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## **7. BUSINESS OVERVIEW**

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### **7.1 OUR HISTORY**

Our Company was incorporated in Malaysia under the Act on 21 July 2022 as a private limited company under the name of UUE Holdings Sdn Bhd. On 21 August 2023, our Company was converted into a public limited company and adopted our present name.

Our Company is principally an investment holding company. Through our subsidiaries, we are principally involved in the provision of underground utilities engineering solutions where we specialise in the HDD method of laying pipes, and also employ the open cut and micro trenching excavation methods. Our Group is also involved in the manufacturing and trading of HDPE pipes.

#### **Kum Fatt**

The history of our Group can be traced back to the incorporation of Kum Fatt, then under the name of Kum Fatt Construction Sdn Bhd, in Malaysia on 6 February 2009 by the late Dato' Ting Ah Kong and Chen Koi Yen as the shareholders and directors, each of whom held 1 subscriber's share. The late Dato' Ting Ah Kong incorporated Kum Fatt with the intention to pursue the provision of HDD works for underground utilities.

Prior to the founding of Kum Fatt, the late Dato' Ting Ah Kong was initially a shareholder in Komasi Engineering (previously known as Komasi Enterprise Sdn Bhd) which was a general contractor and transportation agent, prior to divesting his entire equity interest in 1997. Between 1997 and 2009, he was involved in several entrepreneurial endeavours in general construction and the laying of underground utilities.

Upon its incorporation, Kum Fatt was involved in general construction as well as laying of underground utilities for private development projects for various main contractors, including Komasi Engineering. Kum Fatt was then operating from a rented shop office located in Taman Mayang Jaya, Petaling Jaya, Selangor.

In 2009, the late Dato' Ting Ah Kong invited his son, Datuk Dr Ting, to join Kum Fatt as a Project Manager, by leveraging on his experience to build the business of Kum Fatt. Datuk Dr Ting was previously an employee of Komasi Engineering from 1999 to 2009, where his career progressed from the position of Project Engineer to Senior Project Manager over the years. During his tenure at Komasi Engineering, he learned the project management and technical aspects of underground utilities engineering works.

During the same year, Kum Fatt was registered as a Grade G6 contractor under CIDB for the categories of Building (B), Civil Engineering (CE) and Mechanical and Electrical Engineering (ME), thereby allowing it to tender for projects with contract value of up to RM10.0 million throughout Malaysia.

In 2009, Kum Fatt secured its first contract from Komasi Engineering via Perkasa Selatan Sdn Bhd with a contract value of RM0.2 million. For clarity, Perkasa Selatan Sdn Bhd was engaged by Komasi Engineering to undertake underground HDPE piping installation using the HDD method for the Seremban-Gemas Electrified Double Track Project. Perkasa Selatan Sdn Bhd had subsequently appointed Kum Fatt as a subcontractor to undertake this project. During the year, Kum Fatt was also awarded projects to undertake HDD works for the power utilities sector and telecommunications sector.

On 10 April 2009, the late Dato' Ting Ah Kong increased his shareholdings in Kum Fatt to 80.0% while Chen Koi Yen held the remaining 20.0%. On 7 July 2009, Ting Meng Pheng (sister of Datuk Dr Ting) and Lim Kim Ku @ Lim Ah Siang (not a related party) were allotted shares in Kum Fatt, resulting in the late Dato' Ting Ah Kong, Chen Koi Yen, Ting Meng Pheng and Lim Kim Ku @ Lim Ah Siang having equity interests of 40.0%, 20.0%, 20.0% and 20.0% respectively.

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

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On 24 July 2009, Lim Kim Ku @ Lim Ah Siang ceased to be a shareholder and transferred his entire equity interest to Azman Bin Atan (not a related party). On 18 January 2010, Chen Koi Yen acquired the entire equity interest (20.0%) of Azman Bin Atan, resulting in the late Dato' Ting Ah Kong, Chen Koi Yen and Ting Meng Pheng having equity interests of 40.0%, 40.0% and 20.0% respectively.

Subsequently in 2010, the late Dato' Ting Ah Kong increased his shareholding to 80.0% upon acquisition of 30.0% equity interest from Chen Koi Yen for a consideration of RM150,000 and 10.0% equity interest from Ting Meng Pheng for a consideration of RM50,000.

In 2011, Kum Fatt secured a contract from Sutera Utama to undertake the laying of microducts from Cyberjaya to Bulatan Kampung Pandan, Kuala Lumpur via MEX highway using the HDD method with a contract value of RM0.3 million.

In 2012, the late Dato' Ting Ah Kong disposed his entire 80.0% equity interest in Kum Fatt to his son, Datuk Dr Ting, for a consideration of RM0.4 million. Datuk Dr Ting was subsequently appointed as a director of Kum Fatt, and took over the leadership and daily management of Kum Fatt from the late Dato' Ting Ah Kong.

In 2013, Kum Fatt secured a contract from Komasi Engineering for the supply and provision of engineering services for the laying of optical fibre infrastructure from Menara Ansar to Danga Bay, Johor Bahru, Johor using the HDD method in relation to Johor's fibre rollout for a contract value of RM0.07 million. This project marked our entry into underground utilities engineering projects in the state of Johor. During the year, Chen Koi Yen disposed her entire equity interest in Kum Fatt to Ting Meng Pheng for a consideration of RM50,000, resulting in Ting Meng Pheng holding 20.0% equity interest in Kum Fatt.

In 2014, Kum Fatt relocated from Selangor to Johor to capitalise on business opportunities for HDD engineering solutions in Iskandar Malaysia. We established our new headquarters in a rented shop office at 71A, Jalan Teratai 7, Taman Johor Jaya, 81100 Johor Bahru, Johor.

In 2015, Kum Fatt was engaged by Global Forway Sdn Bhd for the laying of pipes from telecommunications exchange to various distribution points for a mobile network service provider at multiple sites in Peninsular Malaysia spanning from 2015 to 2019 with total project value of RM34.3 million. This marked our first project for mobile network service providers in the telecommunications sector. In 2015, Kum Fatt was registered with the MOF, thereby allowing it to supply materials and services to agencies under the Government.

In 2016, Kum Fatt obtained the Sijil Perolehan Kerja Kerajaan as a Grade G6 contractor from CIDB for the categories of Building (B), Civil Engineering (CE) and Mechanical and Electrical Engineering (ME), enabling its participation in Government projects with contract value not exceeding RM10.0 million. During the year, Hin Wai Mun became a shareholder of Kum Fatt upon acquisition of 15.0% equity interest from Datuk Dr Ting for a consideration of RM75,000, and was concurrently appointed as a director.

In 2017, Kum Fatt expanded its business and rented an additional office space at 73A, Jalan Teratai 7, Taman Johor Jaya, 81100 Johor Bahru, Johor.

In 2019, Kum Fatt was awarded a contract from Komasi Engineering to undertake 33kV cable laying and jointing works for the electricity supply distribution network in the Johor zone with an initial contract value of RM9.0 million, that was subsequently extended and renewed for an additional RM45.0 million in contract value. This marked our first major project whereby the project owner is TNB. During the year, Kum Fatt relocated to a new office in a rented shop office located at 77, Jalan Teratai 7, Taman Johor Jaya, 81100 Johor Bahru, Johor.

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

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On 23 September 2020, Kum Fatt assumed its present name, Kum Fatt Engineering Sdn Bhd. Further in 2020, Kum Fatt's CIDB and Sijil Perolehan Kerja Kerajaan registrations were upgraded to Grade G7 for the categories of Building (B), Civil Engineering (CE) and Mechanical and Electrical Engineering (ME). With this, Kum Fatt is allowed to tender throughout Malaysia for Building (B), Civil Engineering (CE) and Mechanical and Electrical Engineering (ME) projects with unlimited contract value under CIDB, as well as Electrical projects exceeding RM0.2 million and Building/General/Mechanical and Facility projects exceeding RM10.0 million under Sijil Perolehan Kerja Kerajaan.

In 2020, Kum Fatt relocated to its current business premises to a rented shop office at 55, Jalan Teratai 7, Taman Johor Jaya, 81100 Johor Bahru, Johor and subsequently expanded to include a rented shop office at 57, Jalan Teratai 7, Taman Johor Jaya, 81100 Johor Bahru, Johor, with approximate total built-up area of 5,681.8 sq ft, in line with the expansion of its business.

Over the years, we have built long and mutually beneficial business relationships with Komasi Engineering and Sutera Utama wherein Kum Fatt has been engaged as a subcontractor for the provision of underground utilities engineering solutions for projects in the electricity supply and telecommunications sector. Building upon this historical business relationships, Kum Fatt was appointed as the exclusive engineering service provider of Komasi Engineering and Sutera Utama respectively in 2021. Pursuant to these appointments, Kum Fatt will be the sole and exclusive provider of HDD solutions for projects awarded to Komasi Engineering and Sutera Utama that require HDD engineering works, other than those contracts that require the participation of Bumiputera only.

In 2022, Kum Fatt was certified compliant to ISO 9001:2015 and ISO 45001:2018 by Global Compliance Certification Pty Ltd for the scope of provision of HDD services to construction, pipeline and utility respectively. Kum Fatt was also registered as a contractor with Maxis Berhad, and secured its first contract as the main contractor of Maxis Broadband Sdn Bhd (being a wholly-owned subsidiary of Maxis Berhad) to undertake the supply, delivery, installation, commissioning and maintenance of equipment and outside plant for a period of 2 years.

In 2023, Kum Fatt was registered with TNB, thereby allowing it to supply materials and services to TNB projects. As at LPD, Kum Fatt has yet to tender and secure any contracts directly awarded from TNB. For clarity, our Group had decided to obtain this TNB registration as it provides assurance to our customers, who are primarily main contractors appointed by TNB, that we are able to supply materials and services that meet the requirements of TNB. Our Group will continually explore market opportunities that will position us favourably to undertake projects of varying scale and complexity, and expand our customer base. This does not preclude our Group from tendering directly with TNB in the future, should the opportunity arise.

**Konnection**

Konnection was incorporated in Singapore as Komasi Construction Pte Ltd by Datuk Dr Ting on 16 January 2009, while he was still at employment with Komasi Engineering. Recognising the industry reputation and track record of the "Komasi" name as well as Datuk Dr Ting's previous experience in Komasi Engineering, he sought consent from Komasi Engineering to use the "Komasi" name with the intention to pursue opportunities in telecommunications and power line construction in Singapore. Datuk Dr Ting was then involved in managing the daily operations of Konnection, primarily focusing on business development activities to secure new projects.

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

In 2009, Konnection was registered as a Grade C3 Construction Workhead (CW) for the General Building (CW01) category in the Contractor Registration System administered by the BCA, thereby allowing it to tender for public sector construction projects throughout Singapore with tendering limit of SGD0.8 million. Following this, Konnection secured its first contract to undertake the installation of HDPE pipes for power utilities infrastructure using the HDD method from Wee Guan Construction Pte Ltd in 2009 with contract value of SGD0.02 million.

In 2012, Konnection's BCA's Contractor Registration System registration was upgraded to a Single Grade Construction-related Workhead (CR) for the Minor Construction Works (CR01) category, thereby allowing it to tender for minor building and civil engineering works that are not governed by Singapore's Building Control Act.

In 2015, Konnection was certified compliant with the Workplace Health and (Risk Management) Regulations and attained a bizSAFE Level 3 Certification from Singapore's Workplace Safety and Health Council.

Subsequently in 2017, Konnection further secured a contract from Wee Guan Construction Pte Ltd to undertake the installation of HDPE pipes for power utilities infrastructure using the HDD method with contract value of SGD0.6 million.

In 2020, Konnection relocated to a rented office located at 37 Kranji Link, Singapore 728643 to support the expansion of its business. During the year, Konnection's BCA's Contractor Registration System registration was upgraded to a Grade L1 Construction-related Workhead (CR) for the Cable/Pipe Laying and Road Reinstatement (CR07) category, thereby allowing it to tender for the installation of underground cables/pipes and the subsequent reinstatement of roads and other surfaces including detection of underground services throughout Singapore.

Building upon our track record undertaking the installation of HDPE pipes for power utilities infrastructure in Singapore, our Group embarked on a rebranding exercise in 2021 which saw Konnection assuming its present name of Konnection Engineering Pte Ltd on 16 April 2021. The rebranding exercise was part of our strategy to create a distinct profile for Konnection as a HDD specialist with our existing and prospective customers in Singapore. Further, Konnection secured another major project from Wee Guan Construction Pte Ltd to undertake the installation of HDPE pipes using the HDD method for the supply and installation of 66kV power cables, auxiliary cables and accessories at multiple locations across Singapore with a contract value of SGD4.1 million.

During the year, Konnection relocated to its current business premise, a rented commercial property located at 8B Admiralty Street #07-07 Singapore 757440.

On 17 November 2021, Chong Tuoo Choi became a shareholder of Konnection, resulting in Datuk Dr Ting and Chong Tuoo Choi holding equity interests of 75.0% and 25.0% respectively. On 22 December 2021, Chong Tuoo Choi was appointed as a director of Konnection.

**PPI**

PPI was incorporated as Geo Inspire Sdn Bhd in Malaysia on 30 March 2017 by Datuk Dr Ting and New Say Ann (a subscriber shareholder) as the shareholders and directors, each of whom held 1 subscriber's share. At this point in time, PPI was dormant.

In January 2018, Datin Chu Ai Lee, being the spouse of Datuk Dr Ting, was appointed as a director of PPI. Subsequently in February 2018, New Say Ann disposed his equity interest in PPI for a consideration of RM1.00 to Datin Chu Ai Lee. On 8 November 2018, PPI adopted its present name of Premier Plastic Industry Sdn Bhd. On 19 November 2018, Datin Chu Ai Lee ceased to be a director of PPI.

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

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On 19 November 2018, Ting Teong Kong (the uncle of Datuk Dr Ting and our then Factory Manager) and Ang Ghee Siong (our current Marketing Executive) were appointed as directors of PPI. Subsequently on 23 November 2018, Bestari Selatan, an investment holding company held by Datuk Dr Ting and Hin Wai Mun subscribed for new shares in PPI for a total consideration of RM58. On the same day, Ting Teong Kong and Ang Ghee Siong became shareholders via subscription of new shares in PPI. On 14 December 2018, Datuk Dr Ting and Datin Chu Ai Lee subsequently disposed their equity interests, being 1.0% each, in PPI to Bestari Selatan, resulting in Bestari Selatan, Ting Teong Kong and Ang Ghee Siong holding equity interests of 60.0%, 30.0% and 10.0% in PPI respectively.

In 2019, PPI commenced the HDPE pipe manufacturing operations from a factory rented from Kum Fatt located at PTD 204684, Batu 13 1/2, Jalan Sungai Tiram, 81800 Ulu Tiram, Johor where it installed its first pipe extrusion line ("**Line 1**") that has an average operating capacity of approximately 325kg per hour.

In 2019, PPI began supplying HDPE pipes for underground utilities projects undertaken by Kum Fatt. During the same year, PPI was registered with TNB, thereby allowing it to supply materials and services to TNB projects. As at LPD, PPI has yet to secure any contracts directly awarded from TNB. For clarity, our Group had decided to obtain this TNB registration as it provides assurance to our customers, who are primarily main contractors appointed by TNB, that we are able to supply services and building materials that meet the requirements of TNB. PPI is able to directly tender to TNB for contracts to supply materials and services to TNB projects. However, HDPE pipes are typically purchased by contractors carrying out underground utilities engineering projects for TNB. Thus, PPI will explore opportunities to market its HDPE pipes to other contractors that are carrying out underground utilities engineering projects for TNB. Ang Ghee Siong disposed his equity interest in PPI to Datuk Dr Ting for a consideration of RM0.1 million and ceased to be a director in 2019. This resulted in Bestari Selatan, Ting Teong Kong and Datuk Dr Ting holding equity interests of 60.0%, 30.0% and 10.0% in PPI respectively.

In 2021, PPI was granted the licence to use the SIRIM certification mark on its HDPE pipes upon being certified compliant to MS 1058: Part 2:2005 and ISO 4427-2:2007+A1:2014 by SIRIM QAS International Sdn Bhd, indicating that PPI's HDPE pipes can be used as water supply pipes. To expand its operating capacity and accommodate for increasing demand for its HDPE pipes, PPI installed a second HDPE pipe extrusion line ("**Line 2**") in the same factory with an average operating capacity of approximately 600kg per hour. PPI subsequently utilised Line 2 as its primary production line, with Line 1 being the reserve production line to provide additional operating capacity to fulfil larger orders.

On 18 January 2021, Ting Teong Kong resigned as a director of PPI and Hin Wai Mun was concurrently appointed as a director. Subsequently on 17 February 2021, Ting Teong Kong disposed his equity interest in PPI to Datuk Dr Ting for a consideration of RM0.82 million. This resulted in Bestari Selatan and Datuk Dr Ting holding equity interests of 60.0% and 40.0% in PPI respectively. On 7 September 2021, Datuk Dr Ting further increased his shareholding to 70.0% upon acquisition of 30.0% equity interest from Bestari Selatan for a consideration of RM0.3 million. At that point in time, Hin Wai Mun became a shareholder of PPI upon acquisition of the entire 30.0% equity interest held by Bestari Selatan for a consideration of RM0.3 million.

In 2023, PPI was certified compliant to the SIRIM 52:2022 standards in relation to PE smooth wall pipes for electrical cable installation by SIRIM QAS International Sdn Bhd.

## 7. BUSINESS OVERVIEW *(Cont'd)*

### 7.2 KEY ACHIEVEMENTS AND MILESTONES

The key corporate and business development milestones of our Group are as follows:

| <b>Year</b> | <b>Key milestones</b>  |
|-------------|--|
| 2009        | <ul style="list-style-type: none"> <li>• Incorporation of Kum Fatt and Konnection</li> <li>• Kum Fatt registered as a Grade G6 contractor under CIDB for the categories of Building (B), Civil Engineering (CE) and Mechanical and Electrical Engineering (ME)</li> <li>• Kum Fatt secured its first contract from Komasi Engineering via Perkasa Selatan Sdn Bhd to undertake underground HDPE piping installation using the HDD method for the Seremban-Gemas Electrified Double Track Project</li> <li>• Konnection was registered as a Grade C3 Construction Workhead (CW) for the General Building (CW01) category in the Contractor Registration System administered by the BCA, thereby allowing it to tender for public sector construction projects throughout Singapore</li> <li>• Konnection secured its first contract to undertake the installation of HDPE pipes for power utilities infrastructure using the HDD method from Wee Guan Construction Pte Ltd</li> </ul> |
| 2011        | <ul style="list-style-type: none"> <li>• Kum Fatt secured a contract from Sutera Utama Sdn Bhd to undertake the laying of microducts from Cyberjaya to Bulatan Kampung Pandan, Kuala Lumpur via MEX highway using the HDD method</li> </ul>  |
| 2012        | <ul style="list-style-type: none"> <li>• Konnection's BCA's Contractor Registration System registration was upgraded to a Single Grade Construction-related Workhead (CR) for the Minor Construction Works (CR01) category, thereby allowing it to tender for minor building and civil engineering works that are not governed by Singapore's Building Control Act</li> </ul>  |
| 2013        | <ul style="list-style-type: none"> <li>• Kum Fatt secured a contract from Komasi Engineering for the supply and provision of engineering services for the laying of optical fibre infrastructure from Menara Ansar to Danga Bay, Johor Bahru, Johor</li> </ul>   |
| 2015        | <ul style="list-style-type: none"> <li>• Kum Fatt was engaged by Global Forway Sdn Bhd for the laying of pipes from telecommunications exchange to various distribution points for a mobile network service provider at multiple sites in Peninsular Malaysia</li> <li>• Kum Fatt was registered with MOF, thereby allowing it to supply materials and services to agencies under the Government</li> <li>• Konnection was certified compliant with the Workplace Health and Safety (Risk Management) Regulations and attained a bizSAFE Level 3 Certification</li> </ul>  |
| 2016        | <ul style="list-style-type: none"> <li>• Kum Fatt obtained Sijil Perolehan Kerja Kerajaan as a Grade 6 contractor for the categories of Building (B), Civil Engineering (CE) and Mechanical and Electrical Engineering (ME)</li> </ul>   |
| 2017        | <ul style="list-style-type: none"> <li>• Konnection secured a contract from Wee Guan Construction Pte Ltd to undertake the installation of HDPE pipes for power utilities infrastructure</li> <li>• Incorporation of PPI</li> </ul>  |
| 2019        | <ul style="list-style-type: none"> <li>• Kum Fatt was awarded a contract from Komasi Engineering to undertake 33kV cable laying and jointing works for the distribution network in the Johor zone</li> <li>• PPI commenced the HDPE pipe manufacturing operations and began supplying HDPE pipes</li> </ul>  |
| 2020        | <ul style="list-style-type: none"> <li>• Kum Fatt's CIDB and Sijil Perolehan Kerja Kerajaan registrations were upgraded to Grade G7 for the categories of Building (B), Civil Engineering (CE) and Mechanical and Electrical Engineering (ME)</li> </ul>   |
| 2021        | <ul style="list-style-type: none"> <li>• PPI was granted the licence to use the SIRIM certification mark on its HDPE pipes upon being certified compliant to MS 1058: Part 2:2005 and ISO 4427-2:2007+A1:2014 by SIRIM QAS International Sdn Bhd</li> </ul>  |
| 2022        | <ul style="list-style-type: none"> <li>• Kum Fatt was certified compliant to ISO 9001:2015 and ISO 45001:2018 by Global Compliance Certification Pty Ltd</li> </ul>  |

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

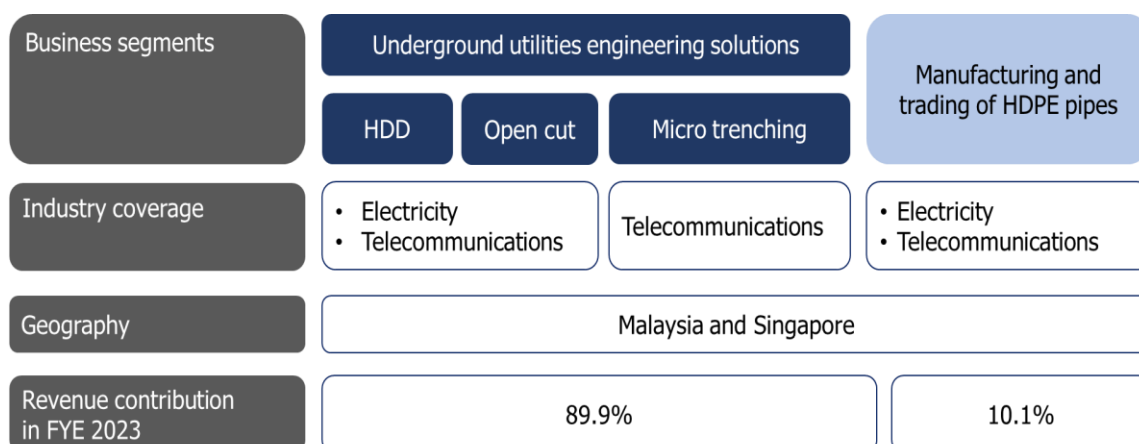
| <b>Year</b> | <b>Key milestones</b>   |
|-------------|---|
| 2023        | <ul style="list-style-type: none"> <li>• Kum Fatt was registered with TNB, thereby allowing it to supply materials and services to TNB projects</li> <li>• PPI was certified compliant to the SIRIM 52:2022 standards in relation to PE smooth wall pipes for electrical cable installation by SIRIM QAS International Sdn Bhd</li> </ul> |

**7.3 DESCRIPTION OF OUR BUSINESS**

Our Group is principally involved in the provision of underground utilities engineering solutions where we specialise in the HDD method of laying pipes, and also employ the open cut and micro trenching excavation methods. We also manufacture and trade HDPE pipes, primarily to support our underground utilities engineering projects in Malaysia and Singapore.

