

7. BUSINESS OVERVIEW

7.1 INCORPORATION AND HISTORY

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

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

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

The shareholders of SDC in 2008 were:

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

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

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

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

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

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

Year	History and key milestones
2008 – 2010	<ul style="list-style-type: none"> • We commenced operations in 2008 and secured our first contract for the installation and commissioning of a centralised solar thermal cooling system from our shareholder at the time, Ikhasas Sdn Bhd with a contract value of RM0.85 million. The said contract was completed in 2008. The project was for its corporate headquarters in Bandar Bukit Puchong Industrial Park, Selangor. During that time, we operated from rented premises in Bandar Bukit Puchong Industrial Park in Puchong, Selangor. • In 2008, we secured the following distributorships for the Malaysia market to support our solar thermal operations: <ul style="list-style-type: none"> - "SANYO" brand of chillers, boiler and parts from Dalian Sanyo Refrigeration Co., Ltd in China. (The brand and company names were subsequently changed to "Panasonic" brand of chillers and Panasonic Appliances Air-Conditioning and Refrigeration (Dalian) Co., Ltd. in 2014.) As at the LPD, we continue to be a distributor of Panasonic brand of chillers, boilers, parts and after sales service in Malaysia. - Solar evacuated tube collectors manufactured by Beijing Sunda Solar Energy Technology Co., Ltd in China which are then rebranded to "SDC" brand for the Malaysian market. As at the LPD, we continue to be a distributor of Sunda's solar evacuated tube collectors, installation and after sales service in Malaysia. • In 2009, SDC was registered as a Grade 7 contractor with CIDB in the building, civil engineering and mechanical engineering categories. This registration is valid until April 2024. • In 2009, we expanded our portfolio of services to incorporate systems integration of BMS when we secured our first project with a contract value of RM0.85 million from our customer, a construction company. The systems integration of BMS was for a commercial building in Jalan Perak, Kuala Lumpur and the said project was completed in 2011. In the same year in 2009, we continued to secure BMS projects from another construction company for the Istana Negara in Jalan Duta, Kuala Lumpur. The value of the contract was RM3.20 million and the project was completed in 2012. • In 2010, we secured our first project for the installation of a solar thermal hot water system which also included systems integration of BMS and automatic chilled water billing system for a 5-star hotel in Johor. The contract value was RM1.88 million and was awarded by a civil and structural engineering company. The said project was completed in 2012.
2011 – 2015	<ul style="list-style-type: none"> • In 2011, we expanded our customer base to East Malaysia when we secured a purchase order for the installation of a solar thermal cooling system from a building contractor for Sabah art gallery in Kota Kinabalu, Sabah. The value of the purchase order was RM0.41 million and the said project was completed in 2012. In addition, we also secured a contract for systems integration of BMS from a construction company for the Jabatan Kerja Raya headquarters in Jalan Sultan Salahuddin, Kuala Lumpur in 2011. The value of the contract was RM2.09 million and the said project was completed in 2015. • In 2013, we secured a purchase order to install a solar thermal cooling system from a mechanical and electrical contractor for the PKNS headquarters in Shah Alam, Selangor. The value of the purchase order was RM2.43 million and the said project was completed in 2017.

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Year	History and key milestones
	<ul style="list-style-type: none"> SDC incorporated its subsidiary, KED in 2014 where SDC held 80.00% equity interest in KED while Ed Kamil Bin Md Bashah and Khoirol Suhardi Bin Shaaban, both of whom are employees of SDC, held 10.00% equity interest each in KED. KED commenced business operations in 2015 and is mainly focusing on providing mechanical and electrical works, and project management services for SDC's customers.
2016 – 2020	<ul style="list-style-type: none"> In 2016, KED was registered as a Grade 3 contractor with CIDB in the building, civil engineering and mechanical engineering categories. KED's CIDB registration was subsequently upgraded to Grade 4 in 2023 and its current registration is valid until 2025. In 2016, we acquired a 3-storey shop office premises in Taman Kajang Perdana in Kajang, Selangor with a built-up area of approximately 4,628 sq. ft. and moved from our previous office premises at Bandar Bukit Puchong to this property as our current Headquarters. In 2016, we secured a contract from a concessionaire of public hospital support services to install a solar thermal cooling system for a public hospital. The contract involved installing a new solar thermal cooling system and integrating it with the existing electric chiller for the Duchess of Kent Hospital in Sandakan, Sabah. The contract was valued at RM3.20 million and the project was completed in 2017. We obtained the rights to use MyHIJAU Mark from Malaysia Green Technology and Climate Change Corporation for the SDC brand of solar evacuated tubes and solar water heaters in 2017 which is valid until 2025. MyHIJAU Mark is the official green recognition scheme endorsed by the Government of Malaysia and is an initiative embarked on by Malaysia Green Technology and Climate Change Corporation. As part of our BMS and solar thermal system operations, we secured the following distributorships for the Malaysia market: <ul style="list-style-type: none"> In 2017, we secured the distributorship for the "Tridium" brand of products for the Malaysian market from Tridium Asia Pacific Pte Ltd in Singapore. This is for the provision of BMS including system software developed on the Tridium Niagara framework and other products including the network control unit and direct digital controllers. As at the LPD, we continue to be a distributor of Tridium's abovementioned range of BMS products which is rebranded to our "Tri-IO" brand for the Malaysia market. In 2019, we became the authorised dealer of "Haier" brand of oil-free magnetic bearing chiller from Haier Electrical Appliances (M) Sdn Bhd. In 2017, we secured 3 contracts for the supply, delivery, installation, testing and commissioning and maintenance of BMS and building security system works for Business School Residence Project, Conference and Training Facility Project and the Business School Project. The said contracts had a total value of RM10.08 million. The said projects were completed between 2019 and 2020. In 2019, we started providing energy performance services with a contract to Customer D, a concessionaire to provide public hospital support services, for installation of hybrid solar thermal hot water system in Hospital 1. <p>Since 2019 and up to the LPD, we have in total of 7 energy performance service contracts with 3 different concessionaires of public hospital support services. As at the LPD, 6 of these energy performance service contracts are still subsisting up to 2025.</p>

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Year	History and key milestones
2021 – 2023	<ul style="list-style-type: none"> We secured a distributorship for the “Haitai Solar” brand of solar PV panel for the Malaysian market from Tangshan Haitai New Energy Technology Co., Ltd based in Tangshan, Hebei province in China in 2021. As at the LPD, we continue to be a distributor of Haitai Solar’s solar PV panels for the Malaysia market. We obtained the rights to use MyHIJAU mark for Haitai Solar PV panels systems in 2022 which are valid until 2025. KED became a wholly-owned subsidiary of SDC in December 2022. SDCG was incorporated in 2023.

7.2 OUR ACHIEVEMENTS AND RECOGNITIONS

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

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

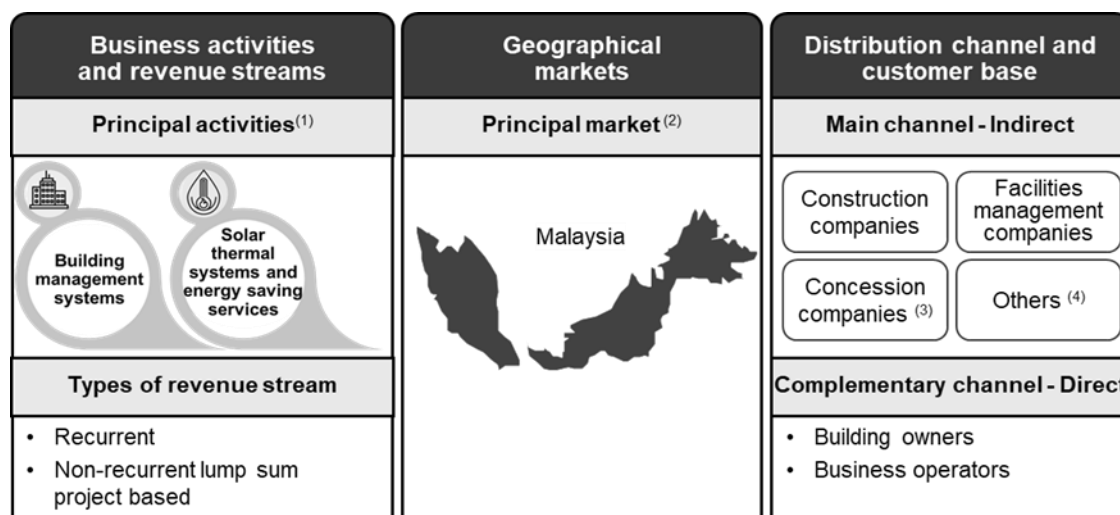
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7.3 OVERVIEW OF OUR BUSINESS

7.3.1 Our business model

Our business model during the FY Under Review and FP 2023 is depicted in the following diagram:



Notes:

- (1) Other activities include maintenance of other systems and equipment comprising gas fired chillers and chilled water system. We secured a contract to provide maintenance of chilled water system in FP 2023.
- (2) Malaysia accounted for 97.45%, 98.94%, 99.67% and 99.15% of our total revenue for the FY 2020, FY 2021, FY 2022 and FP 2023, respectively. The remainder of our revenue was from Singapore for FY 2020 and FY 2021, and Brunei for FY 2022 and FP 2023.
- (3) Refers to the companies that have been awarded concessions to provide public hospital support services.
- (4) Others mainly include engineering companies, mechanical and engineering contractors, and interior designers.

7.3.2 Business activities and revenue streams

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

(i) BMS

Our BMS focus on systems integration of building facilities to provide automation, energy saving services as well as centralising the management of the building facilities such as centralised air conditioning, lighting, elevator, escalator, electrical, communication devices, process utilities, security and building access. Commonly, these are linked to an on-site centralised control room within the building, and in some cases, these facilities are also connected to our command and control centre at our Headquarters in Kajang, Selangor. BMS accounted for 73.94%, 51.47%, 67.88% and 72.68% of our total revenue for FY 2020, FY 2021, FY 2022 and FP 2023 respectively.

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

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(a) Systems integration of BMS

We are involved in the systems integration of BMS where we design, supply, install and integrate the BMS into a new and/or existing building. During the FY Under Review, FP 2023 and up to the LPD, we have undertaken systems integration of BMS mainly for commercial buildings, institutional buildings, leisure and hospitality properties, and industrial properties. We install new BMS as part of the construction of new buildings as well as undertake upgrading and/or retrofitting BMS into existing buildings. The typical contract period for our systems integration of BMS ranges from 1 to 3 years.

(b) Maintenance of BMS

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

(ii) Solar thermal systems and energy saving services

Our solar thermal systems and energy saving services focus on solar thermal hot water system, mainly for heavy users of hot water such as hospitals, and in some cases, it includes retrofitting fluorescent lighting to use LED lights as a means to reduce fossil fuels and electricity consumption respectively. Our solar thermal hot water system uses sunlight directly to heat water. This segment of our services focuses on helping our customers to save on energy which will reduce their carbon footprint of their operations. Solar thermal systems and energy saving services accounted for 19.68%, 45.26%, 29.74% and 25.23% of our total revenue for FY 2020, FY 2021, FY 2022 and FP 2023 respectively.

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

(a) Energy performance services

For the FY Under Review and FP 2023, our energy performance services are based on contracts with our customers who are concessionaires of public hospital support services. In some of our contracts, the method of calculation of guaranteed savings from the installation of the hybrid hot water system and retrofitting of LED or release of yearly retention sum are subject to the approval or clearance by MOH.

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

We will fund the project investments for the installation of hybrid solar thermal hot water system and for some contracts, retrofitting of LED lighting, and subsequently carry out maintenance on the items we installed, upgraded and retrofitted over the contract duration period. As at the LPD, we have 6 subsisting energy performance service contracts with 3 concessionaires of public hospitals in Peninsular and East Malaysia including Customer D (Hospital 2 in Sabah), Customer E (Hospital 3 in Kedah) and One Medicare Sdn Bhd (Miri Hospital in Sarawak, Sarikei Hospital in Sarawak, Sibu Hospital in Sarawak and Sarawak Heart Centre in Sarawak). The typical contract period for energy savings services ranges between 4 to 6 years.

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(b) Installation of solar thermal hot water systems

This segment of the business is for standalone projects that are not part of energy performance services. For the FY Under Review, FP 2023 and up to the LPD, these standalone projects are mainly for hospitals, individual residential properties as well as the industrial sector. The typical contract period for installation of solar thermal hot water systems is 1 to 2 years.

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

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

(iii) Maintenance of other systems and equipment

During the FY Under Review and FP 2023, we also provide maintenance of other systems and equipment comprising gas fired chillers, which accounted for 6.38%, 3.27%, 2.38% and 2.09% of our total revenue for FY 2020, FY 2021, FY 2022 and FP 2023 respectively.

During the FP 2023, we secured a contract to provide maintenance services for a chilled water system. We have commenced preliminary work but have not recognised revenue from this project during the FP 2023.

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

Our revenue segmentation for the FY Under Review and FP 2023 is summarised in the following table:

Business activities	FY 2020		FY 2021		FY 2022		FP 2023	
	RM '000	%	RM '000	%	RM '000	%	RM '000	%
BMS	10,876	73.94	9,056	51.47	12,659	67.88	12,215	72.68
- Systems integration of BMS ⁽¹⁾	8,992	61.13	7,372	41.90	10,478	56.19	10,457	62.22
- Maintenance of BMS ⁽²⁾	1,884	12.81	1,684	9.57	2,181	11.69	1,758	10.46
Solar thermal systems and energy saving services	2,894	19.68	7,962	45.26	5,545	29.74	4,240	25.23
- Energy performance services	2,699	18.35	4,911	27.92	5,148	27.61	4,045	24.07
- Installation of solar thermal hot water systems	53	0.36	2,893	16.44	223	1.20	74	0.44
- Maintenance of solar thermal hot water and cooling systems	142	0.97	158	0.90	174	0.93	121	0.72
Maintenance of other systems and equipment	939	6.38	576	3.27	444	2.38	351	2.09
- Gas fired chillers	939	6.38	576	3.27	444	2.38	351	2.09
TOTAL	14,709	100.00	17,594	100.00	18,648	100.00	16,806	100.00

7. BUSINESS OVERVIEW (CONT'D)

Notes:

- (1) May include revenue from providing maintenance services that are included as part of the contract.
 (2) Maintenance of BMS refers to provision of standalone maintenance services.

For the FY Under Review and FP 2023, our BMS segment is our largest revenue contributor which accounted for 73.94%, 51.47%, 67.88% and 72.68% of our total revenue for the FY 2020, FY 2021, FY 2022 and FP 2023 respectively. This is followed by solar thermal systems and energy saving services segment which accounted for 19.68%, 45.26%, 29.74% and 25.23% of our total revenue for the FY 2020, FY 2021, FY 2022 and FP 2023 respectively. Revenue from the maintenance of other systems and equipment accounted for 6.38%, 3.27%, 2.38% and 2.09% of our total revenue for the FY 2020, FY 2021, FY 2022 and FP 2023 respectively.

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

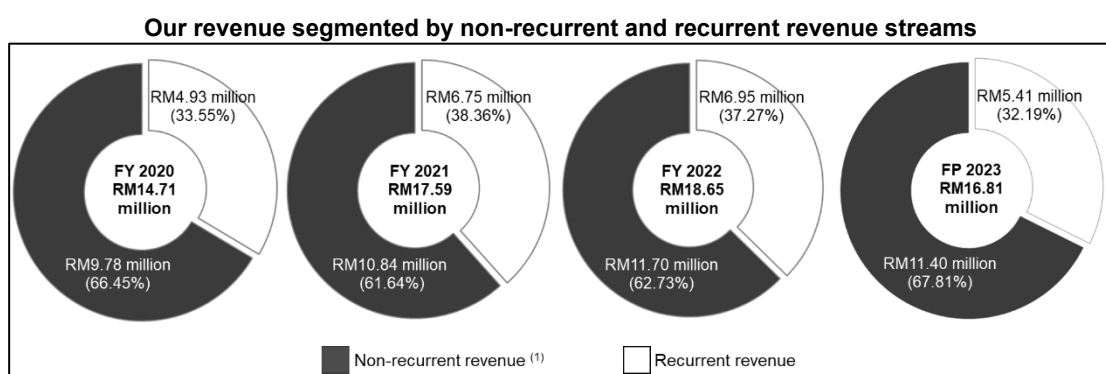
	FY 2020	FY 2021	FY 2022	FP 2023
Total revenue (RM'000)	14,709	17,594	18,648	16,806
Number of customers	62	68	78	65
- Existing customers	46	55	64	52
- New customers ⁽¹⁾	16	13	14	13

Note:

- (1) Refers to customers that the Group first dealt with, and has contributed to our revenue in any one of the FY Under Review or FP 2023.

