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PROSPECTUS



CREST GROUP BERHAD

(Registration No.: 202301031031 (1524954-M))
(Incorporated in Malaysia under the Companies Act 2016)

INITIAL PUBLIC OFFERING (“IPO”) OF 234,595,300 ORDINARY SHARES IN CREST GROUP BERHAD (“CREST”) (“SHARES”) AT AN IPO PRICE OF RM[•] PER SHARE, PAYABLE IN FULL UPON APPLICATION COMPRISING:

- (I) **PUBLIC ISSUE OF 130,705,300 NEW SHARES IN THE FOLLOWING MANNER:**
- 43,280,000 NEW SHARES MADE AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
 - 12,984,000 NEW SHARES MADE AVAILABLE FOR APPLICATION BY THE ELIGIBLE DIRECTORS AND EMPLOYEES; AND
 - 74,441,300 NEW SHARES MADE AVAILABLE BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY;

AND

- (II) **OFFER FOR SALE OF 103,890,000 EXISTING SHARES IN THE FOLLOWING MANNER:**
- 33,758,700 EXISTING SHARES MADE AVAILABLE BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY; AND
 - 70,131,300 EXISTING SHARES MADE AVAILABLE BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS.

SUBJECT TO THE CLAWBACK AND REALLOCATION PROVISIONS AS SET OUT IN THIS PROSPECTUS, IN CONJUNCTION WITH THE LISTING OF CREST ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”).

Principal Adviser, Sponsor, Underwriter and Placement Agent



MIDF AMANAH INVESTMENT BANK BERHAD

(Registration No. 197501002077 (23878-X))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

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

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

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

FOR INFORMATION CONCERNING THE RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE “RISK FACTORS” COMMENCING ON PAGE 153.

[Bursa Securities has approved the admission of our Company to the Official list of Bursa Securities and the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities. This Prospectus has been registered by Bursa Securities. The approval of the listing and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities and registration of this Prospectus, should not be taken to indicate that Bursa Securities recommends our IPO or assumes responsibility for the correctness of any statement made, opinion expressed, or report contained in this Prospectus. Bursa Securities has not, in any way, considered the merits of our shares being offered for investment.]

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

THIS PROSPECTUS IS DATED [•]

All defined terms used in this Prospectus are defined under “Definitions” commencing on page xii, “Glossary of Technical Terms” commencing on page xx and “Presentation of Financial and Other Information” commencing on page viii of this Prospectus respectively.

RESPONSIBILITY STATEMENTS

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

MIDF Amanah Investment Bank Berhad, being our Principal Adviser, Sponsor, Underwriter and Placement Agent in relation to our IPO acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

STATEMENTS OF DISCLAIMER

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

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

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

OTHER STATEMENTS

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

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

[Our Shares are classified as Shariah compliant by the SAC. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review undertaken by the SAC. The new status is released in the updated list of Shariah-compliant securities, on the last Friday of May and November.]

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

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

Neither we nor our Directors, Promoters, Selling Shareholders, Principal Adviser, Sponsor, Underwriter and Placement Agent nor any other advisers in relation to our IPO will accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

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

This Prospectus is prepared and published solely in connection with our IPO in Malaysia under the laws of Malaysia. Our Directors, Promoters, Selling Shareholder, Principal Adviser, Sponsor, Underwriter and Placement Agent have not authorised anyone to provide you with any information which is not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied upon as having been authorised by our Directors, Promoters, Selling Shareholders, Principal Adviser, Sponsor, Underwriter and Placement Agent or any of their respective directors, or any other persons involved in our IPO.

This Prospectus will not be distributed outside Malaysia. Our Directors, Promoters, Selling Shareholders, Principal Adviser, Sponsor, Underwriter and Placement Agent have not authorised anyone and take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia. No action has been taken to permit any offering of our Shares based on this Prospectus in any jurisdiction other than Malaysia. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase any of our Shares being offered in our IPO in any jurisdiction or in any circumstance in which such an offer is not authorised or is unlawful or to any person to whom it is unlawful to make such offer or invitation.

ELECTRONIC PROSPECTUS

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

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

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

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

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

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

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

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INDICATIVE TIMETABLE

The indicative timetable of our IPO is set out below:

Event	Tentative Date
Issuance of the Prospectus/Opening of application for our IPO Shares	10:00 a.m., [●]
Closing of application for our IPO Shares	5:00 p.m., [●]
Balloting of applications for our IPO Shares	[●]
Allotment/transfer of our IPO Shares to successful applicants	[●]
Listing	[●]

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

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TABLE OF CONTENTS

	PAGE
PRESENTATION OF FINANCIAL AND OTHER INFORMATION	viii
FORWARD-LOOKING STATEMENTS	x
DEFINITIONS	xii
GLOSSARY OF TECHNICAL TERMS	xx
1. CORPORATE DIRECTORY	1
2. APPROVALS AND CONDITIONS	5
2.1. BURSA SECURITIES	5
2.2. SC	5
2.3. MITI	6
2.4. SAC	6
2.5. MORATORIUM ON OUR SHARES	6
3. PROSPECTUS SUMMARY	8
3.1. PRINCIPAL DETAILS OF OUR IPO	8
3.2. BACKGROUND INFORMATION OF OUR GROUP AND BUSINESS OPERATIONS	8
3.3. COMPETITIVE STRENGTHS	10
3.4. BUSINESS STRATEGIES AND FUTURE PLANS	11
3.5. RISK FACTORS	12
3.6. IMPACT OF COVID-19	14
3.7. DIRECTORS AND KEY SENIOR MANAGEMENT	14
3.8. PROMOTERS AND SUBSTANTIAL SHAREHOLDERS	15
3.9. UTILISATION OF PROCEEDS	16
3.10. FINANCIAL AND OPERATIONAL HIGHLIGHTS	16
3.11. DIVIDEND POLICY	17
4. DETAILS OF OUR LISTING	18
4.1. OPENING AND CLOSING OF APPLICATIONS	18
4.2. INDICATIVE TIMETABLE	18
4.3. DETAILS OF OUR IPO	18
4.4. SHARE CAPITAL, CLASSES OF SHARES AND RANKING	26
4.5. BASIS OF ARRIVING AT THE PRICE OF OUR IPO SHARES	28
4.6. OBJECTIVES OF OUR IPO	29
4.7. DILUTION	30
4.8. UTILISATION OF PROCEEDS	31
4.9. UNDERWRITING COMMISSION, BROKERAGE AND PLACEMENT FEES	36
4.10. SALIENT TERMS OF THE UNDERWRITING AGREEMENT	36
5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT	37
5.1. OUR PROMOTERS AND SUBSTANTIAL SHAREHOLDERS	37
5.2. BOARD OF DIRECTORS	44
5.3. BOARD PRACTICES	57
5.4. KEY SENIOR MANAGEMENT	64
5.5. DECLARATION BY OUR PROMOTERS, DIRECTORS, AND KEY SENIOR MANAGEMENT	70
5.6. FAMILY RELATIONSHIPS AND ASSOCIATIONS	71
5.7. EXISTING OR PROPOSED SERVICE AGREEMENT	71

TABLE OF CONTENTS (Cont'd)

6.	INFORMATION ON OUR GROUP	72
6.1.	HISTORY AND BACKGROUND	72
6.2.	FORMATION OF OUR GROUP	72
6.3.	OUR SHAREHOLDERS AND GROUP STRUCTURE	79
6.4.	SHARE CAPITAL AND CHANGES IN SHARE CAPITAL	81
6.5.	OUR SUBSIDIARIES	82
6.6.	PUBLIC TAKE-OVER	89
6.7.	MATERIAL PROPERTIES OF OUR GROUP	89
7.	BUSINESS OVERVIEW	91
7.1.	HISTORY AND BUSINESS MILESTONES	91
7.2.	PRINCIPAL BUSINESS ACTIVITIES, PRODUCTS AND SERVICES	93
7.3.	REVENUE SEGMENTATION AND PRINCIPAL MARKETS	105
7.4.	SEASONALITY AND CYCLICALITY	106
7.5.	BUSINESS AND OPERATIONAL PROCESS	107
7.6.	OUR COMPETITIVE STRENGTHS	109
7.7.	TECHNOLOGY USED	111
7.8.	CERTIFICATIONS AND AWARDS	112
7.9.	OPERATING CAPACITIES AND OUTPUT	112
7.10.	TYPES, SOURCES AND AVAILABILITY OF SUPPLIES	113
7.11.	SALES AND MARKETING	114
7.12.	INTELLECTUAL PROPERTY RIGHTS AND TRADEMARKS REGISTERED	118
7.13.	MATERIAL INVESTMENTS AND MATERIAL DIVESTITURES	120
7.14.	MAJOR CUSTOMERS	120
7.15.	MAJOR SUPPLIERS	124
7.16.	DEPENDENCY ON CONTRACTS, LICENCES OR OTHER ARRANGEMENTS	128
7.17.	GOVERNING LAWS AND REGULATIONS	130
7.18.	RESEARCH AND DEVELOPMENT	134
7.19.	INTERRUPTIONS TO BUSINESS AND OPERATIONS	134
7.20.	BUSINESS STRATEGIES AND FUTURE PLANS	135
7.21.	EMPLOYEES	139
7.22.	ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES AND INITIATIVES	140
8.	INDEPENDENT MARKET RESEARCH REPORT	141
9.	RISK FACTORS	153
9.1.	RISKS RELATING TO OUR BUSINESS AND OPERATIONS	153
9.2.	RISKS RELATING TO OUR INDUSTRY	155
9.3.	RISKS RELATING TO THE INVESTMENT IN OUR SHARES	157
9.4.	OTHER RISK	159
10.	RELATED PARTY TRANSACTIONS	160
10.1.	OUR GROUP'S RELATED PARTY TRANSACTIONS	160
10.2.	TRANSACTIONS THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS	164
10.3.	LOANS AND/OR FINANCIAL ASSISTANCE MADE TO OR FOR THE BENEFIT OF RELATED PARTIES	164
10.4.	OUTSTANDING LOANS AND/OR FINANCIAL ASSISTANCE FROM RELATED PARTIES FOR THE BENEFIT OF OUR GROUP	164
10.5.	MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS	165
11.	CONFLICT OF INTEREST	167
11.1.	INTEREST IN ENTITIES WHICH CARRY ON A SIMILAR TRADE AS THAT OF OUR GROUP OR WHICH ARE OUR CUSTOMERS AND/OR SUPPLIERS	167
11.2.	DECLARATION BY THE ADVISERS ON CONFLICT OF INTEREST	168

TABLE OF CONTENTS (Cont'd)

12. FINANCIAL INFORMATION	169
12.1. HISTORICAL FINANCIAL INFORMATION	169
12.2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION	173
12.3. LIQUIDITY AND CAPITAL RESOURCES	190
12.4. BORROWINGS	195
12.5. TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES	196
12.6. MATERIAL CAPITAL COMMITMENTS	196
12.7. MATERIAL LITIGATION AND CONTINGENT LIABILITIES	196
12.8. KEY FINANCIAL RATIOS	197
12.9. IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES	201
12.10. IMPACT OF INFLATION	201
12.11. IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES ON OUR OPERATIONS	202
12.12. ORDER BOOK	203
12.13. DIRECTORS' DECLARATION ON OUR FINANCIAL PERFORMANCE	203
12.14. TREND INFORMATION	204
12.15. DIVIDEND POLICY	204
12.16. CAPITALISATION AND INDEBTEDNESS	206
13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION	207
14. ACCOUNTANTS' REPORT	227
15. ADDITIONAL INFORMATION	329
15.1. SHARE CAPITAL	329
15.2. EXTRACTS OF OUR CONSTITUTION	329
15.3. DEPOSITED SECURITIES AND RIGHTS OF DEPOSITORS	337
15.4. LIMITATION ON THE RIGHT TO HOLD SECURITIES AND/OR EXERCISE VOTING RIGHTS	337
15.5. REPATRIATION OF CAPITAL, REMITTANCE OF PROFIT AND TAXATION	338
15.6. MATERIAL CONTRACTS	341
15.7. MATERIAL LITIGATION	342
15.8. CONSENTS	342
15.9. DOCUMENTS AVAILABLE FOR INSPECTION	342
15.10. RESPONSIBILITY STATEMENTS	343
16. PROCEDURES FOR APPLICATION AND ACCEPTANCE	344
16.1. OPENING AND CLOSING OF APPLICATIONS	344
16.2. METHODS OF APPLICATIONS	344
16.3. ELIGIBILITY	345
16.4. PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS	346
16.5. APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS	347
16.6. APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS	347
16.7. AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE	347
16.8. OVER/UNDER-SUBSCRIPTION	348
16.9. UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS	348
16.10. SUCCESSFUL APPLICANTS	349
16.11. ENQUIRIES	350
ANNEXURE A OUR MAJOR LICENCES, PERMITS AND APPROVALS	351

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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

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

In this Prospectus, all references to the “Government” are to the Government of Malaysia; and references to “RM” and “sen” are to the lawful currency of Malaysia. Any discrepancies in the tables between amounts listed and the totals in this Prospectus are due to rounding. Other abbreviations and acronyms used herein are defined in the “Definitions” section and technical terms used herein are defined in the “Glossary of Technical Terms” section appearing after that section. Words denoting the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include natural persons, firms, companies, bodies corporate and corporations.