We serve the electricity and telecommunications end user markets in Malaysia and Singapore.

Our Group’s business model is as follows:



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

**7.3.1 Provision of underground utilities engineering solutions**

We participate in underground utilities engineering projects either as a main contractor or a subcontractor, where our roles and responsibilities differ according to the terms in the contracts, and are generalised in the table below:

| <b>Role</b>     | <b>Engaged by</b> | <b>Responsibilities</b>  |
|-----------------|-------------------|--|
| Subcontractor   | Main contractor   | <p>We are responsible for specific sections of the project as per our scope of works that is stipulated in the contract.</p> <p>For the specific sections that we undertake, we focus on our core competencies in project planning and implementing our project delivery works, including developing a master work plan and carrying out underground utilities survey works prior to the commencement of underground utilities engineering projects as well as HDD technical works with the necessary machinery, materials and general labour.</p> <p>We engage subcontractors on a project basis to undertake the labour-intensive physical underground utilities engineering works such as open cut trenching works, micro trenching works, physical HDD works, cable laying works, cable termination and jointing, milling and paving, electrical works and structural works, traffic management as well as site preparation, maintenance and cleaning. In such cases, we are responsible for the quality and timeliness of materials procured and works performed by our subcontractors.</p>   |
| Main contractor | Project owner     | <p>We plan and manage the overall project based on the master work plan that we develop. We will be responsible for carrying out underground utilities survey works, appointing suppliers and subcontractors, coordinating with and monitoring the work progress of suppliers and subcontractors, liaising with the relevant regulatory authorities for permit approvals, supervising daily on-site activities as well as planning and managing resources such as site workers, procurement of materials, machinery and equipment.</p> <p>We typically engage subcontractors on a project basis to undertake the physical underground utilities engineering works encompassing physical open cut trenching works, micro trenching works, physical HDD works, cable laying works, cable termination and jointing, milling and paving, electrical works and structural works, traffic management as well as site preparation, maintenance and cleaning.</p> <p>For clarity, we are appointed as a main contractor in underground utilities engineering projects awarded to us by property developers and telecommunications sector projects by network facilities providers.</p> |



## 7. BUSINESS OVERVIEW (Cont'd)

Regardless of the roles that we assume in an underground utilities engineering project, we engage subcontractors on a project basis to carry out selected portions of our works as this allows us to increase our project delivery capabilities and capacity. We engage other subcontractors on a project basis to undertake the physical underground utilities engineering works encompassing physical open cut trenching works, micro trenching works, physical HDD works, cable laying works, cable termination and jointing, milling and paving, electrical works and structural works, traffic management as well as site preparation, maintenance and cleaning. In such cases, we are responsible for the quality and timeliness of materials procured and works performed by our subcontractors.

We typically undertake the following form of contracts:

- (a) single work orders with specific scope of works within a specific time period; or
- (b) multiple work orders for a specific geographical location and/or specific scope of works over a period of time under a specified fixed contract.

During FYE 2021 to 2023, our major customers comprised main contractors appointed by utility companies in the electricity supply industry and telecommunications sector in Malaysia and Singapore. These main contractors are mainly involved in:

- (a) electricity supply projects that require our underground utility engineering solutions to enable the transmission and distribution of electricity to specific locations and/ or premises; or
- (b) telecommunication projects that require our underground utility engineering solutions to enable the connectivity of fixed and/ or mobile telecommunication services to specific locations and/ or premises.

We are typically engaged as a subcontractor for the projects in which we have been contracted, and are responsible for providing our project management, utility detection and mapping as well as HDD technical expertise with the necessary machinery, materials and general labour. We engage subcontractors on a project basis to undertake the physical underground utilities engineering works encompassing physical open cut trenching works, micro trenching works, physical HDD works, cable laying works, cable termination and jointing, milling and paving, electrical works and structural works, traffic management as well as site preparation, maintenance and cleaning. In such cases, we are responsible for the quality and timeliness of materials procured and works performed by our subcontractors.

### **HDD method**

We specialise in the HDD method, primarily for the laying of HDPE pipes, for the electricity supply industry and telecommunications sector. We also manufacture and supply the HDPE pipes used in the projects that we undertake. Under the HDD method, we undertake the tracing, mapping, procurement, supply, installation, testing, commissioning, inspection, repair and maintenance of:

- power cables, auxiliary cables and accessories for the transmission and distribution of electricity; and
- telecommunication and fibre optic network for fixed line and mobile network services.

HDD is a type of trenchless excavation method used to install pipelines underground ranging from depths of 3m to 20m with minimal surface level disruptions and surface restoration costs. The HDD method produces tunnels ranging in size from 10mm to 1,000mm using high-pressure fluid jets for cutting, which are sometimes augmented with cutting blades to help penetrate the more consolidated sediments and allow operation in chalk, shale and occasional encounters with rubble and gravel.

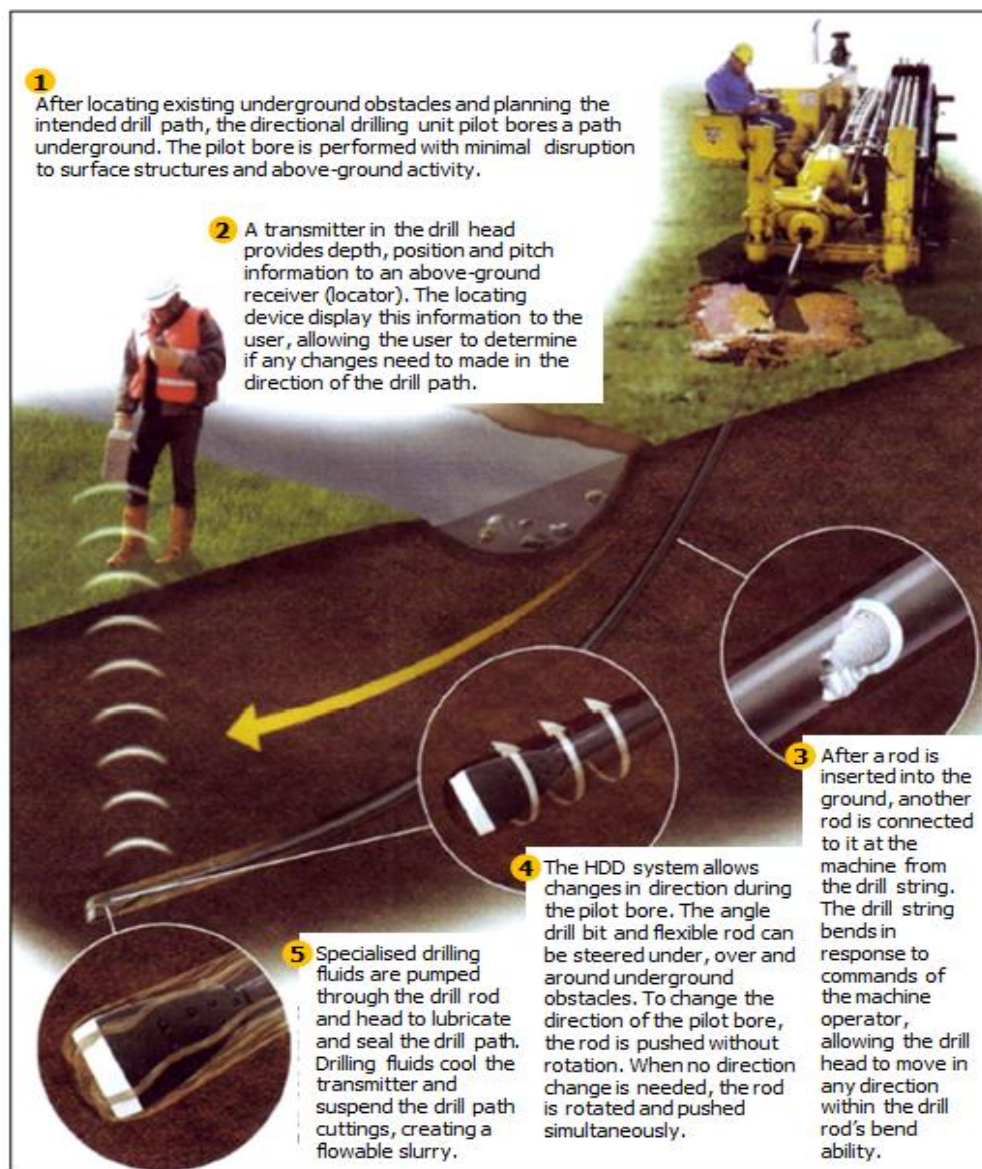
## 7. BUSINESS OVERVIEW (Cont'd)

The HDD machines used in the HDD method can be categorised as follows:

| Type of HDD machine | Thrust/<br>pull-back<br>(kg) | Torque<br>(kg-force m) | Bore<br>length<br>(m) | Pipe<br>diameter<br>(mm) | Depth<br>(m) |
|---------------------|------------------------------|------------------------|-----------------------|--------------------------|--------------|
| Mini rig            | up to 9,000                  | 130                    | 180                   | up to 300                | 4            |
| Midi rig            | up to 45,000                 | up to 2,700            | 300                   | up to 600                | 22           |
| Maxi rig            | >45,000                      | >2,700                 | 1,800                 | up to 1,200              | 60           |

As at LPD, we own midi rig HDD machines.

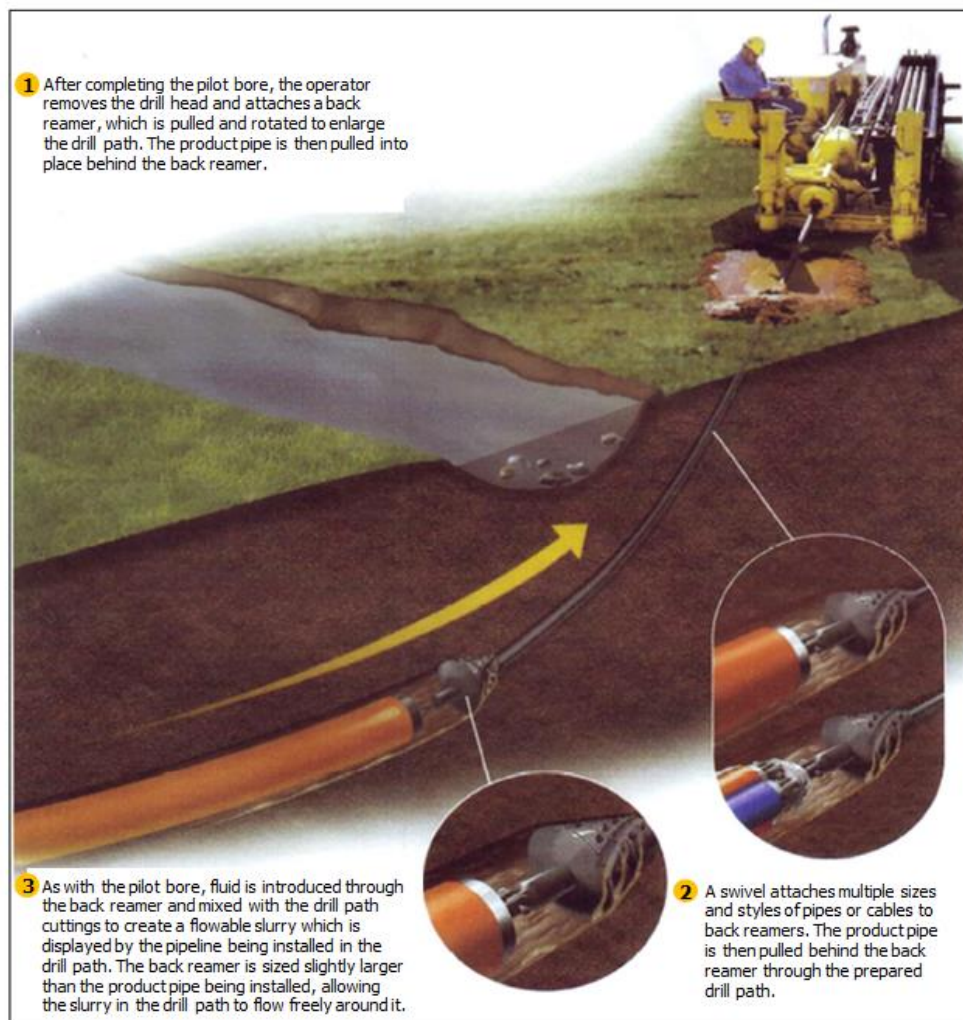
The HDD method is as illustrated below:



## 7. BUSINESS OVERVIEW (Cont'd)

HDD does not result in significant disturbance to surrounding environments and soil composition. Therefore, it enables the installation of cables and pipelines along routes that could be obstructed by manmade elements (such as roads, pavements, monsoon drains or building structures) or natural elements (such as rivers and forests). HDD has been widely adopted for the installation of pipelines under or in the crossings of rivers, channels, roads and highways, railways and other complex or unsuitable shallow buried areas. Further, HDD is suitable to be used in developed areas, in particular congested and high traffic urban areas, as it is unobtrusive to the local community in terms of noise level and traffic disruptions. Aside from not damaging the ground environment and increasing the stability control, the HDD method also has the advantages of accurate and flexible pipeline placement, shorter construction period, fewer external constraints, more effective installation and lower construction costs.

An overview of the pipe installation in the HDD method is as depicted below:



Prior to the commencement of HDD works, we conduct site survey and geotechnical analysis of the area as rock and soil conditions affect the size of drill head and type of back reamer used. We also conduct underground utilities survey such that the proposed pipeline route is done without damaging the existing underground utilities. The underground utilities survey works that we undertake prior to the commencement of HDD works comprise:

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

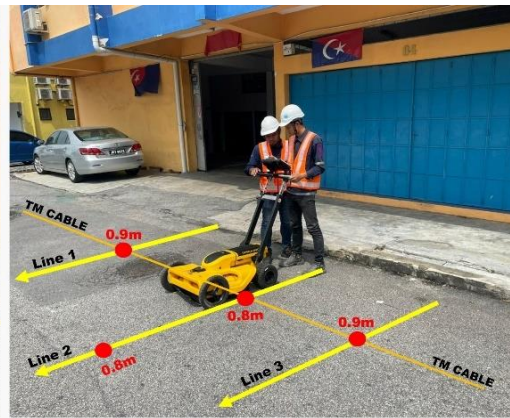
**(i) Underground utility detection (induction) and mapping**

The tracing works are performed by a team of trained tracing officers using 2 types of equipment to detect the underground utilities at project site and to confirm the depth and alignment of utilities found. The 2 types of equipment used are PCL and GPR. There are 3 available methods used in PCL including induction/sweep, clamping and direct connection depending on site availability whereby:

- Induction/sweep is a method that utilises a transmitter and receiver to detect underground objects. The transmitter emits a low-frequency electromagnetic field, which induces an electric current in nearby objects. The receiver then measures the strength and frequency of the induced current, and is moved in a sweeping motion to detect and locate subsurface utilities on site;
- Clamping is a method that uses a loop of wire (clamp) to detect subsurface objects. The clamp is placed around a utility or cable, and a low-frequency signal is applied to induce an electric current in the object. The current is then detected by the clamp, allowing for the location and mapping of subsurface utilities; and
- Direct connection is a method that involves physically connecting to the utility or cable to detect its location. This method is often used when locating metal pipes and cables and involves attaching a transmitter to the utility and tracing its signal using a receiver.



Tracing officers identifying the number of utilities present underground using induction method of PCL



Tracing officers detecting the underground utilities using GPR

The induction results obtained are transcribed onto the actual project site photographs and updated in AutoCAD software for accuracy and further planning of HDD works.



Example of induction results

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

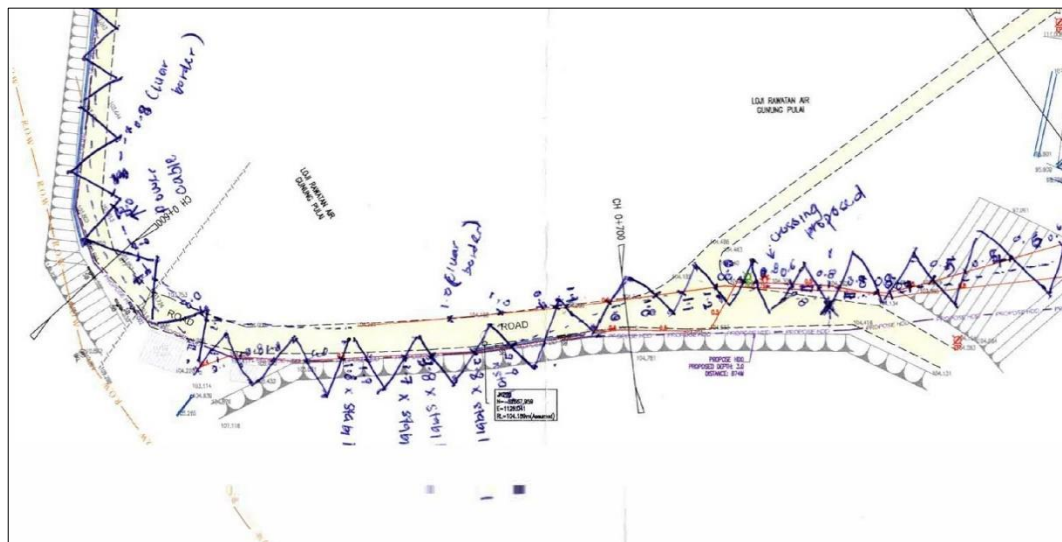
**(ii) Trial pit boring**

Trial pits are bored at regular intervals along the proposed route to determine ground conditions and verify the presence of other underground utilities. This allows us to determine whether the proposed route is suitable for our HDD works. Trial hole tapping is a cost-effective method which requires minimal machinery and increases the success rate of the eventual HDD works to be undertaken.