7.3.3 Recurrent and non-recurrent revenue

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



Note:

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

For FY Under Review and FP 2023, our non-recurrent revenue streams are lump sum project based and are mainly derived from systems integration of BMS and installation of solar thermal hot water systems, and providing ad hoc maintenance services for BMS and solar thermal hot water systems. For FY Under Review and FP 2023, our recurrent revenue streams are mainly derived from energy performance services, maintenance of BMS, maintenance of solar thermal cooling systems, as well as maintenance of other systems and equipment.

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7.3.4 Geographical markets

We principally operate in Malaysia which also represents our main market for the FY Under Review and FP 2023, while a small proportion of our revenue was from other countries comprising Brunei and Singapore. Our revenue contribution by geographical markets is summarised in the following table:

Geographical market	FY 2020		FY 2021		FY 2022		FP 2023	
	RM '000	%	RM '000	%	RM '000	%	RM '000	%
Malaysia	14,334	97.45	17,408	98.94	18,587	99.67	16,663	99.15
Other countries	375	2.55	186	1.06	61	0.33	143	0.85
Brunei	-	-	-	-	61	0.33	143	0.85
Singapore	375	2.55	186	1.06	-	-	-	-
TOTAL	14,709	100.00	17,594	100.00	18,648	100.00	16,806	100.00

7.3.5 Distribution channels and customer base

The revenue contribution from our indirect and direct distribution channels and types of customers for the FY Under Review and FP 2023 is summarised in the following table:

Distribution channel	FY 2020		FY 2021		FY 2022		FP 2023	
	RM '000	%	RM '000	%	RM '000	%	RM '000	%
Indirect	12,063	82.01	15,306	87.00	13,739	73.67	9,134	54.35
Concession companies ⁽¹⁾	2,789	18.96	7,703	43.78	5,684	30.48	4,262	25.36
Construction companies	7,795	53.00	5,561	31.61	4,909	26.32	2,414	14.36
Facilities management companies	892	6.06	995	5.66	2,826	15.15	2,389	14.22
Others ⁽²⁾	587	3.99	1,047	5.95	320	1.72	69	0.41
Direct	2,646	17.99	2,288	13.00	4,909	26.33	7,672	45.65
Building owners and business operators	2,646	17.99	2,288	13.00	4,909	26.33	7,672	45.65
TOTAL	14,709	100.00	17,594	100.00	18,648	100.00	16,806	100.00

Notes:

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

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

For the FY Under Review and FP 2023, we mainly utilise an indirect distribution channel where our customers are intermediaries. Concession companies and construction companies collectively accounted for 71.96%, 75.39%, 56.80% and 39.72% of our total revenue for FY 2020, FY 2021, FY 2022 and FP 2023 respectively. Meanwhile, facilities management

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companies accounted for 6.06%, 5.66%, 15.15% and 14.22% of our total revenue for FY 2020, FY 2021, FY 2022 and FP 2023 respectively. Other customers mainly include engineering companies, mechanical and engineering contractors and interior designers and these types of customers accounted for 3.99%, 5.95%, 1.72% and 0.41% of our total revenue for FY 2020, FY 2021, FY 2022 and FP 2023 respectively.

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

We also utilise the direct distribution channel where we deal directly with the users of our services such as building owners and business operators which accounted for 17.99%, 13.00%, 26.33% and 45.65% of our total revenue for FY 2020, FY 2021, FY 2022 and FP 2023 respectively. The direct distribution channel applies to the systems integration and maintenance of BMS, installation and maintenance of solar thermal hot water and cooling systems, and maintenance of gas fired chiller business operations.

7.4 MODE OF OPERATION

7.4.1 Overview

Our mode of operations is based on the following:

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

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

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

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

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

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

(i) Fixed lump sum

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

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

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

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

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

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

7.4.1.2 Recurrent revenue contracts

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

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

(a) Fixed monthly charges

Our fixed monthly charges revenue applies to:

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

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

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

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

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

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

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

We fund the project investments, and subsequently carry out maintenance on the items that we installed, upgraded and retrofitted over the performance period which commences

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upon the completion and commissioning of the hybrid solar thermal hot water system and retrofitting of LED lights.

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

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

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

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

- PIP example

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

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

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

- ECSP example

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

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

- (a) Savings from reduced use of LPG

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

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

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

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

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

- Calculation of GS from the retrofitting of **LED** lights:
 - . Assuming 10,000 units of 4-foot (42W) fluorescent tube and 3,000 units of 2-foot (24W) fluorescent tube to be retrofitted with 10,000 units of 13W LED and 3,000 units of 8W LED respectively;
 - . Savings in power (wattage) = (10,000 units x (42W – 13W)) + (3,000 tubes x (24W – 8W)) = 290,000W + 48,000W = 338,000W = 338kW
 - . Agreed that the lights will be turned on for an average of 15 hours per day for 365 days per year. Thus, savings in a year = 338kW x 15 hours x 365 days = 1,850,550 kWh per year
 - . Assuming the cost of electricity is RM0.40 per kWh. This is fixed for the duration of the contract. Annual GS for retrofitting of LED lights = 1,850,550 kWh x RM0.40 = **RM740,220** per year.
- Thus, total GS for the installation of the hybrid solar thermal hot water system and retrofitting of LED lights = RM264,000 + RM740,220 = RM1,004,220 per year for 5 years (assuming duration of the contract) equivalent to **RM5,021,100** for the duration of the contract.
- Calculation of our share of the ECSP
 - .
$$\text{ESCP} = (\text{total GS} - \text{project investment}) \times \text{AP} = (\text{RM5,021,100} - \text{RM3,600,000} = \text{RM1,421,100}) \times 0.7 = \text{RM994,770.00}$$
 or **RM16,579.50 for 60 months.**

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

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

7. BUSINESS OVERVIEW (CONT'D)

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

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

As at the LPD, we have 5 energy performance service contracts under this mode of payment from our customers, 1 contract from Customer E and 4 contracts from One Medicare Sdn Bhd. Save as listed below, we have not experienced any EOYA since incorporation:

- (i) There was an EOYA with Customer E for the Hospital 3 Contract where there was a deduction of payment amounting to RM0.04 million arising from the shortfall in the actual energy savings and the guaranteed energy savings in FY 2021; and
- (ii) There was an EOYA with One Medicare Sdn Bhd for Sarikei Hospital Contract where there was a deduction of payment amounting to RM0.09 million arising from the shortfall in the actual energy savings and the guaranteed energy savings in FY 2021.

7.4.2 Performance terms and conditions of contracts

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

(a) Project based contracts

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

Securing projects

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

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

Retention sum and performance bond

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

7. BUSINESS OVERVIEW (CONT'D)

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

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

Progressive claims

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

Project contract period obligation

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

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

Variation orders

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

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

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

Post completion

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

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

7. BUSINESS OVERVIEW (CONT'D)

We are also responsible to replace any defective equipment together with the respective equipment supplier. Generally, the equipment that we purchase is covered against manufacturing defects by their respective product warranties and as such, the manufacturers or suppliers are responsible for providing suitable replacements. However, we would bear the cost of physically replacing the equipment including transportation and labour costs.

(b) Project based work orders

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

7.5 OUR COMPETITIVE ADVANTAGES AND KEY STRENGTHS

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

Since the commencement of our business in 2008, we have accumulated a track record of 17 years where we started providing BMS in 2009, solar thermal hot water systems in 2010 and energy performance services in 2019. In addition, we have cultivated long-term business relationships with our customers and this is demonstrated by the fact that 3 out of our top 5 customers for the FY 2022 and FP 2023 have been dealing with us for 5 years or more. Our track record provides us with the platform to serve our existing customers as well as prospective new customers to sustain and grow our business.

7.5.2 We have two revenue streams from different customer segments to grow our business

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

- (i) our BMS segment accounted for 73.94% (RM10.88 million), 51.47% (RM9.06 million), 67.88% (RM12.66 million) and 72.68% (RM12.22 million) of our total revenue respectively.
- (ii) our solar thermal systems and energy saving services segment accounted for 19.68% (RM2.89 million), 45.26% (RM7.96 million), 29.74% (RM5.55 million) and 25.23% (RM4.24 million) of our total revenue respectively.

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

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

Our solar thermal hot water system uses sunlight to directly heat the water while other hot water system uses either diesel, LPG or electricity. LPG and diesel are non-renewable fossil fuels which contribute to greenhouse gas emissions mainly in the form of carbon dioxide. A large percentage of Malaysia's electricity is derived from non-renewable and greenhouse gas emitting fossil fuels, especially coal and natural gas. Based on the latest available statistics, in 2019, approximately 96.6% of Malaysia's total primary energy supply uses natural gas, crude oil, petroleum products and others, as well as coal and coke (*Source: IMR Report*).

7. BUSINESS OVERVIEW (CONT'D)

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

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

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

- 1 engineer* within the Finance and Administration Department;
- 10 engineers* in the Project Department;
- 9 engineers* and 1 ICT personnel in the Service and Maintenance Department; and
- 3 engineers* in the Business Development Department.

Note:

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

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

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

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

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

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

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

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

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

7. BUSINESS OVERVIEW (CONT'D)

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

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

7.6 BUSINESS ACTIVITIES AND SERVICES

7.6.1 Building Management Systems

7.6.1.1 Overview

BMS are designed to provide integrated management, monitoring and control of specific building systems, and thus help building facility operators achieve service level targets in a cost-effective, reliable and safe manner. During the FY Under Review, FP 2023 and up to the LPD, we are involved in the following business activities related to BMS:

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

7.6.1.2 Systems integration of BMS

We are involved in the systems integration of BMS where we design (where relevant), supply, install and integrate BMS. During the FY Under Review, FP 2023 and up to the LPD, our systems integration of BMS involved the following types of properties:

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

Our systems integration of BMS includes the following:

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

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



- (i) **System design and specification:** For projects where we are responsible for the whole system, our scope of work will include system design and specification. Our system design and specification will require us to integrate all the BMS equipment and software as well as to interface with other existing building systems, and communications and electrical systems to provide power and communications connectivity for the BMS. We are also responsible for specifying all the required ICT software and hardware, equipment and materials. For some projects, the BMS design and specifications are provided by the customer or a third-party consultant engaged by the customer.

7. BUSINESS OVERVIEW (CONT'D)

- (ii) **Procurement and supply:** We procure and supply all the necessary ICT hardware and software, equipment and materials comprising our in-house and third-party brands. All ICT hardware and software, equipment and materials, including our in-house brand equipment, are procured from suppliers.
- (iii) **Installation:** We are responsible for the installation works which include hacking and masonry works to install power and communication cables, connecting all the BMS ICT hardware, equipment and devices, interfacing with existing equipment and systems, and providing power and communications termination points for future addition of ICT hardware, equipment and devices. We engage subcontractors to carry out all the installation works under our supervision and management.
- (iv) **Integration:** We are responsible for ensuring that our installed BMS are properly integrated with all other relevant existing ICT hardware, equipment, devices and systems to function as a complete and integrated system. Our integration process also includes programming and/or customising all the necessary software and interfaces according to the parameters, functions and objectives of the BMS design and specifications. Our integration also includes integrating our BMS into the building's on-site control room, and in some cases also connecting them to our command and control centre at our Headquarters in Kajang, Selangor. Integration works for BMS are carried out using our in-house personnel.
- (v) **Testing and commissioning:** We also carry out post-installation testing and commissioning to ensure that the BMS functions properly. Our in-house personnel will carry out the testing and commissioning, with the final commissioning carried out together with the customer or its representatives.

The BMS that we provide comprises some combination or all of the following components that are integrated to function as a complete and integrated system:

- direct digital controllers (DDC) installed at specific machinery and equipment or sub-systems to provide automated control (based on programming and interfaces) and remote control from an on-site control room and in some cases also from our command and control centre;
- performance sensors and devices installed at specific machinery and equipment to measure performance and operating conditions;
- environment sensors installed at specific locations in the building to measure physical parameters, such as temperature, light level, movement and carbon dioxide gas concentration;
- user input devices such as card readers, which allow users to provide information to the system;
- central controllers and related application software to integrate various building sub-systems, including those supplied by third parties, to an on-site control room with unified monitoring, dashboard, control and reporting structure.

The individual DDC, sensors and central controllers are connected by wireless and/or wired local area network connections.

DDC and central controllers are the key components of our BMS, and these are supplied by Tridium Asia Pacific Pte Ltd and rebranded to our "Tri-IO" brand. We also develop in-house some of our application software that controls the functionality of the DDC and central controllers, interfaces with various sensors (including sensors from suppliers) and facilitates integration with other building control systems at the building's control room, and in some cases connecting to our command and control centre. The application software is installed onto the DDC and central controllers by us.

In some cases, the scope of our BMS projects includes setting up the building's control room, which is a central facility to monitor, manage and control the building's facilities and systems.

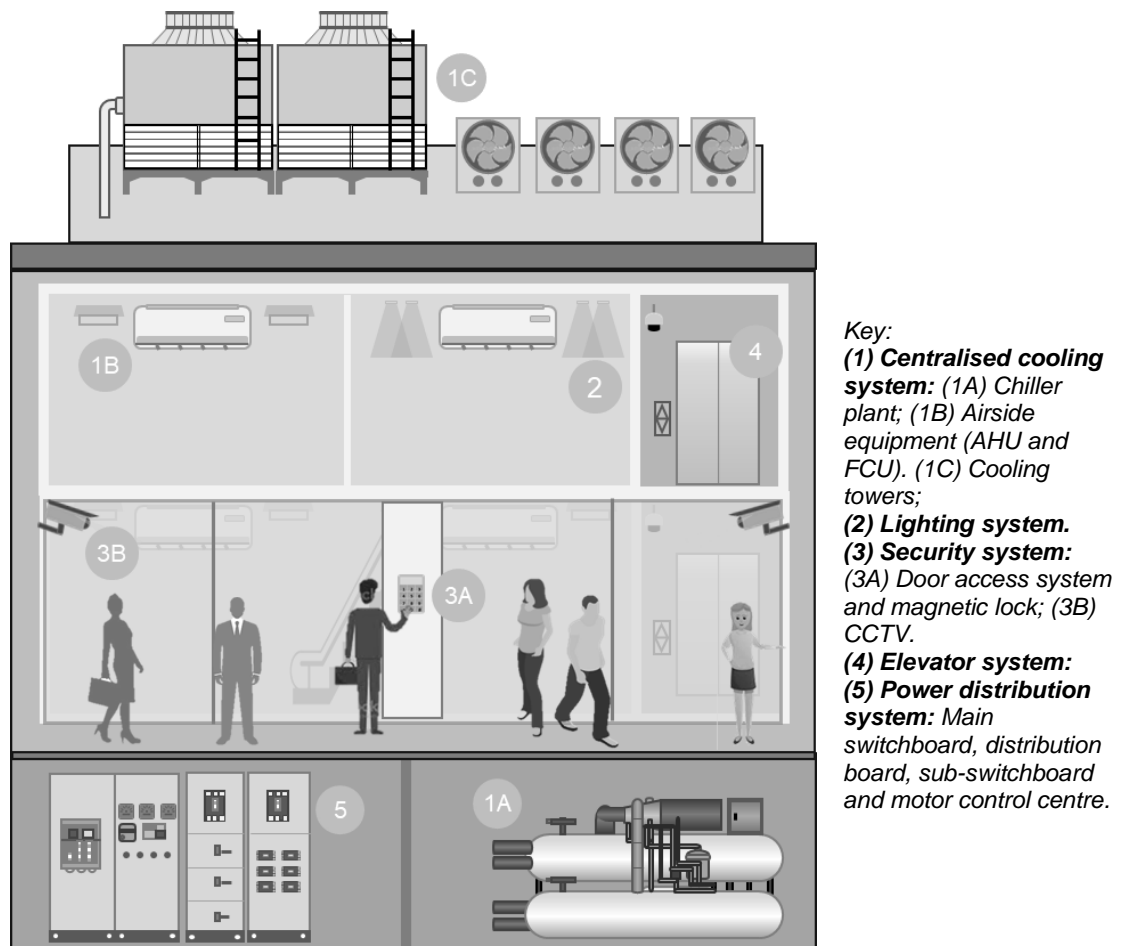
7. BUSINESS OVERVIEW (CONT'D)

We will carry out the integration so that data from the building's facilities and systems can be displayed on a unified dashboard incorporating real-time performance data in graphical format, and display alerts in text, graphics as well as sound for serious and/or urgent issues that require immediate attention. Commonly, facilities in the control room will also include storage of raw and processed data for a pre-determined period.