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

Solely for your convenience, this Prospectus contains translation of certain RMB/SGD/THB/USD amount into RM at specified rates. No representation is made that the RMB/SGD/THB/USD amounts referred to in this Prospectus could have been or could actually be converted into RM amounts, at the rates indicated or at all. The exchange rates as set out below are applied in this Prospectus unless specified otherwise:

	FYE			FPE
	2020	2021	2022	2023
RMB to RM1				
Average rate ⁽¹⁾	0.6091	0.6428	0.6540	0.6431
Closing rate ⁽²⁾	0.6141	0.6547	0.6322	0.6301
SGD to RM1				
Average rate ⁽¹⁾	3.0462	3.0842	3.1913	3.3537
Closing rate ⁽²⁾	3.0396	3.0853	3.2740	3.3851
THB to RM1				
Average rate ⁽¹⁾	0.1343	0.1296	0.1256	0.1307
Closing rate ⁽²⁾	0.1341	0.1247	0.1272	0.1314
USD to RM1				
Average rate ⁽¹⁾	4.2011	4.1456	4.4005	4.4818
Closing rate ⁽²⁾	4.0170	4.1650	4.3900	4.5030

(Source: Bank Negara Malaysia website)

Notes:

- (1) The average rate is used for the translation of income and expense items in the combined statements of financial position of Crest.
- (2) The closing rate is used for the translation of assets and liabilities in the combined statements of profit or loss and other comprehensive income for Crest.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION (Cont'd)

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

All references to the "LPD" in this Prospectus are to 1 January 2024, being the latest practicable date prior to the registration of this Prospectus with Bursa Securities.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originated from us. We have appointed Smith Zander to provide an independent market and industry review of the industry in which we operate in. In compiling their data for the review, Smith Zander relied on its research methodology, industry sources, published materials, its private databanks and direct contacts within the industry.

Further, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We cannot assure you that the projected figures will be achieved and you should not place undue reliance on the statistical data and third-party projections cited in this Prospectus.

If there are any discrepancies or inconsistencies between the English and Bahasa Malaysia versions of this Prospectus, the English version shall prevail.

The information on our website or any website directly or indirectly linked to our website does not form part of this Prospectus and you should not rely on those information for the purposes of your decision whether or not to invest in our Shares.

FORWARD-LOOKING STATEMENTS

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

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

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

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

- (i) activities and financial position of our customers, suppliers and other business partners;
- (ii) finance costs, interest rates, tax rates and foreign exchange rates;
- (iii) future regulatory or government policy changes affecting us or countries where we conduct business;
- (iv) delays or problems with the execution of our expansion plans;
- (v) the competitive environment of the industry in which we operate;
- (vi) reliance on licences, permits and approvals;
- (vii) the general economic, business, social, political and investment environment in countries where we conduct business;
- (viii) continued availability of capital and financing;
- (ix) fixed or contingent obligations and commitments;
- (x) changes in accounting standards and policies; and
- (xi) other factors beyond our control.

FORWARD-LOOKING STATEMENTS (Cont'd)

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

Should we become aware of any subsequent material change or development affecting matters disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment of our IPO Shares, we will issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part II (Division 6 on Supplementary and Replacement Prospectus) of the Prospectus Guidelines.

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DEFINITIONS

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

COMPANIES WITHIN OUR GROUP

Crest or Company	:	Crest Group Berhad (Registration No. 202301031031 (1524954-M))
Crest Analytic	:	Crest Analytic Sdn. Bhd. (Registration No. 201401030109 (1106195-A))
Crest Innovation	:	Crest Innovation (S) Pte. Ltd. (Registration No. 200812000W)
Crest Lab	:	Crest Lab Sdn. Bhd. (Registration No. 201501017532 (1142866-K))
Crest Nanosolutions	:	Crest Nanosolutions (M) Sdn. Bhd. (Registration No. 199601042657 (415010-D))
Crest Suzhou	:	Crest Systems (Suzhou) Co., Ltd (苏州科冠电子科技有限公司) (Registration No. 91320594774673540H)
Crest Systems	:	Crest Systems (M) Sdn. Bhd. (Registration No. 199901011854 (486754-U))
Crest Thailand	:	Crest Nanosolution (Thailand) Co., Ltd. (Registration No. 0135553004011)
Crest Upstar	:	Crest Upstar Pte. Ltd. (Registration No. 200808835G)
Matrix Biosciences	:	Matrix Biosciences (M) Sdn. Bhd. (Registration No. 200101016370 (552127-P))
Matrix Innovations	:	Matrix Innovations (M) Sdn. Bhd. (Registration No. 200201000611 (568274-V))
Matrix Optics	:	Matrix Optics (M) Sdn. Bhd. (Registration No. 199501034235 (363437-K))
Crest Group or the Group	:	Collectively, Crest and its Subsidiaries
Subsidiaries	:	Collectively, Crest Analytic, Crest Innovation, Crest Lab, Crest Nanosolutions, Crest Suzhou, Crest Systems, Crest Thailand, Crest Upstar, Matrix Biosciences, Matrix Innovations, and Matrix Optics

DEFINITIONS (Cont'd)**ACQUISITIONS**

- Acquisitions** : Collectively, Crest Group Acquisition, Crest Nanosolutions Acquisition, Crest Singapore Group Acquisition, Crest Suzhou Acquisition and Crest Thailand Acquisition
- Crest Analytic Acquisition** : The acquisition of 70.00% equity interest in Crest Analytic by our Company from the Crest Vendors, as further described in Section 6.2 of this Prospectus
- Crest Group Acquisition** : Collectively, Crest Lab Acquisition, Crest Systems Acquisition, Matrix Innovations Acquisition, Matrix Optics Acquisition, Crest Analytic Acquisition and Matrix Biosciences Acquisition pursuant to the Crest Group SSA and Matrix Biosciences SSA, as further described in Section 6.2 of this Prospectus
- Crest Group SSA** : Conditional share sale agreement dated 17 January 2024 entered into by our Company and the Crest Vendors for the Crest Lab Acquisition, Crest Systems Acquisition, Matrix Innovations Acquisition, Matrix Optics Acquisition and Crest Analytic Acquisition
- Crest Innovation Acquisition** : The acquisition of 70.00% equity interest in Crest Innovation by our Company from the Crest Vendors pursuant to Crest Innovation SSA, as further described in Section 6.2 of this Prospectus
- Crest Innovation SSA** : Conditional sale and purchase agreement dated 17 January 2024 entered into by our Company and the Crest Vendors for the Crest Innovation Acquisition
- Crest Lab Acquisition** : The acquisition of the entire share capital of Crest Lab by our Company from the Crest Vendors, as further described in Section 6.2 of this Prospectus
- Crest Nanosolutions Acquisition** : The acquisition of the entire share capital of Crest Nanosolutions by our Company from the Crest Vendors and KQY pursuant to the Crest Nanosolutions SSA, as further described in Section 6.2 of this Prospectus
- Crest Nanosolutions SSA** : Conditional share sale agreement dated 17 January 2024 entered into by our Company and the Crest Vendors and KQY for the Crest Nanosolutions Acquisition
- Crest Singapore Group Acquisition** : Collectively, Crest Innovation Acquisition and Crest Upstar Acquisition pursuant to the Crest Innovation SSA and Crest Upstar SSA, as further described in Section 6.2 of this Prospectus
- Crest Suzhou Acquisition** : The acquisition of 80.00% of the equity interest of Crest Suzhou by our Company from the Crest Vendors, pursuant to the Crest Suzhou SSA, as further described in Section 6.2 of this Prospectus
- Crest Suzhou SSA** : Conditional equity transfer agreement dated 17 January 2024 entered into by our Company and the Crest Vendors for the Crest Suzhou Acquisition
- Crest Systems Acquisition** : The acquisition of the entire share capital of Crest Systems by our Company from the Crest Vendors, as further described in Section 6.2 of this Prospectus

DEFINITIONS (Cont'd)

Crest Thailand Acquisition	:	The acquisition of 49.00% equity interest in Crest Thailand by our Company from the Crest Vendors pursuant to the Crest Thailand SSA, as further described in Section 6.2 of this Prospectus
Crest Thailand SSA	:	Conditional share sale agreement dated 17 January 2024 entered into by our Company and the Crest Vendors for the Crest Thailand Acquisition
Crest Upstar Acquisition	:	The acquisition of the entire share capital of Crest Upstar by our Company from the Crest Vendors pursuant to the Crest Upstar SSA, as further described in Section 6.2 of this Prospectus
Crest Upstar SSA	:	Conditional sale and purchase agreement dated 17 January 2024 entered into by our Company and the Crest Vendors for the Crest Upstar Acquisition
Crest Vendors	:	Collectively, LSW, ACM and YKM
Matrix Biosciences Acquisition	:	The acquisition of the entire share capital of Matrix Biosciences by our Company from the Crest Vendors pursuant to the Matrix Biosciences SSA, as further described in Section 6.2 of this Prospectus
Matrix Biosciences SSA	:	Conditional share sale agreement dated 17 January 2024 entered into by our Company and the Crest Vendors for the Matrix Biosciences Acquisition
Matrix Innovations Acquisition	:	The acquisition of the entire share capital of Matrix Innovations by our Company from the Crest Vendors, as further described in Section 6.2 of this Prospectus
Matrix Optics Acquisition	:	The acquisition of the entire share capital of Matrix Optics by our Company from the Crest Vendors, as further described in Section 6.2 of this Prospectus

GENERAL

ACE Market	:	ACE Market of Bursa Securities
ACM	:	Au Chun Mun, our Promoter, specified shareholder, substantial shareholder and Non-Independent Executive Director
Act	:	Companies Act 2016
ADA	:	Authorised Depository Agent
Admission	:	Admission of our Shares to the Official List of the ACE Market
AGM	:	Annual general meeting
ALY	:	ALY Venture Sdn. Bhd. (formerly known as Crest Precision Sdn Bhd) (Registration No. 200601002655 (722403-V))
Application	:	Application for our IPO Shares by way of Application Forms, Electronic Share Application or Internet Share Application
Application Forms	:	Printed application forms for the application of our IPO Shares accompanying this Prospectus including the Pink Application Form
ATM	:	Automated teller machine

DEFINITIONS (Cont'd)

