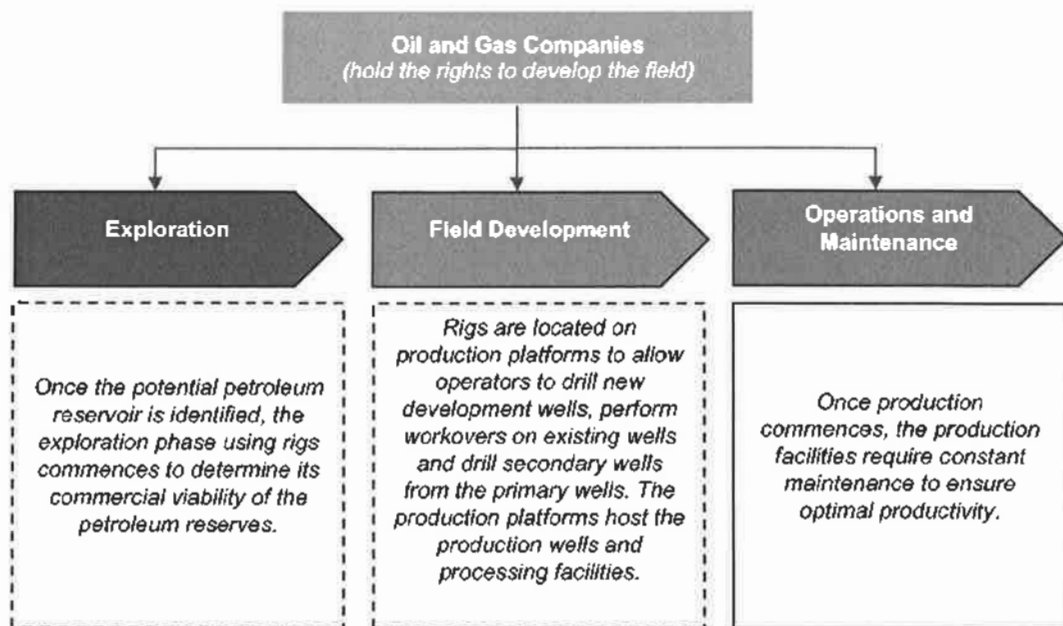
## 8. IMR REPORT (CONT'D)

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## 9.0 Introduction to Shaker Filters

Rigs, which are operated by oilfield equipment and service companies, are machines used to drill wells (also known as boreholes or drillholes). The only way to confirm the presence of crude oil and natural gas in an identified promising geological structure is to drill wells. Rigs are used during the exploration and field development phases of the oil and gas industry value chain (upstream sector), as indicated by the dotted boxes in the following diagram (Figure 4).

Figure 4: Oil and Gas Industry Value Chain (Upstream Sector)



**Note:**

Cosmos Group is involved in the manufacturing of metal frames for shaker filters used in the exploration and field development segments of the oil and gas industry value chain (upstream sector), as indicated by the dotted boxes.

Source: Infobusiness Research

A shale shaker, which is an equipment attached to a rig, uses a shaker filter (a vibrating screen or sieve) to remove rock cuttings from the circulating drilling mud (also known as drilling fluids) in rotary drilling operations. In turn, a shaker filter comprises a metal frame that encloses the screen or sieve. Shaker filters should remove as many drilled solids and as little drilling mud as possible. The shaker filter is critical because it allows well operators to clean and reuse the drilling mud, which is a valuable and expensive resource. The drilling mud carries the drill cuttings up to the surface, which is where the shale shaker comes into play.

The shale shaker separates the cuttings from the drilling mud by running it through a shaker filter, allowing the drilling mud to be pumped back into the well and reused. In addition to saving money, reusing the drilling mud means it doesn't have to be disposed of, reducing regulatory and compliance costs. Much of the chemicals in the disposed drilling mud can be toxic to the environment, both onshore and offshore.

8. IMR REPORT (CONT'D)

# infobusiness

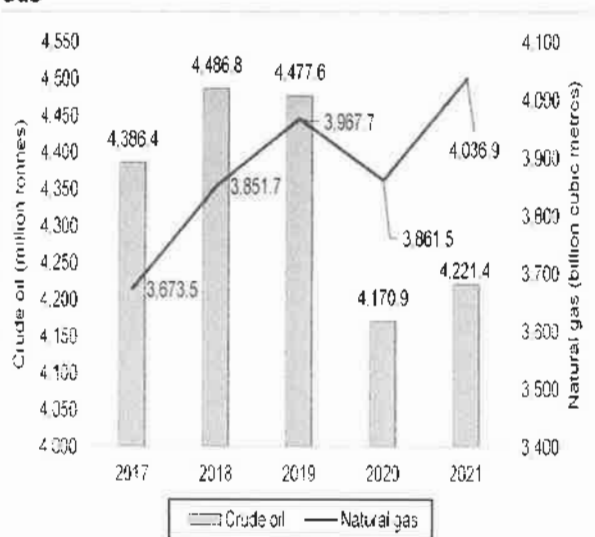
Drilling mud are carefully designed to exhibit certain qualities that optimise the drilling process. The drilling mud often requires a formulation customised to a given well and can involve the use of expensive chemicals as well as certain types of clay. Therefore, the shale shaker is a crucial piece of equipment because it allows well operators to reuse and re-circulate the drilling mud.