Depending on the customer's requirements the BMS that we implement covers a combination of the following building systems:

- lighting;
- centralised cooling systems;
- electrical and communications;
- elevators;
- security and access; and
- others such as fire protection, process utilities and carpark.

The overall system architecture of BMS showing the building systems that we cover is represented in the following diagram:



7. BUSINESS OVERVIEW (CONT'D)

7.6.1.3 Centralised cooling system

Centralised cooling systems utilise a centralised facility to generate chilled water to provide space cooling and ventilation for an entire building or several buildings. There are two types of centralised cooling systems, namely district cooling systems where a separate facility provides space cooling for several nearby connected buildings, and chiller plants installed in a single building to provide space cooling.

We install our DDC and sensors at specific centralised cooling machinery and equipment, and building locations, including the following:

- chillers;
- cooling towers;
- water pumps;
- airside equipment including air handling unit (AHU) and fan coil units (FCU); and
- chilled water distribution piping networks.

We do not install the centralised cooling system. However, our BMS will need to integrate with the centralised cooling system for monitoring, providing alerts, collecting and storing data, and linking to the building's control room. We would normally be required to liaise with the installer and/or the operations personnel of the centralised cooling system to facilitate interface and integration with our BMS.

We install DDC and sensors at the centralised cooling machinery and equipment listed above to provide the following functionality:

Types of controllers and sensors	Functionality
DDC	<ul style="list-style-type: none"> • Normally installed in chillers, water pumps, cooling towers and AHU. • Enable remote start-up, shut-down and running speed control from the chiller plant room, building control room or our command and control centre. • Also allow automatic start-up, shut-down and running speed control based on programmed setpoints and feedback from sensors. • Measure operating status and provide data to the chiller control room, building control room and our command and control centre. • Monitoring and alarm functions include operating status monitoring and trip alarm.
Cooling energy meter	<ul style="list-style-type: none"> • Installed at the chiller plant to measure the energy used for space cooling by the entire cooling energy system. • Energy usage is measured based on the quantity of chilled water generated by the chiller plant, and the difference between the chilled water supply temperature and return temperature.
Digital electricity meter	<ul style="list-style-type: none"> • Installed at the chiller plant to measure the total electricity consumption of chillers, water pumps, chiller control room and other electrical equipment. • Provides an overall measure of the facility's electricity consumption.
Variable air volume controller	<ul style="list-style-type: none"> • Monitor the volume and temperature of cool air flowing through AHU supply air duct. • Control the volume and/or temperature of conditioned air supplied by the AHU based on specified parameters such as room temperature, room occupancy and time of day.
Water temperature sensor	<ul style="list-style-type: none"> • Measures the temperature of the water passing the sensor. • Normally installed in chillers, water pumps, cooling towers, chilled water distribution networks, AHU and FCU.
Water pressure sensor	<ul style="list-style-type: none"> • Measures the pressure of the water passing the sensor. Abnormal pressure (too high or low) may indicate fault to be addressed. • Normally installed in chillers and water pumps.
Field temperature sensor	<ul style="list-style-type: none"> • Installed in rooms or internal spaces to monitor the temperature.

7. BUSINESS OVERVIEW (CONT'D)

Types of controllers and sensors	Functionality
Carbon dioxide (CO ₂) sensor	<ul style="list-style-type: none"> Monitor the concentration of CO₂ in the air as an indicator of air quality. The outside air ventilation rate is increased if CO₂ concentration exceeds the setpoint. Normally installed in AHU return air ducts.
Filter dirty switch	<ul style="list-style-type: none"> Installed at the AHU and FCU dust filters. The switch is triggered when the build-up of solid debris on the filter exceeds a specified level to alert the user that the filter needs to be cleaned or replaced.

In addition to DDC and sensors, our BMS incorporate an energy management system (EMS) that is designed to optimise the centralised cooling system’s performance and minimise operating costs. The EMS integrates with DDC, controllers, machinery and equipment sensors and field sensors and enables the centralised cooling conditioning system to be monitored and controlled from the chiller control room and/or our command and control centre (if they are connected). The EMS optimises the working parameters and timing of chiller operations to minimise electricity consumption. This can be programmed to automatically manage the maintenance based on the manufacturers’ recommended maintenance schedule to minimise breakdowns, and reduce manpower requirements as the entire system can be centrally monitored and controlled from the chiller control room, as well as remotely monitored via mobile devices including smartphones and tablets.

Space cooling usually consumes the most electricity compared to other facilities in a building.

7.6.1.4 Lighting management system

Lighting systems provide artificial illumination for indoor and outdoor spaces to enable people to see and carry out activities in enclosed rooms, during the night and in other situations. All buildings and premises are equipped with lighting systems for indoor and outdoor illumination.

We do not install the lighting system. However, our BMS will need to integrate with the electrical system that powers and manages the lighting system for monitoring, providing alerts, collecting and storing data, and linking to the building’s control room.

The lighting management system of our BMS that we design, supply and install is mainly used to reduce electricity costs while maintaining customers’ requirements for functionality, convenience and safety. They perform functions such as switching lights on and off automatically controlling lighting intensity.

We are responsible for installing the following controllers and sensors as part of our automated lighting management system as part of BMS, depending on the customers’ requirements:

Types of controllers and sensors	Function
DDC	<ul style="list-style-type: none"> The DDC is installed at the lighting distribution board of a floor or area. Controls individual light fixture functions (switch on or off, and light intensity) with integrated input from connected light switches, motion detectors and light level sensors. Provides the interface between the floor or area’s lighting system with the central controller.
Motion detectors	<ul style="list-style-type: none"> Sensors that detect movements of people within a certain area. When triggered, carries out a pre-set action such as switching on one or more light fixtures, and switching them off a specified period after no further motion is detected. Helps to reduce electricity costs by only switching on lights when people are detected (for security or convenience purposes).

7. BUSINESS OVERVIEW (CONT'D)

Types of controllers and sensors	Function
Light level sensor	<ul style="list-style-type: none"> • Determines the light level in a specific location. • Triggers a pre-set action depending on light level, such as switching one or more light fixtures off when light intensity exceeds a certain level, and switching one or more light fixtures on when light intensity falls below a certain level.

7.6.1.5 Elevator management

Elevators are used to transport people and goods between the floors of a building. Elevators are installed individually or in banks of 2 or more elevators that serve all the floors of a building, or specific zones providing access between certain floors.

We do not install elevators. However, our BMS will need to integrate with the elevator system for monitoring, providing alerts, collecting and storing data, and linking to the building's control room. We would normally be required to liaise with the installer and/or the operations personnel of the elevator system to facilitate interface and integration with our BMS.

We are responsible for installing the DDC at the lift panel that controls each elevator bank. The DDC monitors input from the lift panel indicating lift car operating status such as whether or not the car is in operation, trip alarm, or any other fault alarm.

7.6.1.6 Electrical system

Generally, a building's electrical system provides the connection between the power grid and end-user premises, and the building's electrical machinery and equipment, as well as the occupant's electrical machinery, equipment, devices and appliances.

We do not install the end-user premises or the building's electrical system. However, our BMS will need to integrate with the electrical system at end-user premises for monitoring, providing alerts, collecting and storing data, and linking to the building's control room. We would normally be required to liaise with the installer and/or the operations personnel of the electrical system to facilitate interface and integration with our BMS.

The electrical system BMS that we provide includes controllers and sensors to provide remote monitoring and control, and automated control and alarm functions under certain situations. These include the following, where relevant:

- (i) **Substation main connection:** Alarm if circuit breakers are activated in the event of short-circuit, power surge or interrupted (trip) electricity supply;
- (ii) **Transformers:** Temperature sensors to activate alarm and cooling fans if transformer temperature approaches a specified set point;
- (iii) **Main switchboard, distribution board, sub-switchboard and motor control centre:** Alarm if circuit breakers are activated in the event of short-circuit, overcurrent or incoming or interrupted electricity supply;
- (iv) **Generator set:** Automatic start-up to provide backup electricity during a power interruption. Monitors operating parameters such as fuel level and coolant temperature, and trigger alert when generator set is switched on;
- (v) **Uninterrupted power supply:** Monitor status to ensure that sufficient energy is available in the event of power interruption. For example, monitor battery charge level and trigger alarm if battery charge level is outside specified parameters (too low or too high).

7. BUSINESS OVERVIEW (CONT'D)

- (vi) **Electrical energy meters:** Comprises network controllers and individual electrical energy meters to provide electricity metering for individual tenants in some buildings.

7.6.1.7 Security system

Depending on the customers' requirements, part of our scope of work for BMS includes installing the building's security system. Generally, the security system that we provide is designed to enable building facility operators to automatically enforce their security protocols for specified areas of the premises and building. These include the following types of components:

- (i) **Security access points:** Installed at specific entry points, such as doors, to automatically grant access to persons who present the appropriate credentials, such as key-card or personal identification number ("PIN");
- (ii) **Closed-circuit television ("CCTV") system:** Comprises cameras installed to provide visual monitoring of specified areas.

Installation works for the security systems are carried out by subcontractors under our management and supervision.

Our BMS will need to be integrated with the security system for monitoring, providing alerts, collecting and storing data, and linking to the building's control room. For security systems not installed by us, we would normally be required to liaise with the installer and/or the operations personnel of the security system to facilitate interface and integration with our BMS.

7.6.1.8 Other building systems

We also provide BMS for other building systems, including the following:

- (i) **Fire protection system:** The BMS that we provide mainly involves installing sensors, switches and controllers to monitor the volume of water in fire protection water tanks, which store the water that will be used by the building's sprinkler system and fire hose reels;
- (ii) **Process utilities:** The BMS that we provide mainly involves sensors, switches and controllers to monitor water tank levels and the status of pumps for potable water supply and handling of sewage and wastewater; and
- (iii) **Carpark system:** The BMS that we provide mainly involve the integration of the carpark management system.

We do not install any of the above systems. However, our BMS will need to integrate with these systems for monitoring, providing alerts, collecting and storing data, and linking to the building's control room.

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7. BUSINESS OVERVIEW (CONT'D)

7.6.1.9 Completed and on-going systems integration of BMS contracts

The systems integration of BMS contracts with contract value of RM1.00 million and above which we have completed during the FY Under Review, FP 2023 and as at the LPD are summarised in the following table:

	Project name	Description	Project location	Customer name	Start date ⁽¹⁾ / Completion date ⁽²⁾	Contract value ⁽³⁾ (RM'000)
1	Puncak Alam Hospital Project	Supply, installation, testing and commissioning of BMS	Puncak Alam, Selangor	Axbena Sdn Bhd*	Sept 2017 / Feb 2021	2,774 ⁽⁴⁾
2	Conference and Training Facility Project	Supply, delivery, installation, testing and commissioning and maintenance of BMS and building security system works	Kuala Lumpur	Pembinaan Mitrajaya Sdn Bhd	Dec 2017 / Nov 2020	3,870
3	Business School Project	Supply, delivery, installation, testing and commissioning and maintenance of BMS and building security system works	Kuala Lumpur	Pembinaan Mitrajaya Sdn Bhd	Dec 2017 / Nov 2020	4,540
4	Healthcare University Project	Supply, delivery, installation, testing and commissioning and maintenance of chiller plant facility management system, building automation system, and fridge monitoring system	Kuala Lumpur	Pembinaan Mitrajaya Sdn Bhd	Mar 2019 / Jul 2022	1,037 ⁽⁴⁾
5	Commercial Building Project	Supply, delivery, installation, testing and commissioning of BMS	Kuala Lumpur	Kerjaya Prospek (M) Sdn Bhd	May 2019 / Dec 2023	1,232 ⁽⁴⁾
6	Healthcare University Project	Supply, delivery, installation, testing and commissioning and maintenance of ELV works	Kuala Lumpur	Pembinaan Mitrajaya Sdn Bhd	Jun 2019 / Jul 2022	1,981 ⁽⁴⁾
7	Putrajaya Hotel ICT Project	Supply, delivery, dismantling, installation, testing and commissioning and maintenance of ICT, building security system services work	Putrajaya	Pembinaan Ismail Ibrahim Sdn Bhd	Aug 2019 / Aug 2023	2,827
8	Putrajaya Hotel Project	Supply, delivery, dismantling, installation, testing and commissioning and maintenance of BMS	Putrajaya	Pembinaan Mitrajaya Sdn Bhd	Sep 2019 / Aug 2023	1,356
9	Ministry of Education 1 Project	Upgrading of BMS	Putrajaya	Panaltech Consulting Sdn Bhd ⁽⁵⁾	Oct 2019 ⁽⁶⁾ / Mar 2021	2,747
10	KETSA Project	Upgrading of BMS	Putrajaya	Usaha Delima Resources Sdn Bhd	Aug 2022 / Oct 2023	1,180 ⁽⁴⁾

7. BUSINESS OVERVIEW (CONT'D)

	Project name	Description	Project location	Customer name	Start date ⁽¹⁾ / Completion date ⁽²⁾	Contract value ⁽³⁾ (RM'000)
11	Ministry of Education 2 Project	Supply, delivery, installation, testing and commissioning of the BMS	Putrajaya	KCJ Engineering Sdn Bhd	Nov 2022 / Oct 2023	2,059 ⁽⁴⁾
12	Ministry of Health Project	Supply, delivery, installation, testing and commissioning of the BMS	Putrajaya	KCJ Engineering Sdn Bhd	Nov 2022 / Nov 2023	1,916 ⁽⁴⁾
13	Conference and Residential Complex Project	Upgrading of BMS	Kuala Lumpur	Customer C ⁽⁷⁾	Mar 2023 / Dec 2023	4,561
14	Cyberjaya Data Centre Project	Upgrading of BMS and installation of energy management system	Cyberjaya, Selangor	Customer C ⁽⁷⁾	Mar 2023 / Dec 2023	2,115
					Total	34,195

* formerly known as Axventure M&E Sdn Bhd

Notes:

- (1) The contract's start date is in reference to either the date of the letter of award, commencement date stipulated in the said contract or SDC's internal work programme, unless stated otherwise.
- (2) The contract's completion date is in reference to the date of certificate of practical completion and in the absence of a certificate of practical completion, reference would then be made to the date of issuance of the testing and commissioning or user acceptance test report or final invoice date or date of project handover.
- (3) Total contract value includes variation orders, are as reflected in the statement of final account or the latest statement of account, whichever is available.
- (4) As the statement of final accounts has not been finalised, the contract value is based on the latest progress claims as at the LPD.
- (5) Refers to Panaltech, a former related party. For further information, please refer to Section 10 of the Prospectus.
- (6) Start date is based on date of the purchase order received by SDC.
- (7) Customer C refers to a statutory body in Malaysia. Customer name was not disclosed due to confidentiality clauses in the contracts/agreements with the customer.

As at the LPD, our on-going systems integration of BMS contracts with contract value of at least RM1.00 million are summarised in the following table:

	Project name	Description	Project location	Customer name	Start date ⁽¹⁾ / Expected completion date ⁽²⁾	Approximate percentage of completion as at LPD (%)	Contract value ⁽³⁾ (RM'000)	Unbilled order book (RM'000)
1	Administration Centre Project	Integration of BMS	Kuantan, Pahang	Customer A ⁽⁴⁾	Jul 2018 / Apr 2024	72%	1,582	447

7. BUSINESS OVERVIEW (CONT'D)

	Project name	Description	Project location	Customer name	Start date ⁽¹⁾ / Expected completion date ⁽²⁾	Approximate percentage of completion as at LPD (%)	Contract value ⁽³⁾ (RM'000)	Unbilled order book (RM'000)
2	Precinct 8 Putrajaya Project	Supply, delivery, installation, testing and commissioning, service and maintenance of BMS	Putrajaya	Customer G ⁽⁴⁾	Jun 2020 / Dec 2025	4% ⁽⁵⁾	2,400	2,311
3	Financial Institution Project	Provision of building systems integration and contractor services	Kuala Lumpur	Customer B ⁽⁴⁾	Feb 2022 / Aug 2025	77%	2,110	493
4	Semiconductor Project	Supply, delivery, installation, testing and commissioning of facilities management control services	Malacca	Infineon Technologies (M) Sdn Bhd ⁽⁶⁾	Aug 2022 / Sep 2024	87%	2,991	392
5	Ampang Office Tower Project	Supply, delivery, installation, testing and commissioning of BMS and automatic control works	Kuala Lumpur	Megatara Sdn Bhd	Mar 2023 / Dec 2024	8%	4,780	4,377
6	Ministry of Finance Project	Upgrading of BMS and energy management system	Putrajaya	Evergrow Ventures Sdn Bhd	July 2023 / Feb 2024	49%	2,550 ⁽⁷⁾	1,300
						Total	16,413	9,320

Notes:

- (1) The contracts' start date is based on the date of the letter of award or commencement date as stipulated in the contract or SDC's internal work programme
- (2) The contracts' expected completion date is as specified in the contract or SDC's internal work programme or revised completion date based on the extension of time granted by our customers.
- (3) Total contract value includes variation orders.
- (4) Customer A refers to a construction company, Customer B refers to a financial institution and Customer G refers to an engineering company. Customer names were not disclosed due to confidentiality clauses in the contracts/agreements with the respective customers.
- (5) Due to delayed completion of work from the main contractor.
- (6) The contract was awarded by Shen Yong Engineering Works Sdn Bhd to SDC as a nominated sub-contractor for the Semiconductor Project for Infineon Technologies (M) Sdn Bhd.
- (7) Contract value is based on purchase order received by SDC.

