

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF SOLAR DISTRICT COOLING GROUP BERHAD (“SDCG” OR “COMPANY”) DATED 28 AUGUST 2024 (“ELECTRONIC PROSPECTUS”)

(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 (“**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 SDCG 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 28 August 2024 and will close at 5.00 p.m. on 6 September 2024. In the event there is any change to the timetable, the Company will make an announcement on the Website and advertise the notice of the change in widely circulated daily English and Bahasa Malaysia newspaper within Malaysia and make an announcement of such changes on Bursa Securities’ website accordingly.

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.



PROSPECTUS SOLAR DISTRICT COOLING GROUP BERHAD

SDC

Solar District Cooling

SOLAR DISTRICT COOLING GROUP BERHAD

(Registration No. 202301015665 (1509587-U))
(Incorporated in Malaysia under the Companies Act, 2016)

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH THE LISTING OF AND QUOTATION FOR THE ENTIRE ENLARGED ISSUED SHARE CAPITAL OF SOLAR DISTRICT COOLING GROUP BERHAD ("SDCG") ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") COMPRISING A PUBLIC ISSUE OF 118,670,000 NEW ORDINARY SHARES IN SDCG ("SHARES") IN THE FOLLOWING MANNER:

- 21,192,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 21,192,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS AND EMPLOYEES AS WELL AS PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF SDCG AND ITS SUBSIDIARIES; AND
- 76,286,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS;

AT AN ISSUE PRICE OF RM0.38 PER 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)

NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER SIX MONTHS FROM THE DATE OF THIS PROSPECTUS.

BURSA SECURITIES HAS APPROVED THE ADMISSION OF OUR COMPANY TO THE OFFICIAL LIST OF BURSA SECURITIES AND THE LISTING OF AND QUOTATION FOR OUR ENTIRE ENLARGED ISSUED SHARE CAPITAL ON THE ACE MARKET OF BURSA SECURITIES. THIS PROSPECTUS HAS BEEN REGISTERED BY BURSA SECURITIES. THE APPROVAL BY BURSA SECURITIES OF THE ADMISSION TO THE OFFICIAL LIST OF THE ACE MARKET OF BURSA SECURITIES AND THE LISTING OF AND QUOTATION FOR OUR ENTIRE ENLARGED ISSUED SHARE CAPITAL ON THE ACE MARKET OF BURSA SECURITIES AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. BURSA SECURITIES HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF OUR SHARES BEING OFFERED FOR INVESTMENT.

BURSA SECURITIES IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF OUR COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

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 191.

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

THE ISSUE, OFFER OR INVITATION FOR THE OFFERING IS 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.



SOLAR DISTRICT COOLING GROUP BERHAD

(Registration No. 202301015665 (1509587-U))
(Incorporated in Malaysia under the Companies Act, 2016)

Wisma SDC
No 25, Jalan Kajang Perdana 3/2, Taman Kajang Perdana,
43000 Kajang, Selangor
Tel: 03-8741 9885
www.sdc.my

PROSPECTUS

THIS PROSPECTUS IS DATED 28 AUGUST 2024

All defined terms used in this Prospectus are defined under “Presentation of Information”, “Definitions” and “Glossary of Technical Terms” commencing on pages ix, xi and xix, respectively.

RESPONSIBILITY STATEMENTS

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

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

STATEMENTS OF DISCLAIMER

Our Company has obtained the approval of Bursa Securities for our Listing. Admission to the Official List of ACE Market is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

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

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

OTHER STATEMENTS

You should note that you may seek recourse under Sections 248, 249 and 357 of the Capital Markets and Services Act 2007 (“**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 person in relation to our Group.

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

You should note that any agreement by our Underwriter to underwrite our Shares is not to be taken as an indication of the merits of our Shares being offered.

Our Shares being offered in our IPO are offered solely on the basis of the information contained and representations made in this Prospectus. Our Company, 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 Company, Directors, Promoters, Principal Adviser, Sponsor, Underwriter and Placement Agent, or any of their respective directors or any other persons involved in our IPO.

This Prospectus has been prepared and published in the context of an IPO under the laws of Malaysia. It does not comply with the laws of any jurisdiction other than Malaysia, and has not been and will not

be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority of any jurisdiction other than Malaysia.

The distribution of this Prospectus and our IPO are subject to the laws of Malaysia. This Prospectus will not be distributed outside Malaysia. Our Company, Directors, Promoters, Principal Adviser, Sponsor, Underwriter and Placement Agent have not authorised and take no responsibility for the distribution of this Prospectus outside Malaysia. No action has been taken to permit a public offering of our Shares based on this Prospectus or the distribution of this Prospectus outside Malaysia. 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 any of our Shares being offered in our IPO in any jurisdiction or in any circumstance in which such an offer is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. The distribution of this Prospectus and the sale of our Shares offered under our IPO in certain jurisdictions may be restricted by law. Prospective investors who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions.

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 be deemed to accept any liability whether or not any enquiry or investigation is made in connection to it. It shall be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO as stated in this Prospectus and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you had accepted our IPO in Malaysia and will be subject 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.

It will be your sole responsibility to consult your legal or other professional adviser on the laws to which our IPO or you are or might be subjected. Neither we nor our Promoters, Principal Adviser, Sponsor, Underwriter and Placement Agent nor any other advisers in relation to our IPO accept any responsibility or liability if any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

ELECTRONIC PROSPECTUS

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

You are advised that the internet is not a fully secure medium. Your Internet Share Application may be subject to risks in 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 any doubt about the validity or integrity of the Electronic Prospectus, you should immediately request from us or the Issuing House, a paper/printed copy of this Prospectus. If there is any discrepancy between the contents of the Electronic Prospectus and the paper/printed copy of this Prospectus for any reason whatsoever, the contents of the paper/printed copy of this Prospectus which are identical to the copy of the Prospectus registered with the Bursa Securities, shall prevail.

In relation to any reference in this Prospectus to third-party internet sites ("**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 to the Third-Party Internet Sites. Accordingly, we and our Principal Adviser are not responsible for any availability of or the content or any data, information, files or other material provided on the Third-Party Internet Sites. You 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, information, files or other material provided by the Third-Party Internet Sites; and
- (iii) any data, information, file or other material 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 systems or loss of data resulting from the downloading of any such data, information, file or other material.

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

- (i) the Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of the Electronic Prospectus, to the extent of the contents of the Electronic Prospectus on the web server of the Internet Participating Financial Institutions which may be viewed via your 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 Institution and subsequently communicated or disseminated in any manner to you or other parties;
- (ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in the Electronic Prospectus, the accuracy and reliability of the Electronic Prospectus cannot be guaranteed because the internet is not a fully secure medium; and
- (iii) the Internet Participating Financial Institutions are not 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 inaccuracy, change, alteration, deletion or omission 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 Institutions, and/or problems occurring during data transmission which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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INDICATIVE TIMETABLE

The following events are intended to take place on the following indicative time and/or date:

Event	Time / date
Issuance of the Prospectus / Opening of Applications	10.00 a.m. / 28 August 2024
Closing of Applications	5.00 p.m. / 6 September 2024
Balloting of Applications	10 September 2024
Allotment of our IPO Shares to successful Applicants	18 September 2024
Listing on the ACE Market	19 September 2024

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

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PRESENTATION OF INFORMATION

All references to “our Company” or “the Company” or “SDCG” in this Prospectus are to Solar District Cooling Group Berhad. All references to “our Group” or “the Group” or “SDCG Group” are made to our Company and our subsidiaries taken as a whole. All references to words such as “we”, “us”, “our” and “ourselves” in this Prospectus 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. Statements as to our beliefs, expectations, estimates and opinions are those of our management.

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

All references to “Government” are to the Government of Malaysia.

The word “approximately” used in this Prospectus indicates that a number is not an exact one, but that number is usually rounded off to the nearest thousandth or 2 decimal places. Any discrepancies in the tables between the amounts listed and the totals in this Prospectus are due to rounding adjustments. Certain acronyms, technical terms and other abbreviations used in this Prospectus are defined in the “Definitions” and “Glossary of Technical Terms” sections of this Prospectus.

Words denoting the singular will, where applicable, include the plural and vice versa and words denoting the masculine gender will, where applicable, include the feminine and/or neuter genders and vice versa. References to persons will, where applicable, include companies and corporations.

Any reference to provisions of the statutes, rules, regulations, enactments or rules of stock exchange will (where the context admits), be construed as reference to provisions of such statutes, rules, regulations, enactments 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 or rules of stock exchange for the time being in force.

Any reference to a date and time will be a reference to Malaysian time, 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 market and industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each case, the source is stated in this Prospectus. Where there is no source stated, it can be assumed that the information originates from us or is extracted from the IMR Report prepared by Vital Factor Consulting Sdn Bhd (“**Vital Factor**”), the executive summary of which is included in Section 8 of this Prospectus. We have appointed Vital Factor to provide an independent market and industry review relating to an overview of the industry in which we operate in or exposed to. In compiling its data for the review, Vital Factor had relied on its research methodology, industry sources, published materials, its own private databanks and direct contacts within the industry.

We believe that the information on the industry as contained in this Prospectus and other statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the market and industry in which we operate. Third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. No assurance can be given that the projected figures will be achieved and you should not place undue reliance on the third-party projections cited in this Prospectus.

The information on our website or any website, directly or indirectly, linked to our website does not form part of this Prospectus. If there is any discrepancy between the contents of such website relating to our Group and this Prospectus, the information contained in this Prospectus shall prevail.

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

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FORWARD-LOOKING STATEMENTS

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, prospects, plans and objectives of our Group for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties 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 views with respect to future events and do not guarantee future performance. Forward-looking statements can be identified by the use of forward-looking terminology such as the words “may”, “will”, “would”, “could”, “believe”, “expect”, “anticipate”, “intend”, “estimate”, “aim”, “plan”, “forecast”, “project” or similar expressions and include all statements that are not historical facts.

Forward-looking statements include, without limitation, statements relating to:

- (i) our future overall business development and operations plans;
- (ii) our future earnings, cash flow and liquidity;
- (iii) potential growth opportunities;
- (iv) our business strategies, trends and competitive position;
- (v) our ability to pay dividends; and
- (vi) the general industry environment, including the demand and supply of our products.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitations, those discussed in Section 9 of this Prospectus on “Risk Factors” and Section 12.2 of this Prospectus on “Management’s Discussion and Analysis of Financial Condition and Results of Operations”. We cannot 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.

Such forward-looking statements are made only as at the date of this Prospectus. Should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of our Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part II (Division 6) of the Prospectus Guidelines (Supplementary and Replacement Prospectus) and Rule 3.12D of the Listing Requirements.

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DEFINITIONS

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

COMPANIES WITHIN OUR GROUP:

- SDCG or Company : Solar District Cooling Group Berhad (Registration No. 202301015665 (1509587-U))
- SDCG Group or Group : Collectively, the Company and its subsidiaries

SUBSIDIARY OF OUR COMPANY:

- SDC : Solar District Cooling Sdn Bhd (Registration No. 200301004597 (607017-T))

SUBSIDIARY OF SDC:

- KED : Kejuruteraan Efektif Dinamik Sdn Bhd (Registration No. 201401042378 (1118545-H))

GENERAL:

- ACE Market : ACE Market of Bursa Securities
- Acquisition : Acquisition by our Company of the entire issued share capital of SDC from Edison Kong and Eileen Liuk, for a total purchase consideration of RM15,257,618, which was entirely satisfied by the issuance of 305,152,360 new Shares at an issue price of RM0.05 per Share
- Act : Companies Act 2016
- AGM : Annual general meeting
- Applicant(s) : Applicant for our IPO Shares by way of Application Form, Electronic Share Application or Internet Share Application
- Application(s) : Application for our IPO Shares by way of Application Form, Electronic Share Application or Internet Share Application
- Application Form(s) : Printed application(s) form for the application of IPO Shares accompanying this Prospectus
- ATM : Automatic teller machine
- Authorised Financial Institution: : Authorised financial institution participating in the Internet Share Application with respect to payments for our IPO Shares
- BMU : Baseline monthly energy usage
- Board : Board of Directors of our Company
- Bursa Depository : Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
- Bursa Securities : Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))

DEFINITIONS (CONT'D)

CAGR	:	Compound annual growth rate
CCC	:	Certificate of Completion and Compliance
CCM	:	Companies Commission of Malaysia
CDS	:	Central depository system
CDS Account	:	Securities account established by Bursa Securities for a depositor for the recording of securities and for dealing in such securities by the depositor
CIDB	:	Construction Industry Development Board
CMSA	:	Capital Markets and Services Act 2007
Constitution	:	Constitution of our Company
COS	:	Cost of sales
COVID-19	:	Novel coronavirus disease, an infectious respiratory disease which first broke out in 2019
CPC	:	Certificate of Practical Completion
Director(s)	:	Director(s) of our Company
EBITDA	:	Earnings before interest, tax, depreciation and amortisation
ESCO	:	Energy Service Company
Edison Kong	:	Kong Kam Onn, our Promoter, Managing Director, Substantial Shareholder and Specified Shareholder
Eileen Liuk	:	Liuk Ing Hong, our Promoter, Executive Director, Substantial Shareholder and Specified Shareholder
Electronic Prospectus	:	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>)
Electronic Share Application	:	Application for our IPO Shares through a Participating Financial Institution's ATM
Eligible Persons	:	Collectively, the eligible 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
EPS	:	Earnings per share
FP(s)	:	Financial period(s) ended/ending 31 May, as the case may be
FP Under Review	:	Collectively, FP 2023 and FP 2024

DEFINITIONS (CONT'D)

FY	:	Financial year ended 31 December, as the case may be
FY Under Review	:	Collectively, the past FY 2020, FY 2021, FY 2022 and FY 2023
GP	:	Gross profit
Headquarters	:	Our current head office at a shop office unit located at Wisma SDC, No 25, Jln Kajang Perdana 3/2, Taman Kajang Perdana, 43000 Kajang, Selangor
ICR or Sterling	:	Sterling Business Alignment Consulting Sdn Bhd (<i>Registration No. 200401015607 (654110-P)</i>)
ICT	:	Information and communication technology
IMR or Vital Factor	:	Vital Factor Consulting Sdn Bhd (<i>Registration No. 199301012059 (266797-T)</i>)
IMR Report	:	Independent market research report prepared by Vital Factor
Internet Participating Financial Institution	:	Participating financial institution(s) or Participating Securities Firm(s) in the Internet Share Application
Internet Share Application	:	Application for our IPO Shares under the Public Issue through an Internet Participating Financial Institution or Participating Securities Firm
IPO	:	Initial public offering of our IPO Shares
IPO Price	:	Issue price of RM0.38 per IPO Share
IPO Share(s)	:	118,670,000 new Shares to be issued by our Company pursuant to the IPO
Issuing House	:	Tricor Investor & Issuing House Services Sdn Bhd (<i>Registration No. 1971101000970 (11324-H)</i>)
Key Senior Management	:	Key senior management personnel of our Group comprising Edison Kong, Eileen Liuk, Ed Kamil bin Md Bashah, Khoirol Suhardi Bin Shaaban, Mohd Hanafy bin Rasimon and Gan Yee Shan
Listing	:	The admission of SDCG to the Official List of Bursa Securities and the listing of and quotation for our entire enlarged issued share capital on the ACE Market
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities
LPD	:	29 July 2024, being the latest practicable date prior to the registration of this Prospectus
Malaysian Public	:	Citizens of Malaysia, and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia

DEFINITIONS (CONT'D)

Market Day	:	Any day between Mondays and Fridays (both days inclusive) which is not a public holiday and a day on which Bursa Securities is open for trading of securities
MCO	:	Movement control order
Mercury Securities or Principal Adviser or Underwriter or Placement Agent	:	Mercury Securities Sdn Bhd (<i>Registration No. 198401000672 (113193-W)</i>)
MOH	:	Ministry of Health, Malaysia
NA	:	Net assets
NBV	:	Net book value
Official List	:	A list specifying all securities listed on Bursa Securities
Participating Financial Institution(s)	:	Participating financial institution(s) for the Electronic Share Application as listed in Section 16.6 of the Prospectus
Participating Securities Firm(s)	:	Participating securities firm(s) for the Electronic Share Application as listed in Section 16.6 of the Prospectus
PAT	:	Profit after tax
PBT	:	Profit before tax
PE Multiple	:	Price-to-earnings multiple
Pink Form Allocations	:	The allocation of 21,192,000 new Shares to the Eligible Persons pursuant to the IPO
Promoters	:	Collectively, Edison Kong and Eileen Liuk
Prospectus	:	This prospectus dated 28 August 2024 issued by our Company in relation to our IPO
Prospectus Guidelines	:	Prospectus Guidelines issued by the SC
Public Issue	:	The public issue of 118,670,000 new Shares at our IPO Price
PV	:	Photovoltaic
Rules of Bursa Depository	:	Rules of Bursa Depository as issued pursuant to the SICDA
REEM	:	Registered Electrical Energy Manager
SC	:	Securities Commission Malaysia
SEDA	:	Sustainable Energy Development Authority Malaysia
Share(s) or SDCG Share(s)	:	Ordinary share(s) in SDCG

DEFINITIONS (CONT'D)

Share Registrar	:	Tricor Investor & Issuing House Services Sdn Bhd (<i>Registration No. 1971101000970 (11324-H)</i>)
SICDA	:	Securities Industry (Central Depositories) Act, 1991
SPE	:	Sinar Perintis Ehsan Sdn Bhd (<i>Registration No. 201601006072 (1176998-K)</i>)
Specified Shareholders	:	Collectively, Edison Kong and Eileen Liuk
SPM	:	Sinar Perintis Makmur Sdn Bhd (formerly known as Tri Io Controls Sdn Bhd) (<i>Registration No. 201701018005 (1232170-A)</i>)
sq. ft	:	Square feet
SSA	:	Conditional share sale agreement entered on 11 August 2023 by the Company with the Vendors for the Company to acquire the entire issued share capital of SDC for a purchase consideration of RM15,257,618
Substantial Shareholders	:	Collectively, Edison Kong and Eileen Liuk
YM	:	Yang Mulia
Underwriting Agreement	:	Underwriting agreement dated 13 August 2024 entered into between the Company and the Underwriter pursuant to our IPO
Vendors	:	Collectively, Edison Kong and Eileen Liuk, who are the vendors for the Acquisition
White Application Form	:	Application form for the application of our new Shares by the Malaysian Public accompanying this Prospectus

SDCG GROUP'S OPERATING LOCATION:

Headquarters	:	Our headquarters located at Wisma SDC, No. 25, Jalan Kajang Perdana 3/2, Taman Kajang Perdana, 43000 Kajang, Selangor Darul Ehsan, Malaysia
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CURRENCIES, UNITS AND OTHERS:

°C	:	Degree Celsius
RM and sen	:	Ringgit Malaysia and sen respectively
%	:	Per centum

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DEFINITIONS (CONT'D)**PROJECTS:**

Project Name	Brief descriptions
Administration Centre Project	: Refers to the integration of building management system for an administration centre in Kuantan, Pahang
Ampang Hospital Project	: Refers to the supply, installation, testing and commissioning of a hybrid solar thermal hot water system for Ampang Hospital, a public hospital in Ampang, Selangor
Ampang Office Tower Project	: Refers to the supply, delivery, installation, testing and commissioning of BMS and automatic control works for an office tower in Kuala Lumpur
Brunei Gas Fired Chiller Maintenance Project	: Refers to replacement of 2 units of direct-fired chillers in Brunei
Business School Project	: Refers to the supply, delivery, installation, testing and commissioning and maintenance of BMS and building security system works for a business school in Kuala Lumpur
Business School Residence Project	: Refers to the supply, delivery, installation, testing and commissioning and maintenance of BMS and building security system works for the residential accommodation of a business school in Kuala Lumpur
Chilled Water System Maintenance Project	: Refers to the replace and install valves, strainers, flexible connectors, pressure gauges, thermometers and other accessories of existing AHU and FCU in Kuala Lumpur
Commercial Building Project	: Refers to the supply, delivery, installation, testing and commissioning of BMS for a hotel and retail property development in Kuala Lumpur
Conference and Residential Complex Project	: Refers to the upgrading of BMS for a conference and residential complex in Kuala Lumpur
Conference and Training Facility Project	: Refers to the supply, delivery, installation, testing and commissioning and maintenance of BMS and building security system works for a conference and training facility in Kuala Lumpur
Corporate Tower Project	: Refers to the supply, delivery, installation, testing and commissioning of BMS for a corporate tower in Kuala Lumpur
Cyberjaya Data Centre Project	: Refers to the upgrading of BMS and installation of energy management system at a data centre in Cyberjaya and recovery centre
Financial Institution Project	: Refers to the provision of building systems integration and contractor services for a financial institution in Kuala Lumpur
Gas District Cooling Maintenance 1 Project	: Refers to the provision of comprehensive maintenance for 2 units of direct-fired chiller at a plant in Putrajaya
Gas District Cooling Maintenance 2 Project	: Refers to the maintenance works for 2 units of direct-fired chiller at 2 plants in Putrajaya

DEFINITIONS (CONT'D)

Project Name	Brief descriptions
Healthcare University Project	: Refers to the supply, delivery, installation, testing and commissioning and maintenance of extra low voltage (ELV) works, chiller plant facility management system, building automation system, and fridge monitoring system for a health science university in Kuala Lumpur
Hospital 1 Contract	: Refers to the energy performance services involving the installation of a hybrid solar thermal hot water system at Hospital 1 in Sabah
Hospital 2 Contract	: Refers to the energy performance services involving the installation of a hybrid solar thermal hot water system at Hospital 2 in Sabah
Hospital 3 Contract	: Refers to the energy performance services involving the installation of a hybrid solar thermal hot water system and retrofitting of fluorescent tube lightings to LED lightings at Hospital 3 in Kedah
KETSA Project	: Refers to upgrading of BMS as part of the facility management and maintenance of the Ministry of Energy and Natural Resources in Precinct 4 Putrajaya
Ministry of Education 1 Project	: Refers to the upgrading of BMS in 3 blocks of buildings under the Ministry of Education in Putrajaya
Ministry of Education 2 Project	: Refers to the supply, delivery, installation, testing and commissioning of BMS in 2 blocks of buildings under the Ministry of Education in Putrajaya
Ministry of Finance Project	: Refers to the upgrading of BMS and energy management system under the Ministry of Finance in Putrajaya
Ministry of Health Project	: Refers to the supply, delivery, installation, testing and commissioning of BMS in 3 blocks of buildings under the Ministry of Health in Putrajaya
Miri Hospital Contract	: Refers to the energy performance services involving in the installation of a hybrid solar thermal hot water system and retrofitting of fluorescent tube lightings to LED lightings at Miri Hospital, a public hospital in Sarawak
Precinct 8 Putrajaya Project	: Refers to the supply, delivery, installation, testing and commissioning, service and maintenance of BMS for a mixed development in Putrajaya
Puncak Alam Hospital Project	: Refers to the supply, installation, testing and commissioning of BMS for a hospital in Puncak Alam, Selangor
Putrajaya Hotel ICT Project	: Refers to the supply, delivery, dismantle, installation, testing and commissioning and maintenance of information and communication technology (ICT), building security system services works for a hotel in Putrajaya

DEFINITIONS (CONT'D)

Project Name	Brief descriptions
Putrajaya Hotel Project	: Refers to the supply, delivery, dismantle, installation, testing and commissioning and maintenance of BMS for a hotel in Putrajaya
Rail Transit Project	: Refers to the stage 1 refurbishment and upgrading of BMS controllers, servers and workstations for 2 stations, 2 rail depots and a training simulator in Selangor
Sarawak Heart Centre Contract	: Refers to the energy performance services involving the installation of a hybrid solar thermal hot water system and retrofitting of fluorescent tube lightings to LED lightings at the Sarawak Heart Centre in Sarawak
Sarikei Hospital Contract	: Refers to the energy performance services involving the installation of a hybrid solar thermal hot water system and retrofitting of fluorescent tube lightings to LED lightings at Sarikei Hospital, a public hospital in Sarawak
Semiconductor Project	: Refers to the supply, delivery, installation, testing and commissioning of facilities management control services for a semiconductor manufacturer in Malacca
Sibu Hospital Contract	: Refers to the energy performance services involving the installation of a hybrid solar thermal hot water system and retrofitting of fluorescent tube lightings to LED lightings at Sibu Hospital, a public hospital in Sarawak

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GLOSSARY OF TECHNICAL TERMS

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

- Air handling unit or AHU** : An air handling unit is a device designed to circulate and regulate the flow of air as part of a centralised cooling system. The main AHU components include a blower, cooling coil, filters, air intakes and diffusers. Warm and moist air from a designated area is sucked into the AHU through air intakes and blown across the cooling coil, through which chilled water from the chiller circulates. As the warm and moist air passes through the cooling coil, heat is transferred to the chilled water resulting in the cooling and drying of the air. The water (which is now warmer) is returned to the chiller for reuse, and the cooled and drier air is recirculated into the designated area through diffusers
- AHU are designed to handle and cool a larger volume of air compared to an FCU
- Airside equipment** : In a cooling system, airside equipment refers to the equipment installed at the interior space to be air conditioned by using chilled water to cool and dry the air. AHU and FCU are examples of airside equipment
- Building management system or BMS** : In the context of this Prospectus, this refers to the system of hardware, software and communications that integrates and centralises the monitoring and management of the building's mechanical, electrical and process utility facilities including air conditioning and mechanical ventilation, lighting, security access, close-circuit television, fire protection and process utilities such as plumbing, sewage and drainage systems
- Calorifier tank** : In the context of this Prospectus, it is an insulated pressurised water tank with a heat exchanger where heat from solar collector modules is transferred to the calorifier tank to heat water
- Command and control centre** : In the context of this Prospectus, this is a centralised facility at our Group's Headquarters in Kajang, Selangor where we can monitor our customers' connected BMS and solar thermal hot water systems. We are also able to control some aspects of the BMS and solar thermal hot water systems such as turning on or off fan coil units
- Concessionaire or concession company** : In the context of this Prospectus, it refers to our customers who have secured concessions to provide hospital support services for public hospitals, including facility engineering maintenance services, biomedical engineering maintenance services, cleansing services, health care waste management services, linen and laundry services, and facilities management services
- Direct digital controller or DDC** : Refers to the hardware installed at specific machinery and equipment or sub-systems to provide automated control (based on programming) and remote control. The hardware will also include embedded software for logic control based on logic and pre-determined conditions

GLOSSARY OF TECHNICAL TERMS (CONT'D)

- Energy performance contracting : In 2013, the Malaysian Government initiated energy performance contracting (EPC) to promote energy efficiency in government buildings. The EPC concept is based on an agreement between the government, as the building owner, and an energy services company (ESCO). Under the arrangement, the ESCO covers the initial capital cost to implement the energy efficiency improvement. Payment to ESCO is based upon the agreed sharing value between the ESCO and the building owner from the guaranteed savings achieved. After the agreement ends, the ownership of all the equipment and system installed at the facility will be transferred to the building owner
- Energy performance services : In the context of this Prospectus, energy performance services refer to the installation of hybrid solar thermal hot water systems and for some contracts, retrofitting of fluorescent lighting to LED lighting. We provide energy performance services to concessionaires of hospital support services for public hospitals to improve the energy efficiency of their respective public hospitals where we fund the total project investment and we are paid monthly over the period of our contract. Depending on the contract, we also have a share of the guaranteed savings which are paid monthly over the period of our contract. In the context of this Prospectus, we provide energy performance services to our customers, namely Customer E, Sedafiat Sdn Bhd and One Medicare Sdn Bhd
- Energy performance service contract : It refers to the contract with our customers who are concessionaires of public hospital support services that are directly involved in energy performance contracting. The concessionaires have engaged us as a subcontractor to carry out the energy efficiency work related to the installation of hybrid solar thermal hot water systems and for some contracts, retrofitting of fluorescent lighting to LED lighting. Our agreements are also subject to the approval of the Ministry of Health Malaysia. In the context of this Prospectus, it refers to our contracts with our customers, namely Customer E, Sedafiat Sdn Bhd and One Medicare Sdn Bhd
- Fan coil unit or FCU : A fan coil unit is a device that uses a fan and cooling coil to provide space cooling in an indoor space without connecting to air ductwork. The fan draws air into the fan cooling unit, where it passes over the cooling coil (which is supplied by chilled water from the chiller), cooled and dried, and then re-circulated into the room
- Heat exchanger : A piece of equipment designed to transfer heat between two fluids such as liquids, vapours or gasses. An example is heat in the atmosphere is transferred to a coil filled with water or some other fluids in the heat exchanger. Heat exchangers are used for both heating and cooling
- Hybrid solar thermal hot water system : In the context of this Prospectus, this mainly refers to our energy performance service contracts which involves the installation of a new solar thermal hot water system and integrating it with an existing boiler hot water system that uses either diesel or liquified petroleum gas as the energy source

GLOSSARY OF TECHNICAL TERMS (CONT'D)

Kilowatt or kW	:	Equivalent to 1,000 watts
Light emitting diode or LED	:	A semiconductor device that emits light when electricity passes through it. LED light is used to provide illumination and uses less electricity for the same illumination intensity compared to other means of illumination such as fluorescent tube
Liquified petroleum gas or LPG	:	In the context of this Prospectus, it refers to the fuel source used for the boiler hot water system
Manifold	:	In the context of this Prospectus, the manifold is the part of the solar thermal collector module where a row of several solar evacuated tubes is installed
Megawatt or MW	:	Equivalent to 1,000,000 watts
Process utility	:	In the context of this Prospectus, process utility includes plumbing, sewerage and drainage systems
Public hospital support services	:	In the context of this Prospectus, it refers to hospital support services for public hospitals, including facility engineering maintenance services, biomedical engineering maintenance services, cleansing services, health care waste management services, linen and laundry services, and facilities management services. These are the services specified by the Ministry of Health Malaysia to be provided by concessionaires
Retrofit	:	Addition or replacement of devices, machines, equipment or subsystems to an existing operational plant
Solar PV system	:	It refers to an electricity generating facility that converts sunlight to direct current
Solar thermal	:	Refers to the practice of harnessing energy from the sun in the form of heat to directly increase the temperature of a substance such as water. In the context of this Prospectus, solar thermal energy in the form of sunlight is used directly to heat water for hot water system and space cooling system
Solar thermal collector module	:	In the context of this Prospectus, this is the component of a solar thermal hot water system that is designed to gather heat from sunlight. They comprise a row of solar evacuated tubes inserted into a manifold, which is supported by a frame. Solar collector modules are commonly installed on the roof or in suitable outdoor locations to collect sunlight
Solar thermal control system or STCS	:	In the context of this Prospectus, it refers to the system designed to provide central monitoring and control of the solar thermal hot water system's operations, status and condition
Solar thermal cooling system	:	It refers to a centralised space cooling system that uses solar thermal energy to chill water for space cooling

GLOSSARY OF TECHNICAL TERMS (CONT'D)

- Solar thermal evacuated tube : In the context of this Prospectus, a solar evacuated tube is a sealed vacuumed circular transparent glass tube with a heat pipe in the middle. The heat pipe contains a heat transfer fluid which commonly comprises a propylene glycol mixture to absorb the heat from sunlight where the heated fluid will turn into heated vapour that will rise to the top of the solar evacuated tube to be transferred to another location
- Solar thermal hot water system : In the context of this Prospectus, it refers to a system designed to use sunlight directly to heat water. The main components of the system comprise one or more solar collector modules, solar pump and secondary heat transfer fluid, calorifier tank, hot water tanks, hot water distribution system and solar thermal control system
- Systems Integration : A process of connecting different systems, hardware, equipment, devices and components to ensure that they function seamlessly as one complete system. Commonly the process will include programming and connectivity to interface with different systems, hardware, equipment, devices and components
- Watt or w : A unit of measure of energy equivalent to one joule per second, corresponding to the rate of consumption of energy in an electrical circuit where the potential difference of one volt and current of one ampere

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name (Gender)	Designation	Nationality	Address
Ir. Dr. Khairul Azmy Bin Kamaluddin (M)	Independent Non-Executive Chairman	Malaysian	No. 12, Jalan Akuatik 13/77C D'Kayangan Seksyen 13 40100 Shah Alam Selangor
Edison Kong (M)	Non-Independent Managing Director	Malaysian	No.5, Jalan Ridgeview 2 Ridgeview Residences Taman Bukit Permai 43000 Kajang Selangor
Eileen Liuk (F)	Non-Independent Executive Director	Malaysian	No.5, Jalan Ridgeview 2 Ridgeview Residences Taman Bukit Permai 43000 Kajang Selangor
YM Raja Nor Azlina Binti Raja Azhar (F)	Independent Non-Executive Director	Malaysian	A-1461, Jalan Pelindung 2 Off Jalan Tengku Muhammad 25050 Kuantan Pahang
Wong Poh May (F)	Independent Non-Executive Director	Malaysian	162-1, Montana Melawati No. 12, Jalan Desa Melawati Desa Melawati 53100 Kuala Lumpur
Wong Keng Fai (M)	Independent Non-Executive Director	Malaysian	No 43, Lot 3714 Kampung Baru Tanah Merah Site C 71960 Port Dickson Negeri Sembilan

*Notes:**M = Male**F = Female**[The rest of this page has been intentionally left blank]*

1. CORPORATE DIRECTORY (CONT'D)**AUDIT AND RISK MANAGEMENT COMMITTEE**

Name	Designation	Directorship
Wong Poh May	Chairperson	Independent Non-Executive Director
YM Raja Nor Azlina Binti Raja Azhar	Member	Independent Non-Executive Director
Wong Keng Fai	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Wong Keng Fai	Chairperson	Independent Non-Executive Director
YM Raja Nor Azlina Binti Raja Azhar	Member	Independent Non-Executive Director
Wong Poh May	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
YM Raja Nor Azlina Binti Raja Azhar	Chairperson	Independent Non-Executive Director
Wong Poh May	Member	Independent Non-Executive Director
Wong Keng Fai	Member	Independent Non-Executive Director

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1. CORPORATE DIRECTORY (CONT'D)

- COMPANY SECRETARIES** : Wong Youn Kim (MAICSA 7018778)
 CCM Practicing Certificate No.: 201908000410
 Chartered Secretary
 Fellow of the Malaysian Institute of Chartered Secretaries and Administrators
- Level 5, Tower 8, Avenue 5,
 Horizon 2, Bangsar South City
 59200 Kuala Lumpur
- Tel. No.: (603) 2280 6388
 Fax. No.: (603) 2280 6399
-
- REGISTERED OFFICE** : Level 5, Tower 8, Avenue 5
 Horizon 2, Bangsar South City
 59200 Kuala Lumpur
- Tel. No.: (603) 2280 6388
 Fax. No.: (603) 2280 6399
-
- HEADQUARTERS** : Wisma SDC
 No. 25, Jalan Kajang Perdana 3/2
 Taman Kajang Perdana
 43000 Kajang
 Selangor
- Tel. No.: (603) 8741 9885
 Fax. No.: (603) 8741 9860
 Email: enquiry@sdc.my
 Website: <https://sdc.my>
-
- PRINCIPAL ADVISER,
 SPONSOR,
 UNDERWRITER AND
 PLACEMENT AGENT** : **Mercury Securities Sdn Bhd**
 Registration No. 198401000672 (113193-W)
 L-7-2, No 2, Jalan Solaris
 Solaris Mont Kiara
 50480 Kuala Lumpur
- Tel. No.: (603) 6203 7227
 Fax. No.: (603) 6203 7117
-
- AUDITORS AND
 REPORTING
 ACCOUNTANTS** : **Crowe Malaysia PLT**
 Firm No. 201906000005 (LLP0018817-LCA) & AF 1018
 Level 16, Tower C
 Megan Avenue II
 12 Jalan Yap Kwan Seng
 50450 Kuala Lumpur
- Tel. No.: (603) 2788 9999
 Fax. No.: (603) 2788 9998
- Partner-in-charge : Ung Voon Huay
 Approval No : 03233/09/2024 J
 Professional Qualification : Fellow Chartered and Certified
 Accountant (FCCA) and Chartered
 Accountant Malaysia (C.A.(M))
 MIA membership no.: 14828

1. CORPORATE DIRECTORY (CONT'D)

DUE DILIGENCE SOLICITORS : **Wong Beh & Toh**
 Peti #30, Level 19, West Block
 Wisma Golden Eagle Realty
 142-C Jalan Ampang
 50450 Kuala Lumpur

Tel. No.: (603) 2713 6050
 Fax. No.: (603) 2713 6052

INDEPENDENT BUSINESS AND MARKET RESEARCH CONSULTANTS : **Vital Factor Consulting Sdn Bhd**
 Registration No. 199301012059 (266797-T)
 V Square @ PJ City Centre (VSQ)
 Block 6, Level 6, Jalan Utara
 46200 Petaling Jaya, Selangor

Tel. No.: (603) 7931 3188
 Fax No.: (603) 7931 2188

Person-in-charge: Wong Wai Ling
 Bachelor of Arts from Monash University,
 Australia; Graduate Diploma in Management
 Studies from the University of Melbourne,
 Australia

Please refer to Section 8 (*IMR Report*) of this Prospectus for the profile of the firm and signing partner.

ISSUING HOUSE AND SHARE REGISTRAR : **Tricor Investor and Issuing House Services Sdn Bhd**
 Registration No. 197101000970 (11324-H)
 Unit 32-01, Level 32, Tower A,
 Vertical Business Suite
 Avenue 3, Bangsar South
 No.8, Jalan Kerinchi
 59200 Kuala Lumpur

Tel No.: +6(03) 2783 9299
 Fax No.: +6(03) 2783 9222

INTERNAL CONTROL REVIEW CONSULTANT : **Sterling Business Alignment Consulting Sdn Bhd**
 Registration No. 200401015607 (654110-P)
 Unit C3A02, Level 3A
 Lobby 1, Block C Damansara Intan
 No 1, Jalan SS20/27
 47400 Petaling Jaya
 Selangor

Tel No.: +6(03) 7662 8010
 Fax No.: +6(03) 7662 8610

LISTING SOUGHT : ACE Market

SHARIAH STATUS : Approved by Shariah Advisory Council of the SC

2. APPROVALS AND CONDITIONS

2.1 APPROVALS AND CONDITIONS

2.1.1 Bursa Securities

Bursa Securities had, via its letter dated 6 June 2024 (“**Approval Letter**”), approved the admission of our Company to the Official List of the ACE Market and the listing of and quotation for our entire enlarged issued share capital of 423,822,460 Shares on the ACE Market. The approval from Bursa Securities is subject to the following conditions:

<u>No.</u>	<u>Details of conditions imposed</u>	<u>Status of compliance</u>
1.	Submit the following information with respect to the moratorium on the shareholdings of the specified shareholders to Bursa Depository: <ul style="list-style-type: none"> (i) Name of shareholders; (ii) Number of shares; and (iii) Date of expiry of the moratorium for each block of shares. 	Complied
2.	Confirm that approvals from other relevant authorities have been obtained for implementation of the Listing;	Complied
3.	The Bumiputera equity requirements for public listed companies as approved/exempted by the SC including any conditions imposed thereon;	Complied
4.	Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Guidance Notes 15 of the Listing Requirement;	To be complied
5.	Furnish to Bursa Securities a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of SDCG on the first day of Listing;	To be complied
6.	In relation to the IPO to be undertaken by SDCG, to announce at least 2 Market Days prior to the Listing date, the result of our IPO including the following: <ul style="list-style-type: none"> (i) Level of subscription of public balloting and placement; (ii) Basis of allotment / allocation; (iii) A table showing the distribution for the placement tranche as per the format in Appendix I of the Approval Letter; and (iv) Disclosure of placees who become substantial shareholders of SDCG arising from our IPO, if any. 	To be complied

Mercury Securities must ensure that the overall distribution of SDCG’s securities is properly carried out to mitigate any disorderly trading in the secondary market; and

2. APPROVALS AND CONDITIONS (CONT'D)

No.	Details of conditions imposed	Status of compliance
7.	SDCG / 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 SDCG to the Official List of the ACE Market.	To be complied

2.1.2 SC

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

The SC had, via its letter dated 10 June 2024, approved the resultant equity structure of our Company under the Bumiputera equity requirement for public listed companies pursuant to our Listing, subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
1.	SDCG to make available at least 50.00% of our Shares offered to the Malaysian Public investors via balloting to Bumiputera public investors at the point of Listing.	To be complied
2.	SDCG to allocate 12.50% of our enlarged number of issued Shares to Bumiputera investors to be approved or recognised by the MITI within one year after achieving the profit requirement for companies seeking listing on the Main Market of Bursa Securities or five years after being listed on the ACE Market, whichever is earlier (" Compliance Date ");	To be complied
3.	SDCG to submit to the SC a proposal to comply with the equity condition stated in item 2 above, at least six months prior to the Compliance Date; and	To be complied
4.	Mercury Securities or SDCG to submit SDCG's equity structure to the SC upon completion of the Listing.	To be complied

The Shariah Advisory Council of the SC had on 12 July 2024, classified our Shares as Shariah-compliant based on our audited combined financial statements for FY 2023.

2.2 MORATORIUM ON OUR SHARES

Pursuant to Rule 3.19(1) of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of 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-Month Moratorium**");
- (ii) upon the expiry of the First 6-Month Moratorium, our Specified Shareholders' aggregate shareholding amounting to at least 45.00% of the total number of issued Shares remain under moratorium for another period of 6 months ("**Second 6-Month Moratorium**"); and
- (iii) upon the expiry of the Second 6-Month 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.

2. APPROVALS AND CONDITIONS (CONT'D)

The details of our Shares held by our Specified Shareholders which will be held under moratorium are set out below:

Specified Shareholders	Year 1				Year 2		Year 3	
	Moratorium shares during the First 6-Month Moratorium		Moratorium shares during the Second 6-Month Moratorium		Moratorium shares		Moratorium shares	
	No. of Shares	% of enlarged issued share capital ⁽¹⁾	No. of Shares	% of enlarged issued share capital ⁽¹⁾	No. of Shares	% of enlarged issued share capital ⁽¹⁾	No. of Shares	% of enlarged issued share capital ⁽¹⁾
Edison Kong	274,637,224	64.80	171,648,103	40.50	114,432,068	27.00	57,216,034	13.50
Eileen Liuk	30,515,236	7.20	19,072,004	4.50	12,714,670	3.00	6,357,335	1.50
Total	305,152,460	72.00	190,720,107	45.00	127,146,738	30.00	63,573,369	15.00

Note:

(1) Based on the enlarged total number of 423,822,460 Shares after our IPO.

Our Specified Shareholders have provided written undertakings that they will not sell, transfer or assign their respective shares under moratorium during the moratorium period in accordance with Rule 3.19 of the Listing Requirements.

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

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3. PROSPECTUS SUMMARY

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

3.1 PRINCIPAL DETAILS OF OUR IPO

Our Public Issue of 118,670,000 Shares, representing approximately 28.00% of our enlarged number of issued Shares, at the IPO Price of RM0.38 per IPO Share. A summary of our IPO Shares to be allocated under our IPO is as follows:

Number of Shares to be offered under the Public Issue	118,670,000
- <i>Malaysian Public via balloting</i>	21,192,000
- <i>Eligible Persons</i>	21,192,000
- <i>Private placement to selected investors</i>	76,286,000
Enlarged issued share capital upon Listing	423,822,460
Enlarged issued share capital (RM)	60,352,318
IPO Price per Share (RM)	0.38
Market capitalisation upon Listing (based on the IPO Price and enlarged number of issued shares after our Listing) (RM)	161,052,535

Please refer to Section 4 of this Prospectus for further details of our IPO.

A moratorium will be imposed on the sale, transfer or assignment of our Shares held by our Specified Shareholders. Further details of the moratorium on our Shares are set out in Section 2.2 of this Prospectus.

3.2 OUR GROUP AND PRINCIPAL ACTIVITIES

Our Company was incorporated in Malaysia under the Act on 25 April 2023 as a private limited company under the name of Solar District Cooling Group Sdn Bhd. On 25 July 2023, our Company was converted into a public limited company and we assumed our present name.

Our principal place of business and principal market is in Malaysia. Our Company is principally an investment holding company. The principal activities of our subsidiaries, are as follows:

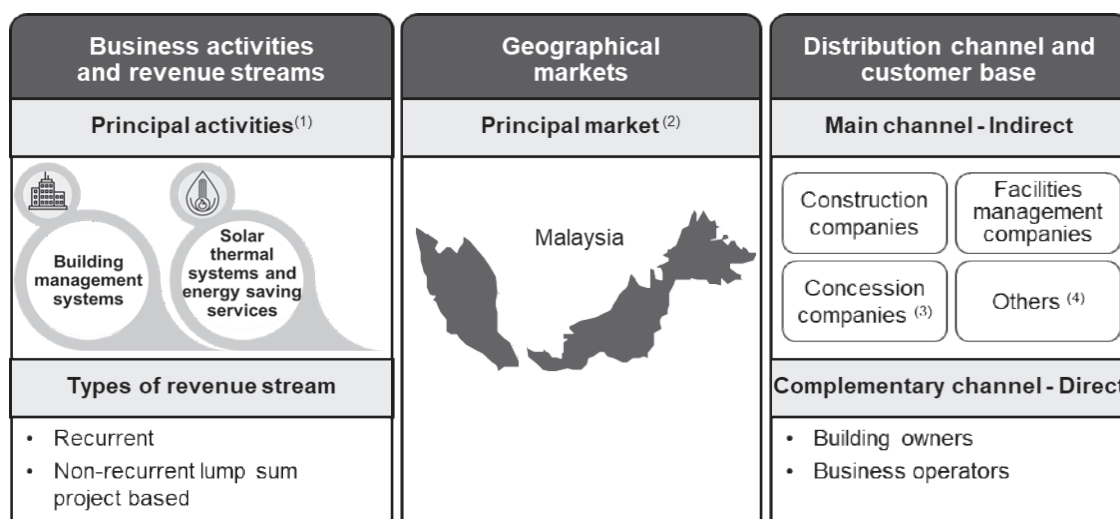
Company	Principal activities
Subsidiary of the Company:	
SDC	Provision and maintenance of building management systems, solar thermal systems, other systems and equipment and other energy services.
Subsidiary of SDC:	
KED	Mechanical and electrical works, and project management services.

Our operation is located at Wisma SDC, No. 25, Jalan Kajang Perdana 3/2, Taman Kajang Perdana, 43000 Kajang, Selangor.

3. PROSPECTUS SUMMARY (CONT'D)

3.3 BUSINESS MODEL

Our business model during the FY Under Review and FP 2024 is depicted in the following diagram:



Notes:

- (1) Other activities include maintenance of other systems and equipment comprising gas fired chillers and chilled water system.
- (2) Malaysia accounted for 97.45%, 98.94%, 99.67%, 99.46% and 99.82% of our total revenue for the FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024, respectively. The remainder of our revenue was from Singapore for FY 2020, FY 2021 and FP 2024, and Brunei for FY 2022 and FY 2023.
- (3) Refers to the companies that have been awarded concessions to provide public hospital support services.
- (4) Others mainly include engineering companies, mechanical and engineering contractors, and interior designers.

We are principally involved in the provision and maintenance of BMS, solar thermal systems and energy saving services. We also provide maintenance services for other systems and equipment.

(i) BMS

Our BMS focus on systems integration of building facilities to provide automation, energy saving services as well as centralising the management of the building facilities such as centralised air conditioning, lighting, elevator, escalator, electrical, communication devices, process utilities, security and building access. Commonly, these are linked to an on-site centralised control room within the building, and in some cases, these facilities are also connected to our command and control centre at our Headquarters in Kajang, Selangor. BMS accounted for 73.94%, 51.47%, 67.88%, 75.53% and 63.78% of our total revenue for FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively.

Within this business segment, we are involved in the following:

- (a) Systems integration of BMS; and
- (b) Maintenance of BMS

(ii) Solar thermal systems and energy saving services

Our solar thermal systems and energy saving services focus on solar thermal hot water system, mainly for heavy users of hot water such as hospitals, and in some cases, it includes retrofitting fluorescent lighting to use LED lights as a means to reduce fossil fuels and electricity consumption respectively. Our solar thermal hot water system uses sunlight directly to heat water. This segment of our services focuses on helping our

3. PROSPECTUS SUMMARY (CONT'D)

customers save on energy which will reduce their carbon footprint of their operations. Solar thermal systems and energy saving services accounted for 19.68%, 45.26%, 29.74%, 21.54% and 23.88% of our total revenue for FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively.

Our solar thermal systems and energy saving services segment comprises the following:

- (a) Energy performance services;
- (b) Installation of solar thermal hot water systems and solar PV systems; and
- (c) Maintenance of solar thermal hot water and cooling systems.

(iii) Maintenance of other systems and equipment

During the FY Under Review and FP 2024, we also provide maintenance of other systems and equipment comprising gas fired chillers and chilled water system, which accounted for 6.38%, 3.27%, 2.38%, 2.93% and 12.34% of our total revenue for FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively.

Please refer to Section 7 of this Prospectus for further details of our business activities.

3.4 OUR COMPETITIVE ADVANTAGES AND KEY STRENGTHS

Our competitive advantages and key strengths are as follows:

(i) We have an established track record of approximately 17 years to serve as a reference site for prospective customers

Since the commencement of our business in 2008, we have accumulated a track record of 17 years where we started providing BMS in 2009, solar thermal hot water systems in 2010 and energy performance services in 2019. In addition, we have cultivated long-term business relationships with our customers and this is demonstrated by the fact that 3 out of our top 5 customers for the FY 2023 and 2 out of our top 5 customers for the FP 2024 have been dealing with us for 5 years or more. Our track record provides us with the platform to serve our existing customers as well as prospective new customers to sustain and grow our business.

(ii) We have two revenue streams to grow our business

We have two revenue streams namely the BMS segment, and the solar thermal systems and energy saving services segment.

(iii) Our solar thermal hot water system assists companies to reduce their carbon footprint

Our solar thermal hot water system uses sunlight to directly heat the water while other hot water system uses either diesel, LPG or electricity. LPG and diesel are non-renewable fossil fuels which contribute to greenhouse gas emissions mainly in the form of carbon dioxide.

The use of renewable energy in our solar thermal hot water system would appeal to prospective customers who are seeking to reduce their carbon footprint and improve their responsibilities to the environment.

(iv) We have the technical expertise and certifications to meet our customers' requirements in BMS and solar thermal systems and energy saving services

We have the technical and engineering expertise to meet our customers' requirements in the provision and maintenance of BMS, solar thermal systems and energy saving services. As at the LPD, in addition to our Executive Directors who are engineers, we are supported by engineers in various departments.

3. PROSPECTUS SUMMARY (CONT'D)

In addition, we have the relevant registrations including registration as an Energy Service Company and registration as electric contractor with the Energy Commission Malaysia, Grade 7 contractor and Grade 4 contractor with CIDB, registration with the Ministry of Finance, which demonstrates our capability to meet our customers' requirements.

(v) We have our brands to help facilitate brand awareness and customer loyalty

We have our brands of key equipment and software for BMS including DDC and central controllers manufactured by a third party which are rebranded and marketed under our "Tri-IO" brand. We also have our brand of solar thermal collectors which are manufactured by a third party that is rebranded and marketed under our "SDC" brand.

(vi) We have experienced Directors and key senior management team to grow our business

We have experienced Directors and key senior management team that is headed by our Managing Director, Edison Kong, who brings with him approximately 18 years and 17 years of experience in BMS and renewable energy respectively. He is responsible for the overall strategic direction, growth and development of our Group. He is supported by our Executive Director, Eileen Liuk who brings with her 22 years of experience in sales and marketing.

Please refer to Section 7.5 of this Prospectus for further details of our Competitive Advantages and Key Strengths.

3.5 IMPACT OF THE COVID-19 PANDEMIC

The Government of Malaysia implemented several measures to contain the spread of the COVID-19 pandemic in the country commencing from 18 March 2020. These measures include restrictions on the movement of people within Malaysia and internationally, and restrictions on business, economic and social activities.

Following the implementation of the MCO by the Government of Malaysia, our business operations at our Headquarters were temporarily shut down for 83 days from 18 March 2020 to 9 June 2020. We resumed operations at our Headquarters on 10 June 2020. During FY 2020, there were no material cancellations or suspensions in purchase orders from our customers that were attributed to COVID-19 pandemic.

During FY 2021, we did not experience any material interruptions to our business operations in Malaysia as we continued to operate according to the specified guidelines and SOP including specified workforce capacity during the respective periods. This was reflected in the increase in our revenue by 19.61% to RM17.59 million in FY 2021.

During FY 2022, there were no COVID-19 pandemic interruptions to our business operations in Malaysia and our revenue further increased by RM1.05 million to RM18.65 million in FY 2022.

There were no COVID-19 pandemic interruptions to our business operations in Malaysia in FY 2023 and FP 2024. Between FY 2022 and FY 2023, our revenue increased by RM7.97 million to RM26.62 million in FY 2023. Meanwhile, our revenue for FP 2024 increased by RM2.14 million compared to FP 2023, to RM8.95 million.

Please refer to Sections 7.15.1 and 7.15.2 of this Prospectus for further details of the impact of COVID-19 pandemic on our Group.

3. PROSPECTUS SUMMARY (CONT'D)

3.6 BUSINESS STRATEGIES AND PLANS

Our business strategies and plans will continue to focus on our current core competencies in the provision of BMS and solar thermal systems and energy saving services to grow our business. In addition, we plan to address opportunities in solar PV systems. We intend to implement these business strategies and plans from 2024 to 2027. Our business strategies and plans are as follows:

(i) Expand our Headquarters

Our Headquarters is located on a land area of 4,628 sq. ft., of which the building of our Headquarters stands on 2,983 sq. ft. The remaining 1,645 sq. ft. of the land area is currently vacant.

Ahead of our business expansion plan to focus on our current core competencies in the provision of BMS and solar thermal systems and energy saving services and addressing opportunities in solar PV systems, we have earmarked RM1.90 million from our proceeds for the expansion of our Headquarters by constructing a new extension on the remaining vacant land, which will increase the built-up area of our existing Headquarters from 8,320 sq. ft. to approximately 14,000 sq. ft.

(ii) Purchase new tools and equipment for our BMS segment and solar thermal systems and energy saving services segment

We currently utilise tools and equipment to carry out our systems integration and maintenance of BMS, and installation and maintenance of solar thermal hot water systems (under our energy performance services and as a standalone business activity). We plan to purchase the additional tools, equipment and vehicles to enhance our productivity and service delivery of these business activities.

(iii) Purchasing and subscribing for ICT software and services to improve our business operations

As part of our business strategy, we intend to purchase and subscribe to ICT software and services to improve our ICT resources.

(iv) Address opportunities in solar PV systems

As part of our business strategy, we intend to commence the solar PV system business based on the power purchase agreement (“PPA”) mode of operation. Under this mode of operation, we will enter into a PPA with the customer. We will provide the whole or partial initial capital investment to design, supply, install and maintain the solar PV system at the customer’s premises during the contract period. We intend to target prospective customers that wish to reduce electricity costs, as well as reduce the carbon footprint of their operations.

Please refer to Section 7.19 of this Prospectus for further details of our business strategies and plans.

3.7 RISK FACTORS

An investment in our Shares involves a number of risks, many of which are beyond our control. Before deciding to invest in our Shares, you should carefully consider all the information contained in this Prospectus, including the risk factors set out in Section 9 of this Prospectus, the key risks of which have been summarised as follows:

3. PROSPECTUS SUMMARY (CONT'D)

(i) We are dependent on certain major customers

For the FY Under Review and FP 2024, we are dependent on two of our top 5 customers, namely One Medicare Sdn Bhd and Pembinaan Mitrajaya Sdn Bhd as each of these customers accounted for 10.00% or more of our total revenue in at least 3 FY Under Review and FP 2024.

(ii) Our business and financial performance are dependent on our ability to continually secure new and sizeable projects to ensure the sustainability and growth of our business

The nature of our business comprises project based revenue and ad hoc maintenance services which generate non-recurrent revenue. In addition, we have businesses that generate recurrent revenue including energy performance services and maintenance services. Our business is typically based on competitive bidding or requests for proposals. As such, we have to continually submit bids and proposals to compete against other service providers in order to secure new projects. As at the LPD, we have a total unbilled order book of RM22.78 million of which we expect to recognise approximately 72.28% as revenue in FY 2024 if the work is carried out according to schedule, leaving the remaining 27.72% to be recognised as revenue in FY 2025 and FY 2026. We expect to recognise this revenue from on-going systems integration of BMS projects (typical project period ranges from 1 to 3 years) and from on-going energy performance services contracts (up to 2025). There is a risk that we may not be able to secure sufficient new and sizeable projects to sustain or grow our business which would materially affect our future financial performance.

(iii) We may face early termination or suspension of our contracts which may adversely affect our financial performance

Our business operations in BMS, solar thermal systems and energy saving services, and maintenance of solar thermal cooling systems and gas fired chillers are based on contractual agreements with customers and these may be terminated or suspended before our specified scope of works are completed. The early termination or suspension of any contracts may adversely affect our financial performance if we are unable to recover our expenses before the termination of the contract as well as foregone potential revenue and profit. The risk of early termination or suspension of our project based contracts may be due to, among others, material non-performance of obligations by either party, by court order, insolvency, default of payment by customers, mutual agreement, inability to fulfil the terms and conditions of our contract, or factors beyond our control. For the FY Under Review, FP 2024 and up to the LPD, we experienced a suspension in one of our projects relating to the supply, delivery, installation, testing and commissioning of the building management systems for a hotel and a service apartment in Klang, Selangor which was secured in June 2015. The total contract value for the project was RM0.62 million. In 2020, we suspended our installation works as there was no notification from our customer to proceed to the next stage of the project. Prior to the suspension of the project in 2020, we have completed approximately 70% of the total project which amounted to contract value of RM0.43 million and as at the LPD, this amount has been fully collected. In addition, as at the LPD, we have two long-standing on-going systems integration of BMS projects where recent progress has been slow-moving as we are unable to continue to carry out our scope of work due to factors beyond our control, such as delayed completion of work from the main contractor.

(iv) As our customers' concessions with MOH will be expiring in 2025, we face the risk of not being able to secure any new energy performance service contracts in respect of this group of customers until their concession agreements with MOH are successfully renewed

For the FY Under Review, FP 2024 and up the LPD, we serve customers which comprise companies who are holding concessions for providing public hospital support services in Malaysia. Our customers' concession agreement period for providing public hospital

3. PROSPECTUS SUMMARY (CONT'D)

support services with the MOH will expire by March 2025. As at the LPD, we have 6 subsisting energy performance service contracts with such customers where our role is to install new solar thermal hot water systems and integrated with the existing fossil fuel boiler system, and for some contracts, it includes retrofitting the existing fluorescent lighting with LED lighting. As our customers' concession agreements will be expiring by March 2025, there is a risk that our customers would not be seeking to enter into any new energy performance service contracts until their concession agreements are successfully renewed in 2025.

(v) Our business and financial performance may be affected by increases in the costs of our projects

An increase in the cost of the systems integration of BMS and/or installation of solar thermal hot water systems and/or provision of energy saving and maintenance services may adversely affect our profitability. Increases in costs may be caused by, among others, increases in the costs of labour, equipment, materials, subcontractors' fees and overheads. There is a risk that our profitability may be adversely affected if we are not able to adequately factor in potential price increases of materials and services into our contracts or if we have to absorb any unanticipated cost increases in the duration of our contracts or if we have to incur cost to carry out additional works based on instructions given by the customer which are still pending confirmation of variation order from the customer. During the FY Under Review, we experienced an overall gross loss of RM0.22 million for a BMS project which commenced in FY 2019 and was completed in FY 2022. This was mainly due to cost incurred for the additional works done as per written instructions given by the customer. However, the additional works done was still pending issuance of variation orders by the customer. Subsequently in FY 2024, we received the confirmed variation order from the customer and recognised revenue for the work done which resulted in the overall gross loss from this project being reduced to RM0.02 million.

3.8 DIRECTORS AND KEY SENIOR MANAGEMENT

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

Name	Designation
<u>Directors</u>	
Ir. Dr. Khairul Azmy Bin Kamaluddin	Independent Non-Executive Chairman
Edison Kong	Non-Independent Managing Director
Eileen Liuk	Non-Independent Executive Director
YM Raja Nor Azlina Binti Raja Azhar	Independent Non-Executive Director
Wong Poh May	Independent Non-Executive Director
Wong Keng Fai	Independent Non-Executive Director
<u>Key Senior Management</u>	
Edison Kong	Non-Independent Managing Director
Eileen Liuk	Non-Independent Executive Director
Ed Kamil Bin Md Bashah	Project Director
Khoirol Suhardi Bin Shaaban	Technical Director
Mohd Hanafy Bin Rasimon	Project Director
Gan Yee Shan	Finance Manager

Please refer to Section 5 of this Prospectus, for further details on our Directors and Key Senior Management.