**(iii) Passive live tracing or tracing zigzag**

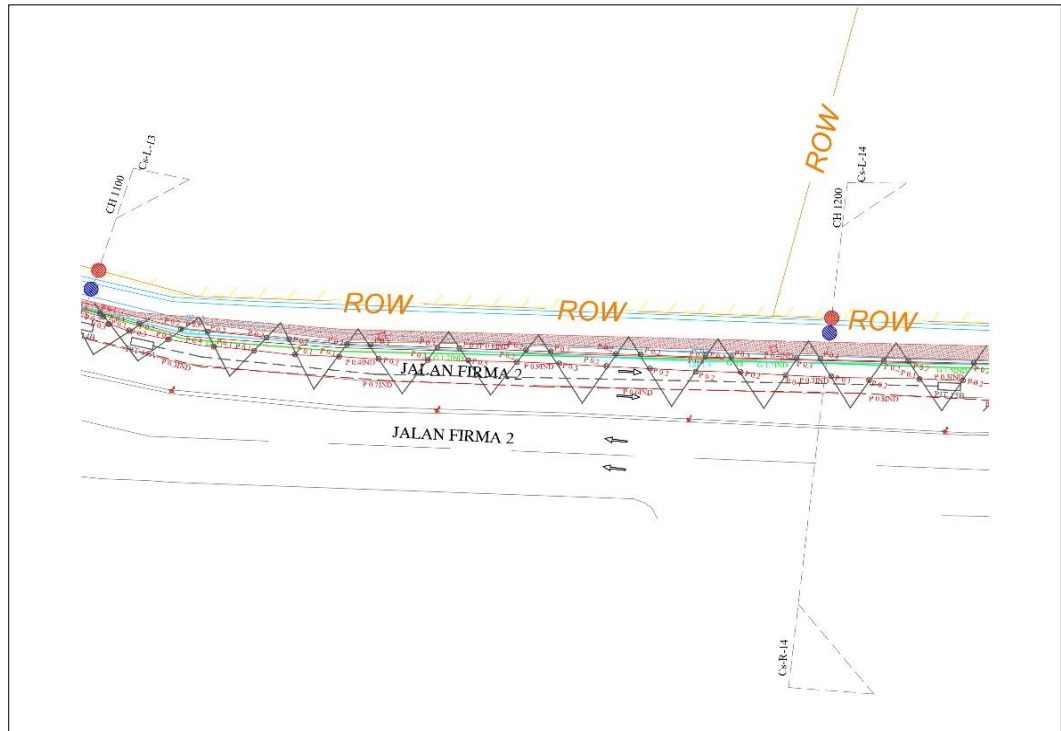
The passive live cable tracing is done using the PCL and 50 Hz frequency to identify the location and depth of buried live power cables underground. Video of the passive live tracing in zigzag motion along with the alignment of the utility detected are recorded as result of the tracing activity.

The zigzag drawing is first sketched on site during tracing activity on UDM layout plan, where data of sonde and induction found on site are collated. Thereafter, the final zigzag drawing is produced using AutoCAD software for submission to TNB, as supporting documentation that underground utilities survey works have been performed to identify existing buried live power cables underground prior to the commencement of underground utilities engineering works.



Example of a zigzag sketch done on the UDM during tracing zigzag

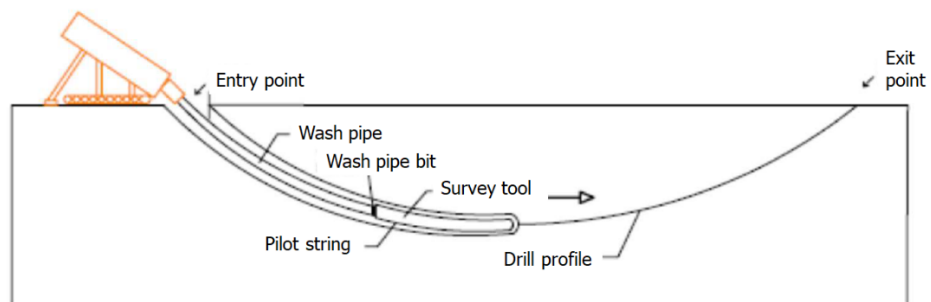
**7. BUSINESS OVERVIEW (Cont'd)**



Example of final drawing zigzag for submission to TNB

The stages of the HDD installation method are as follows:

**(i) Drill pilot bore**

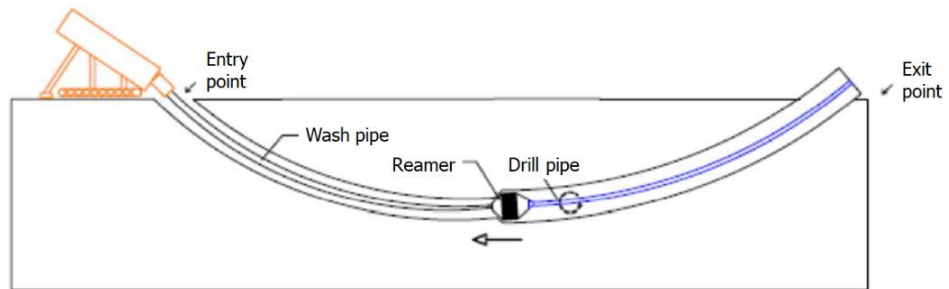


Cross section view of drilling pilot bore process

A small entrance that is called the 'start pit' is dug as the entry point. Then, a small-diameter bore is drilled along the pre-determined drill path using the drill tool of the HDD machine to reach the 'target pit' (being the exit point) where the product pipe is to be pulled. Slurry is emitted from the jets into the drill tool and forced through the ground to form a pilot bore. The removed soil is transported along the pilot bore to the 'start pit' via the slurry mixture. Throughout the drilling process, the operator has control over steering the drill head in a straight line or in any selected direction, depending on the drill path, using the locating system.

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

**(ii) Pre-ream**

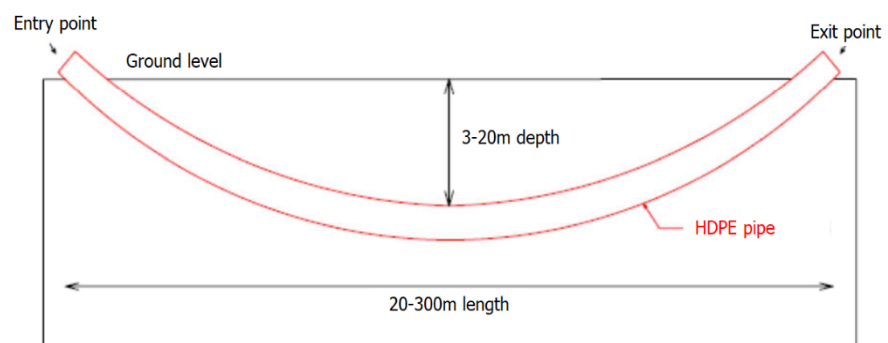


Cross section view of pre-reaming process

Upon reaching the 'target pit', the drill head is removed from the wash pipe in the 'target pit' and replaced with the back reamer. The back reamer is pulled back to the 'start pit' and rotated while pumping slurry to widen the initial pilot bore to the intended tunnel size such that the product pipeline can be installed. If needed, numerous back reamers of gradually larger diameters are used to ensure the bore is large enough for the installation of product pipeline.

**(iii) Pullback pipe**

The product pipe to be installed is attached to a swivel, which is then attached to the back reamer. The swivel prevents the turning of the wash pipe from twisting the product pipeline. The back reamer is then retracted with rotation and mud and the product pipe is pulled back from the 'target pit' to the 'start pit'.



General profile of a product pipeline installation process using the HDD method

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## 7. BUSINESS OVERVIEW (Cont'd)

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The major components of the HDD system are as follows:

(a) Field power unit (FPU)

The field power unit provides hydraulic, pneumatic and electric connection to the high-pressure drilling fluid.

(b) Radio detection unit

The radio detection unit is used to investigate and locate any hidden obstacles such as undetected cables or utility pipelines along the proposed drill path.

(c) HDD machine

The HDD machine is used at all phases of the drilling process. HDD machines are generally categorised by the size (diameter), forward thrust, pullback rate and rotational torque of the drill head.

(d) Drill pipe

The drill pipe, also known as drill rod, is a hollow pipe that allows slurry to be pumped to the drill head for the fluid jet cutting operation. The drill pipe has to withstand severe stresses relating to the rotational torque, pushing, pulling and bending. The diameter of the drill pipe used is dependent on the size of the drill head. Wash pipe is a type of drill pipe with extra steel or HDPE casing for unstable soils.

(e) Slurry

Slurry, which is the drilling fluid, is a viscous mixture of water and bentonite. The slurry mixture provides necessary functions to the HDD process, such as establishing and maintaining the tunnel integrity, cooling the drill head, lubricating the tunnel, suspending the sediment particles and transporting them back to the surface as well as providing hydraulic power when drilling hard soils.



Slurry mixture that we use to establish and maintain tunnel integrity, cool drill head, lubricate tunnel, suspend sediment particles and transport back to the surface as well as provide hydraulic power when drilling hard soils



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

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(f) Back reamer

The back reamer is used to enlarge the pilot bore to a diameter that is large enough to accommodate the cable and pipeline. It has a series of jets, which produces sufficient mudflow and pressure to cut away and remove soil, widening the pilot bore to the desired diameter.



Reamer units of varying sizes affixed to HDD machines to enlarge pilot bore

(g) Locating system

The locating system is used to locate, track and guide the drill head such that it stays on the proposed drill path. The signal receiver above the ground, in combination with the transmitter located in the drill head, determines the position of the drill head such that steering directions can be provided to the machine operator to guide the drill head via the orientation of jet drill head.



Different models of underground location transmitter units that we utilise

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

**(iv) As-built drawing development**

Our Group uses a gyroscopic surveying tool which leverages on GPS to get the precise coordinate and elevation of the pipe at the HDD entry and exit pits. The gyroscopic tool is used to collect the as-built data of HDD pipe. The GPS coordinate is further checked by comparing it with the nearest boundary mark at site.



Tracing officers pulling the gyroscopic surveying tool from HDD exit pit

Tracing officers checking the coordinates using the boundary mark at site

Data obtained is processed using the gyroscopic surveying tool software for final results in Excel data, AutoCAD drawing, Google Earth image and HDD graph image.



An example of the data overlaid on Google Earth image for submission to TNB

## 7. BUSINESS OVERVIEW (Cont'd)

### **Open cut method**

Open trench excavation involves digging a pit of a specific depth in the surface of the ground along the specified route for the installation of each piece of pipeline. With the open trench excavation method, cables or pipes are installed underground at a depth close to the surface. This depth is typically up to 1.5m beneath ground level, or to the specifications of local authorities, or our customers.

We are able to install utilities/product pipelines that are of higher capacity (i.e. high number of cables and/or pipelines with wide diameter pipes) using this method.

We typically engage subcontractors to carry out the following activities in the open trench excavation method as follows:



\* If necessary, based on project requirements

The open trench excavation method is a cost-effective method for cable or pipeline routes located in non-pavement or grass verge areas. If the route is located on paved areas, we will be required to restore the pavement after the cable laying work is completed. This may involve reconstruction of road, footpath or kerb, surface vegetation and reinstating all traffic signs and road markings to the original position.

### **Micro trenching method**

Micro trenching is a technique for deploying cables (such as for broadband networks) in a cost effective manner. A micro trencher is a small rockwheel specially designed for work in urban areas. It is fitted with a cutting wheel that saws a micro-trench with smaller dimensions than the ones achieved with conventional trench digging equipment. The trench dimensions range from about 10mm to 50mm in width, and at maximum depths of 400mm.

Once the microtrencher is used to cut a tiny slot / pathway on the side of the road, our subcontractors install and lay the cables' protective ducts, through which fibre optic cables are pulled or pushed.

Finally, our subcontractors use applicators to fill the micro-trenches with resin. An ideal infill system will include 2 layers of resin. The first resin layer may be dyed bright orange as a dig-safe indicator. We then go over that layer with a second application of resin, which is pigmented to match the road colour. The result on the road section where the infill system is installed is a minimally visible reinstatement with a stronger bond than the initial asphalt's cohesive strength.



Our micro trencher being operated at a project site

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

**7.3.2 Manufacturing of HDPE pipes**

We are also involved in the manufacturing of HDPE pipes to complement our underground utilities engineering solutions business segment. Approximately 70.0% of the HDPE pipes that we manufacture is primarily utilised in the underground utilities projects that we undertake locally, while the remaining is typically exported to Singapore to be utilised by main contractors of underground utilities projects. We also supply and distribute HDPE pipes on a purchase order basis as and when such business opportunities arise.

HDPE pipe is a type of flexible plastic pipe made from HDPE polymer. We typically use these HDPE pipes for electrical conduits and telecommunication conduits.

HDPE pipes generally have the following features:

- low weight;
- resistance to low temperatures, compressive stress and tension stress;
- high impact strength;
- resistant to environmental stress cracking (ESC);
- erosion resistant;
- chemical resistant;
- electrical insulation;
- low water absorption;
- high flow rate;
- easy to connect; and
- flexible and tough even at extremely low temperatures.

We manufacture HDPE pipes with material grade of PE80 and PE100 and pressure rating of PN10, PN12.5 and PN16 in the following diameters and lengths:



|                      | <b>Drum</b> | <b>Piece</b>     | <b>Coil</b> |
|----------------------|-------------|------------------|-------------|
| <b>Diameter (mm)</b> | 160         | 110, 160 and 200 | 110         |
| <b>Length (m)</b>    | 200         | 6 and 12         | 100         |

Our Group’s HDPE pipes are certified compliant to the standards of ISO 4427-2:2019. ISO 4427-2:2019 states the requirements for a PE piping system and its components intended to be used in buried or above ground applications, for the conveyance of water for human consumption, raw water prior to treatment, drainage and sewerage under pressure, vacuum sewer systems, and water for other purposes. Our Group’s HDPE pipes are also certified compliant to the standards of MS1058:Part2:2005, which specifies the characteristics of pipes made from PE intended for the conveyance of water for human consumption, including raw water prior to treatment. PPI was further certified compliant to the SIRIM 52:2022 standards in relation to PE smooth wall pipes for electrical cable installation by SIRIM QAS International Sdn Bhd. We implement QC and quality assurance procedures in our HDPE pipe manufacturing process. Please refer to Section 7.14 for further details on our quality management system as well as quality assurance measures of our Group.

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



HDPE pipes finished products in piece form being stored at PPI prior to transportation to project site



HDPE pipes finished products in coil form being stored at PPI prior to transportation to project site



Line 2 pipe extrusion lines at PPI

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



Line 1 pipe extrusion lines at PPI



View of mixing tower of pipe extrusion line, dried raw materials (being HDPE resin and masterbatches) will be loaded

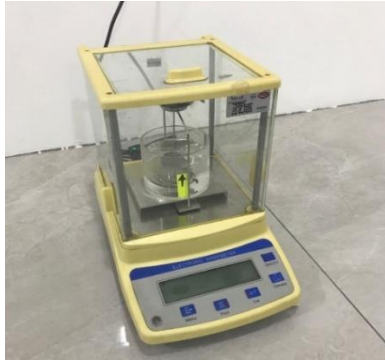
Finished HDPE pipe pieces from the pipe extrusion lines



Raw material inventories (i.e. resin) for our pipe manufacturing activities

## 7. BUSINESS OVERVIEW (Cont'd)

Our Group's QC testing equipment include:



Electronic densimeter used for density test (maximum 200 grams)



Melt flow indexer used for melt flow rate test (maximum 400°C)



Forced convection oven used for longitudinal reversion test (maximum 250°C)



Tensile machine used for elongation at break, tensile strength and compression test (maximum 5,000 Newton)



Hydrostatic pressure testing machine used for hydrostatic test (0 – 20 megapascal)



Muffle furnace used for ash content test (up to 1000°C)

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.3.3 Our ongoing and completed projects

#### (i) Ongoing projects

As at LPD, we have 109 ongoing projects with total contract value of RM372.1 million that is expected to be realised over the next 3 financial years. Out of this total contract value, RM220.8 million remains unbilled as at LPD.

From the abovementioned 109 projects with total contract value of RM372.1 million, the following table sets forth our ongoing projects over FYE 2021 to 2023 and up to LPD with contract value of RM2.0 million and above.

| <b>Project details/<br/>scope<sup>(1)</sup></b>   | <b>Role</b>   | <b>Geographical<br/>market</b> | <b>Project<br/>owner</b> | <b>Customer</b>    | <b>Industry</b>    | <b>Commencement<br/>and expected<br/>completion<br/>period<sup>(2)(3)</sup></b> | <b>Contract value/<br/>Balance<br/>contract value<br/>as at LPD<sup>(4)</sup><br/>(RM million)</b> | <b>Stage of<br/>completion<br/>(% as at<br/>LPD)</b> | <b>FYE of<br/>balance<br/>contract<br/>value to be<br/>fully<br/>recognised</b> |
|---|---------------|--------------------------------|--------------------------|--------------------|--------------------|---|--|--|---|
| Laying of 33kV cables using HDD method for Pembangunan Aset Zon Johor                             | Subcontractor | Malaysia                       | TNB                      | Komasi Engineering | Electricity supply | March 2019 to December 2023   | 18.1/ 3.1  | 82.9   | FYE 2024  |
| Bulk contract for laying of 11kV cables using HDD method for Pembangunan Aset Zon Negeri Sembilan | Subcontractor | Malaysia                       | TNB                      | Komasi Engineering | Electricity supply | May 2019 to December 2023   | 4.9/ 0.4   | 91.8   | FYE 2024  |
| Laying of 33kV cables and connection works for Unit Pembangunan Aset Negeri Sembilan,             | Subcontractor | Malaysia                       | TNB                      | Komasi Engineering | Electricity supply | July 2019 to November 2024  | 47.5/ 18.4   | 61.3   | FYE 2025  |



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

| <b>Project details/<br/>scope<sup>(1)</sup></b>   | <b>Role</b>   | <b>Geographical<br/>market</b> | <b>Project<br/>owner</b>    | <b>Customer</b>    | <b>Industry</b>    | <b>Commencement<br/>and expected<br/>completion<br/>period<sup>(2)(3)</sup></b> | <b>Contract value/<br/>Balance<br/>contract value<br/>as at LPD<sup>(4)</sup><br/>(RM million)</b> | <b>Stage of<br/>completion<br/>(% as at<br/>LPD)</b> | <b>FYE of<br/>balance<br/>contract<br/>value to be<br/>fully<br/>recognised</b> |
|---|---------------|--------------------------------|-----------------------------|--------------------|--------------------|---|--|--|---|
| Distribution Network<br>Laying of 11kV cables using HDD method for Zone J2 Unit Pembangunan Aset Johor              | Subcontractor | Malaysia                       | TNB                         | Komasi Engineering | Electricity supply | September 2019 to December 2023   | 17.7/ 1.6  | 91.0   | FYE 2024  |
| Laying of 33kV cables and connection works for Unit Pembangunan Aset Zon Johor, Distribution Network                | Subcontractor | Malaysia                       | TNB                         | Komasi Engineering | Electricity supply | January 2020 to December 2024   | 54.0/ 16.6   | 69.3   | FYE 2025  |
| Laying of 11kV cables using HDD method for Selatan Bulk 2019 (Johor, Negeri Sembilan and Melaka)                    | Subcontractor | Malaysia                       | TNB                         | Sutera Utama       | Electricity supply | March 2019 to December 2023   | 18.3/ 1.4  | 92.3   | FYE 2024  |
| Project development PPU (mobile) Tiara for Package 3 and 33kV cables laying and connection works at route of Majlis | Subcontractor | Malaysia                       | TNB Energy Services Sdn Bhd | Sutera Utama       | Electricity supply | June 2022 to December 2023  | 6.3/ 2.2   | 65.1   | FYE 2024  |

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

| <b>Project details/<br/>scope<sup>(1)</sup></b>  | <b>Role</b>   | <b>Geographical<br/>market</b> | <b>Project<br/>owner</b> | <b>Customer</b> | <b>Industry</b>         | <b>Commencement<br/>and expected<br/>completion<br/>period<sup>(2)(3)</sup></b> | <b>Contract value/<br/>Balance<br/>contract value<br/>as at LPD<sup>(4)</sup><br/>(RM million)</b> | <b>Stage of<br/>completion<br/>(% as at<br/>LPD)</b> | <b>FYE of<br/>balance<br/>contract<br/>value to be<br/>fully<br/>recognised</b> |
|--|---------------|--------------------------------|--------------------------|-----------------|-------------------------|---|--|--|---|
| Bandaraya Johor Bahru<br>Survey, construction and implementation of civil infrastructure, fibre optic cabling system and all related works of fibre optic infrastructure – Package 2 (Johor) | Subcontractor | Malaysia                       | Celcom Networks Sdn Bhd  | Sutera Utama    | Telecom-<br>munications | July 2022 to<br>November 2024   | 9.1/ 8.5   | 6.6  | FYE 2025  |
| Survey, construction and implementation of civil infrastructure, fibre optic cabling system and all related works of fibre optic infrastructure – Package 1 (Johor and Terengganu)           | Subcontractor | Malaysia                       | Celcom Networks Sdn Bhd  | Sutera Utama    | Telecom-<br>munications | August 2022 to<br>November 2024   | 15.0/ 12.7   | 15.3   | FYE 2025  |

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

| <b>Project details/<br/>scope<sup>(1)</sup></b>   | <b>Role</b>     | <b>Geographical<br/>market</b> | <b>Project<br/>owner</b> | <b>Customer</b>         | <b>Industry</b>         | <b>Commencement<br/>and expected<br/>completion<br/>period<sup>(2)(3)</sup></b> | <b>Contract value/<br/>Balance<br/>contract value<br/>as at LPD<sup>(4)</sup><br/>(RM million)</b> | <b>Stage of<br/>completion<br/>(% as at<br/>LPD)</b> | <b>FYE of<br/>balance<br/>contract<br/>value to be<br/>fully<br/>recognised</b> |
|---|-----------------|--------------------------------|--------------------------|-------------------------|-------------------------|---|--|--|---|
| Supply, delivery, installation, commissioning and maintenance of equipment and provision of outside plant and maintenance work (Johor)  | Main contractor | Malaysia                       | Maxis Broadband Sdn Bhd  | Maxis Broadband Sdn Bhd | Telecom-<br>munications | June 2022 to<br>December 2024   | <sup>(5)</sup> 1.8/ 1.5  | 16.7   | FYE 2025  |
| Installation, testing and commissioning of 33kV cables and accessories for asset development all zones, Distribution Network Division, TNB - Mainhead E: Selatan (Johor and Melaka) | Subcontractor   | Malaysia                       | TNB                      | Komasi Engineering      | Electricity<br>supply   | January 2023 to<br>January 2025   | 16.4/ 14.7   | 10.4   | FYE 2025  |