7. BUSINESS OVERVIEW (CONT'D)

7.6.1.10 Maintenance of BMS

We provide maintenance services for BMS that we installed as well as those installed by third-party service providers.

Our maintenance of BMS services includes the following:

- **Preventive maintenance** involves routine maintenance carried out according to schedule. It is intended to check that BMS components and the overall system function properly, and to identify and address problems before they escalate to system breakdown and or equipment failure; and
- **Corrective maintenance** is carried out in response to the breakdown of BMS components when they occur. The procedure of corrective maintenance is to identify the cause of the breakdown, rectify the problem and restore the affected BMS components' functionality as quickly as possible.

We provide maintenance services for BMS on a contract basis (recurrent revenue over the contract period), as well as on an ad hoc basis (project based non-recurrent revenue). Maintenance works for BMS, including those that are on contract as well as on an ad hoc basis, are carried out mainly by our inhouse personnel. We also engaged subcontractors to carry out specialised works such as wiring and cabling.

7.6.2 Solar Thermal Systems and Energy Saving Services

7.6.2.1 Overview

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

- energy performance services comprising:
 - hybrid solar thermal hot water system (installation of a new solar thermal hot water system which is then integrated with an existing fossil fuel boiler hot water system; and
 - retrofit existing fluorescent lighting with LED lighting
- installation of solar thermal hot water systems (standalone); and
- maintenance of solar thermal hot water and cooling systems.

(i) Energy performance services

Our energy performance services are based on contracts with concessionaires involved with providing public hospital support services in Malaysia, and our contract is also subject to the approval by the Ministry of Health Malaysia.

Our energy performance services include the installation of a new solar thermal hot water system integrated with an existing boiler hot water system that uses either diesel or LPG as a fuel source, retrofitting fluorescent lighting to LED lighting, and provision of maintenance services for all the systems and equipment that we install and integrate, and retrofit for the duration of the contract.

(ii) Installation of solar thermal hot water system

This is for standalone projects. For the FY Under Review, FP 2023 and up to the LPD, these standalone projects are mainly for hospitals, individual residential properties as well as the industrial sector.

7. BUSINESS OVERVIEW (CONT'D)

(iii) Maintenance of solar thermal hot water and cooling system

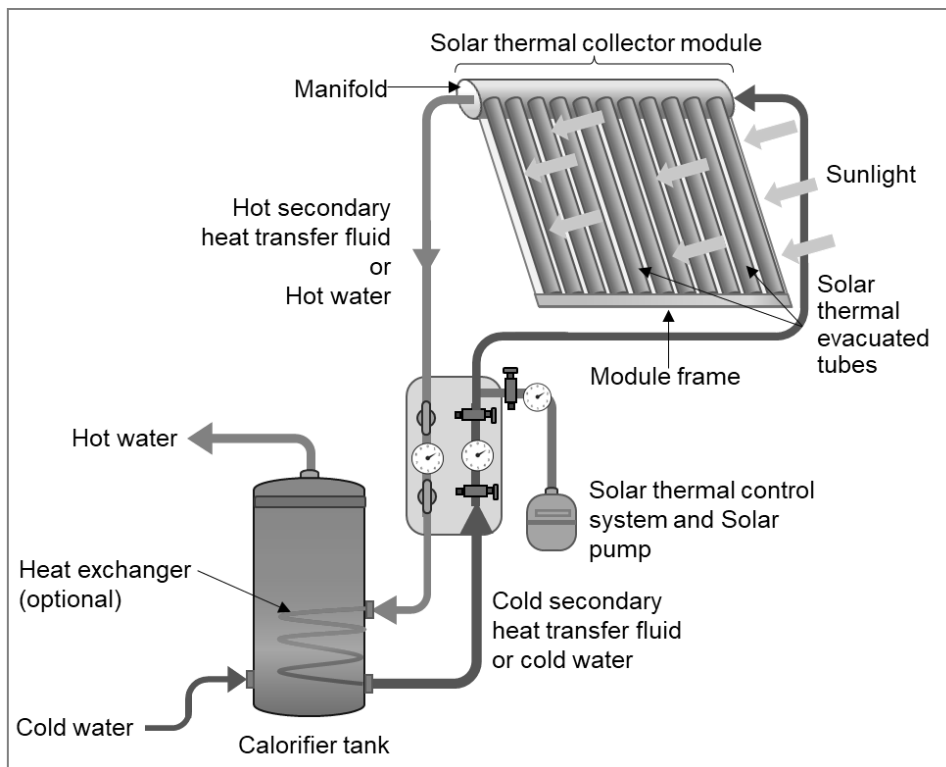
For some of our installations of solar thermal hot water systems, we are contracted to provide maintenance services based on separate maintenance contracts. These maintenance contracts exclude the energy performance service contracts that included maintenance as part of the contract. We also provide maintenance of solar thermal hot water systems on an ad hoc basis.

In addition, during the FY Under Review, FP 2023 and up to the LPD, we provided maintenance services on a contract basis for the solar thermal hot water and cooling system that we installed.

7.6.2.2 Our solar thermal hot water system

Our solar thermal hot water system can be on a standalone basis or based on a hybrid system that integrates with another new or existing hot water system that uses diesel, LPG or electricity.

A schematic of our solar thermal hot water system is provided below:



A solar thermal hot water system uses energy from sunlight to directly heat water. Using the solar thermal hot water system results in energy cost savings as the energy used to heat water is from the free renewable sunlight, whereas a facility's existing hot water system is commonly powered by diesel, LPG or electricity that has to be purchased.

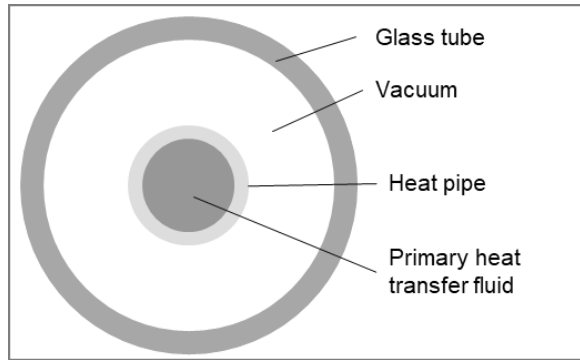
The following main components make up a solar thermal hot water system:

- one or more solar thermal collector modules;
- solar pump and secondary heat transfer fluid system;
- calorifier tank;
- hot water tanks and hot water distribution system; and
- solar thermal control system.

7. BUSINESS OVERVIEW (CONT'D)

A **solar thermal collector module** is designed to gather heat from sunlight to directly heat water. They are typically installed on the roof or another suitable outdoor location optimally positioned to receive maximum sunlight. The solar thermal collector module consists of an insulated **manifold** into which a row of solar thermal **evacuated tubes** is installed and a frame that holds the manifold and solar thermal evacuated tubes in place.

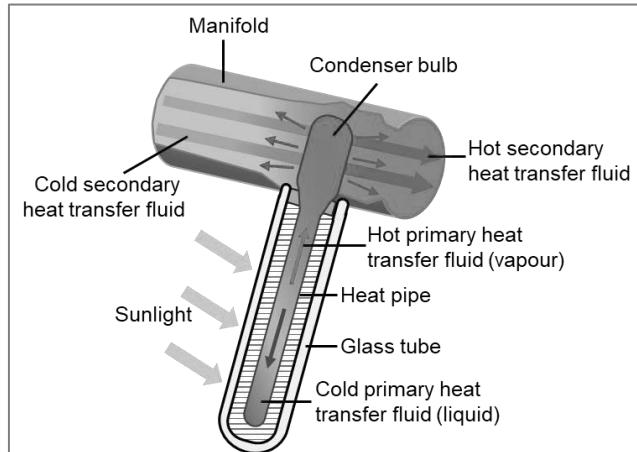
Cross section of a solar thermal evacuated tube



Each solar thermal evacuated tube consists of a sealed circular **glass tube** surrounding a **heat pipe**. Air is removed (evacuated) from the space between the glass tube and the heat pipe to create a vacuum, which insulates and minimises heat loss from the heat pipe. The glass tube is transparent to allow sunlight to pass through easily. The heat pipe is a sealed copper tube that contains the **primary heat transfer fluid**.

Sunlight passes through the transparent glass tube and heats the heat pipe. The primary heat transfer fluid is a liquid when it is cool. When it is heated up it changes into vapour and rises to the **condenser bulb** at the top of the heat pipe, which is inserted into the manifold. The hot vapour from the heat pipe will transfer its heat into the **secondary heat transfer fluid** flowing through the manifold. Subsequently, when the hot vapour from the heat pipe is cooled by the secondary fluid in the manifold, it changes back into liquid form which flows to the bottom of the heat pipe ready to be heated again.

Heat transfer from solar thermal evacuated tube to manifold



The circulation of the secondary heat transfer fluid is regulated by the **solar thermal control system (STCS)**. When hot water is required, the **solar pump** is switched on to circulate hot secondary heat transfer fluid through the manifold into the **heat exchanger** of the **calorifier tank**, or hot water to the hot water tank. The heat from the hot secondary heat transfer fluid is transferred to the water in the calorifier tank thus generating hot water. Once the heat has been transferred the resultant cold secondary heat transfer fluid is pumped back to the solar thermal collector module to collect heat. The calorifier tank is insulated to minimise heat loss and to help ensure that there is hot water available at night and during periods of low sunlight.

The hot water in the calorifier tank is typically between 45 °C and 75 °C which is too hot to be circulated through the facility's hot water distribution system. Consequently, hot water from the calorifier tank is mixed with cold water to supply water with temperatures of between 45 °C and 60 °C through one of the following methods:

- pumped into hot water tanks where it is mixed with cold water; or
- mixed with cold water in a mixing valve.

The mixed hot water is pumped through the building facility's hot water distribution system to users.

7. BUSINESS OVERVIEW (CONT'D)

In our hybrid system, the existing boiler is retained to provide backup or supplementary hot water generating capability if the temperature of the water to be supplied to users is below the specified temperature.

The STCS is designed to provide central monitoring and control of the solar thermal hot water system's operations, status and condition. Monitoring and control can be from the building's control room or remotely from our command and control centre.

Our solar thermal hot water system comprises a controller, pumps and sensors, and it is programmed to start or stop automatically according to schedule, programmed logic and pre-determined situations.

The installation works for solar thermal hot water systems, including those that are part of energy performance services as well as those that are for standalone projects, are carried out by our subcontractors under our supervision and management. Integration of the solar thermal hot water system with existing boiler and/or hot water distribution system, if required, is carried out by our in-house personnel. Our in-house personnel will carry out the testing and commissioning of the solar thermal hot water system, with the final commissioning carried out together with the customer or its representatives.

7.6.2.3 Retrofitting to LED lighting

Retrofitting of existing fluorescent lighting to LED lights is provided only as part of the energy performance service contracts. This reduces electricity costs as LED lighting consumes less electricity compared to fluorescent lighting of similar lighting intensity.

We provide comprehensive maintenance for the LED tubes, which mainly involves replacing LED tubes and light fixtures that have malfunctioned or stopped functioning. The retrofitting and maintenance works are carried out by our subcontractors under our supervision and management.

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7. BUSINESS OVERVIEW (CONT'D)

7.6.2.4 Energy performance service contracts

Generally, our energy performance services comprise installing new solar thermal hot water systems and integrating them with existing fossil fuel boiler systems, and in some cases, retrofitting existing fluorescent lighting with LED lighting. We will fund the total project investment for the installation of hybrid solar thermal hot water systems and retrofitting of LED lighting, where payment will be made according to a schedule agreed in the contract. We will also carry out maintenance on the items we installed, upgraded and retrofitted over the contract duration period commonly between 4 and 6 years. For further details on the mode of operations, please refer to Section 7.4 of this Prospectus.

The energy performance service contracts which we have completed during the FY Under Review, FP 2023 and as at the LPD are summarised in the following table:

	Description	Project Location	Customer Name	Scope of work ⁽¹⁾		Energy savings*	Start Date / End Date ⁽²⁾	Contract value ⁽³⁾ (RM'000)
				Hybrid solar	LED lightings			
Installation of hybrid solar thermal hot water systems								
1	Hospital 1	Sabah	Customer D ⁽⁴⁾	√			Feb 2019 / Jun 2019	1,594
	- Contract period							
	- Payment period							
							Jul 2019 / Nov 2023	

* Refers to payment to SDC which includes energy cost savings arising from the use of the installed hybrid solar thermal hot water system and retrofitted LED lighting in addition to the project investment payment to SDC as stated in the contracts.

Notes:

- (1) Hybrid solar thermal hot water system refers to the installation of a new solar thermal hot water system which is then integrated with an existing fossil fuel boiler hot water system; LED lighting refers to the retrofitting of existing fluorescent lighting with LED lighting.
- (2) Based on the start and end dates as specified in the contract.
- (3) Based on the value as specified in the contract which is subject to further end of year adjustment or variation orders.
- (4) Customer D is concessionaire of public hospital support services. Customer name was not disclosed due to confidentiality clauses in the contracts/agreements with the customer.

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7. BUSINESS OVERVIEW (CONT'D)

As at the LPD, we have the following subsisting energy performance service contracts:

	Description	Project Location	Customer Name	Scope of work ⁽¹⁾		Energy savings*	Start Date / End Date ⁽²⁾	Contract value ⁽³⁾ (RM'000)
				Hybrid solar	LED lightings			
Installation of hybrid solar thermal hot water systems								
1	Hospital 2	Sabah	Customer D ⁽⁴⁾	√			Apr 2019 / Mar 2025 ⁽⁵⁾	1,461
Installation of hybrid solar thermal hot water systems, retrofitting of LED lightings as well as energy savings								
2	Hospital 3 - Phase 1 ⁽⁶⁾ - Phase 2 ⁽⁷⁾	Kedah	Customer E ⁽⁴⁾	√	√	√	Oct 2019 / May 2020 ⁽⁸⁾ June 2020 ⁽⁹⁾ / Mar 2025	4,501 ⁽¹¹⁾
3	Miri Hospital - Phase 1 ⁽⁶⁾ - Phase 2 ⁽⁷⁾	Miri, Sarawak	One Medicare Sdn Bhd	√	√	√	Oct 2019 / Jun 2020 ⁽¹⁰⁾ Jul 2020 ⁽¹⁰⁾ / Mar 2025	2,548
4	Sarikei Hospital - Phase 1 ⁽⁶⁾ - Phase 2 ⁽⁷⁾	Sarikei, Sarawak	One Medicare Sdn Bhd	√	√	√	Feb 2019 / Jul 2019 Aug 2019 / Jan 2025	5,118 ⁽¹¹⁾
5	Sibu Hospital - Phase 1 ⁽⁶⁾ - Phase 2 ⁽⁷⁾	Sibu, Sarawak	One Medicare Sdn Bhd	√	√	√	Oct 2019 / Jul 2020 ⁽¹⁰⁾ Sep 2020 ⁽¹⁰⁾ / Mar 2025	5,315
6	Sarawak Heart Centre - Phase 1 ⁽⁶⁾ - Phase 2 ⁽⁷⁾	Kuching, Sarawak	One Medicare Sdn Bhd	√	√	√	Oct 2020 / Mar 2021 Apr 2021 / Mar 2025	4,959

* Refers to payment to SDC which includes energy cost savings arising from the use of the installed hybrid solar thermal hot water system and retrofitted LED lighting in addition to the project investment payment to SDC as stated in the contracts.

Notes:

- (1) Hybrid solar thermal hot water system refers to the installation of a new solar thermal hot water system which is then integrated with an existing fossil fuel boiler hot water system; LED lighting refers to the retrofitting of existing fluorescent lighting with LED lighting.
- (2) Based on the start and end dates as specified in the contract, unless stated otherwise.
- (3) Based on the value as specified in the contract, schedule of prices or payment schedule, which are subject to further end of year adjustment or variation orders, unless stated otherwise.