3. PROSPECTUS SUMMARY (CONT'D)

3.9 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The details of our Promoters and Substantial Shareholders and their respective shareholdings in our Company before our IPO (after completion of the Acquisition) and after our IPO are as follows:

Name	Nationality	Before our IPO and after the completion of the Acquisition				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Promoters and Substantial Shareholders									
Edison Kong	Malaysian	274,637,224	90.00	⁽³⁾ 30,515,236	10.00	274,637,224	64.80	⁽³⁾ 30,515,236	7.20
Eileen Liuk	Malaysian	30,515,236	10.00	⁽⁴⁾ 274,637,224	90.00	30,515,236	7.20	⁽⁴⁾ 274,637,224	64.80

Notes:

- (1) Based on the total number of 305,152,460 Shares before our IPO and after the completion of the Acquisition.
- (2) Based on the enlarged total number of 423,822,460 Shares after our IPO.
- (3) Deemed interested by virtue of his spouse, Eileen Liuk's shareholdings pursuant to Section 197 of the Act.
- (4) Deemed interested by virtue of her spouse, Edison Kong's shareholdings pursuant to Section 197 of the Act.

Our Promoters and Substantial Shareholders do not have different voting rights from other shareholders of our Company as all our Shares before and after our IPO are of the same class.

Please refer to Section 5.1 of this Prospectus, for further details on our Promoters and Substantial Shareholders.

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3. PROSPECTUS SUMMARY (CONT'D)

3.10 USE OF PROCEEDS

We expect to use the gross proceeds from the Public Issue of approximately RM45.09 million in the following manner:

Details of use of proceeds	Section	RM'000	%	Estimated timeframe for the use of proceeds from date of Listing
Expand our Headquarters	4.8.1	1,900	4.21	Within 24 months
Tender bonds and/or performance bonds for future projects	4.8.2	5,000	11.09	Within 24 months
Purchase of materials for BMS segment, and solar thermal systems and energy saving services segment	4.8.3	18,700	41.47	Within 36 months
General working capital	4.8.4	12,673	28.10	Within 36 months
Capital Expenditure	4.8.5	2,522	5.59	Within 36 months
Estimated listing expenses	4.8.6	4,300	9.54	Within 3 months
Total		45,095	100.00	

Please refer to Section 4.8 of this Prospectus for further details on our use of proceeds from the Public Issue. There is no minimum subscription in terms of proceeds to be raised from our IPO. Please refer to Section 4.3.4 for more details.

3.11 FINANCIAL HIGHLIGHTS

The key information of the audited combined financial statements of SDCG Group for the FY Under Review and FP Under Review are set out below:

	Audited				Unaudited	Audited
	FY 2020	FY 2021	FY 2022	FY 2023	FP 2023	FP 2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	14,709	17,594	18,648	26,622	6,811	8,948
GP	6,031	9,059	10,678	14,352	3,371	4,884
Other income	23	360	41	25	6	27
PBT	2,761	6,291	6,459	8,680	1,123	2,518
PAT attributable to:						
Owners of the Company	1,999	4,217	5,195	6,345	784	1,811
Non-controlling interests	(15)	8	(11)	-	-	-
	1,984	4,225	5,184	6,345	784	1,811
GP margin (%)	41.00	51.49	57.26	53.91	49.49	54.58
PBT margin (%)	18.77	35.76	34.64	32.60	16.49	28.14 ⁽¹⁾
PAT margin (%)	13.49	24.01	27.80	23.83	11.51	20.24 ⁽¹⁾

3. PROSPECTUS SUMMARY (CONT'D)

Note:

(1) *The lower PBT margin and PAT margin for FP 2024 as compared to FY 2023 was mainly due to the higher administrative expenses. This was reflected in the higher proportion of administrative expenses over revenue of 26.06% for FP 2024 as compared to 18.90% for FY 2023. The higher administrative expenses for FP 2024 were attributed to higher staff costs due to higher salaries as well as bonus payments during the FP 2024. Please refer to Section 12.2.7 of the Prospectus for further details.*

Further details of the historical financial information relating to our Group are set out in Section 12 of this Prospectus.

3.12 DIVIDEND POLICY

We allow our shareholders to participate in the profits of our Group as well as leaving adequate reserves for the future growth of our Group. Nonetheless, our Company does not have any formal dividend policy.

Our ability to distribute dividends to our shareholders is subject to various factors, such as profits recorded and excess funds not required to be retained for the working capital of our business. Our ability to declare and pay dividends is subject to the discretion of our Board.

Our Company is a holding company and we conduct substantially all of our operations through our Subsidiaries. Accordingly, an important source of our income and an important factor in our ability to pay dividends is the amount of dividends and distributions that our Company receives from our Subsidiaries. The ability of our Subsidiaries to pay dividends or make other distributions to our Company in the future will depend on their operating results, earnings, capital requirements, general financial condition and any applicable laws.

The dividends declared and paid by our Group for the FY Under Review and FP 2024 are set out below:

	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FP 2024</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Dividends declared	-	4,000	4,300	2,000	-
Dividends paid	-	2,000	⁽²⁾ 6,300	2,000	-
PAT	1,984	4,225	5,184	6,345	1,811
Dividend payout ratio ⁽¹⁾	-	47.34%	121.53%	31.52%	-

Notes:

(1) *Computed as dividends paid divided by PAT.*

(2) *Including RM2.00 million of final dividend declared in FY 2021 and RM4.30 million of dividend declared in FY 2022.*

Further details of our dividend policy are set out in Section 12.8 of this Prospectus.

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4. DETAILS OF OUR IPO

4.1 OPENING AND CLOSING OF APPLICATION PERIOD

The Application period will open at 10.00 a.m. on 28 August 2024 and will remain open until 5.00 p.m. on 6 September 2024. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

4.2 INDICATIVE TIMETABLE

The following events are intended to take place on the following indicative time and/or date:

Event	Time / date
Issuance of the Prospectus / Opening of Applications	10.00 a.m. / 28 August 2024
Closing date of Applications	5.00 p.m. / 6 September 2024
Balloting of Applications	10 September 2024
Allotment of our IPO Shares to successful Applicants	18 September 2024
Listing on the ACE Market	19 September 2024

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

4.3 PARTICULARS OF OUR IPO

4.3.1 Public Issue

Our Public Issue, representing approximately 28.00% of our enlarged number of issued Shares, are offered at the IPO Price is subject to the terms and conditions of this Prospectus and shall be allocated in the following manner:

IPO details	Notes	No. of Shares	Percentage of the enlarged issued Shares (%) ⁽¹⁾
Public Issue			
Malaysian Public via balloting	(i)	21,192,000	5.00
Eligible Persons	(ii)	21,192,000	5.00
Private placement to selected investors	(iii)	76,286,000	18.00
Total		118,670,000	28.00

Note:

(1) Based on the enlarged issued share capital of 423,822,460 after the IPO.

(i) Malaysian Public

21,192,000 new Shares, representing approximately 5.00% of our enlarged number of issued Shares will be made available for application by the Malaysian Public through a balloting process as follows:

- (a) 10,596,000 new Shares, representing approximately 2.50% of our enlarged number of issued Shares, made available to Bumiputera Malaysian Public; and

4. DETAILS OF OUR IPO (CONT'D)

- (b) 10,596,000 new Shares, representing approximately 2.50% of our enlarged number of issued Shares, made available to Malaysian Public.

(ii) Eligible Persons

21,192,000 new Shares, representing approximately 5.00% of our enlarged number of issued Shares, are reserved for application by the Eligible Persons under the Pink Form Allocations in the following manner:

Eligible Persons	Note	No. of Eligible Persons	Number of Shares allocated
Eligible Directors of our Company	(1)	4	1,665,000
Eligible employees of our Group	(2)	28	14,252,000
Persons who have contributed to the success of our Group	(3)	25	5,275,000
Total		57	21,192,000

The criteria of allocation to the eligible Directors, eligible employees and persons who have contributed to the success of our Group are as follows:

(1) Criteria of allocation to the eligible Directors

The basis and criteria for allocation to our eligible Directors is based on, amongst others, their respective roles, responsibilities, and their anticipated contribution to the Group. The allocation of new Shares to our eligible Directors is as follows:

Name of eligible Director	Designation	No. of Shares allocated
Ir. Dr. Khairul Azmy Bin Kamaluddin	Independent Non-Executive Chairman	555,000
YM Raja Nor Azlina Binti Raja Azhar	Independent Non-Executive Director	370,000
Wong Poh May	Independent Non-Executive Director	370,000
Wong Keng Fai	Independent Non-Executive Director	370,000
Total		1,665,000

(2) Criteria of allocation to the eligible employees

The basis and criteria for the Pink Form Allocations to the eligible employees of the Group as approved by our Board, are based on the following factors:

- (a) the eligible employee must be a full-time confirmed employee and on the payroll of our Group and who has not submitted his/her resignation as at the LPD prior to the issuance of the Prospectus; and
- (b) the number of new Shares allocated to the eligible employee is based on, amongst others, seniority within our Group, length of service, as well as past performance and contributions made to our Group.

4. DETAILS OF OUR IPO (CONT'D)

The number of new Shares to be allocated to our Key Senior Management is as follows:

<u>Name of eligible employee</u>	<u>Designation</u>	<u>No. of Shares allocated</u>
Ed Kamil Bin Md Bashah	Project Director	3,700,000
Khoirol Suhardi Bin Shaaban	Technical Director	3,700,000
Mohd Hanafy Bin Rasimon	Project Director	3,700,000
Gan Yee Shan	Finance Manager	806,000
Total		11,906,000

- (3) The criteria for allocation to persons who have contributed to the success of our Group, comprising our customers, suppliers and business associates, is based on, amongst others, their length of business relationship with our Group, past contribution to our success and/or potential contribution to our Group in the future.

As at the LPD, save as disclosed in Section 4.3.1 of this Prospectus, to the extent known to our Company:

- (a) there are no Substantial Shareholders, Directors or Key Senior Management of our Company who intend to subscribe for our new Shares save for the new Shares made available for application under the Pink Form Allocations; and
- (b) there are no person who intends to subscribe for more than 5% of our new Shares.

(iii) Private placement

76,286,000 new Shares, representing approximately 18.00% of our enlarged number of issued Shares, will be made available by way of private placement to selected investors.

4.3.2 Placement, underwriting and allocation of our new Shares

A summary of our new Shares to be allocated under our IPO (subject to the clawback and reallocation provisions as set out in Section 4.3.3 of this Prospectus) is as follows:

Our Underwriter has fully underwritten the following:

- (i) all the 21,192,000 new Shares which are to be subscribed by the Malaysian Public; and
- (ii) all the 21,192,000 new Shares which are to be subscribed by the Eligible Persons by way of Pink Form Allocations.

Please refer to Section 4.10 of this Prospectus for the salient terms of the Underwriting Agreement.

The 76,286,000 new Shares made available for private placement to be subscribed by selected investors will not be underwritten. Irrevocable undertakings will be obtained from the selected investors to subscribe for the aforementioned new Shares made available under private placement.

4. DETAILS OF OUR IPO (CONT'D)

4.3.3 Clawback and reallocation

Our IPO Shares will be subject to the following clawback and reallocation provisions:

(i) Malaysian Public via balloting

In the event that there are Shares which are not subscribed by the Malaysian Public, the remaining portion unsubscribed will be made available for application and offered to the selected investors under Section 4.3.1(iii) of this Prospectus.

Any further Shares which are not subscribed for after being allocated and offered to the selected investors under Section 4.3.1(iii) of this Prospectus, such Shares shall be subscribed by our Underwriter and/or its nominees in accordance with the salient terms of the Underwriting Agreement.

(ii) Eligible Persons

Any Pink Form Allocations which are not subscribed by any of the Eligible Persons shall be offered to other Eligible Persons of the Group (excluding Directors of the Company). Thereafter any unsubscribed Shares under Pink Form Allocations will be offered to the Malaysian Public under Section 4.3.1(i) and the selected investors via private placement under Section 4.3.1(iii) of this Prospectus.

Thereafter, any remaining Pink Form Allocations which are not subscribed for will be subscribed by our Underwriter and/or its nominees in accordance with the salient terms of the Underwriting Agreement.

(iii) Private Placement to the Selected Investors

In the event of under-subscription of the Shares by the selected investors by way of private placement, the remaining unsubscribed portion will be clawed back and reallocated to the Malaysian Public under Section 4.3.1 (i) of this Prospectus.

The clawback and reallocation provisions will not apply in the event if there is an over-subscription in all the allocations of our Shares at the closing date of our IPO.

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 requirement of Bursa Securities and to establish a liquid market for our Shares.

There is no over-allotment or "greenshoe" option that will result in an increase in the number of our IPO Shares.

4.3.4 Minimum subscription level

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

Under the Listing Requirements, we are required to have at least 25.00% of our total number of issued Shares to be held by a minimum of 200 public shareholders holding not less than 100 Shares each. This is the minimum subscription level in terms of the number of Shares.

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

4. DETAILS OF OUR IPO (CONT'D)

If the public spread requirement is not met, we may not be permitted to proceed with our Listing. In such event, monies paid in respect of any application for our IPO Shares will be returned in full, without interest or any share of revenue or benefits arising therefrom. If such monies are not returned in full within 14 days after we become liable to do so, the provision of Section 243(2) of the CMSA shall apply accordingly.

4.3.5 Price stabilisation mechanism

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

4.4 SHARE CAPITAL, CLASSES OF SHARES AND RANKINGS

4.4.1 Share capital

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

	No. of Shares	RM
Issued share capital after the Acquisition	305,152,460	15,257,718
Shares to be issued under the Public Issue	118,670,000	45,094,600
Enlarged issued share capital upon Listing	423,822,460	60,352,318

IPO Price per Share 0.38

Market capitalisation upon Listing (based on IPO price and enlarged number of issued Shares upon Listing) 161,052,535

Pro forma combined NA per Share (based on the pro forma combined statement of financial position as at 31 May 2024 after the Acquisition, Public Issue and the intended use of proceeds) ⁽¹⁾0.15

Note:

(1) *Based on the pro forma combined NA after the IPO and adjusting for the use of proceeds from the Public Issue of RM45.09 million and the enlarged issued share capital of 423,822,460 Shares after the IPO.*

4.4.2 Classes of shares and ranking

As at the date of this Prospectus, we only have one class of Shares, being ordinary shares in our Company.

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

Subject to any special rights attaching to any Shares which we may issue in the future, our shareholders will, in proportion to the number of Shares held by them, be entitled to share in the profits paid out by us in the form of dividends and other distributions. Similarly, if our

4. DETAILS OF OUR IPO (CONT'D)

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 every general meeting of our Company, a resolution put to the vote of the meeting shall be decided by way of poll. Each shareholder will be entitled to vote in person, by proxy, by attorney or by other 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.

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

4.5 BASIS OF ARRIVING AT THE IPO PRICE OF OUR IPO SHARES

Our Directors, Promoters, Principal Adviser, Underwriter and Placement Agent have determined and agreed on the IPO Price of RM0.38 per IPO Share based on the following factors:

- (i) the PE Multiple of approximately 25.38 times based on SDCG's EPS of approximately 1.50 sen for the FY 2023 calculated based on the PAT attributable to the owners of the Company for the FY 2023 of RM6.35 million and SDCG' enlarged issued share capital of 423,822,460 upon Listing;
- (ii) the Group's audited combined financial performance for the FY Under Review and FP 2024 is summarised as follows:

	Audited				
	FY 2020	FY 2021	FY 2022	FY 2023	FP 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	14,709	17,594	18,648	26,622	8,948
GP	6,031	9,059	10,678	14,352	4,884
PAT attributable to:					
- Owners of the Company	1,999	4,217	5,195	6,345	1,811
EPS (sen) ⁽¹⁾	0.47	0.99	1.23	1.50	⁽²⁾ 1.03

Notes:

- (1) Calculated based on PAT attributable to the owners of the Company divided by the enlarged issued share capital of 423,822,460 Shares after the IPO.
 - (2) Calculated based on annualised PAT attributable to the owners of the Company for the FP 2024.
- (iii) The pro forma combined NA per Share of RM21.44 as at 31 May 2024 and RM0.15 after the IPO, which was computed based on the following:
 - the audited combined NA as at 31 May 2024, the IPO and its subsequent utilisation of proceeds from the Public Issue; and
 - the enlarged number of issued Shares of 423,822,460 Shares upon Listing.
 - (iv) our competitive advantages and key strengths as set out in Section 7.5 of this Prospectus;
 - (v) our business strategies and plans as set out in Section 7.19 of this Prospectus; and
 - (vi) the IMR Report as set out in Section 8 of this Prospectus.

4. DETAILS OF OUR IPO (CONT'D)

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

4.6 DILUTION

4.6.1 NA per Share

Dilution is computed as the difference between our IPO Price paid by you for our IPO Shares and the pro forma combined NA per Share of our Group immediately after our IPO.

The following table illustrates the effect of our Group's pro forma combined NA for each Share to our shareholders:

Details		RM
IPO Price	(A)	0.38
Pro forma combined NA per Share as at 31 May 2024 after our Acquisitions and before the Public Issue (based on the issued share capital of 305,152,460 Shares)	(B)	0.07
Pro forma combined NA per Share after the Public Issue and the intended utilisation of proceeds (based on the enlarged issued share capital of 423,822,460 Shares)	(C)	0.15
Increase in the pro forma combined NA per Share attributable to the existing shareholders (after the Public Issue and the intended use of proceeds)	(C) – (B)	0.08
Dilution in the pro forma combined NA per Share to new investors	(A) – (C)	0.23
Dilution in the pro forma combined NA per Share to new investors as a percentage of the IPO Price	$[(A) - (C)] / (A)$	60.53%

Further details of our pro forma combined NA per Share as at 31 May 2024 is set out in Section 13 of this Prospectus.

4.6.2 Effective Cost per Share

Save as disclosed below, there has been no acquisition of any of our Shares by our Promoters, substantial shareholders, Directors and/or Key Senior Management or persons connected with them, or any transaction entered into by them which grants them the right to acquire any of our Shares from the date of our incorporation up to the date of this Prospectus:

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4. DETAILS OF OUR IPO (CONT'D)

Name	(¹) No. of Shares	(²) Total Consideration (RM)	Average effective cost per Share (RM)
Edison Kong	274,637,224	13,731,956	0.05
Eileen Liuk	30,515,236	1,525,762	0.05

Notes:

(1) Issued pursuant to the Acquisition.

(2) Being the consideration for the Acquisition and 100 subscribers' shares.

Save for the above and the Pink Form Allocations to our eligible Directors and Key Senior Management, there has been no other acquisition or subscription of any of our Shares by our Directors, Promoters, Key Senior Management, substantial shareholders and/or persons connected to them, or any transaction entered into by them which grants them the right to acquire any of our existing Shares, in the past 3 years up to the date of this Prospectus.

4.7 OBJECTIVES OF OUR IPO

The objectives of our IPO are as follows:

- (i) to enable our Group to raise funds for the purposes set out in Section 4.8 of this Prospectus;
- (ii) to enable our Group to gain access to the capital market to raise funds for future business growth opportunities;
- (iii) to provide an opportunity for the Eligible Persons as well as the Malaysian Public to participate in the future performance of our Group by way of equity participation; and
- (iv) to gain recognition through our listing status which will enhance our reputation so as to assist us in expanding our customer base, and retaining and attracting new skilled employees in our industry.

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4. DETAILS OF OUR IPO (CONT'D)

4.8 USE OF PROCEEDS

We expect to use the gross proceeds from the Public Issue of approximately RM45.09 million in the following manner:

Details of use of proceeds	Section	RM'000	%	Estimated timeframe for the use of proceeds from date of Listing
Expand our Headquarters	4.8.1	1,900	4.21	Within 24 months
Tender bonds and/or performance bonds for future projects	4.8.2	5,000	11.09	Within 24 months
Purchase of materials for BMS segment, and solar thermal systems and energy saving services segment	4.8.3	18,700	41.47	Within 36 months
General working capital	4.8.4	12,673	28.10	Within 36 months
Capital expenditure	4.8.5	2,522	5.59	Within 36 months
Estimated listing expenses	4.8.6	4,300	9.54	Within 3 months
Total		45,095	100.00	

Further details of the proposed use of the gross proceeds from the Public Issue are as follows:

4.8.1 Expand our Headquarters

Our current Headquarters is at a 3-storey shop office unit with a built-up area of approximately 8,320 sq. ft., which we own in Kajang, Selangor. Our Headquarters is located on a land area of 4,628 sq. ft., of which the building of our Headquarters stands on 2,983 sq. ft. The remaining 1,645 sq. ft. of the land area is currently vacant.

We have existing workstations to accommodate up to 26 employees, although our current workforce is 53 employees as at the LPD. Our employees from project department and technical and servicing department are primarily stationed at their respective project sites for project implementation and/or occupy the shared workstations at our Headquarters.

Ahead of our business expansion plan to focus on our current core competencies in the provision of BMS and solar thermal systems and energy saving services and addressing opportunities in solar PV systems, we have earmarked RM1.90 million from our proceeds for the expansion of our Headquarters by constructing a new extension on the remaining vacant land, which will increase the built-up area of our existing Headquarters from 8,320 sq. ft. to approximately 14,000 sq. ft. The expansion of the Headquarters is expected to incorporate dedicated floor space for the following:

Floor	Purpose	
	Existing Headquarters as at the LPD	Headquarters after expansion
Ground	<ul style="list-style-type: none"> Reception Showroom Storage room 	<ul style="list-style-type: none"> Reception Showroom Storage room New meeting room which is able to accommodate more than 20 personnel

4. DETAILS OF OUR IPO (CONT'D)

Floor	Purpose	
	Existing Headquarters as at the LPD	Headquarters after expansion
First	<ul style="list-style-type: none"> 10 workstations for finance, sales, procurement, administrative and human resources departments Discussion room 	<ul style="list-style-type: none"> Estimated 18 workstations for finance, sales, procurement, administrative and human resources departments Discussion room
Second	<ul style="list-style-type: none"> Command and control centre 16 share workstations for the project department and technical and servicing department 	<ul style="list-style-type: none"> Command and control centre Estimated 26 share workstations for the project department and technical and servicing department New discussion room

As at the LPD, we have appointed the professional consultants for the expansion of the Headquarters. Based on their preliminary assessment, each floor of the Headquarters will increase from approximately 2,700 sq. ft. to approximately 4,875 sq. ft. which will be allocated for the abovementioned purposes. The details of the building plan are targeted to be submitted to the Majlis Perbandaran Kajang for approval in the 4th quarter of 2024.

The breakdown of the RM1.90 million allocated the expansion of our Headquarters is as follows:

Details	(1) Estimated Costs RM'000
Construction works (including mechanical and electrical as well as infrastructure works)	1,500
Professional fees ⁽²⁾	225
Renovation, interior fit-out and furnishing	175
Total	1,900

Notes:

(1) Based on fees estimated by our professional consultants.

(2) Comprises professional fees for architect, civil and structural engineers, mechanical and electrical engineers, and quantity surveyor.

The indicative timeline for the expansion of our Headquarters is as follows:

Estimated timeline	Milestones
4th quarter of 2024	Submission of building plan to Majlis Perbandaran Kajang
2nd quarter of 2025	Approval of building plan obtained
3rd quarter of 2025	Commencement of construction works
2nd quarter of 2026	<ul style="list-style-type: none"> Completion of construction works, renovation, interior fit-out and furnishing Application for Certificate of Completion and Compliance
4th quarter of 2026	Certificate of Completion and Compliance obtained

Pending the completion of the expansion of the Headquarters, we may consider to temporarily renting additional office in the vicinity of our Headquarters in Kajang, Selangor, if necessary. As at the LPD, our current space limitations remain manageable, primarily due to the deployment of our employees from the project department and technical and servicing departments who are stationed at various project sites for project implementation.

Upon completion of the expansion of the Headquarters, our Headquarters will increase from 26 workstations to 44 workstations, which will be sufficient to house our employees as our

4. DETAILS OF OUR IPO (CONT'D)

employees from the project department and technical and servicing department will still be primarily stationed at their respective project sites for project implementation and/or share workstations in our Headquarters.

In the event that our actual costs for the expansion of the Headquarters are higher than estimated, the deficit will be funded out of the portion allocated for our administration and other operating expenses under the working capital requirements and/or internally generated funds. However, if our actual costs are lower than estimated, the excess will be utilised for our Group's working capital.

4.8.2 Tender bonds and/or performance bonds for future projects

We intend to allocate RM5.00 million of our proceeds for tender bonds and/or performance bonds for our future projects. A tender bond is required as part of the tender process and is replaced by a performance bond when the project commences. The projects we may tender or commence after successful bidding process may progress at different stages. A tender bond may be valid for a period of up to 6 to 12 months from the date of tender closing, and performance bonds allocated across various projects until completion which typically last between 1 to 3 years. We anticipate utilising the RM5.00 million within the 24 months following our Listing, as and when needed for either tender bonds and/or performance bonds for various projects. The allocation of our proceeds will improve our liquidity and cash flow position, which would place us in a better position to expand our projects portfolio in our BMS, solar thermal systems and energy saving services segments.

Before we bid or tender for projects, we conduct a preliminary assessment based on the project requirements, customer background, and the adequacy of our resources, including our workforce capacity and available funds, before deciding to participate in the tender. Thereafter, if required, we would commonly submit tender bonds, in the form of banker's cheque via our internally generated funds, to the prospective customers. Similarly, performance bonds are commonly required to be provided to the customers, in the form of bank guarantee via utilisation of the banking facility, upon execution of the contracts awarded.

In some cases, the purpose of a tender bond to be submitted along with the tender bid document is to provide a guarantee to the customer that we will undertake the project if we are awarded. We secure these contracts through the submission of tender bids or private proposals. The tender bond value is set not more than 5.00% depending on the tender. The validity of a tender bond lapses upon the end of the tender period. Generally, in the event we are awarded with the project, the tender bond will be substituted with a performance bond. Conversely, if our bid is not successful, the full amount of the tender bond is refunded. As at the LPD, our Group has provided tender bonds amounting to RM0.04 million in the form of banker's cheques via internally generated fund as our Group is selective in participating in tenders that require tender bonds. The earmarked proceeds would provide our Group with funding to tender for higher value projects with our existing workforce.

On the other hand, for certain projects awarded to us, we are required to provide performance bonds to the awarding party as an assurance or security for us to complete our contractual obligations. The quantum of the performance bonds may differ between projects but is approximately 5.00% of the total contract sum. The performance bond is typically required to remain valid until 12 months upon the issuance of CPC or the expiration of the defect liability period, as the case may be. As at the LPD, our Group has provided performance bonds amounting to RM0.21 million in the form of bank guarantees via utilisation of the banking facilities. As with the tender bonds, our Group would have additional funding from the earmarked proceeds from the Public Issue to undertake higher value projects requiring performance bonds.

As at the LPD, we have adequate workforce and financial resources to undertake both our on-going projects and those projects for which we have tendered. We anticipate that the projects

4. DETAILS OF OUR IPO (CONT'D)

would be awarded in different stages, thus allowing us to allocate our workforce strategically based on the projects' stages. In the event that we reassess and identify the need for additional resources, particularly in terms of workforce, due to increased project size and complexity, we would increase our workforce, if necessary, via internally generated funds. If any of these projects are awarded, they may be funded by a combination of our internally generated funds, our existing cash balances, bank borrowings, trade creditors (through higher credit limits and credit periods) and/or IPO proceeds, where applicable.

Subsequent to the completion of the projects and upliftment of the performance bonds, we will reallocate the amount to working capital which will then be used for future performance bonds and/or tender bond.

4.8.3 Purchase of materials for BMS segment and solar thermal systems and energy saving services segment

We have allocated RM18.70 million of our proceeds for purchasing materials for BMS segment and, solar thermal systems and energy saving services segment, with the breakdown as follows:

Details	Note	Estimated Costs RM'000
Purchase of materials for BMS segment	(a)	14,700
Purchase of materials for solar thermal systems and energy saving services segment	(b)	4,000
Total		18,700

(a) Purchase of materials for BMS segment

We intend to allocate RM14.70 million of our proceeds for the purchase of materials for BMS segment. The materials include ICT hardware and software such as DDC, performance sensors and devices, environment sensors, user input devices, and central controllers and related application software. The purchases of materials for BMS segment accounted for 27.04%, 25.07%, 55.25%, 75.64% and 46.67% of our total purchases of materials and services in FY Under Review and FP 2024, respectively. As such, we have earmarked RM14.70 million of our proceeds for the purchase of materials for BMS segment in anticipation of the projects to be awarded to us.

The breakdown for each type of materials for BMS segment to be purchased cannot be determined at this juncture as it is dependent on projects that will be awarded to us.

(b) Purchase of materials for solar thermal systems and energy saving services segment

We intend to allocate RM4.00 million of our proceeds for the purchase of materials for solar thermal systems and energy saving services segment which comprise solar thermal system components, solar thermal system installation materials and other materials.

Solar thermal system components are mainly for installation of solar thermal hot water systems as part of energy performance services and standalone installation of solar thermal hot water systems. The types of solar thermal system components that we purchased include calorifier tanks, solar and other pumps and STCS controller and sensor components. Whereas, solar thermal system installation materials that we purchase such as power cables and electrical components, as well as other equipment which mainly comprise LED lighting equipment and boiling pan, heat pumps and steam generator.

4. DETAILS OF OUR IPO (CONT'D)

The breakdown for each type of solar thermal system components, solar thermal system installation materials and other materials to be purchased cannot be determined at this juncture as it is dependent on projects that will be awarded to us.

4.8.4 General working capital

We have allocated RM12.67 million of our proceeds to supplement our working capital over 36 months from the date of our Listing. The general working capital will be utilised for our day-to-day operations including payments to subcontractors, administration and other operating expenses such as utilities, training expenses, manpower and upkeep of office premises. The details of the utilisation are as follows:

General working capital	RM'000
Payments to subcontractors	8,673
Administration and other operating expenses such as utilities, training expenses, manpower and upkeep of office premises	4,000
Total	12,673

For the FY Under Review and FP 2024, the subcontractor costs accounted for 60.43%, 62.96%, 42.41%, 21.95% and 49.76% of our total purchases of materials and services in FY Under Review and FP 2024, respectively, as shown in Section 7.17 of the Prospectus. This includes installation services and maintenance services for BMS, solar thermal systems and energy saving services, and maintenance of other systems and equipment, under our supervision and management. As such, we have allocated approximately 68.44% of the proceeds raised for general working capital to make payment to subcontractors.

4.8.5 Capital expenditure

We have allocated RM2.52 million of our proceeds on purchasing new equipment, ICT related systems to enhance productivity and service delivery, with the breakdown as follows:

Details	Note	Estimated Costs RM'000
Purchasing new equipment for our BMS segment, and installation and maintenance of solar thermal hot water systems segment	(a)	1,740
Purchasing and subscription of ICT software and services	(b)	782
Total		2,522

(a) Purchasing new equipment for our BMS segment, and installation and maintenance of solar thermal hot water systems segment

We currently utilise tools and equipment to carry out our systems integration and maintenance services for BMS segment, and installation and maintenance of solar thermal hot water systems segment. We plan to purchase the following tools, equipment and vehicles to enhance our productivity and service delivery of these segments, with the estimated cost amounting to RM1.74 million as follows:

Details	Number of units	Estimated Costs RM'000
Pick-up trucks	7	1,120
Forklift	1	55
Drones with thermal sensor	5	265

4. DETAILS OF OUR IPO (CONT'D)

Details	Number of units	Estimated Costs RM'000
Panel cleaning equipment	4	300
Total		1,740

As at the LPD, our Group has 1 pick-up truck. Our Group currently rents forklift(s) as and when required whilst the drones with thermal sensor and panel cleaning equipment is an investment which would allow the Group to increase its capability.

(b) Purchasing and subscription for ICT software and services

We currently operate our command and control centre at our Headquarters to provide centralised monitoring of connected BMS and solar thermal or hybrid hot water systems, which supports our BMS and solar thermal system and energy saving services segments. We also utilise third-party software to support our BMS and solar thermal system and energy saving services segments, and overall administrative functions. We intend to expand our command and control centre functionality and ICT resources to support our business growth by purchasing or subscribing to ICT software and services, with the estimated cost amounting to RM0.78 million as follows:

Details	Estimated Costs RM'000
Command and control centre server and cloud system	450
IoT software	150
Solar irradiance database	48
Computer-aided design software	33
Specialised design software	31
Energy system simulation software	20
Accounting software	50
Total	782

In the event that our actual costs for these capital expenditures are higher than estimated, the deficit will be funded from bank borrowings and/or internally generated funds. However, if our actual costs are lower than estimated, the excess will be utilised for our Group's working capital.

4.8.6 Estimated listing expenses

We have allocated RM4.30 million of our proceeds from the Public Issue for our listing expenses as follows:

Details	Estimated Costs RM'000
Professional fees ⁽¹⁾	2,371
Brokerage, underwriting and placement fees	926
Fees payable to authorities	102
Fees and expenses for printing and advertising	350
Miscellaneous expenses and contingencies ⁽²⁾	551
Total	4,300

Notes:

(1) Includes professional and advisory fees for, amongst others, Principal Adviser, Due Diligence Solicitors, Auditors and Reporting Accountants, IMR, ICR and Company Secretary.

4. DETAILS OF OUR IPO (CONT'D)

(2) *Other incidental or related expenses in connection with the IPO, which include share registrar, issuing house, translators, media related expenses and IPO event expenses.*

If the actual listing expenses are higher than estimated, the shortfall will be funded from the proceeds allocated for our working capital requirements and/or internally generated funds. Conversely, if the actual listing expenses are lower than estimated, the surplus will be used for working capital purposes.

Pending the eventual use of the gross proceeds from the Public Issue for the above intended purposes, we will place such funds in interest-bearing fixed deposit accounts with licensed financial institutions or in short-term money market instruments as our Directors may deem appropriate.

4.9 BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEE

4.9.1 Brokerage

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

4.9.2 Underwriting commission

Mercury Securities, as our Underwriter has agreed to underwrite up to 42,384,000 of our new Shares made available for application by the Malaysian Public and our Eligible Persons (“**Underwritten Shares**”) for an underwriting commission of 3.00% of the total value of the underwritten Shares at the IPO Price in accordance with the terms of the Underwriting Agreement.

4.9.3 Placement fee

Mercury Securities, as our Placement Agent has agreed to place out 76,286,000 of our new Shares to selected investors. We will pay our Placement Agent a placement fee of up to 2.50% of the value of Issue Shares at the IPO Price in accordance with the terms of the Placement Agreement.

4.10 DETAILS OF UNDERWRITING AGREEMENT

We have entered into the Underwriting Agreement with our Underwriter to underwrite the Underwritten Shares, upon the terms and subject to the conditions as set out in the Underwriting Agreement. The capitalised terms used in this section shall have the respective meanings as ascribed thereto in the Underwriting Agreement.

The following are, amongst others, the salient terms of the Underwriting Agreement:

4.10.1 Obligations of our Underwriter

The obligation of our Underwriter to underwrite the Underwritten Shares under the Underwriting Agreement is conditional on the performance of our Company of our obligations under the Underwriting Agreement as at the date of the Underwriting Agreement, date of opening of Applications, date of closing of Applications and/or prior to the date of Listing, as the case may be and conditional on the following:

(a) our Underwriter receiving the certificate in the form or substantially in the form contained in the Underwriting Agreement, one dated on the date of registration of the Prospectus and

4. DETAILS OF OUR IPO (CONT'D)

the other dated on the date of closing of Applications, both of which are to be signed by one of our Directors (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 the closing date of the Applications respectively that:

- (i) there is no occurrence of any change or any development likely to result in a prospective change in the financial position, business operations, cash flows or conditions (financial, operational 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, amongst others, the condition (financial, operational or otherwise), contractual commitments, general affairs, Board, management, business, assets, liquidity, liabilities, prospects, earnings, shareholders' equity, business undertakings, properties; or results of operations of the Company and/or the Group; or the ability of the Company to perform in any respect its obligations under or with respect to, or to consummate the transactions contemplated by the Prospectus or the Underwriting Agreement; or the ability of the Company and/or the Group to conduct its businesses and to own or lease its assets and properties as described in the Prospectus; or the IPO ("**Material Adverse Effect**");
 - (ii) there is no occurrence of any event or the discovery of any facts or circumstances which would render any representations, warranties or undertakings as 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;
 - (iii) 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:
 - (aa) on or after the date of the Underwriting Agreement; and
 - (bb) prior to the closing date of the Applications,
 - 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 consecutive Market Days, it shall be deemed a material adverse change in the stock market condition;
 - (iv) there is no breach by our Company of any of its obligations under the approvals granted for the IPO, Listing and the Underwriting Agreement;
 - (v) all undertakings, representations, warranties and covenants of our Company under the Underwriting Agreement has been complied with and not breached; and
 - (vi) 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 (as approved by our Board to sign on behalf of our Company) to the Underwriting Agreement and stamped within the statutory time frame;

4. DETAILS OF OUR IPO (CONT'D)

- (c) the Prospectus being in the form and substance satisfactory to our Underwriter;
- (d) the issue of the Prospectus not later than one month from the date of Underwriting Agreement or such later date as our Underwriter and our Company may mutually agree in writing;
- (e) the registration of the Prospectus and such other documents as may be required in accordance with the CMSA, the Act and the Listing Requirements in relation to the IPO with Bursa Securities and its lodgement of the same with the Registrar of Companies of Malaysia ("**ROC**") by the date of opening of Applications;
- (f) all necessary approvals including, but not limited to, the approvals referred to in the Underwriting Agreement remaining in full force and effect up to and including the date of Listing and that all conditions to the approvals (except for any which can only be complied with after the Listing has been completed) have been complied with;
- (g) the approval of Bursa Securities for approval of the IPO, the Listing and the admission of our Company to the Official List being obtained on terms acceptable to our Underwriter and the approval 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 Listing has been completed) have been complied with to our Underwriter's reasonable satisfaction;
- (h) our Underwriter being satisfied that our Company will, after the date of opening of Applications and following completion of the closing date of the Applications, be admitted to the Official List and its entire enlarged issued share capital listed and quoted on the ACE Market no later than two months from the date of the Underwriting Agreement unless mutually agreed to in writing by the parties;
- (i) our Underwriter receiving a copy duly certified by a Director or company secretary of our Company to be a true and accurate copy and in full force and effect, of a resolution of the Directors:
 - i. approving the Prospectus and the Application Forms (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;
 - ii. authorising the issuance of the Prospectus including the closing date of the Applications;
 - iii. authorising at least one Director to sign and deliver the Underwriting Agreement on behalf of our Company;
 - iv. approving the IPO and the Listing and the transactions contemplated by each of the same; and
 - v. approving the allotment and issuance of the IPO Shares under the IPO to successful investors.
- (j) all the resolutions subsection (i) above remaining in full force and effect up to and including the date of Listing and none having been rescinded or revoked or varied;
- (k) 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 date of Listing;
- (l) our Company and/or any of our Subsidiaries does not have any actual or contingent liability under applicable laws or regulations or generally accepted accounting standards concerning human health and safety, pollution or protection of the environment or in relation

4. DETAILS OF OUR IPO (CONT'D)

to any interest in land which would have a material effect on our Group (financial, operational or otherwise) including the IPO and/or the Listing;

- (m) our Underwriter being satisfied that our Company has complied with and that the IPO and the Listing are in compliance with the policies, guidelines and requirements of Bursa Securities, the SC, the ROC and all other applicable securities laws and regulations, including all revisions, amendments and/or supplements to it;
- (n) there being no occurrence of any Specified Event⁽¹⁾ which occurs after the date of the Underwriting Agreement up to and including the date of Listing;

Note:

(1) An event which occurs after the date of the Underwriting Agreement, date of opening of Applications, date of closing of Applications, and on or prior to the Listing 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 to be untrue, inaccurate, misleading or incorrect.

- (o) there not having occurred on or prior to the date of Listing any breach of and/or failure to perform any of the undertakings by our Company contained in the Underwriting Agreement;
- (p) 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 up to and including the date of Listing;
- (q) there having been, as at the closing date of the Applications, 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;
- (r) 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 date of Listing; and
- (s) our Underwriter being satisfied with the arrangements of our Company to pay the expenses as set out in the Underwriting Agreement.

4.10.2 Termination of the Underwriting Agreement

Notwithstanding anything contained in the Underwriting Agreement, our Underwriter may at its sole and absolute discretion terminate the Underwriting Agreement and withdraw its underwriting commitment 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 financial performance and condition, business or operations or prospects of our Group, the success of the IPO, or the distribution or sale of the IPO Shares; or

4. DETAILS OF OUR IPO (CONT'D)

- (d) there shall have occurred, or happened any material and adverse change in the business or financial condition or operations or prospects of our Group and/or occurrence of event(s) expected to have a Material Adverse Effect; or
- (e) the closing date of the Applications does not occur within two months from the date of the Underwriting Agreement, subject to the extension of the closing date of the Applications which is approved by our Underwriter in consultation with Bursa Securities and/or the SC; or
- (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, lockouts, 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:
- i. on or after the date of the Underwriting Agreement; and
 - ii. prior to the closing date of the Applications,
- 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 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 a Material Adverse Effect on our Group and/or materially prejudice the financial performance and financial condition, business or prospects or operations of our Group, the success of the IPO, or the listing of our Company on the ACE Market or market conditions generally or which has or is likely to have the effect of making this 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 the Listing; or
- (k) the IPO is stopped or delayed by our Company or Bursa Securities or the SC 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 any of their directors, specified shareholders and promoters which in the opinion of our Underwriter, would have or is likely to have a Material Adverse Effect or make it

4. DETAILS OF OUR IPO (CONT'D)

impracticable to market the IPO or to enforce contracts to allot, issue and/or transfer the IPO Shares; or

- (m) any one of the Prospectus and Application Forms (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 4.10.1 of this Prospectus 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 (if applicable) 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 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 (if applicable).

4.11 TRADING AND SETTLEMENT IN SECONDARY MARKET

Upon our Listing, our Shares will be traded through Bursa Securities and settled by book-entry settlement through the CDS (which is operated by Bursa Depository). This will be effected in accordance with the Rules of Bursa Depository and the provisions of the SICDA. Accordingly, our Company will not deliver share certificates to the subscribers of our IPO Shares.

Beneficial owners of our Shares are required under the Rules of Bursa Depository to maintain our Shares in CDS accounts, either directly in their name or through authorised nominees. Persons whose names appear in the Record of Depositors maintained by Bursa Depository will be treated as the shareholders of our Company in respect of the number of Shares credited to the respective CDS accounts.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS account being debited with the number of Shares sold and the buyer's CDS account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for our Shares that are settled on a book-entry basis, although there is a nominal transfer fee of RM10 payable for each transfer not transacted on the market.

All Shares held in CDS accounts may not be withdrawn from the CDS except in the following instances:

- (i) to facilitate a share buy-back;
- (ii) to facilitate conversion of debt securities;

4. DETAILS OF OUR IPO (CONT'D)

- (iii) to facilitate company restructuring process;
- (iv) where a body corporate is removed from the Official List of Bursa Securities;
- (v) to facilitate a rectification of any error; and
- (vi) in any other circumstances as determined by Bursa Depository from time to time, after consultation with the SC.

Trading of shares of companies listed on Bursa Securities is normally done in “board lots” of 100 shares. Investors who desire to trade less than 100 shares will trade under the odd lot board. Settlement of trades done on a “ready” basis on Bursa Securities generally takes place on the 2nd Market Day following the transaction date, and payment for the securities is generally settled on the 2nd Market Day following the transaction date.

It is expected that our IPO Shares will not commence trading on Bursa Securities until about 10 Market Days after the closing date of the Applications. Holders of our Shares will not be able to sell or otherwise deal in our Shares (except by way of a book-entry transfers to other CDS accounts in circumstances which do not involve a change in beneficial ownership) prior to the commencement of trading on Bursa Securities.

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

5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Promoters and Substantial Shareholders' shareholdings

The details of our Promoters and Substantial Shareholders and their respective shareholdings in our Company before our IPO (after completion of the Acquisition) and after our IPO are as follows:

Name	Nationality	Before our IPO and after the completion of the Acquisition				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Promoters and Substantial Shareholders									
Edison Kong	Malaysian	274,637,224	90.00	⁽³⁾ 30,515,236	10.00	274,637,224	64.80	⁽³⁾ 30,515,236	7.20
Eileen Liuk	Malaysian	30,515,236	10.00	⁽⁴⁾ 274,637,224	90.00	30,515,236	7.20	⁽⁴⁾ 274,637,224	64.80

Notes:

- (1) Based on the total number of 305,152,460 Shares before our IPO and after the completion of the Acquisition.
(2) Based on the enlarged total number of 423,822,460 Shares after our IPO.
(3) Deemed interested by virtue of his spouse, Eileen Liuk's shareholdings pursuant to Section 197 of the Act.
(4) Deemed interested by virtue of her spouse, Edison Kong's shareholdings pursuant to Section 197 of the Act.

Our Promoters and Substantial Shareholders do not have different voting rights from other shareholders of our Company as all our Shares before and after our IPO are of the same class.

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

5.1.2 Profiles of our Promoters and Substantial Shareholders

(i) Edison Kong

Promoter, Substantial Shareholder and Managing Director

Edison Kong, a Malaysian, aged 43, is our Promoter, Substantial Shareholder and Managing Director. Please refer to Section 5.2.2 (ii) of this Prospectus for details of Edison Kong's profile.

(ii) Eileen Liuk

Promoter, Substantial Shareholder and Executive Director

Eileen Liuk, a Malaysian, aged 44, is our Promoter, Substantial Shareholder and Executive Director. Please refer to Section 5.2.2 (iii) of this Prospectus for details of Eileen Liuk's profile.

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

5.1.3 Changes in our Promoters' and Substantial Shareholders' shareholding in our Company

The table below sets out the changes in our Promoters' and Substantial Shareholders' shareholdings since incorporation and up to the completion of our IPO:

Name	As at 25 April 2023 (Date of Incorporation)				As at 29 May 2023			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoters and Substantial Shareholders								
Edison Kong	-	-	-	-	51	51.00	-	-
Eileen Liuk	-	-	-	-	-	-	⁽⁵⁾ 51	51.00
Substantial shareholder								
Yew Kong Seong ⁽¹⁾	100	100.00	-	-	49	49.00	-	-
Name	Before our IPO and after the completion of the Acquisition				After our IPO			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	⁽²⁾ %	No. of Shares	⁽²⁾ %	No. of Shares	⁽³⁾ %	No. of Shares	⁽³⁾ %
Promoters and Substantial Shareholders								
Edison Kong	274,637,224	90.00	⁽⁴⁾ 30,515,236	10.00	274,637,224	64.80	⁽⁴⁾ 30,515,236	7.20
Eileen Liuk	30,515,236	10.00	⁽⁵⁾ 274,637,224	90.00	30,515,236	7.20	⁽⁵⁾ 274,637,224	64.80
Substantial shareholder								
Yew Kong Seong ⁽¹⁾	-	-	-	-	-	-	-	-

Notes:

(1) Being the subscriber shareholder of SDCG.

(2) Based on the total number of 305,152,460 Shares before our IPO and after the completion of the Acquisition.

(3) Based on the enlarged total number of 423,822,460 Shares after our IPO.

(4) Deemed interested by virtue of his spouse, Eileen Liuk's shareholdings pursuant to Section 197 of the Act.

(5) Deemed interested by virtue of her spouse, Edison Kong's shareholdings pursuant to Section 197 of the Act.

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

As of the date of this Prospectus, we have only one class of shares in our Company, namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares. The Shares held by our Promoters and substantial shareholders will have the same voting rights with the other shareholders of our Company, and there is no arrangement between our Company and our Promoters, with any third parties, which may at a subsequent date, result in the change in control of our Company.

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

5.1.4 Benefits paid or intended to be paid or given to our Promoters and Substantial Shareholders

Save as disclosed below, there are no other amount or benefits paid, intended to be paid or given to our Promoters and substantial shareholders within the 2 years preceding the date of this Prospectus:

(i) Remuneration and material benefits-in-kind arising from employment and directorship paid to our Promoters and Substantial Shareholders for services rendered to our Group in all capabilities as disclosed in Section 5.2.4 of the Prospectus;

(ii) Dividend paid to our Promoters and Substantial Shareholders as follows,

	FY 2021	FY 2022	FY 2023	FP 2024	From 1 June 2024 up to the LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Promoters and Substantial Shareholders					
Edison Kong	1,800	5,670	1,800	-	-
Eileen Liuk	200	630	200	-	-

(iii) The issuance of 305,152,360 Shares as consideration for the Acquisition.

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

5.2 BOARD OF DIRECTORS

5.2.1 Directors' shareholdings

The details of our Directors and their respective shareholdings in our Company before our IPO (after completion of the Acquisition) and after our IPO (assuming full subscription of the Shares allocated for our Directors under the Pink Form Allocations) are as follows:

Name / Designation	Nationality	Before our IPO and after the completion of the Acquisition				After our IPO ⁽⁵⁾			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	⁽¹⁾ %	No. of Shares	⁽¹⁾ %	No. of Shares	⁽²⁾ %	No. of Shares	⁽²⁾ %
Ir. Dr. Khairul Azmy Bin Kamaluddin/ <i>Independent Non-Executive Chairman</i>	Malaysian	-	-	-	-	⁽⁵⁾ 555,000	0.13	-	-
Edison Kong/ <i>Managing Director</i>	Malaysian	274,637,224	90.00	⁽³⁾ 30,515,236	10.00	274,637,224	64.80	⁽³⁾ 30,515,236	7.20
Eileen Liuk/ <i>Executive Director</i>	Malaysian	30,515,236	10.00	⁽⁴⁾ 274,637,224	90.00	30,515,236	7.20	⁽⁴⁾ 274,637,224	64.80
YM Raja Nor Azlina Binti Raja Azhar/ <i>Independent Non-Executive Director</i>	Malaysian	-	-	-	-	⁽⁵⁾ 370,000	0.09	-	-
Wong Poh May/ <i>Independent Non-Executive Director</i>	Malaysian	-	-	-	-	⁽⁵⁾ 370,000	0.09	-	-
Wong Keng Fai/ <i>Independent Non-Executive Director</i>	Malaysian	-	-	-	-	⁽⁵⁾ 370,000	0.09	-	-

Notes:

- (1) Based on the total number of 305,152,460 Shares before our IPO and after completion of the Acquisition*
- (2) Based on the enlarged total number of 423,822,460 Shares after our IPO.*
- (3) Deemed interested by virtue of his spouse, Eileen Liuk's shareholdings pursuant to Section 197 of the Act.*
- (4) Deemed interested by virtue of her spouse, Edison Kong's shareholdings pursuant to Section 197 of the Act.*
- (5) Assuming our Independent Non-Executive Chairman/ Directors subscribe in full for their Pink Form Allocations.*

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

5.2.2 Profiles of our Directors

The profiles of our Directors are as follows:

(i) **Ir. Dr. Khairul Azmy Bin Kamaluddin,**
Independent Non-Executive Chairman

Ir. Dr. Khairul Azmy bin Kamaluddin, a Malaysian male aged 61, is the Company's Independent Non-Executive Chairman. He was appointed to the Board on 14 August 2023.

He graduated with a Bachelor of Science in Electrical Engineering (Power) from the Southern Illinois University in March 1985. His other qualifications include a Master of Science in Building Services Engineering from Brunel University in July 1997 and a Doctor of Philosophy in Electrical and Electronic from University Malaysia Sabah in November 2017. He is presently a holder of several committee memberships, amongst others, a member and a qualified professional engineer in electrical engineering awarded by the Board of Engineers, Malaysia (BEM), the president of the Biomedical Engineering Association of Malaysia (BEAM), a member of the Institute of Engineering Malaysia (IEM) and the annual council meeting member of the International Federation of Healthcare Engineers (IFHE). In addition to the above, he is also currently a holder of several accreditations, namely a certified energy manager by the Malaysian Green Technology and Climate Change Corporation, a certified healthcare facility manager by the International Advisory Council for Healthcare Facility Management and a certified MyCREST Facilitator and Assessor by CIDB.

He began his career in August 1985 with the MOH as an Acting Chief Engineer at the Hospital Kota Bharu, where he was involved in assisting the management of the hospital's engineering support unit and provision of maintenance work on hospital support services. While continuing to pursue his career, during which time he was positioned as the Senior Electrical Engineer at the hospital, he was granted by MOH a full-time study leave to pursue a Master of Science in Building Services Engineering from Brunel University from 1995 to 1997. During his tenure with MOH, he held various positions from August 1985 to November 2022. The last position that he held before his retirement was Senior Deputy Director (Services), where he was responsible for provision of strategic directions for the development, implementation and monitoring of all programs and activities for hospital support and clinic support services, biomedical engineering services and the MOH's engineering sustainability program.

In May 2023, he had established his own sole proprietorship, HCES Consultant, which is involved in technical consultation for healthcare engineering, facility management, building surface condensation and mold, energy management and sustainability in design, a position he currently holds.

Further details of Ir. Dr. Khairul Azmy bin Kamaluddin's principal business performed outside our Group and his principal directorships are set out in Section 5.2.3 of this Prospectus.

(ii) **Edison Kong**
Promoter, Substantial Shareholder and Managing Director

Edison Kong, a Malaysian male aged 43, is our Managing Director. He was appointed to our Board on 25 April 2023.

He graduated with a Bachelor of Mechanical Engineering from the University Tun Hussein Onn, Malaysia in August 2003. He was admitted into the Board of Engineers Malaysia in November 2008 as a graduate engineer and the Institution of Engineers

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

Malaysia in March 2009 as a graduate member. In October 2009, he was registered with Green Building Index Sdn Bhd as an accredited Green Building Index Facilitator. He is also registered with ASEAN Centre for Energy under the ASEAN Energy Management Scheme as a Certified Energy Manager in June 2010 and the Malaysia Building Automation System Association (“BASAM”) as a BASAM System Integrator in November 2018.

He began his career in July 2003 with Sigma Elevator (M) Sdn Bhd as a Sales Engineer, where he was involved in sales and marketing of lift and escalator services, advising consultants or clients on lift and escalator design and human traffic analysis on buildings. He left Sigma Elevator (M) Sdn Bhd in June 2004 and joined PFT Worldwide Corporation Sdn Bhd in the same month as a Project Engineer, where he was responsible for marketing and business development, project coordination, supervision and overseeing projects until March 2007, when he left as Senior Project Engineer. In April 2007, he joined Formis Automation Sdn Bhd as a Building Automation System Support Specialist, where he was in charge of marketing and business development, pre-sales and post-sales support, building automation system design and document for project tenders, product sourcing and management of a team of pre-sales and system implementers. He left Formis Automation Sdn Bhd in August 2008.

In September 2008, he joined SDC as the Head of Mechanical and Engineering Department/Director of Services, where he was responsible for sales, project management, conducting seminars and providing solutions to clients for renewable energy projects and building management system until April 2010. He was appointed as SDC's Deputy Managing Director in May 2010, where he was responsible for securing projects in the building management system and solar energy, managing and overseeing SDC's operations. In January 2011, he was appointed as the Acting Managing Director of SDC where he oversaw SDC's business development, project management and operations. In June 2011, he assumed the position of Managing Director of SDC where he is responsible for formulating and directing the overall strategy, growth and business of our Group.

He is the spouse of Eileen Liuk, our Promoter, substantial shareholder and Executive Director.

Further details of Edison Kong's principal business performed outside our Group and his principal directorships are set out in Section 5.2.3 of this Prospectus.

(iii) Eileen Liuk
Promoter, Substantial Shareholder and Executive Director

Eileen Liuk, a Malaysian female aged 44, is our Executive Director. She was appointed to our Board on 14 August 2023.

She graduated with a Bachelor of Mechanical Engineering from the University Tun Hussein Onn, Malaysia in August 2003.

She began her career in August 2003 with M & C Engineering and Trading Sdn Bhd as a Sales Engineer, where she assisted in preparing tender documents for building management system services as well as sales and marketing services until March 2004. In April 2004, she joined Formis Automation Sdn Bhd as an Account Manager, where she was responsible for project account management, managing sales activities of designated accounts, costings and tenders, sales and marketing, market research and analysis, material sourcing and price negotiation. She left Formis Automation Sdn Bhd in July 2009.

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

In September 2009, she joined SDC as Business Manager, where she reported to the former Managing Director. She was primarily responsible to lead the marketing and business development function of the company, as well as material sourcing and price negotiation. In May 2010, she was promoted as SDC's Sales Director.

She is the spouse of Edison Kong, our Promoter, substantial shareholder and Managing Director.

Further details of Eileen Liuk's principal business performed outside our Group and her principal directorships are set out in Section 5.2.3 of this Prospectus.

(iv) YM Raja Nor Azlina Binti Raja Azhar
Independent Non-Executive Director

YM Raja Nor Azlina Binti Raja Azhar, a Malaysian, aged 56, is our Independent Non-Executive Director. YM was appointed to our Board on 14 August 2023 and is also a chairperson of our Nomination Committee and a member of our Remuneration Committee and Audit and Risk Management Committee.

YM graduated with a Bachelor of Laws from the University of Bristol, United Kingdom in June 1990. YM was called to the Bar of England and Wales as a Barrister-at-Law of the Honourable Society of Lincoln's Inn in July 1991.

YM undertook her pupillage with Messrs Raja Azhar & Husain Safri in September 1991 and was admitted as an Advocate and Solicitor of the High Court of Malaya in July 1992. Following completion of her pupillage, YM commenced her legal career with Messrs Raja Azhar & Husain Safri as a Managing Partner, a position she continues to hold till present. YM is currently involved in providing consultancy and corporate advisory work in relation to litigation, conveyancing and commercial matters.

Further details of YM Raja Nor Azlina binti Raja Azhar's principal business performed outside our Group and her principal directorships are set out in Section 5.2.3 of this Prospectus.

(v) Wong Poh May
Independent Non-Executive Director

Wong Poh May, a Malaysian, aged 44, is our Independent Non-Executive Director. She was appointed to our Board on 14 August 2023 and is also a chairperson of our Audit and Risk Management Committee and a member of our Remuneration Committee and Nomination Committee.

She graduated with an Advanced Diploma in Commerce (Financial Accounting) from the Tunku Abdul Rahman College, Malaysia in May 2003 and completed the Association of Chartered Certified Accountants ("ACCA") qualification examination in December 2003. She was admitted as a Member of the ACCA in February 2007 and progressed to obtain her ACCA's fellowship in February 2012. In September 2010, she was admitted as a Chartered Accountant of the Malaysian Institute of Accountants and subsequently obtained her Practising Certificate in November 2018. She is also an Associate Member of the Chartered Tax Institute of Malaysia since May 2019 and had obtained her chartered tax practitioner's qualification in May 2021. She is also currently a registered company secretary with the CCM.

She began her career in September 2003 with Messrs Khoo Wong & Chan as an Audit Assistant, where she was mainly responsible for assisting her Audit Senior in statutory audits.

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

In April 2005, she left Messrs Khoo Wong & Chan as an Audit Semi-Senior and joined Messrs Ernst & Young (Malaysia) as Associate 1 in the Assurance and Advisory Business Services Division in May 2005 until she left Messrs Ernst & Young (Malaysia) as Senior Associate 1 in December 2007. Throughout her employment with Messrs Ernst & Young (Malaysia), she was involved in statutory audits and special purpose audits of both public and private companies in various industries.

She joined Messrs Deloitte (Singapore) in January 2008 as a Senior Associate Year 2 and left shortly in March 2008. At Messrs Deloitte (Singapore), she was responsible for statutory audits of private companies in Singapore.

In March 2008, she joined Messrs Ernst & Young (Singapore) as an Audit Senior in the Assurance and Advisory Business Services Division, where she was responsible for supervising various audit engagements and guiding the team in the execution of audit tasks.

In April 2009, she left Messrs Ernst & Young (Singapore) and joined BP Asia Pacific (Malaysia) Sdn Bhd within the same month as an Accountant, where she was responsible for the preparation of the group's financial outlook forecast and plan data and compliance. She left BP Asia Pacific (Malaysia) Sdn Bhd in January 2010.

In January 2010, she joined Focus Point Holdings Berhad as a Group Accountant, where she was responsible for the preparation of consolidated accounts, drafting financial statements and the monthly analysis on the group's performance. In addition, during her tenure in Focus Point Holdings Berhad, she was one of the company's representatives in the due diligence working group for the initial public offerings process. She left Focus Point Holdings Berhad in January 2011 after completion of the initial public offerings and took a maternity break until August 2011.

In August 2011, she joined Opus Group Berhad as a Finance Manager, where she was responsible for group financial reporting matters. Opus Group Berhad, Propel Berhad and Faber Group Berhad were amalgamated to be known as UEM Edgenta Berhad ("**UEM Edgenta**") in October 2014. During her tenure with UEM Edgenta, she held various positions from August 2011 to September 2018. The last position that she held was Head of Finance Operation (Asset Consultancy), where she was responsible for reporting to the Chief Financial Officer and Managing Director of Asset Consultancy as well as leading and coaching a team supporting the business unit of the asset consultancy and geotechnical infra services of UEM Edgenta in several areas, which included finance operation, group reporting, project accounts, budgeting, taxation, corporate finance and treasury.

In September 2017, she incorporated her own company, WPM Corporate Services Sdn Bhd and commenced business operations in provision of accounting, bookkeeping, tax, advisory and secretarial services in November 2018 after she obtained her Practising Certificate from Malaysian Institute of Accountants. In August 2019, she had also co-founded Ace Alpine Advisory Sdn Bhd, which is involved in the provision of accounting, bookkeeping, company secretary activities and tax consultancy services, where she is also currently responsible for overseeing the activities of the company.