Auditors or Reporting Accountants	: Baker Tilly Monteiro Heng PLT (Registration No. 201906000600 (LLP0019411-LCA Chartered Accountants (AF 0117)))
Authorised Financial Institution	: Authorised financial institution participating in the Internet Share Application in respect of the payment for our IPO Shares
BNM	: Bank Negara Malaysia
Board	: Board of directors of our Company
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
Bursa Securities	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
CAGR	: Compound annual growth rate
CCC or CF	: Certificate of completion and compliance or certificate of fitness or such certificate by any other name issued by the relevant authority under the SDBA and any by-laws made under it or such relevant legislation applicable at the material time
CCM	: Companies Commission of Malaysia
CDS	: Central Depository System
CDS Account	: An account established by Bursa Depository for a Depositor for the recording of deposits or withdrawals of securities and for dealing in such securities by the Depositor
Climan	: Climan Sdn. Bhd. (Registration No. 202301044617 (1538533-H)), being our specified shareholder
CMSA	: Capital Markets and Services Act, 2007
Constitution	: Constitution of our Company
COVID-19	: Novel coronavirus disease 2019, an infectious respiratory disease which first broke out in 2019
Depositor	: A holder of a CDS Account
Directors	: Directors of our Company and within the meaning given in Section 2 of the CMSA
E&E	: Electrical and electronic
EBITDA	: Earnings before interest, tax, depreciation and amortisation
Electronic mail (“e-mail”)	: A method of exchanging messages between people using electronic devices
Electronic Prospectus	: Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium including, but not limited to CD-ROMs (<i>compact disc read-only memory</i>)
Electronic Share Application	: Application for our IPO Shares through a Participating Financial Institution’s ATM

DEFINITIONS (Cont'd)

Eligible Persons	: Collectively, our Directors and employees of our Group who are eligible to participate in the Public Issue
EPF	: Employees' Provident Fund
EPS	: Earnings per Share
Executive Directors	: Collectively, LSW, ACM and YKM
Financial Period Under Review	: FYE 2020, FYE 2021, FYE 2022 and FPE 2023, collectively.
Financial Years Under Review	: FYE 2020, FYE 2021 and FYE 2022, collectively
FPE	: Financial period ended 31 July
FYE	: Financial year ended or where the context otherwise requires, financial year ending 31 December
GP	: Gross profit
IFRS	: International Financial Reporting Standards as issued by the International Accounting Standards Board
IMR Report	: Independent market research report dated 17 January 2024 prepared by Smith Zander
Initial Public Offering or IPO	: Initial public offering comprising the Public Issue and Offer for Sale, collectively
Internet Participating Financial Institutions	: Participating financial institutions for the Internet Share Application
Internet Share Application	: Application for our IPO Shares under the Public Issue through an Internet Participating Financial Institution
IPO Price	: IPO price of RM[●] per IPO Share
IPO Shares	: Collectively, Issue Shares and Offer Shares
Issue Shares	: New Shares to be issued by our Company pursuant to the Public Issue
Issuing House	: Malaysian Issuing House Sdn Bhd (Registration No. 199301003606 (258345-X))
IT	: Information technology
Key Senior Management	: Key senior management personnel of our Group as set out in Section 5.4 of this Prospectus
KWY	: Kwong Wing Yew, our Vice President of Sales
Listing	: Admission to the Official List and the listing of and quotation for our entire enlarged issued Shares on the ACE Market
Listing Requirements	: ACE Market Listing Requirements of Bursa Securities
LPD	: 1 January 2024, being the latest practicable date prior to the registration of this Prospectus with Bursa Securities

DEFINITIONS (Cont'd)

LSW	:	Lim Siong Wai, our Promoter, specified shareholder, substantial shareholder, Non-Independent Executive Director and Group Managing Director
MAICSA	:	The Malaysian Institute of Chartered Secretaries and Administrators
Malaysian Public	:	Malaysian citizens, companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
Market Day	:	Any day between Mondays and Fridays (both days inclusive) which is not a public holiday and a day on which Bursa Securities is open for trading in securities
MCO	:	Movement control order issued under the Prevention and Control of Infectious Disease Act 1988 and the Police Act 1967
MFRS	:	Malaysian Financial Reporting Standards
MIA	:	Malaysian Institute of Accountants
MIDF Investment or Principal Adviser or Sponsor or Underwriter or Placement Agent	:	MIDF Amanah Investment Bank Berhad (Registration No. 197501002077 (23878-X))
MITI	:	Ministry of Investment, Trade and Industry, Malaysia
MyIPO	:	Intellectual Property Corporation of Malaysia
N/A	:	Not applicable
NA	:	Net assets
NBV	:	Net book value
NRIC	:	Malaysian National Registration Identity Card
Offer for Sale	:	Offer for sale by the Selling Shareholders of 103,890,000 Offer Shares at our IPO Price, representing 12.00% of our enlarged issued Shares by way of private placement to identified Bumiputera investors approved by the MITI and Selected Investors
Offer Shares	:	The existing Shares to be offered by the Selling Shareholders pursuant to the Offer for Sale
Official List	:	A list specifying all securities listed on Bursa Securities
Participating Financial Institution	:	Participating financial institution for the Electronic Share Application
PAT	:	Profit after taxation
PBR	:	Price-to-book ratio
PBT	:	Profit before taxation
Pink Application Form	:	Application forms for the application of IPO Shares by Eligible Persons accompanying this Prospectus

DEFINITIONS (Cont'd)

Pink Form Shares	:	The allocation of 12,984,000 Issue Shares to the Eligible Persons pursuant to the Public Issue
PRC	:	People's Republic of China
Promoters	:	Collectively, LSW, ACM and YKM
Prospectus	:	This Prospectus dated [●] issued by our Company
Prospectus Guidelines	:	Prospectus Guidelines issued by the SC
Public Issue	:	The public issue of 130,705,300 Issue Shares at our IPO Price, representing 15.10% of our entire enlarged issued Shares in the following manner: <ul style="list-style-type: none"> (i) 43,280,000 Issue Shares made available for application by the Malaysian Public; (ii) 12,984,000 Issue Shares made available for application by the Eligible Persons; and (iii) 74,441,300 Issue Shares made available by way of private placement to identified Bumiputera investors approved by the MITI.
QA/QC	:	Quality Assurance/Quality Control
R&D	:	Research and development
Record of Depositors	:	A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
Rules of Bursa Depository	:	The rules of Bursa Depository as issued under the SICDA
SAC	:	Shariah Advisory Council of the SC
SC	:	Securities Commission Malaysia
SDBA	:	Street, Drainage and Building Act 1974
Selected Investors	:	Being investors that meet the requirements of Schedule 6 or 7 of the CMSA and subscribing for our IPO Shares through private placement
Selling Shareholders	:	Collectively, LSW, ACM and YKM
Share Registrar	:	Boardroom Share Registrars Sdn Bhd (Registration No. 199601006647 (378993-D))
Share Transfer	:	Transfer of a total of 476,078,900 Shares held by LSW, ACM and YKM to Climan during the prescription period (one day after the launching date of this Prospectus up to a period of 30 days)
Shares	:	Ordinary shares in our Company
SICDA	:	Securities Industry (Central Depositories) Act, 1991
Smith Zander or IMR	:	Smith Zander International Sdn Bhd (Registration No. 201301028298 (1058128-V)), the independent market researcher

DEFINITIONS (Cont'd)

SOCISO	:	Social Security Organisation, Malaysia, also known as PERKESO (Pertubuhan Keselamatan Sosial)
specified shareholders	:	means a controlling shareholder, a person connected to a controlling shareholder, and an executive director who is a substantial shareholder, of Crest, or any other person as specified by Bursa Securities. In the context of this IPO, the specified shareholders are collectively LSW, ACM, YKM and Climan
SST	:	Sales and services tax
Underwriting Agreement	:	Underwriting agreement dated [●] entered into between our Company and MIDF Investment pursuant to the IPO
UK	:	United Kingdom
USA	:	United States of America
White Application Form	:	Application forms for the application of IPO Shares by the Malaysian Public accompanying this Prospectus
YKM	:	Yap Kian Meng, our Promoter, specified shareholder, substantial shareholder and Non-Independent Executive Director

CURRENCIES

RM and sen	:	Ringgit Malaysia and sen, the lawful currency of Malaysia
RMB	:	Renminbi, the lawful currency of PRC
SGD	:	Singapore Dollar, the lawful currency of Singapore
THB	:	Thai Baht, the lawful currency of Thailand
USD	:	United States Dollar, the lawful currency of United States

GLOSSARY OF TECHNICAL TERMS

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

3D measuring microscope	:	A microscope that can perform non-contact 3D measurement of a sample.
Automation solution provider	:	A service provider that provides solutions which automates production and/or lab test operational processes through the supply and integration of a series of equipment, software and technology.
Carbon hydrogen nitrogen sulphur analyser	:	An equipment used to detect the carbon, hydrogen, sulphur and nitrogen content in a sample through analysing the gases produced during combustion process.
Curve tracer	:	An equipment used to test and analyse the E&E properties (relationship between electric current and electric voltage) of semiconductor components.
Destructive testing	:	A series of testing methods whereby the samples is being destroyed/damaged during the testing process.
Die	:	A block of semiconductor material that is imprinted with functional circuit.
Die attach	:	A semiconductor manufacturing process whereby a die is attached onto an individual die pad (i.e. a metallic device used to connect the IC to a circuit board).
Die attach curing	:	A semiconductor manufacturing process whereby a die is secured onto a substrate, such as a PCB. The purpose of this process is to create a strong bond between the die and substrate to ensure proper electrical and thermal conduction.
Digital microscope	:	A microscope integrated with a digital interface that allows users to capture and display digital images of samples under observation.
Dimensional wafer metrology system	:	A specialised measurement system used to measure and characterise the dimensions, shapes and features of semiconductor wafers.
Flip chip bonding	:	A semiconductor manufacturing process whereby the active side of the die is attached onto a substrate, such as a PCB. The purpose of this process is to enable the die to directly contact the PCB, thus creating an electrical interconnection within the plastic packaging material (also known as IC package).
Glass slides	:	A piece of thin and flat glass that is generally used to hold a specimen when the specimen is being observed through a microscope.
Hands-free Indexer system	:	An automated system for loading, unloading and transferring objects without human intervention during the testing process.

GLOSSARY OF TECHNICAL TERMS (Cont'd)

High speed camera	:	A camera that performs high-speed image capturing and recording on fast-moving objects.
Infrared / convection cure oven	:	An equipment that utilises heat to cure a finishing, adhesive and/or coating layer onto E&E components.
Integrated circuit ("IC")	:	An assembly and integration of active semiconductor components such as transistors and diodes, and passive semiconductor components such as resistors and capacitors, on a single thin semiconductor material known as wafer.
Low power microscope	:	A microscope used to examine specimens at a lower-level magnification.
Manufacturing Execution System ("MES")	:	A software system used to monitor, track, record and/or control the manufacturing of products from raw materials to finished products.
Measuring microscope	:	A microscope that can view and obtain precise measurements of an object (e.g. E&E components). This microscope is commonly used for quality control purposes.
Micro focus X-ray inspection equipment	:	An X-ray inspection equipment that utilises tightly focused X-ray beams to detect flaws and defects in objects.
Nano indenter	:	An equipment used to test and measure the mechanical properties and behaviour (e.g. hardness, elasticity, strength) of a sample at a nano scale.
Optical microscope	:	A microscope that utilises a combination of lenses to project magnified images of samples for quality inspection and analysis.
Osmometer	:	An equipment used in clinical laboratories for measuring the concentration of particles in a solution.
Particle size analyser	:	An equipment used to determine and measure the size of particles and/or particle distribution/dispersion in a sample through laser diffraction.
Plasma treatment / processing system	:	An equipment used to remove impurities and contaminants from the surface of a sample through the use of plasma.
Plating	:	A semiconductor manufacturing process whereby a thin layer of metal is deposited onto the surface of the ICs.
Preventive maintenance	:	Regular and routine maintenance of equipment and assets to keep them in optimal condition and as a preventive measure to avert any unexpected equipment failure.
Printed circuit board ("PCB")	:	A flat base of insulating materials with tracks made of conductive material (such as copper) which mechanically supports and electrically connects E&E components that have been mounted onto the material.
Radio frequency ("RF") probes	:	A device to connect an electronic sample to the testing equipment, for the testing and measurement of RF signal.
Raman spectrometer	:	An equipment commonly used to perform chemical analysis of materials.