7. BUSINESS OVERVIEW (CONT'D)

- (4) Customer D and Customer E are concessionaires of public hospital support services. Customer names were not disclosed due to confidentiality clauses in the contracts/agreements with the respective customers.
- (5) Installation was completed in August 2019, and the payment period commenced in the subsequent months up to March 2025.
- (6) Refers to installation, retrofitting and physical works done as specified in the contract, unless stated otherwise.
- (7) Refers to performance period specified in the contract, unless stated otherwise.
- (8) End date based on the certificate of practical completion.
- (9) Start date is based on the month after the completion of Phase 1.
- (10) Based on the start and end dates as specified in the letter issued MOH subsequent to the letter of award.
- (11) Based on adjusted value after end of year adjustment.

7.6.2.5 Installation of Solar Thermal Hot Water Systems

In addition to our energy performance services, we also install solar thermal hot water systems on a standalone basis for other facilities and customers. During the FY Under Review, FP 2023 and up to the LPD, outside of the energy performance services, we have installed solar thermal systems for hospitals, individual residential properties and industrial sector.

The installation of solar thermal hot water system projects (apart from those under energy performance service contracts) with a contract value of at least RM1.00 million that we have completed during the FY Under Review, FP 2023 and as at the LPD are summarised in the following table:

Description	Project Location	Customer Name	Services ⁽¹⁾	Start Date / End Date ⁽²⁾	Contract value ⁽³⁾
Ampang Hospital	Ampang, Selangor	Radicare (M) Sdn Bhd	Hybrid solar thermal hot water system	Jan 2021 / Apr 2022	2,788

Notes:

- (1) Hybrid solar thermal hot water system refers to the installation of a new solar thermal hot water system which is then integrated with an existing fossil fuel boiler hot water system.
- (2) Based on the start and end dates as specified in the contract.
- (3) Total contract value including variation orders, if there are any as reflected in the statement of final accounts.

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7. BUSINESS OVERVIEW (CONT'D)

7.6.2.6 Maintenance of Solar Thermal Hot Water and Cooling Systems

Our maintenance of solar thermal hot water and cooling systems include providing maintenance services for systems that we installed.

We provide the following types of maintenance services for solar thermal hot water and cooling systems:

- **Preventive maintenance**, which is carried out according to schedule and is intended to avoid breakdowns. It is usually carried out periodically, based on the frequency stipulated in the contract; and
- **Corrective maintenance**, which is carried out in response to unexpected breakdowns or faults, and is carried out to restore functionality and rectify faults as quickly as possible.

Maintenance works for solar thermal hot water systems are carried out by our inhouse personnel as well as subcontractors to carry out specialised works such as leak rectification.

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7. BUSINESS OVERVIEW (CONT'D)

7.6.3 Maintenance of Other Systems and Equipment

We provide maintenance services for other systems and equipment comprising the following:

- gas fired chillers; and
- chilled water system.

7.6.3.1 Gas fired chillers

We provided services for gas fired chillers during the FY Under Review, FP 2023 and up to the LPD. We currently provide preventive, corrective and major maintenance services for gas fired chillers installed at a district cooling plant in Putrajaya, Malaysia. We also provided ad hoc corrective maintenance for gas fired chillers to a customer in Brunei. We engaged subcontractors to carry out the maintenance works for gas fired chillers under our management and supervision.

The maintenance of other systems and equipment with contract value of at least RM1.00 million which we have completed during the FY Under Review, FP 2023 and as at the LPD are summarised in the following table:

Project Name	Description	Project Location	Customer Name	Start Date ⁽¹⁾ / Completion Date ⁽²⁾	Contract Value (RM'000)
Gas District Cooling Maintenance 1 Project	Provision of comprehensive maintenance for 2 units of direct-fired chiller at a plant	Putrajaya	Gas District Cooling (Putrajaya) Sdn Bhd	Jun 2016/ Jun 2021	1,034

Notes:

(1) The contracts' start date is based on the commencement date as stipulated in the purchase order.

(2) The contracts' expected completion date is as specified in the purchase order.

As at the LPD, our on-going maintenance of other systems and equipment with contract value of at least RM1.00 million is summarised in the following table:

	Project Name	Description	Project Location	Customer Name	Start Date ⁽¹⁾ / Expected Completion Date ⁽²⁾	Approximate Percentage of Completion as at LPD (%)	Contract Value ⁽³⁾ (RM'000)	Unbilled Order Book (RM'000)
1	Gas District Cooling Maintenance 2 Project	Maintenance works for 2 units of direct-fired chiller at 2 plants	Putrajaya	Gas District Cooling (Putrajaya) Sdn Bhd	Jan 2020/ Jan 2025	81%	1,685	319

7. BUSINESS OVERVIEW (CONT'D)

Notes:

- (1) The contracts' start date is based on the commencement date as stipulated in the purchase order/contract.
- (2) The contracts' expected completion date is as specified in the contract.
- (3) Total contract value includes variation orders.

7.6.3.2 Chilled Water system

As at the LPD, we secured a contract to provide maintenance services for a chilled water system. Our scope of work for this project includes replacing and installing valves, strainers, flexible connectors, pressure gauges, thermometers and other accessories of existing AHU and FCU. We have commenced preliminary work but have not recognised revenue from this project during the FP 2023.

As at the LPD, our on-going maintenance of chilled water systems contract with contract value of RM1.00 million and above is summarised in the following table:

	Project Name	Description	Project Location	Customer Name	Start Date⁽¹⁾ / Expected Completion Date⁽²⁾	Approximate Percentage of Completion as at LPD (%)	Contract Value⁽³⁾ (RM'000)	Unbilled Order Book (RM'000)
1	Chilled Water System Maintenance Project	Replace and install valves, strainers, flexible connectors, pressure gauges, thermometers and other accessories of existing AHU and FCU	Kuala Lumpur	Customer F	Aug 2023/ Dec 2024	15%	2,071	1,761

Notes:

- (1) The contracts' start date is based on the date of the letter of award or commencement date as stipulated in the contract.
- (2) The contracts' expected completion date is as specified in the contract.
- (3) Total contract value includes variation orders.
- (4) Customer F refers to a facilities management company in Malaysia. Customer name was not disclosed due to confidentiality clauses in the contracts/agreements with the customer.

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7. BUSINESS OVERVIEW (CONT'D)

7.7 MARKETING STRATEGIES AND ACTIVITIES

Our marketing positioning and activities to retain existing customers, secure new customers and develop new business opportunities are as follows:

Our positioning in the market

- We position ourselves as an established player in the fields of BMS and solar thermal hot water systems backed by our established track record of approximately 17 years since the commencement of our business operations in 2008.
- We provide total solutions from design and installation to maintenance of BMS and solar thermal hot water systems. This provides convenience and confidence to our customers in relation to our knowledge of our systems.
- We have the technical capabilities to meet our customer's requirements in the provision and maintenance of BMS, solar thermal systems and energy savings services supported by 9 engineers within the Project Department, 8 engineers and 1 ICT personnel within the Service and Maintenance Department and 3 engineers within the Business Development Department as at the LPD.
- We position ourselves as being able to meet our customers' environmental responsibility through the reduction of their carbon footprint in carrying out their business operations. Our solar thermal hot water systems are designed to reduce the reliance on electricity from the power grid which is largely generated from non-renewable and CO₂ emitting fossil fuels such as coal and natural gas, or usage of non-renewable and CO₂ emitting fossil fuels such as diesel or LPG to operate the boiler hot water systems.

Our marketing and sales activities

We adopt proactive marketing and sales activities in maintaining our existing customers and addressing potential growth areas of our business. Our marketing and sales activities include the following:

- We proactively target and approach prospective customers to showcase our product and service offerings, capabilities, track record, experience and reference sites.
- We actively participate in tenders or requests for proposals for BMS and solar thermal hot water system projects including energy performance services.
- We also have a showroom at our Headquarters to showcase our products, the process flow of our systems, and the benefits of our various products and systems.
- We attend seminars and exhibitions as part of our marketing programme of broadening our network and communications with prospective customers. Since 2020 and up to the LPD, we have participated in the following forum and exhibition.

Year	Event	Type of event	Location	Nature of Participation
2020	Development of National Occupational Skills Standard for Thermal Design Malaysia Green Tech Corporation (MGTC)	Forum	Citadines Hotel, Cyberjaya	Participating as a specialist
2022	Niagara Forum South East Asia	Exhibition	Pullman Hotel, Kuala Lumpur	Exhibitor

7. BUSINESS OVERVIEW (CONT'D)

7.8 SEASONALITY

During the FY Under Review, FP 2023 and up to the LPD, we did not experience any material seasonality in our business.

7.9 MACHINERY AND EQUIPMENT

We do not have major machinery and equipment that we use for our operations as the nature of our business is service based.

7.10 PRODUCTION CAPACITY AND UTILISATION

As the nature of our operations is service based, the measures of production capacity, output and utilisation rates do not apply to our systems integration and maintenance of BMS, provision of energy performance services, installation and maintenance of solar thermal hot water and cooling systems, and maintenance of other systems and equipment.

7.11 OPERATIONAL FACILITIES

Details of our operational facilities are as follows:

	Main Functions	Approximate Built-up Area (sq. ft)	Premises Ownership	Address
SDCG, SDC and KED	Headquarters	8,320	Owned	Wisma SDC, No 25, Jalan Kajang Perdana 3/2, Taman Kajang Perdana, 43000 Kajang, Selangor Darul Ehsan

7.12 PROCESS FLOW

7.12.1 Systems Integration of BMS

Our systems integration of BMS is mainly for:

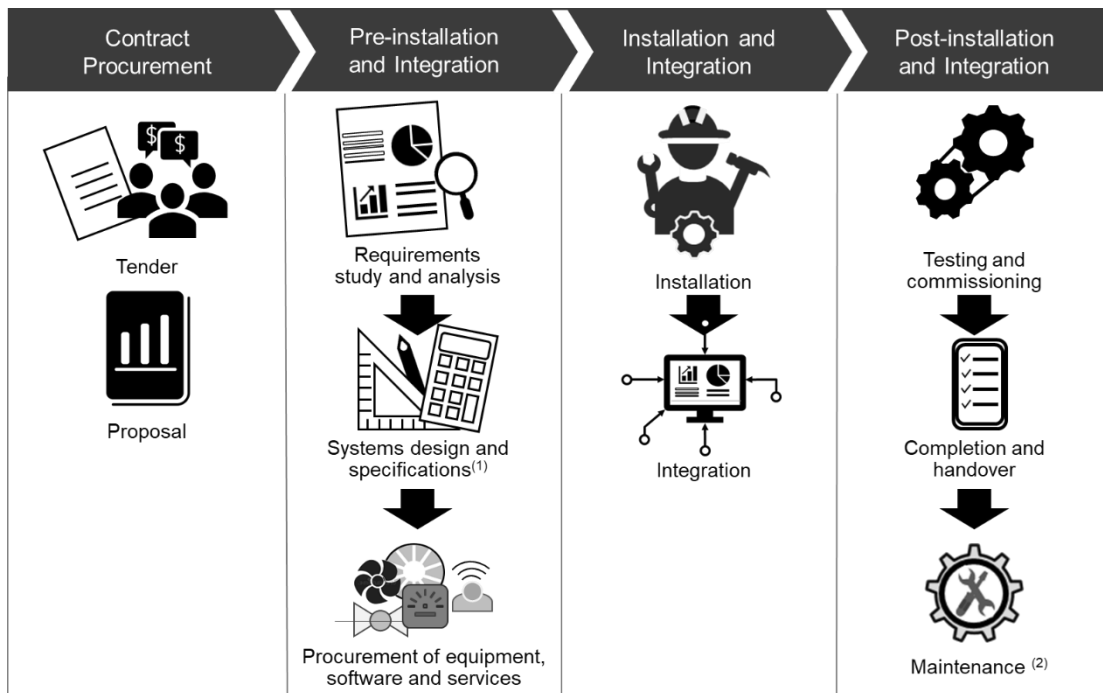
- new systems as part of a building construction project; and
- existing systems, where we carry out retrofitting and/or upgrading works.

Depending on the customer's requirements, the BMS that we implement covers a combination of the following building systems:

- lighting;
- centralised air conditioning;
- electrical and communications;
- elevator and escalator;
- security and access; and
- others such as fire protection, process utilities and car park.

7. BUSINESS OVERVIEW (CONT'D)

The process flow for the systems integration of BMS is as follows:



Notes:

- (1) Only relevant if we are engaged for the entire project, otherwise the design and specifications of the system are provided to us.
- (2) Maintenance is based on separate contracts. Only in some cases, we are engaged to carry out the maintenance after the BMS is completed and handed over to the customer.

(i) Contract procurement

Our contracts for the systems integration of BMS are secured through tendering or submission of proposals to prospective customers.

The tendering or proposal process begins when we receive an invitation to tender or request for proposal from prospective customers. We will carry out a preliminary assessment based on the project requirements and background of the customer before deciding to participate in the tender. Once we have decided to bid, we will commence the preparation of our tender documents or proposals which involve a commercial proposal focusing on pricing, payment schedules and terms, warranty and defect liability period, and a technical proposal focusing on our capabilities, track record and experience profile, scope of work, specifications of materials, equipment and software, and completion date.

We will then submit our tender or proposal together with a tender/proposal bond/deposit if required.

(ii) Pre-installation and integration

Requirements study and analysis

Upon securing a contract, we will carry out a systems requirement study and analysis to scope the work in detail. Some of the procedures undertaken to understand the operating conditions include:

- review and understand the customer's requirements and objectives;
- identify stakeholder requirements;

7. BUSINESS OVERVIEW (CONT'D)

- review the internal and external factors that may impact the organisation; and
- consider various critical issues that could potentially arise.

During this stage, we will also identify the technical requirements of the BMS. Some of the procedures to be undertaken include:

- gather information about the building's infrastructure, systems and equipment, including specifications, protocols, connectivity and compatibility requirements;
- identify the specific functionalities and features required of the BMS; and
- identify the technical aspects of the BMS such as communication protocols, scalability, user interface and accessibility, remote access capabilities as well as integration with other building systems.

Systems design and specifications

For projects where we are engaged to carry out the whole system, we commonly would carry out the design and specification of the full system to provide our customers with an integrated BMS following the customer's requirements. We will carry out the systems design and specification of the new or retrofit and/or upgrade of the BMS, as well as project planning.

We will first study the basic inputs provided by the customer and thereafter design the BMS to meet the building management needs. This will involve considerations on:

- system design and architecture including network, connectivity, interfaces and communications protocol;
- specifications of equipment, devices and information and communications technology (ICT) hardware;
- specifications of operations, applications, network and security software; and
- specifications on integration with existing or other building systems

In addition, we will prepare the relevant documentation such as the design report, equipment layout as well as general arrangement drawing of the BMS components and wiring. Our project planning mainly focuses on the project timeline, budgeting, procurement of materials and resources as well as compliance with the regulatory requirements.

For projects where we are engaged as a subcontractor, the BMS systems design and specifications are commonly provided by the customer or a third-party consultant.

Procurement

Our procurement includes, among others, the following:

- equipment and devices such as DDC, programmable controllers, field sensors, actuators, energy monitoring and measurement devices, and communication equipment and devices;
- ICT hardware such as computers, storage devices, wired and wireless networking and security devices, switches and hubs, and display monitors,
- operations, applications, network and security software; and
- appointment of subcontractors.

Upon receiving the equipment, hardware and devices, we will validate that they function according to the required specifications and standards before they are delivered to the site. We also inspect other materials such as wiring, cables and connectors, upon receipt to ensure they are as per the specified requirements. Any discrepancies or damages will be reported to the supplier for rectification or replacement.

7. BUSINESS OVERVIEW (CONT'D)

(iii) Installation and integration

Installation

We are responsible for installing the relevant equipment, hardware and devices of the BMS system throughout the building. This includes, among others DDC, programmable controllers, field sensors, actuators, network switches, high-level interface nodes and cabling works.

We also establish a central workstation within the building, where we install relevant hardware and software such as computers, printers, monitors, uninterrupted power supply units and BMS software. The BMS software is customised according to user requirements. The central workstation will facilitate monitoring and control, as well as provide real-time data on display screens. Generally, we would allocate 3 employees to manage and supervise each project/contract. However, these employees are not dedicated to one project and would be mobilised for other projects/contracts as and when required. We engage subcontractors to carry out installation works.

Integration

After the installation process, we are responsible for integrating the various components of the BMS. Some of the procedures to be undertaken are as follows:

- configure the equipment and devices such as controllers and sensors to establish communication links between devices and ensure interoperability;
- connect the BMS components through a network infrastructure to enable data exchange and communications;
- define the relationship between data points from sensors and actuators, mapping them to their corresponding control functions within the BMS; and
- design and customise the user interface, including dashboards, alarms and alerts, and reporting functions, based on user needs and preferences.