Further details of Wong Poh May's principal business performed outside our Group and her principal directorships are set out in Section 5.2.3 of this Prospectus.

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

(vi) Wong Keng Fai
Independent Non-Executive Director

Wong Keng Fai, a Malaysian male aged 33, is our Independent Non-Executive Director. He was appointed to our Board on 6 December 2023, and is also a chairperson of our Remuneration Committee and a member of our Audit and Risk Management Committee and Nomination Committee.

He graduated with a Bachelor of Science in Mathematics with Physics from the University of Southampton in June 2014. He is a Chartered Financial Analyst and has been a member of the CFA Institute since November 2019.

He began his career in August 2014 with E2 Power Sdn Bhd, a subsidiary of Oversea-Chinese Banking Corporation as an Associate, where he assisted in operational projects and management matters in the Loan Operation Department, IT Department, Financial Controller Department and Head of Operation and Technology Office. He was subsequently promoted to Manager in February 2016 where he led multiple operational improvement projects in the Loan Operation Department.

In September 2016, he left E2 Power Sdn Bhd and joined Mercury Securities within the same month as an Associate in the Corporate Finance Department, where he assisted his team in several corporate exercises such as takeovers, merger and acquisitions, initial public offerings, private placements and rights issues for Malaysian public listed companies. He left Mercury Securities in May 2018.

In June 2018, he joined Visionnaires Capital Pte Ltd, Singapore ("**Visionnaires**") as a Senior Associate in the Corporate Finance Department, where he was involved in mergers and acquisitions exercises, fundraising deals and provision of strategic advisories.

In May 2019, he left Visionnaires and subsequently joined QuantePhi Sdn Bhd ("**QuantePhi**") as a Team Lead in the Merger and Acquisition and Corporate Finance Department, where he was responsible for the management of a team of analysts in deal structuring, negotiation and execution process along with provision of advisories in respect of mergers and acquisitions, fundraising and debt restructuring exercises.

In February 2024, he left QuantePhi and joined Capbright Sdn Bhd ("**Capbright**") as chief executive officer and is currently the responsible person approved by SC for Capbright. Capbright is a venture capital management corporation registered under the SC. In his capacity as chief executive officer, he oversees fund investment strategies and holds overall responsibility for fund management operations. In his capacity as a responsible person, he is required to ensure continuous compliance of all requirements under the Guidelines on the Registration of Venture Capital and Private Equity Corporations and Management Corporations issued by the SC and undertake the role as the main contact person for Capbright for the purpose of liaising with the SC.

Further details of Wong Keng Fai's principal business performed outside our Group and his principal directorships are set out in Section 5.2.3 of this Prospectus.

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

5.2.3 Principal directorships and principal business activities of our Directors outside our Group

Save as disclosed below, none of our Directors have any principal directorship and principal business activity performed outside our Group in the past 5 years up to the LPD:

(i) Ir. Dr. Khairul Azmy Bin Kamaluddin

<u>Company</u>	<u>Principal activities</u>	<u>Position held</u>	<u>Date of appointment</u>	<u>Date of resignation</u>	<u>Equity interest held (%)</u>	
					<u>Direct</u>	<u>Indirect</u>
<u>Present involvement</u>						
HCES Consult	Technical consultation for healthcare engineering, facility management, building surface condensation and mold, energy management and sustainability in design	Sole Proprietor	11 May 2023	-	100.00	-
TNL Services Sdn Bhd	Laundering and dry cleaning, pressing, cleaning of building of all types	Shareholder	-	-	10.00	-
<u>Past involvement</u>						
-	-	-	-	-	-	-

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

(ii) Edison Kong

Company	Principal activities	Position held	Date of appointment as director	Date of resignation	Equity interest held (%)	
					Direct	Indirect
<u>Present involvement</u>						
-	-	-	-	-	-	-
<u>Past involvement</u>						
Panaltech Consulting Sdn Bhd	Energy efficiency consultant and to provide energy audit and saving solutions services, training, building and facilities maintenance, supply of electrical system, and to design, supply, install repair and maintenance of air-conditioning system, mechanical system and ventilation system, consulting	Director and Shareholder	30 August 2018	30 December 2022	60.00 ⁽¹⁾	40.00
Eco Niaga Sdn Bhd	Construction and development; promotion of green technology element and approach in facility management, operation and engineering relation; and to provide information and communication, technology services	Director and Shareholder	2 July 2019	15 February 2023	30.00 ⁽²⁾	-

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

Notes:

- (1) He held 60.00% direct equity interest and 40.00% indirect equity interest by virtue of his spouse's equity interest in Panaltech Consulting Sdn Bhd prior to the disposal of such interest on 30 December 2022, to two employees of SDC, both of whom are not related to the Promoters. The two employees had, on 22 November 2023, resigned as directors of Panaltech and disposed their shareholdings in Panaltech to a non-related party.
- (2) He held 30.00% direct equity interest in Eco Niaga Sdn Bhd prior to the disposal of such interest to a non-related party on 15 February 2023.

(iii) **Eileen Liuk**

<u>Company</u>	<u>Principal activities</u>	<u>Position held</u>	<u>Date of appointment as director</u>	<u>Date of resignation</u>	<u>Equity interest held (%)</u>	
					<u>Direct</u>	<u>Indirect</u>
<u>Present involvement</u>						
-	-	-	-	-	-	-
<u>Past involvement</u>						
Panaltech Consulting Sdn Bhd	Energy efficiency consultant and to provide energy audit and saving solutions services, training, building and facilities maintenance, supply of electrical system, and to design, supply, install repair and maintenance of air-conditioning system, mechanical system and ventilation system, consulting	Director and Shareholder	30 August 2018	30 December 2022	40.00 ⁽¹⁾	60.00

Note:

- (1) She held 40.00% direct equity interest and 60.00% indirect equity interest by virtue of her spouse's equity interest in Panaltech Consulting Sdn Bhd prior to the disposal of such interest on 30 December 2022, to two employees of SDC, both of whom are not related to the Promoters. The two employees had, on 22 November 2023, subsequently resigned as directors of Panaltech and disposed their shareholdings in Panaltech to a non-related party.

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

(iv) YM Raja Nor Azlina Binti Raja Azhar

<u>Company</u>	<u>Principal activities</u>	<u>Position held</u>	<u>Date of appointment as director</u>	<u>Date of resignation</u>	<u>Equity interest held (%)</u>	
					<u>Direct</u>	<u>Indirect</u>
<u>Present involvement</u>						
Raja Azhar & Husain Safri, Kuantan branch	Law Firm	Managing Partner	-	-	100.00	-
<u>Past involvement</u>						
-	-	-	-	-	-	-

(vi) Wong Poh May

<u>Company</u>	<u>Principal activities</u>	<u>Position held</u>	<u>Date of appointment as director</u>	<u>Date of resignation</u>	<u>Equity interest held (%)</u>	
					<u>Direct</u>	<u>Indirect</u>
<u>Present involvement</u>						
WPM Corporate Services Sdn Bhd	Provision of accounting, bookkeeping, secretarial services and tax consultancy services	Director and Shareholder	6 September 2017	-	100.00	-
Ace Alpine Advisory Sdn Bhd	Provision of accounting, bookkeeping and tax consultancy services	Director and Shareholder	8 August 2019	-	50.00	-
<u>Past involvement</u>						
-	-	-	-	-	-	-

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

(vi) Wong Keng Fai

Company	Principal activities	Position held	Date of appointment as director	Date of resignation	Equity interest held (%)	
					Direct	Indirect
<u>Present involvement</u>						
Capbright Sdn Bhd	Venture capital companies and activities of holding companies	Director and shareholder	3 October 2023	-	62.00	-
<u>Past involvement</u>						
Yield Mountain Sdn Bhd	Retail of sale of any kind of product over the internet, wholesale of a variety of goods without any particular specialization; business management consultancy services	Director	24 July 2019	24 May 2022	-	-

The involvement of our Independent Non-Executive Chairman and Independent Non-Executive Directors in the above business activities outside our Group will not affect their contributions to our Group, as they are not involved in the day-to-day operations of our Group. As the principal activities of these companies are not similar to our Group's business nor are they customers or suppliers to our Group, this does not give rise to any actual or potential conflict of interest situation with our business.

As such, our Board is of the view that although they are involved in other businesses as set out above, they are able to devote sufficient time and attention to the affairs of our Group to carry out their respective duties.

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

5.2.4 Remuneration and material benefits-in-kind of our Directors

The remuneration, which includes our Directors' fees, salaries, bonuses, other emoluments, allowances and benefits-in-kind, must be considered and recommended by our Remuneration Committee and subsequently be approved by our Board. Our Directors' fees and/or benefits must be further approved by our shareholders at a general meeting.

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration) paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for FY 2023 and proposed for FY 2024 are as follows:

FY 2023

<u>Name</u>	<u>Directors' Fees RM'000</u>	<u>Salaries RM'000</u>	<u>(1) Bonuses RM'000</u>	<u>(2) Other emolument RM'000</u>	<u>Allowances RM'000</u>	<u>Benefits in- kind RM'000</u>	<u>Total RM'000</u>
<u>Executive Directors</u>							
Edison Kong	-	249	20	52	8	-	329
Eileen Liuk	-	237	19	50	-	-	306
<u>Independent Non-Executive Chairman</u> ⁽³⁾							
Ir. Dr. Khairul Azmy Bin Kamaluddin	-	-	-	-	(4) *	-	*
<u>Independent Non-Executive Directors</u> ⁽³⁾							
YM Raja Nor Azlina Binti Raja Azhar	-	-	-	-	(4) *	-	*
Wong Poh May	-	-	-	-	(4) *	-	*
Wong Keng Fai	-	-	-	-	(5) -	-	-

Notes:

(*) Amount is not more than RM500

(1) Bonuses were paid in April 2023, and ratified and approved by the Remuneration Committee and the Board on 25 September 2023.

(2) Includes employer's contribution to employees' provident fund, social security organisation and employment insurance scheme, where applicable.

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

- (3) There were no remuneration and benefits in-kinds (including any contingent or deferred remuneration) for the Independent Non-Executive Chairman and Independent Non-Executive Directors for FY 2023. The remuneration to the Independent Non-Executive Chairman and Independent Non-Executive Directors will commence upon the Listing.
- (4) Refers to the meeting allowance.
- (5) Wong Keng Fai was appointed to the Board on 6 December 2023. Hence, he did not receive any meeting allowance for FY 2023.

Proposed for FY 2024

Name	⁽¹⁾ Directors' Fees RM'000	Salaries RM'000	Bonuses RM'000	⁽³⁾ Other emolument RM'000	Allowances RM'000	Benefits in-kind RM'000	Total RM'000
<u>Executive Directors</u>							
Edison Kong	30	312	(2)-	68	-	-	410
Eileen Liuk	30	300	(2)-	66	-	-	396
<u>Independent Non-Executive Chairman</u>							
Ir. Dr. Khairul Azmy Bin Kamaluddin	30	-	-	-	(4) 1	-	31
<u>Independent Non-Executive Directors</u>							
YM Raja Nor Azlina Binti Raja Azhar	30	-	-	-	(4) 1	-	31
Wong Poh May	30	-	-	-	(4) 1	-	31
Wong Keng Fai	30	-	-	-	(4) 1	-	31

Notes:

- (1) The estimated remuneration to the Independent Non-Executive Chairman and Independent Non-Executive Directors for FY 2024 is only for the remaining periods for FY 2024 after the listing and subject to shareholder's approval at a general meeting pursuant to Section 230 of the Act.
- (2) Bonuses are not included as it will be determined later depending on the performance of the individuals and our Group, subject to the recommendation of the Remuneration Committee and approval by our Board.
- (3) Includes employer's contribution to employees' provident fund, social security organisation and employment insurance scheme, where applicable.
- (4) Refers to the meeting allowance.

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

5.3 BOARD PRACTICES

5.3.1 Board

Our Board is committed to inculcating good corporate governance practices in our Group from time to time in accordance with the practices and guidance based on the Malaysian Code on Corporate Governance (“MCCG”). Our Board believes that corporate governance is extremely important to the success of our Group’s business.

Our Board has the overall responsibility for the long-term success of our Group and delivery of sustainable value to our stakeholders. Our Board must act with integrity, lead by example, keep abreast of his/her responsibilities as a Director and of the conduct, business activities and development of our Company. In discharging its fiduciary duties and responsibilities, our Board has adopted a charter which sets out, among others, the following:

- (i) together with the key senior management, promoting good corporate governance culture within the Group which enforces ethical, prudent and professional behavior;
- (ii) reviewing and adopting a strategic plan for the Group, including setting performance objectives and approving operating budgets for the Group and ensuring that the strategies promote sustainability;
- (iii) monitoring the implementation of strategic plans by management;
- (iv) on a timely basis, reviewing and approving all quarterly and annual financial statements for announcement to Bursa Securities and stakeholders, based on the recommendation by the Audit and Risk Management Committee;
- (v) overseeing the conduct of the Group’s business to evaluate whether the business is being properly managed, monitoring the Group’s performance and building sustainable value for all stakeholders of the Group;
- (vi) reviewing the Board and key senior management remuneration policy and procedure;
- (vii) identifying and evaluating business risks and ensuring implementation of a managed and sound risk management framework;
- (viii) reviewing the adequacy and integrity of the internal control system and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- (ix) reviewing and overseeing the appointment, resignation or termination of Directors, company secretaries, auditors and key senior management;
- (x) ensuring that control measures for corruption prevention are put in place as well as the systematic review, monitoring and enforcement of the Company’s anti-bribery and corruption policy;
- (xi) ensuring establishment of succession plans for the Board members and key senior management, including appointing, training, fixing the compensation of and where appropriate, replacing key senior management;
- (xii) ensuring the Board is supported by at least a suitably qualified and competent Company Secretary to whom shall advise on compliance with applicable laws and any amendment to the laws and regulations related to the Malaysian Code on Corporate Governance, Act and Listing Requirements;

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

- (xiii) formalizing ethical standards of conduct through a code of conduct and ethics for Directors and management and ensuring compliance;
- (xiv) developing and implementing an investors' relations programme and a shareholders or stakeholders communication policy; and
- (xv) ensuring there is regular monitoring and communication between the Company and subsidiaries on financial and non-financial performance to ensure overall compliance to the strategic direction and vision of the Group.

As at the LPD, 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>Name</u>	<u>Age</u>	<u>Designation</u>	<u>Date of appointment as Director</u>	<u>Date of expiration of the current term in office</u>	<u>Approximate no. of years in office as at the LPD</u>
Ir. Dr Khairul Azmy Bin Kamaluddin	61	Independent Non-Executive Chairman	14 August 2023	Subject to retirement by rotation at our first AGM	Less than 1 year
Edison Kong	43	Managing Director	25 April 2023	Subject to retirement by rotation at our first AGM	More than 1 year
Eileen Liuk	44	Executive Director	14 August 2023	Subject to retirement by rotation at our first AGM	Less than 1 year
YM Raja Nor Azlina Binti Raja Azhar	56	Independent Non-Executive Director	14 August 2023	Subject to retirement by rotation at our first AGM	Less than 1 year
Wong Poh May	44	Independent Non-Executive Director	14 August 2023	Subject to retirement by rotation at our first AGM	Less than 1 year
Wong Keng Fai	33	Independent Non-Executive Director	6 December 2023	Subject to retirement by rotation at our first AGM	Less than 1 year

Our Company has adopted the recommendations under the MCCG that at least half of our Board comprises Independent Non-Executive Directors, the non-involvement of our Chairman in our Audit and Risk Management Committee, Nomination Committee and/or Remuneration Committee and to have at least 30% women directors on our Board. As at the LPD, our Board comprises 3 females out of 6 members, which represents 50.00% of our Board. The Group's corporate governance complies with the relevant principles and practices of the MCCG 2021.

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

5.3.2 Audit and Risk Management Committee

The current members of our Audit and Risk Management Committee are as follows:

<u>Name</u>	<u>Position</u>	<u>Directorship</u>
Wong Poh May	Chairperson	Independent Non-Executive Director
YM Raja Nor Azlina Binti Raja Azhar	Member	Independent Non-Executive Director
Wong Keng Fai	Member	Independent Non-Executive Director

The key duties and responsibilities of our Audit and Risk Management Committee are, among others, the following:

- (i) reviewing the Group's quarterly results and year-end financial statements before submission to the Board, focusing particularly on:
 - a) changes in or implementation of major accounting policy changes;
 - b) significant and unusual events or transactions, and how these matters are addressed;
 - c) significant adjustments arising from the management;
 - d) compliance with accounting standards and other legal requirements; and
 - e) the going concern assumption.
- (ii) reviewing with the external auditors on the following and reporting the same to the Board:
 - a) considering the nomination and appointment of external auditors, and considering the adequacy of experience and resources of the external auditors and determining the audit fee;
 - b) reviewing any letter of resignation from the external auditors and any questions of resignation or dismissal;
 - c) reviewing whether there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment;
 - d) discussing with the external auditors, prior to the commencement of audit, the audit plan which states the nature and scope of audit;
 - e) reviewing any significant audit findings, reservations, difficulties encountered or material weaknesses reported by the external auditors from the interim and final external audits, the audit report and the assistance given by the Group's employees to the external auditors;
 - f) reviewing with the external auditors, their evaluation of the system of internal controls, their management letter and management's responses;
 - g) discussing the contracts for the provision of non-audit services which can be entered into and procedures that must be followed by the external auditors; and

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

- h) conducting an annual assessment on the suitability, objectivity and independence of the external auditors to safeguard the quality and reliability of audited financial statements.
- (iii) reviewing with the internal auditors on the following and reporting the same to the Board:
 - a) the adequacy of scope, functions and resources of the firm of internal auditors (that was engaged to undertake the internal audit function) and that it has the necessary authority to carry out its work;
 - b) the internal audit plan, processes as well as the results of the internal audit assessments and investigations undertaken, and ensuring that appropriate actions are taken on the recommendations of the internal audit function;
 - c) the major findings of internal audit investigations and management's response, and ensuring that appropriate actions are taken on the recommendations of the internal audit function;
 - d) effectiveness of the internal audit processes as well as the adequacy of the resource requirements, competency and the budget of the internal audit function;
 - e) mandating the internal audit function to report directly to the Audit and Risk Management Committee; and
 - f) review and approve any appointment, termination or resignation of the firm of internal auditors.
- (iv) reviewing and reporting to the Board the annual statement of risk management and internal control to be published in the Annual Report;
- (v) reviewing and reporting to the Board any related party transactions and conflict of interest situations that arose, persist or may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity and the measures taken to resolve, eliminate, or mitigate such conflicts;
- (vi) assessing processes and procedures to ensure compliance with all laws, rules and regulations, directives and guidelines established by the relevant regulatory bodies;
- (vii) overseeing the sustainability management of the Group;
- (viii) overseeing the anti-bribery management of the Group; and
- (ix) reviewing the following areas of risk management:
 - a) reviewing the adequacy of the Group's risk management framework and assessing the resources and knowledge of the management and employees involved in the risk management process;
 - b) reviewing the effectiveness of internal control systems deployed by the management to address those risks;
 - c) reviewing and recommending corrective measures undertaken to remedy failings and/or weaknesses;

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

- d) reviewing and further monitoring principal risks that may affect the Group directly or indirectly and if deemed necessary, recommend additional course of action to mitigate such risks;
- e) monitoring and communicating the risk assessment results to the Board; and
- f) highlighting the actual and potential impact of any failing or weakness, particularly those related to financial performance or conditions affecting the Group.

5.3.3 Remuneration Committee

The current members of our Remuneration Committee are as follows:

<u>Name</u>	<u>Position</u>	<u>Directorship</u>
Wong Keng Fai	Chairperson	Independent Non-Executive Director
YM Raja Nor Azlina Binti Raja Azhar	Member	Independent Non-Executive Director
Wong Poh May	Member	Independent Non-Executive Director

The key duties and responsibilities of our Remuneration Committee are, among others, the following:

- (i) considering the scope of service agreements and remuneration of executive Directors and key senior management of the Group and make such recommendations to the respective Boards of Directors of the Group as it thinks fit;
- (ii) reviewing and making recommendations to the respective Board of Directors of the Group on the remuneration policies and packages of executive Directors and key senior management of the Group;
- (iii) on an annual basis and after taking due consideration of the assessment by the Nomination Committee of the effectiveness and contribution of every Director, executive Directors and key senior management concerned, reviewing the remuneration packages of Directors and key senior management of the Group and recommend to the Board specific adjustments in remuneration packages, if any;
- (iv) reviewing and making recommendations to the respective Board of Directors of the Group on Director's fees and other remuneration of non-executive Directors and independent Directors linking the level of remuneration to their level of responsibilities and contribution to their respective Board of Directors;
- (v) overseeing any major changes in employee remuneration and benefit structures throughout the Group;
- (vi) reviewing the policies governing the remuneration of Directors as well as the policies governing the remuneration and promotion of key senior management of the Group annually;
- (vii) recommending to the Board the appointment of the services of such advisers or consultants, as it deems necessary to fulfill its responsibilities;

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

- (viii) in considering its recommendations to the respective Board of Directors of the Group, ensuring that performance-related elements of remuneration should form a significant proportion of the total remuneration package of executive Directors and key senior management of the Group and should be designed to align their interests with those of shareholders and to give such executive Directors and key senior management the incentives to perform at the highest levels;
- (ix) recommending to the respective Board of Directors of the Group, reasonable remuneration packages needed to attract, retain and motivate the Group's executive Directors and key senior management of required quality; and
- (x) considering and recommending to the respective Board of Directors of the Group, where to position the executive Directors and key senior management relative to other companies and to be aware what comparable companies are paying, taking account of relative performance and using such comparisons with caution.

5.3.4 Nomination Committee

The current members of our Nomination Committee are as follows:

<u>Name</u>	<u>Position</u>	<u>Directorship</u>
YM Raja Nor Azlina Binti Raja Azhar	Chairperson	Independent Non-Executive Director
Wong Poh May	Member	Independent Non-Executive Director
Wong Keng Fai	Member	Independent Non-Executive Director

The key duties and responsibilities of our Nomination Committee are, among others, the following:

- (i) developing, maintaining and reviewing the criteria to be used in the recruitment of Directors and key senior management;
- (ii) formulating, maintaining and reviewing the re-appointment and re-election process of Directors having due regard to their performance and ability to continue to contribute to the Board in light of the knowledge, skills and experience required;
- (iii) formulating a Fit and Proper Policy and ensuring that all Directors fulfil the fit and proper criteria and for conducting assessments of the fitness and properness of candidates to be appointed onto the Board and Directors who are seeking for re-election;
- (iv) assessing and recommending to the Board, candidates for all directorships to be filled by the shareholders or the Board. In making the recommendations, the Nomination Committee will also consider candidates proposed by the Managing and Executive Directors, and within the bounds of practicability, by any other key senior management, Director or shareholder;
- (v) recommending to the Board the nominees to fill the seats on Board's Committees;
- (vi) reviewing Board and key senior management succession plans and making recommendations to the Board on succession planning policy for key senior management;
- (vii) leading the succession planning and appointment of Board members;
- (viii) reviewing the training needs or programs for the Board and facilitating Board induction and training programs;

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

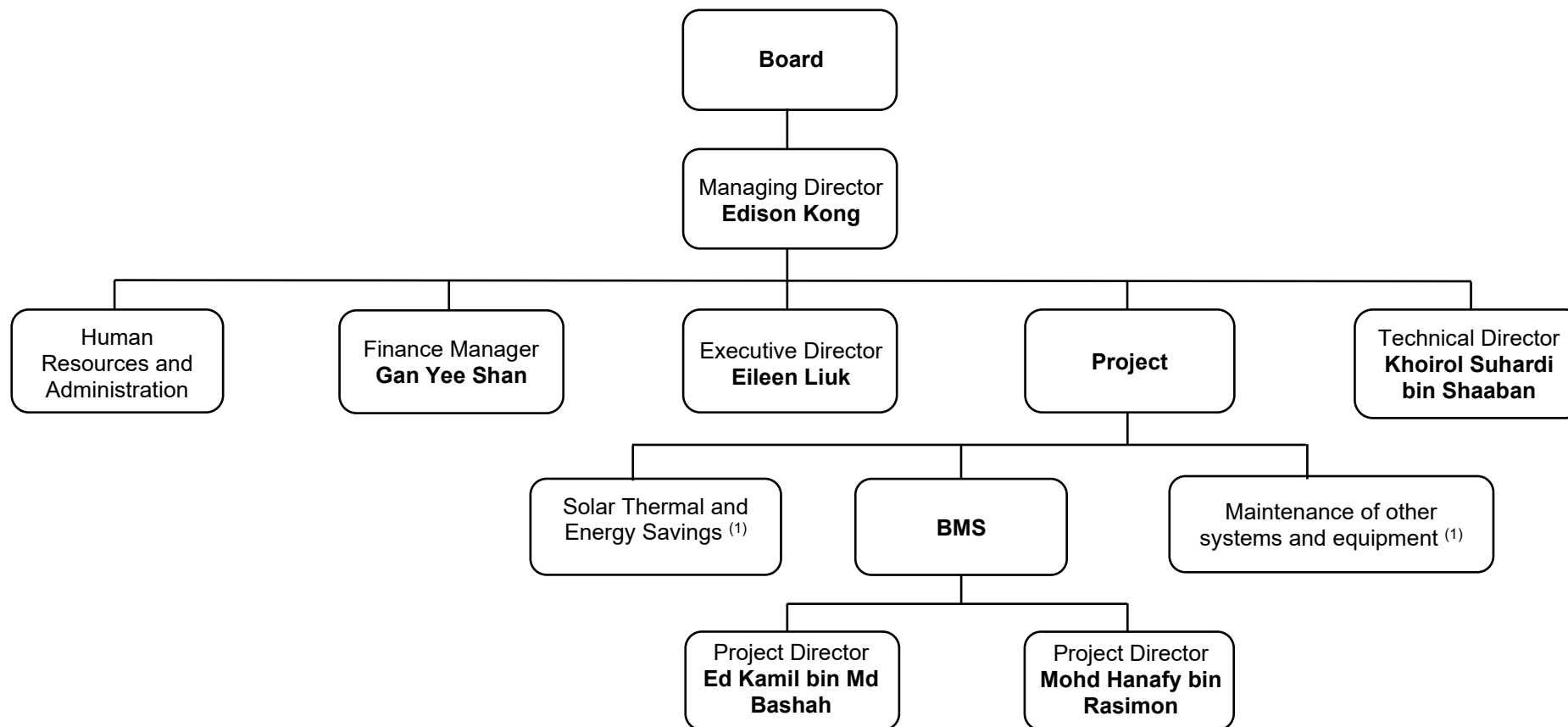
- (ix) reviewing annually, the term of office and performance of the Board committees and each of its members to determine whether the Board committees members have carried out their duties in accordance with the respective terms of references of the Board committees;
- (x) implementing annual assessments on the effectiveness and performance of the Board as a whole, the committees of the Board, as well as the contribution, performance, character, experience, integrity, competence and time to effectively discharge his or her role as a Director, including non-executive Directors and executive Directors;
- (xi) examining the size of the Board with a view to determining the impact of the number upon its effectiveness;
- (xii) reviewing the required mix of skills and experience and other qualities, including core competencies which non-executive Directors should bring to the Board;
- (xiii) developing the criteria to assess independence and to assess on an annual basis, the independence of the independent non-executive Directors and recommend the same to the Board;
- (xiv) recommending the re-election of Directors retiring by rotation pursuant to the Company's Constitution;
- (xv) establishing time commitment expectations and protocol for the members of the Board;
- (xvi) reviewing the attendance of the Directors at Board and/or Board committees' meeting;
- (xvii) reviewing with the Managing and Executive Directors, their goals and objectives and to assess their performance against these objectives as well as their contribution to the corporate strategy; and
- (xviii) ensuring that the composition of the Board is refreshed periodically.

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

5.4 MANAGEMENT REPORTING STRUCTURE

Our Group's management reporting structure is as follows:



Note:

(1) Edison Kong, our Managing Director, is responsible in overseeing the solar thermal and energy savings division under Project Department and maintenance of other systems and equipment division under Project Department. He is assisted by one project manager, two project engineers and two technicians.

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

5.5 KEY SENIOR MANAGEMENT

5.5.1 Key Senior Management's shareholdings

The details of our Key Senior Management and their respective shareholdings in our Company before our IPO (after completion of the Acquisition) and after our IPO (assuming full subscription of the Shares allocated for our Key Senior Management under the Pink Form Allocations) are as follows:

Name/ Designation	Nationality	Before our IPO and after the completion of the Acquisition				After our IPO ⁽⁵⁾			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	⁽¹⁾ %	No. of Shares	⁽¹⁾ %	No. of Shares	⁽²⁾ %	No. of Shares	⁽²⁾ %
Edison Kong/ Managing Director	Malaysian	274,637,224	90.00	⁽³⁾ 30,515,236	10.00	274,637,224	64.80	⁽³⁾ 30,515,236	7.20
Eileen Liuk/ Executive Director	Malaysian	30,515,236	10.00	⁽⁴⁾ 274,637,224	90.00	30,515,236	7.20	⁽⁴⁾ 274,637,224	64.80
Ed Kamil Bin Md Bashah/ Project Director	Malaysian	-	-	-	-	3,700,000	0.87	-	-
Khoirol Suhardi Bin Shaaban/ Technical Director	Malaysian	-	-	-	-	3,700,000	0.87	-	-
Mohd Hanafy Bin Rasimon/ Project Director	Malaysian	-	-	-	-	3,700,000	0.87	-	-
Gan Yee Shan/ Finance Manager	Malaysian	-	-	-	-	806,000	0.19	-	-

Notes:

(1) Based on the total number of 305,152,460 Shares after the completion of the Acquisition and before our IPO.

(2) Based on the enlarged total number of 423,822,460 Shares after our IPO.

(3) Deemed interested by virtue of his spouse, Eileen Liuk's shareholdings pursuant to Section 197 of the Act.

(4) Deemed interested by virtue of her spouse, Edison Kong's shareholdings pursuant to Section 197 of the Act.

(5) Assuming our Key Senior Management subscribe in full for their Pink Form Allocations.

Our Key Senior Management may also subscribe for additional excess Shares under those allocated for other Eligible Persons.

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

5.5.2 Profiles of our Key Senior Management

The profiles of our Key Senior Management are as follows:

(i) Edison Kong

Promoter, Substantial Shareholder and Managing Director

Edison Kong, a Malaysian, aged 43, is our Promoter, Substantial Shareholder and Managing Director. Please refer to Section 5.2.2 (ii) of this Prospectus for details of Edison Kong's profile.

(ii) Eileen Liuk

Promoter, Substantial Shareholder and Executive Director

Eileen Liuk, a Malaysian, aged 44, is our Promoter, Substantial Shareholder and Executive Director. Please refer to Section 5.2.2 (iii) of this Prospectus for details of Eileen Liuk's profile.

(iii) Ed Kamil Bin Md Bashah

Project Director

Ed Kamil Bin Md Bashah, a Malaysian, aged 45, is our Project Director. He is responsible for the management of BMS projects of our Group.

He graduated with a Bachelor of Electrical Engineering from Universiti Teknologi Mara in September 2005.

He started his career as a Floor Manager for an outlet under Golden Arches Restaurant Sdn Bhd in August 2005, where he was responsible in planning, organizing, controlling various operational tasks performed in the outlet until March 2006. In April 2006, he joined Dancomair Engineering Sdn Bhd as a Service and Project Executive, where he was responsible for managing the maintenance teams in performing compressor maintenance works at clients' premises. He left Dancomair Engineering Sdn Bhd in August 2006.

Thereafter, he started his career as a project engineer in September 2006 at Metronic Engineering Sdn Bhd where he was responsible ensuring timely completion of assigned projects until August 2008. In September 2008, he joined Formis Automation Sdn Bhd as a Senior Project Engineer where he was responsible for leading a team of engineers and project management. He left Formis Automation Sdn Bhd in July 2009.

In August 2009, he joined SDC as a Project Engineer, where he was responsible for managing projects assigned to him. He was subsequently promoted to Project Manager of SDC in October 2014, where he was involved in leading project teams to monitor all projects and ensure timely completion of the same, successful implementation, testing and handover to clients. In November 2014, he was appointed as director of KED. Prior to his departure from SDC in December 2017, he, together with Khoirol Suhardi Bin Shaaban incorporated SPE, which was principally involved in consultancy in building automation systems and SPM, which was principally involved in consultancy and trading in building automation systems, in February 2016 and May 2017, respectively. During his tenure in SPE and SPM, he was a director and responsible for project management. In December 2022, he left SPE and re-joined SDC in January 2023 as a Project Director, where he assumes his current responsibilities. In June 2023, the application to strike off SPM under Section 550 of the Act was submitted to the CCM. In July 2023, Ed Kamil Bin Md Bashah resigned as a director in SPE and dispose of his shareholdings.

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

Further details of Ed Kamil Bin Md Bashah's principal business performed outside our Group and his principal directorships are set out in Section 5.5.3 of the Prospectus.

(iv) Khoirol Suhardi Bin Shaaban
Technical Director

Khoirol Suhardi Bin Shaaban, a Malaysian, aged 45, is our Technical Director. He is responsible for the management of the technical and servicing department of our Group which oversees the testing and commissioning of our projects and providing support services to our clients upon the handover.

He graduated with a Bachelor of Communications and Computer Engineering from Universiti Kebangsaan Malaysia in October 2002. He was admitted into the Board of Engineers Malaysia in July 2003 as a graduate engineer. He was certified by Tridium University with Niagara 4 Technical Certification in July 2017 and Niagara 4 Analytics Certification in July 2018. He was also registered with BASAM as a BASAM System Integrator since November 2018.

He began his career as a Project Engineer in Metronic Engineering Sdn Bhd in January 2002 where he was responsible for project management on building automation systems projects for Berjaya Times Square. In November 2003, he left Metronic Engineering Sdn Bhd and joined Berjaya Times Square Management Sdn Bhd as a Maintenance Executive where he was responsible for handling building automation systems of Berjaya Times Square. He was promoted as an Assistant Manager in January 2005 where he was responsible for overseeing the building operations of Berjaya Times Square until April 2006.

In April 2006, he joined Formis Automation Sdn Bhd as a Project Engineer where he was responsible for project management for building automation systems projects. In November 2008, he left Formis Automation Sdn Bhd and joined Dunham-Bush Holding Berhad as a Branch Manager for its Bangladesh operations where he was involved in project management for air conditioning system and building automation system in a shopping complex. In February 2011, he left Dunham-Bush Holding Berhad and returned to Malaysia.

In February 2011, he joined SDC as a Mechanical and Engineering Manager where he was responsible for managing the project department in respect of solar energy and building automation system projects. In November 2014, he was appointed as director of KED. Prior to his departure from SDC in December 2017, he, together with Ed Kamil Bin Md Bashah incorporated SPE, which was principally involved in consultancy in building automation systems and SPM, which was principally involved in consultancy and trading in building automation systems in February 2016 and May 2017, respectively. During his tenure in SPE and SPM, he was a director and responsible for managing the technical department and financial operations. In December 2022, he left SPE and re-joined SDC in January 2023 as a Technical Director, where he assumed his current responsibilities. In June 2023, the application to strike off SPM under Section 550 of the Act was submitted to the CCM. In July 2023, Khoirol Suhardi Bin Shaaban resigned as a director in SPE and dispose of his shareholdings.

Further details of Khoirol Suhardi Bin Shaaban's principal business performed outside our Group and his principal directorships are set out in Section 5.5.3 of the Prospectus.

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

(v) Mohd Hanafy Bin Rasimon
Project Director

Mohd Hanafy Bin Rasimon, a Malaysian, aged 37, is our Project Director. He is responsible for the overall implementation and management for our Group's BMS projects.

He graduated with a Bachelor of Electrical Engineering from Universiti Teknikal Malaysia Melaka in October 2009. He also obtained an Executive Master in Operation and Project Management with Honors from Universiti Malaysia Pahang in November 2019.

In June 2009, he started his career in ERL Maintenance Support Sdn Bhd as a Project Engineer, where he was in charge of monitoring and coordinating project installation as well as mechanical and engineering services for the Express Railway Link stations from Kuala Lumpur International Airport to Kuala Lumpur Sentral until May 2010. In July 2010, he joined Metronic Engineering Sdn Bhd as an Engineer where he was responsible for project management. He was promoted as a Senior Project Engineer in June 2013 where he assumed similar responsibilities.

In November 2014, he left Metronic Engineering Sdn Bhd and joined SDC as an Assistant Project Manager in December 2014 and promoted to Project Manager in January 2018, where he was responsible for leading project teams to monitor all projects and ensure timely completion of the same, successful implementation, testing and handover to clients. In January 2023, he was promoted to Project Director, where he assumed his current responsibilities.

Further details of Mohd Hanafy Bin Rasimon's principal business performed outside our Group and his principal directorships are set out in Section 5.5.3 of the Prospectus.

(vi) Gan Yee Shan
Finance Manager

Gan Yee Shan, a Malaysian female aged 36, is our Finance Manager. She is responsible for the reporting of our Group's financial statements to our Board, as well as supervision of our Group's finance department.

She graduated with a Bachelor of Accounting with Honours from the University Tenaga Nasional, Malaysia in October 2011. She is registered as a Chartered Accountant and has been a member of the Malaysian Institute of Accountants since September 2014.

She began her career in December 2009 with Grant Thornton Malaysia as an intern, where she assisted the senior auditors in audit fieldwork. She completed her internship in May 2010 and proceeded to complete the final semester of her accounting degree. She re-joined Grant Thornton Malaysia in July 2011 as a Junior Associate Auditor, where she was involved in the audit of public listed and private companies and initial public offering exercises as reporting accountant. She left Grant Thornton Malaysia in September 2014 as a Senior Associate Auditor.

In November 2014, she joined Bioalpha Holdings Berhad as an Assistant Finance Manager, where she assisted in the preparation of financial statements and supervision of the finance department. She was promoted to Finance Manager in January 2016 where she was responsible for the preparation of financial statements and supervision of the day-to-day operations of the finance department. She left Bioalpha Holdings Berhad in October 2016 and joined CIMB Bank Berhad in November 2016 as an Assistant Sales Manager, where she was responsible for marketing and sales of retail banking products. In August 2019, she left CIMB Bank Berhad.

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

In October 2019, she joined SDC as our Finance Manager, where she assumed her current responsibilities.

Further details of Gan Yee Shan's principal business performed outside our Group and her principal directorships are set out in Section 5.5.3 of the Prospectus.

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

5.5.3 Principal directorships and principal business activities of our Key Senior Management outside our Group

Save for the involvement of Edison Kong and Eileen Liuk which are detailed in Section 5.2.3 of this Prospectus and as disclosed below, none of our Key Senior Management have any principal directorship and principal business activity performed outside our Group in the past 5 years up to the LPD:

(i) Ed Kamil Bin Md Bashah

<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>
<u>Present Involvement</u>						
-	-	-	-	-	-	-
<u>Past Involvement</u>						
SPM	Consultancy and trading in building automation systems	Director	24 May 2017	12 January 2024 ⁽¹⁾	-	-
Kejuruteraan Cekap Hijau	Electrical engineering	Sole Proprietor	8 February 2017	27 September 2023 ⁽²⁾	100.00	-
SPE	Consultancy in building automation systems	Director and Shareholder	25 February 2016	21 July 2023 ⁽³⁾	50.00	-
Dynamic Uco Enterprise	Inactive, it was previously principally as used cooking oil collector	Sole Proprietor	22 August 2022	21 August 2023 ⁽⁴⁾	100.00	-

Notes:

- (1) He held 50.00% indirect equity interest in SPM by virtue of his 50.00% direct equity interest in SPE pursuant to Section 8(4) of the Act prior to the disposal of his interest in SPE on 21 July 2023. SPM was dissolved on 12 January 2024.
- (2) He held 100.00% direct equity interest in Kejuruteraan Cekap Hijau prior to the termination of the business on 27 September 2023.
- (3) He held 50.00% direct equity interest in SPE prior to the disposal of such interest to a non-related party on 21 July 2023.
- (4) He held 100.00% direct equity interest in Dynamic Uco Enterprise prior to the expiry of the business on 21 August 2023.

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

(ii) Khoirol Suhardi Bin Shaaban

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest (%)	
					Direct	Indirect
<u>Present Involvement</u>						
-	-	-	-	-	-	-
<u>Past Involvement</u>						
SPM	Consultancy and trading in building automation systems	Director	24 May 2017	12 January 2024 ⁽¹⁾	-	-
SPE	Consultancy in and installation of BAS	Director and Shareholder	25 February 2016	21 July 2023 ⁽²⁾	50.00	-

Notes:

(1) He held 50.00% indirect equity interest in SPM by virtue of his 50.00% direct equity interest in SPE pursuant to Section 8(4) of the Act prior to the disposal of his interest in SPE on 21 July 2023. SPM was dissolved on 12 January 2024

(2) He held 50.00% direct equity interest in SPE prior to the disposal of such interest to a non-related party on 21 July 2023.

(iii) Mohd Hanafy Bin Rasimon

Name of company	Principal activities	Designation	Date of appointment / commencement	Date of resignation / cessation	Equity interest (%)	
					Direct	Indirect
<u>Present Involvement</u>						
-	-	-	-	-	-	-
<u>Past Involvement</u>						
Hanafy Engineering Services	Electrical wirings and air conditioner installation services	Sole Proprietor	7 September 2016	19 October 2020 ⁽¹⁾	100.00	-
IOT Technology	Closed-circuit television security system and card access, extra low voltage, information and communication technologies and electrical installation	Sole Proprietor	20 October 2019	19 October 2020 ⁽²⁾	100.00	-

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

Notes:

(1) He held 100.00% direct equity interest in Hanafy Engineering Services prior to the expiry of the business on 19 October 2020.

(2) He held 100.00% direct equity interest in IOT Technology prior the expiry of the business on 19 October 2020.

(iv) Gan Yee Shan

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest (%)	
					Direct	Indirect
<u>Present Involvement</u>						
Actec Lighting House	Retail sale of lighting and electrical accessories and installation	Partner	14 April 2021	-	50.00	-
<u>Past Involvement</u>						
Accel Lighting House	Retail sale of lighting and electrical accessories and installation	Partner	14 April 2021	14 April 2022 ⁽¹⁾	50.00	-
GY Tree Advisory	Accounting services	Sole Proprietor	21 October 2022	27 July 2023 ⁽²⁾	100.00	-

Notes:

(1) She held 50.00% direct equity interest in Accel Lighting House prior to the expiry of the business on 14 April 2022.

(2) She held 100.00% direct equity interest in GY Tree Advisory prior to the disposal of such interest on 27 July 2023.

In respect of Gan Yee Shan, she is not involved in the management and day-to-day operations of Actec Lighting House, whose principal activity is not similar to our Group's business nor are they customers or suppliers to our Group. Accordingly, our Board is of the view that the involvement of our Key Senior Management in the business activities outside our Group listed above will not affect her continued contributions to the day-to-day management of our Group and does not give rise to any actual or potential conflict of interest situation with our business.

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

5.5.4 Remuneration and material benefits-in-kind of our Key Senior Management

Save for the remuneration and material benefits-in-kind of Edison Kong and Eileen Liuk which are detailed in Section 5.2.4, 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 services rendered in all capacities to our Group for the FY 2023 and proposed for FY 2024 are as follows:

Key Senior Management	Remuneration band (in bands of RM50,000)	
	FY 2023	⁽¹⁾ Proposed for FY 2024
Ed Kamil Bin Md Bashah	100,000 – 150,000	150,000 – 200,000
Khoirol Suhardi Bin Shaaban	100,000 – 150,000	150,000 – 200,000
Mohd Hanafy Bin Rasimon	100,000 – 150,000	150,000 – 200,000
Gan Yee Shan	100,000 – 150,000	100,000 – 150,000

Note:

(1) Bonuses are not included as it will be determined later depending on the performance of the individuals and our Group, subject to the recommendation of the Remuneration Committee and approval by our Board.

5.6 ASSOCIATIONS OR FAMILY RELATIONSHIPS BETWEEN OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY SENIOR MANAGEMENT

Save as disclosed below, there are no other family relationships and/or association between any of our Directors, Promoters, Substantial Shareholders and Key Senior Management as at the LPD:

Name	Relationship
<u>Directors, Promoter, Substantial Shareholder and Key Senior Management</u>	
Edison Kong	• Spouse of Eileen Liuk
Eileen Liuk	• Spouse of Edison Kong

5.7 DECLARATIONS BY OUR DIRECTORS, PROMOTERS AND KEY SENIOR MANAGEMENT

As at the LPD, none of our Directors, Promoters 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 such person or any partnership in which such person was a partner or any corporation of which such person was a director or member of key senior management;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) in the last 10 years, charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) in the last 10 years, any judgment was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on such person's part, involving a breach of any law or regulatory requirement that relates to the capital market;

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

- (v) in the last 10 years, the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on such person's part that relates to the capital market;
- (vi) the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining such person 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 such person.

5.8 SERVICE CONTRACTS

As at the LPD, there are no existing or proposed service agreements entered into or to be entered into by our Directors or Key Senior Management with our Group which provide for benefits upon termination of employment.

5.9 MANAGEMENT SUCCESSION PLAN

Our Board believes that the success of the Group depends on the ability to retain our key senior management personnel as well as attract and retain skilled personnel.

Our Group has implemented a formal Succession and Contingency Planning Policy where we have put in place a process to groom new management staff to gradually assume the responsibilities of senior management. Our Group's strategy for management continuity is driven by our top management who is responsible for identifying key competencies and requirements of candidates. If the need arises, we will recruit qualified personnel with knowledge and expertise of our business to enhance our operations. Our Group's succession plan consists of, among others, the following:

- (i) Structured career planning and development – Our senior management trains the lower and middle management employees to gradually assume more responsibilities;
- (ii) Recruitment and Selection – Our Group will groom internal candidates to assume the key roles within the organisation. If we do not have a suitable candidate, the Group will recruit qualified personnel with knowledge and expertise of our business;
- (iii) Managing Director's Succession Plan – The Board will work with the Managing Director to plan for the Managing Director's succession;
- (iv) Emergency succession contingency plan – The Board will maintain an emergency succession contingency plan should an unforeseen event such as death or disability occurs that prevents the Managing Director from continuing to discharge his /her duties. The plan identifies the individuals who would act in an emergency and their responsibilities; and
- (v) The Nomination Committee will review and update the Succession and Contingency Planning Policy annually or when deemed necessary.

6. INFORMATION OF OUR GROUP

6.1 OUR GROUP

6.1.1 History and background

Our Company was incorporated in Malaysia under the Act on 25 April 2023 as a private limited company under the name of Solar District Cooling Group Sdn Bhd.

On 25 July 2023, our Company was converted into a public limited company and we assumed our present name.

Our Company is principally an investment holding company. The principal activities of our subsidiaries are as follows:

Company	Principal activities
Subsidiary of our Company:	
SDC	Provision and maintenance of building management systems, solar thermal systems, other systems and equipment, and other energy services.
Subsidiary of SDC:	
KED	Mechanical and electrical works, and project management services.

6.1.2 Share capital

As at the date of the Prospectus, our issued share capital is RM15,257,718, comprising 305,152,460 Shares. Save as disclosed below, there has been no change in our issued share capital since the date of our incorporation:

Date of allotment	No. of Shares allotted	Consideration	Nature of transaction	Cumulative share capital	
				No. of Shares	RM
25 April 2023	100	Cash	Subscriber's Shares	100	100
15 July 2024	305,152,360	Other than cash	Allotment of Shares pursuant to the Acquisition	305,152,360	15,257,618
Total issued share capital				<u>305,152,460</u>	<u>15,257,718</u>

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

Please refer to Section 6.4 of this Prospectus for further information on our subsidiaries.

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6. INFORMATION OF OUR GROUP (CONT'D)

6.2 THE FORMATION OF OUR GROUP

6.2.1 Acquisition of SDC

The Company had on 11 August 2023 entered into a conditional SSA with the Vendors to acquire the entire issued share capital of SDC for a purchase consideration of RM15,257,618. The purchase consideration was satisfied via the issuance of 305,152,360 new Shares at an issue price of RM0.05 per Share to the Vendors as follows:

Vendors	No. of shares acquired	% of share capital	Purchase consideration (RM)	No of new Shares issued
Edison Kong	900,000	90.00	13,731,856	274,637,124
Eileen Liuk	100,000	10.00	1,525,762	30,515,236
Total	1,000,000	100.00	15,257,618	305,152,360

The purchase consideration of RM15,257,618 was arrived at on a willing-buyer willing-seller basis after taking into consideration the audited consolidated NA of SDC, as at 31 December 2022 of RM15,257,618.

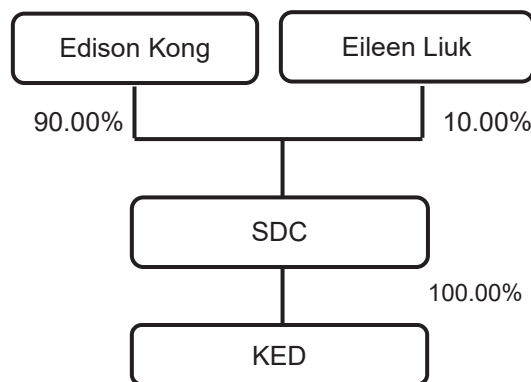
The Acquisition was completed on 15 July 2024. Following the completion of the Acquisition, SDC and its subsidiary, KED became the wholly-owned subsidiaries of SDCG.

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

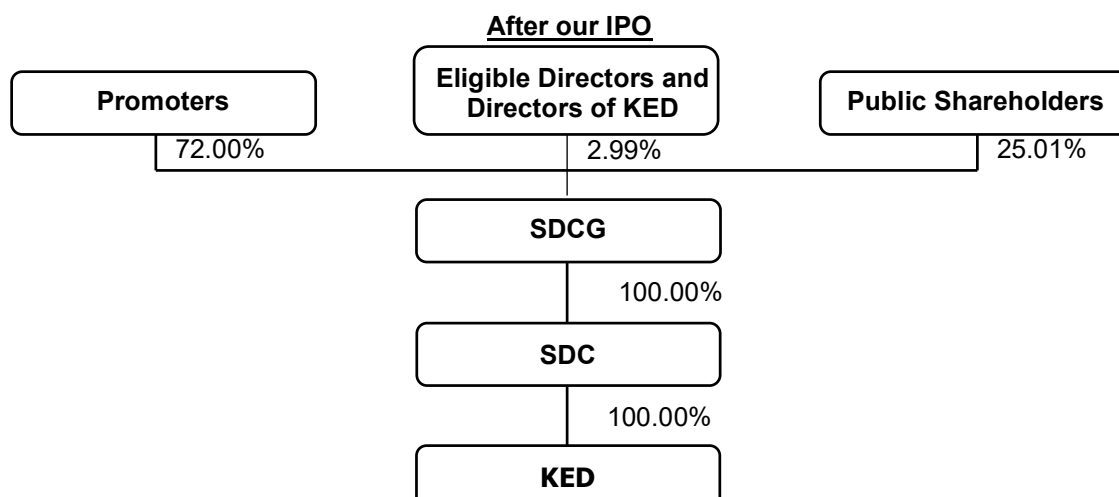
6.3 OUR GROUP STRUCTURE

Our Group structure before and after our IPO are set out below:

Before our IPO



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6. INFORMATION OF OUR GROUP (CONT'D)**6.4 OUR SUBSIDIARIES**

Our subsidiaries as at the date of the Prospectus are as follows:

Name and registration no.	Date and country of incorporation	Principal place of business	Issued share capital RM	Effective equity interest %	Principal activities
<u>Subsidiary of our Company:</u>					
SDC / 200301004597 (607017-T)	22 February 2003 / Kuala Lumpur	Malaysia	1,000,000	100.00	Provision and maintenance of building management systems, solar thermal systems, other systems and equipment and other energy services.
<u>Subsidiary of SDC:</u>					
KED / 201401042378 (1118545-H)	18 November 2014 / Kuala Lumpur	Malaysia	150,000	100.00	Mechanical and electrical works, and project management services.

As at the LPD, we do not have any joint venture or associated company.

Further details of our subsidiaries as at the LPD are set out below:

6.4.1 SDC**(i) History and Business**

SDC was incorporated in Malaysia under the Companies Act 1965 on 22 February 2003 as a private limited company under the name of Pustaka Integrasi Sdn Bhd and is deemed to be registered under the Act. It assumed its present name on 22 February 2008. SDC is principally involved in the provision and maintenance of building management systems, solar thermal systems and other energy services. In addition, SDC also provide maintenance services for other systems and equipment.

6. INFORMATION OF OUR GROUP (CONT'D)**(ii) Share Capital**

SDC's issued share capital as at the LPD is RM1,000,000 comprising 1,000,000 ordinary shares. Save as disclosed below, there has been no change in the issued share capital of SDC for the past 4 FYs up to the LPD:

<u>Date</u>	<u>No. of ordinary shares allotted</u>	<u>Consideration</u>	<u>Nature of transaction</u>	<u>Cumulative share capital</u>	
				<u>No. of ordinary shares</u>	<u>RM</u>
11 September 2020	100,000	RM1.00 per Share	Otherwise	1,000,000	1,000,000

As at the LPD, SDC does not have any outstanding warrants, options, convertible securities and uncalled capital.

(iii) Shareholder

SDC is a wholly-owned subsidiary of our Company.

(iv) Director

The directors of SDC are Edison Kong and Eileen Liuk.

(v) Subsidiary and associated company

SDC has a wholly-owned subsidiary, namely KED.

As at the LPD, SDC does not have any associated company.

6.4.2 KED**(i) History and Business**

KED was incorporated in Malaysia under the Companies Act 1965 on 18 November 2014 as a private limited company and is deemed to be registered under the Act. KED is principally involved in mechanical and electrical works, and project management services.

(ii) Share Capital

KED's issued share capital as at the LPD is RM150,000 comprising 150,000 ordinary shares. Save as disclosed below, there has been no change in the issued share capital of KED for the past 4 FYs up to the LPD:

<u>Date</u>	<u>No. of ordinary shares allotted</u>	<u>Consideration</u>	<u>Nature of transaction</u>	<u>Cumulative share capital</u>	
				<u>No. of ordinary shares</u>	<u>RM</u>
21 July 2023	50,000	RM1.00 per Share	Cash	150,000	150,000

As at the LPD, KED does not have any outstanding warrants, options, convertible securities and uncalled capital.

6. INFORMATION OF OUR GROUP (CONT'D)**(iii) Shareholder**

KED is a wholly-owned subsidiary of SDC.

(iv) Director

The directors of KED are Edison Kong, Eileen Liuk, Ed Kamil Bin Md Bashah, Khoirol Suhardi Bin Shaaban and Mohd Hanafy Bin Rasimon.

(v) Subsidiary and associated company

As at the LPD, KED does not have any subsidiary and associated company.

6.5 MATERIAL INVESTMENTS AND DIVESTITURES

Save as disclosed below, we do not have any other material investments and divestitures for the FY Under Review, FP 2024 and up to the LPD:

	FY 2020	FY 2021	FY 2022	FY 2023	FP 2024	1 June 2024 up to the LPD
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Investment costs</u>						
Property and equipment comprising:						
Office equipment	4	4	16	-	15	3
Furniture and fittings	-	-	2	1	3	-
Computers	3	8	32	17	2	-
Motor vehicles	-	318	230	-	-	-
Machineries	2	2	5	8	14	2
Trademark	-	-	-	-	7	-
Capital work-in-progress (Solar PV system)	-	-	-	33	21	-
Concession asset	2,837	1,250	25	-	-	-
Acquisition of 30% equity interest in KED	-	-	30	-	-	-
Total	2,846	1,582	340	59	62	5
<u>Divestiture proceeds</u>						
Computers	-	*	-	-	-	-
Motor vehicles	-	30	32	-	-	-
Total	-	30	32	-	-	-

(*) Amount is less than RM500

6. INFORMATION OF OUR GROUP (CONT'D)

For FY 2020, our Group's capital expenditure was RM2.85 million and this was mainly for the additions to concession assets which were mainly equipment for the installation of the hybrid solar thermal hot water system and retrofitting of LED lighting under the energy performance services.

For FY 2021, our Group's capital expenditure was RM1.58 million. This was mainly for the additions to concession assets as well as work-in-progress which are mainly equipment for the installation of the hybrid solar thermal hot water system and retrofitting of LED lighting under the energy performance services. In addition, the capital expenditure for FY 2021 also included the purchase of 3 passenger cars.

For FY 2022, our Group's capital expenditure was RM0.34 million and this was mainly for the purchase of a passenger car.

For FY 2023, our Group's capital expenditure was RM0.06 million and this was mainly for the purchase of property, plant and equipment comprising the purchase of equipment for the installation of solar PV systems at our Headquarters in Kajang, Selangor and 16 units of computers.

For FP 2024, our Group's capital expenditure was RM0.06 million. This was primarily used for the purchase of equipment for installation of solar PV systems, the purchase and installation of air conditioners and CCTV at our Headquarters in Kajang, Selangor, as well as the purchase of machinery such as measuring tools, and demo set to showcase our products.

Between 1 June 2024 and up to the LPD, our capital expenditure was approximately RM5,000 mainly due to the purchase for office equipment on water dispenser.

Our Group had no capital divestitures for the FY 2020, FY 2023, FP 2024 and between 1 June 2024 and up to the LPD. Our capital divestitures comprised the disposals of computers and 2 units motor vehicles in FY 2021 which are fully depreciated, as well as the disposal of 1 unit of motor vehicle in FY 2022.

6.6 PUBLIC TAKE-OVERS

Since the beginning of the FY 2023 and up to the LPD, there has been:

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

6.7 MATERIAL CONTRACTS

Save as disclosed below, our Group has not entered into any material contracts which are not in the ordinary course of our Group's business during the FY Under Review, FP 2024 and up to the date of this Prospectus:

- (i) SSA dated 11 August 2023 entered into between our Company and the Vendors for the Acquisition. The Acquisition was completed on 15 July 2024.
- (ii) Underwriting Agreement dated 13 August 2024 entered between our Company and Mercury Securities for the underwriting of 42,384,000 Shares for the underwriting commission at the rate as set out in Section 4.9.2 of this Prospectus, in accordance with the terms and conditions as set out in the Underwriting Agreement. Please refer to Section 4.10 for the salient terms of the Underwriting Agreement.

6. INFORMATION OF OUR GROUP (CONT'D)

6.8 MATERIAL PROPERTIES

6.8.1 Properties owned by our Group

The details of the material properties owned by our Group as at the LPD are as follows:

No.	Registered owner/ Postal address/ Title details	Description of property/ Tenure/ Existing use	Land area/ Built-up area (sq ft)	Date of issuance of CCC or equivalent	Category of land use/ Express condition/ Restriction in interest	Encumbrances	Audited NBV as at 31 May 2024 (RM)
1.	SDC Wisma SDC, No. 25, Jalan Kajang Perdana 3/2, Taman Kajang Perdana, 43000 Kajang, Selangor / H.S.(D) 102744, PT 17930, in the Mukim of Semenyih, District of Ulu Langat, State of Selangor Darul Ehsan	Three storey shop office / Freehold / Office	4,628/ 8,320	14 November 2014	<u>Category of land use</u> Building <u>Express condition</u> Commercial building <u>Restriction in interest</u> None	Charged to CIMB Bank Berhad and CIMB Islamic Bank Berhad	2,598,529

The properties owned by our Group are not in breach of any land use conditions, current statutory requirements, land rules and/or building regulations/by-laws, which will have material adverse impact on our operations as at the LPD.

6.8.2 Properties tenanted by our Group



There are no properties tenanted by our Group as at the LPD.

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6. INFORMATION OF OUR GROUP (CONT'D)

6.9 INTELLECTUAL PROPERTIES

Save as disclosed below, as at the LPD, we do not have any brand names, patents, trademarks and other intellectual property rights.

No.	Trademark	Applicant	Authority	Trademark No. / Application No.	Place of registration	Status/ Validity Period	Class/ Description of trademark
1.	 <small>Solar District Cooling Solar District Cooling</small>	SDC	Intellectual Property Corporation of Malaysia (“MyIPO”)	Application No: TM2023010222	Malaysia	Application filed on 12 April 2023 ⁽¹⁾	Class 11 – Solar thermal collectors heating; solar thermal collectors; solar water heaters.
2.	 <small>Solar District Cooling Solar District Cooling</small>	SDC	MyIPO	Application No: TM2023010223	Malaysia	Application filed on 12 April 2023 ⁽¹⁾	Class 37 – Advisory services relating to the installation of building automation equipment; advisory services relating to the maintenance of buildings; air-conditioning system installation and repair; construction services relating to the installation of heating, ventilating and air-conditioning systems; installation and maintenance of heating systems; installation and maintenance of solar thermal installations; installation and repair of air-conditioning systems; installation and repair of heating equipment; installation and repair of heating, ventilating and air-conditioning systems; installation of building automation equipment; installation of heating systems; installation of heating, ventilation and air-conditioning [HVAC] systems; installation of HVAC systems; installation of heating, ventilation and air-conditioning systems; installation of solar heating systems; installation, maintenance

6. INFORMATION OF OUR GROUP (CONT'D)

No.	Trademark	Applicant	Authority	Trademark No. / Application No.	Place of registration	Status/ Validity Period	Class/ Description of trademark
							and repair of automation systems; installation, maintenance and repair of boiler systems and solar energy systems; installation, maintenance and repair of building automation equipment; installation, maintenance and repair of electrical and electronic apparatus for use in the field of automation; installation, maintenance and repair of heating systems; installation, maintenance and repair of photovoltaic modules; installation, maintenance and repair of solar collectors; installation, maintenance and repair of solar energy systems; installation, maintenance and repair of solar installations for generating power, solar collectors and photovoltaic modules; maintenance and repair of heating installations; retrofitting of heating installations in buildings.