GLOSSARY OF TECHNICAL TERMS (Cont'd)

SECS / GEM	:	Refers to Semiconductor Equipment Communications Standard / Generic Equipment Model, which is an interface protocol used in semiconductor equipment to host data communications.
Semi-automatic / fully-automated inspection equipment	:	An equipment used to perform quality inspection tests on components for quality defects (e.g. missing component, skewed size, shape and/or component). This equipment is primarily used in the semiconductor and E&E industries. This equipment can be semi-automated or fully automated.
Semiconductor wafer inspection microscope	:	A large stage microscope that is used for wafer inspection.
Single crystal X-ray diffraction equipment	:	An equipment used to analyse the structure of single crystals, including the locations and position of atoms through X-ray diffraction.
Singulation	:	A semiconductor manufacturing process that separates individual IC chips from the substrate.
Solderability tester	:	An equipment used to perform destructive solderability testing as well as to determine the degree of wetting necessary for a solid solder connection.
Solvents	:	A liquid with the ability to dissolve other substances to form solutions.
Time of flight secondary ion mass spectrometer	:	An equipment used to analyse the composition of a sample's surface elemental composition and chemical bonding state by sputtering the surface of the sample with ion beams.
Transmission electron microscope	:	An electron microscope that utilises beams of electrons as a source of illumination to magnify and observe objects on a nano scale, and produces higher resolution images as compared to scanning electron microscope. Other advanced features include the ability to obtain the thickness, density, composition and crystallinity of a sample.
Ultraviolet cure oven	:	An equipment that utilises ultraviolet light to cure a finishing, adhesive and/or coating later onto E&E components.
Underfill / coating	:	A semiconductor manufacturing process of filling the gap between dies and IC packages with an adhesive material during IC packaging process.
Valve	:	A device used to control the movement of liquids, gases and powders, amongst others, through pipes or tubes, or from tanks or other containers.
Vibrating sample magnetometer	:	An equipment used to measure the magnetic properties of a sample.
Video contact angle ("VCA") system	:	An equipment that utilises motorised syringe, camera and software to capture the image of water droplet and determine the tangent lines of the liquid surface contact to the solid surface, in order to study the cleanliness of the surface.
Wafer	:	A thin round slice of semiconductor material, typically silicon or germanium, used in the fabrication of ICs.
Wafer back grinding	:	A semiconductor manufacturing process whereby the back-side (non-active side) of a semiconductor wafer is grinded to the desired thickness level.

GLOSSARY OF TECHNICAL TERMS (Cont'd)

Wafer handling system	:	A robotics system used to automate and facilitate the handling of wafers during semiconductor manufacturing process.
Wafer metrology system	:	A system that comprises various equipment to measure the characteristics of semiconductor wafers (e.g. thickness and roughness) for quality inspection and R&D purposes.
Wafer mounting	:	A semiconductor manufacturing process whereby a semiconductor wafer is mounted or securely attached onto a holder of an equipment.
Wafer mounting system	:	An equipment used to mount tapes onto wafer during the semiconductor manufacturing process.
Wafer sawing	:	A semiconductor manufacturing process whereby a semiconductor wafer is sawn into individual dies.
Warpage and deformation measurement system	:	An equipment that performs measurement on the warpage and deformation of a board's and/or component's surface. The measurements are taken when the board and/or component is subjected to heating or cooling. Additionally, the surface of the board may be flat or attached with components.
Wave-length dispersive X-ray fluorescence equipment ("WDXRF")	:	An X-ray fluorescence equipment that performs elemental analysis on samples through X-ray fluorescence. This equipment has higher resolution performance and better ability to detect lower intensity signals compared to the energy dispersive XRF analyser.
Wire bonding	:	A semiconductor manufacturing process of creating electrical interconnections between semiconductors (or other integrated circuits) and silicon chips using bonding wires, which are fine wires made of materials such as gold and aluminium.
X-ray computed tomography	:	An equipment that utilises X-rays to generate 3D reconstruction images of samples.
Zeta potential analyser	:	An equipment used to measure the size of particles and molecules as well as the charge and concentration of the particles in a sample.

1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name / (Designation)	Nationality	Address
Ahmad Tajudin bin Omar (Independent Non-Executive Chairman)	Malaysian	6, Jalan Elektron U16/100C Denai Alam 40160 Shah Alam Selangor, Malaysia
Lim Siong Wai (Non-Independent Executive Director and Group Managing Director)	Malaysian	42-05, Pavilion Suites Kuala Lumpur No. 166, Jalan Bukit Bintang 55100 Kuala Lumpur Malaysia
Au Chun Mun (Non-Independent Executive Director)	Malaysian	A-43A-01, Kondominium Pantai Estet No. 1, Jalan Pantai Prima Bangsar Selatan 59200 Bangsar Wilayah Persekutuan Kuala Lumpur Malaysia
Yap Kian Meng (Non-Independent Executive Director)	Malaysian	9, Bayrocks Garden Waterfront Villas Jalan Persiaran Tasik Timur Sunway South Quay 47500 Subang Jaya Selangor, Malaysia
Teo Yeling (Independent Non-Executive Director)	Malaysian	T2-16-06, Molek Pine 1&2 Condo No. 9, Jalan Molek 1/27 Taman Molek 81100, Johor Bahru Johor, Malaysia
Ilham Fadilah binti Sunhaji (Independent Non-Executive Director)	Malaysian	1-38-2, Serini Melawati Jalan Melawati 1 Taman Melawati 53100 Kuala Lumpur Malaysia
Moo Eng Thing (Independent Non-Executive Director)	Malaysian	584, Jalan Nada Alam 4/2 Taman Nada Alam 71700 Mantin Negeri Sembilan, Malaysia

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1. CORPORATE DIRECTORY (Cont'd)**AUDIT AND RISK MANAGEMENT COMMITTEE**

Name	Designation	Directorship
Teo Yeling	Chairman	Independent Non-Executive Director
Ilham Fadilah binti Sunhaji	Member	Independent Non-Executive Director
Moo Eng Thing	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Moo Eng Thing	Chairman	Independent Non-Executive Director
Ilham Fadilah binti Sunhaji	Member	Independent Non-Executive Director
Teo Yeling	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Ilham Fadilah binti Sunhaji	Chairman	Independent Non-Executive Director
Moo Eng Thing	Member	Independent Non-Executive Director
Teo Yeling	Member	Independent Non-Executive Director

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1. CORPORATE DIRECTORY (Cont'd)

- COMPANY SECRETARIES** : Tai Yit Chan
SSM Practicing Certificate No.: 202008001023
Professional qualification: MAICSA 7009143
- Choong Siew Mun
SSM Practicing Certificate No.: 202008001881
Professional qualification: MAICSA 7068632
- 12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor, Malaysia
- Tel. No.: +603-7890 4800
- REGISTERED OFFICE** : 12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor, Malaysia
- Tel. No.: +603 7890 4800
Fax No.: +603 7890 4650
- HEAD/MANAGEMENT OFFICE** : No.1 Jalan OP 1/2
One Puchong Business Park
47160 Puchong, Selangor, Malaysia
- Tel. No.: +603 8076 9999
Website: www.crest-group.net
E-mail: corporate@crest-group.net
- PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT** : **MIDF Amanah Investment Bank Berhad**
Level 21, Menara MIDF
No. 82, Jalan Raja Chulan
50200 Kuala Lumpur, Malaysia
- Tel. No.: +603 2173 8888
Fax No.: +603 2173 8277
- AUDITORS AND REPORTING ACCOUNTANTS** : **Baker Tilly Monteiro Heng PLT**
201906000600 (LLP0019411-LCA) & AF0117
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur, Malaysia
- Tel. No.: +603 2297 1000
Fax No.: +603 2282 9980
- Partner-in-charge: Paul Tan Hong
Approval number: 03459/11/2025 J
Professional qualification: Chartered Accountant of the Malaysian Institute of Accountants and Fellow Member of the Association of Chartered Certified Accountants

1. CORPORATE DIRECTORY (Cont'd)

- SOLICITORS FOR OUR IPO** : **Kadir, Andri & Partners**
Suite A-38-8, Level 38
Menara UOA Bangsar
No. 5, Jalan Bangsar Utama 1
59000 Kuala Lumpur, Malaysia

Tel. No.: +603 2780 2888
Fax No.: +603 2780 2833
- INDEPENDENT MARKET RESEARCHER** : **Smith Zander International Sdn Bhd**
15-01, Level 15, Menara MBMR
1 Jalan Syed Putra
58000 Kuala Lumpur
Malaysia

Tel. No.: +603 2732 7537

Person-in-charge: Dennis Tan Tze Wen
(Bachelor of Science from Memorial University of Newfoundland, Canada)
- SHARE REGISTRAR** : **Boardroom Share Registrars Sdn Bhd**
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor, Malaysia

Tel. No.: +603 7890 4700
Fax No.: +603 7890 4650
- ISSUING HOUSE** : **Malaysian Issuing House Sdn Bhd**
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor, Malaysia

Tel. No.: +603 7890 4700
Fax No.: +603 7890 4650
- LISTING SOUGHT** : ACE Market of Bursa Securities
- SHARIAH STATUS** : [Approved by the SAC]

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2. APPROVALS AND CONDITIONS

2.1 BURSA SECURITIES

Bursa Securities had, via its letter dated [●] (“**Approval Letter**”), approved:

- (i) our admission to the Official List of the ACE Market; and
- (ii) the listing and quotation of our entire enlarged issued Shares on the ACE Market, subject to compliance with the following conditions:

No.	Details of conditions imposed	Status of compliance
1.	[●]	[●]
2.	[●]	[●]

2.2 SC

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

The SC had, via its letter dated [●], approved the resultant equity structure of our Company under the equity requirements for public listed companies pursuant to our IPO, subject to the following:

No.	Details of conditions imposed	Status of compliance
1.	[●]	[●]
2.	[●]	[●]

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

Category of shareholders	As at LPD		After our Listing	
	No. of Shares	% of number of issued Shares	No. of Shares	% of enlarged number of issued Shares
Bumiputera:				
Bumiputera investors to be approved by the MITI	-	-	⁽¹⁾ 108,200,000	⁽¹⁾ 12.50
Bumiputera public investors via balloting	-	-	⁽¹⁾ 21,640,000	⁽¹⁾ 2.50
Others	-	-	⁽²⁾ 500,000	⁽²⁾ 0.06
Total Bumiputera	-	-	130,340,000	15.06
Non-Bumiputera	1,000	100.00	735,258,000	84.94
Total Malaysian	1,000	100.00	865,598,000	100.00
Foreigner	-	-	-	-
Total	1,000	100.00	865,598,000	100.00

2. APPROVALS AND CONDITIONS (Cont'd)

Notes:

- (1) Based on the assumption that the IPO Shares offered to Bumiputera investors to be approved by the MITI and to Bumiputera public investors via balloting are fully subscribed.
- (2) Based on the assumption that Ahmad Tajudin bin Omar and Ilham Fadilah binti Sunhaji will fully subscribe for their entitlements under the Pink Form allocation.

2.3 MITI

The MITI had, via its letter dated [●], stated that it has taken note and has no objection to our Listing.

2.4 SAC

The SAC had, vide its letter dated [●], classified our Shares as Shariah-compliant based on our latest audited financial information for FPE 2023 and the pro forma combined statements of financial position as at 31 July 2023.

2.5 MORATORIUM ON OUR SHARES

In accordance with Rule 3.19(1A)(b) of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of those Shares held by our specified shareholders. The moratorium shall apply to our specified shareholders for a period of 6 months from the date of our admission to the ACE Market.

Shares held by LSW, ACM and YKM, who are our Promoters, specified shareholders, substantial shareholders, Non-Independent Executive Directors and Key Senior Management, will be subject to the abovementioned moratorium. In addition, Shares held by KWY, who is a Key Senior Management, excluding his Pink Form Shares, will be subject to the abovementioned moratorium on a voluntary basis.