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

| <b>Project details/<br/>scope<sup>(1)</sup></b>   | <b>Role</b>   | <b>Geographical<br/>market</b> | <b>Project<br/>owner</b> | <b>Customer</b>    | <b>Industry</b>    | <b>Commencement<br/>and expected<br/>completion<br/>period<sup>(2)(3)</sup></b> | <b>Contract value/<br/>Balance<br/>contract value<br/>as at LPD<sup>(4)</sup><br/>(RM million)</b> | <b>Stage of<br/>completion<br/>(% as at<br/>LPD)</b> | <b>FYE of<br/>balance<br/>contract<br/>value to be<br/>fully<br/>recognised</b> |
|---|---------------|--------------------------------|--------------------------|--------------------|--------------------|---|--|--|---|
| Installation, testing and commissioning of 11kV cables and accessories for asset development all zones, Distribution Network Division, TNB – Mainhead E (Johor)                             | Subcontractor | Malaysia                       | TNB                      | Komasi Engineering | Electricity supply | December 2022 to December 2024  | 7.3/ 3.5   | 52.1   | FYE 2025  |
| Installation, testing and commissioning of 11kV cables and accessories for asset development all zones, Distribution Network Division, TNB - Mainhead E: South Zone 11kV (Johor and Melaka) | Subcontractor | Malaysia                       | TNB                      | Sutera Utama       | Electricity supply | December 2022 to December 2024  | 7.3/ 4.1   | 43.8   | FYE 2025  |

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

| <u>Project details/<br/>scope<sup>(1)</sup></u>   | <u>Role</u>   | <u>Geographical<br/>market</u> | <u>Project<br/>owner</u>    | <u>Customer</u>    | <u>Industry</u>         | <u>Commencement<br/>and expected<br/>completion<br/>period<sup>(2)(3)</sup></u> | <u>Contract value/<br/>Balance<br/>contract value<br/>as at LPD<sup>(4)</sup><br/>(RM million)</u> | <u>Stage of<br/>completion<br/>(% as at<br/>LPD)</u> | <u>FYE of<br/>balance<br/>contract<br/>value to be<br/>fully<br/>recognised</u> |
|---|---------------|--------------------------------|-----------------------------|--------------------|-------------------------|---|--|--|---|
| Survey, construction and implementation of civil infrastructure, fibre optic cabling system and all related works of fibre optic infrastructure – Package 3 (Terengganu)                                | Subcontractor | Malaysia                       | Celcom Networks Sdn Bhd     | Sutera Utama       | Telecom-<br>munications | December 2022 to November 2024  | 13.0/ 12.2   | 6.2  | FYE 2025  |
| IM10 Package 3 for projects (i) Laying of 11kV cables and fibre optic cables from PPU Ulu Choh to Simpang Gelang Patah, Johor (ii) Spur feeder - Pub Gunung Pulai (iii) Spur feeder - Sri Pulai Granite | Subcontractor | Malaysia                       | TNB Energy Services Sdn Bhd | Komasi Engineering | Electricity supply      | June 2023 to June 2024  | 3.8/ 3.7   | 2.6  | FYE 2025  |

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

| <b>Project details/<br/>scope<sup>(1)</sup></b>  | <b>Role</b>   | <b>Geographical<br/>market</b> | <b>Project<br/>owner</b> | <b>Customer</b>    | <b>Industry</b>    | <b>Commencement<br/>and expected<br/>completion<br/>period<sup>(2)(3)</sup></b> | <b>Contract value/<br/>Balance<br/>contract value<br/>as at LPD<sup>(4)</sup><br/>(RM million)</b> | <b>Stage of<br/>completion<br/>(% as at<br/>LPD)</b> | <b>FYE of<br/>balance<br/>contract<br/>value to be<br/>fully<br/>recognised</b> |
|--|---------------|--------------------------------|--------------------------|--------------------|--------------------|---|--|--|---|
| Installation, testing and commissioning of 33kV cables and accessories for asset development all zones, Distribution Network Division, TNB - Mainhead A: Timur (Terengganu and Kelantan) | Subcontractor | Malaysia                       | TNB                      | Komasi Engineering | Electricity supply | December 2023 <sup>(6)(8)</sup> to December 2025                                | 22.0/ 22.0   | -  | FYE 2026  |
| Installation, testing and commissioning of 11kV cables and accessories for asset development all zones, Distribution Network Division, TNB - Mainhead A (Kelantan)                       | Subcontractor | Malaysia                       | TNB                      | Komasi Engineering | Electricity supply | June 2023 to June 2025  | 12.2/ 11.3   | 7.4  | FYE 2026  |

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

| <b>Project details/<br/>scope<sup>(1)</sup></b>   | <b>Role</b>   | <b>Geographical<br/>market</b> | <b>Project<br/>owner</b> | <b>Customer</b> | <b>Industry</b>    | <b>Commencement<br/>and expected<br/>completion<br/>period<sup>(2)(3)</sup></b> | <b>Contract value/<br/>Balance<br/>contract value<br/>as at LPD<sup>(4)</sup><br/>(RM million)</b> | <b>Stage of<br/>completion<br/>(% as at<br/>LPD)</b> | <b>FYE of<br/>balance<br/>contract<br/>value to be<br/>fully<br/>recognised</b> |
|---|---------------|--------------------------------|--------------------------|-----------------|--------------------|---|--|--|---|
| Installation, testing and commissioning of 33kV cables and accessories for asset development all zones, Distribution Network Division, TNB - Mainhead A: East Zone (Pahang) 33kV                  | Subcontractor | Malaysia                       | TNB                      | Sutera Utama    | Electricity supply | April 2023 to April 2025  | 22.8/ 21.6   | 5.3  | FYE 2026  |
| Installation, testing and commissioning of 33kV cables and accessories for asset development all zones, Distribution Network Division, TNB - Mainhead A: East Zone 11kV (Terengganu and Kelantan) | Subcontractor | Malaysia                       | TNB                      | Sutera Utama    | Electricity supply | June 2023 to June 2025  | 12.2/ 11.4   | 6.6  | FYE 2026  |

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

| <b>Project details/<br/>scope<sup>(1)</sup></b>  | <b>Role</b>     | <b>Geographical<br/>market</b> | <b>Project<br/>owner</b>         | <b>Customer</b>              | <b>Industry</b>    | <b>Commencement<br/>and expected<br/>completion<br/>period<sup>(2)(3)</sup></b> | <b>Contract value/<br/>Balance<br/>contract value<br/>as at LPD<sup>(4)</sup><br/>(RM million)</b> | <b>Stage of<br/>completion<br/>(% as at<br/>LPD)</b> | <b>FYE of<br/>balance<br/>contract<br/>value to be<br/>fully<br/>recognised</b> |
|--|-----------------|--------------------------------|----------------------------------|------------------------------|--------------------|---|--|--|---|
| Supply and install new infrastructure from Kulai Iskandar Data Exchange to Southern Industrial Logistic Clusters, Johor        | Main contractor | Malaysia                       | Speedlink Communications Sdn Bhd | Speedlink Communications Bhd | Telecommunications | July 2023 to February 2024  | 4.7/ 4.6   | 2.0  | FYE 2024  |
| Supply and installation of 66kV power cables, auxiliary cables and accessories at Jurong Pier Road, Google Tower 1B, Singapore | Subcontractor   | Singapore                      | SP PowerAssets Limited           | Wee Construction Ltd         | Electricity supply | May 2023 to December 2023   | 8.2/ 5.9   | 28.0   | FYE 2024  |
| Fibre infrastructure and cable works from Kulai to Tanjung Kupang, Johor   | Subcontractor   | Malaysia                       | YTL Communications Sdn Bhd       | Sutera Utama                 | Telecommunications | September 2023 <sup>(6)(7)</sup> to February 2024                               | 7.5/ 7.5   | -  | FYE 2024  |
| Fibre infrastructure and cable works to Menara Ansar, Johor  | Subcontractor   | Malaysia                       | YTL Communications Sdn Bhd       | Sutera Utama                 | Telecommunications | December 2023 <sup>(6)(8)</sup> to May 2024                                     | 7.8/ 7.8   | -  | FYE 2025  |



## 7. BUSINESS OVERVIEW (Cont'd)

| <u>Project details/<br/>scope<sup>(1)</sup></u>   | <u>Role</u>   | <u>Geographical<br/>market</u> | <u>Project<br/>owner</u> | <u>Customer</u>               | <u>Industry</u>    | <u>Commencement<br/>and expected<br/>completion<br/>period<sup>(2)(3)</sup></u> | <u>Contract value/<br/>Balance<br/>contract value<br/>as at LPD<sup>(4)</sup><br/>(RM million)</u> | <u>Stage of<br/>completion<br/>(% as at<br/>LPD)</u> | <u>FYE of<br/>balance<br/>contract<br/>value to be<br/>fully<br/>recognised</u> |
|---|---------------|--------------------------------|--------------------------|-------------------------------|--------------------|---|--|--|---|
| Supply and installation of 66kV power cables, auxiliary cables and accessories at Buona Vista and Clementi, Singapore | Subcontractor | Singapore                      | SP PowerAssets Limited   | Wee Guan Construction Pte Ltd | Electricity supply | May 2023 to December 2023   | 2.6/ 2.6   | -  | FYE 2024  |

### Notes:

- (1) Project details/ scope are based on the respective LOAs and purchase orders.
- (2) Commencement date of each project is based on the respective LOAs or purchase orders or management estimates on commencement date.
- (3) Expected completion date of each project is based on the completion date set out in the respective LOAs and includes subsequent extension of time required to deliver variation of work orders from the customers to our Group, if any, or management estimates on completion date.
- (4) Contract value and balance contract value as at LPD of each project includes original contract value as per LOAs or purchase orders and subsequent variation orders, if any.
- (5) Contract value based on cumulative purchase orders.
- (6) Commencement dates are based on management estimates, as the actual commencement dates are not stipulated in the LOAs or purchase orders and the management has yet to receive the notice of commencement of work from the customer. The management has estimated the typical timeframe required for the issuance of work permit from local council, upon which the customer will issue the notice of commencement of work to our Group.

## 7. BUSINESS OVERVIEW (Cont'd)

(7) As at LPD, our Group has commenced planning works but pending the notice of commencement of work to start physical construction works at site.

(8) As at LPD, our Group has yet to commence planning works.

### (ii) Completed projects

The following table sets forth our past projects over FYE 2021 to 2023 and up to LPD with contract values of RM2.0 million and above.

| <b>Project details/ scope</b>  | <b>Scope of role</b> | <b>Geographical market</b> | <b>Project owner</b>   | <b>Customer</b>               | <b>Industry</b>    | <b>Commencement and completion period<sup>(1)</sup></b> | <b>Contract value<sup>(2)</sup><br/>(RM million)</b> |
|--|----------------------|----------------------------|------------------------|-------------------------------|--------------------|---|--|
| Laying of 33kV cables and connection works for Unit Pembangunan Aset Negeri Sembilan, Bahagian Pembangunan TNB | Subcontractor        | Malaysia                   | TNB                    | Komasi Engineering            | Electricity supply | September 2018 to March 2023                            | 3.4  |
| 11kV HDD works for IM10 Johor for Unit Asset Planning & Performance Zon Johor                                  | Subcontractor        | Malaysia                   | TNB                    | Sutera Utama                  | Electricity supply | May 2019 to October 2022                                | 4.1  |
| 11kV HDD works for IM10 Johor for Unit Asset Planning & Performance Zon Johor                                  | Subcontractor        | Malaysia                   | TNB                    | Komasi Engineering            | Electricity supply | June 2020 to August 2022                                | 4.8  |
| Laying of 33kV cables using HDD method for Unit Pembangunan Aset Zon Negeri Sembilan                           | Subcontractor        | Malaysia                   | TNB                    | Komasi Engineering            | Electricity supply | June 2019 to April 2021                                 | 3.9  |
| Supply and installation of 66kV power cables, auxiliary cables and accessories at                              | Subcontractor        | Singapore                  | SP PowerAssets Limited | Wee Guan Construction Pte Ltd | Electricity supply | November 2019 to October 2021                           | 4.8  |

## 7. BUSINESS OVERVIEW (Cont'd)

| <b>Project details/ scope</b>  | <b>Scope of role</b> | <b>Geographical market</b> | <b>Project owner</b>    | <b>Customer</b>               | <b>Industry</b>    | <b>Commencement and completion period<sup>(1)</sup></b> | <b>Contract value<sup>(2)</sup><br/>(RM million)</b> |
|--|----------------------|----------------------------|-------------------------|-------------------------------|--------------------|---|--|
| Pioneer Road and Northern Tuas, Singapore  |                      |                            |                         |                               |                    |   |  |
| Installation of HDPE pipes using HDD method – cable installation turnkey project at Loyang Avenue, Nicoll Drive and Changi Coast Road, Singapore | Subcontractor        | Singapore                  | SP PowerAssets Limited  | Weng Guan Technology Pte Ltd  | Electricity supply | February 2020 to October 2021                           | 5.8  |
| Bulk contract for laying of 11kV cables using HDD method for Unit Pembangunan Aset Zon Johor   | Subcontractor        | Malaysia                   | TNB                     | Komasi Engineering            | Electricity supply | May 2020 to June 2021                                   | 4.6  |
| Supply and installation of 66kV power cables, auxiliary cables and accessories at Boon Lay, Yuan Ching Road and Tukang Road, Singapore           | Subcontractor        | Singapore                  | SP PowerAssets Limited  | Wee Guan Construction Pte Ltd | Electricity supply | July 2021 to December 2022                              | 2.6  |
| Installation of HDPE pipes using HDD method for 66kV power cables at Old Choa Chu Kang Road, Singapore   | Subcontractor        | Singapore                  | SP PowerAssets Limited  | Integrate Engineers Pte Ltd   | Electricity supply | March 2022 to December 2022                             | 2.9  |
| Supply, installation and commissioning of FTTX network infrastructure for Zone 2: Eastern & Southern Region (Johor)                              | Subcontractor        | Malaysia                   | Allo Technology Sdn Bhd | Komasi Engineering            | Telecommunications | January 2021 to June 2023                               | 4.6  |
| Supply, installation and commissioning of FTTX network infrastructure for  | Subcontractor        | Malaysia                   | Allo Technology Sdn Bhd | Sutera Utama                  | Telecommunications | July 2021 to June 2023                                  | 3.4  |

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

| <b>Project details/ scope</b>  | <b>Scope of role</b> | <b>Geographical market</b> | <b>Project owner</b>   | <b>Customer</b>               | <b>Industry</b>    | <b>Commencement and completion period<sup>(1)</sup></b> | <b>Contract value<sup>(2)</sup><br/>(RM million)</b> |
|--|----------------------|----------------------------|------------------------|-------------------------------|--------------------|---|--|
| Zone 2: Eastern and Southern Region (Johor)  |                      |                            |                        |                               |                    |   |  |
| HDD works for TNB supply from PPU Pasir Putih to 2 industrial premises at Kawasan Perindustrian Tanjung Langsat, Johor | Subcontractor        | Malaysia                   | TNB                    | Bio Brilliant Sdn Bhd         | Electricity supply | November 2022 to June 2023                              | 3.5  |
| Supply and installation of 66kV power cables, auxiliary cables and accessories at multiple locations across Singapore  | Subcontractor        | Singapore                  | SP PowerAssets Limited | Wee Guan Construction Pte Ltd | Electricity supply | March 2021 to June 2023                                 | 15.3   |

**Notes:**

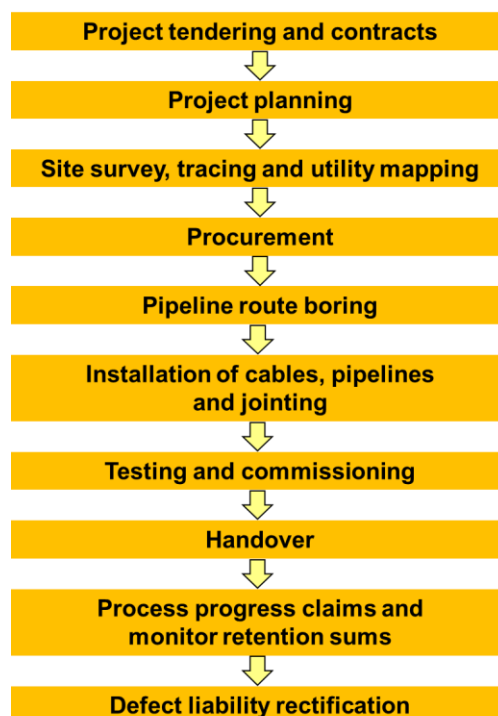
- (1) Commencement period of each project is based on the respective LOA or purchase order, whereas the completion period is based on the CC.
- (2) Contract value of each project is determined based on the original contract amount stated in the LOAs or purchase orders and subsequent variation orders (if any), which collectively form the final project accounts to be mutually agreed by both parties.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.4 BUSINESS PROCESSES

#### 7.4.1 Provision of HDD engineering solutions

We adopt the following process flow in the provision of HDD engineering solutions:



##### (a) Project tendering and contracts

We generally participate in private tenders via direct invitations. Direct invitations refer to tender invitations extended to us directly by main contractors or project owners.

Upon receipt of invitation to tender, we will perform a preliminary assessment by reviewing the scope of services required, project timeline and relevant industry standards, statutory and regulatory requirements. The tender documents that we receive from main contractors or project owners will indicate the type of underground utilities engineering solution method, namely HDD method or open cut method. We will also evaluate our current project commitments and resources available before deciding whether to participate in a new project tender. For indirect invitations, we may be required to complete a pre-qualification exercise before participating in the tender exercise.

In cases where we decide to participate in the tender exercise, we will subsequently prepare a tender proposal including tender documents, costing details and quotation.

We may also be requested to attend tender interviews during the tendering phase. If we are successful, we will be issued a letter of award prior to signing a contract.

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

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We hold a retention sum, typically between 5.0% to 10.0% of the contract value, from our subcontractors. We also provide our customers with retention sum, typically ranging from 5.0% to 10.0% of the contract value. Specific to our project with Maxis Broadband Sdn Bhd wherein we had been appointed as the main contractor, we provided a performance bond (typically 5.0% of the contract value) to Maxis Broadband Sdn Bhd to guarantee the completion of project. As at LPD, we are only required to provide performance bond for our ongoing project with Maxis Broadband Sdn Bhd, being that we are the main contractor for this particular project. Please refer to Section 7.3.3(i) for further details on our ongoing project with Maxis Broadband Sdn Bhd. While our Group was also appointed as a main contractor in relation to our project with Speedlink Communications Sdn Bhd, we did not provide a performance bond to Speedlink Communications Sdn Bhd as it was not stipulated as a requirement from our Group in the contract that Kum Fatt entered into with Speedlink Communications Sdn Bhd. For clarity, our Group will provide a performance bond to our customers when it is stipulated as a requirement from our Group in the contracts that we enter into with our customers.

**(b) Project planning**

Upon award of a project, we will form an internal project team consisting of project engineers, technical staff, tracing officers and safety officers and it will be headed by an appointed project manager. Our project team will hold a kick-off meeting with the customer representatives to establish a common understanding of the project requirements and schedule for a site visit.

During the project planning phase, our project team is involved in developing a master project development plan which includes project costing details, work schedules, resource allocation, roles and responsibilities of project team members as well as QC measures and site safety procedures. In projects wherein our Group has been appointed as the main contractor, our project team is also responsible for liaising with the local authorities on the necessary registrations, licences and permits prior to site preparation and commencement of works to ensure compliance to the relevant regulatory requirements.

Subject to our project commitments and resource availability, we may engage subcontractors to undertake selected parts of our works to scale up our capabilities. In such cases, our project manager will liaise closely with the appointed subcontractor in relation to the project plan to ensure that the quality of works performed by the subcontractor is in accordance with the customer requirements. We typically engage subcontractors on a project basis to undertake the physical underground utilities engineering works encompassing physical open cut trenching works, micro trenching works, physical HDD works, cable laying works, cable termination and jointing, milling and paving, electrical works and structural works, traffic management as well as site preparation, maintenance and cleaning.

**(c) Site survey, tracing and utility mapping**

Our project team will perform a site visit with the main contractor and / or the project owner (being the utility company or telecommunications service provider) or their appointed consultant / representative. Subsequent to the site visit, our project team will conduct site survey and geotechnical analysis of the area during the site visit. Our project team will also conduct underground utilities survey via zigzag tracing. The locator and transmitter used during the survey works will be calibrated before use to ensure that the readings are accurate. The range, depth and geospatial coordinates of existing underground utilities obtained during the tracing works will be subsequently utilised to prepare the utility plan with the proposed utility route such that the proposed pipeline route is done without damaging the existing underground utilities.

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

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Further to the underground utility detection and mapping, our project team will also excavate a trial hole to verify underground utilities at the proposed HDD pit. The trial hole is needed to ensure that there no other existing underground utilities will be disrupted based on our pipeline route. If the trial hole area contains other existing underground utilities, another trial hole to be dug nearby needs to be proposed.

**(d) Procurement**

Our project manager will acquire and submit the relevant documents and information to our procurement team. Our procurement team will subsequently order the required materials and equipment from suppliers. The appointment of suppliers and subcontractors will be based on criteria such as timeliness of delivery, reputation, reliability, quality and pricing. We will also determine our existing HDD machinery availability, and if required, lease additional HDD machinery to meet project requirements and timeline.