## 10.0 Demand and Supply Conditions of Shaker Filters

### Demand Conditions

#### Production of Crude Oil and Natural Gas

Figure 5: Global Production of Crude Oil and Natural Gas

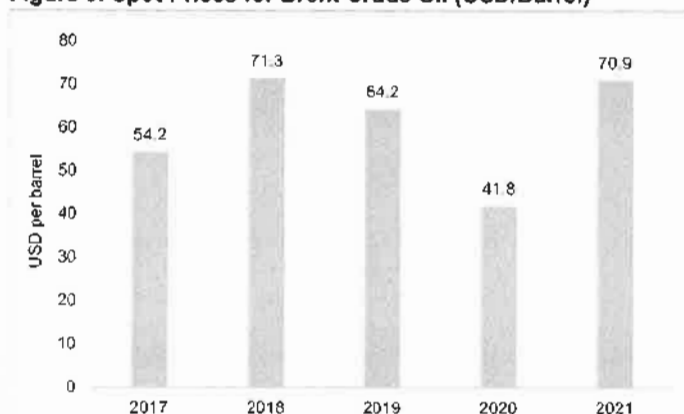


Source: Infobusiness Research

The global production of crude oil and natural gas were recorded at CAGRs of -1.0% and 2.4% between 2017 and 2021, respectively (Figure 5). Crude oil production peaked in 2018 while natural gas production peaked in 2019. Both crude oil and natural gas production were impacted by the COVID-19 pandemic in 2020 as many countries underwent lockdowns. They subsequently recovered in 2021.

#### Fluctuating Crude Oil Prices

Figure 6: Spot Prices for Brent Crude Oil (USD/Barrel)



Note: Brent is a major trading classification and grade of crude oil often referenced in news reports on crude oil prices.

Source: Infobusiness Research

Being commodities, the prices of crude oil and natural gas are subject to fluctuations due to a number of factors such as geopolitics, economics, weather, changes in inventories and industrial growth. Between 2017 and 2021, the spot prices for Brent crude oil increased by a CAGR of 6.9% (figure 6). The spot prices started to decrease in 2019 due to fears that the escalation of the trade war between the US and the People's Republic of China may impact on the global economy.

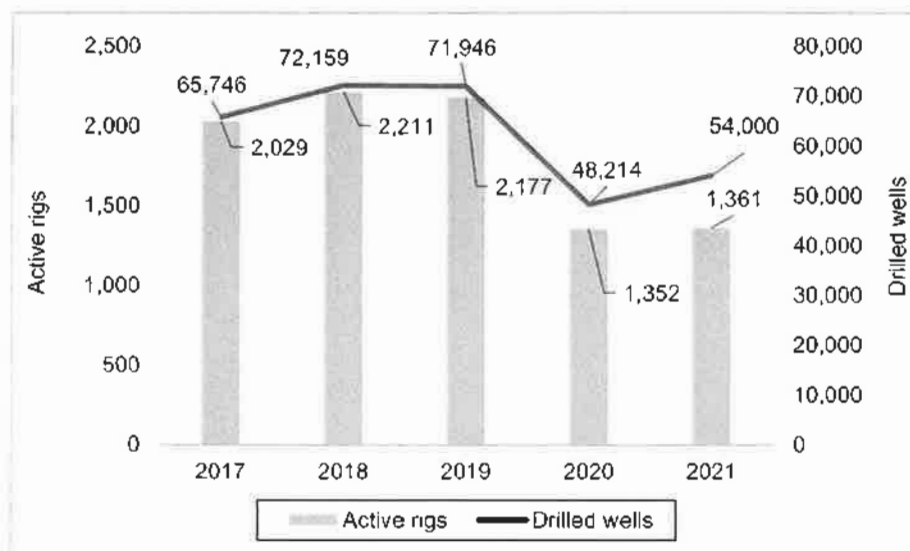
## 8. IMR REPORT (CONT'D)

# infobusiness

## Active Rig Count and Drilled Wells

Active rig count is an important business indicator in the upstream sector of the oil and gas industry. When rigs are active, they consume products and services generated by the oil and gas industry. The number of global active rigs peaked in 2018, before decreasing in 2019 and 2020. Subsequently, it rebounded in 2021 (Figure 7). Similar to the active rig count, the number of drilled wells peaked in 2018, before decreasing in the subsequent two years. Wells are mainly drilled to gather subsurface geological information for analysis and interpretation, appraisal of reserves and to extract crude oil and natural gas. There is a firm correlation between the active rig count and the number of drilled wells. In turn, the number of drilled wells has a direct impact on the demand for shaker filters.