Details of our specified shareholders and their Shares under moratorium are set out as follows:

Specified shareholders	⁽¹⁾ No. of Shares	⁽²⁾ %
Climan	476,078,900	55.00
LSW	51,722,600	5.98
ACM	48,903,700	5.65
YKM	48,903,700	5.65
KWY ⁽³⁾	5,393,800	0.62
Total	605,052,700	72.90

Notes:

- (1) After the Offer for Sale.
- (2) Based on our enlarged issued Shares of 865,598,000 Shares after our IPO.
- (3) On voluntary basis.

The moratoriums as set out above have been fully accepted by Climan, LSW, ACM, YKM and KWY who have provided written undertakings that they will not sell, transfer or assign their respective shareholdings under the moratorium during the abovementioned moratorium period.

2. APPROVALS AND CONDITIONS (Cont'd)

In accordance with Rule 3.19(2) of the Listing Requirements, where the specified shareholder is an unlisted corporation, all shareholders of the unlisted corporation must give undertakings to Bursa Securities that they will not sell, transfer or assign their shares in the unlisted corporation during the moratorium period. Pursuant thereto, LSW, ACM and YKM, being the shareholders of Climax, have also provided written undertakings that they will not sell, transfer or assign their shareholdings in Climax during the moratorium period. Please refer to Section 5.1.2(iv) of this Prospectus for further details on the shareholders of Climax.

The moratorium restrictions are specifically endorsed on the share certificates representing the Shares under the moratorium to ensure that our Share Registrar does not register any transfer and/or assignment that contravenes with the moratorium restrictions.

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3. PROSPECTUS SUMMARY

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

3.1 PRINCIPAL DETAILS OF OUR IPO

Our IPO entails an offering of 234,595,300 IPO Shares at an IPO Price of RM[●] per IPO Share.

In summary, our IPO Shares will be allocated in the following manner, as set out in Section 4.3.4 of this Prospectus:

	Public Issue		Offer for Sale		Total	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(1)%
Malaysian Public via balloting	43,280,000	5.00	-	-	43,280,000	5.00
Eligible Persons	12,984,000	1.50	-	-	12,984,000	1.50
Private placement to selected investors	-	-	70,131,300	8.10	70,131,300	8.10
Private placement to identified Bumiputera investors approved by MITI	74,441,300	8.60	33,758,700	3.90	108,200,000	12.50
Total	130,705,300	15.10	103,890,000	12.00	234,595,300	27.10

Note:

(1) Based on our enlarged issued Shares of 865,598,000 Shares after our IPO.

Enlarged issued share capital upon Listing	865,598,000
IPO Price per Share	RM[●]
Market capitalisation upon Listing based on the IPO Price and enlarged number of issued Shares upon the Listing	RM[●]
Total gross proceeds to be raised by our Company from the Public Issue	RM[●]
Total gross proceeds to be raised by our Selling Shareholders from the Offer for Sale ⁽¹⁾	RM[●]

Note:

(1) The gross proceeds from the Offer for Sale will accrue entirely to our Selling Shareholders.

Please refer to Section 4.3 of this Prospectus for further details of our IPO.

Shares held by LSW, ACM and YKM, who are our Promoters, specified shareholders, substantial shareholders, Non-Independent Executive Directors and Key Senior Management, will be subject to moratorium. In addition, Shares held by KWY, who is a Key Senior Management, excluding his Pink Form Shares, will be subject to moratorium on a voluntary basis. Further information on moratorium restrictions is disclosed under Section 2.5 of this Prospectus.

3.2 BACKGROUND INFORMATION OF OUR GROUP AND BUSINESS OPERATIONS

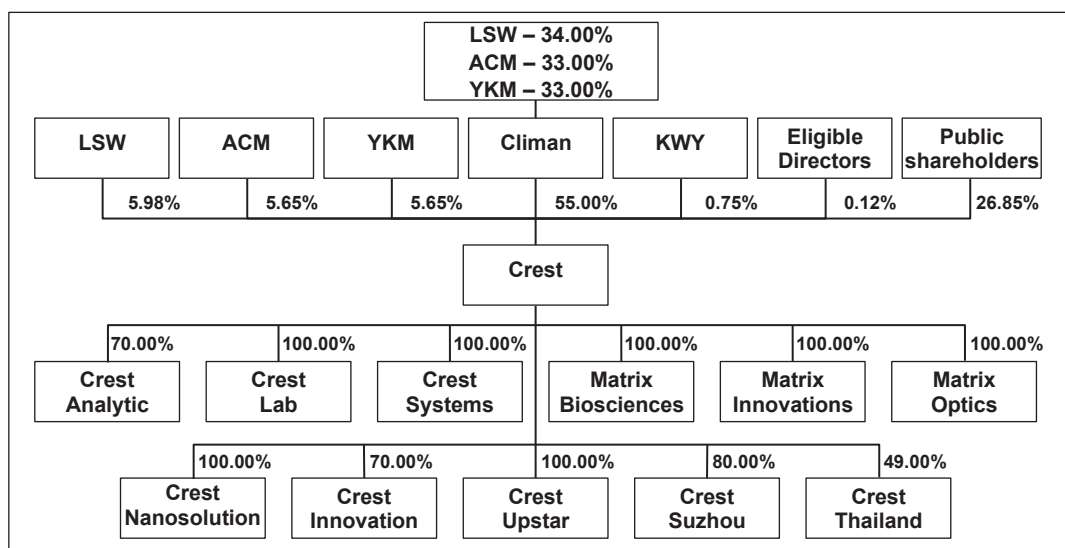
Our Company was incorporated in Malaysia on 9 August 2023 under the Act as a private limited company under the name of Crest Group Sdn Bhd and was subsequently converted to a public limited company on 8 December 2023 to facilitate the Listing.

The principal activity of our Company is investment holding while our Subsidiaries are principally involved in the provision of imaging, analytical and test solutions used primarily for quality inspection, sample analysis and R&D. We provide our solutions to a wide range of industries including semiconductor, E&E, academic, automotive, oil and gas, aviation, life sciences and healthcare.

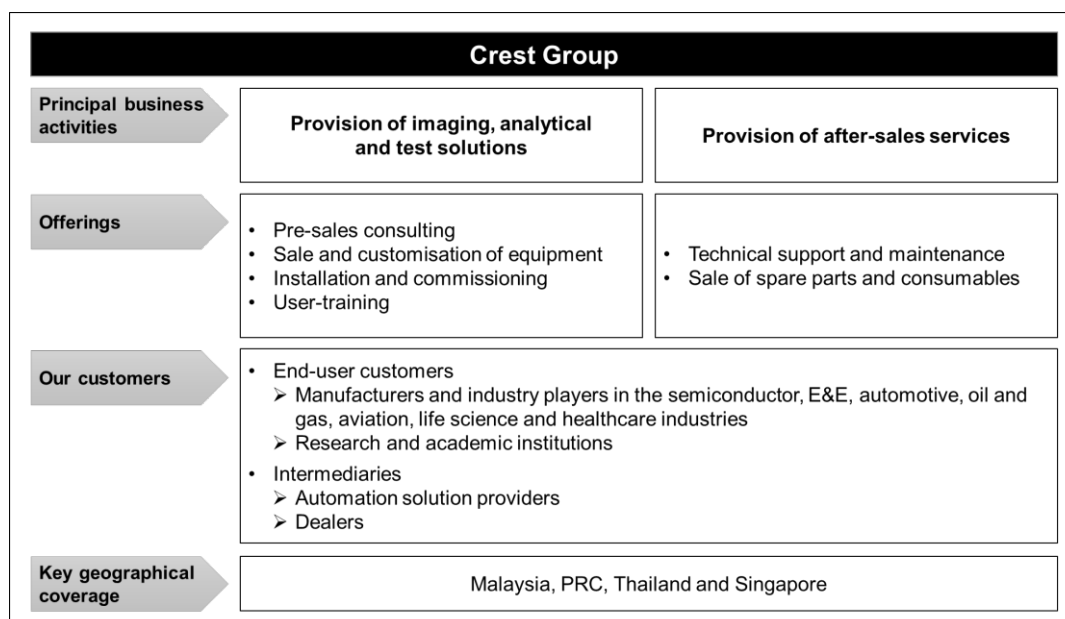
We presently have offices in Malaysia, the PRC, Singapore and Thailand.

3. PROSPECTUS SUMMARY (Cont'd)

Our Group structure upon Listing is set out below:



A summary of our business activities and business model is set out in the following diagram:



For the Financial Years under Review and FPE 2023, the provision of imaging, analytical and test solutions was the largest revenue contributor to our Group, contributing 73.74%, 78.11% and 83.57% to our Group's total revenue respectively.

For the Financial Years Under Review and FPE 2023, revenue from Malaysia was the largest contributor to our Group as it contributed 49.59%, 45.73%, 46.96%, and 37.96% to our Group's total revenue respectively. For FYE 2020, FYE 2021 and FPE 2023, revenue from Thailand was the second largest contributor, followed by revenue contributions from PRC and Singapore. For FYE 2022, revenue from PRC was the second largest contributor, followed by revenue contributions from Thailand and Singapore.

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

3. PROSPECTUS SUMMARY (*Cont'd*)

3.3 COMPETITIVE STRENGTHS

Our competitive strengths are as follows:

(i) Our industry knowledge as well as technical expertise enable us to propose suitable solutions for our customers

LSW (our Managing Director), ACM (our Executive Director) and YKM (our Executive Director) have accumulated an average 28 years of experience in the imaging, analytical and test business, thus equipped with substantial industry knowledge and technical expertise to assist customers from numerous industries in providing solutions and solving problems as well as enhancing the quality and efficiency in quality inspection. Furthermore, to propose an optimised solution for a customer, thorough understanding of the customer's requirements as well as extensive knowledge on the functions of the equipment are required. Our sales and technical personnel are equipped with the aforementioned knowledge and expertise to propose optimised solutions that are tailored to the needs of our customers.

(ii) We have business presence in 4 countries and a diversified customer base spanning across multiple industries and countries

In 1999, we commenced operations in Malaysia, and subsequently expanded our footprints to PRC in 2005, Singapore in 2008 and Thailand in 2010. The expansion of our business into these countries is a testament to our growth and signifies our ability to simultaneously maintain our presence in domestic market whilst penetrating into foreign markets. Further, establishing physical presence in foreign markets has enabled us to improve our visibility and accessibility to customers in foreign markets and widen our customer base, which has resulted in an increase in our sales and business. We also have a diversified customer base spanning across multiple industries, whereby our customers are mainly manufacturers and industry players in the semiconductor, E&E, automotive, oil and gas, aviation, life science and healthcare industries.

(iii) We have long-standing relationships with our wide network of equipment suppliers

Part of our imaging, analytical and test solutions include imaging, analytical and test equipment which is purchased from equipment suppliers, comprising principals and dealers. As at the LPD, we are an active distributor of 21 principals from 7 countries, including France, Germany, Japan, Malaysia, Switzerland, UK and USA. Having a wide network of principals as our suppliers gives us a wide selection for the most suitable equipment as part of our solutions. Further, we have also established long-standing relationships with our equipment suppliers, whereby we have at least 5 years of business relationship with all our major suppliers, who are mainly principals, in the Financial Years Under Review and FPE 2023.

(iv) We have an experienced key senior management team, led by our Managing Directors and Executive Directors with educational foundation in science

Our Group is led by an experienced and technically-skilled key management team that has accumulated an average 28 years of industry experience and in-depth knowledge of our business operations. LSW (our Managing Director), ACM (our Executive Director) and YKM (our Executive Director) have the relevant background in science which they have leveraged on in building and expanding our Group's imaging, analytical and test business over the years. Our management team has strong industry and functional expertise as a result of years of experience in their respective fields. Further, they take an active, hands-on role in spearheading their respective departments to support the growth of our Group.