Upon receipt of the procured materials and equipment, our project team and subcontractors will inspect the items and ensure that the quality and quantity align with the project requirements. Our project team will ensure that all machinery, equipment and materials arrive at the project site on time before the commencement of works.

**(e) Pipeline route boring**

Warning signs and traffic cones are placed according to the relevant traffic management guidelines prior to the commencement of site works. The entry and exit pits for the cable installation will be marked and excavated. The HDD machine will be moved to the entry pit to bore the pipeline route in accordance with the approved utility drawing plan and contract specifications.

**(f) Installation of cables, pipelines and jointing**

Installation of cables, pipelines and jointing are done in accordance with standard procedures, project specifications and/or machine manufacturer requirements. In projects where we appoint subcontractors to carry out the installation works, our project team will monitor the progress of works and ensure that the installation works are undertaken in accordance with the project specifications.

**(g) Testing and commissioning**

After the installation works, our project team will perform the mandrel test. The mandrel test is the inspection of pipes after they are pulled through the bored tunnel to ensure that they do not break or clog with soil and debris. It is done via inserting a duct rod into the pipe. The duct rod is tied to one end of a mandrel which is suitable for the size of the pipe. The other side of the mandrel is tied to a rope. The duct rod is then pulled through the pipe. If the mandrel passes through smoothly, the ends of the installed pipes will be covered with end caps. If the mandrel is stuck or hard to pull out, the pipe needs to be cleaned from soil and debris and the test will be repeated. The affected section of the installed pipes need to be pulled out and replaced with new pipes if they fail the second mandrel test.

Our project manager will also hold a meeting with the customer to verify the pipe length installed via the HDD method, using the surface measurement, rope measurement or pipe measurement method.

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

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**(h) Handover**

Our project team will hand over the completed installation works and relevant handover documents to the customer after all the necessary tests have been performed to ensure compliance to contractual and regulatory requirements.

Subsequent to this, our customer will issue a completion certificate or an acknowledgement of stage of work completed, indicating that our works have been completed, inspected and approved.

**(i) Process progress claims and monitor retention sums**

Our revenue is recognised based on percentage of project completion or upon completion of work orders. Subsequent to the issuance of completion certificate or acknowledgement of stage of work completed by our customer, our Finance department will prepare and issue the corresponding invoices.

We will also monitor our receipts and return of retention monies from time to time. Generally, our customers hold 5.0% to 10.0% of the contract value as retention sum, half of which will be released to us upon 6 months of the completion date and the remaining half will be released to us upon 12 months of the completion date. We impose similar retention requirements on our subcontractors.

**(j) Defect liability rectification**

We generally provide our customers with defect liability period of 12 months effective from the date of the completion certificate. Specific to the projects that we undertake for power grid projects in Singapore, we provide a defect liability period of 60 months, which corresponds to the defect liability period imposed on our Group by our main contractors. During the defect liability period, we are liable to render remedial works which may arise from the defective works or materials used as identified by our customers. Upon expiry of the defect liability period, we will be released from our obligations under the contract terms.

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## 7. BUSINESS OVERVIEW (Cont'd)

### 7.4.2 Provision of open cut and micro trenching engineering solutions

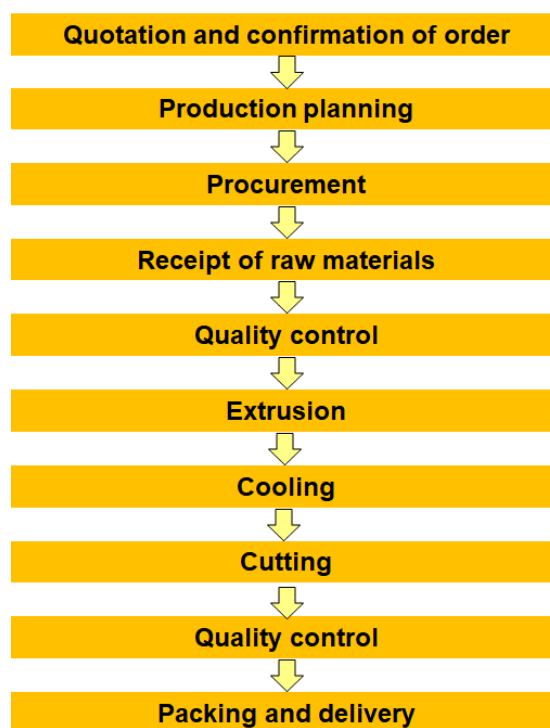
The overall process flow for underground utilities engineering solutions using the HDD, open cut and micro trenching methods is similar. However, there are differences in specific activities performed in the process flow specific to pipeline route boring and installation of cables, pipelines and jointing. The differences are summarised below:

| Activity  | Method  |  |  |
|---|---|--|--|
|   | HDD   | Open cut   | Micro trenching  |
| <b>Pipeline route boring</b>                          | <p>The entry and exit pits for the cable installation will be marked and excavated.</p> <p>The HDD machine will be moved to the entry pit to bore the pipeline route in accordance with the approved utility drawing plan and contract specifications. The bore is enlarged to a diameter that would allow the installation of the required pipe.</p> | Not applicable   | Not applicable   |
| <b>Installation of cables, pipelines and jointing</b> | <p>The pipeline is pulled into the hole. The process creates a continuous segment of pipes underground.</p>   | <p>A trench of a specific depth is dug in the surface of the ground along the specified route for the installation of each piece of pipeline. The depth of the trench is typically up to 1.5m beneath ground level, or to the specifications of local authorities, or our Group's customer.</p> <p>Pipelines are manually placed in the exposed trench.</p> <p>Lastly cables are laid and pulled through the pipelines.</p> <p>The open trench is then backfilled and the surface is restored to the original condition.</p> | <p>A microtrencher is a small rockwheel fitted with a cutting wheel that saws a micro-trench with smaller dimensions than the ones achieved with conventional trench digging equipment. The trench dimensions range from about 10mm to 50mm in width, and at maximum depths of 400mm.</p> <p>Once the microtrencher is used to cut a tiny slot / pathway on the side of the road, the cables' protective ducts are installed and laid, through which fibre optic cables are pulled or pushed.</p> <p>Finally, applicators are used to fill the micro trenches with resin and restore the road section.</p> |

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.4.3 Manufacturing of HDPE pipes

The typical process flow of our manufacturing of HDPE pipes is depicted below:



#### (a) Quotation and confirmation of order

Upon receiving enquiries from our customers, we will provide quotations to our customers based on the type and quantity of HDPE pipes required. Upon acceptance of the sales quotation, our customers will place purchase orders with us.

#### (b) Production planning

Our factory manager is responsible for preparing production planning based on the purchase orders received. The schedule for product planning will be reviewed and updated every week, unless we receive ad hoc order placements. The factory manager will acknowledge any updates to production planning and communicate them to the production supervisor promptly for the preparation of raw materials.

#### (c) Procurement

Our procurement team will place purchase orders of raw materials from approved suppliers on a monthly basis based on the quantity required detailed in the production planning schedule.

#### (d) Receipt of raw materials

Raw materials will be delivered by our suppliers to PPI and received by our production team.

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

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**(e) QC**

Upon the receipt of procured raw materials, our lab technicians will perform the following tests on a sampling basis:

- density test; and
- melt index test.

**(f) Extrusion**

The machine operator will initiate the warming up process by switching on the heaters for extruders. The warming up process will take up to 3 hours for Line 1 and 4 hours for Line 2. The dried raw materials (being HDPE resin and masterbatches) will be loaded into the mixing tower and the mixed raw materials will be discharged from the mixing tower and kept in mixture containers. When the heater temperature reaches the predetermined temperature, the heating rings of the extruder barrel will melt the raw material mixtures and the extruder will be set to start pushing the molten raw material mixture through the extruder die head. The die set is shaped according to the size of the pipe required. The HDPE pipe formed shall be connected to the leftover HDPE pipe from the previous production run using heat-resistant gloves. Irregular parts from the first batch of extrusion are cut off after successful connection of HDPE pipes.

**(g) Cooling**

The HDPE pipe formed will go through the vacuum tank to keep its shape intact once it leaves the die set and go through the cooling tanks. The calibration sleeve is a component that assists the cooling and shaping of plastic pipes. After the pipe comes out of the extruder die head, it enters the vacuum tank and spray cooling tank for further cooling through the calibration sleeve for preliminary cooling and sizing, until it is completely cooled and solidified, so as to achieve the size specification required. The water spraying cooling tanks cool down the HDPE pipes during production. We recycle rainwater used in the water circulation system. The pipe is indelibly marked by the laser marking machine at pre-set intervals with identification of trademark, pipe size, PE classification (material grade), nominal pressure (pressure rating), label as well as date and time of manufacture.

**(h) Cutting**

The pre-cooled and shaped HDPE pipes will be pulled down by the haul-off machine at a constant speed and then cut into the required lengths by the cut-off saw machine.

**(i) QC**

Our QC and assurance process involves daily sampling inspection of 1 in every 20 HDPE pipes output for pipe thickness, size and appearance, where the inspection results need to be approved by the factory manager. This QC sampling size is based on sampling standards defined under the SIRIM 52: 2022 standards.

In the event of deviation from product quality during production, we will promptly make adjustments on the speed of extruder and haul-off machine, temperature of heaters and/or pressure of calibration sleeve to resolve the issue.

For pressure pipes, we perform additional quality testing to determine conformance to tensile strength and hydrostatic pressure. Unlike our HDPE pipes in which power cables are laid and are used to protect the power cables contained therein, pressure pipes are used to contain fluid at high pressure. Pressure pipes are commonly used for water supply distribution and gas distribution.

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

For clarity, our Group did not produce and sell any pressure pipes during FYE 2021 to 2023 and up to LPD. During FYE 2021 to 2023 and up to LPD, our Group only produced HDPE pipes for the electricity supply and telecommunications sectors. However, our Group is able to produce and sell pressure pipes should opportunities arise and when we receive such requests from customers.

If any deviation in product quality is noticed during the manufacturing or testing phase, the production supervisor will resolve it by adjusting the speed of extruder and haul off machine, temperature of heaters and/or pressure of calibration sleeve.

**(j) Packing and delivery**

The HDPE pipes are stacked or rolled in wheel drums to be packaged and delivered after passing the testing stage.

**7.5 PRINCIPAL MARKETS AND SEGMENTS**

The breakdown of our revenue by business segment for FYE 2021 to 2023 is as follows:

| Business segment                                       | Audited       |              |               |              |               |              |
|--|---------------|--------------|---------------|--------------|---------------|--------------|
|  | FYE 2021      |              | FYE 2022      |              | FYE 2023      |              |
|  | RM'000        | %            | RM'000        | %            | RM'000        | %            |
| Underground utilities engineering solutions            | 44,061        | 85.2         | 68,596        | 91.6         | 79,720        | 89.9         |
| - As a subcontractor                                   | 44,004        | 85.1         | 68,479        | 91.4         | 78,494        | 88.5         |
| - As a main contractor                                 | 57            | 0.1          | 117           | 0.2          | 1,226         | 1.4          |
| Manufacturing and trading of HDPE pipes <sup>(1)</sup> | 7,645         | 14.8         | 6,290         | 8.4          | 8,942         | 10.1         |
| <b>Total</b>   | <b>51,706</b> | <b>100.0</b> | <b>74,886</b> | <b>100.0</b> | <b>88,662</b> | <b>100.0</b> |

**Note:**

(1) Being the sales of HDPE pipes to external parties.

The breakdown of our revenue by country for FYE 2021 to 2023 is as follows:

| Country      | Audited       |              |               |              |               |              |
|--------------|---------------|--------------|---------------|--------------|---------------|--------------|
|              | FYE 2021      |              | FYE 2022      |              | FYE 2023      |              |
|              | RM'000        | %            | RM'000        | %            | RM'000        | %            |
| Malaysia     | 43,249        | 83.6         | 57,278        | 76.5         | 65,774        | 74.2         |
| Singapore    | 8,457         | 16.4         | 17,608        | 23.5         | 22,888        | 25.8         |
| <b>Total</b> | <b>51,706</b> | <b>100.0</b> | <b>74,886</b> | <b>100.0</b> | <b>88,662</b> | <b>100.0</b> |

**7.6 BUSINESS DEVELOPMENT AND MARKETING STRATEGIES**

Our projects typically come from private tenders extended to us directly from the project owners or via a main contractor. We also obtain opportunities for new projects through recommendations or word-of-mouth through our existing customers.

We believe our ability to consistently procure new projects is attributable to our expertise in HDD technology, track record as well as quality and timely delivery of services. We have also established and maintained good relationships with our customers, leading to us being appointed as the exclusive HDD engineering service provider by Komasi Engineering and Sutera Utama. We believe that the goodwill from satisfied customers will continue contributing to new projects and business opportunities either through recurring business or business referrals to other prospective customers.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.7 MAJOR CUSTOMERS

Our top 5 major customers for FYE 2021 to 2023 are as follows:

#### FYE 2021

| No. | Major customers               | Solutions delivered                      | Revenue contribution |             | (1)Length of relationship |
|-----|-------------------------------|--|----------------------|-------------|---------------------------|
|     |                               |  | RM'000               | %           | Years                     |
| 1   | Komasi Engineering            | HDD engineering solutions                | 25,264               | 48.9        | 9                         |
| 2   | Sutera Utama                  | HDD engineering solutions                | 10,885               | 21.1        | 10                        |
| 3   | Wee Guan Group <sup>(2)</sup> | HDD engineering solutions and HDPE pipes | 7,238                | 14.0        | 12                        |
| 4   | Drill Dig Sdn Bhd             | HDPE pipes                               | 2,127                | 4.1         | 1                         |
| 5   | Motobina Sdn Bhd              | HDPE pipes                               | 1,979                | 3.8         | 1                         |
|     |                               |  | <b>47,493</b>        | <b>91.9</b> |                           |

#### FYE 2022

| No. | Major customers               | Solutions delivered                      | Revenue contribution |             | (1)Length of relationship |
|-----|-------------------------------|--|----------------------|-------------|---------------------------|
|     |                               |  | RM'000               | %           | Years                     |
| 1   | Komasi Engineering            | HDD engineering solutions                | 42,803               | 57.2        | 10                        |
| 2   | Wee Guan Group <sup>(2)</sup> | HDD engineering solutions and HDPE pipes | 15,362               | 20.5        | 13                        |
| 3   | Sutera Utama                  | HDD engineering solutions                | 10,753               | 14.4        | 11                        |
| 4   | Integrate Engineers Pte Ltd   | HDD engineering solutions and HDPE pipes | 1,413                | 1.9         | 8                         |
| 5   | Viva Complete Sdn Bhd         | HDPE pipes                               | 953                  | 1.3         | 2                         |
|     |                               |  | <b>71,284</b>        | <b>95.3</b> |                           |

**7. BUSINESS OVERVIEW (Cont'd)****FYE 2023**

| <b>No.</b> | <b>Major customers</b>        | <b>Solutions delivered</b>               | <b>Revenue contribution</b> |             | <b><sup>(1)</sup>Length of relationship</b> |
|------------|-------------------------------|--|-----------------------------|-------------|---|
|            |                               |  | <b>RM'000</b>               | <b>%</b>    | <b>Years</b>                                |
| 1          | Komasi Engineering            | HDD engineering solutions and HDPE pipes | 39,721                      | 44.8        | 11  |
| 2          | Wee Guan Group <sup>(2)</sup> | HDD engineering solutions and HDPE pipes | 16,921                      | 19.1        | 14  |
| 3          | Sutera Utama                  | HDD engineering solutions                | 12,311                      | 13.9        | 12  |
| 4          | Integrate Engineers Pte Ltd   | HDD engineering solutions and HDPE pipes | 5,586                       | 6.3         | 9   |
| 5          | Bio Brilliant Sdn Bhd         | HDD engineering solutions                | 3,954                       | 4.5         | 2   |
|            |                               |  | <b>78,493</b>               | <b>88.6</b> |   |

**Notes:**

- (1) Length of relationship as at the respective FYE.
- (2) The companies within our customer grouping are as follows:

| <b>Customer grouping</b> | <b>Companies</b>   |
|--------------------------|--|
| Wee Guan Group           | Wee Guan Construction Pte Ltd, Weng Guan Technology Pte Ltd and Geecomms Pte Ltd |

Our major customers contributed to 91.9%, 95.3% and 88.6% of our revenues in FYE 2021, 2022 and 2023 respectively. Revenue contribution from our Group's major customers varies from year to year given the nature of our business being conducted on a contract basis, and are based on projects secured from time-to-time as well as work-in-progress claims. The contracts that our Group enters into with our customers typically range between 3 months and 24 months, depending on the scale of project and the scope of services that we are engaged to perform. We may not secure similar contracts in terms of size and scope with the same customers every year.

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

Notwithstanding the above, our Group's business is dependent on Komasi Engineering, Sutera Utama and Wee Guan Group by virtue of their collective revenue contributions of 84.0%, 92.1% and 77.8% for FYE 2021, 2022 and 2023 respectively. The breakdown of the number of contracts and contract value awarded by Komasi Engineering, Sutera Utama and Wee Guan Group to our Group for FYE 2021 to 2023 are as follows:

| <b>Major customers</b> | <b>Parameter</b>                           | <b>FYE 2021</b> | <b>FYE 2022</b> | <b>FYE 2023</b> |
|------------------------|--|-----------------|-----------------|-----------------|
| Komasi Engineering     | Number of contracts                        | 8               | 15              | 25              |
|                        | Contract value (RM million) <sup>(1)</sup> | 50.8            | 36.5            | 78.5            |
| Sutera Utama           | Number of contracts                        | 10              | 59              | 62              |
|                        | Contract value (RM million) <sup>(1)</sup> | 6.8             | 9.2             | 91.5            |
| Wee Guan Group         | Number of contracts                        | 2               | 8               | 2               |
|                        | Contract value (RM million) <sup>(1)</sup> | 0.6             | 16.9            | 1.1             |
| Others                 | Number of contracts                        | 7               | 15              | 39              |
|                        | Contract value (RM million)                | 1.5             | 2.0             | 33.1            |
| <b>Total</b>           | <b>Number of contracts</b>                 | <b>27</b>       | <b>97</b>       | <b>128</b>      |
|                        | <b>Contract value (RM million)</b>         | <b>59.7</b>     | <b>64.6</b>     | <b>204.2</b>    |

**Note:**

- <sup>(1)</sup> The contract value awarded for each of the financial year will not correspond to the revenue contributed by these customers as the revenues are based on percentage of project completion or upon completion of work orders during the financial year.

Further details of Komasi Engineering, Sutera Utama and Wee Guan Group are as follows:

- (i) Komasi Engineering is a private limited company incorporated in Malaysia on 30 September 1983 and commenced its business since 1984. Komasi Engineering is principally involved as general contractor and transportation agents. The directors and shareholders of Komasi Engineering are as follows:

| <b>Name of directors / shareholders</b> | <b>Designation</b>       | <b>Nationality</b> | <b>No. of shares held (%)</b> |
|---|--------------------------|--------------------|-------------------------------|
| Abd Aziz Bin Abd Majid                  | Director and shareholder | Malaysian          | 800,800 shares (80.0%)        |
| Helan Bin Awang                         | Director and shareholder | Malaysian          | 200,200 shares (20.0%)        |
| Mohd Nizam Bin Abd Majid                | Director                 | Malaysian          | -                             |

## 7. BUSINESS OVERVIEW (Cont'd)

- (ii) Sutera Utama is a private limited company incorporated in Malaysia on 4 February 2009 and commenced its business since 2009. Sutera Utama is principally involved in general contracting and generation of electricity using solar power. The directors and shareholders of Sutera Utama are as follows:

| <b>Name of directors / shareholders</b> | <b>Designation</b>       | <b>Nationality</b> | <b>No. of shares held (%)</b> |
|---|--------------------------|--------------------|-------------------------------|
| Wan Mohd Azmir Bin Wan Mohd Affandi     | Director and shareholder | Malaysian          | 375,000 shares (50.0%)        |
| Mohamad Zailan Bin Melan                | Director and shareholder | Malaysian          | 375,000 shares (50.0%)        |

- (iii) Wee Guan Construction Pte Ltd, Weng Guan Technology Pte Ltd and Geecomms Pte Ltd (collectively Wee Guan Group) are indirect subsidiaries of Wei Yuan Holdings Limited, a company listed on the Main Board of the Stock Exchange of Hong Kong Limited, through its indirect subsidiary, Wee Guan Corporation Pte Ltd, a company incorporated in Singapore. Wei Yuan Holdings Limited is an investment holding company and its subsidiaries are principally engaged in general construction of civil engineering projects in Singapore.