Figure 7: Global Active Rig Count and Drilled Wells



Source: Infobusiness Research

## Supply Conditions

In the manufacturing of the metal frames for shaker filters, both cold rolled tubes and hot rolled tubes made from carbon steel are purchased from domestic steel fabricators, depending on the required technical specifications of the end-users.

Skilled workers such as mechanical engineers and technicians are needed for the operations and maintenances of machinery and equipment such as the robotic welding machines, turret punching machines, automatic pipe cutting machines, laser cutting machines and bending machines. Although modern machines are highly automated, human expertise is still needed in their planning, monitoring and control. Mechanical engineers and technicians are also needed to design and fabricate production devices such jigs and fixtures which facilitate the production of articles in large quantities with a high degree of accuracy, uniform quality and interchangeability.

## 8. IMR REPORT (CONT'D)

# infobusiness

## 11.0 Competitive Landscape

### 11.1 Electronic Flowmeters

#### Substitute Products

There are no substitutes to electronic flowmeters, although mechanical flowmeters can be used to measure water consumption. However, as mechanical flowmeters tend to lose their accuracies in measurements over the medium and long term, they are not favoured for installations in the premises of non-domestic customers as well as in the plants of the water authorities.

#### Industry Reliance on and Vulnerability to Imports

Electronic flowmeters can be sourced from several countries such as the People's Republic of China, Germany Japan, France and the US. The presence of numerous sources of supply means that any interruptions in imports from a particular country can be offset by imports from an alternative country. As such, the electronic flowmeter industry in Malaysia is not vulnerable to the interruptions of such imports.

### 11.2 Metal Frames for Shaker Filters

#### Substitute Products

There are no substitutes to the metal frames for shaker filters used in the oil and gas industry. Metal frames possess a high strength to weight ratio as compared to other materials such as plastics. Crude oil from the ground contains chemicals such as sulphur and hydrogen sulphides that induce corrosions. The carbon steel is an alloy of iron with up to two percent carbon that increases the strength of the material and its corrosion resistance, in addition to trace quantities of other metals such as nickel or chromium that resist corrosion and oxidation. Besides providing adequate structural and thermal strengths, metal frames are also more cost-effective.

#### Industry Reliance on and Vulnerability to Imports

Carbon steel tubes are the main materials used in the manufacturing of metal frames for shaker filters and as they are easily available in Malaysia, there is no reliance on their imports. The machinery and equipment for the manufacturing process are imported from countries with strengths in machinery and equipment, such as Germany and Japan; and as such, the metal frame manufacturers for shaker filters in Malaysia are not vulnerable to such imports.

## 12.0 Comparable Companies

Cosmos Group is involved in the distribution and instrumentation services of fluid control equipment for the water and wastewater industries, and manufacturing of fabricated metal parts for the oil and gas, water and wastewater industries. It competes with companies distributing electronic flowmeters and in the manufacturing of metal frames for shaker filters, although they may be also involved in the distribution and manufacturing of other products and services. They are selected as comparable companies on the basis that they are also involved in the distribution of electronic flowmeters and in the manufacturing of metal frames for shaker filters (table 1).

## 8. IMR REPORT (CONT'D)

## infobusiness

Table 1: Business Activities and Financial Comparisons of Comparable Companies (RM '000)