3. PROSPECTUS SUMMARY (Cont'd)

3.4 BUSINESS STRATEGIES AND FUTURE PLANS

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

(i) We intend to set up a new headquarters ("New HQ") in Selangor to consolidate our operations in the Central region of Malaysia

We plan to establish a New HQ in Selangor to streamline and centralise our operations in the Central region of Malaysia. As at LPD, our offices in Selangor are located at 3 rented premises i.e. 2 offices located in Puchong, Selangor and 1 office in Subang Jaya, Selangor, which we plan to relocate and centralise at the New HQ. Having a centralised location will also allow our management team to better manage our operations and resources. Presently, we are in the midst of identifying a suitable commercial / light industrial premise within Klang Valley with a built-up area of approximately 1,858 sq. m. for the setup of the New HQ and we expect to purchase the premises within 36 months after our Listing.

(ii) We intend to purchase additional demonstration equipment for our demonstration room in our Malaysia, PRC and Thailand offices

As part of our sales and marketing activities detailed in Section 7.11, we have set up demonstration rooms in our offices in Malaysia, Singapore, PRC and Thailand to display certain equipment for demonstration to our customers. By conducting equipment demonstration, we provide our customers with better insights and understanding on the features and capabilities of our solutions. We intend to purchase additional advanced imaging equipment and sample management equipment for our demonstration rooms in our Malaysia, PRC and Thailand offices. We expect to purchase the new demonstration equipment within 36 months after our Listing.

(iii) We plan to expand our business presence to Vietnam and to continue expanding our business presence in the PRC and Thailand

We intend to further expand our presence overseas by establishing our presence in Vietnam and continue expanding our business presence in the PRC and Thailand.

(a) Setup of new offices

We plan to set up an office in Ho Chi Minh City for our expansion into Vietnam and one office each in Chengdu and Shenzhen for our expansion within PRC. We plan to rent office spaces in each of these locations with approximate build-up areas of 139 sq. m. each. We expect that the new offices in these locations will be fully established and operating within 36 months after our Listing.

(b) Hiring of personnel for the new and/or existing offices

We plan to hire new personnel to be stationed at the offices in the aforementioned locations. Additionally, we also plan to hire new personnel to form an additional team to offer our services and to secure new customers involved in the life science and healthcare industries, industries which we do not serve in Thailand as at the LPD. These new personnel will be stationed at our existing branch office in Bangkok, Thailand. The hiring of new personnel for our Ho Chi Minh City, Chengdu, Shenzhen and Bangkok offices is expected to take place gradually.

3. PROSPECTUS SUMMARY (Cont'd)

(iv) We intend to expand our services and support team for our technical support and maintenance services

For the Financial Years Under Review and FPE 2023, our provision of after-sales services, which include technical support and maintenance services, accounted for 26.26%, 21.89%, 16.43% and 15.65% of our Group's total revenue respectively. We intend to further expand this business segment by hiring additional headcount to handle our technical support and maintenance services. We plan to hire 2 new service managers, whereby 1 personnel will be based in Selangor and another personnel will be based in Penang. We also plan to hire 8 new service personnel, whereby 5 personnel will be based in Selangor, and the remaining 3 personnel will be based at our existing offices in the PRC, Thailand and Singapore respectively. By expanding our technical support and maintenance services, we will be able to generate additional recurring income and consequently improve our financial performance.

Further details on our business strategies and future plans are set out in Section 7.20 of this Prospectus.

3.5 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, certain risks and investment considerations (which may occur either individually or in combination, at the same time or around the same time) that may have a significant impact on our future financial performance.

The following are the key risks and investment considerations that we are currently facing or that may develop in the future:

(i) We depend on our ability to maintain our business relationship with our existing customers and to secure new customers

Our profitability and financial performance are dependent, to a large extent, on our ability to maintain and strengthen our business relationship with our existing customers and also to secure new customers. Our provision of equipment and imaging, analytical and test solutions to our pool of customers are mostly on a purchase order basis and there can be no assurance that purchase orders will continue to be issued. The purchases of our customers are, in addition, primarily dependent on individual capital expenditure, expansion plans and business strategies and therefore, our customers have no obligation to continue to engage us for provision of our solutions and services. In the event we are unsuccessful in adapting to factors such as rapid technological advances, unexpected changes in our customers' business and budget plans or any factors beyond our control in a timely manner, we may lose our customers and may face difficulty in securing sales from new customers, thus affecting our financial performance.

(ii) We are reliant on our equipment principals

Our Group relies on our equipment principals for the imaging, analytical and test equipment that we supply. As our Group does not manufacture or develop the equipment, our Group relies on the partnership with our equipment principals for our supply of a diverse range of equipment portfolio in order to meet our customers' demands. In the event our equipment principals decide to cease distribution of certain equipment or a change in their business direction, this may result in disruption to our business and operations. Under such circumstances, our Group will need to seek out alternative equipment principals. However, this may take time and affect our ability to continuously meet customers' demands. As at the LPD, we have not been informed of any potential changes in the business strategies of our product principals which may materially affect our supply chain nor have we encountered any dispute or disagreement with any of our suppliers which has materially affected or may materially affect our business operations.

3. PROSPECTUS SUMMARY (Cont'd)**(iii) We are dependent on our Key Senior Management for the continued success and growth of our Group**

We believe that our growth and success are, to a significant extent, dependent on the continued service, performance and efforts of our Executive Directors who play pivotal roles in our Group's day-to-day operations and who are adept and have extensive experience and market understanding in our business and industry. Our Executive Directors, LSW, ACM and YKM have been instrumental in the development of our business since our inception and have over the years, established long term relationships and built a network of customers and suppliers in the industry which significantly contribute to the continued success of our Group. We are also reliant on the continued service of our Key Senior Management who have in-depth technical and operational knowledge relevant to the demands of our business operations as well as the needs of our customers. However, there is no assurance that we will be able to retain our Key Senior Management. The loss of services from any of our Key Senior Management without suitable or timely recruit for replacements may result in an adverse effect on our Group's operations and financial conditions.

(iv) We are exposed to fluctuations in foreign exchange rates

We are exposed to fluctuations in foreign exchange rates as a certain part of our sales and purchases are transacted in foreign currencies. Our revenue denominated in foreign currencies accounted for 57.6%, 57.3%, 61.2% and 70.0% of our total revenue respectively, for the FYE 2020, FYE 2021, FYE 2022 and FPE 2023. Our purchases denominated in foreign currencies accounted for 91.5%, 94.0%, 94.4% and 95.6% of our total purchases respectively, for the FYE 2020, FYE 2021, FYE 2022 and FPE 2023. As such, any significant change in foreign exchange rates may affect our financial results. We coordinate our sales and purchases to be in the same currency as much as possible to minimise our foreign exchange exposure as a form of natural hedging. Notwithstanding that, there can be no assurance that the exchange rate fluctuations will not affect our Group's financial performance. Any adverse fluctuations in the foreign exchange rates may have an adverse impact on our Group's revenue and earnings.

(v) We are subject to operational risks and the risk of inadequate insurance compensation

Due to the nature of our business, we are susceptible to various operational risks such as accidents, outbreaks of fire or floods and natural disasters, which may cause disruption to our business operations and damage to our inventory, demonstration equipment, office and shipment. For the Financial Years Under Review up to the LPD, we have not encountered any major disruptions due to operational risks. However, there can be no assurance that any occurrence of major incident in the future would not adversely disrupt our business operations. Although the insurance we maintain are adequate coverage for our business and customary to our industry and level of operations, there can be no assurance that in the event of insurance claims, our insurance coverage would be sufficient to compensate in all circumstances the extent of losses, damages or liabilities incurred. Consequently, our business and financial performance may be materially and adversely affected.

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

3. PROSPECTUS SUMMARY (*Cont'd*)

3.6 IMPACT OF COVID-19 ON OUR GROUP

The outbreak of the COVID-19 pandemic since 2020 had led to minor interruptions to our business operations as our employees in our headquarters and branch offices were required to work from home for different periods and durations in adhering to the lockdown measures / movement restrictions imposed by the governments in the respective countries. Such lockdown measures / movement restrictions imposed led to minor delays in on-site installation, integration, commissioning as well as technical support and maintenance works as our employees were not allowed to travel to our customers' premises. Further, we also experienced minor delays in the receipt of equipment which we purchased from overseas countries due to the global supply chain disruptions.

As the lockdown measures / movement restrictions imposed by the governments in the respective countries in which we operate in have been uplifted, our business operations have since resumed to usual, we do not expect any further adverse impact to our business operations, cash flows, liquidity, financial position and financial performance moving forward.

3.7 DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD. Our Directors and Key Senior Management are as follows:

Name	Designation
Directors	
Ahmad Tajudin bin Omar	Independent Non-Executive Chairman
LSW	Non-Independent Executive Director / Group Managing Director
ACM	Non-Independent Executive Director
YKM	Non-Independent Executive Director
Teo Yeling	Independent Non-Executive Director
Ilham Fadilah binti Sunhaji	Independent Non-Executive Director
Moo Eng Thing	Independent Non-Executive Director
Key Senior Management	
LSW	Non-Independent Executive Director / Group Managing Director
ACM	Non-Independent Executive Director
YKM	Non-Independent Executive Director
KWY	Vice President of Sales
Tan Chun Hau	General Manager of Technical Support
Lyn Meng Keong	General Manager
Khor Seng Chee	Financial Controller

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

3. PROSPECTUS SUMMARY

3.8 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

Details of our Promoters and/or substantial shareholders, and their respective shareholdings in our Company before and after our IPO are as follows:

Name	Nationality / Country of incorporation	After the Acquisitions and before our IPO			Before our IPO / After the Share Transfer		
		Direct	Indirect	(1)%	Direct	Indirect	(1)%
		No. of Shares	No. of Shares		No. of Shares	No. of Shares	
<u>Promoters and substantial shareholders</u>							
LSW	Malaysian	248,219,420	-	33.78	86,352,600	(2)476,078,900	11.75
ACM	Malaysian	240,639,740	-	32.74	83,533,700	(2)476,078,900	11.37
YKM	Malaysian	240,639,740	-	32.74	83,533,700	(2)476,078,900	11.37
<u>Substantial shareholder</u>							
Climan	Malaysia	-	-	-	476,078,900	-	64.78
After our IPO							
		Direct	Indirect	(3)%	Direct	Indirect	(3)%
		No. of Shares	No. of Shares		No. of Shares	No. of Shares	
<u>Promoters and substantial shareholders</u>							
LSW	Malaysian	51,722,600	(2)476,078,900	5.98	(2)476,078,900	(2)476,078,900	55.00
ACM	Malaysian	48,903,700	(2)476,078,900	5.65	(2)476,078,900	(2)476,078,900	55.00
YKM	Malaysian	48,903,700	(2)476,078,900	5.65	(2)476,078,900	(2)476,078,900	55.00
<u>Substantial shareholder</u>							
Climan	Malaysia	476,078,900	-	55.00	-	-	-

Notes:

- (1) Based on our issued Shares of 734,892,700 Shares after the Acquisitions and before our IPO.
- (2) Deemed interested by virtue of Section 8(4) of the Act, through his shareholding in Climan.
- (3) Based on our enlarged issued Shares of 865,598,000 Shares after our IPO.

Further details of our Promoters and substantial shareholders are disclosed in Section 5.1 of this Prospectus.

3. PROSPECTUS SUMMARY (Cont'd)

3.9 UTILISATION OF PROCEEDS

The total gross proceeds raised from our Public Issue amounting to approximately RM[●] million based on the IPO Price are intended to be used in the following manner:

Details of utilisation	Gross proceeds		Estimated timeframe for utilisation upon Listing
	RM'000	(%)	
Setup of a new centralised headquarters	[●]	[●]	Within 36 months
Business expansion	[●]	[●]	Within 36 months
Purchase of additional demonstration equipment	[●]	[●]	Within 36 months
Expansion of technical support and maintenance team	[●]	[●]	Within 36 months
Estimated listing expenses	[●]	[●]	Within 3 months
Total	[●]	[●]	

There is no minimum subscription in terms of the proceeds to be raised by us from our IPO. Further details on the utilisation of proceeds are set out in Section 4.8 of this Prospectus.