The details of the relevant companies under Wee Guan Group are as follows:

- (a) Wee Guan Construction Pte Ltd

Wee Guan Construction Pte Ltd is a private limited company incorporated in Singapore on 14 February 1991 and commenced its business since 1992. The company is principally a general construction contractor. The directors and shareholder of the company are as follows:

| <b>Name of directors / shareholder</b> | <b>Designation</b> | <b>Nationality /<br/>Country of incorporation</b> | <b>No. of shares held (%)</b> |
|--|--------------------|---|-------------------------------|
| Ng Tian Kew                            | Director           | Malaysian   | -                             |
| Ng Tian Fah                            | Director           | Singaporean                                       | -                             |
| Ng Tian Soo                            | Director           | Malaysian   | -                             |
| Wee Guan Corporation Pte Ltd           | Shareholder        | Singapore   | 3,000,000 (100.0%)            |



## 7. BUSINESS OVERVIEW (Cont'd)

(b) Weng Guan Technology Pte Ltd

Weng Guan Technology Pte Ltd is a private limited company incorporated in Singapore on 4 March 1992 and commenced its business since 1994. The company is principally involved in road and railway construction. The directors and shareholder of the company are as follows:

| <b>Name of directors / shareholder</b> | <b>Designation</b> | <b>Nationality /<br/>Country of incorporation</b> | <b>No. of shares held (%)</b> |
|--|--------------------|---|-------------------------------|
| Phang May Lan                          | Director           | Malaysian   | -                             |
| Chen Teck Men                          | Director           | Singaporean                                       | -                             |
| Wee Guan Corporation Pte Ltd           | Shareholder        | Singapore   | 750,000 (100.0%)              |

(c) Geecomms Pte Ltd

Geecomms Pte Ltd is a private limited company incorporated in Singapore on 27 May 2014 and commenced its business since 2014. The company is principally involved in electrical works. The director and shareholder of the company are as follows:

| <b>Name of director / shareholder</b> | <b>Designation</b> | <b>Nationality /<br/>Country of incorporation</b> | <b>No. of shares held (%)</b> |
|---------------------------------------|--------------------|---|-------------------------------|
| Chen Teck Men                         | Sole Director      | Singaporean                                       | -                             |
| Wee Guan Corporation Pte Ltd          | Shareholder        | Singapore   | 500,000 (100.0%)              |

Our Group has entered into Exclusive Engineering Service Provider Agreements with Komasi Engineering and Sutera Utama respectively, details of which are as follows:

- (i) Exclusive Engineering Service Provider Agreement dated 1 July 2021 and Supplementary Agreement dated 1 August 2021 between Kum Fatt and Komasi Engineering; and
- (ii) Exclusive Engineering Service Provider Agreement dated 1 August 2021 and Supplementary Agreement dated 1 August 2021 between Kum Fatt and Sutera Utama.

## 7. BUSINESS OVERVIEW (*Cont'd*)

The salient terms of each of the Exclusive Engineering Service Provider Agreement is as follows:

|                           | <b>Descriptions</b>   |
|---------------------------|---|
| Parties                   | <p>(1) Komasi Engineering / Sutera Utama<br/>(each party respectively referred to as the "<b>Contractor</b>")</p> <p>(2) Kum Fatt</p>   |
| Purpose of the agreement  | The Contractor irrevocably appointing Kum Fatt as the sole and exclusive engineering service provider for HDD for all the projects (save and except those contracts awarded with the participation of Bumiputera only) (" <b>Award</b> ")   |
| Tenure                    | From 1 January 2021 until and unless being terminated by Kum Fatt solely  |
| Obligation of the Parties | <p><u>Contractor's obligation</u><br/>The Contractor is to identify and submit tenders for all potential projects</p> <p><u>Kum Fatt's obligations</u><br/>Kum Fatt is to provide consultancy, construction and commissioning for works including but not limited to the supply of pipes and fittings for the project and any other scope of works that may be required, stated or prescribed in the Award, from time to time.</p> <p>Kum Fatt is also required to undertake the following:</p> <ul style="list-style-type: none"> <li>(a) if required to obtain relevant financing including providing a bank guarantee in relation to the project awarded;</li> <li>(b) if required, to apply and obtain all relevant licenses, permits, approvals and/or certificates required for undertaking the scope of work for the project awarded;</li> <li>(c) as and when required by the Contractor, issue performance bond, pay earnest monies and such other monies necessary to undertake the project awarded; and</li> <li>(d) if required, to maintain an insurance for the purpose of undertaking the project.</li> </ul> <p>The Contractor agrees and grants Kum Fatt with the absolute right to enter into any joint venture arrangements with any party including to appoint any subcontractors, consultants and professionals to undertake and complete the project awarded provided always that a notification be provided to the Contractor and the Contractor undertakes not to interfere, prohibit, restrict nor object to such arrangement.</p> <p>Kum Fatt is granted with an exclusive right to manage each and every project awarded, obtained and secured by the Contractor at its own costs and expenses. For clarity, any costs incurred in relation to the tender submission by the Contractor shall be borne by the Contractor.</p> |

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

|                       | <b>Descriptions</b>   |
|-----------------------|---|
| Parties' entitlements | <p><u>Kum Fatt's Entitlement</u><br/>90% of the contract or award sum, inclusive of any variation, additions and any deduction certified by the consultant of the project to those set out in the award.</p> <p><u>Contractor's Entitlement</u><br/>The remaining 10% of the contract or award sum.</p>   |
| Terms of payment      | <p>For any progressive claims or invoices or other claim statement ("<b>Billings</b>") for the work done/completed are to be submitted directly to the Contractor, which the Contractor will collate such Billings and forward to the principal or owner of the project. The Contractor irrevocably:</p> <p>(a) commits to settle all Billings submitted by Kum Fatt based on payment terms stated in the Billings; and<br/>           (b) undertakes to remit the payment to Kum Fatt no later than seven (7) working days from the date of the receipt of the payment from principal or project owner.</p> <p>For illustrative purposes, under scenario (a) above if the Contractor did not receive payment from the principal / project owner, the Contractor is to commit to settle all Billings based on the Billing terms whilst under scenario (b), if the Contractor receives payment from the principal / project owner, payment is to be remitted within 7 working days from the date of receipt of the payment by the Contractor.</p> <p>All projects awarded by the Contractors to Kum Fatt is based on 90% of the total value of the contract / award sum awarded by the project owner, hence, there is no deduction prior to the remittance of progressive payments by the Contractors to Kum Fatt.</p> |
| Termination           | <p>The Exclusive Engineering Service Provider Agreement is to be terminated upon the occurrence of any of the following events, whichever is the earliest:</p> <p>(a) termination by Kum Fatt at any time; or<br/>           (b) termination by Kum Fatt due to breach or non-observance by the Contractors.</p> <p>In addition to the above, Kum Fatt reserves the right to terminate the Exclusive Engineering Service Provider Agreement upon the occurrence of any event of default ("<b>Events of Default</b>") as set out below by giving notice to the Contractor:</p> <p>(a) the Contractor goes into liquidation, being served with a winding up order, involved in any legal proceedings or litigation that will materially impact the Contractor's performance under the award including failure to maintain any of its licences during the tenure of the Exclusive Engineering Service Provider Agreement;</p>  |

## 7. BUSINESS OVERVIEW (*Cont'd*)

### Descriptions

- (b) the Contractor appoints third party without the consent of Kum Fatt in respect of any project and fails, neglects and/or refuses to appoint Kum Fatt as the engineering service provider;
- (c) there is change of structure, shareholdings and directors in the Contractor without the consent of Kum Fatt which could materiality affect Kum Fatt from undertaking the project or award; and
- (d) the Contractor defaults, breaches and/or fails to comply with any provisions of any statute, law, enactment, ordinance, act, rule, regulation, by-law, or any statutory or other requirement affecting the Awards or contravenes its obligations and undertakings under the Exclusive Engineering Service Provider Agreements.

On any occurrence of the Events of Default, Kum Fatt may:

- (a) terminate the Exclusive Engineering Service Provider Agreement and seek for compensation for all the direct financial loss and expense incurred by Kum Fatt; or
- (b) seek specific performance against the Contractor in relation to the breach of under paragraphs (b) and (c) as well as failure to uphold, maintain and renew (if applicable) any of its licences.

|                         |   |
|-------------------------|---|
| Arbitration             | If either the Contractor or Kum Fatt disagrees on the settlement quantum under the event of default or the matter cannot be resolved amicably, the parties agree to opt for mediation and to appoint a mediator to negotiation and to reach a settlement between other parties, failing which, the parties agree to submit the dispute to a mutually agreed upon arbitrator in Kuala Lumpur. if the Contractor and Kum Fatt are unable reach any further amicable settlement during the mediation or arbitration, either party may refer that matter, dispute or claim to Court of Malaysia   |
| Governing law           | Law of Malaysia   |
| First right of refusal  | The Contractor agrees to grant Kum Fatt the irrevocable right of first refusal, if the Contractor decides to issue any new shares in its company including any disposal of its shares by any of its shareholder provided always that the Contractor shall comply with its contractor license's terms and conditions and/or its Bumiputera status  |
| Project completion work | All projects awarded to Kum Fatt shall be completed on timely basis. If the progress work of the project carried out by Kum Fatt is behind the schedule (subject to any extension of time granted by the project owner or the Contractor (as case may be) in accordance with the terms of the award made between the project owner and the Contractor), the Contractor shall in good faith discuss with Kum Fatt to resolve the matter amicably (including quantum to liquidated damages, if any imposed on the Contractor) and if required, to appoint additional subcontractor(s) (as may be approved by Kum Fatt) to complete the project on time at the cost of Kum Fatt. For the avoidance of doubt, Kum Fatt has not been subject to any liquidated damages for FYE 2021 to 2023 and up to LPD. |

## **7. BUSINESS OVERVIEW (Cont'd)**

For projects undertaken with Kum Fatt pursuant to the Exclusive Engineering Service Provider Agreements, Komasi Engineering and Sutera Utama will undertake the role of a main contractor who is responsible for the scope of work of the its contract at large, that includes HDD works. The scope of work that falls beyond the scope of HDD works generally include the following:

- (a) overall project management and liaising with project owner on project progress;
- (b) liaising with consultants appointed by the project owner and local authorities to obtain the requisite permit approvals and clearance to commence work;
- (c) obtaining approval from the local authority for traffic management plan during construction activities;
- (d) supervising works taking place on the project site as well as liaising with appointed subcontractors and managing their progress vis-à-vis the project timeline;
- (e) procurement of construction materials;
- (f) cable laying, jointing and termination works;
- (g) installation of earthing cables and systems;
- (h) civil works such as milling and paving; and
- (i) fibre to the home (FTTH) deployment.

Pursuant to the Exclusive Engineering Service Provider Agreements, Komasi Engineering and Sutera Utama are obliged to engage Kum Fatt for HDD works. They may also, at their own discretion, subcontract the above scope of works to Kum Fatt in addition to the HDD works in which they are obligated to subcontract to Kum Fatt, where Kum Fatt generally also subcontracts such non-HDD works out where this encompasses labour-intensive physical underground utilities engineering works such as open cut trenching works, micro trenching works, physical HDD works, cable laying works, cable termination and jointing, milling and paving, electrical works and structural works, traffic management as well as site preparation, maintenance and cleaning. For avoidance of doubt, our Group is unable to affirm whether it is a common industry practice to enter into such exclusive agreements.

Komasi Engineering, Sutera Utama and Wee Guan Group are expected to continue contributing significantly to our Group's revenue in the future. Thus, if Komasi Engineering, Sutera Utama and Wee Guan Group cease to be our customer(s), our financial results will be adversely affected if we are not able to replace the decrease or loss in sales in a timely manner. Additionally, 30 (with total contract value of RM277.0 million) of 109 (with total contract value of RM372.1 million) ongoing projects as at LPD are for the electricity supply industry where TNB is the project owner for electricity supply-related projects in Peninsular Malaysia. Thus, we are also dependent on our 2 major customers' ability to continuously secure new projects from TNB. Please refer to Section 9.1.2 for further details of the risk of dependency on our major customers.

Notwithstanding the above, our Group will continue to work closely with our existing major customers as part of our ongoing efforts in meeting the service quality and other project requirements to ensure customer satisfaction; engage with potential customers via direct communication in efforts to participate in new tenders and/or requests for quotations and secure new projects from them; and serve other customers and pursue business development activities to expand our customer base and reduce dependency on Komasi Engineering, Sutera Utama and Wee Guan Group.

Further, our Group is also striving to expand our business and customer base through our future plans and strategies. Please refer to Section 7.18 for further details on our business strategies and prospects.

**7. BUSINESS OVERVIEW (Cont'd)****7.8 TYPES, SOURCES AND AVAILABILITY OF INPUTS**

The main inputs for our business are as follows:

- (a) subcontractors' fees for our underground utilities engineering solutions;
- (b) construction materials such as pipes, cables and microducts for our underground utilities engineering solutions; and
- (c) raw materials such as HDPE resin and masterbatches for our HDPE pipe manufacturing activities.

The breakdown of the inputs purchased/sourced by our Group for FYE 2021 to 2023 is as follows:

|                            | FYE 2021 <sup>(1)</sup> |              | FYE 2022 <sup>(1)</sup> |              | FYE 2023 <sup>(1)</sup> |              |
|----------------------------|-------------------------|--------------|-------------------------|--------------|-------------------------|--------------|
|                            | RM'000                  | %            | RM'000                  | %            | RM'000                  | %            |
| Subcontractors' fee        | 20,742                  | 64.3         | 27,023                  | 63.7         | 31,262                  | 61.0         |
| HDPE pipes <sup>(3)</sup>  | 5,331                   | 16.5         | 9,424                   | 22.2         | 10,380                  | 20.3         |
| HDPE resin                 | 5,012                   | 15.5         | 3,973                   | 9.4          | 6,212                   | 12.1         |
| Accessories <sup>(2)</sup> | 767                     | 2.4          | 1,305                   | 3.1          | 1,979                   | 3.9          |
| Cables                     | 248                     | 0.8          | 565                     | 1.3          | 631                     | 1.2          |
| Masterbatches              | 158                     | 0.5          | 136                     | 0.3          | 111                     | 0.2          |
| Microducts                 | -                       | -            | -                       | -            | 662                     | 1.3          |
| <b>Total</b>               | <b>32,258</b>           | <b>100.0</b> | <b>42,426</b>           | <b>100.0</b> | <b>51,237</b>           | <b>100.0</b> |

**Notes:**

- (1) Our Group's purchases for FYE 2021 to 2023 are locally sourced.
- (2) Accessories include cable support structures, lightning mast poles, lightning protection rods and accessories, sockets, concrete slabs, manholes, poles, cable plugs, link boxes, electrical relays, rods, cable glands and cable markers.

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

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- (3) Includes cost of production by PPI for HDPE pipes purchased by Kum Fatt. For clarity, purchases of HDPE pipes from suppliers other than PPI were accounted for at their actual purchase cost, as these are considered third party transactions. Conversely, purchases from PPI are accounted for based on the cost of production in view that this approach was taken to eliminate intercompany transactions. As a result, at the group level, the cost of HDPE pipes used in Kum Fatt's projects are accounted for based on the cost of production incurred by PPI in producing these HDPE pipes. This ensures consistent tracking of construction material costs.

Subcontractors' fee was our largest component of purchases and comprised 64.3%, 63.7% and 61.0% of our total purchases in FYE 2021, 2022 and 2023 respectively. As at LPD, we have engaged 30 subcontractors for our ongoing projects. We engage subcontractors on a project basis to carry out selected parts of our works, such as physical open cut trenching works, micro trenching works, physical HDD works, cable laying works, cable termination and jointing, milling and paving, electrical works and structural works, traffic management as well as site preparation, maintenance and cleaning. Thus, in these instances, we take on the role of overall project management, whereby we manage and monitor the works performed by our subcontractors. Our Group is not materially dependent on any of the subcontractors that we engage. We have a list of subcontractors that we approach to source comparable quotations prior to engaging a subcontractor. By engaging subcontractors, we are able to scale up our project capabilities to complete our projects in a timely manner and undertake more projects.

Notwithstanding that project owners may nominate suppliers from whom we purchase certain materials, the construction materials for our Group's underground utilities engineering solutions are readily available from local suppliers. We maintain a list of suppliers which meet our project requirements. We select these suppliers based on multiple factors, including the availability of materials, quality, pricing and lead time for delivery as well as their reliability. We have good business relationships with our suppliers, which we believe contributes to our purchasing and cost efficiency. By maintaining a certain level of buffer in our budgeted project cost, we are better prepared for instances of potential cost overruns due to an increase in the price of materials.

Our Group procures pipes for our underground utilities engineering projects, to supplement PPI's internal production volume, and in instances where we require corrugated HDPE pipes. We procure HDPE resin for the manufacturing of our HDPE pipes.

Our purchases are subject to price fluctuations as a result of demand and supply conditions in the market. Generally, the unit prices of these materials are budgeted into our project costing where we have factored in potential price fluctuations over the duration of the project period. However, any unfavourable fluctuations in the cost of these materials during the performance of our projects may increase our overall project costs.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.9 MAJOR SUPPLIERS AND SUBCONTRACTORS

Our top 5 major suppliers for FYE 2021 to 2023 are as follows:

#### FYE 2021

| No. | Major suppliers                    | Materials procured | Purchase contribution |             | (1)Length of relationship |
|-----|------------------------------------|--------------------|-----------------------|-------------|---------------------------|
|     |                                    |                    | RM'000                | %           | Years                     |
| 1   | Lotte Chemical Titan (M) Sdn Bhd   | HDPE resin         | 6,373                 | 57.4        | 2                         |
| 2   | Nu-Plus Manufacturing Sdn Bhd      | HDPE resin         | 855                   | 7.7         | Less than 1 year          |
| 3   | CJ Polymers Sdn Bhd                | HDPE resin         | 765                   | 6.9         | Less than 1 year          |
| 4   | Bina Plastic Industries Sdn Bhd    | HDPE pipes         | 679                   | 6.1         | 11                        |
| 5   | Foremost Cable Accessories Sdn Bhd | Cable accessories  | 404                   | 3.6         | Less than 1 year          |
|     |                                    |                    | <b>9,076</b>          | <b>81.7</b> |                           |

#### FYE 2022

| No. | Major suppliers                  | Materials procured | Purchase contribution |             | (1)Length of relationship |
|-----|----------------------------------|--------------------|-----------------------|-------------|---------------------------|
|     |                                  |                    | RM'000                | %           | Years                     |
| 1   | Lotte Chemical Titan (M) Sdn Bhd | HDPE resin         | 5,907                 | 38.1        | 3                         |
| 2   | CJ Polymers Sdn Bhd              | HDPE resin         | 2,104                 | 13.6        | 1                         |
| 3   | Bina Plastic Industries Sdn Bhd  | HDPE pipes         | 1,657                 | 10.7        | 12                        |
| 4   | Cew Sin Plastic Pipe Sdn Bhd     | HDPE pipes         | 1,194                 | 7.7         | 7                         |
| 5   | Nu-Plus Manufacturing Sdn Bhd    | HDPE resin         | 936                   | 6.0         | 1                         |
|     |                                  |                    | <b>11,798</b>         | <b>76.1</b> |                           |



## 7. BUSINESS OVERVIEW (Cont'd)

### FYE 2023

| No. | Major suppliers                           | Materials procured | Purchase contribution |             | (1)Length of relationship |
|-----|---|--------------------|-----------------------|-------------|---------------------------|
|     |   |                    | RM'000                | %           | Years                     |
| 1   | Petronas Chemicals Marketing (Labuan) Ltd | HDPE resin         | 4,713                 | 25.3        | 1                         |
| 2   | Lotte Chemical Titan (M) Sdn Bhd          | HDPE resin         | 4,511                 | 24.2        | 4                         |
| 3   | Power Cable Solutions Sdn Bhd             | Cable accessories  | 1,225                 | 6.6         | 2                         |
| 4   | CKY Recycle Plastic Sdn Bhd               | HDPE resin         | 1,118                 | 6.0         | 1                         |
| 5   | Cew Sin Plastic Pipe Sdn Bhd              | HDPE pipes         | 778                   | 4.2         | 8                         |
|     |   |                    | <b>12,345</b>         | <b>66.3</b> |                           |

#### Note:

(1) Length of relationship as at the respective FYE.

The abovementioned major suppliers contributed to 81.7%, 76.1% and 66.3% of our Group's total purchases for FYE 2021 to 2023 respectively. Our Group's top supplier is Lotte Chemical Titan (M) Sdn Bhd, a petrochemical producer, which contributed to 57.4%, 38.1% and 24.2% of our total purchases in FYE 2021, 2022 and 2023 respectively. While we primarily procure HDPE resin from Lotte Chemical Titan (M) Sdn Bhd, our Group also has other suppliers that are able to supply us with HDPE resin based on our production and quality requirements.

Our Group's pipe extrusion lines are able to produce HDPE pipes with dimensions ranging from 75mm up to 315mm. PPI produces non-corrugated HDPE pipes (also known as solid HDPE pipes) which are suitable for and used in our HDD projects. The dimensions of non-corrugated HDPE pipes produced by PPI are as follows:

|               | Drum | Piece            | Coil |
|---------------|------|------------------|------|
| Diameter (mm) | 160  | 110, 160 and 200 | 110  |
| Length (m)    | 200  | 6 and 12         | 100  |

In the event our Group requires non-corrugated HDPE pipes of different dimensions, we will purchase such pipes from other suppliers.

## 7. BUSINESS OVERVIEW (Cont'd)

Further, prior to June 2021 (during FYE 2022 period), our Group only had 1 pipe extrusion line for the production of non-corrugated HDPE pipes at PPI's factory. Thus, in order to meet our HDD project requirements, our Group also purchased non-corrugated HDPE pipes of similar dimensions (i.e. 110mm, 160mm and 200mm) from other suppliers to supplement PPI's production volume. In June 2021, we installed our second pipe extrusion line for the production of non-corrugated HDPE pipes at PPI's factory. With 2 pipe extrusion lines in operations at PPI's factory, we were able to increase our production volume of non-corrugated HDPE pipes to meet our HDD project needs, especially 160mm and 200mm HDPE pipes. Thus, our Group's purchases of non-corrugated HDPE pipes from other suppliers were lower in FYE 2023 compared to FYE 2021 and 2022. However, our Group does supplement internal production of HDPE pipes with purchases from other suppliers in the event that (i) our Group faces unavailability of HDPE pipes with specific diameter to meet our project requirements; and/or (ii) our Group requires a limited quantity of HDPE pipes with specific diameter for our project requirements and production of such quantity does not enable economies of scale to be reaped. This is because we primarily produce 160mm and 200mm HDPE pipes, for which our Group has higher requirement in its electricity supply projects.