6. INFORMATION OF OUR GROUP (CONT'D)

No.	Trademark	Applicant	Authority	Trademark No. / Application No.	Place of registration	Status/ Validity Period	Class/ Description of trademark
3.	Tri-IO Tri-IO	SDC	MyIPO	Trademark No: TM2023010224	Malaysia	Registered / 12 April 2023 to 12 April 2033	Class 9 – Building automation control systems; computer hardware and software; electric control devices for energy management; electric control devices for heating management; electrical energy utilization metering devices; energy meters for tracking and monitoring energy usage.
4.	Tri-IO Tri-IO	SDC	MyIPO	Trademark No: TM2023010225	Malaysia	Registered / 12 April 2023 to 12 April 2033	Class 37 – Advisory services relating to the installation of building automation equipment; advisory services relating to the maintenance of buildings; air-conditioning system installation and repair; construction services relating to the installation of heating, ventilating and air-conditioning systems; installation and maintenance of heating systems; installation and maintenance of solar thermal installations; installation and repair of air-conditioning systems; installation and repair of heating equipment; installation and repair of heating, ventilating and air-conditioning systems; installation of building automation equipment; installation of heating systems; installation of heating, ventilation and air-conditioning HVAC systems; installation of HVAC systems; installation of heating, ventilation and air-conditioning systems; installation of solar heating systems; installation, maintenance and repair of automation systems;

6. INFORMATION OF OUR GROUP (CONT'D)

No.	Trademark	Applicant	Authority	Trademark No. / Application No.	Place of registration	Status/ Validity Period	Class/ Description of trademark
							installation, maintenance and repair of boiler systems and solar energy systems; installation, maintenance and repair of building automation equipment; installation, maintenance and repair of electrical and electronic apparatus for use in the field of automation; installation, maintenance and repair of heating systems; installation, maintenance and repair of photovoltaic modules; installation, maintenance and repair of solar collectors; installation, maintenance and repair of solar energy systems; installation, maintenance and repair of solar installations for generating power, solar collectors and photovoltaic modules; maintenance and repair of heating installations; retrofitting of heating installations in buildings.

Note:

(1) *The trademark applications had been temporarily rejected via a refusal notice dated 2 October 2023 issued by MyIPO. We have on 29 November 2023 submitted appeals against the provisional refusal notice and the decision from MyIPO is still pending as at the LPD. The expected timeframe for the assessment of the appeal by MyIPO may take at least twelve months. In the event the appeal for the trademark applications is refused by MyIPO, we will cease to use the existing trademarks and resubmit alternative trademarks for registration*

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6. INFORMATION OF OUR GROUP (CONT'D)

6.10 MATERIAL LICENCES, PERMITS AND APPROVALS

Details of our major licences, permits and approvals for our operations as at the LPD together with the main conditions attached therein and the corresponding status of compliance as at the LPD are as follows:

No.	Licensee	Approving authority / Registration no.	Description of licence / permit / approval	Date of issue / Date of expiry	Material conditions	Status of compliance
1.	SDC	Majlis Perbandaran Kajang / MPKJ/CL/1/292/2018*	Trade, business and industries licence for management office and illuminated advertisement at Wisma SDC, No. 25, Jalan Kajang Perdana 3/2, Taman Kajang Perdana, 43000 Kajang Selangor	28 August 2024 / 27 August 2025	(a) MPKJ reserves the right to terminate the licence at any time; (b) SDC shall comply with all the conditions and restrictions imposed by MPKJ; (c) The licence must be renewed before the expiry date and can be renewed three (3) months before the expiry date.	Noted Complied Noted
2.	SDC	CIDB / SL122194	0120090224- CIDB certificate of registration in respect of: a. Grade G7 – No limit on grade and limit of tender/ value of work b. Category - Building Construction, Civil Engineering Construction, Mechanical and Electrical Engineering	6 September 2022 / 16 April 2026	General Terms and Conditions: (a) The certificate is non-transferrable; (b) CIDB reserves the right to review the registration grade of SDC from time to time.	Noted Noted

This certificate allows SDC to carry out the following work scope:

6. INFORMATION OF OUR GROUP (CONT'D)

<u>No.</u>	<u>Licensee</u>	<u>Approving authority / Registration no.</u>	<u>Description of licence / permit / approval</u>	<u>Date of issue / Date of expiry</u>	<u>Material conditions Responsibilities and obligations of SDC:</u>	<u>Status of compliance</u>																								
			<table border="1"> <thead> <tr> <th>Code No.</th> <th>Details</th> </tr> </thead> <tbody> <tr> <td>B04</td> <td>General building construction works</td> </tr> <tr> <td>CE21</td> <td>Construction of civil engineering</td> </tr> <tr> <td>E02</td> <td>Surveillance and security system</td> </tr> <tr> <td>E03</td> <td>Building automation system</td> </tr> <tr> <td>E04</td> <td>Low voltage installation</td> </tr> <tr> <td>E06</td> <td>Special lighting system</td> </tr> <tr> <td>E10</td> <td>Uninterrupted power supply system</td> </tr> <tr> <td>E11</td> <td>General electrical work</td> </tr> <tr> <td>E14</td> <td>Computer network cable</td> </tr> <tr> <td>E16</td> <td>Street lights and traffic lights</td> </tr> <tr> <td>E17</td> <td>Low voltage underground cables</td> </tr> </tbody> </table>	Code No.	Details	B04	General building construction works	CE21	Construction of civil engineering	E02	Surveillance and security system	E03	Building automation system	E04	Low voltage installation	E06	Special lighting system	E10	Uninterrupted power supply system	E11	General electrical work	E14	Computer network cable	E16	Street lights and traffic lights	E17	Low voltage underground cables		<p>(a) SDC shall comply with the provisions of the CIDB Act, the regulations made thereunder and any term, conditions or restriction imposed by CIDB from time to time;</p> <p>(b) SDC shall not participate in any tender or execute any construction after the expiry of this certificate and until such time this certificate has been renewed;</p> <p>(c) SDC shall not undertake any construction project which exceeds the value of the construction project specified under the registration grade and shall not execute any construction project which is outside the registered category;</p> <p>(d) SDC shall submit information in relation to any new construction work or project within fourteen (14) days from the award of construction work or project;</p> <p>(e) SDC shall submit any information required by CIDB from time to time;</p>	<p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p>
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6. INFORMATION OF OUR GROUP (CONT'D)

No.	Licensee	Approving authority / Registration no.	Description of licence / permit / approval	Date of issue / Date of expiry	Material conditions	Status of compliance
			M01		(f) SDC shall display the original or the certified true copy of the certificate of registration issued by CIDB at its place of business; (g) SDC shall display its registration number on the signboard at each construction site; (h) SDC shall apply for renewal of registration within sixty (60) days prior to the expiry date as specified in this certificate; (i) SDC shall comply with all the requirements and provisions of the code of ethics for contractors; (j) SDC shall appoint skilled construction workers and site supervisors who are accredited and certified by CIDB; and (k) All the workers at the construction site must have a valid CIDB Green Card.	Complied
			M04			Complied
			M15			Noted
			M18			Complied
			M20			Complied
3.	SDC	SEDA-RPVI-2024/002	Certificate of registration of registered solar PV Investor which qualifies SDC to take part in the Net-Energy Metering Program administered by SEDA	5 January 2024 / 31 December 2024	The registration must be renewed at least thirty (30) days before the expiry date.	Noted

6. INFORMATION OF OUR GROUP (CONT'D)

<u>No.</u>	<u>Licensee</u>	<u>Approving authority / Registration no.</u>	<u>Description of licence / permit / approval</u>	<u>Date of issue / Date of expiry</u>	<u>Material conditions</u>	<u>Status of compliance</u>
4.	SDC	Energy Commission / ESCO 238(2020)/77/2023	Certificate of registration of Energy Service Company	8 June 2023 / 7 June 2026	<p>(a) The renewal of the certificate must be made not less than one (1) month before the date of expiry of the registration.</p> <p>(b) The Energy Commission may cancel the certificate if:</p> <ul style="list-style-type: none"> (i) SDC ceases to carry on the business in respect of which SDC is registered; (ii) SDC has been adjudicated a bankrupt; (iii) SDC goes into liquidation. <p>(c) The certificate cannot be transferred without prior written approval from the Energy Commission;</p> <p>(d) Any change of name, address and other details of the business or company stated in the certificate must be informed in writing to Energy Commission within fourteen (14) days of such change.</p>	<p>Noted</p> <p>Noted</p> <p>Noted</p> <p>Noted</p>

6. INFORMATION OF OUR GROUP (CONT'D)

<u>No.</u>	<u>Licensee</u>	<u>Approving authority / Registration no.</u>	<u>Description of licence / permit / approval</u>	<u>Date of issue / Date of expiry</u>	<u>Material conditions</u>	<u>Status of compliance</u>
					(e) In the event of any change or replacement of an appointed registered electrical energy manager, SDC shall ensure that a new registered electrical energy manager be appointed to effect such change or replacement and shall notify in writing to Energy Commission within fourteen (14) days of such change or replacement.	Noted
					(f) All electrical works in relation to the energy services provided by SDC must be performed by competent persons in accordance with the Electricity Supply Act 1990 and the Electricity Regulations 1994.	Complied
5.	SDC	Energy Commission/ Certificate No. ST(TKL)SGR/C/KE/04783/2 024	Certificate of registration electric contractor (Class C)	as 10 May 2024/ 9 May 2026	The registration must be renewed at least fourteen (14) days before the expiry date.	Noted

6. INFORMATION OF OUR GROUP (CONT'D)

No.	Licensee	Approving authority / Registration no.	Description of licence / permit / approval	Date of issue / Date of expiry	Material conditions	Status of compliance								
6.	SDC	Ministry of Finance/ Certificate No. K63434378023277624 Registration Reference No. 357-02151032	Certificate of registration – Provision of supply and service under the following codes:	20 July 2022/ 15 August 2025	General Conditions: (i) This approval is given based on the information provided by SDC. (ii) Any changes to the said information should be updated online in the Profile Update Module at www.eperolehan.gov.my within twenty-one (21) days from the date of such change and failure to do so may result in action being taken as described in paragraph (e) below. (iii) SDC must submit all such information within the stipulated time as requested by the Ministry of Finance of Malaysia (“ MOF ”). Failure to do so will result in action being taken as described in paragraph (e) below. (iv) SDC must ensure that the fields registered in the certificate do not overlap with the fields approved on any of the companies as follows:	Noted Complied Complied Complied								
			<table border="1"> <thead> <tr> <th>Code No.</th> <th>Details</th> </tr> </thead> <tbody> <tr> <td>010501</td> <td>Publishing and broadcasting/ photography and film/ camera and accessories</td> </tr> <tr> <td>020804</td> <td>Furniture, office equipment, interior and domestic decoration/ clothing and accessories/ safety clothing, equipment and accessories</td> </tr> <tr> <td>050101 and 050102</td> <td>Hospital and medical equipment, medication and pharmaceutical/ hospital equipment, medical material and equipment/ equipment/ medical equipment</td> </tr> </tbody> </table>	Code No.	Details	010501	Publishing and broadcasting/ photography and film/ camera and accessories	020804	Furniture, office equipment, interior and domestic decoration/ clothing and accessories/ safety clothing, equipment and accessories	050101 and 050102	Hospital and medical equipment, medication and pharmaceutical/ hospital equipment, medical material and equipment/ equipment/ medical equipment			
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6. INFORMATION OF OUR GROUP (CONT'D)

<u>No.</u>	<u>Licensee</u>	<u>Approving authority / Registration no.</u>	<u>Description of licence / permit / approval</u>	<u>Date of issue / Date of expiry</u>	<u>Material conditions</u>	<u>Status of compliance</u>
			100101	Measuring and measurement equipment/all measuring equipment		
			120401	Defense and safety/ security and enforcement equipment/ safety devices, protection and protection control		
			130301	Engineering equipment and production machine/ sewerage system/ sewerage system equipment and accessories		
			130201	Engineering equipment and production machines/ electric power and generator equipment/ spare parts and batteries/ power, equipment/ replacement tools/ accessories (secondary)		
			140201	Electrical and electronic engineering		

<p>(i) has the same owner or board of directors, directors, management and employees; or</p> <p>(ii) 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 SDC, 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>Noted</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>Complied</p>	

6. INFORMATION OF OUR GROUP (CONT'D)

<u>No.</u>	<u>Licensee</u>	<u>Approving authority / Registration no.</u>	<u>Description of licence / permit / approval</u>	<u>Date of issue / Date of expiry</u>	<u>Material conditions</u>	<u>Status of compliance</u>
			equipment/ electric power station and generator equipment/ spare parts and batteries/ power stations, equipment/ replacement tools /accessories (primary)		(vii) Failure of SDC to apply for renewal of registration after one (1) year from the expiry date of the registration may result in the registration of SDC with the MOF to be automatically cancelled and withdrawn from e-Perolehan system. SDC must then make a new application.	Noted
		140301	Electrical and electronic engineering equipment/ cables, electric wires and accessories/ electric cables and accessory			
		140302	Electrical and electronic engineering equipment/ cables, electric wires and accessories/ electric cables and accessory			
		220301	Service/ maintenance/ repair works of air condition equipment / air condition (window/ split/ centralised)			
					<p><u>Suspension/revocation of registration</u></p> <p>(a) SDC's registration will be suspended/revoked in the event that SDC commits the following offences:</p> <p>(i) 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.</p> <p>(ii) SDC withdraws its offer before the tender is considered or rejects once offer is made.</p>	Noted

6. INFORMATION OF OUR GROUP (CONT'D)

<u>No.</u>	<u>Licensee</u>	<u>Approving authority / Registration no.</u>	<u>Description of licence / permit / approval</u>	<u>Date of issue / Date of expiry</u>	<u>Material conditions</u>	<u>Status of compliance</u>	
			221304	Services/ arts, entertainment and tourism/ audio visual		(iii) SDC fails to fulfil its contractual obligations signed with the Government.	
			221511	Services/ rental and management of public address system and musical instrument		(iv) SDC is found to amend the Certificate of Registration of Company for the purpose of fraud or other purposes.	
			222801	Services/ green technology services/ green technology		(v) SDC allows its Certificate of Registration of Company to be misused by another individual/company.	
						(vi) SDC 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.	
						<u>Renewal</u>	
					(a) SDC must submit the renewal application three (3) months prior to the expiry date.	Noted	

6. INFORMATION OF OUR GROUP (CONT'D)

<u>No.</u>	<u>Licensee</u>	<u>Approving authority / Registration no.</u>	<u>Description of licence / permit / approval</u>	<u>Date of issue / Date of expiry</u>	<u>Material conditions</u>	<u>Status of compliance</u>
					(b) Applications received after the expiry date are considered renewal registration.	Noted
7.	KED	Majlis Perbandaran Kajang / MPKJ/CL/1/568/2023#	Trade, business and industries licence for management office at No. 25, Jalan Kajang Perdana 3/2, Taman Kajang Perdana, 43000 Kajang Selangor	1 January 2024 / 31 December 2024	(a) MPKJ reserves the right to terminate the licence at any time; (b) KED shall comply with all the conditions and restrictions imposed by MPKJ; (c) The licence must be renewed before the expiry date and can be renewed three (3) months before the expiry date	Noted Complied Noted
8.	KED	CIDB / WP173331	0120160415- CIDB certificate of registration in respect of: a. Grade G4 – Tender limit/ value of work not exceeding RM3,000,000.00 b. Category – Building Construction, Civil Engineering Construction, Mechanical and Electrical Engineering	2 August 2023 / 13 April 2025	<u>General Terms and Conditions:</u> (a) The certificate is non- transferrable; (b) CIDB reserves the right to review the registration grade of KED from time to time. <u>Responsibilities and obligations of KED:</u> (a) KED shall comply with the provisions of the CIDB Act, the regulations made thereunder and any term, conditions or restriction imposed by CIDB from time to time;	Noted Noted Complied

6. INFORMATION OF OUR GROUP (CONT'D)

<u>No.</u>	<u>Licensee</u>	<u>Approving authority / Registration no.</u>	<u>Description of licence / permit / approval</u>	<u>Date of issue / Date of expiry</u>	<u>Material conditions</u>	<u>Status of compliance</u>								
			This certificate allows KED to carry out the following work scope:											
			<table border="1"> <thead> <tr> <th>Code No.</th> <th>Details</th> </tr> </thead> <tbody> <tr> <td>B04</td> <td>General building construction works</td> </tr> <tr> <td>CE21</td> <td>Construction of civil engineering</td> </tr> <tr> <td>M15</td> <td>Installation, testing and commissioning of various mechanical systems</td> </tr> </tbody> </table>	Code No.	Details	B04	General building construction works	CE21	Construction of civil engineering	M15	Installation, testing and commissioning of various mechanical systems			
Code No.	Details													
B04	General building construction works													
CE21	Construction of civil engineering													
M15	Installation, testing and commissioning of various mechanical systems													
					(b) KED shall not participate in any tender or execute any construction after the expiry of this certificate and until such time this certificate has been renewed;	Complied								
					(c) KED shall not undertake any construction project which exceeds the value of the construction project specified under the registration grade and shall not execute any construction project which is outside the registered category;	Complied								
					(d) KED shall submit information in relation to any new construction work or project within fourteen (14) days from the award of construction work or project;	Complied								
					(e) KED shall submit any information required by CIDB from time to time;	Complied								

6. INFORMATION OF OUR GROUP (CONT'D)

<u>No.</u>	<u>Licensee</u>	<u>Approving authority / Registration no.</u>	<u>Description of licence / permit / approval</u>	<u>Date of issue / Date of expiry</u>	<u>Material conditions</u>	<u>Status of compliance</u>
					(f) KED shall display the original or the certified true copy of the certificate of registration issued by CIDB at its place of business;	Complied
					(g) KED shall display its registration number on the signboard at each construction site;	Complied
					(h) KED shall apply for renewal of registration within sixty (60) days prior to the expiry date as specified in this certificate;	Noted
					(i) KED shall comply with all the requirements and provisions of the code of ethics for contractors;	Complied
					(j) KED shall appoint skilled construction workers and site supervisors who are accredited and certified by CIDB; and	Complied
					(k) All the workers at the construction site must have a valid CIDB Green Card.	Complied

6. INFORMATION OF OUR GROUP (CONT'D)

6.11 REGULATORY REQUIREMENTS AND ENVIRONMENTAL ISSUES

Our business is regulated by, and in some instances required to be licensed under specific laws of Malaysia. The relevant laws and regulations governing our Group which do not purport to be an exhaustive description of all laws and regulations of which our business is subject to are summarised below.

As at the LPD, save for those non-compliances disclosed herein, our Group complies with all the laws and regulations governing the conduct of our business and environmental issues which may materially affect our Group's operations.

6.11.1 Electricity Supply Act 1990 ("Electricity Supply Act")

The Electricity Supply Act, including the Electricity Regulations 1994 regulates the electricity supply industry, the supply of electricity, the licensing of electrical installation, the control of electrical installation, plant and equipment with respect to matters relating to the safety of persons and the efficient use of electricity. It provides that, subject to exemptions prescribed, no person other than a supply authority shall use, work or operate or permit to be used, worked or operated, any installation or supply to any other person, energy from any installation, except under and in accordance with the terms of a licence granted by the Energy Commission and expressly authorising the supply or use. Any person who supplies electricity from an installation to or for the use of any person without a licence shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM100,000 and to a further fine not exceeding RM1,000 for every day or part of a day during which the offence continues after conviction.

The Electricity Regulations 1994 also states that any Electrical Services Engineer, Competent Electrical Engineer, Electrical Supervisor, Chargeman, Wireman or Cable Jointer referred to in the Electricity Regulations 1994 shall possess a valid Certificate of Competency appropriate to such category, with restrictions, if any, issued to him by the Energy Commission.

As at the LPD, our subsidiary, SDC is certified by the Energy Commission as an Energy Service Company to carry out energy efficiency improvement projects based on energy performance contracting concept. Our employee who is categorised as Registered Electrical Energy Manager falling under the requirements of the Electricity Regulations 1994 has been certified in accordance with the Electricity Regulations 1994 to carry out works relating to, amongst others, auditing and analysing the total electrical energy consumption or generation and in advising on the development and implementation of measures to ensure efficient management of electrical energy at the installation stage.

6.11.2 Renewable Energy Act 2011 ("REA")

The REA provides for the establishment and implementation of a special tariff system to catalyse the generation of renewable energy.

In line with the introduction of the NEM programme, the Energy Commission had issued the Guidelines for Solar Photovoltaic Installation on Net Energy Metering Scheme ("**NEM Guidelines**") under the Electricity Supply Act to implement the solar photovoltaic installation on the NEM programme. The NEM Guidelines set out, amongst others, the design criteria and requirement, the types of installation, capacity limit and application process of solar PV installations under the NEM programme.

As at the LPD, our subsidiary, SDC is certified by SEDA as a Solar Photovoltaic Investor under the NEM programme. As part of the general terms and conditions of the certificate of registration as Solar Photovoltaic Investor, SDC is required to adhere to the general provisions of the REA.

6. INFORMATION OF OUR GROUP (CONT'D)

6.11.3 Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994 ("CIDB Act")

- (a) The CIDB Act provides that a contractor must register with the CIDB and hold a valid certificate of registration issued by the CIDB under the CIDB Act in order to carry out or complete, undertake to carry out or complete any construction works or hold himself as a contractor. There are 4 categories of registration, namely building construction, civil engineering, mechanical and electrical and facility. The scope of registration may further be classified into the following 7 grades with each grade having different tendering capacity.

As at the LPD, our subsidiary, SDC holds a valid Grade G7 certificate of registration issued under the CIDB Act, which enables SDC to tender for contracts with no limits on the value of the construction works.

As at the LPD, our subsidiary, KED holds a valid Grade G4 certificate of registration issued under the CIDB Act, which enables KED to tender for contracts with a tender value of construction works not exceeding RM3,000,000.00.

Any contractor who, without reasonable cause, fails to comply with the directives issued by CIDB, shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM500,000 and in respect of a continuing failure to comply, an additional fine not exceeding RM10,000 for everyday or part of a day during which the offence continues after conviction.

KED previously held a valid Grade G3 licence, but had undertaken construction projects exceeding the value of the RM1.00 million limit for Grade G3 licence. The projects were awarded to KED by SDC and were initially under the value of RM1.00 million, however the total project value exceeded RM1.00 million subsequently due to several variation orders issued by SDC. The projects have been completed on 16 November 2020 and 10 June 2022. KED had on 28 July 2023 applied to CIDB for the upgrade of the Grade G3 licence to Grade G4 licence and subsequently received CIDB's approval for the upgrade of the CIDB Grade G4 licence on 1 August 2023 and there is no material adverse impact to the Group's business operation and financial performance as there was no penalty imposed by CIDB. As at the LPD, our Group has implemented policies and procedures to ensure that we are in compliance with the provisions of the CIDB Act, the rules and regulations made thereunder and any terms, conditions or restrictions imposed by CIDB from time to time undertaken as part of our Group's project department's standard operating procedures.

- (b) The CIDB Act also sets out that every contractor shall declare and submit to the CIDB, any contract which the contractor has been awarded on any construction works. For every such contract having a contract sum of above RM50,000.00, the contractor shall be liable to pay to the CIDB a levy at the rate of a quarter per centum of the contract sum.

Any contractor who, without reasonable cause, fails to comply with the directives issued by CIDB, shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM500,000 and in respect of a continuing failure to comply, an additional fine not exceeding RM10,000 for everyday or part of a day during which the offence continues after conviction.

In the past, SDC and KED only declared and submitted to CIDB awarded contracts when requested by their customers, as they were not aware that they have an obligation as subcontractors to make such declarations and submissions to CIDB. Upon becoming aware of the requirements to do so, SDC and KED had on 3 August 2023, 7 August 2023, 8 August 2023, 8 September 2023, 11 September 2023, 27 September 2023, 16 October 2023 and 29 November 2023 made the notification and submission onto the CIDB portal. SDC had also on 20 May 2022, received a compound for the sum of RM2,500 from CIDB for the failure to declare and submit a project to CIDB. SDC had on 7 June 2022 made

6. INFORMATION OF OUR GROUP (CONT'D)

the necessary payment for the compound. There is no material adverse impact to the Group's business operations and financial performance due to the compound. As at the LPD, the management of our Group has implemented the policies and procedures for the declaration to CIDB of any construction works undertaken as part of our Group's project department's standard operating procedures.

SDC had previously inadvertently failed to undertake the necessary levy payments to CIDB due to management oversight for the recent projects where they acted as the main contractors. SDC had on 23 August 2023 and 2 October 2023 made the necessary levy payments. There is no material adverse impact to the Group's business operations and financial performance due to the aforementioned breaches and compound. As at the LPD, the management of our Group has implemented the policies and procedures to ensure the necessary levy payments to be payable to CIDB in a timely manner as part of our Group's project department's standard operating procedures.

6.11.4 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 our Group primarily carries out its business in Kajang, Selangor, our Group is under the jurisdiction of the Kajang Municipal Council ("**MPKj**") and the relevant by-laws governing the conduct of our Group's business would be the Licensing, Business Trade and Industrial By-Law (MPKj) 2007 ("**By-laws**").

By virtue of the By-laws, 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 or to imprisonment for a term not exceeding 1 year or to both and in the case of a continuing offence to a fine not exceeding RM200 for each day during which such offence is continued after conviction.

KED had previously carried out their business without a trade, business and industries licence as it was unaware that it was required to apply for said licence, since it was operating in the same premise as SDC, which had already obtained a trade, business and industries licence. KED has obtained its trade, business and industries licence with MPKj on 18 July 2023. As at the LPD, our Group has not been penalised and has not received any penalty in relation to the aforementioned breach. There is no material adverse impact to the Group's business operations and financial performance. Moving forward, the management of our Group will continue to observe our existing monitoring list and has implemented licences and permit monitoring policies and procedures on 1 September 2023 to ensure that our Group renews the relevant licences and permits on a timely basis.

As at the LPD, our Group holds and maintains valid business licences issued by the MPKj.

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6. INFORMATION OF OUR GROUP (CONT'D)

6.12 EMPLOYEES

As at the LPD, the Group has a total workforce of 53 permanent employees, all of whom are Malaysians. We do not have any foreign workers employed within our Group.

The breakdown of the Group's workforce for FY Under Review and as at the LPD is as follows:

Designation / Department	Employees				As at the LPD
	FY 2020	FY 2021	FY 2022	FY 2023	
Executive Directors	2	2	2	2	2
Finance and Administration	4	3	4	5	5
Project	12	12	12	15	15
• Project Directors	-	-	-	2	2
• Project managers	2	2	2	1	1
• Project engineers	7	6	5	8	8
• Project executives	3	2	3	2	2
• Project supervisors	-	2	2	2	2
Technical and Servicing	16	16	19	26	26
• Technical Director	-	-	-	1	1
• Technical managers	-	-	1	2	2
• Technical engineers	6	6	7	7	7
• Technical executives	10	10	11	16	16
Business Development	6	5	3	5	5
Total	40	38	40	53	53

As at the LPD, the number of employees holding relevant engineering qualifications are as follows:

Designation / Department	No. of employees
Executive Directors	2
Finance and Administration	1
Project	10
Technical and Servicing	9
Business Development	3
Total	25

None of our employees belong to any labour union for the FY Under Review and up to the LPD. There has been no industrial dispute between our management and our employees.

6.13 ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES

SDCG will be proactive in the face of disruptive events and sees them as opportunities to create value for stakeholders.

Our Board takes cognisance of the sustainability governance as set out in the Bursa Securities' ACE Market Listing Requirements in Relation to Sustainability Reporting Framework, Bursa Securities' Sustainability Reporting Guide (3rd Edition) and Malaysian Code on Corporate Governance 2021.

Our Group has adopted some Environment, Social and Governance practices in ensuring environmentally responsible operations, conducting business responsibly and providing conducive workplaces for employees.

Our Board oversees the governance of the Group's sustainability matters. While the senior management team is responsible for overseeing the implementation of sustainability-related initiatives within the purview of their respective departments. The senior management team is

6. INFORMATION OF OUR GROUP (CONT'D)

responsible for executing, monitoring and reporting sustainability-related initiatives which assist senior management in making informed decisions to achieve the Group's sustainability goals.

We are committed to setting up an overall Sustainability Framework for the Group based on the following guidelines and standards:

- (i) Bursa Securities' ACE Market Listing Requirements in Relation to Sustainability Reporting Framework;
- (ii) Bursa Securities' Sustainability Reporting Guide (3rd Edition);
- (iii) Malaysian Code on Corporate Governance 2021;
- (iv) Global Reporting Initiative ("GRI"); and
- (v) United Nations Sustainable Development Goals ("UNSDG")

In terms of implementing and managing Sustainability matters, we are and will focus on the following:

Environmental Practices:

- (i) We prioritise the use of eco-friendly materials and components in our solar hot water systems.
- (ii) The Group is implementing strategies to minimise waste generation during installation processes and also promote efficient waste management practices such as reducing, reusing, and recycling in our office premises.
- (iii) We aim to minimise our energy consumption and carbon footprint of the Group's operations and supply chain.
- (iv) While our water usage is limited, we are resolute in our endeavour to further decrease overall water consumption through proactive water conservation practices.

Social Practices:

- (i) The Group places significant emphasis on the health and safety of our employees by ensuring safe working conditions, these measures encompass the provision of Personal Protective Equipment to our employees at sites and regular cleaning and sanitisation of our workplaces and equipment.
- (ii) We maintain a discrimination-free workplace where individuals are treated fairly and equitably, irrespective of their race, colour, gender, religion, national origin, age, disability, genetic information, marital status, or any other legally protected classification.
- (iii) Our recruitment process is guided by the principles of fairness and impartiality, emphasising skills and experience as the primary criteria.
- (iv) We foster a culture of growth by conducting transparent and objective annual performance reviews to assess employee performance and provide valuable feedback to our staff.

We offer our employees a range of learning opportunities throughout their careers to ensure they acquire the necessary skills to excel in their roles.

6. INFORMATION OF OUR GROUP (CONT'D)

Governance Practices:

- (i) Diversity on our Board remains a key goal, as it brings multifaceted perspectives to decision-making processes. We have also successfully advanced gender balance by appointing accomplished female directors to our board.
- (ii) We involve shareholders, customers, and employees. We address concerns and integrate valuable feedback into our business strategies.
- (iii) We uphold a zero-tolerance policy towards fraud, bribery, corruption, money laundering and the financing of terrorism. Therefore, we have implemented an Anti-Bribery and Corruption Policy and Whistle-blowing policy to enhance the transparency of the group and provide a better governance environment.
- (iv) We have adopted a Personal Data Protection Act Policy, which complies with the Personal Data Protection Act 2010 to protect the personal data we obtain from our customers, suppliers and employees.
- (v) We prioritise the evaluation of quality and safety and have obtained the following certification:

Certificate	Award Body
Grade G7 certification for building construction, civil engineering construction, mechanical and electrical engineering	CIDB
Certificate of registration of registered solar PV Investor which qualifies SDC to take part in the Net-Energy Metering Program administered by SEDA	SEDA

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7. BUSINESS OVERVIEW

7.1 INCORPORATION AND HISTORY

Our Company was incorporated in Malaysia on 25 April 2023 under the Act as a private limited company under the name of Solar District Cooling Group Sdn Bhd. On 25 July 2023, we converted our Company into a public limited company and adopted our present name.

Our Company is an investment holding company while our wholly-owned subsidiary, SDC is principally involved in the provision and maintenance of BMS, solar thermal systems, other systems and equipment and other energy services. KED, a wholly-owned subsidiary of SDC, is principally involved in mechanical and electrical works, and project management services.

The history of our Group can be traced back to the incorporation of SDC under the name Pustaka Integrasi Sdn Bhd in 2003. Pustaka Integrasi Sdn Bhd was dormant from its incorporation in 2003 until it subsequently changed to its current name and commenced operations in 2008.

The shareholders of SDC in 2008 were:

- (i) Ikhasas Sdn Bhd, a property development company with 83.32% of equity interest in SDC. The shareholders of Ikhasas Sdn Bhd were 7 individual shareholders, who were unrelated to our Promoters;
- (ii) Edison Kong holding 5.56% equity interest in SDC, who in the same year joined SDC as the Head of Mechanical and Engineering Department/Director of Services;
- (iii) Chan Jian Wen holding 5.56% equity interest in SDC, who is unrelated to our Promoters; and
- (iv) Woon Teck Kee holding 5.56% equity interest in SDC, who is unrelated to our Promoters.

Between 2009 and 2010, Woon Teck Kee and Chan Jian Wen disposed of their entire equity interests to Ikhasas Sdn Bhd, thereby increasing the shareholding of Ikhasas Sdn Bhd to 94.44% equity interest in SDC.

In 2009, our Executive Director, Eileen Liuk joined SDC as a Business Manager and subsequently in 2010 acquired 10.00% equity interest in SDC from Ikhasas Sdn Bhd. In addition, in 2010, Edison Kong acquired 4.44% equity interest in SDC from Ikhasas Sdn Bhd and further acquired the remaining 80.00% of equity interest in SDC from Ikhasas Sdn Bhd in 2013.

Edison Kong was appointed as the Deputy Managing Director of SDC in 2010, and promoted to Acting Managing Director of SDC in 2011 before being confirmed as the Managing Director of SDC in the same year. Eileen Liuk was appointed as the Sales Director of SDC in 2010.

Since 2013, Edison Kong and Eileen Liuk have respectively held 90.00% and 10.00% equity interest in SDC.

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7. BUSINESS OVERVIEW (CONT'D)

The key business development milestones of our Group are summarised in the following table:

Year	History and key milestones
2008 – 2010	<ul style="list-style-type: none"> • We commenced operations in 2008 and secured our first contract for the installation and commissioning of a centralised solar thermal cooling system from our shareholder at the time, Ikkhasas Sdn Bhd with a contract value of RM0.85 million. The said contract was completed in 2008. The project was for its corporate headquarters in Bandar Bukit Puchong Industrial Park, Selangor. During that time, we operated from rented premises in Bandar Bukit Puchong Industrial Park in Puchong, Selangor. • In 2008, we secured the following distributorships for the Malaysia market to support our solar thermal operations: <ul style="list-style-type: none"> - "SANYO" brand of chillers, boiler and parts from Dalian Sanyo Refrigeration Co., Ltd in China. (The brand and company names were subsequently changed to "Panasonic" brand of chillers and Panasonic Appliances Air-Conditioning and Refrigeration (Dalian) Co., Ltd. in 2014.) As at the LPD, we continue to be a distributor of Panasonic brand of chillers, boilers, parts and after sales service in Malaysia. - Solar evacuated tube collectors manufactured by Beijing Sunda Solar Energy Technology Co., Ltd in China which are then rebranded to "SDC" brand for the Malaysian market. As at the LPD, we continue to be a distributor of Sunda's solar evacuated tube collectors, installation and after sales service in Malaysia. • In 2009, SDC was registered as a Grade 7 contractor with CIDB in the building, civil engineering and mechanical engineering categories. This registration is valid until April 2026. • In 2009, we expanded our portfolio of services to incorporate systems integration of BMS when we secured our first project with a contract value of RM0.85 million from our customer, a construction company. The systems integration of BMS was for a commercial building in Jalan Perak, Kuala Lumpur and the said project was completed in 2011. In the same year in 2009, we continued to secure BMS projects from another construction company for the Istana Negara in Jalan Duta, Kuala Lumpur. The value of the contract was RM3.20 million and the project was completed in 2012. • In 2010, we secured our first project for the installation of a solar thermal hot water system which also included systems integration of BMS and automatic chilled water billing system for a 5-star hotel in Johor. The contract value was RM1.88 million and was awarded by a civil and structural engineering company. The said project was completed in 2012.
2011 – 2015	<ul style="list-style-type: none"> • In 2011, we expanded our customer base to East Malaysia when we secured a purchase order for the installation of a solar thermal cooling system from a building contractor for Sabah art gallery in Kota Kinabalu, Sabah. The value of the purchase order was RM0.41 million and the said project was completed in 2012. In addition, we also secured a contract for systems integration of BMS from a construction company for the Jabatan Kerja Raya headquarters in Jalan Sultan Salahuddin, Kuala Lumpur in 2011. The value of the contract was RM2.09 million and the said project was completed in 2015. • In 2013, we secured a purchase order to install a solar thermal cooling system from a mechanical and electrical contractor for the PKNS headquarters in Shah Alam, Selangor. The value of the purchase order was RM2.43 million and the said project was completed in 2017.

7. BUSINESS OVERVIEW (CONT'D)

Year	History and key milestones
	<ul style="list-style-type: none"> SDC incorporated its subsidiary, KED in 2014 where SDC held 80.00% equity interest in KED while Ed Kamil Bin Md Bashah and Khoirol Suhardi Bin Shaaban, both of whom are employees of SDC, held 10.00% equity interest each in KED. KED commenced business operations in 2015 and is mainly focusing on providing mechanical and electrical works, and project management services for SDC's customers. In 2019, SDC disposed 10.00% of its equity interest in KED to Mohd Hanafy bin Rasimon, an employee of SDC who is also currently the Project Director of SDCG Group. Subsequently in 2022, Ed Kamil Bin Md Bashah, Khoirol Suhardi bin Shaaban and Mohd Hanafy bin Rasimon disposed their respective equity interest in KED to SDC, where KED became the wholly-owned subsidiary of SDC.
2016 – 2020	<ul style="list-style-type: none"> In 2016, KED was registered as a Grade 3 contractor with CIDB in the building, civil engineering and mechanical engineering categories. KED's CIDB registration was subsequently upgraded to Grade 4 in 2023 and its current registration is valid until 2025. In 2016, we acquired a 3-storey shop office premises in Taman Kajang Perdana in Kajang, Selangor with a built-up area of approximately 4,628 sq. ft. and moved from our previous office premises at Bandar Bukit Puchong to this property as our current Headquarters. In 2016, we secured a contract from a concessionaire of public hospital support services to install a solar thermal cooling system for a public hospital. The contract involved installing a new solar thermal cooling system and integrating it with the existing electric chiller for the Duchess of Kent Hospital in Sandakan, Sabah. The contract was valued at RM3.20 million and the project was completed in 2017. We obtained the rights to use MyHIJAU Mark from Malaysia Green Technology and Climate Change Corporation for the SDC brand of solar evacuated tubes and solar water heaters in 2017 which is valid until 2025. MyHIJAU Mark is the official green recognition scheme endorsed by the Government of Malaysia and is an initiative embarked on by Malaysia Green Technology and Climate Change Corporation. As part of our BMS and solar thermal system operations, we secured the following distributorships for the Malaysia market: <ul style="list-style-type: none"> In 2017, we secured the distributorship for the "Tridium" brand of products for the Malaysian market from Tridium Asia Pacific Pte Ltd in Singapore. This is for the provision of BMS including system software developed on the Tridium Niagara framework and other products including the network control unit and direct digital controllers. As at the LPD, we continue to be a distributor of Tridium's abovementioned range of BMS products which is rebranded to our "Tri-IO" brand for the Malaysia market. In 2019, we became the authorised dealer of "Haier" brand of oil-free magnetic bearing chiller from Haier Electrical Appliances (M) Sdn Bhd. In 2017, we secured 3 contracts for the supply, delivery, installation, testing and commissioning and maintenance of BMS and building security system works for Business School Residence Project, Conference and Training Facility Project and the Business School Project. The said contracts had a total value of RM10.08 million. The said projects were completed between 2019 and 2020. In 2019, we started providing energy performance services with a contract to Customer D, a concessionaire to provide public hospital support services, for installation of hybrid solar thermal hot water system in Hospital 1.

7. BUSINESS OVERVIEW (CONT'D)

Year	History and key milestones
	Since 2019 and up to the LPD, we have a total of 7 energy performance service contracts with 3 different concessionaires of public hospital support services. As at the LPD, 6 of these energy performance service contracts are still subsisting up to 2025.
2021 – 2023	<ul style="list-style-type: none"> We secured a distributorship for the “Haitai Solar” brand of solar PV panel for the Malaysian market from Tangshan Haitai New Energy Technology Co., Ltd based in Tangshan, Hebei province in China in 2021. As at the LPD, we continue to be a distributor of Haitai Solar’s solar PV panels for the Malaysia market. We obtained the rights to use MyHIJAU mark for Haitai Solar PV panels systems in 2022 which are valid until 2025. KED became a wholly-owned subsidiary of SDC in December 2022. SDCG was incorporated in 2023.
2024	<ul style="list-style-type: none"> In 2024, we secured the Rail Transit Project which comprise the stage 1 refurbishment and upgrading of BMS controllers, servers and workstations. This project has a contract value of RM3.44 million and is on-going as at the LPD.

7.2 OUR ACHIEVEMENTS AND RECOGNITIONS

Since the commencement and up to the LPD, we have received the following awards:

Year	Our Subsidiary	Awarding Party	Award
2009	SDC	ASEAN Centre for Energy	Winner in the 10th ASEAN energy efficient building best practices competition in 2009 (special submission category) for the 1st centralised solar thermal cooling system in Malaysia
2010	SDC	SME Corporation Malaysia and Ministry of International Trade and Industry (MITI)	3-star rating for SME Competitiveness Rating for Enhancement
2019	SDC	Malaysia Productivity Corporation	Bronze award for recognition as a high productivity enterprise employing local workers
2022	SDC	Tridium Asia Pacific Pte Ltd	Platinum distributorship status

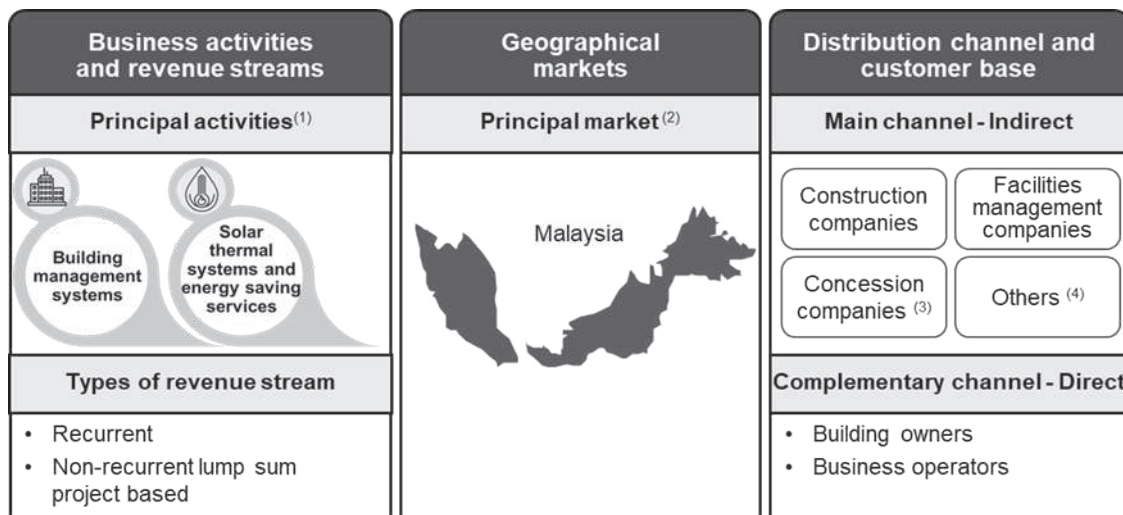
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7. BUSINESS OVERVIEW (CONT'D)

7.3 OVERVIEW OF OUR BUSINESS

7.3.1 Our business model

Our business model during the FY Under Review and FP 2024 is depicted in the following diagram:



Notes:

- (1) Other activities include maintenance of other systems and equipment comprising gas fired chillers and chilled water system.
- (2) Malaysia accounted for 97.45%, 98.94%, 99.67%, 99.46% and 99.82% of our total revenue for the FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024, respectively. The remainder of our revenue was from Singapore for FY 2020, FY 2021 and FP 2024, and Brunei for FY 2022 and FY 2023.
- (3) Refers to the companies that have been awarded concessions to provide public hospital support services.
- (4) Others mainly include engineering companies, mechanical and engineering contractors, and interior designers.

7.3.2 Business activities and revenue streams

We are principally involved in the provision and maintenance of BMS, solar thermal systems and energy saving services. We also provide maintenance services for other systems and equipment.

(i) BMS

Our BMS focus on systems integration of building facilities to provide automation, energy saving services as well as centralising the management of the building facilities such as centralised air conditioning, lighting, elevator, escalator, electrical, communication devices, process utilities, security and building access. Commonly, these are linked to an on-site centralised control room within the building, and in some cases, these facilities are also connected to our command and control centre at our Headquarters in Kajang, Selangor. BMS accounted for 73.94%, 51.47%, 67.88%, 75.53% and 63.78% of our total revenue for FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively.

Within this business segment, we are involved in the following:

7. BUSINESS OVERVIEW (CONT'D)

(a) Systems integration of BMS

We are involved in the systems integration of BMS where we design, supply, install and integrate the BMS into a new and/or existing building. During the FY Under Review, FP 2024 and up to the LPD, we have undertaken systems integration of BMS mainly for commercial buildings, institutional buildings, leisure and hospitality properties, and industrial properties. We install new BMS as part of the construction of new buildings as well as undertake upgrading and/or retrofitting BMS into existing buildings. The typical contract period for our systems integration of BMS ranges from 1 to 3 years. For upgrading and/or retrofitting BMS into existing buildings, the projects are typically completed within 1 year. Meanwhile, the installation of BMS as part of the construction of new buildings would require approximately 2 to 3 years to complete.

(b) Maintenance of BMS

We also provide maintenance services for BMS installed by us (for some of our projects where our customers require maintenance service) as well as those installed by third-party service providers. The typical contract period for maintenance of BMS ranges from 1 to 3 years.

(ii) Solar thermal systems and energy saving services

Our solar thermal systems and energy saving services focus on solar thermal hot water system, mainly for heavy users of hot water such as hospitals, and in some cases, it includes retrofitting fluorescent lighting to use LED lights as a means to reduce fossil fuels and electricity consumption respectively. Our solar thermal hot water system uses sunlight directly to heat water. This segment of our services focuses on helping our customers to save on energy which will reduce their carbon footprint of their operations. Solar thermal systems and energy saving services accounted for 19.68%, 45.26%, 29.74%, 21.54% and 23.88% of our total revenue for FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively.

Our solar thermal systems and energy saving services segment comprises the following:

(a) Energy performance services

For the FY Under Review and FP 2024, our energy performance services were based on contracts with our customers who were concessionaires of public hospital support services. In some of our contracts, the method of calculation of guaranteed savings from the installation of the hybrid hot water system and retrofitting of LED or release of yearly retention sum are subject to the approval or clearance by MOH.

The business activity comprises installing new solar thermal hot water system and integrated with the existing fossil fuel boiler system, and for some contracts, retrofitting of existing fluorescent lighting with LED lighting.

We will fund the project investments for the installation of hybrid solar thermal hot water system and for some contracts, retrofitting of LED lighting, and subsequently carry out maintenance on the items we installed, upgraded and retrofitted over the contract duration period. As at the LPD, we have 6 subsisting energy performance service contracts with 3 concessionaires of public hospitals in Peninsular and East Malaysia including Customer D (Hospital 2 in Sabah), Customer E (Hospital 3 in Kedah) and One Medicare Sdn Bhd (Miri Hospital in Sarawak, Sarikei Hospital in Sarawak, Sibu Hospital

7. BUSINESS OVERVIEW (CONT'D)

in Sarawak and Sarawak Heart Centre in Sarawak). The typical contract period for energy savings services ranges between 4 to 6 years.

(b) Installation of solar thermal hot water and solar PV systems

This segment of the business is for standalone projects that are not part of energy performance services. For the FY Under Review, FP 2024 and up to the LPD, these standalone projects were mainly for hospitals, individual residential properties as well as the industrial sector. The typical contract period for installation of solar thermal hot water systems is 1 to 2 years. We secured a project to install a solar PV system at a residential property in February 2024 and the project was completed in May 2024.

(c) Maintenance of solar thermal hot water and cooling systems

We provide maintenance services for solar thermal hot water and cooling systems that we install (for some of our projects) as well as those installed by third parties. The contract period for maintenance of solar thermal hot water system ranges between 4 to 6 years.

(iii) Maintenance of other systems and equipment

During the FY Under Review and FP 2024, we also provide maintenance of other systems and equipment comprising gas fired chillers and chilled water system, which accounted for 6.38%, 3.27%, 2.38%, 2.93% and 12.34% of our total revenue for FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively.

For further details on our business activities, and completed and on-going contracts, please refer to Section 7.6 of the Prospectus.

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7. BUSINESS OVERVIEW (CONT'D)

Our revenue segmentation for the FY Under Review and FP 2024 is summarised in the following table:

Business activities	FY 2020		FY 2021		FY 2022		FY 2023		FP 2024	
	RM '000	%	RM '000	%	RM '000	%	RM '000	%	RM '000	%
BMS	10,876	73.94	9,056	51.47	12,659	67.88	20,108	75.53	5,707	63.78
- Systems integration of BMS ⁽¹⁾	8,992	61.13	7,372	41.90	10,478	56.19	17,581	66.04	4,743	53.01
- Maintenance of BMS ⁽²⁾	1,884	12.81	1,684	9.57	2,181	11.69	2,527	9.49	964	10.77
Solar thermal systems and energy saving services	2,894	19.68	7,962	45.26	5,545	29.74	5,735	21.54	2,137	23.88
- Energy performance services	2,699	18.35	4,911	27.92	5,148	27.61	5,052	18.98	2,064	23.07
- Installation of solar thermal hot water and solar PV systems	53	0.36	2,893	16.44	223	1.20	528	1.98	⁽³⁾ 10	0.11
- Maintenance of solar thermal hot water and cooling systems	142	0.97	158	0.90	174	0.93	155	0.58	63	0.70
Maintenance of other systems and equipment	939	6.38	576	3.27	444	2.38	779	2.93	1,104	12.34
- Gas fired chillers	939	6.38	576	3.27	444	2.38	469	1.76	127	1.42
- Chilled water system	-	-	-	-	-	-	310	1.17	977	10.92
TOTAL	14,709	100.00	17,594	100.00	18,648	100.00	26,622	100.00	8,948	100.00

Notes:

(1) May include revenue from providing maintenance services that are included as part of the contract.

(2) Maintenance of BMS refers to provision of standalone maintenance services.

(3) Comprises revenue from one project to install a solar PV system that was completed in FP 2024.

7. BUSINESS OVERVIEW (CONT'D)

For the FY Under Review and FP 2024, our BMS segment was our largest revenue contributor which accounted for 73.94%, 51.47%, 67.88%, 75.53% and 63.78% of our total revenue for the FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively. This was followed by solar thermal systems and energy saving services segment which accounted for 19.68%, 45.26%, 29.74%, 21.54% and 23.88% of our total revenue for the FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively. Revenue from the maintenance of other systems and equipment accounted for 6.38%, 3.27%, 2.38%, 2.93% and 12.34% of our total revenue for the FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively.

For the FY Under Review and FP 2024, the number of customers that contributed to our revenue for the FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 are as follows:

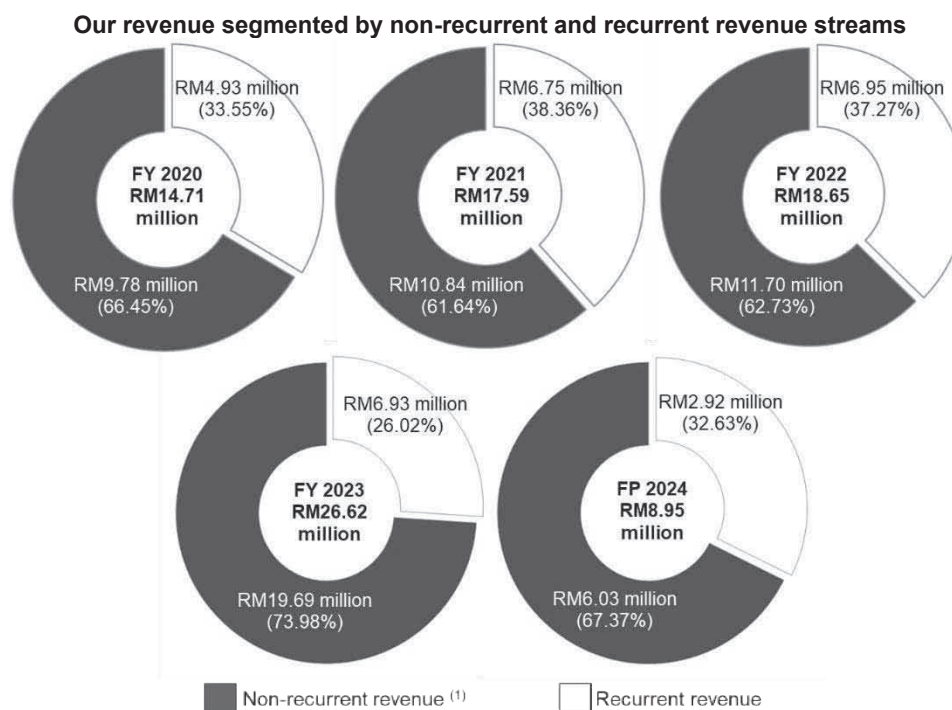
	FY 2020	FY 2021	FY 2022	FY 2023	FP 2024
Total revenue (RM'000)	14,709	17,594	18,648	26,622	8,948
Number of customers	62	68	78	68	53
- Existing customers	46	55	64	51	48
- New customers ⁽¹⁾	16	13	14	17	5

Note:

(1) Refers to customers that the Group first dealt with, and has contributed to our revenue in any one of the FY Under Review or FP 2024

7.3.3 Recurrent and non-recurrent revenue

Our business has both non-recurrent and recurrent revenue streams as indicated in the diagram below:



Note:

(1) Non-recurrent revenue includes amounts charged to customers for parts replacement arising from the provision of maintenance services.

7. BUSINESS OVERVIEW (CONT'D)

For the FY Under Review and FP 2024, our non-recurrent revenue streams were lump sum project based and were mainly derived from systems integration of BMS and installation of solar thermal hot water and solar PV systems, and providing ad hoc maintenance services for BMS and solar thermal hot water systems, as well as providing maintenance services for a chilled water system. For FY Under Review and FP 2024, our recurrent revenue streams were mainly derived from energy performance services, maintenance of BMS, maintenance of solar thermal cooling systems, as well as maintenance of other systems and equipment (comprising gas fired chillers).

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7. BUSINESS OVERVIEW (CONT'D)

7.3.4 Geographical markets

We principally operate in Malaysia which also represents our main market for the FY Under Review and FP 2024, while a small proportion of our revenue was from other countries comprising Brunei and Singapore. Our revenue contribution by geographical markets is summarised in the following table:

Geographical market	FY 2020		FY 2021		FY 2022		FY 2023		FP 2024	
	RM '000	%	RM '000	%	RM '000	%	RM '000	%	RM '000	%
Malaysia	14,334	97.45	17,408	98.94	18,587	99.67	26,479	99.46	8,932	99.82
Other countries	375	2.55	186	1.06	61	0.33	143	0.54	16	0.18
Brunei	-	-	-	-	61	0.33	143	0.54	-	-
Singapore	375	2.55	186	1.06	-	-	-	-	16	0.18
TOTAL	14,709	100.00	17,594	100.00	18,648	100.00	26,622	100.00	8,948	100.00

7.3.5 Distribution channels and customer base

The revenue contribution from our indirect and direct distribution channels and types of customers for the FY Under Review and FP 2024 is summarised in the following table:

Distribution channel	FY 2020		FY 2021		FY 2022		FY 2023		FP 2024	
	RM '000	%	RM '000	%	RM '000	%	RM '000	%	RM '000	%
Indirect	12,063	82.01	15,306	87.00	13,739	73.67	14,452	54.29	7,416	82.88
Concession companies ⁽¹⁾	2,789	18.96	7,703	43.78	5,684	30.48	5,748	21.59	2,088	23.33
Construction companies	7,795	53.00	5,561	31.61	4,909	26.32	4,894	18.38	3,473	38.81
Facilities management companies	892	6.06	995	5.66	2,826	15.15	3,657	13.74	1,389	15.52

7. BUSINESS OVERVIEW (CONT'D)

Distribution channel	FY 2020		FY 2021		FY 2022		FY 2023		FP 2024	
	RM '000	%	RM '000	%	RM '000	%	RM '000	%	RM '000	%
Others ⁽²⁾	587	3.99	1,047	5.95	320	1.72	153	0.58	466	5.22
Direct	2,646	17.99	2,288	13.00	4,909	26.33	12,170	45.71	1,532	17.12
Building owners and business operators	2,646	17.99	2,288	13.00	4,909	26.33	12,170	45.71	1,532	17.12
TOTAL	14,709	100.00	17,594	100.00	18,648	100.00	26,622	100.00	8,948	100.00

Notes:

(1) *Concession companies are those who have been awarded a concession to provide hospital support services for public hospitals.*

(2) *Others include mainly engineering companies, software companies, mechanical and engineering contractors and interior designers.*

For the FY Under Review and FP 2024, we mainly utilise an indirect distribution channel where our customers are intermediaries. Concession companies and construction companies collectively accounted for 71.96%, 75.39%, 56.80%, 39.97% and 62.14% of our total revenue for FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively. Meanwhile, facilities management companies accounted for 6.06%, 5.66%, 15.15%, 13.74% and 15.52% of our total revenue for FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively. Other customers mainly include engineering companies, mechanical and engineering contractors and interior designers and these types of customers accounted for 3.99%, 5.95%, 1.72%, 0.58% and 5.22% of our total revenue for FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively.

The indirect distribution channel applies to the provision of systems integration and maintenance of BMS, installation and maintenance of solar thermal hot water system, energy saving services and maintenance of chilled water system.

We also utilise the direct distribution channel where we deal directly with the users of our services such as building owners and business operators which accounted for 17.99%, 13.00%, 26.33%, 45.71% and 17.12% of our total revenue for FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively. The direct distribution channel applies to the systems integration and maintenance of BMS, installation and maintenance of solar thermal hot water and cooling systems, and maintenance of gas fired chiller.

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7. BUSINESS OVERVIEW (CONT'D)

7.4 MODE OF OPERATIONS

7.4.1 Overview

Our mode of operations is based on the following:

- non-recurrent lump sum project based contracts or work orders; and
- recurrent revenue contracts.

7.4.1.1 Non-recurrent lump sum project based contracts or work orders

Our non-recurrent lump sum project based contracts or work orders applies to the following:

- systems integration of BMS;
- installation of solar thermal hot water and solar PV systems;
- ad hoc maintenance of BMS;
- ad hoc maintenance of solar thermal hot water systems; and
- ad hoc maintenance of other systems and equipment.

Our non-recurrent lump sum project based contracts or work orders are based on the following mode of operations:

- Fixed lump sum; or
- Fixed lump sum plus scheduled rates.

(i) Fixed lump sum

Our fixed lump sum revenue is derived from contracts or work orders that have clearly defined scope of work, deliverables (systems, products and/or services), timeline for deliverables and/or completion dates and schedule of payment, as well as fixed price for the contract or work order. Our customers will pay us the fixed price of the contract or work order subject to any variation orders or claims against liquidated and ascertained damages where relevant.

For contract works, such as systems integration of BMS, installation of solar thermal hot water and solar PV systems, we commonly invoice our customers progressively based on agreed milestones or schedules of payment up to the completion and handover of the project. For work orders and purchase orders, we commonly invoice our customers on completion of the work.

(ii) Fixed lump sum plus scheduled rates and/or material used

Some of our project based contracts have a main portion that is based on fixed lump sum (as described in the section (a) above) and a minor portion based on agreed schedule rates for workers time and materials used, mainly for work and materials that cannot be accurately determined at the point of securing the contract. The scheduled rate portion is based on actual work carried out and materials used multiplied by their respective agreed rates.

Fixed lump sum plus scheduled rates mode of operations applies to some of the BMS and solar thermal systems and energy saving services segment contracts.

Where relevant, we also charge our customers for parts and materials that we replace when carrying out the ad hoc maintenance work order.

7. BUSINESS OVERVIEW (CONT'D)

7.4.1.2 Recurrent revenue contracts

Our recurrent revenue based contracts are based on the following mode of operations:

- Fixed monthly charges; and
- Fixed monthly project investment payment plus energy savings with yearly adjustments.