We would also be responsible to integrate our BMS with the building's centralised command centre using our in-house personnel.

(iv) Post-installation and integration

Testing and commissioning

Once the BMS is fully installed and integrated, we will conduct testing and performance monitoring, typically ranging between 1 to 3 months. This is to ensure all subsystems and the overall system are functioning properly and meet the specified requirements. Any modifications or improvements are to be completed within the agreed timeframe stipulated in the contract.

Some of the test procedures include general checks, operation tests as well as system performance tests. Equipment and devices will be checked and tested to ensure proper installation and functionality, while interaction with auxiliary systems will be verified. Any deficiencies noted will be rectified accordingly. Upon successful testing, the system will be commissioned.

Completion and handover

Upon the successful completion of testing and commissioning, the Certificate of Practical Completion (CPC) or an equivalent document is issued to us by the customer or a representative, and the BMS system is officially handed over to the customer.

7. BUSINESS OVERVIEW (CONT'D)

As part of the handover, we will provide training to end-users on the operation and use of the BMS, as well as provide all relevant documentation such as operation and maintenance manuals, system specifications, as-built drawings as well as other technical details related to the BMS.

We will provide maintenance and servicing during the defect liability period as stipulated in the contract, which is typically for a period between 12 to 24 months from the issuance of CPC.

Maintenance

In some cases, we are engaged in the subsequent maintenance of the BMS according to the stipulated period in the contract. Our maintenance of the BMS includes the following:

- **preventive maintenance**, which is carried out according to schedule and is intended to avoid breakdowns. It is usually carried out periodically, based on the frequency stipulated in the contract; and
- **corrective maintenance**, which is carried out in response to unexpected breakdowns or faults and is carried out to restore functionality and rectify faults as quickly as possible.

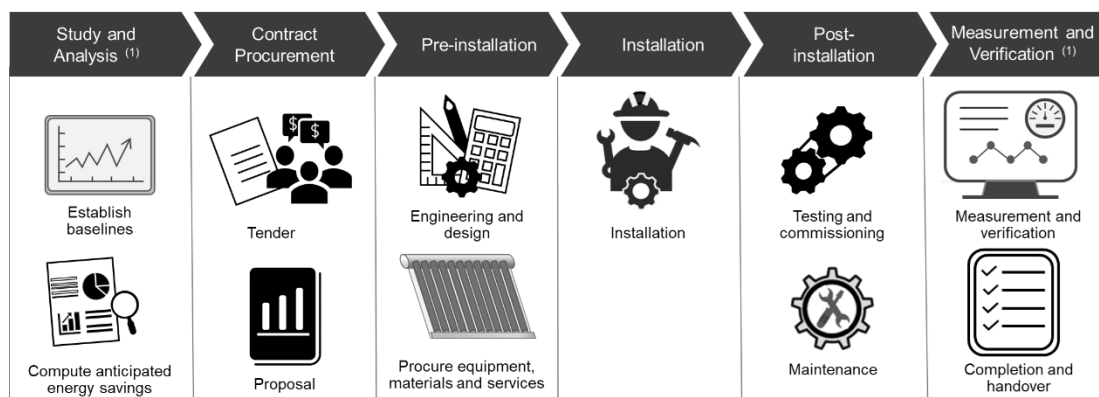
After completing the maintenance work, we will prepare a maintenance service report for the customer. The service report includes details such as the maintenance tasks performed, the status of the BMS equipment, hardware, devices and components, any repairs or replacements made as well as recommendations for improvement. Generally, we would allocate 2 employees to carry out the physical maintenance works or 1 employee to manage and supervise the maintenance works carried out by subcontractors.

7.12.2 Design, supply and installation of solar thermal hot water system

Our design, supply and installation of solar thermal hot water systems are mainly for:

- new standalone system; and
- hybrid system which includes the installation of our new solar thermal hot water system and integration with the existing hot water system.

The process flow for the design, supply and installation of the solar thermal hot water system is as follows:



Note:

(1) Only applicable for energy performance service contracts

7. BUSINESS OVERVIEW (CONT'D)

Study and analysis

We will engage a third-party service provider to conduct a study to determine the potential energy savings that can be achieved based on the proposed installation of our solar thermal hot water system. Some of the procedures to be undertaken are as follows:

- define and establish a baseline, which represents the amount of energy consumption before the installation of the solar thermal hot water system. The baseline is commonly based on the amount of LPG or diesel consumed to heat the boiler to obtain hot water;
- compute the anticipated energy savings by comparing the baseline consumption with the expected consumption after the installation of our solar thermal hot water system and adjusted for any relevant factors that may affect the calculation. This provides a basis for the energy savings guarantee for our energy performance service contracts; and
- quantify the potential savings in monetary terms by multiplying the quantity of LPG or diesel saved by its unit price. This provides an estimation of the cost savings that can be achieved and serves as a basis for determining the fee chargeable to our customers for our energy performance service contracts.

Contract procurement

Our contracts for the design, supply and installation of solar thermal hot water systems are secured through tendering and provision of proposals to the prospective customer. The proposal includes details such as the contract period comprising the installation and reporting periods (where applicable), investment cost, payment amount, structure and terms, baseline consumption, applicable tariff or charge rates as well as the anticipated energy savings.

Pre-installation

(i) Engineering and design

We carry out engineering and design of the solar thermal hot water system for both new installations and hybrid system projects. We study the customer's existing setup and design the solar thermal hot water system including the distribution network. This involves considerations in selecting the appropriate solar thermal collectors, storage tanks and other components for the system. In addition, we will prepare the relevant documentation such as the design report, equipment layout as well as general arrangement drawing of the solar thermal collectors, storage tanks, and other key components.

For hybrid system projects, we would retain the customer's existing or a new boiler system as a backup in situations where there is insufficient hot water generation from our solar thermal collectors. This ensures a reliable and continuous supply of hot water, particularly during periods of rainy, cloudy or hazy days or increased hot water demand.

(ii) Procurement

Our procurement includes equipment, labour and subcontractors. We will source all the necessary equipment, some of which are our brands provided by suppliers.

Upon receiving the equipment, we will validate that they function according to the required specifications and standards before they are delivered to the site. Any discrepancies or damages will be reported to the supplier for rectification or replacement.

7. BUSINESS OVERVIEW (CONT'D)

Installation

We are responsible for installing all the relevant machinery, equipment, hardware and devices required for the solar thermal hot water system. This includes, among others, solar thermal collector modules, calorifier tanks, pumps, piping as well as the control and monitoring system. Generally, we would allocate 3 employees to manage and supervise each project/contract. However, these employees are not dedicated to one project and will be mobilised for other projects/contracts as and when required. The installation work is carried out by subcontractors under our management and supervision.

Post-installation

(i) Commissioning

Once the system is fully installed, we will carry out initial testing to ensure the system operates safely, efficiently and effectively according to specifications. Any defects or inefficiencies discovered will be rectified before the final inspection and testing.

All final inspection and testing works will be conducted by our engineers in the presence of our customers or their appointed representatives as witnesses. We will perform a trial run of the system to monitor the operating conditions and ensure there are no deficiencies. The performance of the system will be evaluated following the mechanical and electrical specifications to ensure it is safe and meet the design requirements. Some of the test procedures include general checks, operation tests as well as system performance tests. Machinery, equipment and devices will be checked and tested to ensure proper installation and functionality, while interaction with auxiliary systems will be verified. Any deficiencies noted will be rectified accordingly. Upon successful testing, the system will be commissioned.

(ii) Maintenance

During the energy performance service contract period, we are responsible for the maintenance of the solar thermal hot water system. Our maintenance of the system includes the following:

- **preventive maintenance**, which is carried out according to schedule and is intended to avoid breakdown. It is usually carried out periodically based on the frequency stipulated in the contract; and
-
- **corrective maintenance**, which is carried out in response to unexpected breakdowns or faults and is carried out to restore functionality and rectify faults as quickly as possible.

After completing the maintenance work, we will prepare a maintenance service report for the customer. The service report includes details such as the maintenance tasks performed, the status of the solar thermal hot water system components, any repairs or replacements made as well as recommendations for improvement. Generally, we would allocate 2 employees to carry out the physical maintenance works or 1 employee to manage and supervise the maintenance works carried out by subcontractors.

Measurement and verification

Depending on the contracts, we will engage a third-party to conduct a measurement and verification of the energy consumed to generate hot water on an annual basis, where a detailed report outlining the energy savings achieved will be submitted to the customer.

7. BUSINESS OVERVIEW (CONT'D)

In the event of a shortfall between the actual energy savings and the energy savings guarantee, we will pay the customer the amount of the shortfall according to the terms as stipulated in the contracts.

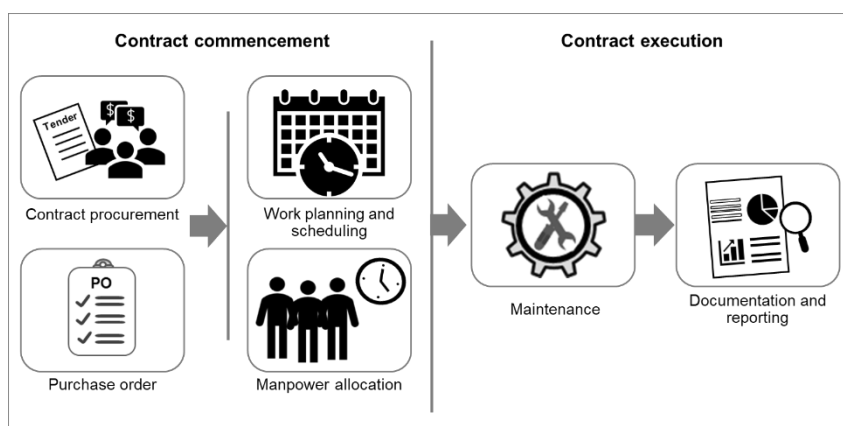
Handover

At the end of the energy performance service contract period, we will officially hand over the solar thermal hot water system to the customer. As part of the handover, we will provide training to end-users on the operation and use of the system, as well as provide all relevant documentation such as operation and maintenance manuals, system specifications, as-built drawings as well as other technical details related to the system.

During the handover, there will be a joint inspection with the customer to ensure the system and components are in a well-maintained condition. Should there be any defects, we are required to make good of the defects within an agreed period stipulated in the contract.

7.12.3 Maintenance of BMS

The following diagram depicts our process flow for the maintenance of BMS:



Contract Commencement

(i) Contract procurement

The process of our maintenance of BMS commences with the following:

- contract procurement through tendering or provision of proposals; or
- issuance of purchase orders by our customers.

The contract or purchase order includes details such as scope of work, duration, pricing and any specific terms and conditions.

Contracts are for continuous maintenance over a period of time commonly for 1 to 3 years. Purchase orders are for one-off maintenance work commonly carried out over several days.

(ii) Work planning and scheduling

After securing the contract or issuance of a purchase order by our customer, we will carry out work planning and scheduling.

For a one-off maintenance work order, we will evaluate the specific maintenance requirements to determine the tasks to be performed. Depending on the customer's

7. BUSINESS OVERVIEW (CONT'D)

requirements, this can be either preventive or corrective maintenance. For contracted maintenance services, we will develop a maintenance plan which includes the frequency of periodic maintenance tasks such as inspections, cleaning, replacement, testing and calibration.

During this stage, we consider factors such as resource availability, customer preferences and any specific requirements. Based on our work plan and schedule, we will allocate manpower resources to carry out the maintenance activities. This comprises in-house personnel and we also engage sub-contractors to carry out specialised works.

Contract execution

(i) Maintenance

Our preventive maintenance work is carried out periodically based on the frequency stipulated in the contract or at the request of our customers. It involves the inspection of various components of the BMS including the functionality, performance and the overall condition of the system. Any malfunctions or faulty components identified will be repaired or replaced accordingly.

In addition to preventive maintenance, we also provide corrective maintenance services in response to unexpected breakdowns or faults. This includes troubleshooting, diagnosing the root cause of the problem and implementing the necessary repairs or replacements to restore the system's functionality.

(ii) Documentation and reporting

After completing the maintenance work, we will prepare a service report for our customers. The service report includes details such as the maintenance tasks performed, the status of the BMS components, any repairs or replacements made as well as recommendations for improvement.

7.13 TECHNOLOGIES USED

The technologies that we used are mainly for our BMS and solar thermal hot water systems. These technologies are embedded in their respective equipment, hardware as well as software where relevant.

7.13.1 BMS

The main technologies that we use for our business activities relating to BMS are as follows:

- **ICT**

Our BMS uses technologies involved in the integration, monitoring and management of building systems. As such, we used ICT as part of our provision of products and services. The ICT that we use includes the following:

- software programming using various programming languages, compilers, operating systems and computers;
- externally sourced application and utility software;
- communications involved in local and wide area networks incorporating wired, wireless and mobile cellular communications; and
- hardware such as processors, network, security, interfaces and display monitors and panels.

7. BUSINESS OVERVIEW (CONT'D)

- **Instrumentation and control**

Our BMS uses instrumentations and control technologies including controllers and sensors such as DDC, cooling energy meters, digital electricity meters, variable air volume controllers, water temperature sensors, water pressure sensors, field temperature sensors, carbon dioxide sensors, filter dirty switches, motion detectors and light level sensors.

7.13.2 Solar thermal hot water systems

The main technologies that we used for our activities relating to solar thermal hot water systems are as follows:

- solar thermal collector modules incorporating the manifold and solar thermal evacuated tubes;
- heat exchangers; and
- solar thermal control systems.

7.14 RESEARCH AND DEVELOPMENT

We do not carry out any research and development. All our equipment, devices and software have their respective in-built technologies which are purchased by us. Any improvements or development of new or innovative technologies are carried out by the respective manufacturers of the equipment and devices, and software developers.

7.15 MATERIAL INTERRUPTIONS TO THE BUSINESS

Saved as disclosed below, we did not experience any other material interruptions to our business and operations during the FY Under Review, FP 2023 and up to the LPD.

7.15.1 COVID-19 conditions in Malaysia

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

The first phase of the MCO was implemented from 18 March 2020 to 3 May 2020 which resulted in the closure of all businesses except for those classified as “essential services” during that period and received written approval to operate from the Ministry of International Trade and Industry Malaysia (now known as the Ministry of Investment, Trade and Industry or “MITI”).

During the first phase of the MCO, operations at our Headquarters were temporarily suspended for 83 days from 18 March 2020 to 9 June 2020. We resumed operations at our Headquarters on 10 June 2020. Subsequently, from 18 March 2020 up to June 2021, the MCO went through various phases in Malaysia including Conditional MCO (“CMCO”), Recovery MCO (“RMCO”) and Enhanced MCO (“EMCO”) where restrictions were relaxed or tightened for specific states, districts and/or locations, based on the number of daily and active COVID-19 cases in the respective areas. On 15 June 2021, the Government of Malaysia announced the National Recovery Plan (“NRP”), a phased exit strategy from the COVID-19 pandemic consisting of four phases where restrictions were gradually eased in each phase. Subsequently, on 1 April 2022, the Government of Malaysia announced that Malaysia was in the “Transition to Endemic” phase where all economic sectors are allowed to operate, and interstate and international travel are allowed, subject to adherence to the relevant SOP and guidelines.

During the various phases of the MCO including CMCO, RMCO, EMCO, and NRP, and the

7. BUSINESS OVERVIEW (CONT'D)

Transition to Endemic Phase, we continued to operate according to the specified guidelines and SOP including specified workforce capacity during the respective periods.

7.15.2 Impact on our business operations and financial performance**FY 2020**

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

FY 2021

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

FY 2022

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

FP 2023

There were no COVID-19 pandemic interruptions to our business operations in Malaysia in FP 2023. Our revenue for FP 2023 increased by RM6.06 million to RM16.81 million in FP 2023.