Our Group also purchases corrugated HDPE pipes from external suppliers, as PPI does not produce corrugated HDPE pipes. Corrugated HDPE pipes are used in open cut related projects.

As our Group's underground utilities engineering solutions are primarily using the HDD method, it is more cost effective for our Group to manufacture non-corrugated HDPE pipes internally and purchase corrugated HDPE pipes from external suppliers when we secure open cut related projects.

Our top 5 major subcontractors for FYE 2021 to 2023 are as follows:

### FYE 2021

| No. | Major subcontractors  | Services procured                            | Purchase contribution |             | (1)Length of relationship |
|-----|-----------------------|--|-----------------------|-------------|---------------------------|
|     |                       |  | RM'000                | %           | Years                     |
| 1   | Ecobore Sdn Bhd       | HDD subcontracting services                  | 7,892                 | 38.5        | 1                         |
| 2   | Drill Dig Sdn Bhd     | HDD subcontracting services                  | 7,060                 | 34.4        | 9                         |
| 3   | Viva Complete Sdn Bhd | Cable laying and HDD subcontracting services | 2,346                 | 11.4        | 1                         |
| 4   | Jaringan Seia Sdn Bhd | Fibre optic cable laying services            | 1,290                 | 6.3         | Less than 1 year          |
| 5   | TSE Jaya Sdn Bhd      | HDD subcontracting services                  | 1,060                 | 5.2         | 3                         |
|     |                       |  | <b>19,648</b>         | <b>95.8</b> |                           |

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

| <b>No.</b> | <b>Major subcontractors</b> | <b>Services procured</b>                     | <b>Purchase contribution</b> |             | <b>(1)Length of relationship</b> |
|------------|-----------------------------|--|------------------------------|-------------|----------------------------------|
|            |                             |  | <b>RM'000</b>                | <b>%</b>    | <b>Years</b>                     |
| 1          | Ecobore Sdn Bhd             | HDD subcontracting services                  | 9,083                        | 33.7        | 2                                |
| 2          | Viva Complete Sdn Bhd       | Cable laying and HDD subcontracting services | 4,370                        | 16.2        | 2                                |
| 3          | Drill Dig Sdn Bhd           | HDD subcontracting services                  | 2,856                        | 10.6        | 10                               |
| 4          | Jaringan Seia Sdn Bhd       | Fibre optic cable laying services            | 2,609                        | 9.7         | 1                                |
| 5          | TSE Jaya Sdn Bhd            | HDD subcontracting services                  | 1,619                        | 6.0         | 4                                |
|            |                             |  | <b>20,537</b>                | <b>76.2</b> |                                  |

**FYE 2023**

| <b>No.</b> | <b>Major subcontractors</b> | <b>Services procured</b>                     | <b>Purchase contribution</b> |             | <b>(1)Length of relationship</b> |
|------------|-----------------------------|--|------------------------------|-------------|----------------------------------|
|            |                             |  | <b>RM'000</b>                | <b>%</b>    | <b>Years</b>                     |
| 1          | Ecobore Sdn Bhd             | HDD subcontracting services                  | 9,675                        | 30.9        | 3                                |
| 2          | Viva Complete Sdn Bhd       | Cable laying and HDD subcontracting services | 7,133                        | 22.8        | 3                                |
| 3          | Jaringan Seia Sdn Bhd       | Fibre optic cable laying services            | 3,115                        | 10.0        | 2                                |
| 4          | Drill Dig Sdn Bhd           | HDD subcontracting services                  | 2,403                        | 7.7         | 11                               |
| 5          | TSE Jaya Sdn Bhd            | HDD subcontracting services                  | 2,070                        | 6.6         | 5                                |
|            |                             |  | <b>24,396</b>                | <b>78.0</b> |                                  |

**Note:**

(1) Length of relationship as at the respective FYE.

Further details of our major subcontractors for the physical HDD and cable laying works are set out below.

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

The abovementioned major subcontractors contributed to 95.8%, 76.2% and 78.0% of our Group's total subcontractors' fees for FYE 2021, 2022 and 2023 respectively. Save for the following, our Group is not dependent on any other single subcontractor as none of the other subcontractors accounted for more than 10.0% of our total subcontractors' fees during FYE 2021 to 2023:

- (a) Ecobore Sdn Bhd, engaged for the provision of HDD subcontracting services, contributed to 38.5%, 33.7% and 30.9% of our Group's total subcontractors' fees in FYE 2021, 2022 and 2023 respectively. Ecobore Sdn Bhd is a private limited company incorporated in Malaysia on 14 April 2017 and is principally engaged as general contractor and transportation agents. Ecobore Sdn Bhd commenced its business since 2017. The details of the director and shareholder of the company are as follows:

| <b>Name of director / shareholder</b> | <b>Designation</b>            | <b>Nationality</b> | <b>No. of shares held (%)</b> |
|---------------------------------------|-------------------------------|--------------------|-------------------------------|
| Mohamed Rizal Bin Mohamed Yakub       | Sole director and shareholder | Malaysian          | 900,000 shares (100.0%)       |

For information purposes, Ecobore Sdn Bhd was originally owned by our Promoters. Datuk Dr Ting and Hin Wai Mun disposed their respective shareholdings in Ecobore Sdn Bhd on 11 May 2020 while Chong Tuo Chooi disposed his shareholding in Ecobore Sdn Bhd on 23 March 2021.

Ecobore Sdn Bhd was primarily involved in the provision of physical HDD works which are physically labour intensive in nature. Ecobore Sdn Bhd was also involved in the provision of underground engineering services using the pipe-jacking method prior to the disposal of Ecobore Sdn Bhd by our Promoters.

Our Promoters disposed Ecobore Sdn Bhd as they did not want to be involved in the physically labour-intensive portion of the HDD works and instead focus on the technical aspects of underground utilities engineering services, namely project planning and management, site survey, tracing and utility mapping while subcontracting out the physically labour-intensive portion of the HDD works. This allows us to scale up our operations by focusing on our core expertise which is project planning and management, site survey, tracing and utility mapping.

As disclosed in Section 7.9, we continue to engage subcontractors such as Ecobore Sdn Bhd to undertake the physically labour-intensive HDD works as this strategy allows us to scale up our operations and focus on the technical aspects of HDD namely project planning and management, utility detection and mapping.

## 7. BUSINESS OVERVIEW (Cont'd)

- (b) Viva Complete Sdn Bhd, engaged for the provision of cable laying and HDD subcontracting services, contributed to 11.4%, 16.2% and 22.8% of our Group's total subcontractors' fees in FYE 2021, 2022 and 2023 respectively. Viva Complete Sdn Bhd is a private limited company incorporated in Malaysia on 25 June 2009 and is principally engaged in amongst other, in the business in civil, electrical and mechanical engineering, transportation services and to provide design, installation and maintenance of renewable energy installations and consultation for the likes, and to carry on the business as building contractor and to undertake construction and civil engineering works. Viva Complete Sdn Bhd commenced its business since 2009. The details of the directors and shareholders of the company are as follows:

| <b>Name of directors / shareholders</b> | <b>Designation</b>       | <b>Nationality</b> | <b>No. of shares held (%)</b> |
|---|--------------------------|--------------------|-------------------------------|
| Tee Chie Piau                           | Director and shareholder | Malaysian          | 301,000 shares (33.2%)        |
| Tan Seng Guan                           | Director and shareholder | Malaysian          | 302,000 shares (33.4%)        |
| Tee Kee Seng                            | Director and shareholder | Malaysian          | 302,000 shares (33.4%)        |

- (c) Drill Dig Sdn Bhd, engaged for the provision of HDD subcontracting services, contributed to 34.4%, 10.6% and 7.7% of our Group's total subcontractors' fees in FYE 2021, 2022 and 2023 respectively. Drill Dig Sdn Bhd is a private limited company incorporated in Malaysia on 20 January 2010 and is principally engaged as general contractor and transportation agents. Drill Dig Sdn Bhd commenced its business since 2010. The details of the directors and shareholders of the company are as follows:

| <b>Name of directors / shareholders</b> | <b>Designation</b>       | <b>Nationality</b> | <b>No. of shares held (%)</b> |
|---|--------------------------|--------------------|-------------------------------|
| Ling Poh Yong                           | Director and shareholder | Malaysian          | 400,000 shares (80.0%)        |
| Ling Chai Yien                          | Director and shareholder | Malaysian          | 100,000 shares (20.0%)        |

TSE Jaya Sdn Bhd, a former related party by virtue of the interest of Hin Wai Mun, our Executive Director, is a private limited company incorporated in Malaysia on 15 July 2015 and is principally engaged in the provision of HDD in installing underground pipes. TSE Jaya Sdn Bhd commenced its business since 2015. The details of directors and shareholders of the company are as follows:

| <b>Name of directors / shareholders</b> | <b>Designation</b>       | <b>Nationality</b> | <b>No. of shares held (%)</b> |
|---|--------------------------|--------------------|-------------------------------|
| Lioo Yong Tiam                          | Director and shareholder | Malaysian          | 30,000 shares (15.0%)         |
| Samuel Loh Wei Yue                      | Director and shareholder | Malaysian          | 50,000 shares (25.0%)         |
| Loh Weng Keong                          | Director and shareholder | Malaysian          | 90,000 shares (45.0%)         |
| Ling Poh Yong                           | Shareholder              | Malaysian          | 20,000 shares (10.0%)         |
| Loh Weng Kian                           | Shareholder              | Malaysian          | 10,000 shares (5.0%)          |

Further details of our transactions with TSE Jaya Sdn Bhd are set out in Section 10.1.

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## **7. BUSINESS OVERVIEW (Cont'd)**

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We engage Ecobore Sdn Bhd, Drill Dig Sdn Bhd, Viva Complete Sdn Bhd and TSE Jaya Sdn Bhd to carry out the physical HDD works and cable laying portion of HDD projects undertaken by our Group which are labour intensive in nature, where this involves pipeline route boring and installation of cables, pipelines and jointing, under the supervision of our Group's employees.

While our Group is able to carry out these works internally and we also own 15 HDD machines, our Group engages subcontractors to undertake the physical HDD works as this strategy allows us to scale up our operations and focus on project planning and management, utility detection and mapping as well as HDD technical expertise while also providing the necessary machinery and materials. As at LPD, we lease 3 additional HDD machines to support our projects based on project requirements.

Thus, our Group will continue engaging subcontractors for the physical HDD and cable laying works portion of HDD projects. However, we will assess its subcontractors on a project-to-project basis, and the appointment of subcontractors will be based on a variety of factors, including quality, pricing and lead time for delivery as well as their reliability. As such, this does not preclude our Group from engaging other subcontractors for physical HDD and cable laying works.

Regardless of the role that our Group assumes, we may engage subcontractors to carry out selected portions of our works as this allows our Group to increase our project delivery capabilities and capacity. We engage subcontractors on a project basis to undertake the physical underground utilities engineering works encompassing physical open cut trenching works, micro trenching works, physical HDD works, cable laying works, cable termination and jointing, milling and paving, electrical works and structural works, traffic management as well as site preparation, maintenance and cleaning. In such cases, we are responsible for the quality and timeliness of materials procured and works performed by our subcontractors.

The construction materials and services as well as raw materials that our Group procures from our major suppliers and subcontractors are readily available from other local suppliers and subcontractors. Our Group maintains a list of approved suppliers and subcontractors based on a variety of factors, including the availability of raw materials, quality of products/services, pricing, lead time for delivery and reliability. In this respect, our Group has continuously engaged our major suppliers and subcontractors due to their product specifications and availability of supply, ability to meet delivery timelines, price competitiveness and service quality.

Our Group does not enter into long term agreements or arrangements with our suppliers and subcontractors, as this allows us to have the flexibility to source for quality materials and services at competitive prices and favourable credit terms. Our Group has established long-standing business relationships with our suppliers and subcontractors to ensure minimal disruptions to our supply chain and business operations.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.10 TECHNOLOGY USED OR TO BE USED

The technologies relevant to our Group in order to facilitate our business operations include the following:

#### (a) Underground utility locating system

We utilise our underground utility locating system consisting of pipe and cable locator, GPR and GPS to detect and locate existing underground utilities for our UDM plan prior to commencement of construction works.

#### (b) VR HDD and simulator

We use a VR HDD and simulator which is equipped with training software to introduce to our employees in the Project Department to the basic concepts and procedures of using a HDD machine and a locating system prior to physical training at sites. These employees are able to learn and incorporate skills in relation to initial setup, project site setup, pre-drilling and drilling at virtual project sites with increasing levels of difficulty and complexity using the VR headset and controller. The learning modules in the training include site safety guidelines, type of locating equipment used, transmitter selection, overcoming interference, locator frequency optimisation, transmitter and locator pairing, calibration, changing transmitter bands, locating points, height above ground, steering, creating log-while-drilling as-built drawings as well as common commands between locating specialist and drill operator.

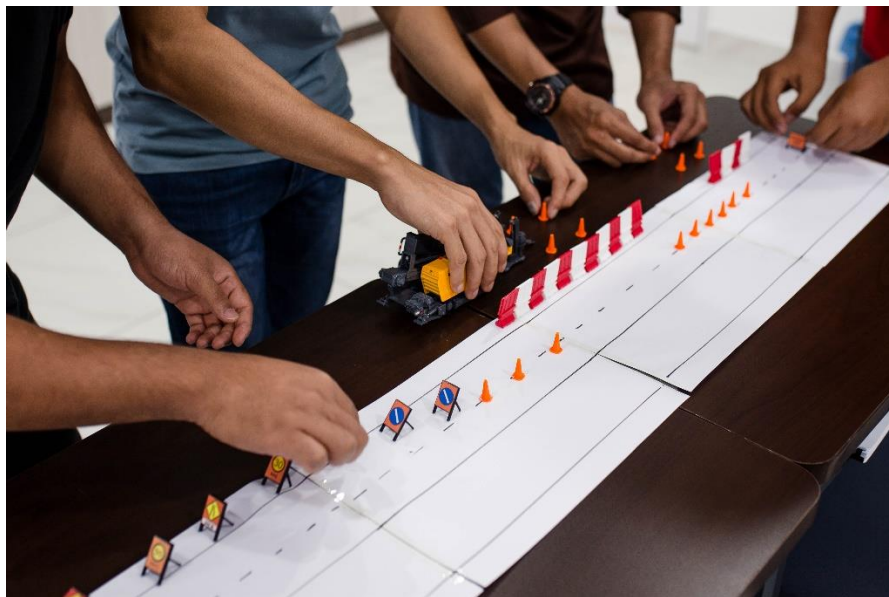
At the end of the practice modules, our employees can take an examination to assess the knowledge and skills learned and the result will be generated at the end of the examination. This training is provided to new employees upon joining our Project Department as well as existing employees in the Project Department on an ongoing basis.



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

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Our employees undergoing VR HDD and simulator training

**(c) AutoCAD**

AutoCAD is a computer-aided design and drafting software developed by Autodesk that we use to sketch and develop the UDM plans for our projects.



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## **7. BUSINESS OVERVIEW (Cont'd)**

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### **7.11 INTERRUPTIONS TO BUSINESS**

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

#### **7.11.1 Impact of COVID-19 on our Group**

Pursuant to the outbreak of the COVID-19 pandemic in 2020, the Government had implemented different forms of MCO since 18 March 2020 to contain the spread of the virus. During this period, our Group was required to comply with the changes in SOP outlined by MITI throughout the period.

In FYE 2021, we faced some disruptions in PPI's operations when we temporarily halted operations from 18 March 2020 to 3 May 2020 in adherence to the MCO. We resumed operations on 4 May 2020 while adhering to operating capacity restrictions upon obtaining approval from MITI. During this period, Kum Fatt was able to continue operating while adhering to operating capacity restrictions, as we support project owners in the electricity supply and telecommunications industries which are deemed as essential services. Konnection's operations was temporarily halted from 7 April 2020 to 2 June 2020 in adherence to the circuit breaker imposed by the Government of Singapore to contain the spread of COVID-19 in Singapore.

We had informed our customers of the delay in project delivery schedules and in view of the COVID-19 situation, our customers did not initiate any penalty claims against our Group arising from the delay.

Further, there was no material adverse impact on our sales during the COVID-19 pandemic period as our sales activities have been able to continue through online meetings. There was no material impact on our sales, delivery and receipt of supplies upon the enforcement of the "Transition to Endemic" phase beginning 1 April 2022.

#### **7.11.2 Impact of COVID-19 and MCOs on our business, cash flows, liquidity, financial position and financial performance**

The delay in project delivery schedules that our Group experienced in FYE 2021 had resulted in some delayed recognition of revenue of RM2.5 million in FYE 2021 which was subsequently recognised in FYE 2022.

Save for the above, there was no material impact to our business, cash flows, liquidity, financial position and financial performance in FYE 2021. Further, there was no material impact to our business, cash flows, liquidity, financial position and financial performance in FYE 2022 and FYE 2023 arising from the COVID-19 pandemic. Our business cash flows, liquidity, financial position and financial performance was also not impacted by the enforcement of the "Transition to Endemic" phase beginning 1 April 2022.

#### **7.11.3 Strategy and steps taken to address the impact of COVID-19**

In response to the COVID-19 pandemic, our Group established a standard safety protocol that outlined several infection control measures based on the guidelines and SOP issued by MITI from time to time to protect employees and customers against COVID-19 infections.

Since March 2020 and up to LPD, there have been no actions taken or penalties issued by the relevant authorities against our Group for breach of any laws relating to COVID-19 restrictions and/or SOP.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.12 SEASONALITY

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

### 7.13 OPERATING CAPACITIES AND OUTPUT

Our operating capacities and production output in respect of the manufacturing of HDPE pipes for FYE 2021 to 2023 is outlined below:

|                               | <b>Number of<br/>operating<br/>manufacturing<br/>lines</b> | <b>Production<br/>capacity<br/>(kg)</b> | <b>Actual<br/>production<br/>output<br/>(kg)</b> | <b>Utilisation rate<br/>(%)</b> |
|-------------------------------|--|---|--|---------------------------------|
| <b>FYE 2021</b>               | 1  | <sup>(1)</sup> 2,293,200                | 2,024,301  | 88.3                            |
| <b>FYE 2022<sup>(2)</sup></b> | 2  | <sup>(2)</sup> 4,730,400                | 2,479,151  | 52.4                            |
| <b>FYE 2023<sup>(2)</sup></b> | 2  | <sup>(3)</sup> 6,130,800                | 2,886,044  | 47.1                            |

#### Notes:

- (1) Based on operations of 24 hours a day and 6 days per week with average machine capacity of 325kg/hour for Line 1.

Line 1's operations was temporarily paused for the following period:

| <b>Period</b>              | <b>Reason</b> |
|----------------------------|---------------|
| 18 March 2020 – 3 May 2020 | MCO 1.0       |

During the period from June 2020 to February 2021, weekly operations were extended from 6 days to 7 days per week for a total of 21 weeks in order to meet the production volume requirement for our ongoing underground utilities engineering projects and to build buffer stock of inventories.

- (2) Based on operations of 24 hours a day and 6 days per week with average machine capacity of 325kg/hour for Line 1. Commencing the operations of Line 2 on 3 June 2021 and the gradual ramping up of Line 2's operations to full production capacity on 1 August 2021, Line 1 was redesignated as a reserve production line.

Line 1's operations was temporarily paused for the following period:

| <b>Period</b>               | <b>Reason</b>  |
|-----------------------------|--|
| 1 June 2021 – 1 August 2021 | Installation and commissioning of Line 2 which required some civil and electrical engineering works to be carried out in the production area, thereby limiting the working space at PPI for Line 1's production operations |

Based on operations of 24 hours a day and 6 days per week with average machine capacity of 600kg/hour for Line 2 which commenced initial production on 3 June 2021 and gradually ramped up to full production capacity on 1 August 2021 was designated as our primary production line.

## 7. BUSINESS OVERVIEW (Cont'd)

Commencing 1 August 2021, we only operated Line 1 when:

- a) Line 2's operations were paused for preventive maintenance; and
  - b) there were peak orders for HDPE pipes and PPI needed to operate both Line 1 and Line 2 simultaneously to meet the production delivery timelines.
- (3) Based on operations of 24 hours a day and 6 days per week with average machine capacity of 325kg/hour for Line 1 and 600kg/hour for Line 2. Line 2 continued to function as a primary production line and Line 1 as a reserve production line.

During FYE 2023, we only operated Line 1 when:

- a) Line 2's operations were paused for preventive maintenance; and
- b) there were peak orders for HDPE pipes and PPI needed to operate both Line 1 and Line 2 simultaneously to meet the production delivery timelines.

Our Group will review opportunities to increase production output in line with demand for our HDPE pipes to support our ongoing underground utilities engineering projects in Malaysia and Singapore as well as demand arising from third party sales. We will continually review and evaluate the demand for our HDPE pipes as well as current inventory levels in determining further plans to increase our production output.