(a) Fixed monthly charges

Our fixed monthly charges revenue applies to:

- maintenance of BMS, gas fired chillers and solar thermal cooling system; and
- energy performance services.

Two types of maintenance contracts with fixed monthly charges are as follows:

- comprehensive maintenance contract where the fixed monthly charges include repair and maintenance works and material and equipment costs, where necessary; or
- maintenance contract where the fixed monthly charges are only for carrying out all repair and maintenance works and the cost for any materials and equipment required to be replaced, to be separately charged back to our customers as incurred.

Our fixed monthly charges revenue also applies to 1 subsisting energy performance service contract with our customer, Customer D as at the LPD. The total project value is to be paid to us on a monthly basis over the agreed payment periods as stipulated in the contract.

(b) Fixed monthly project investment payment plus energy savings with yearly adjustments

This mode of payment is specifically for a number of our energy performance service contracts where our customers are concessionaires of public hospital support services.

The energy performance services include project investments in installing solar thermal hot water systems and integrating them with their respective existing boiler hot water systems, plus retrofitting selected fluorescent lights with LED lights. The existing boiler hot water system uses diesel or LPG as the main fuel source and is retained to supplement as well as to serve as backup for the solar thermal hot water system.

We fund the project investments, and subsequently carry out maintenance on the items that we installed, upgraded and retrofitted over the performance period which commences upon the completion and commissioning of the hybrid solar thermal hot water system and retrofitting of LED lights.

This mode of payment by our customers comprises three components as follows:

- (i) fixed monthly project investment payment ("**PIP**") over the performance period;
- (ii) fixed monthly energy cost savings payment ("**ECSP**") over the performance period; and
- (iii) end-of-year adjustment ("**EOYA**") for ECSP, where relevant.

Thus, the overall mode of payment is (PIP + ECSP) - EOYA.

The **PIP** due to us is based on the total agreed project investment for the installation of the hybrid solar thermal hot water system and retrofitting of LED lights, divided by the agreed number of months of the performance period. The PIP is fixed for the duration of the contract.

7. BUSINESS OVERVIEW (CONT'D)

- PIP example

Assuming our energy performance service contract comprises an agreed project investment of RM3.60 million for the installation of the hybrid solar thermal hot water system and retrofitting of LED lights, and the contract is for 60 months.

Then, our PIP = RM3.60 million divided by 60 months = RM60,000 per month.

The **ECSP** due to us is based on a guaranteed savings (GS) multiplied by an agreed percentage (AP) attributed to us. Thus, our ECSP = GS x AP. The AP is agreed and stipulated in the contract and is either 57% (or a minimum of RM12,000) or 70% for us.

- ECSP example

Assuming our energy performance service contract which includes the installation of the hybrid solar thermal hot water system and retrofitting of LED lights has an AP of 70% for us:

➤ Calculation of savings from the installation of the **hybrid solar thermal hot water system** are as follows:

(a) Savings from reduced use of LPG

- . Assuming that the hospital normally uses 100,000 litres of LPG in a year for its boiler hot water system. This will be used as the baseline for the duration of the contract;
- . Assuming the agreed GS through the usage of the solar thermal hot water system is 95% savings on LPG which comes to 95,000 litres of LPG;
- . Assuming that the agreed rate for the LPG is RM3.20 per litre. This will be used as the LPG rate for all relevant calculations for the duration of the contract.

Thus, GS from the reduced use of LPG for the boiler hot water system = 100,000 litres x 95% x RM3.20 per litre = **RM304,000** per year.

(b) Cost incurred for operating the solar hot water system

- . Heat pumps, which run on electricity, are used in the operation of the installed solar thermal hot water system;
- . Assuming 3 units of heat pumps are required and the electricity cost for running the heat pumps is 100,000 kWh per year;
- . Assuming the cost of electricity is RM0.40 per kWh. This is fixed for the duration of the contract.

Thus, the cost incurred for operating 3 units of heat pumps = 100,000 kWh x RM0.40 per kWh = **RM40,000** per year.

As such, net GS from the installation of the hybrid solar thermal hot water system = (a) – (b) = RM304,000 – RM40,000 = **RM264,000** per year

7. BUSINESS OVERVIEW (CONT'D)

- Calculation of GS from the retrofitting of **LED** lights:
 - Assuming 10,000 units of 4-foot (42W) fluorescent tube and 3,000 units of 2-foot (24W) fluorescent tube to be retrofitted with 10,000 units of 13W LED and 3,000 units of 8W LED respectively;
 - Savings in power (wattage) = (10,000 units x (42W – 13W)) + (3,000 tubes x (24W – 8W)) = 290,000W + 48,000W = 338,000W = 338kW
 - Agreed that the lights will be turned on for an average of 15 hours per day for 365 days per year. Thus, savings in a year = 338kW x 15 hours x 365 days = 1,850,550 kWh per year
 - Assuming the cost of electricity is RM0.40 per kWh. This is fixed for the duration of the contract. Annual GS for retrofitting of LED lights = 1,850,550 kWh x RM0.40 = **RM740,220** per year.
- Thus, total GS for the installation of the hybrid solar thermal hot water system and retrofitting of LED lights = RM264,000 + RM740,220 = RM1,004,220 per year for 5 years (assuming duration of the contract) equivalent to **RM5,021,100** for the duration of the contract.
- Calculation of our share of the ECSP
 - $ECSP = (\text{total GS} - \text{project investment}) \times AP = (RM5,021,100 - RM3,600,000) \times 0.7 = RM994,770.00$ or **RM16,579.50 for 60 months.**

In summary for this example, we will be paid RM16,579.50 per month for 60 months as part of our ECSP component by our customers.

For the hybrid solar thermal hot water system, if the existing boiler hot water system uses more fuel (diesel or LPG) than the guaranteed amount, we will need to pay for the excess usage of the fuel to our customers as **EOYA**. The price of the fuel is fixed for the duration of the contract.

- EOYA example

- Assuming the above examples, instead of using only 5% (5,000 litres) of the baseline (100,000 litres) LPG, the hospital used 20% (20,000 litres) of the baseline.
- Thus, we have to pay our customer the equivalent of 15,000 litres (20,000 litres – 5,000 litres) at the agreed rate of RM3.20 per litre = 15,000 litres x RM3.20 per litre = **RM48,000.**

In summary, for this example, we will have to pay RM48,000 to our customer as EOYA.

As at the LPD, we have 5 energy performance service contracts under this mode of payment from our customers, 1 contract from Customer E and 4 contracts from One Medicare Sdn Bhd. EOYA claims from our customers for the periods falling during the FY Under Review, FP 2024 and up to the LPD that we have received are as follows:

- (i) There were three EOYA claims received from Customer E for the Hospital 3 Contract as shown below:

7. BUSINESS OVERVIEW (CONT'D)

- a. an EOYA claim amounting to RM0.04 million in FY 2022 arising from the shortfall of 5.9% in the actual energy savings and the guaranteed energy savings for the 12-month period from June 2020 to May 2021. Consequently, there was a corresponding reduction in payment of RM0.04 million from Customer E in FY 2022;
- b. an EOYA claim amounting to RM0.07 million arising from the shortfall of 6.9% in the actual energy savings and the guaranteed energy savings for the 12-month period from June 2021 to May 2022. This claim was recognised in FY 2023; and
- c. an EOYA claim amounting to RM0.05 million arising from the shortfall of 5.3% in the actual energy savings and the guaranteed energy savings for the 12-month period from June 2022 to May 2023. This claim was recognised in FY 2023.

As at the LPD, we have an expected EOYA claim for the Hospital 3 Contract amounting to an estimated RM0.05 million (which is yet to be finalised pending confirmation with the customer) arising from the shortfall of 6.6% in the actual energy savings and the guaranteed energy savings for the 12-month period from June 2023 to May 2024 based on the measurement and verification report received. As at the LPD, we have not received the claim for this EOYA. We will recognise the EOYA when we receive the claim, which is expected in FY 2024.

- (ii) There was an EOYA claim amounting to RM0.09 million from One Medicare Sdn Bhd for Sarikei Hospital arising from the shortfall of 13.6% in the actual energy savings and the guaranteed energy savings for the 12-month period from August 2019 to July 2020. Consequently, there was a reduction of payment from One Medicare Sdn Bhd of approximately RM47,000 in relation to this EOYA claim in FY 2021, and the remaining sum of approximately RM47,000 was recognised in FY 2023.

In addition to the above, there may be potential EOYA claims from other energy performance services contracts due to shortfalls in the actual energy savings and the guaranteed energy savings of the respective hospitals (based on the measurement and verification reports that we have received) but have not yet received the corresponding EOYA claims from relevant customers as at the LPD. The value of the EOYA claims that may arise from these shortfalls are still uncertain and would need to be discussed and confirmed with the respective customers. The shortfall identified in the measurement and verification reports that we have received but for which the corresponding EOYA claim has not been provided by the relevant customer for FY 2021, FY 2022 and FY 2023 were RM0.14 million, RM0.13 million and RM0.10 million respectively. Based on the profit share of 70:30 in our energy performance service contracts with the relevant customer, the maximum potential EOYA claims that we expect to bear is equivalent to 70.00% of the shortfalls identified. Thus, we have made a provision equivalent to 70% of the cumulative value of the shortfalls listed above, which amounted to RM0.26 million in FY 2023.

7.4.2 Performance terms and conditions of contracts

We have two types of fixed lump sum contracts as follows:

(a) Project based contracts

Our mode of operations for project based contracts for systems integration of BMS and installation of solar thermal hot water systems in terms of securing projects and main performance obligations are as follows:

7. BUSINESS OVERVIEW (CONT'D)

Securing projects

Our BMS systems integration and installation of solar thermal hot water systems are project based with a clearly defined scope of work, deliverables, timeline for deliverables, start and completion dates, and schedule of payment. All such contracts are fixed lump sum contracts.

We secure these contracts through the submission of tender bids or private proposals. Depending on the tender, a tender bond or deposit may be required to be submitted along with the tender bid document to provide a guarantee to the customer that we will undertake the project if we are awarded.

Retention sum and performance bond

For our contracts, we are typically required to provide a retention sum of our total contract sum which our customers will retain for an agreed period after the completion of our work. Typically, a retention sum ranging from 5% to 10% of the total contract sum will be retained by the customer. Depending on the terms of the contract, the retention sum is usually released upon the issuance of the CPC or the Certificate of Making Good Defects (“**CMGD**”) or upon the expiration of the defect liability period.

Similarly, where relevant, we are entitled to retain payment of part of our subcontractors’ invoices as retention sum ranging from 5% to 10% of the total contract sum as stipulated in our contracts with subcontractors.

Depending on the terms of the contract with our customers, we may or may not be required to issue a performance bond of 5% of the total contract sum in the form of a bank guarantee. In the event of any justifiable non-performance on our part, our customers may call on part or all of the performance bond. The performance bond is typically required to remain valid until 12 months upon the issuance of CPC or the expiration of the defect liability period, as the case may be.

Progressive claims

During the various stages of the project, we will submit progress claims either monthly or based on agreed project milestones. The approval of the progressive claims is subject to the work certified by professional consultants or our customers which allows us to invoice the customer.

Project contract period obligation

We are obligated to complete the project within the period stipulated in the contract. Typically, our project period ranges from 1 to 3 years depending on the scope and size of the project. In the event of any delays in the completion of a project attributable to us, we are subject to liquidated ascertained damage (LAD) claims by the customer at an agreed fixed rate of damages per day as stipulated in the contract.

Under normal operating conditions, we will seek an extension of time (EOT) from the customer if the project encounters any unforeseen circumstances that may affect the completion date, which is subject to approval by the customer.

Variation orders

In some cases, during or soon after the completion of a project, the customer may request variation orders for the project which may include additions, omissions, substitutions, alterations and/or changes to the work scope.

7. BUSINESS OVERVIEW (CONT'D)

We are usually notified of a variation order in writing describing the details of the variation works and, where required, accompanied with revised drawings. We will submit our costing and the expected timeframe for the variation work to the customer for their approval.

Variation orders are generally addendums to existing contracts where all general conditions of the original project contracts would still be applicable for the variation orders except for the additional scope of work, price and extended completion period for the additional work.

Post completion

We are responsible for the rectification of defects during the defect liability period, which typically ranges from 12 to 24 months from the issuance of a CPC.

We are responsible for any rectification works together with the respective subcontractors where relevant. If there is a defect liability claim that is attributable to the works carried out by a subcontractor, we usually require the subcontractor to perform the rectification works and related costs will be borne by the said subcontractor. The cost of all defect liability claims not attributable to our subcontractors will be fully borne by us.

We are also responsible to replace any defective equipment together with the respective equipment supplier. Generally, the equipment that we purchase is covered against manufacturing defects by their respective product warranties and as such, the manufacturers or suppliers are responsible for providing suitable replacements including 18 months warranty for BMS related equipment. If the period covered by the product warranty from manufacturers or suppliers has lapsed or is shorter than the defect liability period that we provide to our customers, we will bear the cost of providing a suitable replacement if the equipment becomes defective during the defect liability period. We would also bear the cost of physically replacing the equipment including transportation and labour costs.

(b) Project based work orders

Our mode of operations for project based work orders for ad hoc maintenance of BMS and solar thermal hot water systems as well as installation of solar PV systems are based on the specific scope of maintenance work which includes the performance of services as well as the replacement of parts and material where necessary.

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7. BUSINESS OVERVIEW (CONT'D)

7.5 OUR COMPETITIVE ADVANTAGES AND KEY STRENGTHS

7.5.1 We have an established track record of approximately 17 years to serve as a reference site for prospective customers

Since the commencement of our business in 2008, we have accumulated a track record of 17 years where we started providing BMS in 2009, solar thermal hot water systems in 2010 and energy performance services in 2019. In addition, we have cultivated long-term business relationships with our customers and this is demonstrated by the fact that 3 out of our top 5 customers for the FY 2023 and 2 out of our top 5 customers for the FP 2024 have been dealing with us for 5 years or more. Our track record provides us with the platform to serve our existing customers as well as prospective new customers to sustain and grow our business.

7.5.2 We have two revenue streams to grow our business

We have two revenue streams namely the BMS segment and the solar thermal systems and energy saving services segment. For the FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024:

- (i) our BMS segment accounted for 73.94% (RM10.88 million), 51.47% (RM9.06 million), 67.88% (RM12.66 million), 75.53% (RM20.11 million) and 63.78% (RM5.71 million) of our total revenue respectively.
- (ii) our solar thermal systems and energy saving services segment accounted for 19.68% (RM2.89 million), 45.26% (RM7.96 million), 29.74% (RM5.55 million), 21.54% (RM5.74 million) and 23.88% (RM2.14 million) of our total revenue respectively.

Our BMS segment customers are mainly construction companies, facilities management companies, building owners and business operators. Meanwhile, our solar thermal systems and energy saving services segment customers are mainly concessionaires of public hospital support services. The various target customer groups provide our Group with diversity in customer base and the ability to address business opportunities in each of the sectors to grow our business.

7.5.3 Our solar thermal hot water system assists companies to reduce their carbon footprint

Our solar thermal hot water system uses sunlight to directly heat the water while other hot water system uses either diesel, LPG or electricity. LPG and diesel are non-renewable fossil fuels which contribute to greenhouse gas emissions mainly in the form of carbon dioxide. A large percentage of Malaysia's electricity is derived from non-renewable and greenhouse gas emitting fossil fuels, especially coal and natural gas. Based on the latest available statistics, in 2020, approximately 96.1% of Malaysia's total primary energy supply uses natural gas, crude oil, petroleum products and others, as well as coal and coke (*Source: IMR Report*).

Organisations who are heavy users of hot water including healthcare institutions such as hospitals, and hospitality businesses such as hotels and service apartments are target users of our solar thermal hot water systems. The use of renewable energy in our solar thermal hot water system would appeal to prospective customers who are seeking to reduce their carbon footprint and improve their responsibilities to the environment.

7.5.4 We have the technical expertise and certifications to meet our customers' requirements in BMS and solar thermal systems and energy savings services

We have the technical and engineering expertise to meet our customers' requirements in the provision and maintenance of BMS, solar thermal systems and energy saving services. As at the LPD, we are supported by the following engineers in various departments as summarised in the following table:

7. BUSINESS OVERVIEW (CONT'D)

<u>Department / Designation</u>	<u>No. of engineer as at the LPD *</u>	<u>Average experience per engineer</u>	<u>Other relevant accreditations or qualifications</u>
Executive Directors	2	21 years	<ul style="list-style-type: none"> 1 of our Executive Directors is a member of the Institute of Engineers Malaysia, a member of the Board of Engineers Malaysia and is a Certified Energy Manager.
Finance and Administrative Department	1	2 years	<ul style="list-style-type: none"> -
Project Department	10	8 years	<ul style="list-style-type: none"> 1 engineer is an Executive Master in Operation and Project Management. 1 engineer is a Registered Electrical Energy Manager
Technical and Servicing Department	9	7 years	<ul style="list-style-type: none"> 1 engineer is a member of the Board of Engineers Malaysia, and received technical and analytics certification from one of our principals. 1 engineer received technical certification from one of our principals.
Business Development Department	3	6 years	<ul style="list-style-type: none"> -

Note:

(*) Our engineers have obtained at least a Bachelor's degree in a relevant field of engineering.

In addition, we have the relevant registrations including registration as an Energy Service Company and registration as electric contractor with the Energy Commission Malaysia, Grade 7 contractor and Grade 4 contractor with CIDB, registration with the Ministry of Finance, which demonstrates our capability to meet our customers' requirements.

7.5.5 We have our brands to help facilitate brand awareness and customer loyalty

We have our brands of key equipment and software for BMS including DDC and central controllers manufactured by a third party which are rebranded and marketed under our "Tri-IO" brand. In addition, we have developed some of our application software that controls the functionality of the DDC and central controllers that interfaces with various sensors (including sensors from our suppliers) and facilitates the integration of other building control systems.

We also have our brand of solar thermal collectors which are manufactured by a third party that is rebranded and marketed under our "SDC" brand. Solar thermal collectors are a key component of solar thermal hot water systems as they convert sunlight into heat for heating water.

We will use Tri-IO and SDC brand of products as part of the components used when providing systems integration of BMS and solar hot water system unless the customers request for other brands due to various reasons such as system compatibility or contractual requirements. Our brand of DDC, central controller and solar thermal collectors will provide us with some visibility to create brand awareness among potential customers, and at the same time provide the platform for creating and sustaining customer loyalty.

7. BUSINESS OVERVIEW (CONT'D)

7.5.6 We have experienced Directors and key senior management team to grow our business

We have experienced Directors and key senior management team that is headed by our Managing Director, Edison Kong, who brings with him approximately 18 years and 17 years of experience in BMS and renewable energy respectively. He is responsible for the overall strategic direction, growth and development of our Group. He is supported by our Executive Director, Eileen Liuk who brings with her 22 years of experience in sales and marketing.

In addition, we have an experienced key senior management team to provide support on our business operations including:

- Ed Kamil Bin Md Bashah, our Project Director with approximately 22 years of project engineering and project management experience.
- Khoirol Suhardi Bin Shaaban, our Technical Director with approximately 22 years of experience in project engineering and project management experience;
- Mohd Hanafy Bin Rasimon, our Project Director with approximately 15 years of experience in project engineering and project management.
- Gan Yee Shan, our Finance Manager who brings with her approximately 12 years of experience in accounting and finance related matters;

Please refer to Section 5 of this Prospectus for the profiles of our Directors and key senior management team.

7.6 BUSINESS ACTIVITIES AND SERVICES

7.6.1 Building Management Systems

7.6.1.1 Overview

BMS are designed to provide integrated management, monitoring and control of specific building systems, and thus help building facility operators achieve service level targets in a cost-effective, reliable and safe manner. During the FY Under Review, FP 2024 and up to the LPD, we are involved in the following business activities related to BMS:

- systems integration of BMS; and
- maintenance of BMS.

7.6.1.2 Systems integration of BMS

We are involved in the systems integration of BMS where we design (where relevant), supply, install and integrate BMS. During the FY Under Review, FP 2024 and up to the LPD, our systems integration of BMS involved the following types of properties:

- commercial buildings such as offices, mixed developments, service apartments, shopping centres and data centres;
- institutional buildings such as hospitals and higher educational institutions;
- leisure and hospitality properties such as hotels; and
- industrial properties such as semiconductor manufacturing facilities.

Our systems integration of BMS includes the following:

- installing new BMS systems as part of the construction of new buildings; and
- upgrading and/or retrofitting BMS in existing buildings.

7. BUSINESS OVERVIEW (CONT'D)

Our scope of work as a systems integrator of BMS comprises the following:



- (i) **System design and specification:** For projects where we are responsible for the whole system, our scope of work will include system design and specification. Our systems design and specification will require us to integrate all the BMS equipment and software as well as to interface with other existing building systems, and communications and electrical systems to provide power and communications connectivity for the BMS. We are also responsible for specifying all the required ICT software and hardware, equipment and materials. For some projects, the BMS design and specifications are provided by the customer or a third-party consultant that are engaged by the customer.
- (ii) **Procurement and supply:** We procure and supply all the necessary ICT hardware and software, equipment and materials comprising our in-house and third-party brands. All ICT hardware and software, equipment and materials, including our in-house brand equipment, are procured from suppliers.
- (iii) **Installation:** We are responsible for the installation works which include hacking and masonry works to install power and communication cables, connecting all the BMS ICT hardware, equipment and devices, interfacing with existing equipment and systems, and providing power and communications termination points for future addition of ICT hardware, equipment and devices. We engage subcontractors to carry out all the installation works under our supervision and management.
- (iv) **Integration:** We are responsible for ensuring that our installed BMS are properly integrated with all other relevant existing ICT hardware, equipment, devices and systems to function as a complete and integrated system. Our integration process also includes programming and/or customising all the necessary software and interfaces according to the parameters, functions and objectives of the BMS design and specifications. Our integration also includes integrating our BMS into the building's on-site control room, and in some cases also connecting them to our command and control centre at our Headquarters in Kajang, Selangor. Integration works for BMS are carried out using our in-house personnel.
- (v) **Testing and commissioning:** We also carry out post-installation testing and commissioning to ensure that the BMS functions properly. Our in-house personnel will carry out the testing and commissioning, with the final commissioning carried out together with the customer or its representatives.

The BMS that we provide comprises some combination or all of the following components that are integrated to function as a complete and integrated system:

- DDC installed at specific machinery and equipment or sub-systems to provide automated control (based on programming and interfaces) and remote control from an on-site control room and in some cases also from our command and control centre;
- performance sensors and devices installed at specific machinery and equipment to measure performance and operating conditions;
- environment sensors installed at specific locations in the building to measure physical parameters, such as temperature, light level, movement and carbon dioxide gas concentration;
- user input devices such as card readers, which allow users to provide information to the system; and

7. BUSINESS OVERVIEW (CONT'D)

- central controllers and related application software to integrate various building sub-systems, including those supplied by third parties, to an on-site control room with unified monitoring, dashboard, control and reporting structure.

The individual DDC, sensors and central controllers are connected by wireless and/or wired local area network connections.

DDC and central controllers are the key components of our BMS, and these are supplied by Tridium Asia Pacific Pte Ltd and rebranded to our "Tri-IO" brand. We also develop some of our application software that controls the functionality of the DDC and central controllers, interfaces with various sensors (including sensors from suppliers) and facilitates integration with other building control systems at the building's control room, and in some cases connecting to our command and control centre. The application software is installed onto the DDC and central controllers by us.

In some cases, the scope of our BMS projects includes setting up the building's control room, which is a central facility to monitor, manage and control the building's facilities and systems. We will carry out the integration so that data from the building's facilities and systems can be displayed on a unified dashboard incorporating real-time performance data in graphical format, and display alerts in text, graphics and sound for serious and/or urgent issues that require immediate attention. Commonly, facilities in the control room will also include storage of raw and processed data for a pre-determined period.

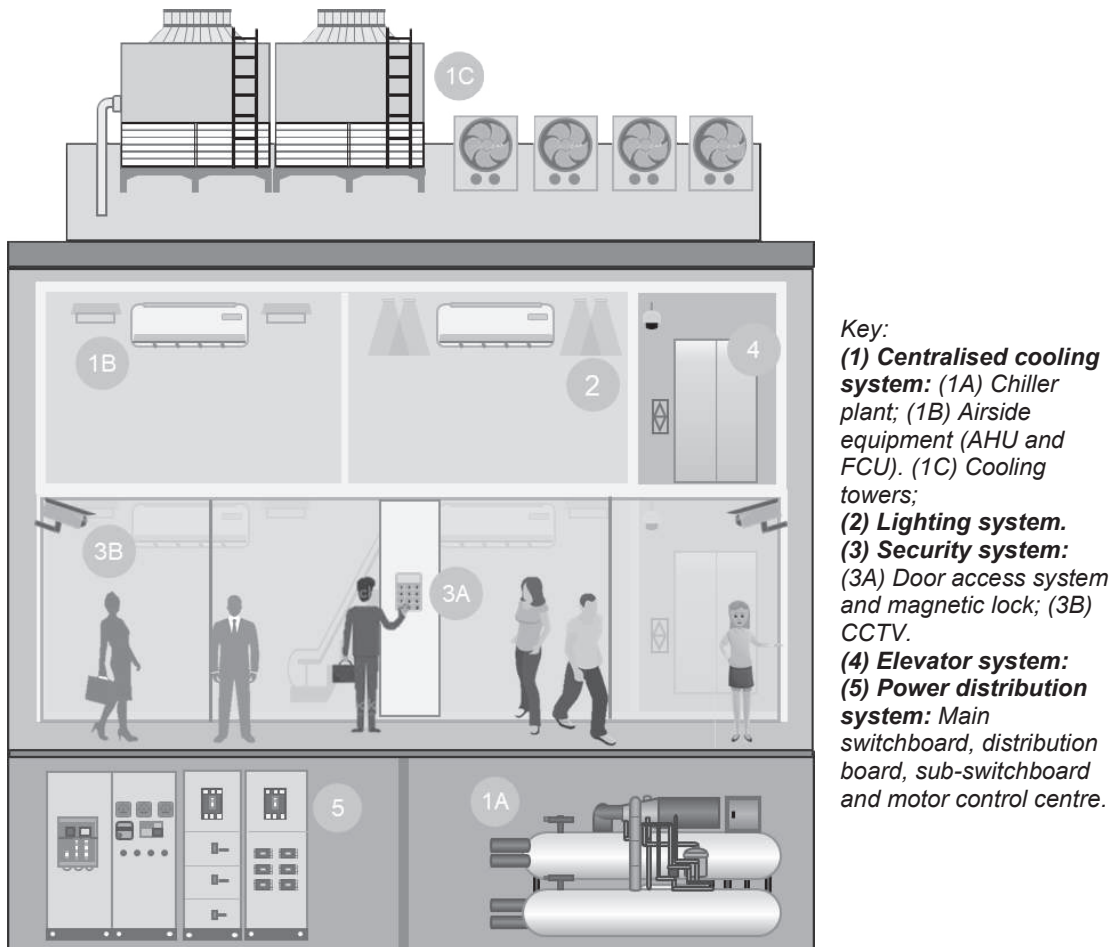
Depending on the customer's requirements, the BMS that we implement covers a combination of the following building systems:

- lightings;
- centralised cooling systems;
- electrical and communications;
- elevators;
- security and access; and
- others such as fire protection, process utilities and carpark.

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7. BUSINESS OVERVIEW (CONT'D)

The overall system architecture of BMS showing the building systems that we cover is represented in the following diagram:



7.6.1.3 Centralised cooling system

Centralised cooling systems utilise a centralised facility to generate chilled water to provide space cooling and ventilation for an entire building or several buildings. There are two types of centralised cooling systems, namely district cooling systems where a separate facility provides space cooling for several nearby connected buildings, and chiller plants installed in a single building to provide space cooling.

We install our DDC and sensors at specific centralised cooling machinery and equipment, and building locations, including the following:

- chillers;
- cooling towers;
- water pumps;
- airside equipment including air handling unit (AHU) and fan coil units (FCU); and
- chilled water distribution piping networks.

We do not install the centralised cooling system. However, our BMS will need to integrate with the centralised cooling system for monitoring, providing alerts, collecting and storing data, and linking to the building's control room. We would normally be required to liaise with the installer and/or the operations personnel of the centralised cooling system to facilitate interface and integration with our BMS.

7. BUSINESS OVERVIEW (CONT'D)

We install DDC and sensors at the centralised cooling machinery and equipment listed above to provide the following functionality:

Types of controllers and sensors	Functionality
DDC	<ul style="list-style-type: none"> • Normally installed in chillers, water pumps, cooling towers and AHU. • Enable remote start-up, shut-down and running speed control from the chiller plant room, building control room or our command and control centre. • Also allow automatic start-up, shut-down and running speed control based on programmed setpoints and feedback from sensors. • Measure operating status and provide data to the chiller control room, building control room and our command and control centre. • Monitoring and alarm functions include operating status monitoring and trip alarm.
Cooling energy meter	<ul style="list-style-type: none"> • Installed at the chiller plant to measure the energy used for space cooling by the entire cooling energy system. • Energy usage is measured based on the quantity of chilled water generated by the chiller plant, and the difference between the chilled water supply temperature and return temperature.
Digital electricity meter	<ul style="list-style-type: none"> • Installed at the chiller plant to measure the total electricity consumption of chillers, water pumps, chiller control room and other electrical equipment. • Provides an overall measure of the facility's electricity consumption.
Variable air volume controller	<ul style="list-style-type: none"> • Monitor the volume and temperature of cool air flowing through AHU supply air duct. • Control the volume and/or temperature of conditioned air supplied by the AHU based on specified parameters such as room temperature, room occupancy and time of day.
Water temperature sensor	<ul style="list-style-type: none"> • Measures the temperature of the water passing the sensor. • Normally installed in chillers, water pumps, cooling towers, chilled water distribution networks, AHU and FCU.
Water pressure sensor	<ul style="list-style-type: none"> • Measures the pressure of the water passing the sensor. Abnormal pressure (too high or low) may indicate fault to be addressed. • Normally installed in chillers and water pumps.
Field temperature sensor	<ul style="list-style-type: none"> • Installed in rooms or internal spaces to monitor the temperature.
Carbon dioxide (CO ₂) sensor	<ul style="list-style-type: none"> • Monitor the concentration of CO₂ in the air as an indicator of air quality. The outside air ventilation rate is increased if CO₂ concentration exceeds the setpoint. • Normally installed in AHU return air ducts.
Filter dirty switch	<ul style="list-style-type: none"> • Installed at the AHU and FCU dust filters. • The switch is triggered when the build-up of solid debris on the filter exceeds a specified level to alert the user that the filter needs to be cleaned or replaced.

In addition to DDC and sensors, our BMS incorporate an energy management system (EMS) that is designed to optimise the centralised cooling system's performance and minimise operating costs. The EMS integrates with DDC, controllers, machinery and equipment sensors and field sensors and enables the centralised cooling conditioning system to be monitored and controlled from the chiller control room and/or our command and control centre (if they are connected). The EMS optimises the working parameters and timing of chiller operations to minimise electricity consumption. This can be programmed to automatically manage the maintenance based on the manufacturers' recommended maintenance schedule to minimise breakdowns, and reduce manpower requirements as the entire system can be centrally monitored and controlled from the chiller control room, as well as remotely monitored via mobile devices including smartphones and tablets.

Space cooling usually consumes the most electricity compared to other facilities in a building.

7. BUSINESS OVERVIEW (CONT'D)

7.6.1.4 Lighting management system

Lighting systems provide artificial illumination for indoor and outdoor spaces to enable people to see and carry out activities in enclosed rooms, during the night and in other situations. All buildings and premises are equipped with lighting systems for indoor and outdoor illumination.

We do not install the lighting system. However, our BMS will need to integrate with the electrical system that powers and manages the lighting system for monitoring, providing alerts, collecting and storing data, and linking to the building's control room.

The lighting management system of our BMS that we design, supply and install is mainly used to reduce electricity costs while maintaining customers' requirements for functionality, convenience and safety. They perform functions such as switching lights on and off automatically controlling lighting intensity.

We are responsible for installing the following controllers and sensors as part of our automated lighting management system as part of BMS, depending on the customers' requirements:

Types of controllers and sensors	Function
DDC	<ul style="list-style-type: none"> The DDC is installed at the lighting distribution board of a floor or area. Controls individual light fixture functions (switch on or off, and light intensity) with integrated input from connected light switches, motion detectors and light level sensors. Provides the interface between the floor or area's lighting system with the central controller.
Motion detectors	<ul style="list-style-type: none"> Sensors that detect movements of people within a certain area. When triggered, carries out a pre-set action such as switching on one or more light fixtures, and switching them off a specified period after no further motion is detected. Helps to reduce electricity costs by only switching on lights when people are detected (for security or convenience purposes).
Light level sensor	<ul style="list-style-type: none"> Determines the light level in a specific location. Triggers a pre-set action depending on light level, such as switching one or more light fixtures off when light intensity exceeds a certain level, and switching one or more light fixtures on when light intensity falls below a certain level.

7.6.1.5 Elevator management

Elevators are used to transport people and goods between the floors of a building. Elevators are installed individually or in banks of 2 or more elevators that serve all the floors of a building, or specific zones providing access between certain floors.

We do not install elevators. However, our BMS will need to integrate with the elevator system for monitoring, providing alerts, collecting and storing data, and linking to the building's control room. We would normally be required to liaise with the installer and/or the operations personnel of the elevator system to facilitate interface and integration with our BMS.

We are responsible for installing the DDC at the lift panel that controls each elevator bank. The DDC monitors input from the lift panel indicating lift car operating status such as whether or not the car is in operation, trip alarm, or any other fault alarm.

7.6.1.6 Electrical system

Generally, a building's electrical system provides the connection between the power grid and end-user premises, and the building's electrical machinery and equipment, as well as the occupant's electrical machinery, equipment, devices and appliances.

7. BUSINESS OVERVIEW (CONT'D)

We do not install the end-user premises or the building's electrical system. However, our BMS will need to integrate with the electrical system at end-user premises for monitoring, providing alerts, collecting and storing data, and linking to the building's control room. We would normally be required to liaise with the installer and/or the operations personnel of the electrical system to facilitate interface and integration with our BMS.

The electrical system for BMS that we provide includes controllers and sensors to provide remote monitoring and control, and automated control and alarm functions under certain situations. These include the following, where relevant:

- (i) **Substation main connection:** Alarm if circuit breakers are activated in the event of short-circuit, power surge or interrupted (trip) electricity supply;
- (ii) **Transformers:** Temperature sensors to activate alarm and cooling fans if transformer temperature approaches a specified set point;
- (iii) **Main switchboard, distribution board, sub-switchboard and motor control centre:** Alarm if circuit breakers are activated in the event of short-circuit, overcurrent or incoming or interrupted electricity supply;
- (iv) **Generator set:** Automatic start-up to provide backup electricity during a power interruption. Monitors operating parameters such as fuel level and coolant temperature, and trigger alert when generator set is switched on;
- (v) **Uninterrupted power supply:** Monitor status to ensure that sufficient energy is available in the event of power interruption. For example, monitor battery charge level and trigger alarm if battery charge level is outside specified parameters (too low or too high); and
- (vi) **Electrical energy meters:** Comprises network controllers and individual electrical energy meters to provide electricity metering for individual tenants in some buildings.

7.6.1.7 Security system

Depending on the customers' requirements, part of our scope of work for BMS includes installing the building's security system. Generally, the security system that we provide is designed to enable building facility operators to automatically enforce their security protocols for specified areas of the premises and building. These include the following types of components:

- (i) **Security access points:** Installed at specific entry points, such as doors, to automatically grant access to persons who present the appropriate credentials, such as key-card or personal identification number ("PIN"); and
- (ii) **Closed-circuit television ("CCTV") system:** Comprises cameras installed to provide visual monitoring of specified areas.

Installation works for the security systems are carried out by subcontractors under our management and supervision.

Our BMS will need to be integrated with the security system for monitoring, providing alerts, collecting and storing data, and linking to the building's control room. For security systems not installed by us, we would normally be required to liaise with the installer and/or the operations personnel of the security system to facilitate interface and integration with our BMS.

7. BUSINESS OVERVIEW (CONT'D)

7.6.1.8 Other building systems

We also provide BMS for other building systems, including the following:

- (i) **Fire protection system:** The BMS that we provide mainly involves installing sensors, switches and controllers to monitor the volume of water in fire protection water tanks, which store the water that will be used by the building's sprinkler system and fire hose reels;
- (ii) **Process utilities:** The BMS that we provide mainly involves sensors, switches and controllers to monitor water tank levels and the status of pumps for potable water supply and handling of sewage and wastewater; and
- (iii) **Carpark system:** The BMS that we provide mainly involve the integration of the carpark management system.

We do not install any of the above systems. However, our BMS will need to integrate with these systems for monitoring, providing alerts, collecting and storing data, and linking to the building's control room.

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7. BUSINESS OVERVIEW (CONT'D)

7.6.1.9 Completed and on-going systems integration of BMS contracts

The systems integration of BMS contracts with contract value of RM1.00 million and above which we have completed during the FY Under Review, FP 2024 and as at the LPD are summarised in the following table:

	Project name	Description	Project location	Customer name	Start date ⁽¹⁾ / Completion date ⁽²⁾	Contract value ⁽³⁾ (RM'000)
1	Puncak Alam Hospital Project	Supply, installation, testing and commissioning of BMS	Puncak Alam, Selangor	Axbena Sdn Bhd*	Sept 2017 / Feb 2021	2,774 ⁽⁴⁾
2	Conference and Training Facility Project	Supply, delivery, installation, testing and commissioning and maintenance of BMS and building security system works	Kuala Lumpur	Pembinaan Mitrajaya Sdn Bhd	Dec 2017 / Nov 2020	3,870
3	Business School Project	Supply, delivery, installation, testing and commissioning and maintenance of BMS and building security system works	Kuala Lumpur	Pembinaan Mitrajaya Sdn Bhd	Dec 2017 / Nov 2020	4,540
4	Healthcare University Project	Supply, delivery, installation, testing and commissioning and maintenance of chiller plant facility management system, building automation system, and fridge monitoring system	Kuala Lumpur	Pembinaan Mitrajaya Sdn Bhd	Mar 2019 / Jul 2022	1,303
5	Commercial Building Project	Supply, delivery, installation, testing and commissioning of BMS	Kuala Lumpur	Kerjaya Prospek (M) Sdn Bhd	May 2019 / Dec 2023	1,232 ⁽⁴⁾
6	Healthcare University Project	Supply, delivery, installation, testing and commissioning and maintenance of ELV works	Kuala Lumpur	Pembinaan Mitrajaya Sdn Bhd	Jun 2019 / Jul 2022	2,057
7	Putrajaya Hotel ICT Project	Supply, delivery, dismantling, installation, testing and commissioning and maintenance of ICT, building security system services work	Putrajaya	Pembinaan Ismail Ibrahim Sdn Bhd	Aug 2019 / Aug 2023	2,827
8	Putrajaya Hotel Project	Supply, delivery, dismantling, installation, testing and commissioning and maintenance of BMS	Putrajaya	Pembinaan Mitrajaya Sdn Bhd	Sep 2019 / Aug 2023	1,356

7. BUSINESS OVERVIEW (CONT'D)

	Project name	Description	Project location	Customer name	Start date ⁽¹⁾ / Completion date ⁽²⁾	Contract value ⁽³⁾ (RM'000)
9	Ministry of Education 1 Project	Upgrading of BMS	Putrajaya	Panaltech Consulting Sdn Bhd ⁽⁵⁾	Oct 2019 ⁽⁶⁾ / Mar 2021	2,747
10	KETSA Project	Upgrading of BMS	Putrajaya	Usaha Delima Resources Sdn Bhd	Aug 2022 / Oct 2023	1,180 ⁽⁴⁾
11	Ministry of Education 2 Project	Supply, delivery, installation, testing and commissioning of the BMS	Putrajaya	KCJ Engineering Sdn Bhd	Nov 2022 / Oct 2023	2,059 ⁽⁴⁾
12	Ministry of Health Project	Supply, delivery, installation, testing and commissioning of the BMS	Putrajaya	KCJ Engineering Sdn Bhd	Nov 2022 / Nov 2023	1,916 ⁽⁴⁾
13	Conference and Residential Complex Project	Upgrading of BMS	Kuala Lumpur	Customer C ⁽⁷⁾	Mar 2023 / Dec 2023	4,561
14	Cyberjaya Data Centre Project	Upgrading of BMS and installation of energy management system	Cyberjaya, Selangor	Customer C ⁽⁷⁾	Mar 2023 / Dec 2023	2,115
15	Ministry of Finance Project	Upgrading of BMS and energy management system	Putrajaya	Evergrow Ventures Sdn Bhd	Jul 2023 / Jun 2024	2,550 ⁽⁴⁾
16	Corporate Tower Project	Supply, delivery, installation, testing and commissioning of the BMS	Kuala Lumpur	New Era Creation Sdn Bhd	May 2020 / May 2023	1,161
					Total	38,248

* formerly known as Axventure M&E Sdn Bhd

Notes:

- (1) The contract's start date is in reference to either the date of the letter of award, commencement date stipulated in the said contract or SDC's internal work programme, unless stated otherwise.
- (2) The contract's completion date is in reference to the date of certificate of practical completion and in the absence of a certificate of practical completion, reference would then be made to the date of issuance of the testing and commissioning or user acceptance test report or final invoice date or date of project handover.
- (3) Total contract value includes variation orders, are as reflected in the statement of final account or the latest statement of account, whichever is available.
- (4) As the statement of final accounts has not been finalised, the contract value is based on the latest progress claims or purchase order as at the LPD.
- (5) Refers to Panaltech, a former related party. For further information, please refer to Section 10 of the Prospectus.
- (6) Start date is based on date of the purchase order received by SDC.
- (7) Customer C refers to a statutory body in Malaysia. Customer name was not disclosed due to confidentiality clauses in the contracts/agreements with the customer.

7. BUSINESS OVERVIEW (CONT'D)

As at the LPD, our on-going systems integration of BMS contracts with contract value of at least RM1.00 million are summarised in the following table:

	Project name	Description	Project location	Customer name	Start date ⁽¹⁾ / Expected completion date ⁽²⁾	Approximate percentage of completion as at the LPD (%)	Contract value ⁽³⁾ (RM'000)	Unbilled order book (RM'000)
1	Administration Centre Project	Integration of BMS	Kuantan, Pahang	Customer A ⁽⁴⁾	Jul 2018 / Dec 2024 ⁽⁵⁾	86%	1,582	221
2	Precinct 8 Putrajaya Project	Supply, delivery, installation, testing and commissioning, service and maintenance of BMS	Putrajaya	Customer G ⁽⁴⁾	Jun 2020 / Dec 2025	9% ⁽⁶⁾	2,400	2,192
3	Financial Institution Project	Provision of building systems integration and contractor services	Kuala Lumpur	Customer B ⁽⁴⁾	Feb 2022 / Aug 2025	95%	2,110	108
4	Semiconductor Project	Supply, delivery, installation, testing and commissioning of facilities management control services	Malacca	Infineon Technologies (M) Sdn Bhd ⁽⁷⁾	Aug 2022 / Sep 2024	99%*	3,007	2
5	Ampang Office Tower Project	Supply, delivery, installation, testing and commissioning of BMS and automatic control works	Kuala Lumpur	Megatara Sdn Bhd	Mar 2023 / April 2025 ⁽⁸⁾	48%	4,780	2,485
6	Rail Transit Project	Stage 1 refurbishment and upgrading of BMS controllers, servers and workstations for 2 stations, 2 rail depots and a training simulator	Selangor	Customer H ⁽⁴⁾	Mar 2024 / Jan 2025 ⁽⁹⁾	5%	3,438	3,266
						Total	17,317	8,274

Notes:

* less than 100% due to unbilled amount of approximately RM2,000.

(1) The contracts' start date is based on the date of the letter of award or commencement date as stipulated in the contract or SDC's internal work programme

7. BUSINESS OVERVIEW (CONT'D)

- (2) The contracts' expected completion date is as specified in the contract or SDC's internal work programme or revised completion date based on the extension of time granted by our customers.*
- (3) Total contract value includes variation orders.*
- (4) Customer A refers to a construction company, Customer B refers to a financial institution, Customer G refers to an engineering company, and Customer H refers to a developer of urban rail transportation. Customer names were not disclosed due to confidentiality clauses in the contracts/agreements with the respective customers.*
- (5) Based on letter from the main contractor on the revised completion date of the overall project.*
- (6) Due to delayed completion of work from the main contractor. As at the LPD, structural works at the site have not reached the level of completion where we can continue to carry out our scope of work.*
- (7) The contract was awarded by Shen Yong Engineering Works Sdn Bhd to SDC as a nominated sub-contractor for the Semiconductor Project for Infineon Technologies (M) Sdn Bhd.*
- (8) The contract's expected completion date is based on the revised targeted issuance of the CPC provided by project owner.*
- (9) Based on letter from the customer on the revised completion date of the project.*

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7. BUSINESS OVERVIEW (CONT'D)

7.6.1.10 Maintenance of BMS

We provide maintenance services for BMS that we installed as well as those installed by third-party service providers.

Our maintenance of BMS services includes the following:

- **Preventive maintenance** involves routine maintenance carried out according to schedule. It is intended to check that BMS components and the overall system function properly, and to identify and address problems before they escalate to system breakdown and or equipment failure; and
- **Corrective maintenance** is carried out in response to the breakdown of BMS components when they occur. The procedure of corrective maintenance is to identify the cause of the breakdown, rectify the problem and restore the affected BMS components' functionality as quickly as possible.

We provide maintenance services for BMS on a contract basis (recurrent revenue over the contract period), as well as on an ad hoc basis (project based non-recurrent revenue). Maintenance works for BMS, including those that are on contract as well as on an ad hoc basis, are carried out mainly by our inhouse personnel. We also engaged subcontractors to carry out specialised works such as wiring and cabling.

7.6.2 Solar Thermal Systems and Energy Saving Services

7.6.2.1 Overview

Our solar thermal systems and energy saving services segment comprises the following business activities:

- energy performance services comprising:
 - hybrid solar thermal hot water system (installation of a new solar thermal hot water system which is then integrated with an existing fossil fuel boiler hot water system; and
 - retrofit existing fluorescent lighting with LED lighting
- installation of solar thermal hot water and solar PV systems (standalone); and
- maintenance of solar thermal hot water and cooling systems.

(i) Energy performance services

Our energy performance services are based on contracts with concessionaires involved with providing public hospital support services in Malaysia, and our contract is also subject to the approval by the Ministry of Health Malaysia.

Our energy performance services include the installation of a new solar thermal hot water system integrated with an existing boiler hot water system that uses either diesel or LPG as a fuel source, retrofitting fluorescent lighting to LED lighting, and provision of maintenance services for all the systems and equipment that we install and integrate, and retrofit for the duration of the contract.

(ii) Installation of solar thermal hot water and solar PV system

This is for standalone projects to install solar thermal hot water or solar PV systems. For the FY Under Review, FP 2024 and up to the LPD, these standalone projects are mainly for hospitals, individual residential properties as well as the industrial sector.

7. BUSINESS OVERVIEW (CONT'D)

(iii) Maintenance of solar thermal hot water and cooling system

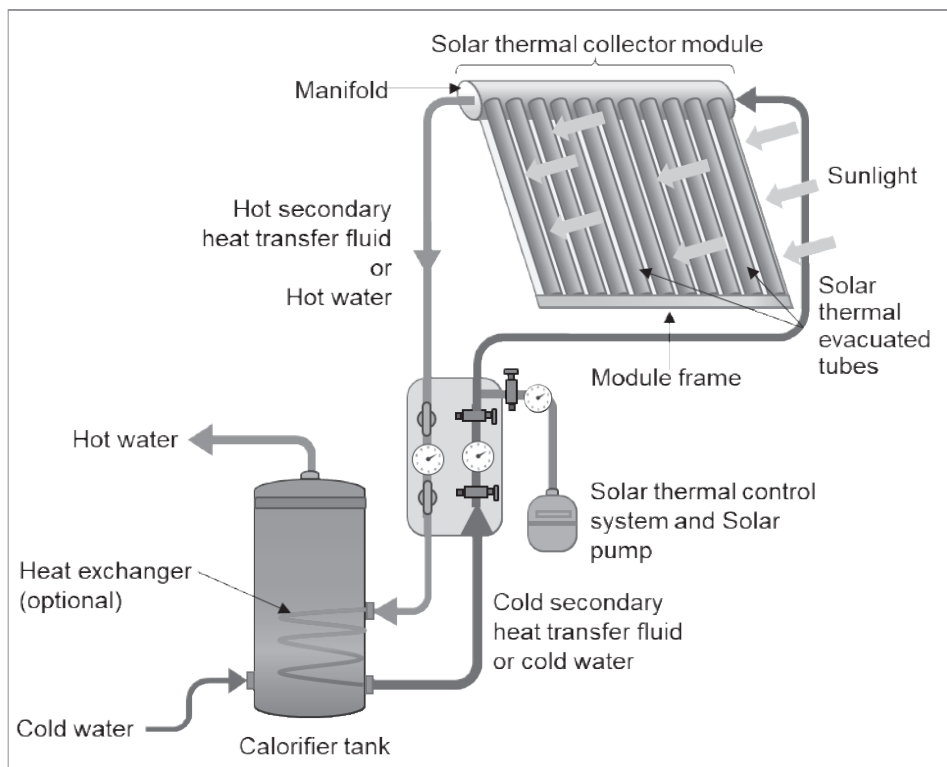
For some of our installations of solar thermal hot water systems, we are contracted to provide maintenance services based on separate maintenance contracts. These maintenance contracts exclude the energy performance service contracts that included maintenance as part of the contract. We also provide maintenance of solar thermal hot water systems on an ad hoc basis.

In addition, during the FY Under Review, FP 2024 and up to the LPD, we provided maintenance services on a contract basis for the solar thermal hot water and cooling system that we installed.

7.6.2.2 Solar thermal hot water system

Our solar thermal hot water system can be on a standalone basis or based on a hybrid system that integrates with another new or existing hot water system that uses diesel, LPG or electricity.

A schematic of our solar thermal hot water system is provided below:



A solar thermal hot water system uses energy from sunlight to directly heat water. Using the solar thermal hot water system results in energy cost savings as the energy used to heat water is from the free renewable sunlight, whereas a facility's existing hot water system is commonly powered by diesel, LPG or electricity that has to be purchased.

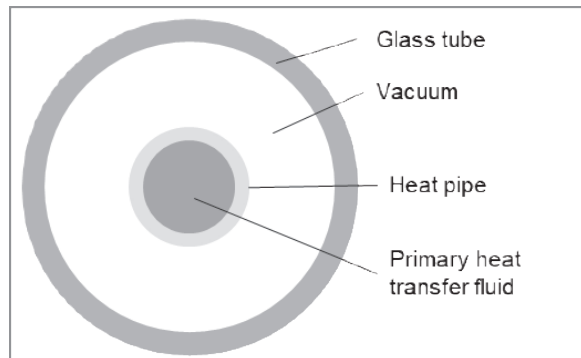
The following main components make up a solar thermal hot water system:

- one or more solar thermal collector modules;
- solar pump and secondary heat transfer fluid system;
- calorifier tank;
- hot water tanks and hot water distribution system; and
- solar thermal control system.

7. BUSINESS OVERVIEW (CONT'D)

A **solar thermal collector module** is designed to gather heat from sunlight to directly heat water. They are typically installed on the roof or another suitable outdoor location optimally positioned to receive maximum sunlight. The solar thermal collector module consists of an insulated **manifold** into which a row of solar thermal **evacuated tubes** is installed and a frame that holds the manifold and solar thermal evacuated tubes in place.

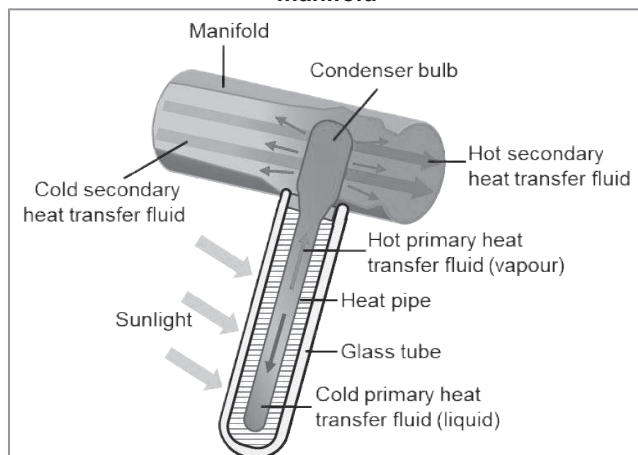
Cross section of a solar thermal evacuated tube



Each solar thermal evacuated tube consists of a sealed circular **glass tube** surrounding a **heat pipe**. Air is removed (evacuated) from the space between the glass tube and the heat pipe to create a vacuum, which insulates and minimises heat loss from the heat pipe. The glass tube is transparent to allow sunlight to pass through easily. The heat pipe is a sealed copper tube that contains the **primary heat transfer fluid**.

Sunlight passes through the transparent glass tube and heats the heat pipe. The primary heat transfer fluid is a liquid when it is cool. When it is heated up it changes into vapour and rises to the **condenser bulb** at the top of the heat pipe, which is inserted into the manifold. The hot vapour from the heat pipe will transfer its heat into the **secondary heat transfer fluid** flowing through the manifold. Subsequently, when the hot vapour from the heat pipe is cooled by the secondary fluid in the manifold, it changes back into liquid form which flows to the bottom of the heat pipe ready to be heated again.

Heat transfer from solar thermal evacuated tube to manifold



The circulation of the secondary heat transfer fluid is regulated by the **solar thermal control system (STCS)**. When hot water is required, the **solar pump** is switched on to circulate hot secondary heat transfer fluid through the manifold into the **heat exchanger** of the **calorifier tank**, or hot water to the hot water tank. The heat from the hot secondary heat transfer fluid is transferred to the water in the calorifier tank thus generating hot water. Once the heat has been transferred the resultant cold secondary heat transfer fluid is pumped back to the solar thermal collector module to collect heat. The calorifier tank is insulated to minimise heat loss and to help ensure that there is hot water available at night and during periods of low sunlight.

The hot water in the calorifier tank is typically between 45 °C and 75 °C which is too hot to be circulated through the facility's hot water distribution system. Consequently, hot water from the calorifier tank is mixed with cold water to supply water with temperatures of between 45 °C and 60 °C through one of the following methods:

- pumped into hot water tanks where it is mixed with cold water; or
- mixed with cold water in a mixing valve.

The mixed hot water is pumped through the building facility's hot water distribution system to users.

7. BUSINESS OVERVIEW (CONT'D)

In our hybrid system, the existing boiler is retained to provide backup or supplementary hot water generating capability if the temperature of the water to be supplied to users is below the specified temperature.

The STCS is designed to provide central monitoring and control of the solar thermal hot water system's operations, status and condition. Monitoring and control can be from the building's control room or remotely from our command and control centre.

Our solar thermal hot water system comprises a controller, pumps and sensors, and it is programmed to start or stop automatically according to schedule, programmed logic and pre-determined situations.

The installation works for solar thermal hot water systems, including those that are part of energy performance services as well as those that are for standalone projects, are carried out by our subcontractors under our supervision and management. Integration of the solar thermal hot water system with existing boiler and/or hot water distribution system, if required, is carried out by our in-house personnel. Our in-house personnel will carry out the testing and commissioning of the solar thermal hot water system, with the final commissioning carried out together with the customer or its representatives.

7.6.2.3 Retrofitting to LED lighting

Retrofitting of existing fluorescent lighting to LED lights is provided only as part of the energy performance service contracts. This reduces electricity costs as LED lighting consumes less electricity compared to fluorescent lighting of similar lighting intensity.

We provide comprehensive maintenance for the LED tubes, which mainly involves replacing LED tubes and light fixtures that have malfunctioned or stopped functioning. The retrofitting and maintenance works are carried out by our subcontractors under our supervision and management.

7.6.2.4 Installation of solar PV system

Solar PV systems are designed to convert sunlight into electricity. The installation of solar PV system includes components such as solar PV modules, inverters and energy meter.

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7. BUSINESS OVERVIEW (CONT'D)

7.6.2.5 Energy performance service contracts

Generally, our energy performance services comprise installing new solar thermal hot water systems and integrating them with existing fossil fuel boiler systems, and in some cases, retrofitting existing fluorescent lighting with LED lighting. We will fund the total project investment for the installation of hybrid solar thermal hot water systems and retrofitting of LED lighting, where payment will be made according to a schedule agreed in the contract. We will also carry out maintenance on the items we installed, upgraded and retrofitted over the contract duration period commonly between 4 and 6 years. For further details on the mode of operations, please refer to Section 7.4 of this Prospectus.

The energy performance service contracts which we have completed during the FY Under Review, FP 2024 and as at the LPD are summarised in the following table:

	Description	Project Location	Customer Name	Scope of work ⁽¹⁾		Energy savings*	Start Date / End Date ⁽²⁾	Contract value ⁽³⁾ (RM'000)
				Hybrid solar	LED lightings			
Installation of hybrid solar thermal hot water systems								
1	Hospital 1	Sabah	Customer D ⁽⁴⁾	√				1,594
	- Installation period						Feb 2019 / Jun 2019	
	- Payment period						Jul 2019 / Nov 2023	

* Refers to payment to SDC which includes energy cost savings arising from the use of the installed hybrid solar thermal hot water system and retrofitted LED lighting in addition to the project investment payment to SDC as stated in the contracts.

Notes:

- (1) Hybrid solar thermal hot water system refers to the installation of a new solar thermal hot water system which is then integrated with an existing fossil fuel boiler hot water system; LED lighting refers to the retrofitting of existing fluorescent lighting with LED lighting.
- (2) Based on the start and end dates as specified in the contract.
- (3) Based on the value as specified in the contract which is subject to further end of year adjustment or variation orders.
- (4) Customer D is concessionaire of public hospital support services. Customer name was not disclosed due to confidentiality clauses in the contracts/agreements with the customer.

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7. BUSINESS OVERVIEW (CONT'D)

As at the LPD, we have the following subsisting energy performance service contracts:

	Description	Project Location	Customer Name	Scope of work ⁽¹⁾		Energy savings*	Start Date / End Date ⁽²⁾	Contract value ⁽³⁾ (RM'000)	Unbilled Order Book (RM'000)
				Hybrid solar	LED lightings				
Installation of hybrid solar thermal hot water systems									
1	Hospital 2 - Installation Period - Payment Period	Sabah	Customer D ⁽⁴⁾	√			Apr 2019 / Aug 2019 ⁽⁵⁾ Sep 2019 / Mar 2025	1,461	98
Installation of hybrid solar thermal hot water systems, retrofitting of LED lightings as well as energy savings									
2	Hospital 3 - Installation Period ⁽⁶⁾ - Payment Period ⁽⁷⁾	Kedah	Customer E ⁽⁴⁾	√	√	√	Oct 2019 / May 2020 ⁽⁸⁾ June 2020 ⁽⁹⁾ / Mar 2025	4,336 ⁽¹¹⁾	936
3	Miri Hospital - Installation Period ⁽⁶⁾ - Payment Period ⁽⁷⁾	Miri, Sarawak	One Medicare Sdn Bhd	√	√	√	Oct 2019 / Jun 2020 ⁽¹⁰⁾ Jul 2020 ⁽¹⁰⁾ / Mar 2025	2,503 ⁽¹²⁾	425
4	Sarikei Hospital - Installation Period ⁽⁶⁾ - Payment Period ⁽⁷⁾	Sarikei, Sarawak	One Medicare Sdn Bhd	√	√	√	Feb 2019 / Jul 2019 Aug 2019 / Jan 2025	5,019 ⁽¹²⁾	470
5	Sibu Hospital - Installation Period ⁽⁶⁾ - Payment Period ⁽⁷⁾	Sibu, Sarawak	One Medicare Sdn Bhd	√	√	√	Oct 2019 / Jul 2020 ⁽¹⁰⁾ Sep 2020 ⁽¹⁰⁾ / Mar 2025	5,154 ⁽¹²⁾	945

7. BUSINESS OVERVIEW (CONT'D)

	Description	Project Location	Customer Name	Scope of work ⁽¹⁾		Energy savings*	Start Date / End Date ⁽²⁾	Contract value ⁽³⁾ (RM'000)	Unbilled Order Book (RM'000)
				Hybrid solar	LED lightings				
6	Sarawak Heart Centre - Installation Period ⁽⁶⁾ - Payment Period ⁽⁷⁾	Kuching, Sarawak	One Medicare Sdn Bhd	√	√	√	Oct 2020 / Mar 2021 Apr 2021 / Mar 2025	4,959	827

* Refers to payment to SDC which includes energy cost savings arising from the use of the installed hybrid solar thermal hot water system and retrofitted LED lighting in addition to the project investment payment to SDC as stated in the contracts.