Based on the IPO Price, the total proceeds raised from the Public Issue of RM[●] million will accrue entirely to our Company.

The financial impact of the use of proceeds from our Public Issue of RM[●] million is illustrated in the Pro forma Combined Statements of Financial Position as at 31 July 2023 set out in Section 13 of this Prospectus.

The gross proceeds from the Offer for Sale of approximately RM[●] million will accrue entirely to our Selling Shareholders.

3.10 FINANCIAL AND OPERATIONAL HIGHLIGHTS

The key financial highlights of our historical audited combined statements of comprehensive income for the Financial Years Under Review and FPE 2023 are set out below:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000
Revenue	124,425	148,410	170,202	102,876
Cost of sales	(87,871)	(105,024)	(124,501)	(74,603)
GP	36,554	43,386	45,701	28,273
PBT	16,721	22,354	23,258	12,737
PAT	13,502	17,372	17,983	10,043
GP margin (%) ⁽¹⁾	29.4	29.2	26.9	27.5
PBT margin (%) ⁽²⁾	13.4	15.1	13.7	12.4
PAT margin (%) ⁽²⁾	10.9	11.7	10.6	9.8
Gearing ratio (times) ⁽³⁾	*	*	*	*
Current ratio (times) ⁽⁴⁾	2.4	1.9	2.2	2.1

Notes:

* Represents less than 0.1.

(1) GP margin is calculated based on GP over revenue.

(2) PBT or PAT margin is calculated based on PBT or PAT over revenue.

(3) Computed based on total interest-bearing borrowings (excluding lease liabilities for right-of-use assets) over total equity for each financial year/period.

(4) Computed based on current assets over current liabilities as at the end of each financial year/period.

3. PROSPECTUS SUMMARY (Cont'd)

Operational highlights

The breakdown of our Group's revenue by business segment for the Financial Years Under Review and FPE 2023 is as follows:

Revenue by business segment	FYE 2020		FYE 2021		FYE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Provision of imaging, analytical and test solutions	91,752	73.74	115,920	78.11	142,239	83.57	86,778	84.35
• Solutions using advanced imaging equipment	36,226	29.11	41,349	27.86	53,025	31.15	32,697	31.78
• Solutions using optical and portable equipment	27,894	22.42	30,046	20.25	38,544	22.65	22,967	22.32
• Solutions using advanced analytical and testing equipment	13,111	10.54	19,886	13.40	29,945	17.59	17,663	17.18
• Solutions using sample management equipment	4,584	3.68	12,603	8.49	10,631	6.25	7,284	7.08
• Other solutions	9,937	7.99	12,036	8.11	10,094	5.93	6,167	5.99
Provision of after-sales services	32,673	26.26	32,490	21.89	27,963	16.43	16,098	15.65
Total	124,425	100.00	148,410	100.00	170,202	100.00	102,876	100.00

Please refer to Section 12 of this Prospectus for further details on our financial information.

3.11 DIVIDEND POLICY

It is our Group's intention to target a dividend payout ratio of not less than 30% of our annual PAT attributable to the shareholders of our Group. Our Board will consider, among others, the level of cash and level of indebtedness, required and expected interest expense, cash flows, profits, return on equity and retained earnings, as well as our projected levels of capital expenditure and other investment plans, when recommending dividends for approval by our shareholders or when declaring any interim dividends.

For the Financial Period Under Review and up to LPD, our Group declared and paid the following dividends to shareholders of the respective subsidiaries:

	FYE 2020	FYE 2021	FYE 2022	FPE 2023	1 August 2023 up to the LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Dividends declared / paid	1,500	19,315	21,583	1,324	14,113 ⁽¹⁾

Note:

(1) The following dividends were declared subsequent to 1 August 2023:

- On 21 August 2023, Crest Thailand declared a dividend of THB14.2602 per ordinary share equivalent to RM1.8816 per ordinary share amounting to THB855,611 equivalent to RM112,893, which was paid on 11 September 2023.
- On 7 December 2023, Crest Systems declared a special dividend of RM14.00 per ordinary share amounting to RM14,000,000, which was paid on 12 December 2023.
- As at LPD, there is no outstanding dividends declared but remained unpaid.

Further, our Group intends to declare a final dividend of up to RM6.0 million for FYE 2023, upon the finalisation of the audited financial statements for FYE 2023. The timing of the payment is expected to be prior to the Listing of the Company. The above dividends were funded by internally generated funds sourced from our operations. The dividends paid will not affect the execution and implementation of our future plans or business strategies.

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

4. DETAILS OF OUR LISTING

4.1 OPENING AND CLOSING OF APPLICATIONS

The Application for our IPO Shares will open at 10.00 a.m. on [●] and will remain open until 5.00 p.m. on [●]. **Late applications will not be accepted.**

4.2 INDICATIVE TIMETABLE

The following events are intended to take place on the following dates:

<u>Events</u>	<u>Tentative Dates</u>
Issuance of Prospectus / Opening of Application for our IPO Shares	[●]
Closing of Application for our IPO Shares	[●]
Balloting of Application for our IPO Shares	[●]
Allotment of our Issue Shares / transfer of Offer Shares to successful applicants	[●]
Listing on the ACE Market of Bursa Securities	[●]

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

4.3 DETAILS OF OUR IPO

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, our IPO Shares are expected to be allocated in the manner described below, and subject further to the underwriting and placement arrangement as set out in Section 4.3.4 of this Prospectus and clawback and also the reallocation provisions as set out in Section 4.3.5 of this Prospectus.

4.3.1 Public Issue

A total of 130,705,300 Issue Shares, representing approximately 15.10% of our enlarged Shares are offered at our IPO Price. Our Issue Shares will be allocated in the following manner:

(i) Malaysian Public via balloting

43,280,000 Issue Shares, representing approximately 5.00% of our enlarged Shares will be made available for application by the Malaysian Public through a balloting process as follows:

- (a) 21,640,000 Issue Shares made available to the Bumiputera Malaysian Public; and
- (b) 21,640,000 Issue Shares made available to the Malaysian Public.

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4. DETAILS OF OUR LISTING (Cont'd)**(ii) Eligible Persons**

12,984,000 Pink Form Shares, representing approximately 1.50% of our enlarged Shares will be made available for application by Eligible Persons in the following manner:

Eligible Persons	No. of Eligible Persons	Number of Pink Form Shares allocated
Eligible Directors ^(a)	4	1,000,000
Eligible employees of our Group ^(b)	[●]	11,984,000
Total	[●]	12,984,000

Notes:

- (a) The allocation to our eligible Directors are based on, among others, their respective roles and responsibilities and their contribution to our Company and they are collectively allocated 1,000,000 Pink Form Shares as follows:

Name	Designation	Number of Pink Form Shares allocated
Ahmad Tajudin bin Omar	Independent Non-Executive Chairman	250,000
Teo Yeling	Independent Non-Executive Director	250,000
Ilham Fadilah binti Sunhaji	Independent Non-Executive Director	250,000
Moo Eng Thing	Independent Non-Executive Director	250,000
Total		1,000,000

- (b) The allocation to the eligible employees of our Group who are confirmed full-time employees are based on, among others, their job grade, performance, length of service and their past contribution to our Group. Our Key Senior Management are collectively allocated a total of 2,720,000 Pink Form Shares as follows:

Name	Designation	Number of Pink Form Shares allocated
KWY	Vice President of Sales	1,120,000
Tan Chun Hau	General Manager of Technical Support	725,000
Lyn Meng Keong	General Manager	625,000
Khor Seng Chee	Financial Controller	250,000
Total		2,720,000

4. DETAILS OF OUR LISTING (Cont'd)

(iii) Private placement to identified Bumiputera investors approved by the MITI

74,441,300 Issue Shares, representing approximately 8.60% of our enlarged Shares will be made available by way of private placement to identified Bumiputera investors approved by the MITI.

Our Public Issue is expected to raise gross proceeds of RM[●] million and will accrue entirely to our Company. The Public Issue will increase our issued Shares from 734,892,700 Shares to 865,598,000 Shares.

Save for the allocation made available for Application as disclosed in Section 4.3.1(ii) of this Prospectus, to the extent known to our Company, none of our substantial shareholders, Directors or Key Senior Management have indicated to us that they intend to subscribe for the IPO Shares and there are no persons who have indicated to us that they intend to subscribe for more than 5.00% of the Issue Shares allocated under Section 4.3.1(i) of this Prospectus for the Malaysian Public.

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4. DETAILS OF OUR LISTING (Cont'd)

4.3.2 Offer for Sale

The Selling Shareholders are offering 103,890,000 Offer Shares, representing 12.00% of our enlarged Shares by way of private placement to identified Bumiputera investors approved by MITI and Selected Investors at our IPO Price. The Offer Shares to be offered by the Selling Shareholders and their shareholdings in our Company before and after our IPO are as follows:

Name / Address	Material relationship with our Group	After the Acquisitions but before the Share Transfer and our IPO		Offer Shares offered		After the Share Transfer and our IPO	
		No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%
LSW / 42-05, Pavilion Suites Kuala Lumpur No. 166, Jalan Bukit Bintang 55100 Kuala Lumpur Malaysia	Promoter, substantial shareholder, specified shareholder and Non-Independent Executive Director / Group Managing Director	248,219,420	33.78	34,630,000	4.71	(3)51,722,600	5.98
ACM / A-43A-01, Kondominium Pantai Estet No. 1, Jalan Pantai Prima Bangsar Selatan 59200 Bangsar Wilayah Persekutuan Kuala Lumpur Malaysia	Promoter, substantial shareholder, specified shareholder and Non-Independent Executive Director	240,639,740	32.74	34,630,000	4.71	(4)48,903,700	5.65
YKM / 9, Bayrocks Garden Waterfront Villas Jalan Persiaran Tasik Timur Sunway South Quay 47500 Subang Jaya Selangor, Malaysia	Promoter, substantial shareholder, specified shareholder and Non-Independent Executive Director	240,639,740	32.74	34,630,000	4.71	(4)48,903,700	5.65
Total		729,498,900	99.26	103,890,000	14.13	149,530,000	17.28

4. DETAILS OF OUR LISTING (Cont'd)

Notes:

- (1) Based on our issued Shares of 734,892,700 Shares after the Acquisitions and before our IPO.
- (2) Based on our enlarged issued Shares of 865,598,000 Shares after our IPO.
- (3) LSW will transfer 161,866,820 Shares to Climan under the Share Transfer.
- (4) ACM and YKM will transfer 157,106,040 Shares each to Climan under the Share Transfer.

Our Offer for Sale is expected to raise gross proceeds of RM[●] million and will accrue entirely to the Selling Shareholders. Our Selling Shareholders shall bear all expenses such as placement fee and miscellaneous fee relating to the Offer Shares. The Offer Shares are not underwritten by our Underwriter. Please refer to Section 5.1 and 5.2 of this Prospectus for further details of our Selling Shareholders.

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4. DETAILS OF OUR LISTING (Cont'd)

4.3.3 Share Transfer

Upon completion of our IPO, the Promoters, namely LSW, ACM and YKM will hold an aggregate of 625,608,900 Shares.

During the prescription period (one day after the launching date of the Prospectus up to a period of 30 days), the Promoters will transfer a total of 476,078,900 Shares to Climan (an investment holding company incorporated with the intention to hold their investment) at a consideration of RM[●].

Pursuant thereto, the Share Transfer will be completed upon the relevant Shares being credited into the CDS account of Climan prior to our Listing.