### 7.14 QC AND QUALITY ASSURANCE PROCEDURES

We recognise that the adoption of a QC and quality assurance systems are vital to maintaining our reputation and market standing as a reliable contractor. As such, our Group places emphasis on quality management to ensure that the quality of our deliverables comply with the relevant industry standards, regulations and meet the expectations and requirements of our customers.

In line with this, we have established and implemented a quality management system in accordance with the ISO 9001:2015 standards and requirements. As a testament to our quality commitment, Kum Fatt has been certified compliant to ISO 9001:2015, details of which are included below:

| <b>Year awarded</b> | <b>first</b>      | <b>Current validity</b> | <b>Certification</b> | <b>Scope</b>  | <b>Awarding body</b>                    |
|---------------------|-------------------|-------------------------|----------------------|---|---|
| 2022                | 20 October 2022 – | 12 April 2025           | ISO 9001:2015        | Provision of HDD services to construction, pipeline and utility | Global Compliance Certification Pty Ltd |

As part of our QC efforts, we practise the following in our provision of underground utilities engineering solutions:

- (a) we strive to improve the quality and operations of our HDD works through underground utilities survey works prior to the commencement of HDD works. Our underground utilities survey works comprise underground utility detection (induction) and mapping, trial pit boring and passive live tracing or tracing zigzag;
- (b) we strive to ensure that our projects are completed in accordance with customer specifications, industry standards and regulatory requirements;

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

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- (c) we procure services, equipment and materials from our approved list of subcontractors and suppliers;
- (d) subcontractors and suppliers are assessed in terms of service/product quality, timeliness of delivery and pricing prior to being placed on the approved list;
- (e) we assign a project manager and safety officer to manage and monitor onsite activities such that they are in accordance with customer specifications, project schedule, utility mapping plan and safety regulations;
- (f) we supervise and inspect works performed by our subcontractors and ensure that they meet the contractual specifications and are delivered on time;
- (g) our project team conducts regular onsite inspections with customer representatives such that any issues in relation to onsite performance and safety management will be communicated and rectified promptly;
- (h) in cases where the works of the subcontractors do not meet the technical specifications and requirements, our project manager will liaise closely with the subcontractor's site representative such that corrective measures and rectification works can be carried out promptly;
- (i) we perform the necessary tests such as the mandrel test after the installation of cables, pipelines and jointing as well as rectification works, if required, prior to handover to customers; and
- (j) we are responsible for rectifying defective works, if any, under the defect liability period of our project contracts. We also impose similar defect liability rectification arrangements on our subcontractors. Our subcontractors are responsible for the rectification of any defects in relation to the scope of work that we have subcontracted to them, and these subcontractors will bear the cost of rectification works. However, our Group is ultimately responsible to our customers for ensuring that the defects are rectified. In the event our subcontractors are unable to rectify defects for works that we have subcontracted to them, our Group may need to engage other subcontractors to perform rectification works and bear the initial rectification costs before we can charge the rectification costs back to the subcontractors who caused the defects.

We practise the following QC procedures in our HDPE pipe manufacturing process:

- (a) we procure raw materials from our approved list of suppliers;
- (b) suppliers are assessed in terms of product quality, timeliness of delivery and pricing prior to being placed on the approved list;
- (c) we test our pipe manufacturing raw materials for density and melt index prior to loading them onto the manufacturing line;
- (d) we perform daily sampling inspection procedures for 1 of every 20 HDPE pipes produced for the pipe thickness, size and appearance; and
- (e) in the event of deviation from product quality during production, we will promptly make adjustments on the speed of extruder and haul-off machine, temperature of heaters and/or pressure of calibration sleeve to resolve the issue.

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## **7. BUSINESS OVERVIEW (Cont'd)**

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### **7.15 RESEARCH AND DEVELOPMENT**

Due to the nature of our business, we do not engage in research and development and thus have not undertaken any research and development activities.

### **7.16 DEPENDENCY ON CONTRACTS, AGREEMENTS OR OTHER ARRANGEMENTS**

Save for the Exclusive Engineering Service Provider Agreements that our Group has entered into with Komasi Engineering and Sutera Utama, our Group is not dependent on any other contracts, agreements or other arrangements.

### **7.17 COMPETITIVE STRENGTHS**

#### **7.17.1 We are a specialised provider of HDD engineering solutions with presence in Malaysia and Singapore**

We have established our presence in the underground utilities engineering industry with approximately 14 years of operating history since the incorporation of Kum Fatt in 2009, specialising in the HDD method of underground utilities engineering. Leveraging on its HDD capabilities, our Group penetrated into the underground utilities engineering industry in Singapore during the same year. Our Group has a proven track record as evidenced by the increase in our revenue from RM51.7 million in FYE 2021 to RM88.7 million in FYE 2023.

Throughout the years, our Group has gained substantial experience and expertise in providing underground utilities engineering solutions, encompassing: tracing, mapping, procurement, supply, installation, testing, commissioning, inspection, repair and maintenance of underground utilities. Further, our Group's HDPE pipe manufacturing business segment is also complementary to its provision of HDD engineering solutions and has provided our Group with cost and QC advantages as our Group utilises these pipes in its projects.

Historically, our Group primarily undertook underground utilities engineering projects in the electricity supply and telecommunications sector, comprising cable and pipeline installation and maintenance works for 11kV, 33kV and 66kV power distribution projects as well as for fixed line and mobile network services. Nevertheless, the expertise and technical know-how in the HDD technology that our Group accumulated over the years has prepared us and will allow us to strategically diversify over to other end markets or industries such as power transmission (132kV, 275kV and 500kV), water, sewerage and piped gas. For avoidance of doubt, there is no difference in terms of the underground utilities engineering solutions provided by our Group for 11kV and 33kV power distribution projects in Malaysia. However, we are only involved in the laying of HDPE pipes for 66kV power distribution projects in Singapore. Our Group receives and responds to requests for quotations from other main contractors in relation to power transmission projects. While we have submitted several quotations, these have not progressed further. Notwithstanding this, our Group will continue engaging with main contractors that are involved in these end markets or industries so that we continue to be invited to submit requests for quotations. Our Group's success in venturing into these end markets or industries will be dependent on our ability to secure such projects as well as the ability to build up our internal team and machinery resources for project execution.

## **7. BUSINESS OVERVIEW (Cont'd)**

Leveraging on our experience and project track record in the electricity supply sector, we intend to further expand regionally in Peninsular Malaysia, specifically targeting the states of Terengganu, Kelantan and Pahang, by securing telecommunications and electricity supply projects. As at LPD, our Group has secured electricity supply projects with total contract value of RM69.2 million in the east coast region for Terengganu, Kelantan and Pahang. These projects will allow us to create presence and identify other potential business opportunities in the east coast region of Peninsular Malaysia.

Further, we also own a fleet HDD machinery and equipment such as underground utility locators/detectors and gyroscopic utility mapping devices, which enables us to better control our costs, and gives us flexibility in allocating operational resources in managing our Group's projects. As at LPD, we own 15 HDD machines, 2 backhoes, 1 excavator, 6 underground utility locators/detectors and 2 gyroscopic utility mapping devices.

As at LPD, our Group has an unbilled order book value of RM220.8 million which is expected to be realised over the next 3 financial years.

### **7.17.2 Our focus on project management and underground utilities survey works have enabled us to grow our underground utilities engineering solutions business**

Our Group focuses on project planning and management, utility detection and mapping as well as HDD technical expertise. Other industry players may focus on 1 or more areas, and undertake physical underground utilities engineering works instead of project planning and management as well as utility detection and mapping activities, resulting in customers having to engage more than 1 party to undertake underground utilities engineering projects.

We engage subcontractors on a project basis to undertake the physical underground utilities engineering works encompassing physical open cut trenching works, micro trenching works, physical HDD works, cable laying works, cable termination and jointing, milling and paving, electrical works and structural works, traffic management as well as site preparation, maintenance and cleaning, and we are responsible for the quality and timeliness of materials procured and works performed by our subcontractors. This strategy allows our Group to increase our project delivery capabilities and capacity. Project planning and management is an important facet of construction projects. Our focus on project planning is a competitive advantage as it allows us to realise benefits in project delivery, including:

- (a) having a clear definition of project requirements, tasks to be done and order of task implementation;
- (b) having an accurate assessment of the costs associated with a project as well as a timeline for completion;
- (c) ability to effectively manage subcontractors work performance in line with project requirements, timeline and cost; and
- (d) ensuring project requirements are met.

Further, we carry out underground utilities survey works prior to the commencement of HDD works comprising underground utility detection (induction) and mapping, trial pit boring and passive live tracing or tracing zigzag. This is a competitive advantage to our Group as carrying out underground utilities surveys prior to HDD works allows us to determine existing utilities below the surface and minimise the risk of damaging these utility pipes during the course of our project. Upon completion of a project, we prepare as-built drawings for submission to TNB.

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

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We have invested in VR HDD and simulators to train our employees on the basic concepts and procedures of using a HDD machine and a locating system prior to physical training at sites. Our employees are able to learn and incorporate skills in relation to initial setup, project site setup, pre-drilling and drilling at virtual project sites with increasing levels of difficulty and complexity using the VR headset and controller. For clarity, the VR HDD and simulators are third party technologies that are not proprietary to our Group. While these technologies are available in the market, it's adoption rate for purposes for training and development to enhance employee competency in our industry is still limited. Thus, our adoption of VR HDD and simulators is a competitive advantage to our Group.

Our focus on project management and underground utilities survey works enable us to improve our project delivery performance, while ensuring that we meet the technical, time and cost requirements of our customers.

**7.17.3 We have established relationships with our customers which provide us with stable flow of projects**

We maintain strong business relationships with our customers comprising main contractors, property owners and developers as well as telecommunications service providers. We have more than 10 years of business relationship with our top 3 customers in FYE 2023.

Our Group is dedicated in providing quality underground utilities engineering solutions that meet the needs and specifications of our customers. As a result of our track record, our Group receives requests for quotations from main contractors for electricity supply and telecommunications projects. Further, our Group is also appointed as the exclusive engineering service provider for HDD works by Komasi Engineering and Sutera Utama which is limited to non-Bumiputera contracts, which has helped our Group secure a stable flow of projects over the years. As at the end of FYE 2023, our Group has 11, 12 and 14 years of business relationship with Komasi Engineering, Sutera Utama and Wee Guan Group respectively.

Our Group is able to participate in tenders and requests for quotations for projects issued by electricity supply and telecommunication utility companies. As at LPD, our Group has received and responded to requests for quotations issued by telecommunication utility companies, from which we have secured telecommunication projects from Maxis Broadband Sdn Bhd. Notwithstanding the above, we also receive and respond to requests for quotations from main contractors, which include Komasi Engineering, Sutera Utama and Wee Guan Group. Thus, these contractors are a sales channel for our Group to secure electricity supply and telecommunications projects in Malaysia. We have long term and mutually beneficial business relationship with these contractors and our Group supports them in the delivery of underground utilities engineering solutions for the electricity supply and telecommunications projects that they have secured. In Singapore, underground utilities engineering solutions are a subset of larger utility projects. Thus, our Group submits quotations to main contractors that have secured such projects. The contractors are a sales channel for our Group to secure electricity supply projects in Singapore.

Our Group also maintains a list of approved subcontractors and suppliers that meet its selection criteria. Our Group leverages on these subcontractors and suppliers to deliver quality and timely delivery of services and products to our customers, thus helping us to consistently procure new business opportunities through goodwill and word-of-mouth, which will eventually lead to better financial performance and market positioning.

## **7. BUSINESS OVERVIEW (Cont'd)**

### **7.17.4 Our in-house manufactured HDPE pipes are certified to internationally recognised quality standards and we are registered with TNB for the supply of these pipes in power sector projects**

Our Group places emphasis on product quality and is committed to quality assurance and consistency of its HDPE pipes. As such, we have developed and implemented QC procedures to ensure that our HDPE pipes meet the relevant industry standards and needs of our customers. Our HDPE pipes are certified compliant to MS 1058: Part 2:2005 and ISO 4427-2:2019 by SIRIM QAS International Sdn Bhd, which also accredits that our HDPE pipes are suited for water supply pipes thereby providing our Group with a further source of end-user industry. Our Group has met the assessment criteria of and is registered with TNB for the supply of materials and services to TNB's power projects. Further, PPI was certified compliant to the SIRIM 52:2022 standards in relation to PE smooth wall pipes for electrical cable installation.

Our Group's QC practices have resulted in consistent quality of HDPE pipes being manufactured. This has contributed to customer satisfaction, which in turn has enabled our Group to maintain business relationships with our customers through recurring orders. Over FYE 2021 to 2023 and up to LPD, our Group has not received any product defect claims or product rectification requests from our customers in respect of our HDPE pipes.

### **7.17.5 We have a qualified and experienced senior management team with proven track record who are supported by experienced and skilled personnel**

Our senior management team possess in-depth knowledge and experience in HDD engineering services and solutions. In particular, our Promoter and Managing Director, Datuk Dr Ting, has approximately 23 years of experience in the industry. Throughout the years, he has played a significant role in developing and implementing the business strategies of our Group, which have contributed to our Group's business growth.

Datuk Dr Ting is supported by the following senior management team:

| <b>Name</b>            | <b>Designation</b>                             | <b>Work experience (years)</b> |
|------------------------|--|--------------------------------|
| Hin Wai Mun            | Executive Director                             | 17                             |
| Chong Tuoo Choi        | Executive Director                             | 27                             |
| Vincent Wong Soon Choy | Executive Director/<br>Chief Financial Officer | 29                             |

Hin Wai Mun and Chong Tuoo Choi, each possess approximately 17 and 27 years of experience in the industry and have also contributed significantly to our Group's business growth, where they oversee the day-to-day operations of our underground utilities engineering projects in Malaysia and Singapore respectively, including contract and procurement, project, human resource and administration and health and safety. Vincent Wong Soon Choy brings with him 29 years of experience in the areas of finance, tax and accounts.

We also have a professional team of engineers, safety officers and technical staff that have extensive industry knowledge and experience. As at LPD, 17 of the 170 employees in our Project Department have at least 5 years of experience in the HDD method of laying pipes, which indicates that they have reached the level of competency where they are able to undertake larger and more technically complex HDD projects. At this level of competency, these employees are able to take on supervisory roles in HDD projects, where they are able to manage and monitor the subcontractors engaged by our Group to undertake the physical open cut trenching works, micro trenching works, physical HDD works, cable laying works, cable termination and jointing, milling and paving, electrical works and structural works, traffic management as well as site preparation, maintenance and cleaning.

We believe that our experienced senior management team, supported by our competent employees, will continue to support our business operations and sustain our business growth.



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## **7. BUSINESS OVERVIEW (Cont'd)**

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### **7.18 BUSINESS STRATEGIES AND PROSPECTS**

#### **7.18.1 We intend to pursue opportunities to expand regionally in Malaysia**

Our Group has established our track record as a provider of underground utilities engineering solutions, specialising in the HDD method. Throughout the years, we have established strong and long-lasting relationships with various stakeholders in the electricity supply and telecommunications industry, comprising contractors, utility companies, property developers and owners as well as suppliers.

We believe that we need to leverage on our current capabilities to expand regionally in Peninsular Malaysia. As at LPD, our Group has completed and have on-going underground utilities engineering projects in the states of Johor, Negeri Sembilan, Melaka and Selangor.

Our Group will continue to engage with other main contractors to position ourselves favourably to be invited to submit requests for quotations for underground utilities engineering projects. Our Group's success will be dependent on our ability to secure new projects as well as the ability to build up our internal team and machinery resources for project execution.

We intend to further expand regionally in Peninsular Malaysia, specifically targeting the states of Terengganu, Kelantan and Pahang, by securing telecommunications and electricity supply projects. As at LPD, our Group has secured electricity supply projects with total contract value of RM69.2 million in the east coast region for Terengganu, Kelantan and Pahang. These projects will allow us to create presence and identify other potential business opportunities in the east coast region of Peninsular Malaysia. We will seek to collaborate with certified main contractors that are financially stable and reliable to facilitate our regional expansion.

This plan is part of our Group's continuous efforts, and further collaborations are expected to be realised within 36 months from our Listing. As at LPD, we have not initiated formal discussions with any main contractors on the method of such collaborations, and our Group is open to consider any manner of collaboration.

#### **7.18.2 We intend to acquire more machinery to expand our range of underground utilities engineering solutions and scale of projects**

Our Group's operational resources to carry out underground utilities engineering solutions depend largely on the availability of our machinery and equipment. We lease machinery to supplement our existing assets in carrying out project works, including HDD machines, excavators and lorries as we do not own enough of these machinery and equipment. We also engage subcontractors on a project basis to undertake the physical underground utilities engineering works encompassing physical open cut trenching works, micro trenching works, physical HDD works and cable laying works portion of the HDD projects undertaken by our Group, to supplement our operational resources, as this allows our Group to secure and deliver more underground utilities engineering projects.

Our Group intends to purchase HDD machines, excavators and lorries to supplement our existing machinery fleet to cater for our on-going underground utilities engineering projects, our order book and scale up existing operations to secure more projects to facilitate the anticipated growth in our Group's underground utilities engineering operations in Malaysia and Singapore.

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

To facilitate this initiative, we have allocated approximately RM[•] million from the proceeds of the Public Issue to fully fund the acquisition of machinery over the next 24 months, comprising:

| <b>Machinery</b>       | <b>Purpose</b>   | <b>No. of units</b> | <b>Total estimated cost<br/>RM'000</b> |
|------------------------|--|---------------------|--|
| HDD machines           | Boring machine for installing underground pipes, conduits and cables | 3                   | [•]                                    |
| Maxi rig HDD machine   | Boring machine for subsea HDD works                                  | 1                   | [•]                                    |
| Lorries <sup>(1)</sup> | Transportation of cables and other construction materials            | 21                  | [•]                                    |
| Excavators             | Digging of trenches, holes, foundations and general landscaping      | 5                   | [•]                                    |
|                        |  |                     | [•]                                    |

**Notes:**

- <sup>(1)</sup> From the 21 lorries to be acquired, 13 lorries are intended to support our underground utilities engineering projects in Malaysia. The remaining 8 lorries are intended to support our underground utilities engineering projects in Singapore.

The acquisition of 21 new lorries will strengthen our fleet of motor vehicles for underground utilities engineering projects. As at LPD, we own 25 lorries of which 22 lorries are being used in Malaysia while the remaining 3 lorries are being used in Singapore. We intend to utilise our existing fleet of 22 lorries in Malaysia for the underground utilities engineering projects that we undertake in other states in Peninsular Malaysia, particularly the east coast region where we have secured electricity supply projects with total contract value of RM69.2 million in the east coast region for Terengganu, Kelantan and Pahang.

Our Group plans to acquire a maxi rig HDD machine that will enable us to venture into the provision of subsea HDD works, thereby expanding our Group's range of underground utilities engineering solutions. Subsea HDD works refer to the HDD technique of drilling a tunnel from an entry point at the shore and through the sea bed to a pre-determined exit point along the coastline for the laying of pipes. In order to develop capabilities and expertise to venture into subsea HDD works, our Group will identify employees in our Project Department for subsea HDD works training programmes, and we will also recruit additional employees with the requisite experience. Our recruitment of such experienced employees will be in line with our ability to secure projects relating to subsea HDD works. Our Group has conducted site visits to other subsea HDD projects to study its implementation method prior to deciding to venture into subsea HDD works. We will continue to conduct such site visits, when such opportunities arise, as part of our on-going efforts to improve our capabilities and expertise. For clarity, our Group will only commence marketing the provision of subsea HDD works to our existing and potential customers once we have accepted delivery of the maxi rig HDD machine, which will be purchased using the IPO proceeds, and upon ensuring that we have a team of trained and experienced employees who will be able to undertake subsea HDD works. We will constantly review market opportunities, acquire the maxi rig HDD machine and assess the readiness of our team to undertake subsea HDD works before we commence marketing the provision of subsea HDD works to our customers.

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

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As we frequently use these machinery, we believe that our investment will place us in a more competitive position to carry out underground utilities engineering projects of different scale and complexities. In addition, we believe that the acquisition of these machinery will allow us to scale up our resources and project capabilities in undertaking projects of similar scale and complexities as our existing and past projects.

Given the frequent usage of such major machinery, purchasing them will render us less susceptible to risks in terms of availability, quality and reliability of such major machinery as compared to leasing. The purchase of additional machinery will increase the availability of such machinery as well as enable us to have better cost control and estimates for bidding construction projects and enhancing our flexibility in managing projects. This in turn allows us to cope with our business development with more efficiency, reliability and technical capability in performing projects as well as enhancing our ability to cater for different needs and requirements of different customers.

**7.18.3 We intend to further expand our range of underground utilities engineering solutions in Singapore**

Our Group's business in Singapore has been growing, driven by the demand for underground utilities engineering solutions by the electricity supply industry to support Singapore's plans to increase the overall population from a range of 6.5 million to 6.9 million persons by 2030 and to optimise land use. Furthermore, the announcements of new township and development of infrastructure projects are anticipated to drive demand for underground utilities engineering solutions. *(Source: IMR Report)*

The future prospects and demand for underground utilities engineering solutions appear promising on the back to the abovementioned drivers. Our Group intends to leverage on the growth prospects of the Singapore market by actively participating in tenders and/or requests for quotations in Singapore for HDD works for electricity distribution projects by leveraging on our project track record, technical expertise and experience of our employees. This plan is part of the Group's continuous efforts, and is expected to be realised within 36 months from our Listing.

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