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7. BUSINESS OVERVIEW (CONT'D)

7.16 MAJOR CUSTOMERS

Our top 5 major customers and their revenue contribution for the FY Under Review and FP 2023 are as follows:

FY 2020						
Top 5 customers	Types of customers	Location of customer	Main services/products sold	Revenue contribution (RM'000)	Proportion of total revenue (%)	Length of relationship⁽¹⁾ (years)
Pembinaan Mitrajaya Sdn Bhd	Construction company	Malaysia	Systems integration of BMS	4,280	29.10	9
One Medicare Sdn Bhd ⁽²⁾	Concession company	Malaysia	Solar thermal systems and energy saving services	1,637	11.13	2
Pembinaan Ismail Ibrahim Sdn Bhd	Construction company	Malaysia	Systems integration of BMS	1,089	7.40	2
Gas District Cooling (Putrajaya) Sdn Bhd	Building owner	Malaysia	Maintenance of other systems and equipment	939	6.38	6
Customer D ⁽²⁾	Concession company	Malaysia	Solar thermal systems and energy saving services	654	4.45	5
Sub-total of top 5 customers				8,599	58.46	
Total revenue				14,709		

Notes:

- (1) Length of relationship as at the respective financial year.
- (2) One Medicare Sdn Bhd and Customer D are 40.00% owned by UEM Edgenta Berhad. Customer D is a concessionaire of public hospital support services for Hospital 1 and Hospital 2. Customer names were not disclosed due to confidentiality clauses in the contracts/agreements with the respective customers. Please refer to Section 7.6.2.4 of the Prospectus for further details of our energy performance service contracts with this customer.

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7. BUSINESS OVERVIEW (CONT'D)

FY 2021						
Top 5 customers	Types of customers	Location of customer	Main services/products sold	Revenue contribution (RM'000)	Proportion of total revenue (%)	Length of relationship⁽¹⁾ (years)
One Medicare Sdn Bhd ⁽²⁾	Concession company	Malaysia	Solar thermal systems and energy saving services	3,394	19.29	3
Radicare Group ⁽³⁾	Concession company	Malaysia	Systems integration of BMS and installation of solar thermal hot water systems	2,762	15.70	4
Pembinaan Mitrajaya Sdn Bhd	Construction company	Malaysia	Systems integration of BMS	2,113	12.01	10
Pembinaan Ismail Ibrahim Sdn Bhd	Construction company	Malaysia	Systems integration of BMS	1,038	5.90	3
Customer E ⁽²⁾	Concession company	Malaysia	Solar thermal systems and energy saving services	909	5.17	5
Sub-total of top 5 customers				10,216	58.07	
Total revenue				17,594		

Notes:

- (1) Length of relationship as at the respective financial year.
- (2) One Medicare Sdn Bhd is 40.00% owned by UEM Edgenta Berhad, while Customer E is 100.00% owned by UEM Edgenta Berhad. Customer E is a concessionaire of public hospital support services for Hospital 3. Customer names were not disclosed due to confidentiality clauses in the contracts/agreements with the respective customers. Please refer to Section 7.6.2.4 of the Prospectus for further details of our energy performance service contracts with this customer.
- (3) Including the collective revenue from Radicare (M) Sdn Bhd, and Radifems Sdn Bhd. Radifems Sdn Bhd is a subsidiary of Radicare (M) Sdn Bhd.

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7. BUSINESS OVERVIEW (CONT'D)

FY 2022						
Top 5 customers	Types of customers	Location of customer	Main services/products sold	Revenue contribution (RM'000)	Proportion of total revenue (%)	Length of relationship ⁽¹⁾ (years)
One Medicare Sdn Bhd ⁽²⁾	Concession company	Malaysia	Solar thermal systems and energy saving services	3,751	20.11	4
Pembinaan Mitrajaya Sdn Bhd	Construction company	Malaysia	Systems integration of BMS	1,966	10.54	11
KCJ Engineering Sdn Bhd	Facilities management company	Malaysia	Systems integration of BMS	1,624	8.71	5
Customer B ⁽³⁾	Building owner	Malaysia	Systems integration of BMS	1,617	8.67	1
Customer E ⁽²⁾	Concession company	Malaysia	Solar thermal systems and energy savings services	854	4.58	6
Sub-total of top 5 customers				9,812	52.61	
Total revenue				18,648		

Notes:

- (1) Length of relationship as at the respective financial year.
- (2) One Medicare Sdn Bhd is 40.00% owned by UEM Edgenta Berhad, while Customer E is 100.00% owned by UEM Edgenta Berhad. Customer E is a concessionaire of public hospital support services for Hospital 3. Customer names were not disclosed due to confidentiality clauses in the contracts/agreements with the respective customers. Please refer to Section 7.6.2.4 of the Prospectus for further details of our energy performance service contracts with this customer.
- (3) Customer B is a financial institution in Malaysia and is a subsidiary of a public listed company on the London Stock Exchange, Hong Kong Stock Exchange, Bermuda Stock Exchange and New York Stock Exchange. Customer names were not disclosed due to confidentiality clauses in the contracts/agreements with the respective customers. Please refer to Section 7.6.1.9 of the Prospectus for further details of our systems integration of BMS contract with this customer.

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7. BUSINESS OVERVIEW (CONT'D)

FP 2023 Top 5 customers	Types of customers	Location of customer	Main services/products sold	Revenue contribution (RM'000)	Proportion of total revenue (%)	Length of relationship ⁽¹⁾ (years)
Bank Negara Malaysia	Building owner	Malaysia	Systems integration of BMS	3,348	19.92	1
One Medicare Sdn Bhd ⁽²⁾	Concession company	Malaysia	Solar thermal systems and energy saving services	2,814	16.74	5
Infineon Technologies (M) Sdn Bhd	Building owner	Malaysia	Systems integration of BMS	2,284	13.59	2
KCJ Engineering Sdn Bhd	Facilities management company	Malaysia	Systems integration of BMS	1,366	8.13	6
Customer E ⁽²⁾	Concession company	Malaysia	Solar thermal systems and energy savings services	772	4.59	7
Sub-total of top 5 customers				10,584	62.97	
Total revenue				16,806		

Notes:

(1) Length of relationship as at the financial period..

(2) One Medicare Sdn Bhd is 40.00% owned by UEM Edgenta Berhad, while Customer E is 100.00% owned by UEM Edgenta Berhad. Customer E is a concessionaire of public hospital support services for Hospital 3. Customer names were not disclosed due to confidentiality clauses in the contracts/agreements with the respective customers. Please refer to Section 7.6.2.4 of the Prospectus for further details of our energy performance service contracts with this customer.

We are dependent on One Medicare Sdn Bhd and Pembinaan Mitrajaya Sdn Bhd as each of these customers accounted for 10.00% or more continuously in each of the FY Under Review and FP 2023 as demonstrated below:

- (i) One Medicare Sdn Bhd accounted for 11.13%, 19.29%, 20.11% and 16.74% of our total revenue for FY 2020, FY 2021, FY 2022 and FP 2023 respectively. In addition, we have 4 subsisting energy performance service contracts with One Medicare Sdn Bhd from 2019 up to 2025 for the following public hospitals in Sarawak:
- (a) Sarawak Heart Centre which commenced from 1 October 2020 to 31 March 2025 (hybrid solar thermal hot water system only);
 - (b) Miri Hospital which commenced from 1 October 2019 to 31 March 2025;
 - (c) Sarikei Hospital which commenced from 1 February 2019 to 31 January 2025; and
 - (d) Sibul Hospital which commenced from 1 October 2019 to 31 March 2025.

As at the FP 2023, we have been dealing with One Medicare Sdn Bhd for 5 years.

7. BUSINESS OVERVIEW (CONT'D)

- (ii) Pembinaan Mitrajaya Sdn Bhd accounted for 29.10%, 12.01%, 10.54% and 1.83% of our total revenue for FY 2020, FY 2021, FY 2022 and FP 2023 respectively. We have been dealing with this customer for 12 years in FP 2023. For the FY Under Review, the revenue contribution from this customer has been declining in terms of value and as a proportion of total revenue, which reduces the level of dependency on this customer.

Radicare Group may have accounted for 15.70% of our total revenue for FY 2021, however, we are not dependent on this customer as they accounted for more than 10.00% of our total revenue in only one of the FY Under Review and FP 2023. In addition, our revenue from Radicare Group was for a project based contract which was completed in 2022.

Although Bank Negara Malaysia and Infineon Technologies (M) Sdn Bhd accounted for 19.92% and 13.59% of our total revenue for FP 2023, we are not dependent on them as they accounted for more than 10.00% of our total revenue in only one of the FY Under Review and FP 2023. In addition, our revenue from Bank Negara Malaysia and Infineon Technologies (M) Sdn Bhd are for project-based contracts.

We are also not dependent on the remaining top 5 customers for the FY Under Review and FP 2023 as each of them accounted for less than 10.00% of our total revenue in each of the FY Under Review and FP 2023.

7.17 OUR MATERIALS AND SERVICES

The main types of materials and services we purchased for the FY Under Review and FP 2023 are set out below:

Main materials and services	FY 2020		FY 2021		FY 2022		FP 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
BMS	6,694	65.18	4,841	58.62	6,373	88.55	7,084	96.30
Materials	2,777	27.04	2,071	25.07	3,976	55.25	5,749	78.15
<i>BMS components</i>	1,696	16.51	1,310	15.85	3,033	42.15	4,728	64.27
<i>Installation materials</i>	1,081	10.53	761	9.22	943	13.10	1,021	13.88
Subcontracted services	3,917	38.14	2,770	33.55	2,397	33.30	1,335	18.15
<i>Installation services</i>	3,894	37.92	2,736	33.14	2,348	32.62	1,302	17.70
<i>Maintenance services</i>	23	0.22	34	0.41	49	0.68	33	0.45
Solar thermal systems and energy saving services	3,211	31.27	3,175	38.40	504	6.99	117	1.59
Materials	1,150	11.20	945	11.39	79	1.10	27	0.37
<i>Solar thermal system components</i>	434	4.23	675	8.17	7	0.10	21	0.29
<i>Solar thermal system installation materials</i>	-	-	68	0.82	31	0.43	6	0.08
<i>Other equipment⁽¹⁾</i>	716	6.97	202	2.40	41	0.57	-	-
Subcontracted services	2,061	20.07	2,230	27.01	425	5.89	90	1.22
<i>Installation services</i>	1,833	17.85	1,857	22.49	81	1.11	35	0.47
<i>Maintenance services</i>	198	1.93	373	4.52	344	4.78	55	0.75

7. BUSINESS OVERVIEW (CONT'D)

Main materials and services	FY 2020		FY 2021		FY 2022		FP 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<i>Energy audit services</i>	30	0.29	-	-	-	-	-	-
Maintenance of other systems and equipment	365	3.55	246	2.98	321	4.46	155	2.11
Materials	137	1.33	48	0.58	89	1.24	8	0.11
<i>Gas fired chiller spare parts</i>	137	1.33	48	0.58	89	1.24	8	0.11
Subcontracted services	228	2.22	198	2.40	232	3.22	147	2.00
<i>Maintenance services</i>	228	2.22	198	2.40	232	3.22	147	2.00
Total purchases of materials and services	10,270	100.00	8,262	100.00	7,198	100.00	7,356	100.00

Note:

(1) Other equipment comprises lighting equipment, boiling pans and heat pumps.

For the FY Under Review and FP 2023, purchases of materials and services used in our BMS operations accounted for 65.18%, 58.62%, 88.55% and 96.30% of our total purchases of materials and services for FY 2020, FY 2021, FY 2022 and FP 2023 respectively. Purchases of materials and services for our solar thermal systems and energy saving services accounted for 31.27%, 38.40%, 6.99% and 1.59% of our total purchases of materials and services for FY 2020, FY 2021, FY 2022 and FP 2023 respectively.

Within BMS, purchases of materials for our BMS services accounted for 27.04%, 25.07%, 55.25% and 78.15% of our purchases of materials and services for FY 2020, FY 2021, FY 2022 and FP 2023 respectively. The details comprise the following:

- **BMS components** accounted for 16.51%, 15.85%, 42.15% and 64.27% of our total purchases of materials and services for FY 2020, FY 2021, FY 2022 and FP 2023 respectively. These components are mainly used for systems integration and maintenance of BMS. The types of BMS components purchased include DDC, programmable controllers, field sensors, actuators, energy monitoring and measurement devices, and communication equipment and devices, ICT hardware such as computers, storage devices, wired and wireless networking and security devices, switches and hubs, and display monitors, and operations, applications, network and security software; and
- **BMS installation materials** accounted for 10.53%, 9.22%, 13.10% and 13.88% of our total purchases of materials and services for FY 2020, FY 2021, FY 2022 and FP 2023 respectively. These include materials such as power and communication cables, tools and construction materials that are used for BMS installation and maintenance works.

Our purchases of subcontracted services for BMS services accounted for 38.14%, 33.55%, 33.30% and 18.15% of our purchases of materials and services for FY 2020, FY 2021, FY 2022 and FP 2023 respectively. Purchases of subcontracted services comprise the following

- **BMS installation services** to carry out installation works of the relevant equipment, hardware and devices of the BMS system throughout the building, which accounted for 37.92%, 33.14%, 32.62% and 17.70% of our total purchases of materials and services for FY 2020, FY 2021, FY 2022 and FP 2023 respectively; and
- **BMS maintenance services** in relation to preventive, corrective and major maintenance services, which accounted for 0.22%, 0.41%, 0.68% and 0.45% of our total purchases of materials and services for FY 2020, FY 2021, FY 2022 and FP 2023 respectively.

7. BUSINESS OVERVIEW (CONT'D)

For the FY Under Review and FP 2023, purchases of materials for our solar thermal systems and energy saving service accounted for 11.20%, 11.39%, 1.10% and 0.37% of our total purchases of materials and services for FY 2020, FY 2021, FY 2022 and FP 2023 respectively. These comprise the following:

- **Solar thermal system components** include calorifier tanks, solar and other pumps and controller and sensor components. Purchases of these components accounted for 4.23%, 8.17%, 0.10% and 0.29% of purchases of materials and services for FY 2020, FY 2021, FY 2022 and FP 2023 respectively;
- **Solar thermal system installation materials** such as power cables and electrical components, which accounted for 0.82%, 0.43% and 0.08% of purchases of materials and services for FY 2021, FY 2022 and FP 2023 respectively; and
- **Other equipment** which mainly comprised LED lighting equipment and boiling pan (which are commercial food preparation equipment) for FY 2020, heat pumps (which are used for space heating applications) and steam generator for FY 2021, and boiling pan for FY 2022. Other equipment was purchased as part of specific energy performance services contracts. Purchases of other equipment accounted for 6.97%, 2.40%, 0.57% and 0.00% of our total purchases of materials and services for FY 2020, FY 2021, FY 2022 and FP 2023 respectively.

Purchases of subcontracted services for our solar thermal systems and energy saving service accounted for 20.07%, 27.01%, 5.89% and 1.22% of our total purchases of materials and services for FY 2020, FY 2021, FY 2022 and FP 2023 respectively. Purchases of subcontracted services comprise the following:

- **Installation services** to install solar thermal hot water systems and LED lighting equipment (where relevant) in accordance with the respective contracts, which accounted for 17.85%, 22.49%, 1.11% and 0.47% of our total purchases of materials and services for FY 2020, FY 2021, FY 2022 and FP 2023 respectively;
- **Maintenance services** in relation to preventive, corrective and major maintenance services for solar thermal systems which accounted for 1.93%, 4.52%, 4.78% and 0.75% of our total purchases of materials and services for FY 2020, FY 2021, FY 2022 and FP 2023 respectively; and
- **Energy audit services** whereby we engaged a certified service provider to conduct a study to determine the potential energy savings that can be achieved based on the proposed installation of our solar thermal hot water system, which accounted for 0.29% of our total purchases of materials and services for FY 2020 only.

Purchases of materials and subcontracted services for the maintenance of other systems and equipment accounted for 3.55%, 2.98%, 4.46% and 2.11% of our total purchases of materials and services for FY 2020, FY 2021 and FY 2022 respectively, comprising:

- **Gas fired chiller spare parts** including pumps and electrical components which accounted for 1.33%, 0.58%, 1.24% and 0.11% of our total purchases of materials and services for FY 2020, FY 2021, FY 2022 and FP 2023 respectively; and
- **Maintenance services** in relation to preventive, corrective and major maintenance services for gas fired chillers which accounted for 2.22%, 2.40%, 3.22% and 2.00% of our total purchases of materials and services for FY 2020, FY 2021, FY 2022 and FP 2023 respectively.

With respect to our purchases of materials alone, suppliers in Malaysia accounted for 89.30%, 55.72%, 37.48% and 40.19% of our purchases of materials for FY 2020, FY 2021, FY 2022 and FP 2023 respectively, while suppliers from other countries accounted for the remaining 10.70%, 44.28%, 62.52% and 59.81% respectively. All of our purchases of subcontracted services were from local suppliers in Malaysia during the FY Under Review and FP 2023 in Malaysia.