Company	Business Activities	Latest FYE	Revenue	GP	GP Margin (%)	PAT / LAT	PAT / LAT Margin (%)
Cosmos Group	Distribution and instrumentation services of fluid control equipment for the water and wastewater industries, and manufacturing of fabricated metal parts for the oil and gas, water and wastewater industries.	30/04/22	49,120.2	13,648.5	27.8	5,787.2	11.8
Cergas Proses Sdn Bhd	It is a distributor of instrumentation products, including electronic flowmeters, for the water and wastewater industries.	31/12/20	1,311.2	695.6	53.1	41.5	3.2
Delta Perdana Sdn Bhd	It focusses on the distribution of instrumentation products for the water industry, such as electronic flowmeters. It is also involved in the manufacturing of mechanical flowmeters.	31/12/20	6,231.0	302.5	4.9	(261.0)	(4.2)
Mimtech Technology Sdn Bhd	It is involved in metal fabrication and the distribution of electronic flowmeters for the water industry.	31/12/21	3,121.9	N. A.	N. A.	125.0	4.0
Premier Water Services Sdn Bhd	It is a distributor of electronic flowmeters and other types of instrumentation products for the water industry.	31/12/20	17,383.6	4,432.4	25.5	1,648.3	9.5
SVS Engineering Sdn Bhd	It is involved in the distributor of electronic flowmeters and other types of instrumentation products for the water industry.	30/06/21	3,763.2	2,105.8	55.9	363.1	9.7
S. Kian Seng Sdn Bhd	It is a metal fabrication company involved in a diverse range of products for the kitchen, medical, office, hotel and oil and gas industries, including metal frames for shaker filters.	30/06/21	48,694.4	19,024.4	39.1	15,106.5	31.0

Notes:

GP = gross profit

PAT = profit after taxation

LAT = loss after taxation

N. A. = Not Available.

As segmented revenues are not available, the revenues of the comparable companies also include revenues generated from other industries.

Source: Companies Commission of Malaysia and Cosmos Group

## 8. IMR REPORT (CONT'D)

# infobusiness

## 13.0 Market Share

As electronic flowmeters are not manufactured in Malaysia and based on the national import statistics for 2021 which amounted to RM99.8 million (source: Department of Statistics), Cosmos Group which registered a revenue of RM14.9 million in 2021 (inclusive of installation, testing and commissioning work of electronic flowmeters), recorded a market share of 15.0% in Malaysia in the same year. In the case of the metal frames for shaker filters, as the global demand for shaker filters amounted to 6,210,000 pieces in 2021 and Cosmos Group recorded sales of 118,399 metal frames for shaker filters in the same year, it registered a market share of 1.9% in 2021 (source: Infobusiness Research).

## 14.0 Outlook and Prospects

### Electronic Flowmeters

The demand for water has increase in tandem with the growth of the population in the country and improvements in the standards of living, as well as expanding agriculture and industrial developments. Opportunities are present for suppliers of electronic flowmeters when more water projects such as the upgrading and building of water treatment plants and the replacement of aging water pipes are commissioned, as well as the Government's intention to lower the national NRW level to 25% by 2025. Both capital expenditure spending and the flow of water contracts should regain momentum once the COVID-19 pandemic has been overcome and the national fiscal position has improved. Rapid urbanisation across the country has driven the need for adequate water management. At the same time, water availability and quality are also under growing stress from climate change, land use decisions and the requirements of industry. Also, rising income level may generate rising water consumption as the higher income group tends to consume more.

In addition to the electronic flowmeters for the original equipment market, which refers to the equipment installed during the construction of new water infrastructure facilities and new commercial and industrial properties; demand is also generated in the replacement market, as electronic flowmeters also have a finite lifespan. The market size for electronic flowmeters in Malaysia is anticipated to increase from RM99.8 million in 2021 to RM190.7 million in 2025, generating a CAGR of 17.6%.

### Metal Frames for Shaker Filters

The level and direction of crude oil and natural gas prices are key determinants of performance for shaker filters. The supply chain disruptions as a result of the Russian-Ukraine conflict that broke out in early 2022, have also led petroleum companies to increase their exploration and production activities. The substantial capital expenditures required to monetise new oil and gas discoveries have generated opportunities for companies in the oil and gas industry value chain, including those involved in supplying metals frames for shaker filters. Globally, the market size for metal frames for shaker filters are expected to expand from 6,210,000 pieces in 2021 to 7,544,418 pieces in 2025, yielding a CAGR of 4.9%.

As more and more governments around the world are focusing on a low carbon future, the outlook for crude oil demand has shifted lower. However, it is still crucial to invest in the upstream sector even during transitions to a low carbon future, as it would still take many years to shift global transport fleets to electric vehicles and other low carbon alternatives. Some end-user industries such as aviation, shipping and petrochemicals will continue to rely on crude oil for some time due to a lack of viable and cost-effective alternatives. Both crude oil and natural gas are widely used in the manufacturing of petrochemicals, which cover than 8,000 compounds in commercial production. In turn, petrochemicals are precursors to manufacture a wide range of products such as plastic resins, synthetic rubber, synthetic fibres, adhesives, fertilisers, paints, pharmaceuticals, etc. These products are integral parts of modern life and the demand for petrochemicals is ever expanding due to new technological discoveries. The manufacturing of petrochemicals remains a pillar of growth in the oil and gas industry.