Notes:

- (1) Hybrid solar thermal hot water system refers to the installation of a new solar thermal hot water system which is then integrated with an existing fossil fuel boiler hot water system; LED lighting refers to the retrofitting of existing fluorescent lighting with LED lighting.
- (2) Based on the start and end dates as specified in the contract, unless stated otherwise.
- (3) Based on the value as specified in the contract, schedule of prices or payment schedule, which are subject to further end of year adjustment or variation orders, unless stated otherwise.
- (4) Customer D and Customer E are concessionaires of public hospital support services. Customer names were not disclosed due to confidentiality clauses in the contracts/agreements with the respective customers.
- (5) Installation was completed in August 2019, and the payment period commenced in the subsequent months up to March 2025.
- (6) Refers to installation, retrofitting and physical works done as specified in the contract, unless stated otherwise.
- (7) Refers to performance period specified in the contract, unless stated otherwise.
- (8) End date based on the certificate of practical completion.
- (9) Start date is based on the month after the completion of Phase 1.
- (10) Based on the start and end dates as specified in the letter issued by MOH subsequent to the letter of award.
- (11) Based on adjusted value after confirmed and potential EOYA.
- (12) Based on adjusted value after the provision made due to potential EOYA that may arise from the shortfalls in the actual energy savings and the guaranteed energy.

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7. BUSINESS OVERVIEW (CONT'D)

7.6.2.6 Installation of Solar Thermal Hot Water and Solar PV Systems

In addition to our energy performance services, we also install solar thermal hot water and solar PV systems on a standalone basis for other facilities and customers. During the FY Under Review, FP 2024 and up to the LPD, outside of the energy performance services, we have installed solar thermal hot water systems for hospitals, individual residential properties and industrial sector, and solar PV system for a residential property.

The installation of solar thermal hot water system projects (apart from those under energy performance service contracts) with a contract value of at least RM1.00 million that we have completed during the FY Under Review, FP 2024 and as at the LPD are summarised in the following table:

Description	Project Location	Customer Name	Services ⁽¹⁾	Start Date / End Date ⁽²⁾	Contract value ⁽³⁾
Ampang Hospital	Ampang, Selangor	Radicare (M) Sdn Bhd	Hybrid solar thermal hot water system	Jan 2021 / Apr 2022 ⁽⁴⁾	2,788

Notes:

- (1) Hybrid solar thermal hot water system refers to the installation of a new solar thermal hot water system which is then integrated with an existing fossil fuel boiler hot water system.
- (2) Based on the start and end dates as specified in the contract.
- (3) Total contract value including variation orders, if there are any as reflected in the statement of final accounts.
- (4) The installation works for the Ampang Hospital was completed in April 2021 while the maintenance period of the solar thermal hot water system was completed in April 2022.

7.6.2.7 Maintenance of Solar Thermal Hot Water and Cooling Systems

Our maintenance of solar thermal hot water and cooling systems include providing maintenance services for systems that we installed.

We provide the following types of maintenance services for solar thermal hot water and cooling systems:

- **Preventive maintenance**, which is carried out according to schedule and is intended to avoid breakdowns. It is usually carried out periodically, based on the frequency stipulated in the contract; and
- **Corrective maintenance**, which is carried out in response to unexpected breakdowns or faults, and is carried out to restore functionality and rectify faults as quickly as possible.

Maintenance works for solar thermal hot water systems are carried out by our inhouse personnel as well as subcontractors to carry out specialised works such as leak rectification.

7. BUSINESS OVERVIEW (CONT'D)

7.6.3 Maintenance of Other Systems and Equipment

We provide maintenance services for other systems and equipment comprising the following:

- gas fired chillers; and
- chilled water system.

7.6.3.1 Gas fired chillers

We provided services for gas fired chillers during the FY Under Review, FP 2024 and up to the LPD. We currently provide preventive, corrective and major maintenance services for gas fired chillers installed at a district cooling plant in Putrajaya, Malaysia. We also provided ad hoc corrective maintenance for gas fired chillers to a customer in Brunei. We engaged subcontractors to carry out the maintenance works for gas fired chillers under our management and supervision.

The maintenance of other systems and equipment with contract value of at least RM1.00 million which we have completed during the FY Under Review, FP 2024 and as at the LPD are summarised in the following table:

Project Name	Description	Project Location	Customer Name	Start Date⁽¹⁾ / Completion Date⁽²⁾	Contract Value (RM'000)
Gas District Cooling Maintenance 1 Project	Provision of comprehensive maintenance for 2 units of direct-fired chiller at a plant	Putrajaya	Gas District Cooling (Putrajaya) Sdn Bhd	Jun 2016/ Jun 2021	1,034

Notes:

(1) The contracts' start date is based on the commencement date as stipulated in the purchase order.

(2) The contracts' expected completion date is as specified in the purchase order.

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7. BUSINESS OVERVIEW (CONT'D)

As at the LPD, our on-going maintenance of other systems and equipment with contract value of at least RM1.00 million is summarised in the following table:

	Project Name	Description	Project Location	Customer Name	Start Date⁽¹⁾ / Expected Completion Date⁽²⁾	Approximate Percentage of Completion as at LPD (%)	Contract Value⁽³⁾ (RM'000)	Unbilled Order Book (RM'000)
1	Gas District Cooling Maintenance 2 Project	Maintenance works for 2 units of direct-fired chiller at 2 plants	Putrajaya	Gas District Cooling (Putrajaya) Sdn Bhd	Jan 2020/ Jan 2025	91%	1,685	149
2	Brunei Gas Fired Chiller Maintenance Project	Replacement of 2 units of direct-fired chillers	Brunei	Serikandi Oilfield Services Sdn Bhd	Jun 2024 ⁽⁴⁾ / To be determined ⁽⁵⁾	-(6)	2,550 ⁽⁷⁾	2,550

Notes:

- (1) The contracts' start date is based on the commencement date as stipulated in the purchase order/contract.
- (2) The contracts' expected completion date is as specified in the contract.
- (3) Total contract value includes variation orders.
- (4) Start date is based on purchase order received by SDC.
- (5) Pending written confirmation from the customer on the expected completion date.
- (6) Work has not commenced yet.
- (7) Converted based on Bank Negara Malaysia's exchange rate as at the LPD.

7.6.3.2 Chilled water system

As at the LPD, we secured a contract to provide maintenance services for a chilled water system. Our scope of work for this project includes replacing and installing valves, strainers, flexible connectors, pressure gauges, thermometers and other accessories of existing AHU and FCU.

As at the LPD, our on-going maintenance of chilled water systems contract with contract value of RM1.00 million and above is summarised in the following table:

7. BUSINESS OVERVIEW (CONT'D)

	Project Name	Description	Project Location	Customer Name	Start Date⁽¹⁾/ Expected Completion Date⁽²⁾	Approximate Percentage of Completion as at the LPD (%)	Contract Value⁽³⁾ (RM'000)	Unbilled Order Book (RM'000)
1	Chilled Water System Maintenance Project	Replace and install valves, strainers, flexible connectors, pressure gauges, thermometers and other accessories of existing AHU and FCU	Kuala Lumpur	Customer F ⁽⁴⁾	Aug 2023/ Dec 2024	70%	2,071	628

Notes:

(1) The contracts' start date is based on the date of the letter of award or commencement date as stipulated in the contract.

(2) The contracts' expected completion date is as specified in the contract.

(3) Total contract value includes variation orders.

(4) Customer F refers to a facilities management company in Malaysia. Customer name was not disclosed due to confidentiality clauses in the contracts/agreements with the customer.

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7. BUSINESS OVERVIEW (CONT'D)

7.7 MARKETING STRATEGIES AND ACTIVITIES

Our marketing positioning and activities to retain existing customers, secure new customers and develop new business opportunities are as follows:

Our positioning in the market

- We position ourselves as an established player in the fields of BMS and solar thermal hot water systems backed by our established track record of approximately 17 years since the commencement of our business operations in 2008.
- We provide total solutions from design and installation to maintenance of BMS and solar thermal hot water systems. This provides convenience and confidence to our customers in relation to our knowledge of our systems.
- We have the technical capabilities to meet our customer's requirements in the provision and maintenance of BMS, solar thermal systems and energy savings services supported by 10 engineers within the Project Department and 9 engineers within the Technical and Servicing Department and 3 engineers within the Business Development Department as at the LPD.
- We position ourselves as being able to meet our customers' environmental responsibility through the reduction of their carbon footprint in carrying out their business operations. Our solar thermal hot water systems are designed to reduce the reliance on electricity from the power grid which is largely generated from non-renewable and CO₂ emitting fossil fuels such as coal and natural gas, or usage of non-renewable and CO₂ emitting fossil fuels such as diesel or LPG to operate the boiler hot water systems.

Our marketing and sales activities

We adopt proactive marketing and sales activities in maintaining our existing customers and addressing potential growth areas of our business. Our marketing and sales activities include the following:

- We proactively target and approach prospective customers to showcase our product and service offerings, capabilities, track record, experience and reference sites.
- We actively participate in tenders or requests for proposals for BMS and solar thermal hot water system projects including energy performance services.
- We also have a showroom at our Headquarters to showcase our products, the process flow of our systems, and the benefits of our various products and systems.
- We attend seminars and exhibitions as part of our marketing programme of broadening our network and communications with prospective customers. Since 2020 and up to the LPD, we have participated in the following forum and exhibition.

Year	Event	Type of event	Location	Nature of Participation
2020	Development of National Occupational Skills Standard for Thermal Design Malaysia Green Tech Corporation (MGTC)	Forum	Citadines Hotel, Cyberjaya	Participated as a specialist
2022	Niagara Forum South East Asia	Exhibition	Pullman Hotel, Kuala Lumpur	Exhibitor

7. BUSINESS OVERVIEW (CONT'D)

Year	Event	Type of event	Location	Nature of Participation
2024	Tridium Asia Pacific Pte Ltd Partner Event	Exhibition	Kuala Lumpur	Exhibitor
2024	Kuala Lumpur (Refrigeration, Ventilation and Air-conditioning) REVAC Expo	Exhibition	Kuala Lumpur	Participant ⁽¹⁾

Note:

(1) Invitation of one of our principals, our personnel were stationed at their exhibition booth to market our services.

7.8 SEASONALITY

During the FY Under Review, FP 2024 and up to the LPD, we did not experience any material seasonality in our business.

7.9 MACHINERY AND EQUIPMENT

We do not have major machinery and equipment that we use for our operations as the nature of our business is service based.

7.10 PRODUCTION CAPACITY AND UTILISATION

As the nature of our operations is service based, the measures of production capacity, output and utilisation rates do not apply to our systems integration and maintenance of BMS, provision of energy performance services, installation and maintenance of solar thermal hot water and cooling systems, and maintenance of other systems and equipment.

7.11 OPERATIONAL FACILITIES

Details of our operational facilities are as follows:

	Main Functions	Approximate Built-up Area (sq. ft)	Premises Ownership	Address
SDCG, SDC and KED	Headquarters	8,320	Owned	Wisma SDC, No 25, Jalan Kajang Perdana 3/2, Taman Kajang Perdana, 43000 Kajang, Selangor Darul Ehsan

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7. BUSINESS OVERVIEW (CONT'D)

7.12 PROCESS FLOW

7.12.1 Systems Integration of BMS

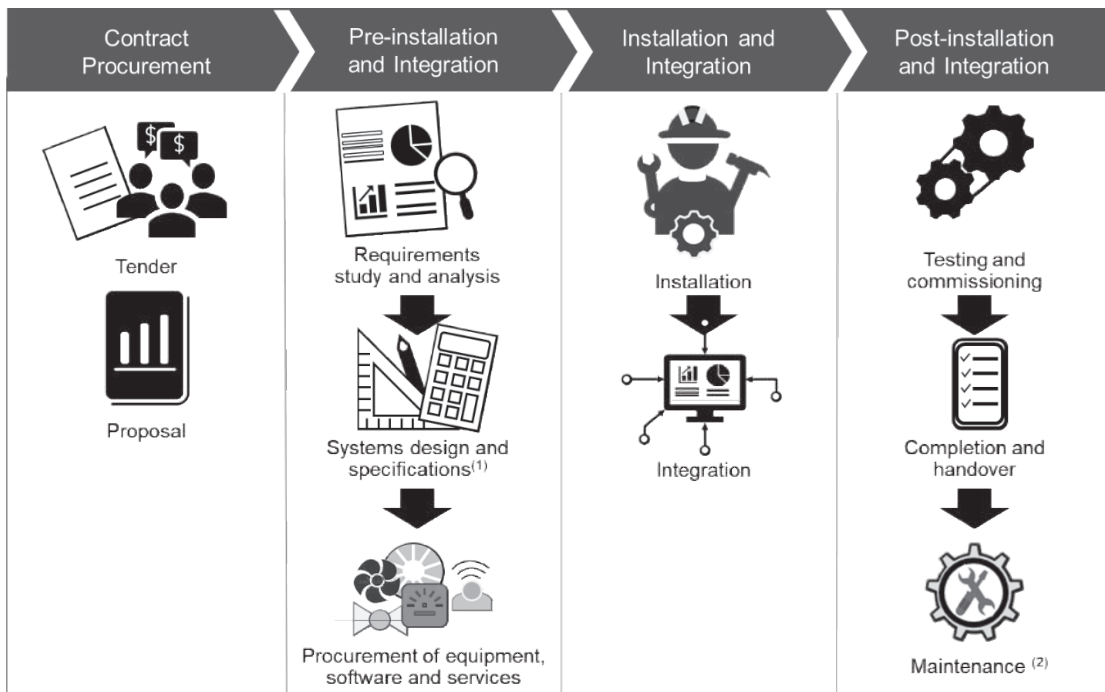
Our systems integration of BMS is mainly for:

- new systems as part of a building construction project; and
- existing systems, where we carry out retrofitting and/or upgrading works.

Depending on the customer’s requirements, the BMS that we implement covers a combination of the following building systems:

- lighting;
- centralised air conditioning;
- electrical and communications;
- elevator and escalator;
- security and access; and
- others such as fire protection, process utilities and car park.

The process flow for the systems integration of BMS is as follows:



Notes:

- (1) Only relevant if we are engaged for the entire project, otherwise the design and specifications of the system are provided to us.
- (2) Maintenance is based on separate contracts. Only in some cases, we are engaged to carry out the maintenance after the BMS is completed and handed over to the customer.

(i) Contract procurement

Our contracts for the systems integration of BMS are secured through tendering or submission of proposals to prospective customers.

The tendering or proposal process begins when we receive an invitation to tender or request for proposal from prospective customers. We will carry out a preliminary assessment based on the project requirements and background of the customer before deciding to participate in the tender. Once we have decided to bid, we will commence the

7. BUSINESS OVERVIEW (CONT'D)

preparation of our tender documents or proposals which involve a commercial proposal focusing on pricing, payment schedules and terms, warranty and defect liability period, and a technical proposal focusing on our capabilities, track record and experience profile, scope of work, specifications of materials, equipment and software, and completion date.

We will then submit our tender or proposal together with a tender/proposal bond/deposit if required.

(ii) Pre-installation and integration

Requirements study and analysis

Upon securing a contract, we will carry out a systems requirement study and analysis to scope the work in detail. Some of the procedures undertaken to understand the operating conditions include:

- review and understand the customer's requirements and objectives;
- identify stakeholder requirements;
- review the internal and external factors that may impact the organisation; and
- consider various critical issues that could potentially arise.

During this stage, we will also identify the technical requirements of the BMS. Some of the procedures to be undertaken include:

- gather information about the building's infrastructure, systems and equipment, including specifications, protocols, connectivity and compatibility requirements;
- identify the specific functionalities and features required of the BMS; and
- identify the technical aspects of the BMS such as communication protocols, scalability, user interface and accessibility, remote access capabilities as well as integration with other building systems.

Systems design and specifications

For projects where we are engaged to carry out the whole system, we commonly would carry out the design and specification of the full system to provide our customers with an integrated BMS following the customer's requirements. We will carry out the systems design and specification of the new or retrofit and/or upgrade of the BMS, as well as project planning.

We will first study the basic inputs provided by the customer and thereafter design the BMS to meet the building management needs. This will involve considerations on:

- system design and architecture including network, connectivity, interfaces and communications protocol;
- specifications of equipment, devices and information and communications technology (ICT) hardware;
- specifications of operations, applications, network and security software; and
- specifications on integration with existing or other building systems

In addition, we will prepare the relevant documentation such as the design report, equipment layout as well as general arrangement drawing of the BMS components and wiring. Our project planning mainly focuses on the project timeline, budgeting, procurement of materials and resources as well as compliance with the regulatory requirements.

For projects where we are engaged as a subcontractor, the BMS systems design and specifications are commonly provided by the customer or a third-party consultant.

7. BUSINESS OVERVIEW (CONT'D)

Procurement

Our procurement includes, among others, the following:

- equipment and devices such as DDC, programmable controllers, field sensors, actuators, energy monitoring and measurement devices, and communication equipment and devices;
- ICT hardware such as computers, storage devices, wired and wireless networking and security devices, switches and hubs, and display monitors,
- operations, applications, network and security software; and
- appointment of subcontractors.

Upon receiving the equipment, hardware and devices, we will validate that they function according to the required specifications and standards before they are delivered to the site. We also inspect other materials such as wiring, cables and connectors, upon receipt to ensure they are as per the specified requirements. Any discrepancies or damages will be reported to the supplier for rectification or replacement.

(iii) Installation and integration

Installation

We are responsible for installing the relevant equipment, hardware and devices of the BMS system throughout the building. This includes, among others DDC, programmable controllers, field sensors, actuators, network switches, high-level interface nodes and cabling works.

We also establish a central workstation within the building, where we install relevant hardware and software such as computers, printers, monitors, uninterrupted power supply units and BMS software. The BMS software is customised according to user requirements. The central workstation will facilitate monitoring and control, as well as provide real-time data on display screens. Generally, we would allocate 3 employees to manage and supervise each project/contract. However, these employees are not dedicated to one project and would be mobilised for other projects/contracts as and when required. We engage subcontractors to carry out installation works.

Integration

After the installation process, we are responsible for integrating the various components of the BMS. Some of the procedures to be undertaken are as follows:

- configure the equipment and devices such as controllers and sensors to establish communication links between devices and ensure interoperability;
- connect the BMS components through a network infrastructure to enable data exchange and communications;
- define the relationship between data points from sensors and actuators, mapping them to their corresponding control functions within the BMS; and
- design and customise the user interface, including dashboards, alarms and alerts, and reporting functions, based on user needs and preferences.

We would also be responsible to integrate our BMS with the building's centralised command centre using our in-house personnel.

Variation orders

In certain circumstances, we may be requested to perform additional works (variation orders) outside the original scope of works specified in the contract by the customer. The requests are received through written instruction issued by the client. These variation orders may be time-sensitive where work must be completed before the next phase of the

7. BUSINESS OVERVIEW (CONT'D)

project can proceed (e.g., installing cables prior to plaster ceiling installation).

In cases requiring additional materials to be purchased or additional sub-contracting costs to be incurred, the project team will discuss the scope of work and impact of the additional work on the overall project costs and timeline with our Managing Director. After the assessment of the estimated cost and urgency of the variation order work, our Managing Director will decide on whether to proceed with the variation order works.

Thereafter, we will concurrently work with the customer to finalise the value for the variation order. The variation order's approval timeline may be impacted by factors such as complexity of the work, verification of the completed work by the customer, and the customer's internal approval process.

(iv) Post-installation and integration

Testing and commissioning

Once the BMS is fully installed and integrated, we will conduct testing and performance monitoring, typically ranging between 1 to 3 months. This is to ensure all subsystems and the overall system are functioning properly and meet the specified requirements. Any modifications or improvements are to be completed within the agreed timeframe stipulated in the contract.

Some of the test procedures include general checks, operation tests as well as system performance tests. Equipment and devices will be checked and tested to ensure proper installation and functionality, while interaction with auxiliary systems will be verified. Any deficiencies noted will be rectified accordingly. Upon successful testing, the system will be commissioned.

Completion and handover

Upon the successful completion of testing and commissioning, the CPC or an equivalent document is issued to us by the customer or a representative, and the BMS system is officially handed over to the customer.

As part of the handover, we will provide training to end-users on the operation and use of the BMS, as well as provide all relevant documentation such as operation and maintenance manuals, system specifications, as-built drawings as well as other technical details related to the BMS.

We will provide maintenance and servicing during the defect liability period as stipulated in the contract, which is typically for a period between 12 to 24 months from the issuance of CPC.

Maintenance

In some cases, we are engaged in the subsequent maintenance of the BMS according to the stipulated period in the contract. Our maintenance of the BMS includes the following:

- **preventive maintenance**, which is carried out according to schedule and is intended to avoid breakdowns. It is usually carried out periodically, based on the frequency stipulated in the contract; and
- **corrective maintenance**, which is carried out in response to unexpected breakdowns or faults and is carried out to restore functionality and rectify faults as quickly as possible.

7. BUSINESS OVERVIEW (CONT'D)

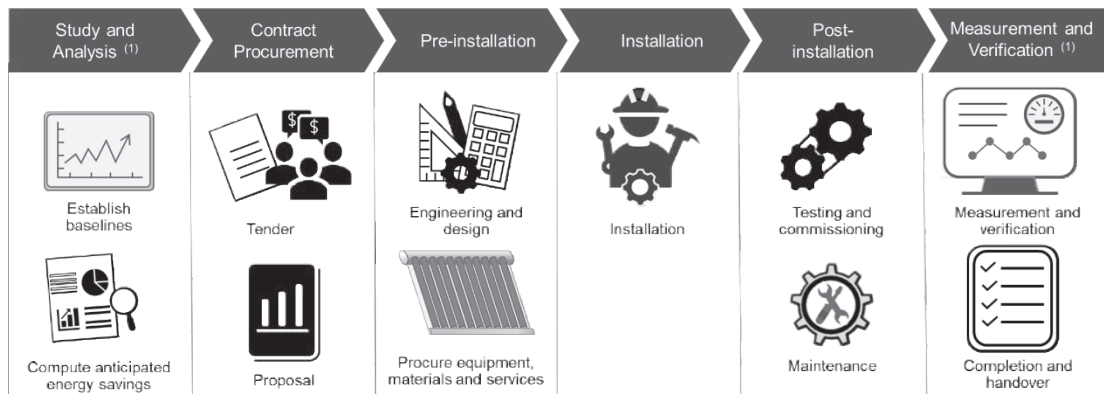
After completing the maintenance work, we will prepare a maintenance service report for the customer. The service report includes details such as the maintenance tasks performed, the status of the BMS equipment, hardware, devices and components, any repairs or replacements made as well as recommendations for improvement. Generally, we would allocate 2 employees to carry out the physical maintenance works or 1 employee to manage and supervise the maintenance works carried out by subcontractors.

7.12.2 Design, supply and installation of solar thermal hot water system

Our design, supply and installation of solar thermal hot water systems are mainly for:

- new standalone system; and
- hybrid system which includes the installation of our new solar thermal hot water system and integration with the existing hot water system.

The process flow for the design, supply and installation of the solar thermal hot water system is as follows:



Note:

(1) Only applicable for energy performance service contracts

Study and analysis

We will engage a third-party service provider to conduct a study to determine the potential energy savings that can be achieved based on the proposed installation of our solar thermal hot water system. Some of the procedures to be undertaken are as follows:

- define and establish a baseline, which represents the amount of energy consumption before the installation of the solar thermal hot water system. The baseline is commonly based on the amount of LPG or diesel consumed to heat the boiler to obtain hot water;
- compute the anticipated energy savings by comparing the baseline consumption with the expected consumption after the installation of our solar thermal hot water system and adjusted for any relevant factors that may affect the calculation. This provides a basis for the energy savings guarantee for our energy performance service contracts; and
- quantify the potential savings in monetary terms by multiplying the quantity of LPG or diesel saved by its unit price. This provides an estimation of the cost savings that can be achieved and serves as a basis for determining the fee chargeable to our customers for our energy performance service contracts.

7. BUSINESS OVERVIEW (CONT'D)

Contract procurement

Our contracts for the design, supply and installation of solar thermal hot water systems are secured through tendering and provision of proposals to the prospective customer. The proposal includes details such as the contract period comprising the installation and reporting periods (where applicable), investment cost, payment amount, structure and terms, baseline consumption, applicable tariff or charge rates as well as the anticipated energy savings.

Pre-installation

(i) Engineering and design

We carry out engineering and design of the solar thermal hot water system for both new installations and hybrid system projects. We study the customer's existing setup and design the solar thermal hot water system including the distribution network. This involves considerations in selecting the appropriate solar thermal collectors, storage tanks and other components for the system. In addition, we will prepare the relevant documentation such as the design report, equipment layout as well as general arrangement drawing of the solar thermal collectors, storage tanks, and other key components.

For hybrid system projects, we would retain the customer's existing or a new boiler system as a backup in situations where there is insufficient hot water generation from our solar thermal collectors. This ensures a reliable and continuous supply of hot water, particularly during periods of rainy, cloudy or hazy days or increased hot water demand.

(ii) Procurement

Our procurement includes equipment, labour and subcontractors. We will source all the necessary equipment, some of which are our brands provided by suppliers.

Upon receiving the equipment, we will validate that they function according to the required specifications and standards before they are delivered to the site. Any discrepancies or damages will be reported to the supplier for rectification or replacement.

Installation

We are responsible for installing all the relevant machinery, equipment, hardware and devices required for the solar thermal hot water system. This includes, among others, solar thermal collector modules, calorifier tanks, pumps, piping as well as the control and monitoring system. Generally, we would allocate 3 employees to manage and supervise each project/contract. However, these employees are not dedicated to one project and will be mobilised for other projects/contracts as and when required. The installation work is carried out by subcontractors under our management and supervision.

Post-installation

(i) Commissioning

Once the system is fully installed, we will carry out initial testing to ensure the system operates safely, efficiently and effectively according to specifications. Any defects or inefficiencies discovered will be rectified before the final inspection and testing.

All final inspection and testing works will be conducted by our engineers in the presence of our customers or their appointed representatives as witnesses. We will perform a trial run of the system to monitor the operating conditions and ensure there are no

7. BUSINESS OVERVIEW (CONT'D)

deficiencies. The performance of the system will be evaluated following the mechanical and electrical specifications to ensure it is safe and meet the design requirements. Some of the test procedures include general checks, operation tests as well as system performance tests. Machinery, equipment and devices will be checked and tested to ensure proper installation and functionality, while interaction with auxiliary systems will be verified. Any deficiencies noted will be rectified accordingly. Upon successful testing, the system will be commissioned.

(ii) Maintenance

During the energy performance service contract period, we are responsible for the maintenance of the solar thermal hot water system. Our maintenance of the system includes the following:

- **preventive maintenance**, which is carried out according to schedule and is intended to avoid breakdown. It is usually carried out periodically based on the frequency stipulated in the contract; and
- **corrective maintenance**, which is carried out in response to unexpected breakdowns or faults and is carried out to restore functionality and rectify faults as quickly as possible.

After completing the maintenance work, we will prepare a maintenance service report for the customer. The service report includes details such as the maintenance tasks performed, the status of the solar thermal hot water system components, any repairs or replacements made as well as recommendations for improvement. Generally, we would allocate 2 employees to carry out the physical maintenance works or 1 employee to manage and supervise the maintenance works carried out by subcontractors.

Measurement and verification

Depending on the contracts, we will engage a third-party to conduct a measurement and verification of the energy consumed to generate hot water on an annual basis, where a detailed report outlining the energy savings achieved will be submitted to the customer.

In the event of a shortfall between the actual energy savings and the energy savings guarantee, we will pay the customer the amount of the shortfall according to the terms as stipulated in the contracts.

Handover

At the end of the energy performance service contract period, we will officially hand over the solar thermal hot water system to the customer. As part of the handover, we will provide training to end-users on the operation and use of the system, as well as provide all relevant documentation such as operation and maintenance manuals, system specifications, as-built drawings as well as other technical details related to the system.

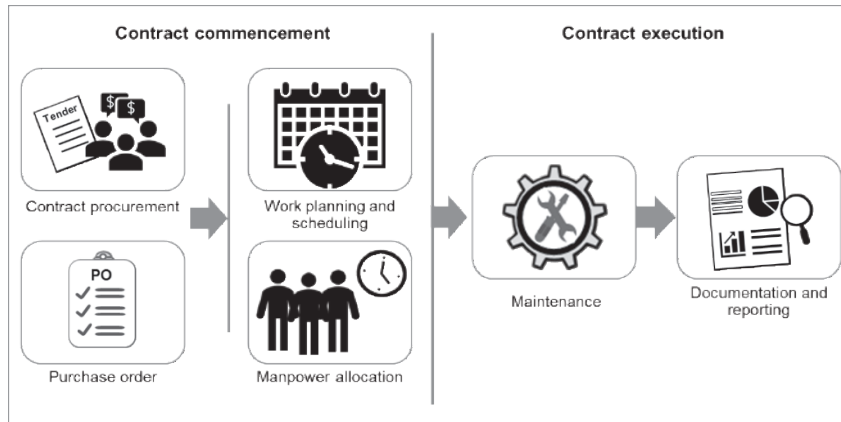
During the handover, there will be a joint inspection with the customer to ensure the system and components are in a well-maintained condition. Should there be any defects, we are required to make good of the defects within an agreed period stipulated in the contract.

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7. BUSINESS OVERVIEW (CONT'D)

7.12.3 Maintenance of BMS

The following diagram depicts our process flow for the maintenance of BMS:



Contract Commencement

(i) Contract procurement

The process of our maintenance of BMS commences with the following:

- contract procurement through tendering or provision of proposals; or
- issuance of purchase orders by our customers.

The contract or purchase order includes details such as scope of work, duration, pricing and any specific terms and conditions.

Contracts are for continuous maintenance over a period of time commonly for 1 to 3 years. Purchase orders are for one-off maintenance work commonly carried out over several days.

(ii) Work planning and scheduling

After securing the contract or issuance of a purchase order by our customer, we will carry out work planning and scheduling.

For a one-off maintenance work order, we will evaluate the specific maintenance requirements to determine the tasks to be performed. Depending on the customer's requirements, this can be either preventive or corrective maintenance. For contracted maintenance services, we will develop a maintenance plan which includes the frequency of periodic maintenance tasks such as inspections, cleaning, replacement, testing and calibration.

During this stage, we consider factors such as resource availability, customer preferences and any specific requirements. Based on our work plan and schedule, we will allocate manpower resources to carry out the maintenance activities. This comprises in-house personnel and we also engage sub-contractors to carry out specialised works.

Contract execution

(i) Maintenance

Our preventive maintenance work is carried out periodically based on the frequency stipulated in the contract or at the request of our customers. It involves the inspection of various components of the BMS including the functionality, performance and the overall condition of the system. Any malfunctions or faulty components identified will be repaired or replaced accordingly.

7. BUSINESS OVERVIEW (CONT'D)

In addition to preventive maintenance, we also provide corrective maintenance services in response to unexpected breakdowns or faults. This includes troubleshooting, diagnosing the root cause of the problem and implementing the necessary repairs or replacements to restore the system's functionality.

(ii) Documentation and reporting

After completing the maintenance work, we will prepare a service report for our customers. The service report includes details such as the maintenance tasks performed, the status of the BMS components, any repairs or replacements made as well as recommendations for improvement.

7.13 TECHNOLOGIES USED

The technologies that we used are mainly for our BMS and solar thermal hot water systems. These technologies are embedded in their respective equipment, hardware as well as software where relevant.

7.13.1 BMS

The main technologies that we use for our business activities relating to BMS are as follows:

- **ICT**

Our BMS uses technologies involved in the integration, monitoring and management of building systems. As such, we used ICT as part of our provision of products and services. The ICT that we use includes the following:

- software programming using various programming languages, compilers, operating systems and computers;
- externally sourced application and utility software;
- communications involved in local and wide area networks incorporating wired, wireless and mobile cellular communications; and
- hardware such as processors, network, security, interfaces and display monitors and panels.

- **Instrumentation and control**

Our BMS uses instrumentations and control technologies including controllers and sensors such as DDC, cooling energy meters, digital electricity meters, variable air volume controllers, water temperature sensors, water pressure sensors, field temperature sensors, carbon dioxide sensors, filter dirty switches, motion detectors and light level sensors.

7.13.2 Solar thermal hot water systems

The main technologies that we used for our activities relating to solar thermal hot water systems are as follows:

- solar thermal collector modules incorporating the manifold and solar thermal evacuated tubes;
- heat exchangers; and
- solar thermal control systems.

7. BUSINESS OVERVIEW (CONT'D)

7.14 RESEARCH AND DEVELOPMENT

We do not carry out any research and development. All our equipment, devices and software have their respective in-built technologies which are purchased by us. Any improvements or development of new or innovative technologies are carried out by the respective manufacturers of the equipment and devices, and software developers.

7.15 MATERIAL INTERRUPTIONS TO THE BUSINESS

Saved as disclosed below, we did not experience any other material interruptions to our business and operations during the FY Under Review, FP 2024 and up to the LPD.

7.15.1 COVID-19 conditions in Malaysia

The Government of Malaysia implemented several measures to contain the spread of the COVID-19 pandemic in the country commencing from 18 March 2020. These measures include restrictions on the movement of people within Malaysia and internationally, and restrictions on business, economic and social activities.

The first phase of the MCO was implemented from 18 March 2020 to 3 May 2020 which resulted in the closure of all businesses except for those classified as “essential services” during that period and received written approval to operate from the Ministry of International Trade and Industry Malaysia (now known as the Ministry of Investment, Trade and Industry or “MITI”).

During the first phase of the MCO, operations at our Headquarters were temporarily suspended for 83 days from 18 March 2020 to 9 June 2020. Between 18 March 2020 to 9 June 2020, our employees worked from home or at their respective project sites for customers who were classified as essential services while following the relevant standard operating procedures and guidelines. We resumed operations at our Headquarters on 10 June 2020 pursuant to the registration of SDC in MITI’s COVID-19 Intelligent Management System (“**CIMS**”) on 9 June 2020.

Subsequently, from 18 March 2020 up to June 2021, the MCO went through various phases in Malaysia including Conditional MCO (“CMCO”), Recovery MCO (“RMCO”) and Enhanced MCO (“EMCO”) where restrictions were relaxed or tightened for specific states, districts and/or locations, based on the number of daily and active COVID-19 cases in the respective areas. On 15 June 2021, the Government of Malaysia announced the National Recovery Plan (“NRP”), a phased exit strategy from the COVID-19 pandemic consisting of four phases where restrictions were gradually eased in each phase. Subsequently, on 1 April 2022, the Government of Malaysia announced that Malaysia was in the “Transition to Endemic” phase where all economic sectors are allowed to operate, and interstate and international travel are allowed, subject to adherence to the relevant SOP and guidelines.

During the various phases of the MCO including CMCO, RMCO, EMCO, and NRP, and the Transition to Endemic Phase, we continued to operate according to the specified guidelines and SOP including specified workforce capacity during the respective periods.

7.15.2 Impact on our business operations and financial performance

FY 2020

Following the implementation of the MCO by the Government of Malaysia, our business operations at our Headquarters were temporarily shut down for 83 days from 18 March 2020 to 9 June 2020. We resumed operations at our Headquarters on 10 June 2020. During FY 2020, there were no material cancellations or suspensions in purchase orders from our customers that were attributed to the COVID-19 pandemic.

7. BUSINESS OVERVIEW (CONT'D)

FY 2021

During FY 2021, we did not experience any material interruptions to our business operations in Malaysia as we continued to operate according to the specified guidelines and SOP including specified workforce capacity during the respective periods. This was reflected in the increase in our revenue by 19.61% to RM17.59 million in FY 2021.

FY 2022

During FY 2022, there were no COVID-19 pandemic interruptions to our business operations in Malaysia and our revenue further increased by RM1.05 million to RM18.65 million in FY 2022.

FY 2023 and FP 2024

There were no COVID-19 pandemic interruptions to our business operations in Malaysia in FY 2023 and FP 2024. Between FY 2022 and FY 2023, our revenue increased by RM7.97 million to RM26.62 million in FY 2023. Meanwhile, our revenue for FP 2024 increased by RM2.14 million compared to FP 2023, to RM8.95 million.

7.16 MAJOR CUSTOMERS

Our top 5 major customers and their revenue contribution for the FY Under Review and FP 2024 are as follows:

FY 2020	Types of customers	Location of customer	Main services/products sold	Revenue contribution (RM'000)	Proportion of total revenue (%)	Length of relationship⁽¹⁾ (years)
Top 5 customers						
Pembinaan Mitrajaya Sdn Bhd	Construction company	Malaysia	Systems integration of BMS	4,280	29.10	9
One Medicare Sdn Bhd ⁽²⁾	Concession company	Malaysia	Solar thermal systems and energy saving services	1,637	11.13	2
Pembinaan Ismail Ibrahim Sdn Bhd	Construction company	Malaysia	Systems integration of BMS	1,089	7.40	2
Gas District Cooling (Putrajaya) Sdn Bhd	Building owner	Malaysia	Maintenance of other systems and equipment	939	6.38	6
Customer D ⁽²⁾	Concession company	Malaysia	Solar thermal systems and energy saving services	654	4.45	5
Sub-total of top 5 customers				8,599	58.46	
Total revenue				14,709		

Notes:

(1) Length of relationship as at the respective financial year.

7. BUSINESS OVERVIEW (CONT'D)

- (2) *One Medicare Sdn Bhd and Customer D are 40.00% owned by UEM Edgenta Berhad. Customer D is a concessionaire of public hospital support services for Hospital 1 and Hospital 2, and operates in Malaysia. UEM Edgenta Berhad is listed on the Main Market of Bursa Securities, Customer names were not disclosed due to confidentiality clauses in the contracts/agreements with the respective customers. Please refer to Section 7.6.2.4 of the Prospectus for further details of our energy performance service contracts with this customer.*

FY 2021						
Top 5 customers	Types of customers	Location of customer	Main services/products sold	Revenue contribution (RM'000)	Proportion of total revenue (%)	Length of relationship⁽¹⁾ (years)
One Medicare Sdn Bhd ⁽²⁾	Concession company	Malaysia	Solar thermal systems and energy saving services	3,394	19.29	3
Radicare Group ⁽³⁾	Concession company	Malaysia	Systems integration of BMS and installation of solar thermal hot water systems	2,762	15.70	4
Pembinaan Mitrajaya Sdn Bhd	Construction company	Malaysia	Systems integration of BMS	2,113	12.01	10
Pembinaan Ismail Ibrahim Sdn Bhd	Construction company	Malaysia	Systems integration of BMS	1,038	5.90	3
Customer E ⁽²⁾	Concession company	Malaysia	Solar thermal systems and energy saving services	909	5.17	5
Sub-total of top 5 customers				10,216	58.07	
Total revenue				17,594		

Notes:

- (1) *Length of relationship as at the respective financial year.*
- (2) *One Medicare Sdn Bhd is 40.00% owned by UEM Edgenta Berhad, while Customer E is 100.00% owned by UEM Edgenta Berhad. Customer E is a concessionaire of public hospital support services for Hospital 3, and operates in Malaysia. UEM Edgenta Berhad is listed on the Main Market of Bursa Securities. Customer names were not disclosed due to confidentiality clauses in the contracts/agreements with the respective customers. Please refer to Section 7.6.2.4 of the Prospectus for further details of our energy performance service contracts with this customer.*
- (3) *Including the collective revenue from Radicare (M) Sdn Bhd, and Radifems Sdn Bhd. Radifems Sdn Bhd is a subsidiary of Radicare (M) Sdn Bhd.*

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7. BUSINESS OVERVIEW (CONT'D)

FY 2022						
Top 5 customers	Types of customers	Location of customer	Main services/products sold	Revenue contribution (RM'000)	Proportion of total revenue (%)	Length of relationship ⁽¹⁾ (years)
One Medicare Sdn Bhd ⁽²⁾	Concession company	Malaysia	Solar thermal systems and energy saving services	3,751	20.11	4
Pembinaan Mitrajaya Sdn Bhd	Construction company	Malaysia	Systems integration of BMS	1,966	10.54	11
KCJ Engineering Sdn Bhd	Facilities management company	Malaysia	Systems integration of BMS	1,624	8.71	5
Customer B ⁽³⁾	Building owner	Malaysia	Systems integration of BMS	1,617	8.67	1
Customer E ⁽²⁾	Concession company	Malaysia	Solar thermal systems and energy savings services	854	4.58	6
Sub-total of top 5 customers				9,812	52.61	
Total revenue				18,648		

Notes:

- (1) Length of relationship as at the respective financial year.
- (2) One Medicare Sdn Bhd is 40.00% owned by UEM Edgenta Berhad, while Customer E is 100.00% owned by UEM Edgenta Berhad. Customer E is a concessionaire of public hospital support services for Hospital 3, and operates in Malaysia. UEM Edgenta Berhad is listed on the Main Market of Bursa Securities. Customer names were not disclosed due to confidentiality clauses in the contracts/agreements with the respective customers. Please refer to Section 7.6.2.4 of the Prospectus for further details of our energy performance service contracts with this customer.
- (3) Customer B is a financial institution in Malaysia and is a subsidiary of a public listed company on the London Stock Exchange, Hong Kong Stock Exchange, Bermuda Stock Exchange and New York Stock Exchange. Customer names were not disclosed due to confidentiality clauses in the contracts/agreements with the respective customers. Please refer to Section 7.6.1.9 of the Prospectus for further details of our systems integration of BMS contract with this customer.

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7. BUSINESS OVERVIEW (CONT'D)

FY 2023						
Top 5 customers	Types of customers	Location of customer	Main services/products sold	Revenue contribution (RM'000)	Proportion of total revenue (%)	Length of relationship⁽¹⁾ (years)
Customer C	Building owner	Malaysia	Systems integration of BMS	6,675	25.07	1
One Medicare Sdn Bhd ⁽²⁾	Concession company	Malaysia	Solar thermal systems and energy saving services	3,447	12.95	5
Infineon Technologies (M) Sdn Bhd	Building owner	Malaysia	Systems integration of BMS	2,504	9.41	2
KCJ Engineering Sdn Bhd	Facilities management company	Malaysia	Systems integration of BMS	1,992	7.48	6
Customer E ⁽²⁾	Concession company	Malaysia	Solar thermal systems and energy savings services	1,413	5.31	7
Sub-total of top 5 customers				16,031	60.22	
Total revenue				26,622		

Notes:

- (1) Length of relationship as at the respective financial year.
- (2) One Medicare Sdn Bhd is 40.00% owned by UEM Edgenta Berhad, while Customer E is 100.00% owned by UEM Edgenta Berhad. UEM Edgenta Berhad is a company listed on the Main Market of Bursa Securities. Customer E operates in Malaysia, and it is a concessionaire of public hospital support services for Hospital 3. Customer names were not disclosed due to confidentiality clauses in the contracts/agreements with the respective customers. Please refer to Section 7.6.2.4 of the Prospectus for further details of our energy performance service contracts with this customer.

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7. BUSINESS OVERVIEW (CONT'D)

FP 2024 Top 5 customers	Types of customers	Location of customer	Main services/products sold	Revenue contribution (RM'000)	Proportion of total revenue (%)	Length of relationship ⁽¹⁾ (years)
One Medicare Sdn Bhd ⁽²⁾	Concession company	Malaysia	Solar thermal systems and energy saving services	1,643	18.36	6
Megatara Sdn Bhd	Mechanical and engineering contractor	Malaysia	Systems integration of BMS	1,071	11.97	2
Customer F	Facilities management company	Malaysia	Maintenance of BMS and chilled water system	1,021	11.41	3
Evergrow Ventures Sdn Bhd	Construction company	Malaysia	Systems integration of BMS	765	8.55	2
Pembinaan Mitrajaya Sdn Bhd	Construction company	Malaysia	Systems integration of BMS	699	7.81	13
Sub-total of top 5 customers				5,199	58.10	
Total revenue				8,948		

Notes:

- (1) Length of relationship as at the financial period.
- (2) One Medicare Sdn Bhd is 40.00% owned by UEM Edgenta Berhad, while Customer E is 100.00% owned by UEM Edgenta Berhad. UEM Edgenta Berhad is a company listed on the Main Market of Bursa Securities. Customer E operates in Malaysia, and it is a concessionaire of public hospital support services for Hospital 3. Customer names were not disclosed due to confidentiality clauses in the contracts/agreements with the respective customers. Please refer to Section 7.6.2.4 of the Prospectus for further details of our energy performance service contracts with this customer.

For the FY Under Review and FP 2024, the number of customers that contributed to our revenue for the FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 are as follows:

	FY 2020	FY 2021	FY 2022	FY 2023	FP 2024
Total revenue (RM'000)	14,709	17,594	18,648	26,622	8,948
Number of customers	62	68	78	68	53
- Existing customers	46	55	64	51	48
- New customers ⁽¹⁾	16	13	14	17	5

Note:

- (1) Refers to customers that the Group first dealt with, and has contributed to our revenue in any one of the FY Under Review or FP 2024.

We are dependent on One Medicare Sdn Bhd and Pembinaan Mitrajaya Sdn Bhd as each of these customers accounted for 10.00% or more of our total revenue in at least 3 FY Under Review and FP 2024 as demonstrated below:

7. BUSINESS OVERVIEW (CONT'D)

(i) One Medicare Sdn Bhd accounted for 11.13%, 19.29%, 20.11%, 12.95% and 18.36% of our total revenue for FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively. In addition, we have 4 subsisting energy performance service contracts with One Medicare Sdn Bhd from 2019 up to 2025 for the following public hospitals in Sarawak:

- (a) Sarawak Heart Centre which commenced from 1 October 2020 to 31 March 2025 (hybrid solar thermal hot water system only);
- (b) Miri Hospital which commenced from 1 October 2019 to 31 March 2025;
- (c) Sarikei Hospital which commenced from 1 February 2019 to 31 January 2025; and
- (d) Sibuluan Hospital which commenced from 1 October 2019 to 31 March 2025.

As at the FP 2024, we have been dealing with One Medicare Sdn Bhd for 6 years.

(ii) Pembinaan Mitrajaya Sdn Bhd accounted for 29.10%, 12.01%, 10.54%, 1.47% and 7.81% of our total revenue for FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively. We have been dealing with this customer for 13 years in FP 2024. For the FY Under Review, the revenue contribution from this customer has generally been declining in terms of value and as a proportion of total revenue, which reduces the level of dependency on this customer.

Revenue contribution from Pembinaan Mitrajaya Sdn Bhd for FY 2020 was mainly from the completion of the Conference and Training Facility Project and Business School Project, on-going implementation of the Putrajaya Hotel ICT Project and Putrajaya Hotel Project, as well as the commencement of the Healthcare University Project. Subsequently, revenue contribution from this customer declined in FY 2021, FY 2022 and FY 2023 as the Putrajaya Hotel ICT Project, Putrajaya Hotel Project and the Healthcare University Project were progressively implemented and completed. However, revenue contribution from Pembinaan Mitrajaya Sdn Bhd for FP 2024 was higher compared to FY 2023, which was mainly due to the Healthcare University Project arising from the finalisation of variation orders by the customer subsequent to the completion of works (the Healthcare University Project was completed in FY 2022). Furthermore, we did not secure projects with contract value of RM1.00 million and above from this customer in the FY Under Review, FP 2024 and up to the LPD.

Radicare Group may have accounted for 15.70% of our total revenue for FY 2021, however, we are not dependent on this customer as they accounted for more than 10.00% of our total revenue in only one of the FY Under Review and FP 2024. In addition, our revenue from Radicare Group was for a project based contract which was completed in 2022.

We are not dependent on the following customers although they accounted for more than 10.00% of our total revenue in FY 2023 and/or FP 2024 for the following reasons:

- (i) Customer C accounted for 25.07% of our total revenue only in one FY Under Review namely in FY 2023. We are not dependent on this customer as our business relationship commenced in 2023 and this was for two project based contracts namely the Conference and Residential Complex Project, and Cyberjaya Data Centre Project.
- (ii) Megatara Sdn Bhd accounted for 11.97% of our total revenue only in FP 2024. We are not dependent on this customer as our business relationship only commenced in 2023, and this was for a project based contract namely the Ampang Office Tower Project.

7. BUSINESS OVERVIEW (CONT'D)

- (iii) Customer F accounted for 11.41% our total revenue only in FP 2024. We are not dependent on this customer as this was for project based contracts namely the Chilled Water System Maintenance Project.

We are also not dependent on the remaining top 5 customers for the FY Under Review and FP 2024 as each of them accounted for less than 10.00% of our total revenue in each of the FY Under Review and FP 2024.

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7. BUSINESS OVERVIEW (CONT'D)

7.17 OUR MATERIALS AND SERVICES

The main types of materials and services we purchased for the FY Under Review and FP 2024 are set out below:

Main materials and services	FY 2020		FY 2021		FY 2022		FY 2023		FP 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
BMS	6,694	65.18	4,841	58.62	6,373	88.55	10,705	92.85	2,466	74.06
Materials	2,777	27.04	2,071	25.07	3,976	55.25	8,721	75.64	1,554	46.67
<i>BMS components</i>	1,696	16.51	1,310	15.85	3,033	42.15	7,430	64.44	991	29.76
<i>Installation materials</i>	1,081	10.53	761	9.22	943	13.10	1,291	11.20	563	16.91
Subcontracted services	3,917	38.14	2,770	33.55	2,397	33.30	1,984	17.21	912	27.39
<i>Installation services</i>	3,894	37.92	2,736	33.14	2,348	32.62	1,937 ⁽⁴⁾	16.80	859	25.80
<i>Maintenance services</i>	23	0.22	34	0.41	49	0.68	47	0.41	53	1.59
Solar thermal systems and energy saving services	3,211	31.27	3,175	38.40	504	6.99	423	3.66	90	2.70
Materials	1,150	11.20	945	11.39	79	1.10	126	1.09	32	0.96
<i>Solar thermal system components</i>	434	4.23	675	8.17	7	0.10	119	1.03	16	0.48
<i>Solar thermal system installation materials</i> ⁽¹⁾	-	-	68	0.82	31	0.43	7	0.06	16	0.48
<i>Other equipment</i> ⁽²⁾	716	6.97	202	2.40	41	0.57	-	-	-	-
Subcontracted services	2,061	20.07	2,230	27.01	425	5.89	297	2.57	58	1.74
<i>Installation services</i> ⁽³⁾	1,833	17.85	1,857	22.49	81	1.11	223	1.93	5	0.15
<i>Maintenance services</i>	198	1.93	373	4.52	344	4.78	74 ⁽⁵⁾	0.64	53	1.59
<i>Energy audit services</i>	30	0.29	-	-	-	-	-	-	-	-

7. BUSINESS OVERVIEW (CONT'D)

	FY 2020		FY 2021		FY 2022		FY 2023		FP 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Main materials and services										
Maintenance of other systems and equipment	365	3.55	246	2.98	321	4.46	402	3.49	774	23.24
Materials	137	1.33	48	0.58	89	1.24	152	1.32	87	2.61
<i>Gas fired chiller spare parts</i>	<i>137</i>	<i>1.33</i>	<i>48</i>	<i>0.58</i>	<i>89</i>	<i>1.24</i>	<i>52</i>	<i>0.45</i>	<i>-</i>	<i>-</i>
<i>Chilled water system spare parts</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>100</i>	<i>0.87</i>	<i>87</i>	<i>2.61</i>
Subcontracted services	228	2.22	198	2.40	232	3.22	250	2.17	687	20.63
<i>Gas fired chiller maintenance services</i>	<i>228</i>	<i>2.22</i>	<i>198</i>	<i>2.40</i>	<i>232</i>	<i>3.22</i>	<i>250</i>	<i>2.17</i>	<i>666</i>	<i>20.00</i>
<i>Chilled water system maintenance services</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>21</i>	<i>0.63</i>
Total purchases of materials and services	10,270	100.00	8,262	100.00	7,198	100.00	11,530	100.00	3,330	100.00

Notes:

- (1) Includes solar PV system components in FP 2024.
- (2) Other equipment comprises lighting equipment, boiling pans and heat pumps.
- (3) Includes installation services for solar PV system in FP 2024.
- (4) There were higher purchases of subcontracted installation services for BMS in FY 2022 compared to FY 2023 due to subcontracting of project and general technical services in FY 2022, whereas in FY 2023, a larger proportion of this was carried out in-house.
- (5) There were lower purchases of subcontracted maintenance services for solar thermal systems and energy saving services in FY 2023 compared to FY 2022, mainly due to less repair and replacement works carried out for our energy performance service contracts.

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7. BUSINESS OVERVIEW (CONT'D)

For the FY Under Review and FP 2024, purchases of materials and services used in our BMS operations accounted for 65.18%, 58.62%, 88.55%, 92.85% and 74.06% of our total purchases of materials and services for FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively. Purchases of materials and services for our solar thermal systems and energy saving services accounted for 31.27%, 38.40%, 6.99%, 3.66% and 2.70% of our total purchases of materials and services for FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively.

Within BMS, purchases of materials for our BMS services accounted for 27.04%, 25.07%, 55.25%, 75.64% and 46.67% of our purchases of materials and services for FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively. The details comprise the following:

- **BMS components** accounted for 16.51%, 15.85%, 42.15%, 64.44% and 29.76% of our total purchases of materials and services for FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively. These components are mainly used for systems integration and maintenance of BMS. The types of BMS components purchased include DDC, programmable controllers, field sensors, actuators, energy monitoring and measurement devices, and communication equipment and devices, ICT hardware such as computers, storage devices, wired and wireless networking and security devices, switches and hubs, and display monitors, and operations, applications, network and security software; and
- **BMS installation materials** accounted for 10.53%, 9.22%, 13.10%, 11.20% and 16.91% of our total purchases of materials and services for FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively. These include materials such as power and communication cables, tools and construction materials that are used for BMS installation and maintenance works.

Our purchases of subcontracted services for BMS services accounted for 38.14%, 33.55%, 33.30%, 17.21% and 27.39% of our purchases of materials and services for FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively. Purchases of subcontracted services comprise the following

- **BMS installation services** to carry out installation works of the relevant equipment, hardware and devices of the BMS system throughout the building, which accounted for 37.92%, 33.14%, 32.62%, 16.80% and 25.80% of our total purchases of materials and services for FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively; and
- **BMS maintenance services** in relation to preventive, corrective and major maintenance services, which accounted for 0.22%, 0.41%, 0.68%, 0.41% and 1.59% of our total purchases of materials and services for FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively.

For the FY Under Review and FP 2024, purchases of materials for our solar thermal systems and energy saving service accounted for 11.20%, 11.39%, 1.10%, 1.09% and 0.96% of our total purchases of materials and services for FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively. These comprise the following:

- **Solar thermal system components** include calorifier tanks, solar and other pumps and controller and sensor components. Purchases of these components accounted for 4.23%, 8.17%, 0.10%, 1.03% and 0.48% of purchases of materials and services for FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively;
- **Solar thermal system installation materials** such as power cables and electrical components, which accounted for 0.82%, 0.43%, 0.06% and 0.48% of purchases of materials and services for FY 2021, FY 2022, FY 2023 and FP 2024 respectively; and
- **Other equipment** which mainly comprised LED lighting equipment and boiling pan (which are commercial food preparation equipment) for FY 2020, heat pumps (which are used for space heating applications) and steam generator for FY 2021, and boiling pan for FY 2022. Other equipment was purchased as part of specific energy performance services contracts. Purchases of other equipment accounted for 6.97%, 2.40%, 0.57%, 0.00% and

7. BUSINESS OVERVIEW (CONT'D)

0.00% of our total purchases of materials and services for FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively.

Purchases of subcontracted services for our solar thermal systems and energy saving service accounted for 20.07%, 27.01%, 5.89%, 2.57% and 1.74% of our total purchases of materials and services for FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively. Purchases of subcontracted services comprise the following:

- **Installation services** to install solar thermal hot water systems and LED lighting equipment (where relevant) in accordance with the respective contracts, which accounted for 17.85%, 22.49%, 1.11%, 1.93% and 0.15% of our total purchases of materials and services for FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively;
- **Maintenance services** in relation to preventive, corrective and major maintenance services for solar thermal systems which accounted for 1.93%, 4.52%, 4.78%, 0.64% and 1.59% of our total purchases of materials and services for FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively; and
- **Energy audit services** whereby we engaged a certified service provider to conduct a study to determine the potential energy savings that can be achieved based on the proposed installation of our solar thermal hot water system, which accounted for 0.29% of our total purchases of materials and services for FY 2020 only.

Purchases of materials and subcontracted services for the maintenance of other systems and equipment accounted for 3.55%, 2.98%, 4.46%, 3.49% and 23.24% of our total purchases of materials and services for FY 2020, FY 2021 and FY 2022 respectively, comprising:

- **Gas fired chiller spare parts** including pumps and electrical components which accounted for 1.33%, 0.58%, 1.24%, 0.45% and 0.00% of our total purchases of materials and services for FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively; and
- **Chilled water system spare parts** including pumps, controllers and sensors which accounted for 0.87% and 2.61% of our total purchases of materials and services for FY 2023 and FP 2024 respectively;
- **Gas fired chiller maintenance services** in relation to preventive, corrective and major maintenance services for gas fired chillers which accounted for 2.22%, 2.40%, 3.22%, 2.17% and 20.00% of our total purchases of materials and services for FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively; and
- **Chilled water system maintenance services** in relation to major maintenance services for chilled water system which accounted for 0.63% of our total purchases of materials and services for FP 2024.

With respect to our purchases of materials alone, suppliers in Malaysia accounted for 89.30%, 55.72%, 37.48%, 33.80% and 52.48% of our purchases of materials for FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively, while suppliers from other countries accounted for the remaining 10.70%, 44.28%, 62.52%, 66.20% and 47.52% respectively. All of our purchases of subcontracted services were from local suppliers in Malaysia during the FY Under Review and FP 2024 in Malaysia.

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7. BUSINESS OVERVIEW (CONT'D)

7.18 MAJOR SUPPLIERS

Our Group's top major suppliers and their contribution to our total purchases of materials and services for FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 are as follows:

FY 2020	Location of supplier	Main services/ products purchased	Amount purchased (RM'000)	Proportion of total purchases (%)	Length of relationship⁽¹⁾ (years)
Top 5 suppliers					
Noblecom Technology Sdn Bhd	Malaysia	Supply and installation, testing and commissioning services for card access and CCTV systems	1,497	14.58	3
Vnetwork System Sdn Bhd	Malaysia	Supply of card access and CCTV equipment and accessories	906	8.82	2
KVC Industrial Supplies Sdn Bhd	Malaysia	Supply of LED lighting	657	6.40	2
Deck Loong Engineering & Trading Sdn Bhd	Malaysia	Installation of solar thermal hot water systems	630	6.13	10
Kohiya Corporation	Malaysia	Installation of solar thermal hot water systems	578	5.63	2
Sub-total of top 5 suppliers			4,268	41.56	
Total purchases of materials and services			10,270		

Note:

(1) Length of the relationship as at the respective financial year.

FY 2021	Location of supplier	Main services/ products purchased	Amount purchased (RM'000)	Proportion of total purchases (%)	Length of relationship⁽¹⁾ (years)
Top 5 suppliers					
Noblecom Technology Sdn Bhd	Malaysia	Supply and installation, testing and commissioning services for card access and CCTV systems	1,059	12.82	4
SFM Global Engineering	Malaysia	Installation of solar thermal hot water systems and maintenance of gas fired chillers	751	9.09	8
Deck Loong Engineering & Trading Sdn Bhd	Malaysia	Installation of solar thermal hot water systems	670	8.11	11
SPE ⁽²⁾	Malaysia	Provision of project technical support services and subcontract of installation works	442	5.35	5
Tridium Asia Pacific Pte Ltd	Singapore	Supply of software, controllers and sensors	414	5.01	5
Sub-total of top 5 suppliers			3,336	40.38	
Total purchases of materials and services			8,262		

7. BUSINESS OVERVIEW (CONT'D)

Notes:

- (1) Length of the relationship as at the respective financial year.
 (2) Refers to a former related party. For further details, please refer to Section 10 of this Prospectus.

FY 2022	Location of supplier	Main services/ products purchased	Amount purchased (RM'000)	Proportion of total purchases (%)	Length of relationship⁽¹⁾ (years)
Top 5 suppliers					
Tridium Asia Pacific Pte Ltd	Singapore	Supply of software, controllers and sensors	1,405	19.52	6
SPE ⁽²⁾	Malaysia	Provision of project technical support services and subcontract of installation works	1,146	15.92	6
Noblecom Technology Sdn Bhd	Malaysia	Supply and installation, testing and commissioning services for card access and CCTV systems	1,060	14.73	5
Siemens Pte Ltd ⁽³⁾	Singapore	Supply of sensors and controllers	800	11.11	12
Excelnexus Engineering Sdn Bhd	Malaysia	Supply of cables, conduits, trunking and panels	383	5.32	10
Sub-total of top 5 suppliers			4,794	66.60	
Total purchases of materials and services			7,198		

Notes:

- (1) Length of the relationship as at the respective financial year.
 (2) Refers to a former related party. For further details, please refer to Section 10 of this Prospectus.
 (3) Based on commencement of business relationship with Siemens Malaysia Sdn Bhd in 2011. Since 2019, we have been dealing with Siemens Pte Ltd, a sister company of Siemens Malaysia Sdn Bhd up to the LPD.