7. BUSINESS OVERVIEW (CONT'D)

7.18 MAJOR SUPPLIERS

Our Group's top major suppliers and their contribution to our total purchases of materials and services for FY 2020, FY 2021, FY 2022 and FP 2023 are as follows:

FY 2020	Location of supplier	Main services/ products purchased	Amount purchased (RM'000)	Proportion of total purchases (%)	Length of relationship⁽¹⁾ (years)
Top 5 suppliers					
Noblecom Technology Sdn Bhd	Malaysia	Supply and installation, testing and commissioning services for card access and CCTV systems	1,497	14.58	3
Vnetwork System Sdn Bhd	Malaysia	Supply of card access and CCTV equipment and accessories	906	8.82	2
KVC Industrial Supplies Sdn Bhd	Malaysia	Supply of LED lighting	657	6.40	2
Deck Loong Engineering & Trading Sdn Bhd	Malaysia	Installation of solar thermal hot water systems	630	6.13	10
Kohiya Corporation	Malaysia	Installation of solar thermal hot water systems	578	5.63	2
Sub-total of top 5 suppliers			4,268	41.56	
Total purchases of materials and services			10,270		

Note:

(1) Length of the relationship as at the respective financial year.

FY 2021	Location of supplier	Main services/ products purchased	Amount purchased (RM'000)	Proportion of total purchases (%)	Length of relationship⁽¹⁾ (years)
Top 5 suppliers					
Noblecom Technology Sdn Bhd	Malaysia	Supply and installation, testing and commissioning services for card access and CCTV systems	1,059	12.82	4
SFM Global Engineering	Malaysia	Installation of solar thermal hot water systems and maintenance of gas fired chillers	751	9.09	8
Deck Loong Engineering & Trading Sdn Bhd	Malaysia	Installation of solar thermal hot water systems	670	8.11	11
Sinar Perintis Ehsan Sdn Bhd ⁽²⁾	Malaysia	Provision of project technical support services and subcontract of installation works	442	5.35	5
Tridium Asia Pacific Pte Ltd	Singapore	Supply of software, controllers and sensors	414	5.01	5
Sub-total of top 5 suppliers			3,336	40.38	
Total purchases of materials and services			8,262		

7. BUSINESS OVERVIEW (CONT'D)

Notes:

- (1) Length of the relationship as at the respective financial year.
 (2) Refers to a former related party. For further details, please refer to Section 10 of this Prospectus.

FY 2022	Location of supplier	Main services/ products purchased	Amount purchased (RM'000)	Proportion of total purchases (%)	Length of relationship⁽¹⁾ (years)
Top 5 suppliers					
Tridium Asia Pacific Pte Ltd	Singapore	Supply of software, controllers and sensors	1,405	19.52	6
Sinar Perintis Ehsan Sdn Bhd ⁽²⁾	Malaysia	Provision of project technical support services and subcontract of installation works	1,146	15.92	6
Noblecom Technology Sdn Bhd	Malaysia	Supply and installation, testing and commissioning services for card access and CCTV systems	1,060	14.73	5
Siemens Pte Ltd ⁽³⁾	Singapore	Supply of sensors and controllers	800	11.11	12
Excelnexus Engineering Sdn Bhd	Malaysia	Supply of cables, conduits, trunking and panels	383	5.32	10
Sub-total of top 5 suppliers			4,794	66.60	
Total purchases of materials and services			7,198		

Notes:

- (1) Length of the relationship as at the respective financial year.
 (2) Refers to a former related party. For further details, please refer to Section 10 of this Prospectus.
 (3) Based on commencement of business relationship with Siemens Malaysia Sdn Bhd in 2011. Since 2019, we have been dealing with Siemens Pte Ltd, a sister company of Siemens Malaysia Sdn Bhd up to the LPD.

FP 2023	Location of supplier	Main services/ products purchased	Amount purchased (RM'000)	Proportion of total purchases (%)	Length of relationship⁽¹⁾ (years)
Top 5 suppliers					
Tridium Asia Pacific Pte Ltd	Singapore	Supply of software, controllers and sensors	2,979	40.50	7
SFM Global Engineering	Malaysia	Installation of solar thermal hot water systems and maintenance of gas fired chillers	1,091	14.83	10
Excelnexus Engineering Sdn Bhd	Malaysia	Supply of cables, conduits, trunking and panels	524	7.12	11
Nexcomp Technology Sdn Bhd	Malaysia	Supply of ICT hardware and software.	301	4.09	2
Endress+Hauser (M) Sdn Bhd	Malaysia	Supply of sensors	251	3.41	1
Sub-total of top 5 suppliers			5,146	69.95	
Total purchases of materials and services			7,356		

Note:

- (1) Length of the relationship as at the financial period.

7. BUSINESS OVERVIEW (CONT'D)

For FY Under Review and FP 2023, the suppliers that accounted for 10.00% of more of our purchases of materials and services were Noblecom Technology Sdn Bhd, Tridium Asia Pacific Pte Ltd, Sinar Perintis Ehsan Sdn Bhd (related party), Siemens Pte Ltd and SFM Global Engineering. Generally, we are not dependent on any of our top 5 suppliers for the FY Under Review and FP 2023 as similar products or services are available from other suppliers in the market.

Within our top 5 suppliers for the FY Under Review and FP 2023, we are a distributor of Tridium Asia Pacific Pte Ltd's products and these have been rebranded to our "Tri-IO" brand including controllers, sensors and software which are components used in our systems integration of BMS.

As at FP 2023, we have been a distributor of Tridium Asia Pacific Pte Ltd for 7 years and for FY 2022 and FP 2023, our purchases from Tridium Asia Pacific Pte Ltd accounted for 19.52% and 40.50% respectively of our total purchases of materials and services. This distributorship arrangement is governed by an Authorised Tridium Reseller Agreement entered between Tridium Inc and SDC on 1 May 2017 ("**Tridium Reseller Agreement**"), which is valid as at the LPD until it is terminated by either party. In the event the distributorship arrangement is terminated, we will use alternative brands of controllers, sensors and software or will purchase the products from other appointed distributors of Tridium Asia Pacific Pte Ltd. In FY 2022 and FP 2023, we also purchased sensors and controllers from Siemens Pte Ltd and Endress+Hausser (M) Sdn Bhd for our systems integration of BMS. The salient terms of the Tridium Reseller Agreement are as follows:

(i) Limited license

Subject to the terms and conditions contained in the Tridium Reseller Agreement and its exhibits, Tridium Inc grants to SDC a non-exclusive, limited license under Tridium Inc's intellectual property rights to:

- (a) purchase and use copies of the license materials and the hardware designated in the exhibit of the Tridium Reseller Agreement for demonstration to, and support of customers, and development and support of the product developed by SDC using the licensed materials ("**Reseller Products**");
- (b) order and purchase for resale to customers the hardware and copies of the licensed materials identified in the exhibit of the Tridium Reseller Agreement for distribution to customers;
- (c) use the printed or written online reference material furnished to SDC by Tridium Inc in conjunction with the licensed materials, in support of SDC's authorized use of the licensed materials; and
- (d) use the licensed materials for such other purposes, and subject to such other limitations, provisions or restrictions, if any, as are set forth in the exhibit of the Tridium Reseller Agreement.

(ii) Termination for cause

Either party may terminate the agreement upon a material or continuing breach of the Tridium Reseller Agreement by the other by the giving of thirty (30) days prior written notice of termination, stating the cause therefor, with termination becoming effective at the close of said thirty (30) day term if the breach is not then cured to the satisfaction of the party giving notice.

7. BUSINESS OVERVIEW (CONT'D)

(iii) Termination upon default

In addition to termination allowed for cause, the Tridium Reseller Agreement may be terminated immediately, by the giving of written notice as follows:

- (a) by Tridium Inc, if a governmental or regulatory body imposes restrictions or denies authority for SDC to perform the duties required of it pursuant to the Tridium Reseller Agreement;
- (b) by Tridium Inc, if SDC uses or authorizes the unlicensed use or disclosure of Tridium Inc's confidential information or makes, has made, uses, sells, reproduces, modifies, or distributes the licensed materials other than as is expressly licensed in the Tridium Reseller Agreement;
- (c) by Tridium Inc, if SDC assigns or transfers the Tridium Reseller Agreement, or any license in the Tridium Reseller Agreement, or attempts to do so without complying with the provisions for assignment under the Tridium Reseller Agreement;
- (d) by either party if the other party is indicted for the violation of any law or regulation material to the performance of its duties under the Tridium Reseller Agreement; and
- (e) by Tridium Inc, if SDC:
 - i. ceases to do business in the normal course,
 - ii. becomes or is declared insolvent or bankrupt,
 - iii. is the subject of any proceeding related to its liquidation or insolvency (whether voluntary or involuntary), other than a reorganization under Chapter 11 of the Bankruptcy Code of the United States of America, which is not dismissed within ninety (90) calendar days, or
 - iv. makes an assignment for the benefit of creditors.

(iv) Change of Control of SDC

In the event of change of control of SDC, Tridium Inc may at its sole discretion terminate the Tridium Reseller Agreement. "Change of control" for this purpose means that a controlling interest in the SDC, or any company that controls SDC, is obtained by an unaffiliated person or company. SDC may seek Tridium's prior approval if it plans to sell a controlling interest in SDC. Such approval shall not be unreasonably withheld or delayed.

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7. BUSINESS OVERVIEW (CONT'D)

7.19 BUSINESS STRATEGIES AND PLANS

Our business strategies and plans will continue to focus on our current core competencies in the provision of BMS and solar thermal systems and energy saving services to grow our business. In addition, we plan to address opportunities in solar PV systems. We intend to implement these business strategies and plans in 2024 and 2026. Our business strategies and plans are summarised in the following diagram:



7.19.1 Expand our Headquarters

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

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

Ahead of our business expansion plan to focus on our current core competencies in the provision of BMS and solar thermal systems and energy saving services and addressing opportunities in solar photovoltaic ("PV") systems, we have earmarked RM[●] million from our proceeds for the expansion of our Headquarters by constructing a new extension on the remaining vacant land, which will increase the built-up area of our existing Headquarters from 8,320 sq. ft. to approximately 13,000 sq. ft. The expansion of the Headquarters is expected to incorporate dedicated floor space for the following:

Floor	Purpose	
	Existing Headquarters as at the LPD	Headquarters after Expansion
Ground	<ul style="list-style-type: none"> • Reception • Showroom • Storage room 	<ul style="list-style-type: none"> • Reception • Showroom • Storage room • New meeting room which is able to accommodate more than 20 personnel
First	<ul style="list-style-type: none"> • 10 workstations for finance, sales, procurement, administrative and human resources departments • Discussion room 	<ul style="list-style-type: none"> • Estimated 18 workstations for finance, sales, procurement, administrative and human resources departments • Discussion room

7. BUSINESS OVERVIEW (CONT'D)

Floor	Purpose	
	Existing Headquarters as at the LPD	Headquarters after Expansion
Second	<ul style="list-style-type: none"> Command and control centre 16 share workstations for the project department and technical and servicing department 	<ul style="list-style-type: none"> Command and control centre Estimated 26 share workstations for the project department and technical and servicing department New discussion room

As at the LPD, we are in discussions with the identified professional consultants for the expansion of the Headquarters. Based on their preliminary assessment, each floor of the Headquarters will increase from approximately 2,700 sq. ft. to approximately 4,400 sq. ft which will be allocated for the abovementioned purposes of each floor after the expansion of the Headquarters. The details of the floor plan are targeted to be submitted to the Majlis Perbandaran Kajang for approval in the 4th quarter of 2024.

The breakdown of the RM[●] million allocated the expansion of our Headquarters is as follows:

	Estimated costs ⁽¹⁾ (RM'000)
Construction works (including mechanical and electrical as well as infrastructure works)	[●]
Professional fees ⁽²⁾	[●]
Renovation, interior fit-out and furnishing	[●]
Total	[●]

Notes:

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

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

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

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

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

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

7. BUSINESS OVERVIEW (CONT'D)

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

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

7.19.2 Purchase new tools and equipment for our BMS and solar thermal systems and energy saving services

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

- **Pick-up trucks:** The purchase of additional vehicles will be used to support the timely delivery of components, tools, equipment and personnel to worksites for our BMS and solar thermal and energy saving services segments, including systems integration, installation and maintenance activities;
- **Forklift:** Forklifts are used for material handling purposes and to raise heavy items;
- **Drones with thermal sensor:** Drones with thermal sensors will be used to inspect solar thermal collector modules installed on rooftops and other locations when carrying out maintenance or checking for issues. Hot spots on solar thermal collector modules and solar thermal evacuated tubes would indicate that there is heat leakage that will require rectification or replacement. Carrying out such inspection using a drone with a thermal sensor would be quicker and safer compared to manual inspection, particularly for installations on rooftops and hard-to-reach locations; and
- **Panel cleaning equipment:** These are used to clean dust and debris from solar thermal evacuated tubes to improve efficiency.

The total estimated cost of purchasing the vehicles and equipment is RM[●] million with the breakdown as follows:

Types of tools and equipment	Number of units	Estimated cost (RM'000)
Pick-up trucks	2	[●]
Forklift	1	[●]
Drones with thermal sensor	2	[●]
Panel cleaning equipment	1	[●]
		[●]

We intend to use RM[●] million from our IPO proceeds to fund the purchase of the vehicles and equipment within 24 months of the IPO. As at the LPD, we have not placed any orders for the tools and equipment.

7. BUSINESS OVERVIEW (CONT'D)

7.19.3 Purchasing and subscribing for ICT software and services to improve our business operations

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

- **Internet of Things (IoT) software:** Specialised software utilities and tools to develop applications and communications software for IoT devices;
- **Solar irradiance database:** Obtain data to facilitate simulation of the performance of solar thermal hot water system designs;
- **Computer-aided design (CAD) software:** Specialised mechanical engineering software to design and create engineering drawings for BMS, solar thermal hot water systems and other systems;
- **Specialised design software:** Specialised software used to design solar PV systems as part of our business strategy to address opportunities in solar PV systems as described in Section 7.19.4 of this Prospectus;
- **Energy system simulation software:** To model the performance of different solar thermal hot water system designs; and
- **Accounting software:** To improve the management of our accounts.

The total estimated cost for the above is RM[●] million segmented as follows:

	Number of licences	Estimated cost (RM'000)
IoT software	1	[●]
Solar irradiance database and design	1	[●]
Specialised design software	1	[●]
CAD software	3	[●]
Energy system simulation software	1	[●]
Accounting software	4	[●]
Total		[●]

We intend to use RM[●] million from our IPO proceeds to fund our purchases and subscriptions for ICT software and services within 24 months of the IPO. As at the LPD, we have not subscribed to any of the above.

7.19.4 Address opportunities in solar PV systems

As part of our business strategy, we intend to address opportunities in solar PV systems, which we have installed in the past. Solar PV systems are designed to convert sunlight into electricity. The main components of a solar PV system include the following:

- **Solar PV modules:** These are electronic devices that generate electricity from sunlight. Each solar PV system has one or more solar modules installed on the rooftop or suitable outdoor location with optimum exposure to sunlight;

7. BUSINESS OVERVIEW (CONT'D)

- **Inverters:** The electricity generated by solar modules is direct current, which is not suitable for most electrical machinery, equipment and appliances. Inverters are used to convert direct current into alternating current used by most electrical machinery, equipment and appliances;
- **Energy meter:** Used to measure the electricity supplied by the solar PV system; and
- **Energy management system:** Monitors, control, records and analyses the electricity generated by the solar PV system. The system is also accessible remotely including from mobile devices.

SDC is currently registered with SEDA as a solar PV investor under the net-energy metering (NEM) programme, and its registration is valid until 31 December 2024. We intend to commence the solar PV system business based on the power purchase agreement (“PPA”) mode of operation. Under this mode of operation, we will enter into a PPA with the customer. We will provide the whole or partial initial capital investment to design, supply, install and maintain the solar PV system at the customer’s premises during the contract period. During the duration of the contract, the customer will purchase the electricity produced by the solar PV system at a specified tariff. We will own the solar PV system during the contract period, and ownership shall be transferred to the customer upon the expiry of the PPA.

We intend to target prospective customers that wish to reduce electricity costs, as well as reduce the carbon footprint of their operations.

We plan to purchase specialised solar PV system design software that is used to design solar PV systems, as described in Section 7.19.3 of this Prospectus. In addition, some of the tools and software that we plan to purchase to support our solar thermal hot water system business can also be used to support solar PV systems, including the following:

- Pick-up trucks;
- Drones with thermal sensors to inspect solar PV modules. Hot spots on solar PV panels would indicate damages to be rectified or require replacement;
- Panel cleaning equipment which can also clean solar PV modules;
- Solar irradiance database to facilitate simulation of the performance of solar PV system designs;
- CAD software to design and create engineering drawings for solar PV systems;
- Energy system simulation software to model the performance of different solar PV system designs.

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