FY 2023	Location of supplier	Main services/ products purchased	Amount purchased (RM'000)	Proportion of total purchases (%)	Length of relationship⁽¹⁾ (years)
Top 5 suppliers					
Tridium Asia Pacific Pte Ltd	Singapore	Supply of software, controllers and sensors	5,155	44.71	7
SFM Global Engineering	Malaysia	Installation of solar thermal hot water systems and maintenance of gas fired chillers	1,717	14.89	10
Excelnexus Engineering Sdn Bhd	Malaysia	Supply of cables, conduits, trunking and panels	664	5.76	11
Building Automation Components Pte Ltd	Singapore	Supply of sensors	524	4.54	11
Source Code Asia Sdn Bhd	Malaysia	Supply of sensors and chilled water system parts	335	2.91	14
Sub-total of top 5 suppliers			8,395	72.81	
Total purchases of materials and services			11,530		

Note:

- (1) Length of the relationship as at the respective financial year.

7. BUSINESS OVERVIEW (CONT'D)

FP 2024 Top 5 suppliers	Location of supplier	Main services/ products purchased	Amount purchased (RM'000)	Proportion of total purchases (%)	Length of relationship ⁽¹⁾ (years)
SFM Global Engineering	Malaysia	Installation of solar thermal hot water systems and maintenance of gas fired chillers	761	22.85	11
Deck Loong Engineering & Trading Sdn Bhd	Malaysia	Installation of solar thermal hot water systems	631	18.95	14
Siemens Pte Ltd ⁽²⁾	Singapore	Supply of sensors and controllers	604	18.14	14
Excelnexus Engineering Sdn Bhd	Malaysia	Supply of cables, conduits, trunking and panels	353	10.60	12
Source Code Asia Sdn Bhd	Malaysia	Supply of sensors and chilled water system parts	169	5.08	15
Sub-total of top 5 suppliers			2,518	75.62	
Total purchases of materials and services			3,330		

Notes:

- (1) Length of the relationship as at the financial period.
- (2) Based on commencement of business relationship with Siemens Malaysia Sdn Bhd in 2011. Since 2019, we have been dealing with Siemens Pte Ltd, a sister company of Siemens Malaysia Sdn Bhd up to the LPD.

For FY Under Review and FP 2024, the suppliers that accounted for 10.00% or more of our purchases of materials and services were Noblecom Technology Sdn Bhd, Tridium Asia Pacific Pte Ltd, SPE (former related party), Siemens Pte Ltd and SFM Global Engineering. Generally, we are not dependent on any of our top 5 suppliers for the FY Under Review and FP 2024 as similar products or services are available from other suppliers in the market.

Within our top 5 suppliers for the FY Under Review and FP 2024, we are a distributor of Tridium Asia Pacific Pte Ltd's products and these have been rebranded to our "Tri-IO" brand including controllers, sensors and software which are components used in our systems integration of BMS.

As at FP 2024, we have been a distributor of Tridium Asia Pacific Pte Ltd for 8 years and for FY 2022, FY 2023 and FP 2024, our purchases from Tridium Asia Pacific Pte Ltd accounted for 19.52%, 44.71% and 3.78% respectively of our total purchases of materials and services. This distributorship arrangement is governed by an Authorised Tridium Reseller Agreement entered between Tridium Inc and SDC on 1 May 2017 ("**Tridium Reseller Agreement**"), which is valid as at the LPD until it is terminated by either party. In the event the distributorship arrangement is terminated, we will use alternative brands of controllers, sensors and software or will purchase the products from other appointed distributors of Tridium Asia Pacific Pte Ltd. In FY 2023 and FP 2024, we also purchased sensors and controllers from Siemens Pte Ltd and Building Automation Components Pte Ltd for our systems integration of BMS. In addition to the Tridium Reseller Agreement, Tridium Asia Pacific Pte Ltd had on 17 July 2017 confirmed that SDC is the original equipment manufacturer partner for the "Tri-IO" brand for the range of products supplied by Tridium Asia Pacific Pte Ltd to SDC. We do not manufacture the products as Tridium supplies the products to us under our "Tri-IO" brand. The salient terms of the Tridium Reseller Agreement are as follows:

7. BUSINESS OVERVIEW (CONT'D)

(i) Limited license

Subject to the terms and conditions contained in the Tridium Reseller Agreement and its exhibits, Tridium Inc grants to SDC a non-exclusive, limited license under Tridium Inc's intellectual property rights to:

- (a) purchase and use copies of the license materials and the hardware designated in the exhibit of the Tridium Reseller Agreement for demonstration to, and support of customers, and development and support of the product developed by SDC using the licensed materials ("**Reseller Products**");
- (b) order and purchase for resale to customers the hardware and copies of the licensed materials identified in the exhibit of the Tridium Reseller Agreement for distribution to customers;
- (c) use the printed or written online reference material furnished to SDC by Tridium Inc in conjunction with the licensed materials, in support of SDC's authorized use of the licensed materials; and
- (d) use the licensed materials for such other purposes, and subject to such other limitations, provisions or restrictions, if any, as are set forth in the exhibit of the Tridium Reseller Agreement.

(ii) SDC's responsibilities to Tridium Asia Pacific Pte Ltd, which includes, amongst others:

- (a) SDC shall promote, market and distribute to the customers the licensed materials and hardware, or use its best efforts to recruit a network of entities to serve as SDC's authorised partners ("**SDC's Authorised Partners**") which will promote, market and distribute to customers the licensed materials and hardware and other services and other services and products that are compatible with the licensed materials and hardware; and
- (b) SDC shall provide Tridium Asia Pacific Pte Ltd, on a quarterly basis, written reports enclosing the forecast of the anticipated future sales levels of the licensed materials, sales history of the licensed materials for the proceeding period, list of targeted SDC's Authorised Partners and any such other information requested by Tridium Asia Pacific Pte Ltd.

(iii) Tridium Asia Pacific Pte Ltd's responsibilities to SDC, which includes, amongst others:

- (a) During the term of the Tridium Reseller Agreement, Tridium Asia Pacific Pte Ltd shall provide back-up technical support to SDC for advice, consultation and assistance to diagnose and resolve the problems of SDC's Authorised Partners and/or end users; and
- (b) Tridium Asia Pacific Pte Ltd will offer the required training to SDC's employees which are involved in the use, installation and maintenance of the licensed materials and hardware on the terms and conditions as set forth in the exhibit of the Tridium Reseller Agreement.

(iv) Termination for cause

Either party may terminate the agreement upon a material or continuing breach of the Tridium Reseller Agreement by the other by the giving of thirty (30) days prior written notice of termination, stating the cause therefor, with termination becoming effective at the close of said thirty (30) day term if the breach is not then cured to the satisfaction of the party giving notice.

7. BUSINESS OVERVIEW (CONT'D)

(v) Termination upon default

In addition to termination allowed for cause, the Tridium Reseller Agreement may be terminated immediately, by the giving of written notice as follows:

- (a) by Tridium Inc, if a governmental or regulatory body imposes restrictions or denies authority for SDC to perform the duties required of it pursuant to the Tridium Reseller Agreement;
- (b) by Tridium Inc, if SDC uses or authorizes the unlicensed use or disclosure of Tridium Inc's confidential information or makes, has made, uses, sells, reproduces, modifies, or distributes the licensed materials other than as is expressly licensed in the Tridium Reseller Agreement;
- (c) by Tridium Inc, if SDC assigns or transfers the Tridium Reseller Agreement, or any license in the Tridium Reseller Agreement, or attempts to do so without complying with the provisions for assignment under the Tridium Reseller Agreement;
- (d) by either party if the other party is indicted for the violation of any law or regulation material to the performance of its duties under the Tridium Reseller Agreement; and
- (e) by Tridium Inc, if SDC:
 - i. ceases to do business in the normal course,
 - ii. becomes or is declared insolvent or bankrupt,
 - iii. is the subject of any proceeding related to its liquidation or insolvency (whether voluntary or involuntary), other than a reorganization under Chapter 11 of the Bankruptcy Code of the United States of America, which is not dismissed within ninety (90) calendar days, or
 - iv. makes an assignment for the benefit of creditors.

(vi) Change of Control of SDC

In the event of change of control of SDC, Tridium Inc may at its sole discretion terminate the Tridium Reseller Agreement. "Change of control" for this purpose means that a controlling interest in the SDC, or any company that controls SDC, is obtained by an unaffiliated person or company. SDC may seek Tridium's prior approval if it plans to sell a controlling interest in SDC. Such approval shall not be unreasonably withheld or delayed.

As at the LPD, we do not have any Authorised Partners to promote, market and distribute the licensed materials and hardware to customers.

Equipments (such as controllers and sensors) supplied by Tridium Asia Pacific Pte Ltd are typically covered by product warranty of 18 months. We do not have a back-to-back arrangement with Tridium Asia Pacific Pte Ltd to cover the replacement of equipment during the defect liability period.

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7. BUSINESS OVERVIEW (CONT'D)

7.19 BUSINESS STRATEGIES AND PLANS

Our business strategies and plans will continue to focus on our current core competencies in the provision of BMS and solar thermal systems and energy saving services to grow our business. In addition, we plan to address opportunities in solar PV systems. We intend to implement these business strategies and plans from 2024 to 2027. Our business strategies and plans are summarised in the following diagram:



7.19.1 Expand our Headquarters

Our current Headquarters is at a 3-storey shop office unit with a built-up area of approximately 8,320 sq. ft. which we own in Kajang, Selangor. Our Headquarters is located on a land area of 4,628 sq. ft., of which the building of our Headquarters stands on 2,983 sq. ft. The remaining 1,645 sq. ft. of the land area is currently vacant.

We have existing workstations to accommodate up to 26 employees, although our current workforce is 53 employees as at the LPD. Our employees from project department and technical and servicing department are primarily stationed at their respective project sites for project implementation and/or occupy the shared workstations at our Headquarters.

Ahead of our business expansion plan to focus on our current core competencies in the provision of BMS and solar thermal systems and energy saving services and addressing opportunities in solar PV systems, we have earmarked RM1.90 million from our proceeds for the expansion of our Headquarters by constructing a new extension on the remaining vacant land, which will increase the built-up area of our existing Headquarters from 8,320 sq. ft. to approximately 14,000 sq. ft. The expansion of the Headquarters is expected to incorporate dedicated floor space for the following:

Floor	Purpose	
	Existing Headquarters as at the LPD	Headquarters after Expansion
Ground	<ul style="list-style-type: none"> • Reception • Showroom • Storage room 	<ul style="list-style-type: none"> • Reception • Showroom • Storage room • New meeting room which is able to accommodate more than 20 personnel
First	<ul style="list-style-type: none"> • 10 workstations for finance, sales, procurement, administrative and human resources departments • Discussion room 	<ul style="list-style-type: none"> • Estimated 18 workstations for finance, sales, procurement, administrative and human resources departments • Discussion room

7. BUSINESS OVERVIEW (CONT'D)

Floor	Purpose	
	Existing Headquarters as at the LPD	Headquarters after Expansion
Second	<ul style="list-style-type: none"> Command and control centre 16 share workstations for the project department and technical and servicing department 	<ul style="list-style-type: none"> Command and control centre Estimated 26 share workstations for the project department and technical and servicing department New discussion room

As at the LPD, we have appointed the professional consultants for the expansion of the Headquarters. Based on their preliminary assessment, each floor of the Headquarters will increase from approximately 2,700 sq. ft. to approximately 4,875 sq. ft which will be allocated for the abovementioned purposes. The details of the building plan are targeted to be submitted to the Majlis Perbandaran Kajang for approval in the 4th quarter of 2024.

The breakdown of the RM1.90 million allocated the expansion of our Headquarters is as follows:

	Estimated costs ⁽¹⁾ (RM'000)
Construction works (including mechanical and electrical as well as infrastructure works)	1,500
Professional fees ⁽²⁾	225
Renovation, interior fit-out and furnishing	175
Total	1,900

Notes:

(1) Based on fees estimated by our professional consultants.

(2) Comprises professional fees for architect, civil and structural engineers, mechanical and electrical engineers and quantity surveyor.

The indicative timeline for the expansion of our Headquarters is as follows:

Estimated Timeline	Milestones
4th quarter of 2024	<ul style="list-style-type: none"> Submission of building plan to Majlis Perbandaran Kajang.
2nd quarter of 2025	<ul style="list-style-type: none"> Approval of building plan obtained.
3rd quarter of 2025	<ul style="list-style-type: none"> Commencement of construction works.
2nd quarter of 2026	<ul style="list-style-type: none"> Completion of construction works, renovation, interior fit-out and furnishing. Application of Certificate of Completion and Compliance.
4th quarter of 2026	<ul style="list-style-type: none"> Certificate of Completion and Compliance obtained.

Pending the completion of the expansion of the Headquarters, we may consider to temporarily renting additional office space in the vicinity of our Headquarters in Kajang, Selangor, if necessary. As at the LPD, our current space limitations remain manageable, primarily due to the deployment of our employees from the project department and technical and servicing departments who are stationed at various project sites for project implementation.

Upon completion of the expansion of the Headquarters, our Headquarters will increase from 26 workstations to 44 workstations, which will be sufficient to house our employees as our employees from the project department and technical and servicing department will still be

7. BUSINESS OVERVIEW (CONT'D)

primarily stationed at their respective project sites for project implementation and/or share workstations in our Headquarters.

In the event that our actual costs for the expansion of the Headquarters are higher than estimated, the deficit will be funded out of the portion allocated for our administration and other operating expenses under the working capital requirements and/or internally generated funds. However, if our actual costs are lower than estimated, the excess will be utilised for our Group's working capital.

7.19.2 Purchase new tools and equipment for our BMS segment and solar thermal systems and energy saving services segment

We currently utilise tools and equipment to carry out our systems integration and maintenance of BMS segment, and installation and maintenance of solar thermal hot water systems segment (under our energy performance services and as a standalone business activity). We plan to purchase the following additional tools, equipment and vehicles to enhance our productivity and service delivery of these business activities:

- **Pick-up trucks:** The purchase of additional vehicles will be used to support the timely delivery of components, tools, equipment and personnel to worksites for our BMS and solar thermal and energy saving services segments, including systems integration, installation and maintenance activities;
- **Forklift:** Forklifts are used for material handling purposes and to raise heavy items;
- **Drones with thermal sensor:** Drones with thermal sensors will be used to inspect solar thermal collector modules installed on rooftops and other locations when carrying out maintenance or checking for issues. Hot spots on solar thermal collector modules and solar thermal evacuated tubes would indicate that there is heat leakage that will require rectification or replacement. Carrying out such inspection using a drone with a thermal sensor would be quicker and safer compared to manual inspection, particularly for installations on rooftops and hard-to-reach locations; and
- **Panel cleaning equipment:** These are used to clean dust and debris from solar thermal evacuated tubes to improve efficiency.

The total estimated cost of purchasing the vehicles and equipment is RM1.74 million with the breakdown as follows:

Types of tools and equipment	Number of units	Estimated cost (RM'000)
Pick-up trucks	7	1,120
Forklift	1	55
Drones with thermal sensor	5	265
Panel cleaning equipment	4	300
		1,740

We intend to use RM1.74 million from our IPO proceeds to fund the purchase of the vehicles and equipment within 36 months of the IPO. As at the LPD, we have not placed any orders for the tools and equipment.

7. BUSINESS OVERVIEW (CONT'D)

7.19.3 Purchasing and subscribing for ICT software and services to improve our business operations

As part of our business strategy, we intend to purchase and subscribe to the following ICT software and services to improve our ICT resources:

- **Command and control centre server and cloud system:** Purchase and install a server at our command and control centre to host specified functions of our customers' BMS systems. Authorised representatives of our customers can remotely control and/or monitor the building systems that are connected to the BMS system.
- **Internet of Things (IoT) software:** Specialised software utilities and tools to develop applications and communications software for IoT devices, including with more communications capability with our command and control centre to enhance monitoring and control functionality;
- **Solar irradiance database:** Obtain data to facilitate simulation of the performance of solar thermal hot water system designs;
- **Computer-aided design (CAD) software:** Specialised mechanical engineering software to design and create engineering drawings for BMS, solar thermal hot water systems and other systems;
- **Specialised design software:** Specialised software used to design solar PV systems as part of our business strategy to address opportunities in solar PV systems as described in Section 7.19.4 of this Prospectus;
- **Energy system simulation software:** To model the performance of different solar thermal hot water system designs; and
- **Accounting software:** To improve the management of our accounts.

The total estimated cost for the above is RM0.78 million segmented as follows:

	Estimated cost (RM'000)
Command and control centre server and cloud system	450
IoT software	150
Solar irradiance database and design	48
Computer-aided design software	33
Specialised design software	31
Energy system simulation software	20
Accounting software	50
Total	782

We intend to use RM0.78 million from our IPO proceeds to fund our purchases and subscriptions for ICT software and services within 36 months of the IPO. As at the LPD, we have not subscribed to any of the above.

7. BUSINESS OVERVIEW (CONT'D)

7.19.4 Address opportunities in solar PV systems

As part of our business strategy, we intend to address opportunities in solar PV systems, which we have installed in the past. Solar PV systems are designed to convert sunlight into electricity. The main components of a solar PV system include the following:

- **Solar PV modules:** These are electronic devices that generate electricity from sunlight. Each solar PV system has one or more solar modules installed on the rooftop or suitable outdoor location with optimum exposure to sunlight;
- **Inverters:** The electricity generated by solar modules is direct current, which is not suitable for most electrical machinery, equipment and appliances. Inverters are used to convert direct current into alternating current used by most electrical machinery, equipment and appliances;
- **Energy meter:** Used to measure the electricity supplied by the solar PV system; and
- **Energy management system:** Monitors, control, records and analyses the electricity generated by the solar PV system. The system is also accessible remotely including from mobile devices.

SDC is currently registered with SEDA as a solar PV investor under the net-energy metering (NEM) programme, and its registration is valid until 31 December 2024. We intend to commence the solar PV system business based on the power purchase agreement (“PPA”) mode of operation. Under this mode of operation, we will enter into a PPA with the customer. We will provide the whole or partial initial capital investment to design, supply, install and maintain the solar PV system at the customer’s premises during the contract period. The capital investment will be funded through internally generated funds and/or bank borrowings. During the duration of the contract, the customer will purchase the electricity produced by the solar PV system at a specified tariff. We will own the solar PV system during the contract period, and ownership shall be transferred to the customer upon the expiry of the PPA.

We had one fixed lump sum project to install a solar PV system for a third-party customer with contract value of RM0.01 million in February 2024 which was completed in May 2024.

We intend to target prospective customers that wish to reduce electricity costs, as well as reduce the carbon footprint of their operations.

We plan to purchase specialised solar PV system design software that is used to design solar PV systems, as described in Section 7.19.3 of this Prospectus. In addition, some of the tools and software that we plan to purchase to support our solar thermal hot water system business can also be used to support solar PV systems, including the following:

- Pick-up trucks;
- Drones with thermal sensors to inspect solar PV modules. Hot spots on solar PV panels would indicate damages to be rectified or require replacement;
- Panel cleaning equipment which can also clean solar PV modules;
- Solar irradiance database to facilitate simulation of the performance of solar PV system designs;
- CAD software to design and create engineering drawings for solar PV systems; and
- Energy system simulation software to model the performance of different solar PV system designs.

8. IMR REPORT



12 August 2024

The Board of Directors
Solar District Cooling Group Berhad
No 25, Jalan Kajang Perdana 3/2
Taman Kajang Perdana
43000 Kajang
Selangor, Malaysia

Dear Sirs and Madams

**Independent Assessment of the Building Management System and
Solar Thermal Industries in Malaysia**

We are an independent business consulting and market research company based in Malaysia. We commenced our business in 1993 and, among others, our services include the provision of business plans, business opportunity evaluations, commercial due diligence, feasibility studies, financial and industry assessments and market studies. We have also assisted in corporate exercises since 1996, having been involved in initial public offerings, takeovers, mergers and acquisitions, and business regularisations for public listed companies on the Bursa Malaysia Securities Berhad (Bursa Securities) where we acted as the independent business and market research consultants. Our services for corporate exercises include business overviews, independent industry assessments, management discussion and analysis, and business and industry risk assessments.

We have been engaged to provide an independent assessment of the above industry for inclusion in the prospectus of Solar District Cooling Group Berhad for the listing of its shares on the ACE Market of Bursa Securities. We have prepared this report independently and objectively and have taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, the availability of timely information and analyses based on secondary and primary market research as at the date of this report. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibility for the decisions, actions or inactions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the securities of any company.

Our report may include information, assessments, opinions and forward-looking statements, which are subject to uncertainties and contingencies. Note that such statements are made based on, among others, secondary information and primary market research, and after careful analysis of data and information, the industry is subject to various known and unforeseen forces, actions and inactions that may render some of these statements to differ materially from actual events and future results.

Yours sincerely

Wong Wai Ling
Director

Wong Wai Ling has a Bachelor of Arts degree from Monash University, Australia and a Graduate Diploma in Management Studies from the University of Melbourne, Australia. She has more than 20 years of experience in business consulting and market research including assisting companies in their initial public offerings and listing of their shares on Bursa Malaysia Securities Berhad.

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8. IMR REPORT (CONT'D)



Date of Report: 12 August 2024

INDEPENDENT ASSESSMENT OF THE BUILDING MANAGEMENT SYSTEM AND SOLAR THERMAL INDUSTRIES IN MALAYSIA

1. INTRODUCTION

- Solar District Cooling Group Berhad together with its subsidiaries (SDCG Group) is mainly involved in the provision and maintenance of building management systems (BMS), solar thermal systems and energy saving services in Malaysia, which shall form the focus of this report. SDCG group also provides maintenance services for other systems and equipment.
- All gross domestic product (GDP) referred to in this report is nominal GDP unless mentioned otherwise. All data and information in the report refer to Malaysia unless stated otherwise.

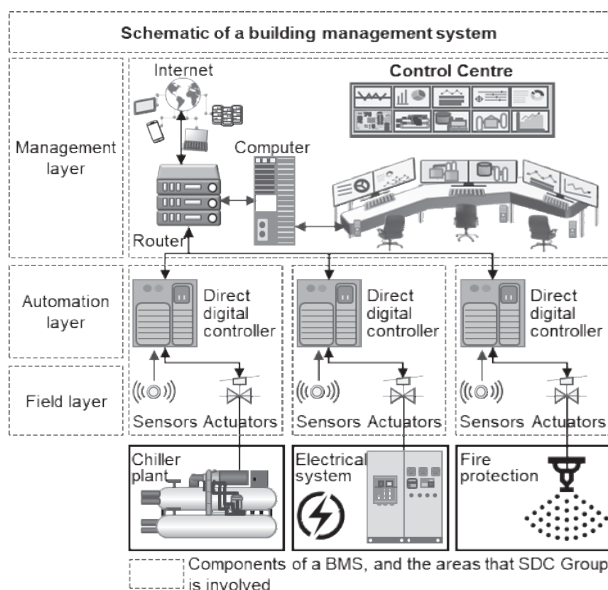
2. BUILDING MANAGEMENT SYSTEM INDUSTRY

2.1 Overview

- A building management system (BMS), also known as building automation system, is a process control system that links all the mechanical, electrical and process utility (plumbing, sewerage and gas) (MEP) into a centralised control and management system within the building, where people can monitor, control and manage linked machinery, equipment and devices installed in the building.
- The common MEP equipment found in high-rise residential and office, commercial, institutional and large manufacturing buildings connected to the BMS include the following systems:
 - air conditioning and mechanical ventilation (AVMV);
 - electrical and lighting;
 - backup power supply;
 - renewable energy;
 - communication equipment;
 - plumbing and sewerage;
 - fire protection
 - security and access; and
 - elevators and escalators.
- The main functions of the BMS are to optimise the performance of these attached systems, enhance the comfort of occupants and visitors, improve building operations, energy and cost efficiency, and ensure the safety and security of people, assets and the building.

- A BMS system is divided into three main layers, namely:

- **management layer** which comprises a master controller to control the entire BMS, and storage, display and input devices for human interaction with the BMS;
- **automation layer** comprises all the direct digital controllers to control each equipment or group of equipment;
- **field layer** comprising sensors to provide input monitoring and measurement data, and actuators that initiate an action to the connected equipment such as a chiller plant.



- BMS is commonly used in the following buildings including:

8. IMR REPORT (CONT'D)

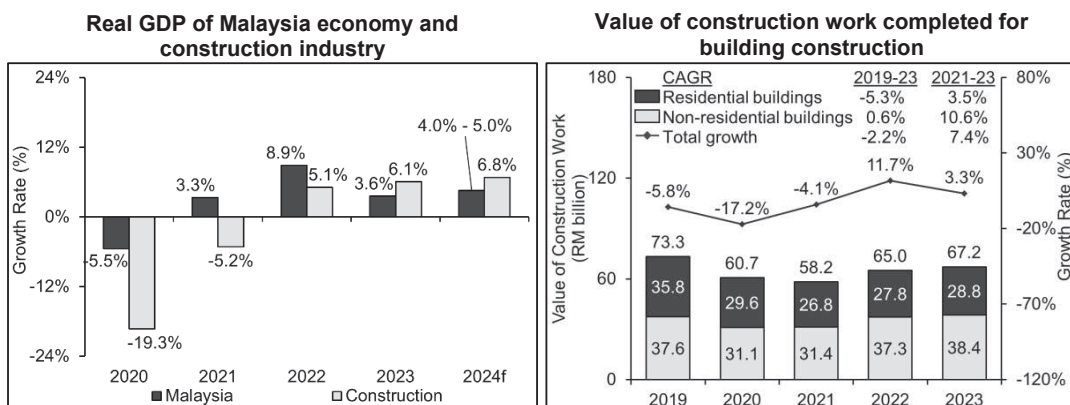


- **high-rise commercial buildings** such as purpose-built offices, serviced apartments, shopping centres and hospitality properties;
 - **institutional buildings** such as healthcare and education centres; and
 - **industrial buildings**, excluding the plant, machinery and equipment involved in manufacturing or processing activities.
- SDCG Group is involved in systems integration of BMS mainly for commercial, institutional, leisure and hospitality, and industrial buildings.

2.2 Demand dependencies

2.2.1 Economy and building construction industry

- GDP measures the gross value added to the output of goods and services in a country or sector during a specified period. Real GDP is a measure of “real” changes in output over time, due to changes in the quantity of goods and services produced, rather than changes in their prices due to inflation or deflation.
- As BMS is installed in newly constructed buildings as well as retrofitted in existing buildings, continuing growth in the construction activities will continue to provide opportunities for operators within the BMS industry. As such, the overall performance of the economy of Malaysia, as well as the performance of the construction industry would impact operators such as SDCG Group.
- In 2022, the real GDP of Malaysia grew by 8.7%, driven by domestic demand and an improved labour market resulting from the increase in household spending, investment and tourism, as well as robust external demand. In 2023, the real GDP of Malaysia grew by 3.7%, mainly attributed to the expansion in domestic demand, continued improvement in labour market conditions, as well as higher tourism and construction activities. These factors were offset by the weaker external demand which affected production and exports of goods. (Source: Bank Negara Malaysia (BNM))
- In 2022, the real GDP of the construction (comprising building, civil engineering and specialised construction) industry grew by 5.0%, following a broad-based pickup in activities across all construction subsectors, particularly the non-residential buildings and specialised construction subsectors. In 2023, the real GDP of the construction industry in Malaysia grew by 6.1%, driven by progress in construction projects and expansion in the civil engineering subsector, despite a slowdown in non-residential activities. (Source: BNM)



f = forecast; CAGR = compound annual growth rate (Source: Department of Statistics Malaysia (DOSM), Ministry of Finance)

- In the first half of (H1) 2024, the real GDP of Malaysia economy and construction industry grew by 5.0% and 14.5% respectively compared to H1 2023 (Source: DOSM).

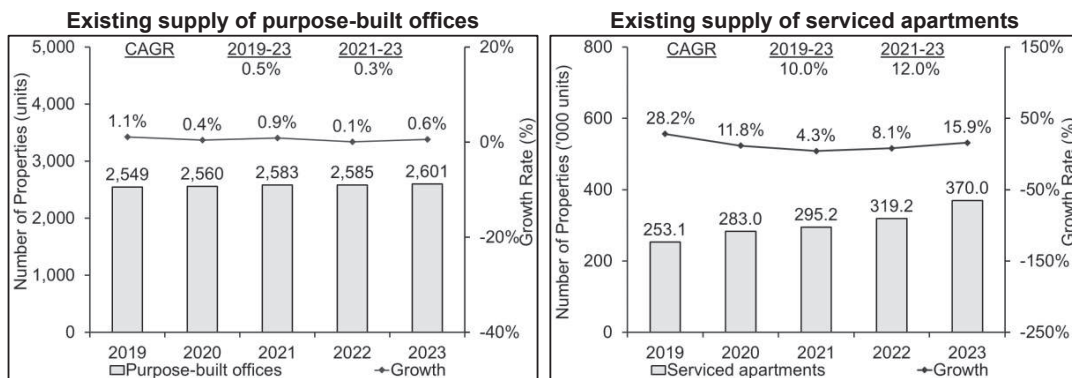
8. IMR REPORT (CONT'D)



- In 2022, the value of construction work completed for building construction recorded a growth of 11.7%, which was contributed by 18.7% and 3.4% growth from the non-residential and residential subsectors respectively. The non-residential subsector rebounded strongly on the back of faster progress of large commercial real estate and industrial projects (Source: BNM). Nevertheless, both of these subsectors have not recovered to pre-COVID-19 levels.
- In 2023, the value of construction work completed for building construction grew by 3.3%, which was contributed by 3.1% and 3.7% growth from the non-residential and residential subsectors respectively (Source: DOSM). The continuing growth in the construction industry particularly for building construction will help sustain and provide opportunities for operators involved in the BMS industry.
- In H1 2024, the value of construction work completed for building construction grew by 9.8%, which was contributed by 5.5% and 15.7% growth from the non-residential and residential subsectors respectively (Source: DOSM).

2.2.2 Supply of commercial properties

- Generally, BMS is used in high-rise commercial properties and this includes purpose-built offices and service apartments. The following section assesses the respective supply of these types of buildings in Malaysia. The existing supply of commercial properties forms the base addressable market while future supply provides growth opportunities to operators in the BMS industry.



(Source: National Property Information Centre (NAPIC))

- Between 2021 and 2023, the existing supply of purpose-built offices and serviced apartments grew at a CAGR of 0.3% and 12.0% respectively. As of the first quarter (Q1) of 2024, the existing supply of purpose-built offices and serviced apartments grew by 0.5% and 19.4% respectively, compared to Q1 2023 (Source: NAPIC).
- Between 2021 and 2023, the future supply of purpose-built offices grew at a CAGR of 12.6% while the future supply of serviced apartments declined at an average annual rate of 6.7%. As of Q1 2024, the future supply of purpose-built offices declined by 9.0% while serviced apartments grew by 3.8% compared to Q1 2023 (Source: NAPIC).

	Purpose-built offices (units)	Serviced apartments (units)
2019	66	300,032
2020	63	300,846
2021	56	320,522
2022	79	304,489
2023	71	278,722
CAGR (2019-23)	1.8%	-1.8%
CAGR (2021-23)	12.6%	-6.7%
Q1 2023	78	303,916
Q1 2024	71	315,315
Growth (Q1'23-24)	-9.0%	3.8%

Future supply= incoming supply + planned supply
(Source: NAPIC)

8. IMR REPORT (CONT'D)



3. SOLAR THERMAL INDUSTRY

3.1 Overview

- Solar represents one of the renewable energy sources. Solar energy is available in two forms, namely solar photovoltaic (PV) energy where sunlight is converted to electricity in the form of direct current, while solar thermal energy involves harnessing the heat from the sun for heating purposes. There are several applications of solar thermal energy including:
 - heating of water to produce hot water;
 - heating of water and through the use of a heat exchanger to produce chilled water for cooling in an enclosed space;
 - heating of water to produce hot air in an enclosed space;
 - heating of water to produce super-heated steam (above 100 degrees Celsius) to drive steam turbines to generate electricity; and
 - heating of water to produce steam (at 100 degrees Celsius) for industrial use such as pasteurisation and sterilisation.
- SDCG Group is mainly involved in solar thermal energy for heating liquid to provide hot water.
- For solar thermal technology, the selection of the type of solar collectors is determined by the intended application's temperature requirements, which are summarised in the table below:

Temperature range	Common application	Common solar collectors
Low-temperature heat (below 150°C)	Heating and cooling of enclosed space, industrial process heat, drying, boiling, pasteurising, sterilising	Evacuated tube solar collectors, flat plate solar collectors
Medium-temperature heat (150°C to 400°C)	Distilling, nitrate melting, dyeing, compression	Evacuated tube solar collectors, parabolic trough collectors
High-temperature heat (above 400°C)	Power generation	Concentrated solar power towers, solar dish collectors

Solar thermal technology can operate as stand-alone systems, or integrated with other heating systems, irrespective of the primary heat source such as electricity, diesel, liquified petroleum gas (LPG) and natural gas. SDCG Group provides solar thermal hot water systems on a standalone basis, as well as based on a hybrid system that integrates with boiler systems which use either diesel, LPG or electricity. SDCG Group uses evacuated tube solar collectors in their solar thermal systems operations.

3.2 Malaysia's solar thermal-related policies and incentives

- In Malaysia, the Government has initiated several policies relating to solar thermal:
 - **The Malaysia Energy Efficiency and Solar Thermal Application Project (MAEESTA)** is a national initiative which was introduced in 2014 and supported by the Government of Malaysia. It was implemented by local experts together with the United Nations Industrial Development Organization (UNIDO) for the development of thermal energy efficiency and application of solar thermal in industries in Malaysia. This project was completed on 30 June 2022. Throughout the project, UNIDO has provided technical support and expertise to 16 companies and six facilities where they have saved 351,055 megawatt-hours of energy amounting to approximately RM26.3 million per year. (Source: Ministry of Science, Technology and Innovation)
 - **National Energy Policy (2022-2040) (NEP)** was launched in 2022 to enhance macroeconomic resilience and energy security, achieve social equitability and affordability, and ensure environmental sustainability. **Low Carbon Nation Aspiration 2040 (LCNA)** was introduced by NEP which seeks to transform the primary energy supply to renewable energy sources. LCNA has outlined targets such as energy efficiency savings of 11% for the industrial and commercial sectors, 10% for the residential sector by 2040, and 17% renewable energy used in total primary energy supply, as well as initiatives to enhance

8. IMR REPORT (CONT'D)

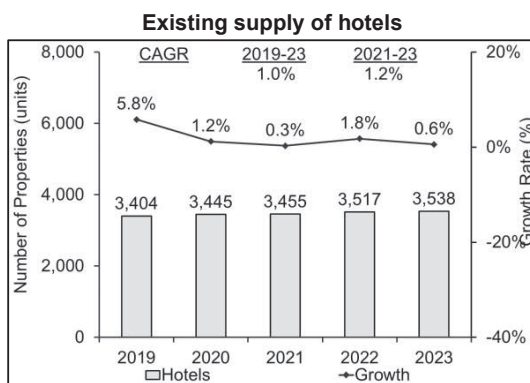


- demand-side management and energy efficiency. (Source: Economic Planning Unit)
- The first part of the **National Energy Transition Roadmap** was launched on 27 July 2023, which identified six energy transition levers including energy efficiency, renewable energy, hydrogen, bioenergy, green mobility, and carbon capture, utilisation and storage, to facilitate Malaysia’s transition to clean energy and outlines the Malaysia Government’s proposed catalyst projects under each lever. Some catalyst projects include regulation of energy-intensive users, buildings and products under the proposed Energy Efficiency and Conservation Act, and energy audit exercise by railway operators to identify current consumption baseline and potential energy savings. (Source: Ministry of Economy)
- Malaysia has introduced several renewable energy and energy-efficient related incentives, which are as follows:
 - The Malaysia Investment Development Authority (MIDA) introduced green technology tax incentives in 2014 to strengthen the development of green technology which, among others, includes renewable energy and energy efficiency.
 - **Green Investment Tax Allowance (GITA)** of 100% or 60% on capital expenditure for qualifying green technology projects for business or own consumption, or purchase of qualifying green technology assets from 1 January 2024 to 31 December 2026. GITA applies to projects relating to, among others, green hydrogen, integrated waste management and renewable energy. Some of the qualifying GITA assets include green buildings, renewable energy systems, energy efficiency and qualifying assets approved by the Minister of Finance.
 - **Green Income Tax Exemption (GITE)** of 70% on statutory income for qualifying green services activities from 1 January 2024 to 31 December 2026. GITE applies to renewable energy, energy efficiency, electric vehicles, green buildings, green data centres, green certification and verification as well as green townships.
 - The **Green Technology Financing Scheme (GTFS)** was a special financing scheme introduced by the Malaysian Government in 2010 to support the development of green technology projects. Under Budget 2024, the Malaysia Government continues to support the development of green businesses with the reinstatement of the GTFS 4.0 up to RM1.0 billion for the period until 31 December 2025. (Source: Ministry of Finance)

3.3 Demand dependencies

3.3.1 Supply of hotels and hospitals

- Solar thermal hot water systems are largely used in hotels and hospitals as these two sectors are major users of hot water. Between 2021 and 2023, the existing supply of hotels grew at a CAGR of 1.2%, while the future supply of hotels declined at an average annual rate of 20.5%. As of Q1 2024, the existing supply of hotels grew by 0.7%, while future supply of hotels declined by 19.0% compared to Q1 2023 (Source: NAPIC).



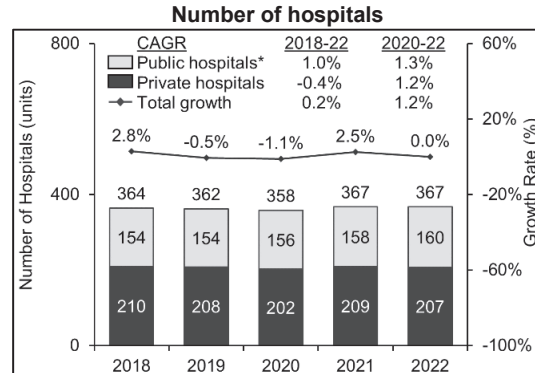
	Hotels (units)
2019	188
2020	223
2021	231
2022	176
2023	146
CAGR (2019 - 2023)	-6.1%
CAGR (2021 - 2023)	-20.5%
Q1 2023	179
Q1 2024	145
Growth (Q1 2023 - 2024)	-19.0%

Future supply= incoming supply + planned supply (Source: NAPIC)

8. IMR REPORT (CONT'D)



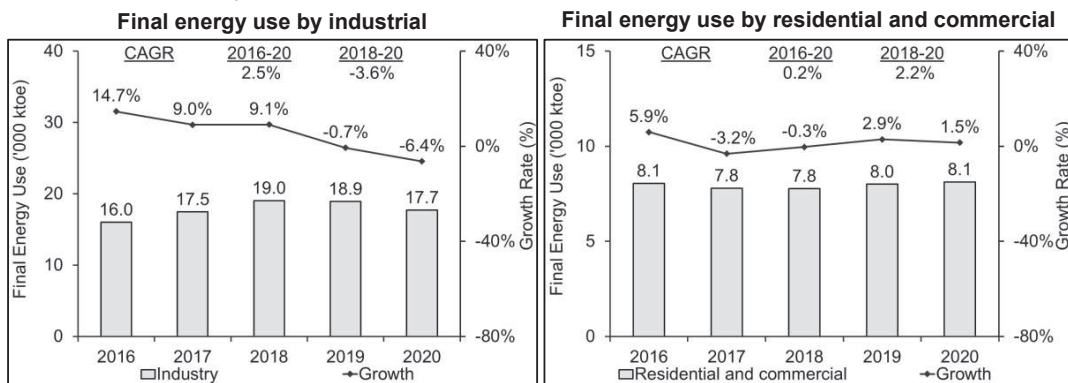
- SDCG Group is involved in providing energy performance services which involves the installation of solar thermal hot water systems that are integrated with existing boiler hot water systems in public hospitals in Malaysia. As such, the existing number of establishments provides the addressable markets for the installation of solar thermal hot water systems.
- The number of public hospitals grew by 1.3% from 158 in 2021 to 160 in 2022, while the number of private hospitals declined by 1.0% from 209 in 2021 to 207 in 2022. The number of hospitals would provide opportunities for the solar thermal industry.



Note:* Includes hospitals and special medical institutions under MOH, as well as army and university hospitals (Source: Ministry of Health (MOH))

4. ENERGY LANDSCAPE IN MALAYSIA

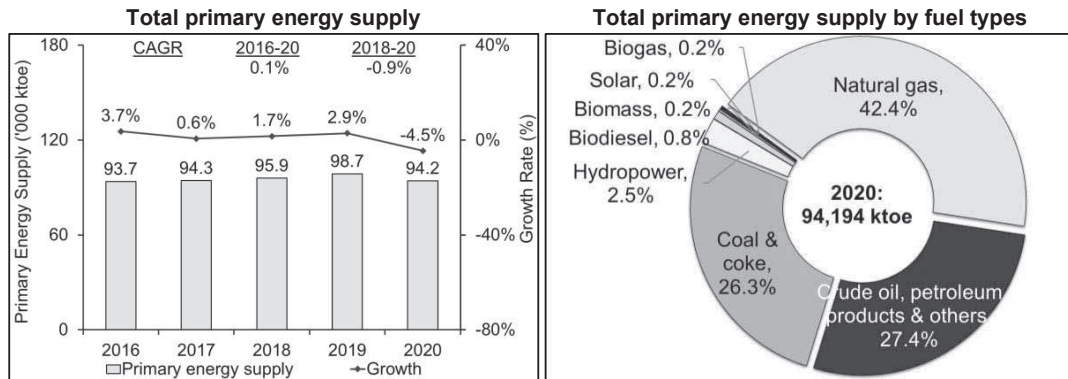
- Energy efficiency involves using less energy to perform the same task or produce the same result. It provides the quickest and most cost-effective to address the energy supply security issue and energy-related environmental issues. Energy efficiency is the primary driver of the emergence of BMS and solar thermal technologies, where the demand arises as a result of the energy landscape in Malaysia.



Note: Above are the latest available data, and no further segmentation available for the data above. ktoe = kilotonnes of oil equivalent; industrial = refers to energy used within industrial sector covering manufacturing, mining and construction; residential and commercial = refers to energy used within household, commercial sectors, government buildings and institutions (Source: Energy Commission of Malaysia (EC))

- In 2020, Malaysia's industrial sector accounted for 31.0% of the total final energy demand, while the residential and commercial sectors collectively accounted for 14.2% of the total final energy demand (Latest available data. Source: EC). Between 2016 and 2020, final energy used by the industrial sector grew at a CAGR of 2.5% to approximately 17,700 ktoe in 2020, while final energy used by the residential and commercial sectors collectively grew at a CAGR of 0.2% to approximately 8,100 ktoe in 2020. In 2020, the energy used by the industrial sector was reduced due to the curtailed industrial activities amidst the implementation of COVID-19 pandemic containment measures.
- Between 2015 and 2019, energy intensity for final energy consumption grew at a CAGR of 1.5%, implying the heavier usage of energy to produce a unit of GDP over time. In 2020, energy intensity for final energy consumption declined by 9.0%, mainly due to the reduction of economic activities that require heavier usage of energy. (Latest available data. Source: EC)

8. IMR REPORT (CONT'D)



Note: Above are the latest available data. ktoe = kilotonnes of oil equivalent (Source: EC)

- Between 2015 and 2019, Malaysia’s total primary energy supply grew at a CAGR of 2.2% to 98,700 ktoe, driven by strong economic and industrial growth as well as rapid urbanisation. In 2020, Malaysia’s total primary energy supply declined by 4.5% due to the disrupted economic and industrial growth amidst the implementation of COVID-19 pandemic containment measures.
- Fossil fuels comprise oil, gas and coal. In 2020, fossil fuels were the dominant energy source for Malaysia, where natural gas constituted the largest portion of the primary energy supply at 42.4%, followed by crude oil, petroleum products and others, as well as coal and coke, at 27.4% and 26.3% respectively. Renewables, comprising hydropower, bioenergy and solar, constitute 3.9% of the total primary energy supply in 2020.
- Between 2015 and 2019, the ratio of energy used to total primary energy supply increased from 57.3% to 67.4%, indicating the energy demand outpacing the available energy supply. Additionally, the high reliance on fossil fuels could lead to higher greenhouse gas emissions, further exacerbating environmental issues such as climate change. As a result, the Malaysian Government introduced the National Energy Transition Roadmap in 2023 to shift from an energy system dominated by the use of fossil fuels towards a system based on clean and renewable energy sources. The roadmap aims to improve energy efficiency, reduce carbon emissions, and accelerate innovation to commercialise hydrogen technology. In 2020, the ratio of energy used to total primary energy supply declined to 60.7% compared to 67.4% in 2019, mainly attributed to the lower energy used amidst the implementation of COVID-19 pandemic containment measures.

5. ENERGY PERFORMANCE SERVICES

- In 2013, the Malaysian Government initiated energy performance contracting to promote energy efficiency in government buildings. The energy performance contracting concept is based on an agreement between the government, as the building owner, and an energy services company (ESCO). Under this arrangement, the ESCO covers the initial capital cost to implement the energy efficiency improvement. Payment to ESCO is based upon the agreed sharing value between the ESCO and the building owner from the guaranteed savings achieved. After the agreement ends, the ownership of all the equipment and systems installed at the facility will be transferred to the building owner. All ESCOs are required to register with the Ministry of Finance and EC to carry out energy performance contracting projects in government buildings under the Green Technology Services Code. (Source: EC)
- The Malaysian Government including the MOH has been actively implementing high-impact energy projects, either through conventional methods or energy performance contracting in the MOH facilities especially its hospitals, given hospital buildings are one of the high-energy users in the country. These projects involved the replacement of less efficient equipment with more energy-efficient chillers, light-emitting diode lighting, and installation of the solar thermal hot water system utilising green technologies to reduce energy consumption.

8. IMR REPORT (CONT'D)



- In 2022, there were 137 public hospitals and 11 special medical institutions under MOH. As of December 2021, MOH implemented a total of 32 energy projects through energy performance contracting. In 2022, an additional 12 energy projects were implemented through energy performance contracting, bringing the cumulative number as of December 2022 to 44. (Source: MOH). SDCG Group is involved in providing energy performance services to the concession companies that are providing hospital support services for public hospitals. The concessionaires engaged SDCG Group as a subcontractor to carry out energy efficiency work related to the installation of hybrid solar thermal hot water systems, and for some contracts, retrofitting of fluorescent lighting to LED lighting.

6. COMPETITIVE LANDSCAPE

- The following are some of the selected companies which are involved in BMS or solar thermal industries in Malaysia, listed in descending order of revenue. The selection criteria of companies were based on the provision of BMS or solar thermal services in Malaysia. These companies may also be involved in other business activities. This list is used to indicate the performance of some of the operators in the industry and is not exhaustive.

Company	FYE ⁽¹⁾	Rev ⁽²⁾ (RM'000)	GP ⁽²⁾ (RM'000)	GP Margin	NP/(NL) ⁽²⁾ (RM'000)	NP/(NL) Margin
SDCG Group	Dec-23	26,622	14,352	53.9%	6,345	23.8%
Operators involved in the provision of BMS services						
Metronic Engineering S/B ⁽³⁾	Jun-23	36,125	5,556	15.4%	(4,399)	(12.2%)
SDCG Group	Dec-23	20,108 ⁽⁴⁾	10,146 ⁽⁴⁾	50.5%		
Azbil Malaysia S/B ⁽⁵⁾	Dec-22	20,004	8,408	42.0%	392	2.0%
Pegasus Automation S/B	Dec-22	17,561	9,840	56.0%	3,247	18.5%
Optergy S/B	Jun-23	12,084	3,198	26.5%	490	4.1%
ADF Technologies S/B	Jun-23	8,402	5,215	62.1%	4,060	48.3%
M & C Engineering ⁽⁶⁾	Jun-23	7,441	4,387	59.0%	(100)	(1.3%)
Neostruxure Systems S/B	Dec-23	3,106	n.a.	n.a.	222	7.1%
Operators involved in the provision of solar thermal systems						
Solartech Sales and Service S/B	Sep-23	19,738	3,614	18.3%	377	1.9%
BWS Sales & Services S/B	Jun-23	17,595	5,113	29.1%	632	3.6%
SDCG Group	Dec-23	5,735 ⁽⁷⁾	3,798 ⁽⁷⁾	66.2%		
Aqua Solar Technology S/B	Dec-22	4,453	n.a.	n.a.	(157)	(3.5%)
Solar-mate S/B ⁽⁸⁾	Jun-23	3,568	817	22.9%	309	8.7%

FYE = financial year ended; Rev = revenue; GP = gross profit; NP = net profit after tax; NL = net loss after tax; S/B = Sdn Bhd; n.a. = information not available

(1) Latest available audited financial information from the Companies Commission of Malaysia and SDCG Group.

(2) At Group or company level, which may also include other business activities, products or services.

(3) A subsidiary of Metronic Global Berhad, a listed entity on Bursa Securities.

(4) Revenue and GP contributed by the BMS segment.

(5) A subsidiary of Azbil Corporation, a listed entity on the Tokyo Stock Exchange.

(6) M & C Engineering and Trading Sdn Bhd is a subsidiary of AWC Berhad, a listed entity on Bursa Securities.

(7) Revenue and GP contributed by solar thermal systems and energy saving services segment.

(8) A subsidiary of Waterco Limited, a listed entity on the Australian Stock Exchange.

- Some of the operators are multinational corporations with entities in Malaysia, which are mainly focused on the supply of systems, equipment, parts and components for BMS. These include:
 - ABB Malaysia Sdn Bhd and its group of companies, which are subsidiaries of ABB Ltd, a listed entity on the SIX Swiss Exchange and the Nasdaq Stockholm;
 - Honeywell Automation & Controls Sdn Bhd and its group of companies, which are subsidiaries of Honeywell International Inc., a listed entity on The Nasdaq Stock Market LLC;

8. IMR REPORT (CONT'D)



- Johnson Controls (M) Sdn Bhd and its groups of companies, which are subsidiaries of Johnson Controls International Plc., a listed entity on the New York Stock Exchange.
- Schneider Electric Industries (M) Sdn Bhd and its group of companies, which are subsidiaries of Schneider Electric SE, a listed entity on Euronext Paris; and
- Siemens Malaysia Sdn Bhd and its group of companies, which are subsidiaries of Siemens AG, a listed entity on the Frankfurt Stock Exchange.

These companies have local partners who are responsible for, among others, distribution or systems integration or installation, repair and maintenance of systems, equipment and components for BMS in Malaysia.

7. BARRIERS TO ENTRY

- The barriers to entry for the BMS and solar thermal industries are mainly predicated by the need for technical and specialised skills, and track record. Regulatory requirements are mainly focused on registration with the Construction Industry Development Board of Malaysia (CIDB) in the relevant grade and scope of activities, the EC as an ESCO to be involved in specified areas relating to energy efficiency initiatives, and the Sustainable Energy Development Authority (SEDA) as owners, investors and developers of solar PV facilities, as well as to provide solar PV services under Feed-in-Tariff (FiT) and Net Energy Metering (NEM) programmes. NEM programme, which replaces the FiT programme, allows consumers to generate solar PV power for self-consumption, and export any excess electricity to the power grid.
- There are no onerous regulatory requirements governing the entry of new players into the industry except for the above registrations, and as service providers, the capital requirements are low. In some cases, service providers may fund the initial capital cost and recover their cost through recurrent payments over a certain agreed period. The industry is represented by a substantial number of domestic small and medium-sized companies. As of 12 August 2024, the number of operators would provide some indication of the level of barriers to entry:
 - There were 6,071 local mechanical and electrical (M&E) contractors registered with the CIDB focusing on building automation systems, of which 1,272 of them are Grade 7 contractors;
 - There were 602 local M&E contractors registered with CIDB as hot water system contractors, of which 219 of them are Grade 7 contractors;
 - There were 339 ESCO registered with the EC; and
 - There were 312 SEDA-registered solar PV investors under NEM programmes.

(Sources: CIDB and EC)

8. MARKET POSITION

- There are no publicly available statistics on the market size for the provision of BMS and solar thermal systems, therefore it is not possible to derive market share for SDCG Group. As the government intends to promote energy efficiency in government buildings, the number of public hospitals indicates the potential market for energy performance services, which includes the use of solar thermal systems. The following is used as a proxy to provide an indication of a market segment served by SDCG Group:

2022	Total Number (a)	SDCG Group	
		Number of EPS contracts ^{(b)(1)}	Proportion of Total Number ⁽²⁾
Number of public hospitals	160 ⁽³⁾	7	4%

EPS = energy performance service; Source: (a) MOH; (b) SDCG Group.

(1) Number of EPS contracts between SDCG Group and concessionaires of public hospitals as of 31 December 2022. The 7 EPS contracts are for 7 different public hospitals.

(2) ((b) divided by (a)) multiplied by 100%.

(3) Includes 137 hospitals and 11 special medical institutions (under MOH), and 12 army and university hospitals.

9. INDUSTRY CONSIDERATION FACTORS

Building management system

- BMS are commonly provided for high-rise commercial, institutional and industrial buildings. As a result,

8. IMR REPORT (CONT'D)



the demand for BMS industry is dependent upon, among others, the performance of the building construction industry, as well as the existing and future supply of buildings as a platform for business sustainability and growth. A growing construction industry will provide opportunities for the implementation of BMS. In 2023, the value of building construction work completed grew by 3.3% compared to 2022. In 2023, the real GDP of the construction industry in Malaysia grew by 6.1% compared to 2022, and is forecasted to grow by 6.8% in 2024 (*Source: Ministry of Finance*). In H1 2024, the real GDP of construction industry and the value of construction work completed for building construction grew by 14.5% and 9.8% respectively compared to H1 2023 (*Source: DOSM*).

- The existing supply of commercial properties provides an indication of the potential market requiring retrofitting, while future supply indicates the need for the installation of BMS in the construction of new buildings. As of Q1 2024, the existing supply of purpose-built offices and serviced apartments grew by 0.5% and 19.4% respectively compared to Q1 2023. Meanwhile, the future supply of purpose-built offices declined by 9.0% while serviced apartments grew by 3.8% compared to Q1 2023.
- Overall, in 2023, the performance of the BMS industry was supported by the real GDP growth of the Malaysia economy and construction industry, the value of construction work completed for building construction, as well as the increased existing supply of purpose-built offices and serviced apartments. It is noted that there was a decline in the future supply of serviced apartments, nevertheless, opportunities may arise from the existing supply for potential upgrades or retrofitting. As the BMS industry is reliant on the building construction industry, operators in the industry would be subject to the risks inherent in the construction industry which include, among others, general economic conditions, and business and consumer sentiments which may affect the general demand for property investment and construction activities.

Solar thermal systems and energy performance services

- The Malaysian government has introduced several policies and incentives to promote renewable energy adoption and energy efficiency, driven by environmental concerns and global commitments to combat climate change. Solar power projects are being developed to harness Malaysia's natural resources.
- Energy performance contracting was one of the key initiatives to improve energy efficiency. In 2022, there were 160 public hospitals, including 137 hospitals and 11 special medical institutions under MOH, and 12 army and university hospitals. As of December 2022, MOH has implemented a total of 44 energy projects through energy performance contracting (*Source: MOH*), providing opportunities to service the remaining public hospitals and special medical institutions with solar thermal and energy performance services. In addition, private hospitals may also serve as potential targets for solar thermal and energy performance services. Overall, in 2023, the performance of the solar thermal industry was supported by government initiatives, real GDP growth of the Malaysia economy, and the increase in the existing supply of hotels and number of public hospitals. It is noted that there was a decline in the future supply of hotels and the number of private hospitals, nevertheless, opportunities may arise from the existing supply for potential retrofitting.

Environmental sustainability

- The trend towards environmental sustainability and the drive to reduce the carbon footprint associated with commercial and industrial activities, coupled with potential cost savings, will contribute to the increasing demand for energy saving services and energy-efficient solar thermal systems within buildings. Some of the government policies relating to renewable energy under the National Energy Transition Roadmap include an increase in the target for renewable energy installed capacity from 40% in 2040 to 70% by 2050, scaling up the installation of solar systems in government buildings, and the establishment of electricity exchange systems to allow cross-border renewable energy trade (*Source: Ministry of Economy*). Between 2021 and 2023, the total number of Green Building Index (GBI) certified buildings in Malaysia grew at a CAGR of 7.1% from 591 projects in 2021 to 678 projects in 2023. As of 30 June 2024, there were 696 GBI-certified buildings and 1,223 registered GBI projects in Malaysia. (*Source: Vital Factor analysis*)

9. RISK FACTORS

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

9.1 RISKS RELATING TO OUR BUSINESS

9.1.1 We are dependent on certain major customers

For the FY Under Review and FP 2024, we are dependent on two of our top 5 customers, namely One Medicare Sdn Bhd and Pembinaan Mitrajaya Sdn Bhd as each of these customers accounted for 10.00% or more of our total revenue in at least 3 FY Under Review and FP 2024 as demonstrated below:

- (i) One Medicare Sdn Bhd accounted for 11.13% (RM1.64 million), 19.29% (RM3.39 million), 20.11% (RM3.75 million), 12.95% (RM3.45 million) and 18.36% (RM1.64 million) of our total revenue for the FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively. As at the LPD, we have 4 subsisting energy performance service contracts with One Medicare Sdn Bhd. These contracts are for 4 government hospitals in Sarawak namely Sarawak Heart Centre, Miri Hospital, Sarikei Hospital and Sibuh Hospital and their contract validities are from 2019 up to 2025 with the exception of Sarawak Heart Centre which commenced from 2020 to 2025. We have been dealing with One Medicare Sdn Bhd for 6 years as at FP 2024.
- (ii) Pembinaan Mitrajaya Sdn Bhd accounted for 29.10% (RM4.28 million), 12.01% (RM2.11 million), 10.54% (RM1.97 million), 1.47% (RM0.39 million) and 7.81% (RM0.71 million) of our total revenue for FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively. We have been dealing with this customer for 13 years as at FP 2024. However, the revenue contribution from this customer has generally been declining in terms of value and as a proportion of total revenue which reduces the level of dependency from this customer.

Revenue contribution from Pembinaan Mitrajaya Sdn Bhd for FY 2020 was mainly from the completion of the Conference and Training Facility Project and Business School Project, on-going implementation of the Putrajaya Hotel ICT Project and Putrajaya Hotel Project, as well as the commencement of the Healthcare University Project. Subsequently, revenue contribution from this customer declined in FY 2021, FY 2022 and FY 2023 as the Putrajaya Hotel ICT Project, Putrajaya Hotel Project and the Healthcare University Project were progressively implemented and completed. However, revenue contribution from Pembinaan Mitrajaya Sdn Bhd for FP 2024 was higher compared to FY 2023, which was mainly due to the Healthcare University Project arising from the finalisation of variation orders by the customer subsequent to the completion of works (the Healthcare University Project was completed in FY 2022). Furthermore, we did not secure projects with contract value of RM1.00 million and above from this customer in the FY Under Review and FP 2024 up to the LPD.

There is a risk that our financial performance and results of operations will be adversely affected if One Medicare Sdn Bhd terminate our contracts prematurely prior to the expiry of their respective subsisting contracts and we are unable to replace the shortfall in revenue from existing customers or new customers promptly. Furthermore, upon the expiry of the contracts, there is also the risk that we may not be able to secure any new contracts from these customers which could adversely affect our financial performance. Although we have been dealing with One Medicare Sdn Bhd and Pembinaan Mitrajaya Sdn Bhd for 5 years and 13 years respectively as at FP 2024, there is no assurance that we will be able to continue to retain them as our customers.

9. RISK FACTORS (CONT'D)

9.1.2 Our business and financial performance are dependent on our ability to continually secure new and sizeable projects to ensure the sustainability and growth of our business

The nature of our business comprises project based revenue and ad hoc maintenance services which generate non-recurrent revenue. In addition, we have businesses that generate recurrent revenue including energy performance services and maintenance services. Our business is typically based on competitive bidding or requests for proposals. As such, we have to continually submit bids and proposals to compete against other service providers in order to secure new projects. There is a risk that we may not be able to secure sufficient new and sizeable projects to sustain or grow our business which would materially affect our sustainability and future financial performance.

For the FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 our non-recurrent revenue accounted for 66.45% (RM9.78 million), 61.64% (RM10.84 million), 62.73% (RM11.70 million), 73.98% (RM19.69 million) and 67.37% (RM6.03 million) of our total revenue respectively. Our non-recurrent revenue includes systems integration of BMS, installation of solar thermal systems as well as ad hoc maintenance services for BMS and solar thermal hot water systems and chilled water system. The typical contract period for our systems integration of BMS and installation of solar thermal hot water systems ranges from 1 to 3 years.

Our recurrent business is derived from the provision of energy performance services as well as maintenance of BMS, solar thermal cooling systems and other systems and equipment including gas fired chillers. For the FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024, the abovementioned services collectively accounted for 33.55% (RM4.93 million), 38.36% (RM6.75 million), 37.27% (RM6.95 million), 26.02% (RM6.93 million) and 32.63% (RM12.92 million) of our total revenue respectively. As at the LPD, we have 6 subsisting energy performance service contracts with our customers who are concessionaires of public hospital support services. The periods for our energy performance service contracts typically ranges from 4 to 6 years. At the end of the concession period, all the assets and systems revert to the customers and there is no option for renewal. As at the LPD, we have 6 subsisting energy performance service contracts expiring in 2025, all of which have completed the installation period and are in the payment period of the respective contracts. As at the LPD, we do not have any other new energy performance service contracts.

As at the LPD, we have a total unbilled order book of RM22.78 million of which we expect to recognise approximately 72.28% as revenue in FY 2024 if the work is carried out according to schedule, leaving the remaining approximately 27.72% to be recognised as revenue in FY 2025 and FY 2026. We expect to recognise this revenue from on-going systems integration of BMS projects (typical project period ranges from 1 to 3 years) and from on-going energy performance services contracts (up to 2025). We will continue to submit tenders or quotations for new systems integration of BMS projects to replenish our order book, however there is no assurance that we will be able to continually secure new projects to sustain and grow our revenue and profitability. While our order book for energy performance services is up to 2025, there is no assurance that we will be able to continually secure new projects to sustain and grow our revenue and profitability. In the event we are unable to do so, this may materially affect our business growth and future financial performance. For further details on our order book, please refer to Section 12.7 of this Prospectus.

9.1.3 We may face early termination or suspension of our contracts which may adversely affect our financial performance

Our business operations in BMS, solar thermal systems and energy saving services, and maintenance of solar thermal cooling systems and gas fired chillers are based on contractual agreements with customers and these may be terminated or suspended before our specified scope of works are completed. The early termination or suspension of any contracts may adversely affect our financial performance if we are unable to recover our expenses before the termination of the contract as well as foregone potential revenue and profit. The risk of early

9. RISK FACTORS (CONT'D)

termination or suspension of our project based contracts may be due to, among others, material non-performance of obligations by either party, by court order, insolvency, default of payment by customers, mutual agreement, inability to fulfil the terms and conditions of our contract, or factors beyond our control.

For the FY Under Review, FP 2024 and up to the LPD, we experienced a suspension in one of our projects relating to the supply, delivery, installation, testing and commissioning of the building management systems for a hotel and a service apartment in Klang, Selangor which was secured in June 2015. The total contract value for the project was RM0.62 million. In 2020, we suspended our installation works as there was no notification from our customer to proceed to the next stage of the project. Prior to the suspension of the project in 2020, we have completed approximately 70% of the total project which amounted to the contract value of RM0.43 million and as at the LPD, this amount has been fully collected.

In addition, as at the LPD, we have two long-standing on-going systems integration of BMS projects where recent progress has been slow-moving as we are unable to continue to carry out our scope of work due to factors beyond our control, such as delayed completion of work from the main contractor. These two projects are the Administration Centre Project and the Precinct 8 Putrajaya Project. There can be no assurance that these projects will not be subsequently suspended.

Similarly, we also face the risk that our recurrent revenue based energy performance service contracts with the concession companies may be terminated early due to, among others, national interest, material non-performance of obligations by either party, court order, insolvency, default of payment by the customer or by mutual agreement or factors that are beyond our control.

As we are funding the project investment for the installation of the hybrid solar thermal hot water system and for some contracts, the retrofitting of LED lighting, the early termination of any energy performance service agreement with the concession companies may occur before the payment is sufficient for us to recoup the initial project investment. While the contracts commonly include a stipulation that the customer may pay us a specified sum if they choose to terminate the contracts early, there is no assurance that the payment would be sufficient to recover our initial project investment at the time of the early termination. The upfront project investment that we provide for our energy performance service contracts was partially financed by term loans. In the event the concession companies do not pay the monthly payments due to us, we may not be able to meet the repayment schedule for the respective term loans which may cause us to default on the term loans and/or be in financial distress.

For the FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024, revenue contribution from our energy performance service contracts accounted for 18.35% (RM2.70 million), 27.92% (RM4.91 million), 27.61% (RM5.15 million), 18.98% (RM5.05 million) and 23.07% (RM2.06 million) of our total revenue. For the FY Under Review, FP 2024 and up to the LPD, we did not encounter any early termination of our energy performance service contracts. Nevertheless, there is no assurance that we would not face any early termination of our energy performance service contracts which may adversely affect our results of operations and financial performance.

9.1.4 **As our customers' concessions with MOH will be expiring in 2025, we face the risk of not being able to secure any new energy performance service contracts in respect of this group of customers until their concession agreements with MOH are successfully renewed**

For the FY Under Review, FP 2024 and up to the LPD, we serve customers which comprise companies who are holding concessions for providing public hospital support services in Malaysia. Our customers' concession agreement period for providing public hospital support services with the MOH will expire by March 2025. As at the LPD, we have 6 subsisting energy performance service contracts with such customers where our role is to install new solar thermal hot water

9. RISK FACTORS (CONT'D)

systems and integrated with the existing fossil fuel boiler system, and for some contracts, it includes retrofitting the existing fluorescent lighting with LED lighting. For the FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024, revenue derived from our energy performance service contracts accounted for 18.35% (RM2.70 million), 27.92% (RM4.91 million), 27.61% (RM5.15 million), 18.98% (RM5.05 million) and 23.07% (RM2.06 million) respectively.

The contract periods for our energy performance service contracts are typically from 4 to 6 years. As part of the energy performance service contracts with the concessionaires, we are responsible for funding the project investments for the installation of hybrid solar thermal hot water systems and retrofitting of LED lighting, where applicable. As our customers' concession agreements will be expiring by March 2025, there is a risk that our customers would not be seeking to enter into any new energy performance service contracts until their concession agreements are successfully renewed in 2025.

Although we have been serving these customers, there is no assurance that we may be able to continue to secure new energy performance service contracts as a subcontractor. As such, any negotiations with the existing concessionaires for energy performance service contracts, if at all, is likely to commence after the renewal of their concessions in 2025. Although there are opportunities to provide energy performance services within the private healthcare sector, there is no assurance that we would be able to secure any new energy performance contracts in the public or private healthcare sectors.

9.1.5 Our business and financial performance may be affected by increases in the costs of our projects

An increase in the cost of the systems integration of BMS and/or installation of solar thermal hot water systems and/or provision of energy saving and maintenance services may adversely affect our profitability. Increases in costs may be caused by, among others, increases in the costs of labour, equipment, materials, subcontractors' fees and overheads. For FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024, purchases of materials for BMS, solar thermal systems and energy saving services, and maintenance of gas fired chillers and chilled water system operations accounted 39.57%, 37.04%, 57.59%, 78.05% and 50.24% of our total purchases of materials and services respectively. Meanwhile, subcontracted services for BMS, solar thermal systems and energy saving services, and maintenance of gas fired chillers operations accounted for 60.43%, 62.96%, 42.41%, 21.95% and 49.76% of our total purchases of materials and services in FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively.

There is a risk that our profitability may be adversely affected if we are not able to adequately factor in potential price increases of materials and services into our contracts or if we have to absorb any unanticipated cost increases in the duration of our contracts or if we have to incur cost to carry out additional works based on instructions given by the customer which are still pending confirmation of variation order from the customer. During the FY Under Review, we experienced an overall gross loss of RM0.22 million for a BMS project which commenced in FY 2019 and was completed in FY 2022. This was mainly due to cost incurred for the additional works done as per written instructions given by the customer. However, the additional works done was still pending issuance of variation orders by the customer. Subsequently in FP 2024, we received the confirmed variation order from the customer and recognised revenue for the work done which resulted in the overall gross loss from this project being reduced to RM0.02 million. Save for this project, we have not incurred overall gross loss on any other projects during the FY Under Review and FP 2024.

There can be no assurance that our financial performance and profitability would not be adversely affected by any future increases in the costs of materials and services pertaining to BMS, solar thermal hot water systems and energy saving services, and maintenance services.

9. RISK FACTORS (CONT'D)

9.1.6 We are dependent on our Directors and Key Senior Management

We are dependent on the experience, technical knowledge, and sales and marketing expertise from our Managing Director, Edison Kong and Executive Director, Eileen Liuk which are key to our Group's overall sustainability, development and growth. We are also dependent on our key senior management team for their experience, technical knowledge and expertise in their respective areas of responsibility, namely Gan Yee Shan, our Finance Manager, Khoirol Suhardi Bin Shaaban, our Technical Director, Ed Kamil Bin Md Bashah, our Project Director and Mohd Hanafy Bin Rasimon, our Project Director.

Our daily business operations and the successful implementation of our business strategies may be adversely affected if we lose the services of one or more of our Directors and key senior management and we do not promptly secure a suitable replacement. For more information on the profiles of our Directors and key senior management, please refer to Section 5 of this Prospectus.

9.1.7 We are subject to LAD if there were any delays in completing our projects according to the timeline stipulated in our contracts or penalties if the minimum guaranteed savings stipulated in the energy performance service contracts are not achieved

Depending on the contracts, our systems integration of BMS, installation of solar thermal systems and provision of energy saving services include project implementation timelines and milestones. Any delays in meeting specified project implementation timelines and milestones may lead to delays in recognising revenue and receiving payments. Furthermore, the customer may make claims for LAD against us if we fail to complete the project according to the specified timeline stipulated in the agreements. Delays in project implementation may be caused by factors including, among others, delay in handover from other contractors, unforeseen issues with the site upon handover such as engineering issues, safety and site conditions, accidents on site, delays in receiving materials, labour shortages, supply chain disruptions, delay from our subcontractors in meeting their obligations and unfavourable changes in government policies such as those relating to foreign labour.

During the FY Under Review and FP 2024, we completed a total of 67 projects, out of which:

- 53 projects were completed on time;
- 12 projects were completed after the stipulated time frames and the respective customers have not made LAD claims against us;
- 2 projects were completed after the stipulated time frames and the respective customers have made LAD claims against us (as described in the following paragraphs)

For the FY Under Review, FP 2024 and up to the LPD, we have received written confirmation for 2 projects that were completed after the expected completion date and the customers have made LAD claims against us:

- (i) LAD claim of RM0.06 million from our customer which was attributed to a delay in the completion of the supply, installation, testing and commissioning of the hybrid solar hot water system for Ampang Hospital by 2 days. The delay was mainly due to late receipt of the letter of award from our customer, which resulted in late ordering of the necessary equipment. The claim by the customer has been settled in FY 2021.
- (ii) LAD claim of RM0.09 million from our customer which was attributed to a delay in the installation of the hybrid solar hot water system and retrofitting of LED lighting for Sibuh Hospital by 31 days. The delay was due to operational disruptions caused by MCO during the time of project implementation. As at the LPD, the customer has not set-off the LAD claim against their monthly payments to us and the LAD claim is still outstanding.

9. RISK FACTORS (CONT'D)

In addition, there is a potential LAD claim from a customer for the supply, install, testing, commissioning and maintenance of building management system for a resort development in Terengganu which was expected to be completed by 1 July 2023 but was completed on 9 July 2024. Timely completion of this project was hindered by a lack of power supply at the project site that prevented us from carrying out testing and commissioning. Power supply at the project site is under the responsibility of a third-party subcontractor and beyond our control. The project was completed 374 days late and the potential LAD claim amounts to RM1.03 million. We have notified the customer through written communications (sent to and received by the main contractor on 8 June 2023, 7 September 2023 and 26 December 2023 respectively) to inform them of our inability to proceed with our work as there is no power supply at the project site due to factors beyond our control. We have also applied for a waiver of any potential LAD claims from the main contractor as the delay in completing the project was due to factors beyond our control. We have received a conditional extension of time along with waiver of the imposition of the LAD claims ("**Conditional EOT**") from the main contractor with the condition that SDC withdraws its claim for additional costs, losses and expenses arising from the said delay. As at the LPD, we have yet to agree to the terms of the Conditional EOT and are still in the midst of negotiating the same with the main contractor. In the event that we cannot come to an agreement with the main contractor, the potential financial impact to our Group would be a LAD claim of RM1.03 million which may adversely affect the financial performance of the financial year and period in which it is recognised.

Furthermore, depending on the terms and conditions stipulated in the energy performance services contracts, the payment for our energy performance services is subject to end-of-year adjustment ("**EOYA**") arising from the shortfall in meeting the minimum guaranteed savings. EOYA claims from our customers for the periods falling during the FY Under Review, FP 2024 and up to the LPD that we have received are as follows:

- (i) There were three EOYA claims received from Customer E for the Hospital 3 Contract as shown below:
 - a. an EOYA claim amounting to RM0.04 million in FY 2022 arising from the shortfall of 5.9% in the actual energy savings and the guaranteed energy savings for the 12-month period from June 2020 to May 2021. Consequently, there was a corresponding reduction in payment of RM0.04 million from Customer E in FY 2022;
 - b. an EOYA claim amounting to RM0.07 million arising from the shortfall of 6.9% in the actual energy savings and the guaranteed energy savings for the 12-month period from June 2021 to May 2022. This claim was recognised in FY 2023;
 - c. an EOYA claim amounting to RM0.05 million arising from the shortfall of 5.3% in the actual energy savings and the guaranteed energy savings for the 12-month period from June 2022 to May 2023. This claim was recognised in FY 2023; and

As at the LPD, we have an expected EOYA claim for the Hospital 3 Contract amounting to an estimated RM0.05 million (which is yet to be finalised pending confirmation with the customer) arising from the shortfall of 6.6% in the actual energy savings and the guaranteed energy savings for the 12-month period from June 2023 to May 2024 based on measurement and verification report received. As at the LPD, we have not received the claim for this EOYA. We will recognise the EOYA when we receive the claim, which is expected in FY 2024.

- (ii) There was an EOYA claim amounting to RM0.09 million from One Medicare Sdn Bhd for Sarikei Hospital Contract arising from the shortfall of 13.6% in the actual energy savings and the guaranteed energy savings for the 12-month period from August 2019 to July 2020. Consequently, there was a reduction of payment from One Medicare Sdn Bhd of approximately RM47,000 in relation to this EOYA claim in FY 2021, and the remaining sum of approximately RM47,000 was recognised in FY 2023.

9. RISK FACTORS (CONT'D)

In addition to the above, there may be potential EOYA claims from other energy performance services contracts due to shortfalls in the actual energy savings and the guaranteed energy savings of the respective hospitals (based on the measurement and verification report that we have received) but have not yet received the corresponding EOYA claims from relevant customers as at the LPD. The value of the EOYA claims that may arise from these shortfalls are still uncertain and would need to be discussed and confirmed with the respective customers. The shortfall identified in the measurement and verification reports that we have received but for which the corresponding EOYA claim has not been provided by the relevant customer for FY 2021, FY 2022 and FY 2023 were RM0.14 million, RM0.13 million and RM0.10 million respectively. Based on the profit share of 70:30 in our energy performance service contracts with the relevant customer, the maximum potential EOYA claims that we expect to bear is equivalent to 70.00% of the shortfalls identified. Thus, we have made a provision equivalent to 70% of the cumulative value of the shortfalls listed above, which amounted to RM0.26 million in FY 2023.

There can be no assurance that our projects will be completed on time in the future or that we will not be subject to any LAD claims in the event we are unable to obtain an extension of time from the customer. Similarly, we are unable to provide any assurance that we will be successful in achieving the minimum guaranteed savings stipulated in the energy performance service contracts with the respective customers during the duration of the contracts. In the event there are delays in project implementation and completion or if we are unable to achieve the minimum guaranteed savings in the energy performance service contracts, we will be subject to deductions in payment and/or LAD claims from our customers which would adversely affect our results of operations or financial performance.

9.1.8 We are subject to credit risk from either delay in collections or non-recoverability of trade receivables or retention sum

We are exposed to delays in collection of non-recoverability of trade receivables and/or retention sum from our customers. Our normal credit terms granted to our customers mainly range from 1 day to 60 days. If customers fail to pay us within the stipulated credit period or fail to pay us at all, we may be required to make an allowance for any impairment losses to our trade receivables or write off our bad debts, either of which would adversely affect our financial performance.

For the FY Under Review and FP 2024, we recorded net impairment loss on trade receivables of RM0.12 million, RM0.28 million and RM0.26 million in FY 2021, FY 2022 and FY 2023 respectively, which was recognised based on the ECL computed in accordance with MFRS 9. As at the LPD, we have subsisting legal proceedings against 4 customers for the recovery of outstanding receivables, of which legal proceeding against only one customer is material. Please refer to Section 15.6 of this Prospectus for further details on the material litigation.

The outstanding trade receivables of these 4 customers are summarised in the following table:

Customer	Trade receivables as at 31 May 2024 (RM'000)	Allowance for impairment loss as at 31 May 2024⁽¹⁾ (RM'000)	Net trade receivables⁽²⁾ as at FP 31 May 2024 (RM'000)
Customer D	635	588	47 ⁽³⁾
Perbadanan Kemajuan Negeri Selangor	225	185	39 ⁽⁴⁾
Kumpulan CLO Bersekutu Sdn Bhd	148	148	-
United Integration Technology Sdn Bhd	45	45	-

9. RISK FACTORS (CONT'D)

Notes:

- (1) *Being the amount that are under dispute with the customers.*
- (2) *Net trade receivables after allowance for impairment loss.*
- (3) *As at the LPD, we have fully collected this amount.*
- (4) *As at the LPD, we have collected RM0.03 million from Perbadanan Kemajuan Negeri Selangor.*

9.1.9 We are subject to defect liability claims which may adversely affect our financial performance

There is a risk that we may incur substantial expenses to make good our customers' defect liability claims. The contracts for our BMS and solar thermal systems and energy saving services include provisions for the customer to make claims against us in the event of poor workmanship, and manufacturing defects in the equipment installed during the defect liability period. The defect liability period for our systems integration of BMS and installation of solar thermal system contracts generally ranges from 12 months to 24 months after the date of the testing and commissioning report or the issuance of acceptance by our customers. We are responsible for making good any defects due to design, materials, equipment or workmanship at no additional charges to the customer. We are also responsible for any costs related to repairing or replacing the affected equipment, such as transportation of personnel and equipment, labour cost and/or engaging subcontractors during the defect liability period.

For the FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024, the cost incurred to make good any defects during the defect liability period were RM0.01 million, RM0.02 million, RM0.08 million, RM0.09 million and RM0.37 million respectively. Nevertheless, there can be no assurance that we will not be subject to material defect liability claims in the future which may adversely affect our financial performance.

9.1.10 We cannot assure that our business strategies and plans will be commercially successful

Our business strategies and plans are focused on leveraging from our key strengths and capitalising on our competencies in BMS, and solar thermal systems and energy savings services.

Part of our future strategies relating to business expansion comprises addressing opportunities in solar PV systems while other plans to support our existing business operations include expanding our headquarters, purchasing new tools and equipment for our BMS and solar thermal systems and energy saving services, as well as purchasing and subscribing to ICT software and services to improve our business operations. Please refer to Section 7.19 of this Prospectus for further details on our strategies and plans.

The prospects and future growth of our business are dependent, to a certain extent, on our ability to implement and execute our strategies and plans effectively and promptly. There is a risk that we may not be able to successfully implement our business strategies and plans according to the expected schedule nor can we provide assurance that our business strategies will be commercially successful or that we will be able to anticipate as well as mitigate all the business and operational risks associated with our strategies and plans. Some of the factors that may affect our timing and objectives to execute our business strategies and plans include, among others, the inability to secure sufficient funding and/or bank borrowings, limitations in human resources, insufficient expertise or experience, regulatory changes, competition and other unanticipated delays.

In the event of any delays or failures in executing our business strategies and plans effectively, our future business growth or expected financial prospects or returns may be adversely affected.

9.1.11 We are dependent on the quality of our subcontractors' work and any shortcomings may subject us to claims that may affect our financial performance or market reputation

We engage subcontractors to carry out the installation works for BMS, installation works for solar thermal hot water systems and retrofitting of LED lighting as well as maintenance of solar

9. RISK FACTORS (CONT'D)

thermal hot water and cooling systems and gas fired chillers. All our subcontractors work under our supervision and project management. Furthermore, some of the materials used in the installation of BMS and solar thermal hot water systems are supplied by the respective subcontractors, such as electrical wiring and piping. During the FY Under Review and FP 2024, subcontracted services accounted for 60.43% (RM6.21 million), 62.96% (RM5.20 million), 42.41% (RM3.05 million), 21.95% (RM2.53 million) and 49.76% (RM1.66 million) of our total purchases of materials and services for the FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively.

We may be subject to claims by our customers if there are any shortcomings in our subcontractors' work such as the failure to carry out the required works according to specifications, completing the works on time, delivering substandard works or using defective or poor quality materials. This may result in our customers making claims against us to make good the defects during the defect liability period or other claims. We may incur additional costs to settle such claims or make good the defects, which may adversely affect our financial performance or market reputation.

In FY 2020, we experienced an incident where one of our subcontractors in East Malaysia whom we have appointed to work on previous projects absconded without completing the installation works for the Hospital 1 Contract. As a result, we had to engage another subcontractor to complete the installation works for the Hospital 1 Contract as well as the rectification of work done by this subcontractor for 3 other projects, namely the Miri Hospital Contract, Sibul Hospital Contract and Hospital 2 Contract. The total cost of engaging the other subcontractor to complete these installation works and rectification of work done amounted to RM0.04 million. In addition, in FY 2023 we wrote off bad debts of RM0.07 million pertaining to initial payment made to the subcontractor for the purchase of equipment.

For the FY Under Review, FP 2024 and up to the LPD, we have not received any defect liability claims from our customers caused by our subcontractors. Nevertheless, there can be no assurance that we would not receive any claims from our customers due to the work of our subcontractors in the future.

9.1.12 Our business depends on the retention and procurement of certain registrations and licences

As a provider of systems integration of BMS and solar thermal systems and energy saving services for private and public buildings, we are required to obtain and hold valid registrations and/or licences with authorities such as CIDB, Energy Commission, and the Ministry of Finance. Please refer to Section 6.10 of this Prospectus for further details of the required registrations and licences.

We must comply with any regulations, terms and conditions imposed by the relevant authorities to retain such registrations and/or licences. This includes notifying and submitting to CIDB information and documents relating to construction works secured, whether new or otherwise, including changes in the value of the construction works, as well as making levy payments. Failure to comply with the regulations, terms and conditions may result in the imposition of fines and penalties, suspension, cancellation or non-renewal of our registrations and licences. The failure to keep or renew promptly the requisite registrations and licences could result in the suspension or restrictions in our business operations including our ability to participate in tenders, inability to carry out our work or participate in energy performance services which would adversely affect our business and financial performance.

For the FY Under Review, FP 2024 and up the LPD, we have not encountered any suspension or non-renewal regarding registrations and/or licences.

9. RISK FACTORS (CONT'D)

9.1.13 Any breaches of health, safety and environment (“HSE”) laws and regulations may result in penalties including the suspension of our operations

We must comply with the relevant HSE laws and regulations at the worksites. These HSE laws and regulations are concerned with, amongst others, the occupational health and safety of our employees and contract workers as they perform their work, and the effect that our work may have on the environment and occupants and visitors of the buildings.

Failure to comply with the relevant HSE laws and regulations, and events such as worksite accidents that injure or harm our employees, contract workers and people within the premises may lead to the relevant authorities taking action against us, such as suspending or restricting our operations at the affected worksite and/or taking administrative or legal action against us.

During the FY Under Review, FP 2024 and up to the LPD, there were no workplace accidents and we have not made any insurance claims in relation to workplace injuries or accidents. There have been no breaches or failure to comply with the relevant HSE laws and regulations that resulted in any of the negative consequences described above. However, there can be no assurance that our business operations will not be adversely affected by workplace accidents, breaches or non-compliance with the relevant HSE laws and regulations in the future.

9.1.14 We are subject to any changes in Government regulations or policies relating to energy performance contracting initiative for our energy performance service contracts

Energy performance contracting is an initiative by the Malaysia Government that was approved in 2013 to promote energy efficiency in public sector buildings. These concession companies have direct energy performance contracting agreements with the Ministry of Health Malaysia. We are a subcontractor and service provider to the concession companies. As at the LPD, we have entered into 7 energy performance service contracts with our customers who are the concession companies providing hospital support services in Malaysia, of which 1 has been completed. The total revenue contribution from these 7 energy performance services contracts for the FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 was 18.35% (RM2.70 million), 27.92% (RM4.91 million), 27.61% (RM5.15 million), 18.98% (RM5.05 million) and 23.07% (RM2.06 million) respectively.

There is a risk that the Malaysia Government may stop, redefine or curtail energy performance contracting activities for government buildings or discontinues or reduces energy performance contracting activities for its public hospitals, all of which may materially reduce the demand for our energy performance services in the public healthcare sector. Furthermore, we may be subject to changes in Government regulations or policies which may affect our ability to secure new energy performance service contracts on terms and conditions that are financially viable to us. If such an event occurs, a material proportion of our business growth will be affected, which may adversely affect our future financial performance.

9.1.15 Our insurance coverage may not cover all losses or liabilities that may arise from our business operations and are subject to renewal

Carrying out our business operations at our operational facilities and worksites involves risks and hazards including, but not limited to, workplace accidents, fire, flood and other natural disasters. To protect against various losses and liabilities, we maintain general insurance coverage for our business operations as a whole, as well as specific insurance coverage for some of our contracts at levels that are stipulated in such contracts or at levels that we believe are customary to the nature of our business. We maintain insurance policies covering, amongst others, fire, motor vehicle insurance, erection all risks, contractor’s all risks, workmen’s compensation, some of which are required by contract and by law. Despite our insurance coverage, our business operations and financial performance may be adversely affected if we suffer losses or liabilities from events that are not covered by our insurance policies, or if the losses or liabilities incurred exceed our insurance claim limits.

9. RISK FACTORS (CONT'D)

All of our insurance policies must be renewed periodically and are subject to changes in the insurance premium, terms and/or claim limits. If there is a significant increase in the premium on any insurance policy, we may incur higher costs to maintain our insurance coverage at the same level or we will have to reduce the level of our insurance coverage. There is also a risk that we are unable to renew or replace our insurance policies when they expire.

9.1.16 We are subject to foreign exchange risks

Our business is exposed to the risk of foreign exchange fluctuations where 4.24%, 16.42%, 36.01%, 51.67% and 23.87% of our purchases of materials and services including subcontractors' costs for FY 2020, FY 2021, FY 2022, FY 2023 and FP 2024 respectively were transacted in foreign currencies including US Dollar (USD), Renminbi (RMB), Singapore Dollar (SGD) and Euro. Any unfavourable foreign exchange fluctuations to the RM will adversely impact our financial performance.

The breakdown of our revenue and purchases transacted in RM and other currencies for the FY Under Review and FP 2024 are as follows:

	FY 2020	FY 2021	FY 2022	FY 2023	FP 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	14,709	17,594	18,648	26,622	6,811
- RM	14,334	17,408	18,587	26,479	6,668
- USD	375	186	61	143	143
Purchases	10,270	8,262	7,198	11,530	3,330
- RM	9,835	6,905	4,606	5,573	2,535
- USD	335	845	2,326	5,517	745
- RMB	-	299	-	-	-
- SGD	98	213	266	440	50
- EUR	2	-	-	-	-

As at the LPD, we do not have any foreign currency forward hedging contracts.

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9. RISK FACTORS (CONT'D)

9.1.17 We are dependent on government-linked projects

Our revenue from government-linked projects (referring to projects where the government or a statutory body is our direct customer, or a private company is our direct customer but the project is for the government or a statutory body) during FY Under Review and FP 2024 is summarised in the following table:

Customer type	FY 2020		FY 2021		FY 2022		FY 2023		FP 2024	
	RM '000	%	RM '000	%	RM '000	%	RM '000	%	RM '000	%
Government-linked projects	4,718	32.08	10,298	58.53	10,224	54.83	18,565	69.74	4,751	53.10
Government	97	0.66	96	0.55	105	0.56	124	0.47	49	0.55
Statutory body	293	1.99	427	2.43	293	1.57	6,995	26.28	270	3.02
Private companies, project for the government or a statutory body	4,328	29.43	9,775	55.55	9,826	52.70	11,446	42.99	4,432	49.53
Private companies	9,991	67.92	7,296	41.47	8,424	45.17	8,057	30.26	4,197	46.90
TOTAL	14,709	100.00	17,594	100.00	18,648	100.00	26,622	100.00	8,948	100.00

Consequently, we are subject to the risks related to government-linked projects such as changes in the government, government spending and initiatives, government policies including energy policy, renewable energy and budget allocations, and political and general economic conditions in Malaysia.

Any changes to the government or its policies or political conditions such as changes in energy and renewable energy policy, or budget allocations may have an adverse effect on our financial performance. There can be no assurance that we will not be adversely affected by changes in the government or its policies.

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9. RISK FACTORS (CONT'D)

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 We are subject to risks inherent in the property and construction industry

We are involved in the systems integration of BMS and installation of solar thermal systems and energy saving services mainly for commercial, industrial and institutional buildings. The demand for our services would come existing buildings as well as new buildings. As our services include upgrading of BMS in existing buildings, installation of hybrid solar thermal hot water system and retrofitting of LED lighting for existing public hospitals as well as maintenance services, our services are, to a certain extent, dependent on the property and construction industry.

From this perspective, the growth or decline of new properties and the renovation market would affect operators within the BMS and solar hot water thermal system industry. As we continue to operate within this industry, our business will be subject to the inherent risks in the property and construction industry, which include, among others, general economic conditions, business and consumer sentiments which may affect the general demand for property investment and construction activities.

Risks inherent in the property and construction industry would equally affect operators involved in the systems integration of BMS and installation of solar thermal systems and energy saving services as these services are also applicable for new as well as existing properties.

9.2.2 Technological developments in solar hot water systems may result in other more cost efficient renewable and environmentally friendly heating methods

Our solar thermal hot water system is based on renewable and environmentally friendly energy using sunlight. In Malaysia, hot water systems commonly use diesel or LPG which are non-renewable fossil fuels, as well as electricity which are mainly generated using coal and natural gas as the primary fuel sources.

Although solar thermal represents an environmentally sustainable means of heating water, there is a risk that technological developments in other types of renewable energy sources or methods may render solar thermal hot water systems becoming less cost effective or relevant.

Some of these may include renewable and environmentally sustainable energy sources such as wind and solar PV used to generate electricity or hydrogen fuel to heat water, especially if their resultant unit cost falls significantly compared to using solar thermal energy. This may result in the displacement of solar thermal hot water facilities as the preferred method of generating hot water, and consequently, this would adversely affect our business operations, financial performance and prospects.

9.2.3 We are subject to the risk of competition from providers of similar products and services

We are subject to competitive pressure from operators that provide similar products and services as well as different technologies that perform similar functions. As at 12 August 2024, there were 6,071 local mechanical and electrical (M&E) contractors registered with the CIDB focusing on building automation systems, of which 1,272 of them are Grade 7 contractors. Meanwhile, there were 602 local M&E contractors registered with CIDB as hot water system contractors, of which 219 of them are Grade 7 contractors and 339 ESCO registered with the EC. (*Source: IMR Report*)

Although we have our competitive advantages, there is no assurance that we will be able to compete effectively against our peers. In the event we are unable to remain competitive or unable to build on our competitive advantages and key strengths moving forward, our prospects and financial performance may be adversely affected.

9. RISK FACTORS (CONT'D)

9.2.4 We are subject to economic, social, political and regulatory risks in Malaysia as well as the occurrence of force majeure events such as global pandemic risks and geo-political conflicts

Any adverse changes in the political, social, economic and regulatory conditions in Malaysia may affect our business operations and financial performance. Changes in the political, social, economic and regulatory conditions could arise from, among others, the following:

- changes in domestic and global political leadership, geopolitical events, expropriation or nationalisation, deterioration of international bilateral relationships, trade sanctions, imposition of tariffs, acts of terrorism, riots and wars;
- changes in domestic fiscal and monetary policies affecting interest rates, methods of taxation and tax policies;
- prolonged pandemic or the emergence of new epidemics or pandemics; and
- others such as foreign worker levy, unemployment trends, and other matters that may influence consumer and business confidence and spending.

Our customers' products and services are also dependent on domestic and/or global demand for their respective products and services. Any adverse events may cause our customers to revise, defer, halt or abandon their development or expansion plans. As such, there can be no assurance that any adverse economic, social, political, and regulatory developments which are beyond our control, will not materially affect our business operations and financial performance.

9.3 RISKS RELATING TO INVESTMENT IN OUR SHARES

9.3.1 There has been no prior market for our Shares

Prior to our Listing, there has been no public market for our Shares. Hence, there is no assurance that upon our Listing, an active market for our Shares will develop, or if developed, that such market can be sustained. The IPO Price was determined after taking into consideration a number of factors, including but not limited to our financial and operating history, our competitive strengths, our future plans and strategies, as well as the industry overview as detailed in Sections 7 and 8 of this Prospectus. There is also no assurance as to the liquidity of any market that may develop for our Shares, the ability of holders to sell our Shares or the price at which holders would be able to sell our Shares.

There can be no assurance that the IPO Price will correspond to the price at which our shares will trade on Bursa Securities upon our Listing and that the market price of our Shares will not decline below the IPO Price.

9.3.2 The trading price and volume of our Shares following our Listing may be volatile

After our Listing, the trading price and volume of our Shares could be subject to fluctuations in response to various factors, some of which are not within our control and may be unrelated or disproportionate to our operating results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

In addition, the performance of Bursa Securities is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiments are also largely driven by internal factors such as economic and political conditions of the country as well as the growth potential of various sectors of the economy. These factors invariably contribute to the volatility of trading volume witnessed on Bursa Securities, thus adding risks to the market price of our Shares.

9. RISK FACTORS (CONT'D)

9.3.3 Our Promoters will be able to exert significant influence over our Company

Upon our Listing, our Promoters will hold 305,152,460 Shares, which represents 72% of our enlarged issued share capital upon Listing. As a result, our Promoters will be able to, in the foreseeable future, effectively control the business direction and management of our Group, including the election of Directors, the timing and payment of dividends as well as having majority voting control over our Company and as such, will likely influence the outcome of matters requiring the vote of our shareholders, unless they are required to abstain from voting either by law and/or by the relevant guidelines or regulations. There can be no assurance that the interests of our Promoters will be aligned with those of our other shareholders.

9.3.4 We may not be able to declare dividends to our shareholders

Our ability to pay dividends to our shareholders is dependent on, amongst others, our Group's future financial performance, cash flow positions, capital requirements, compliance with bank covenants as well as the implementation of our business plans. Our ability to pay dividends to our shareholders may be affected should these factors deteriorate and as such, there can be no assurance that we will be able to pay dividends to our shareholders. In addition, dividends are not guaranteed and our Board, at its discretion, may decide not to pay dividends at any time and for any reasons. If we do not pay our shareholders dividends, or if the dividends paid are lower compared to levels anticipated by our investors, the market price of our Shares may be negatively affected, reducing the value of any investment in our Shares.

9.3.5 Our listing may be delayed or aborted

Our Listing may be delayed or aborted should any of the following events occur:

- (i) we are unable to meet the public shareholding spread requirements under the Listing Requirements, where at least 25% of our total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders, with each holding not less than 100 Shares at the point of our Listing;
- (ii) our Underwriter exercising its rights under the Underwriting Agreement to discharge itself from its obligation therein; and
- (iii) revocation of approvals from relevant authorities for our Listing.

Should any of the events occur, investors will not receive any Shares, and all monies paid in respect of the Application will be returned in full without interest within fourteen (14) days, failing which the provisions of Section 243(2) of the CMSA will apply.

If our Listing is aborted and our Shares have been allotted to the investors, the return of monies to investors could only be achieved by way of cancellation of share capital as provided under Section 116 or Section 117 of the Act and its related rules. Such cancellation requires, among others, the sanction of our shareholders by special resolution in a general meeting and consent of our creditors (if required). There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

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10. RELATED PARTY TRANSACTIONS

10.1 RELATED PARTY TRANSACTIONS

10.1.1 Transaction that are material to our Group

Save for the Acquisition and the transactions as disclosed below, there is no other material related party transaction entered or to be entered into by our Group which involves the interest, direct or indirect, of our Directors, Substantial Shareholders and/or persons connected with them for the FY Under Review, FP 2024 and up to the LPD:

Transacting parties	Nature of relationship	of Nature of transaction	Transaction value					1 June 2024 and up to the LPD
			FY 2020 RM'000	FY 2021 RM'000	FY 2022 RM'000	FY 2023 RM'000	FP 2024 RM'000	
SDC and Panaltech Consulting Sdn Bhd (“Panaltech”)	Edison Kong and Eileen Liuk, who are our Directors, Promoters, Key Senior Management and Substantial Shareholders, were also directors and shareholders of Panaltech ⁽⁴⁾	Provision of energy audit services from Panaltech to SDC ⁽¹⁾ . This was a recurrent transaction and will not subsist after our Listing.	30 (*% of our Group's COS)	-	-	-	-	-
		Installation of LED lights from Panaltech to SDC ⁽²⁾ . This was a recurrent transaction and will not subsist after our Listing.	104 (1.33% of our Group's PPE)	-	-	-	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

Transacting parties	Nature of relationship	Nature of transaction	Transaction value					1 June 2024 and up to the LPD
			FY 2020	FY 2021	FY 2022	FY 2023	FP 2024	
			RM'000	RM'000	RM'000	RM'000		
		Provision of supply, delivery, installation, testing and commissioning of BMS from SDC to Panaltech ⁽³⁾	296 (2.01% of our Group's Revenue)	588 (3.34% of our Group's Revenue)	-	-	-	-
		This was a recurrent transaction and will not subsist after our Listing.						
SDC and SPE	Ed Kamil Bin Md Bashah and Khoirol Suhardi Bin Shaaban, who are our key senior management and directors and former shareholders of KED ⁽⁷⁾ , were also directors and shareholders of SPE ⁽⁸⁾	Provision of project technical support services from SPE to SDC ⁽⁵⁾ . This was a recurrent transaction and will not subsist after our Listing.	143 (1.65% of our Group's COS)	442 (5.18% of our Group's COS)	210 (2.63% of our Group's COS)	-	-	-
		Provision of general technical support services from SPE to SDC ⁽⁵⁾ . This was a recurrent transaction and will not subsist after our Listing.	100 (3.22% of our Group's Administrative Expenses)	200 (7.10% of our Group's Administrative Expenses)	150 (4.14% of our Group's Administrative Expenses)	-	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

Transacting parties	Nature of relationship	Nature of transaction	Transaction value					1 June 2024 and up to the LPD
			FY 2020	FY 2021	FY 2022	FY 2023	FP 2024	
			RM'000	RM'000	RM'000	RM'000		
KED and SPE	Ed Kamil Bin Md Bashah and Khoirol Suhardi Bin Shaaban, who are our key senior management and directors and former shareholders of KED ⁽⁷⁾ , were also directors and shareholders of SPE ⁽⁸⁾	Subcontract of installation works from SPE to KED ⁽⁶⁾ . This was a recurrent transaction and will not subsist after our Listing.	-	-	936 (11.74% of our Group's COS)	170 (2.21% of our Group's COS)	-	-
		Provision of general administrative support services from SPE to KED ⁽⁶⁾ . This was a recurrent transaction and will not subsist after our Listing.	-	-	145 (4.00% of our Group's Administrative Expenses)	29 (0.77% of our Group's Administrative Expenses)	-	-

Notes:

* *Negligible*

Panaltech:

- (1) *SDC engaged energy audit services from Panaltech. The energy audit services charged by Panaltech was not transacted on arms' length basis and was based on negotiated commercial terms, which was below the prevailing market price, which is not unfavourable to SDC.*
- (2) *SDC obtained the installation of LED lights from Panaltech. The supply and installation of LED lights was not transacted on arms' length basis and was based on negotiated commercial terms and was a one-off transaction.*
- (3) *On 4 October 2019, we received a purchase order from Panaltech for provision of supply, delivery, installation, testing and commissioning of BMS for a total contract value of RM2,747,000.00. Out of this amount, RM1,863,000 was incurred prior to the FY Under Review, whereas the remaining RM296,000 and RM588,000 were incurred in FY 2020 and FY 2021 respectively. The services by SDC was transacted on arms' length basis and was based on normal commercial terms, as the cost of services was charged based on the normal range of cost of services charged to other customers.*
- (4) *Edison Kong and Eileen Liuk resigned as directors and ceased to be shareholders of Panaltech on 30 December 2022.*

10. RELATED PARTY TRANSACTIONS (CONT'D)

SPE:

- (5) *SDC obtained project technical support services and general technical support services from SPE. The services were not transacted on arms' length basis. The services are charged based on prevailing market prices which is not unfavourable to SDC.*
- (6) *KED obtained installation works and general administrative support services from SPE. The services were not transacted on arms' length basis. The services are charged based on prevailing market prices which is not unfavourable to SDC.*
- (7) *Ed Kamil Bin Md Bashah and Khoirol Suhardi Bin Shaaban had ceased to be shareholders of KED on 30 December 2022. Ed Kamil Bin Md Bashah and Khoirol Suhardi Bin Shaaban remain as the directors of KED as at the LPD.*
- (8) *Ed Kamil Bin Md Bashah and Khoirol Suhardi Bin Shaaban resigned as directors and ceased to be shareholders of SPE on 21 July 2023.*

The Directors confirm that save for notes 1, 2, 5, and 6, the above material related party transactions were transacted on arms' length basis. All the prices for the material related party transactions were not unfavourable to our Company but comparable to those generally available to third parties.

There are no subsisting agreements with the related parties after our Listing.

Upon Listing, our Audit and Risk Management Committee will review the terms of any related party transactions and ensure that any related party transactions are carried out on an arm's length basis and on terms not more favourable to the related party than those generally available to the third parties and are not detrimental to our minority shareholders.

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10. RELATED PARTY TRANSACTIONS (CONT'D)**10.2 OTHER TRANSACTIONS****10.2.1 Related party transactions entered into that are unusual in nature or conditions**

Our Group has not entered into any transactions that is unusual in their nature or conditions, involving goods, services, tangible or intangible assets, with a related party for the FY Under Review, FP 2024 and up to the LPD.

10.2.2 Loans and/or financial assistance made to or for the benefit of related parties

Our Board has confirmed that there are no outstanding loans and/or financial assistance (including guarantees of any kind) made by us to or for the benefit of any related party for the FY Under Review, FP 2024 and up to the LPD.

10.2.3 Provision of guarantees by our Directors and Promoters for the banking facilities granted to our Group

Our Directors and Promoters, namely Edison Kong and Eileen Liuk, have jointly and severally provided personal guarantees for the banking facilities extended by CIMB Bank Berhad, CIMB Islamic Bank Berhad, Affin Bank Berhad, RHB Bank Berhad and Public Bank Berhad (“**Financiers**”) to SDC. The breakdown of the facilities secured by our Group as at the LPD is set out below:

Financiers	Guarantors	Amount utilised RM'000	Unutilised balance RM'000	Total amount of guarantee provided RM'000
CIMB Bank Berhad	<ul style="list-style-type: none"> • Edison Kong • Eileen Liuk 	544	1,666	2,210
CIMB Islamic Bank Berhad	<ul style="list-style-type: none"> • Edison Kong • Eileen Liuk 	272	2,664	(1)2,936
Affin Bank Berhad	<ul style="list-style-type: none"> • Edison Kong • Eileen Liuk 	1,000	-	(1)1,000
RHB Bank Berhad	<ul style="list-style-type: none"> • Edison Kong • Eileen Liuk 	39	1,461	1,500
Public Bank Berhad	<ul style="list-style-type: none"> • Edison Kong 	312	-	(1)312
	Total	2,167	5,791	7,958

Note:

(1) *The joint and several guarantees provided are open all monies guarantees for all monies which are owing and payable by our Group to the Financiers under the respective facilities.*

In conjunction with our Listing, we have applied to the Financiers to obtain a release and/or discharge of the guarantees provided by Edison Kong and/or Eileen Liuk by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the Financiers.

Until such release and/or discharge are obtained from the respective Financiers, the Directors and Promoters will continue to guarantee such banking facilities extended to our Group.

10. RELATED PARTY TRANSACTIONS (CONT'D)

As at the date of this Prospectus, we have received conditional approvals from CIMB Bank Berhad, CIMB Islamic Bank Berhad, Affin Bank Berhad, RHB Bank Berhad and Public Bank Berhad to discharge the relevant personal guarantees by substituting the same with corporate guarantees from our Company.

10.3 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS

Upon our Listing, our Audit and Risk Management Committee will review the terms of all related party transactions (including recurrent related party transactions) to ensure that they are negotiated and agreed upon in the best interest of our Company on an arm's length basis, are in the ordinary course of business, not more favourable to the related party than those generally available to the public, and are not to the detriment to the interest of our Company's minority shareholders. Any such review will be reported to our Board for its further deliberation. In the event that there are any proposed related party transactions that involve the direct or indirect interest of our Directors, our interested Directors shall disclose to our Board the nature and extent of their interest including all matters in relation to the proposed related party transactions that they are aware or should reasonably be aware of, which is not in our best interest. Our interested Directors shall also abstain from any of our Board's deliberation and voting on the relevant resolutions in respect of such proposed related party transactions.

Further, we will be required to seek our shareholders' approval each time we enter into material related party transactions in accordance with the Listing Requirements. However, if the related party transactions are deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions, subject to annual renewal and that our Directors will disclose in our Company's annual report the aggregate value of material recurrent related party transactions conducted pursuant to the mandate during the financial year, if any. The interested person shall abstain from voting on the relevant resolutions in respect of such proposed related party transactions at our general meetings. Pursuant to the Listing Requirements, related party transactions may be aggregated to determine their materiality if the related party transactions occurred within a 12-month period, are entered with the same party or with parties connected to one another or if the transactions involve the acquisition or disposal of securities or interests in one particular corporation/asset or of various parcels of land contiguous to each other.

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11. CONFLICT OF INTEREST

11.1 INTEREST IN ENTITIES CARRYING ON A SIMILAR TRADE AS OUR GROUP OR WHICH ARE OUR CUSTOMERS AND/OR SUPPLIERS

As at the LPD, none of our Directors and Substantial Shareholders has any interest, direct or indirect, in other businesses or corporations which:

- (i) carry on a similar trade as that of our Group; or
- (ii) are customers or suppliers of our Group.

In order to mitigate any possible conflict of interest situation, the Directors will declare to the Audit and Risk Management Committee and the Board their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside the Group.

The Audit and Risk Management Committee will first evaluate if such Director's involvement gives rise to an actual or potential conflict of interest with the Group's business after the disclosure provided by such Director. After a determination has been made on whether there is an actual or potential conflict of interest of a Director, the Audit and Risk Management Committee will then:

- (a) immediately inform the Board of the conflict of interest situation;
- (b) make recommendations to the Board to direct the conflicted Director to:
 - (i) withdraw from all his executive involvement in the Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an executive director); and
 - (ii) abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

In relation to (b) above, the conflicted Director and persons connected to him (if applicable) shall be absent from any Board discussion relating to the recommendation of the Nomination Committee and the conflicted Director and persons connected to him (if applicable) shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairperson of the Board, be present at the Board meeting for the purpose of answering any questions.

In circumstances where a Director is determined to have a significant, ongoing and irreconcilable conflict of interest with the Group, and where such conflict of interest significantly impedes the Director's ability to carry out his fiduciary responsibility to the Group, the Audit and Risk Management Committee may determine that a resignation of the conflicted Director from the Board is appropriate and necessary.

11.2 DECLARATIONS OF CONFLICT OF INTERESTS BY OUR ADVISERS

(i) Declaration by Mercury Securities

Mercury Securities has confirmed that there is no existing or potential conflict of interest in its capacity as our Principal Adviser, Sponsor, Underwriter and Placement Agent in relation to our IPO.

(ii) Declaration by Wong Beh & Toh

Wong Beh & Toh has confirmed that there is no existing or potential conflict of interest in its capacity as Due Diligence Solicitors to our Company in relation to our IPO.

11. CONFLICT OF INTEREST (CONT'D)

(iii) Declaration by Crowe Malaysia PLT

Crowe Malaysia PLT has confirmed that there is no existing or potential conflict of interest in its capacity as the Auditors and the Reporting Accountants to our Company in relation to our IPO.

(iv) Declaration by Vital Factor

Vital Factor has confirmed that there is no existing or potential conflict of interest in its capacity as the Independent Business and Market Research Consultants to our Company in relation to our IPO.

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12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

The audited combined financial statements for the FY Under Review and FP Under Review were prepared in accordance with the approved accounting standards in Malaysia - Malaysian Financial Reporting Standards (“**MFRS**”) and International Financial Reporting Standards (“**IFRS**”). The audited financial statements of the companies within our Group for the FY Under Review and FP 2024 were not subject to any audit qualification, modification and disclaimer. The selected financial information included in this Prospectus is not intended to predict our Group’s financial position, results or cash flows.

12.1.1 Historical Combined Statements of Profit or Loss

The table below sets out SDCG Group’s historical combined statements of profit or loss and other comprehensive income for the FY Under Review and FP Under Review.

	Audited				Unaudited	Audited
	FY 2020	FY 2021	FY 2022	FY 2023	FP 2023	FP 2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	14,709	17,594	18,648	26,622	6,811	8,948
Cost of sales	(8,678)	(8,535)	(7,970)	(12,270)	(3,440)	(4,064)
GP	6,031	9,059	10,678	14,352	3,371	4,884
Other income	23	360	41	25	6	27
Administrative expenses	(3,105)	(2,817)	(3,624)	(5,032)	(1,930)	(2,332)
Other expenses	(119)	(161)	(306)	(344)	(119)	(118)
Finance costs	(81)	(33)	(48)	(60)	(39)	(13)
Net impairment gain/(losses) on financial asset	12	(117)	(282)	(261)	(166)	70
PBT	2,761	6,291	6,459	8,680	1,123	2,518
Income tax expense	(777)	(2,066)	(1,275)	(2,335)	(339)	(707)
PAT	1,984	4,225	5,184	6,345	784	1,811
PAT attributable to:						
Owners of the Company	1,999	4,217	5,195	6,345	784	1,811
Non-controlling interests ⁽¹⁾	(15)	8	(11)	-	-	-
	1,984	4,225	5,184	6,345	784	1,811
GP margin (%) ⁽²⁾	41.00	51.49	57.26	53.91	49.49	54.58
PBT margin (%) ⁽³⁾	18.77	35.76	34.64	32.60	16.49	28.14
PAT margin (%) ⁽⁴⁾	13.49	24.01	27.80	23.83	11.51	20.24
EBIT ⁽⁵⁾	2,819	6,315	6,498	8,727	1,162	2,504
EBITDA ⁽⁵⁾	3,645	7,764	8,171	10,431	1,838	3,131
EPS						
• Basic and diluted ⁽⁶⁾ (sen)	0.47	0.99	1.23	1.50	0.44 ⁽⁷⁾	1.03 ⁽⁷⁾

12. FINANCIAL INFORMATION (CONT'D)

Notes:

- (1) For FY 2020 and FY 2021, the equity interest of 30% in KED were held by Ed Kamil Bin Md Bashah, Khoirol Suhardi Bin Shaaban and Mohd Hanafy Bin Rasimon, each of whom held 10% equity interest. They ceased to be the shareholders of KED on 30 December 2022 and KED became the wholly-owned subsidiary of SDC.
- (2) GP margin is computed based on GP over revenue.
- (3) PBT margin is computed based on PBT over revenue.
- (4) PAT margin is computed based on PAT over revenue.
- (5) EBIT and EBITDA are computed as follows:

	Audited				Unaudited	Audited
	FY 2020	FY 2021	FY 2022	FY 2023	FP 2023	FP 2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Profit for the financial year	1,984	4,225	5,184	6,345	784	1,811
Less:						
Interest income	(23)	(9)	(9)	(13)	-	(27)
Add:						
Finance costs	81	33	48	60	39	13
Tax expense	777	2,066	1,275	2,335	339	707
EBIT	2,819	6,315	6,498	8,727	1,162	2,504
Add:						
Depreciation and amortisation	826	1,449	1,673	1,704	676	627
EBITDA	3,645	7,764	8,171	10,431	1,838	3,131

- (6) Calculated based on PAT attributable to the owners of the Company divided by the enlarged issued share capital of 423,822,460 after the IPO.
- (7) Calculated based on annualised PAT attributable to the owners of the Company for the FP 2023 and FP 2024.

12.1.2 Historical Combined Statements of Financial Position

The table below sets out SDCG Group's historical combined statements of financial position for the FY Under Review and FP 2024.

	Audited				
	FY 2020	FY 2021	FY 2022	FY 2023	FP 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Assets					
Non-current assets					
Property, plant and equipment	7,846	7,979	6,616	4,972	4,400
Intangible assets	-	-	-	-	7
Total non-current assets	7,846	7,979	6,616	4,972	4,407
Current assets					
Inventories	1,277	1,243	2,011	3,240	3,059
Trade receivables	5,498	7,239	7,489	7,363	5,839
Other receivables, deposits, and prepayments	190	831	319	(1)1,893	(1)2,140
Current tax assets	822	141	30	61	377
Fixed deposits with licensed banks	515	524	533	550	550
Cash and bank balances	697	1,621	1,451	6,138	7,551
Total current assets	8,999	11,599	11,833	19,245	19,516

12. FINANCIAL INFORMATION (CONT'D)

	Audited				
	FY 2020	FY 2021	FY 2022	FY 2023	FP 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Total assets	16,845	19,578	18,449	24,217	23,923
Equity					
Share capital	-	-	-	*	*
Invested capital	1,000	1,000	1,000	1,000	1,000
Retained profits	13,096	15,312	14,258	18,603	20,414
Equity attributable to owners of the Company	14,096	16,312	15,258	19,603	21,414
Non-controlling interests	83	91	-	-	-
Total equity	14,179	16,403	15,258	19,603	21,414
Liabilities					
Non-current liabilities					
Hire purchase payables	-	241	185	123	97
Term loans	907	818	619	429	340
Deferred tax liabilities	183	330	-	-	-
Total non-current liabilities	1,090	1,389	804	552	437
Current liabilities					
Trade payables	914	1,190	1,451	2,614	945
Other payables and accruals	470	368	386	(2)1,173	(2)852
Hire purchase payables	-	54	59	62	63
Term loans	192	174	198	209	212
Bank overdrafts	*	*	1	*	-
Current tax liabilities	-	-	292	4	-
Total current liabilities	1,576	1,786	2,387	4,062	2,072
Total liabilities	2,666	3,175	3,191	4,614	2,509
Total equity and liabilities	16,845	19,578	18,449	24,217	23,923
Net assets	14,179	16,403	15,258	19,603	21,414

(*) Less than RM500

Notes:

- (1) For FY 2023 and FP 2024, the higher other receivables, deposits, and prepayments of RM1.89 million and RM2.14 million respectively were mainly due to prepayments for IPO listing expenses.
- (2) The higher other payables and accruals of RM1.17 million for FY 2023 was mainly due to accruals in relation to the provision for potential EOYA claims from our energy performance services contracts, and accrued subcontracted and material costs for a project completed in FY 2023 which was subsequently paid in FP 2024. The higher other payables and accruals of RM0.85 million for FP 2024 mainly comprised accruals in relation to provision for potential EOYA claims from our energy performance services contracts.

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12. FINANCIAL INFORMATION (CONT'D)

12.1.3 Historical Combined Statements of Cash Flows

The table below sets out SDCG Group's historical combined statements of cash flows for the FY Under Review and FP 2024.

	Audited				
	FY 2020	FY 2021	FY 2022	FY 2023	FP 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
PBT	2,761	6,291	6,459	8,680	2,518
Adjustments for:					
Bad debt written off	5	-	-	72	-
Depreciation of property, plant and equipment	826	1,449	1,673	1,704	627
Amortisation of intangible assets	-	-	-	-	*
Impairment loss on trade receivables	297	117	282	261	-
Interest expenses	81	33	48	60	13
Reversal of impairment losses on trade receivables	(309)	-	-	-	(70)
Gain on disposal of property, plant and equipment	-	(30)	(32)	-	-
Unrealised loss/(gain) on foreign exchange	6	(1)	*	*	*
Property, plant and equipment written off	-	-	-	*	-
Interest income	(23)	(9)	(9)	(13)	(27)
Operating profit before working capital changes	3,644	7,850	8,421	10,764	3,061
Changes in working capital:					
Decrease/(Increase) in inventories	411	34	(767)	(1,230)	181
Decrease/(Increase) in trade and other receivables	2,514	(2,499)	(20)	(1,781)	1,346
(Decrease)/Increase in trade and other payables	(228)	174	249	1,951	(1,990)
Cash from operations	6,341	5,559	7,883	9,704	2,598
Tax paid	(1,467)	(1,368)	(1,202)	(2,680)	(1,274)
Tax refunded	-	130	-	26	248
Net cash from operating activities	4,874	4,321	6,681	7,050	1,572

12. FINANCIAL INFORMATION (CONT'D)

	Audited				
	FY 2020	FY 2021	FY 2022	FY 2023	FP 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows for investing activities					
Interest received	8	-	-	-	27
Acquisition of intangible asset	-	-	-	-	(7)
Additions of fixed deposit with tenure more than 3 months	-	-	-	(4)	-
Proceeds from disposal of property, plant and equipment	-	30	32	-	-
Withdrawal of fixed deposits with licensed banks	593	-	-	-	-
Purchase of property, plant and equipment	(2,846)	(1,270)	(310)	(60)	(55)
Net cash used for investing activities	(2,245)	(1,240)	(278)	(64)	(35)
Cash flows for financing activities					
Proceeds from issuance of ordinary shares	-	-	-	*	-
Drawdown of term loans	2,299	-	-	-	-
Dividend paid	-	(2,000)	(6,300)	(2,000)	-
Net repayment of banker's acceptance	(590)	-	-	-	-
Repayment of term loans	(3,276)	(107)	(174)	(180)	(86)
Repayment of hire purchase payables	-	(17)	(51)	(59)	(25)
Interest paid	(81)	(33)	(48)	(60)	(13)
Net cash used for financing activities	(1,648)	(2,157)	(6,573)	(2,299)	(124)
Net increase/(decrease) in cash and cash equivalents	981	924	(170)	4,687	1,413
Effects of foreign exchange rate changes	-	-	*	*	*
Cash and cash equivalents at beginning of financial years	(284)	697	1,621	1,451	6,138
Cash and cash equivalents at end of the financial years	697	1,621	1,451	6,138	7,551

(*) Less than RM500

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12. FINANCIAL INFORMATION (CONT'D)

12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read together with the Accountants' Report and related notes as set out in Section 14 of this Prospectus.

12.2.1 Overview of our business operations

We are principally involved in the provision and maintenance of BMS and solar thermal systems, and energy saving services. Our BMS are focused on systems integration of building facilities to provide automation, energy savings services as well as centralising the management of the building facilities such as centralised air conditioning, lighting, elevator and escalator, electrical and communications, process utilities and security and access. Our solar thermal systems are focused on solar thermal hot water system mainly for heavy users of hot water such as hospitals, and in some cases, it includes retrofitting fluorescent lighting to use LED lights as a means to reduce electricity consumption. We also provide maintenance services for other systems and equipment.

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

12.2.2 Overview of our financial results

For the FY Under Review and FP Under Review, our revenue was mainly derived from the two segments as follows:

(i) BMS

<u>Type of services</u>	<u>Revenue recognition</u>
System integration	Revenue from systems integration of BMS is recognised over time in the period in which the services are rendered using output method by reference to the construction progress based on the physical proportion of the supply and installation work certified by professional consultants or our customers.
Maintenance of BMS	Revenue from maintenance of BMS is recognised over time in the period in which the services rendered.

(ii) Solar thermal systems and energy saving services

<u>Type of services</u>	<u>Revenue recognition</u>
Energy performance services	Revenue from energy performance services is recognised over time as the customer simultaneously receives and consumes the benefits provided by the facilities installed by the Group as stipulated in the contracts.
Installation of solar thermal hot water and solar PV systems	Revenue from installation of solar thermal hot water and solar PV systems is recognised over time in the period in which the services are rendered using output method by reference to the construction progress based on the physical proportion of the supply and installation work approved by our customers.
Maintenance of solar thermal hot water and cooling systems	Revenue from maintenance of solar thermal hot water and cooling systems is recognised over time in the period in which the services rendered.

12. FINANCIAL INFORMATION (CONT'D)

Between FY 2020 and FY 2023, our revenue increased at a CAGR of 21.87% from RM14.71 million in FY 2020 to RM26.62 million in FY 2023. In FP 2024, revenue from BMS segment increased by RM1.48 million or 35.08% from RM4.23 million in FP 2023 to RM5.71 million in FP 2024. For FY 2023 and FP 2024, revenue from the BMS segment accounted for 75.53% (RM20.11 million) and 63.78% (RM5.71 million) of our total revenue respectively, and this was mainly from systems integration of BMS. Meanwhile, revenue from solar thermal systems and energy saving services segment represented RM5.74 million or 21.54% of our total revenue for FY 2023 and RM2.14 million or 23.88% of our total revenue for FP 2024, which was mainly contributed by energy performance services.

Our maintenance of other systems and equipment mainly gas fired chillers accounted for RM0.78 million or 2.93% of our total revenue for FY 2023 and RM1.10 million or 12.34% of our total revenue for FP 2024.

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