Further details of the Share Transfer are set out below:

Shareholders	No. of Shares					
	Before our IPO and Share Transfer	(1)%	To be transferred to Climan	(2)%	After the Share Transfer and our IPO	(2)%
LSW	248,219,420	33.78	(161,866,820)	18.70	⁽³⁾ 51,722,600	5.98
ACM	240,639,740	32.74	(157,106,040)	18.15	⁽³⁾ 48,903,700	5.65
YKM	240,639,740	32.74	(157,106,040)	18.15	⁽³⁾ 48,903,700	5.65
Climan	-	-	476,078,900	55.00	476,078,900	55.00
Total	729,498,900	99.26	-	-	625,608,900	72.28

Notes:

- (1) Based on our issued Shares of 734,892,700 Shares after the Acquisitions but before our IPO.
- (2) Based on our enlarged issued Shares of 865,598,000 Shares after our IPO.
- (3) LSW, ACM and YKM will offer 34,630,000 Offer Shares each under the Offer for Sale.

The purpose of the Share Transfer is to consolidate the shareholding interest of LSW, ACM and YKM in our Company under a single investment holding company, namely Climan.

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4. DETAILS OF OUR LISTING (Cont'd)

4.3.4 Summary of our IPO Shares to be allocated and underwritten

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

	Public Issue		Offer for Sale		Total	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(1)%
Malaysian Public via balloting	43,280,000	5.00	-	-	43,280,000	5.00
Eligible Persons	12,984,000	1.50	-	-	12,984,000	1.50
Private placement to Selected Investors	-	-	70,131,300	8.10	70,131,300	8.10
Private placement to identified Bumiputera investors approved by MITI	74,441,300	8.60	33,758,700	3.90	108,200,000	12.50
Total	130,705,300	15.10	103,890,000	12.00	234,595,300	27.10

Note:

(1) Based on our enlarged issued Shares of 865,598,000 Shares after our IPO.

The 43,280,000 Issue Shares made available for Application by the Malaysian Public and the 12,984,000 Pink Form Shares made available to the Eligible Persons under Sections 4.3.1(i) and 4.3.1(ii) of the Prospectus, respectively are fully underwritten by our Underwriter. Please refer to Section 4.10 of this Prospectus for the salient terms of the Underwriting Agreement.

All the 70,131,300 Offer Shares made available for private placement to the Selected Investors under Sections 4.3.2 of this Prospectus and the 108,200,000 IPO Shares made available for private placement to the Bumiputera investors approved by the MITI under Section 4.3.1(iii) and 4.3.2 of this Prospectus will not be underwritten. Irrevocable undertakings will be obtained from these Selected Investors to subscribe for the IPO Shares available under the private placement.

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4. DETAILS OF OUR LISTING (*Cont'd*)

4.3.5 Clawback and reallocation of Issue Shares

Our Shares shall be subjected to the following clawback and reallocation provisions:

- (i) Any unsubscribed Pink Form Shares (“**Excess Issue Shares**”) will be re-offered to the Eligible Persons (excluding eligible Directors) who have applied for excess on top of their pre-determined allocation and allocated on a fair and equitable basis and in the following priority:
 - (a) firstly, allocation on a pro-rata basis to the eligible employees of our Group who have applied for the Excess Issue Shares based on the number of Excess Issue Shares applied for; and
 - (b) secondly, to minimise odd lots.

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

Once completed, the steps involving items (a) to (b) above will not be repeated.

- (ii) Should there be any balance of Excess Issue Shares thereafter, such balance will be made available to the Malaysian Public and/or Selected Investors via private placement.
- (iii) Any unsubscribed Issue Shares by the Malaysian Public will be made available for Application by way of private placement to Selected Investors.
- (iv) Any unsubscribed Offer Shares by identified Bumiputera investors approved by the MITI (“**MITI Tranche**”) will firstly be offered to institutional investors. Subsequently, any MITI Tranche that is not taken up shall be made available for Application by the Bumiputera public investors as part of the balloting process. Thereafter, any MITI Tranche that is not taken up by Bumiputera public investors will be made available for application by the Malaysian Public as part of the balloting process and/or by the Eligible Persons and/or by way of private placement to Selected Investors. The MITI Tranche will not be underwritten by the Underwriter.
- (v) Any IPO Shares not taken up by the Selected Investors after being reallocated from the Malaysian Public and/or Eligible Persons shall be taken up by our Underwriter in accordance with the terms and conditions of the Underwriting Agreement.

The allocation of our IPO Shares shall be on a fair and equitable manner and shall take into account our Company’s decision on the appropriate number and mix of shareholders for our Company while meeting the public shareholding spread requirements of Bursa Securities and establishing a liquid market for our Shares.

There is no minimum subscription amount to be raised from the IPO. All the IPO Shares are either subscribed by the Malaysian Public, Eligible Persons and/or Selected Investors, pursuant to their irrevocable undertakings or fully underwritten by our Underwriter. The number of IPO Shares offered under the Public Issue will not be increased via any over-allotment or “greenshoe” option.

Salient terms of the Underwriting Agreement are set out in Section 4.10 of this Prospectus.

4. DETAILS OF OUR LISTING (Cont'd)

4.3.6 Minimum level of subscription

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

Pursuant to the Listing Requirements, at least 25.00% of our enlarged issued share capital must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the time of our admission to the Official List. Prior to our admission to the Official List, we will ensure that the public shareholding spread requirement is met through a combination of the balloting process and the private placement exercise to ensure that a minimum number of 200 public shareholders holding not less than 100 Shares is in place and at least 25.00% of our enlarged issued share capital are held by public shareholders.

In the event of an over-subscription, acceptance of Applications by the Malaysian Public shall be subject to ballot to be conducted in a manner approved by our Directors.

We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing on the ACE Market. In such an event, we will return in full, without interest, all monies paid in respect of all Application. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

4.3.7 Price stabilisation mechanism

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

4.4 SHARE CAPITAL, CLASSES OF SHARES AND RANKING

Upon completion of our Listing, our issued share capital will be as follows:

Details	No. of Shares	RM
Total number of Shares as at the date of this Prospectus	734,892,700	36,744,685
Shares to be issued pursuant to the Public Issue	130,705,300	⁽¹⁾ [•]
Enlarged issued share capital upon Listing	865,598,000	[•]
IPO Price per Share		[•]
Market capitalisation upon Listing based on the IPO Price and enlarged number of issued Shares upon the Listing		[•]
Pro forma NA per Share as at 31 July 2023 after the adjustment for the dividend declaration in the FYE 2023 ⁽²⁾ , Acquisitions, Public Issue and the intended use of proceeds		[•]

4. DETAILS OF OUR LISTING (Cont'd)

Notes:

- (1) Calculated based on the IPO Price and before deducting the estimated listing expenses of approximately RM[●] million which are directly attributable to the Public Issue.
- (2) The following dividends were declared subsequent to 31 December 2022:
 - (a) On 20 February 2023, Crest Innovation declared a final dividend of RM26.4942 per ordinary share (equivalent to SGD8.00 per ordinary share) amounting to RM1,324,711 (equivalent to SGD400,000), which was paid on 24 March 2023.
 - (b) On 21 August 2023, Crest Thailand declared a dividend of RM1.8816 per ordinary share (equivalent to THB14.2602 per ordinary share) amounting to RM112,893 (equivalent to THB855,611), which was paid on 11 September 2023.
 - (c) On 7 December 2023, Crest Systems declared a special dividend of RM14.00 per ordinary share amounting to RM14,000,000, which was paid on 12 December 2023.

As at the date of this Prospectus, we only have one class of shares, being ordinary shares, all of which rank equally with each other.

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

Our Offer Shares rank equally in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of transfer of the Offer Shares, subject to any applicable Rules of Bursa Depository.

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

At any general meeting of our Company, each shareholder who is entitled to vote, may vote (i) in person; (ii) by proxy; (iii) by attorney; or (iv) by duly authorised representative. A proxy may but need not be a shareholder of our Company and there shall be no restriction as to the qualification of the proxy.

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

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4. DETAILS OF OUR LISTING *(Cont'd)*

4.5 BASIS OF ARRIVING AT THE PRICE OF OUR IPO SHARES

Our Directors and Promoters, together with MIDF Investment, being our Principal Adviser, Sponsor, Underwriter and Placement Agent, had determined and agreed upon the IPO Price, after taking into consideration, amongst others, the following factors:

- (i) Our EPS of 2.43 sen (based on the existing number of issued Shares of 734,892,700 Shares) for the FYE 2022 based on our PAT of RM17.86 million and 2.06 sen (based on the enlarged number of issued Shares of 865,598,000 Shares upon Listing) which translates into PE Multiples of [●] times and [●] times respectively;
- (ii) our detailed financial performance and operating history as outlined in Sections 12 and 6.1 of this Prospectus respectively;
- (iii) our competitive strengths as set out in Section 7.6 of this Prospectus:
 - (a) our industry knowledge as well as technical expertise enable us to design suitable solutions for our customers;
 - (b) business presence in 4 countries and a diversified customer base spanning across multiple industries and countries;
 - (c) long-standing relationships with our wide network of equipment suppliers; and
 - (d) an experienced Key Senior Management team, led by our Executive Directors with educational foundation in science.
- (iv) our business strategies and future plans as set out in Section 7.20 of this Prospectus:
 - (a) Setting up a new headquarters in Selangor to consolidate our operations in the central region of Malaysia;
 - (b) Expansion of our business presence to Vietnam and to continue expansion of business presence in Malaysia, Thailand and PRC; and
 - (c) Purchase additional demonstration equipment in Malaysia, Thailand and PRC offices which will be used for demonstration;
 - (d) Expansion of our technical support and maintenance team;
- (vi) the overview and outlook of the industry in which our Group operates as described in the IMR Report set out in Section 8 of this Prospectus; and
- (vii) our prevailing market conditions including among others, market performance of key global indices, domestic and foreign exchanges, and investors' sentiments.

You should also note that the market price of our Shares upon and subsequent to our Listing is subject to market forces and other uncertainties, which may affect the trading price of our Shares. You are reminded to consider the risk factors which are set out in Section 9 of this Prospectus before deciding to invest in our Shares.

4. DETAILS OF OUR LISTING (Cont'd)

4.6 OBJECTIVES OF OUR IPO

The objectives of our IPO are as follows:

- (i) to enhance our corporate profile and stature to enable our Group to gain recognition through our listing status and further enhance our corporate profile, reputation and market credibility which is aimed at expanding our customer base; as well as assist us to attract and retain talents;
- (ii) to establish liquidity for our Shares by the listing of and quotation for our entire ordinary shares on the ACE Market of Bursa Securities;
- (iii) to enable our Group to access the equity capital market and to provide us the financial flexibility to pursue growth opportunities;
- (iv) to enable our Group to raise funds for the purposes as set out in Section 4.8 of this Prospectus; and
- (v) to provide an opportunity for the Malaysian Public and Eligible Persons to participate in our equity.

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4. DETAILS OF OUR LISTING (Cont'd)

4.7 DILUTION

4.7.1 NA per Share

Dilution is computed as the difference between our IPO Price paid by you for our IPO Shares and the pro forma NA per Share of our Group immediately after our IPO. The following table illustrates the effect of our Group's pro forma NA for each Share to our shareholders:

Details		RM
IPO Price	(A)	[•]
Pro forma combined NA per Share as at 31 July 2023 after the adjustment for the dividend declaration in FYE 2023 and Acquisitions but before the Public Issue (based on the issued share capital of 734,892,700 Shares)	(B)	0.06
Pro forma combined NA per Share after the adjustment for the dividend declaration for FYE 2023, Acquisitions, Public Issue and the intended utilisation of proceeds (based on the enlarged issued share capital of 865,598,000 Shares)	(C)	[•]
Increase in the pro forma combined NA per Share attributable to existing shareholders (after the Public Issue and the intended use of proceeds)	(C) – (B)	[•]
Dilution in the pro forma combined NA per Share to new investors	(A) – (C)	[•]
Dilution in the pro forma combined NA per Share to new investors as a percentage of the IPO Price	[(A) – (C)]/(A)	[•]%

4.7.2 Effective cost per Share

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

Name	No. of Shares held after the Share Transfer but before our IPO	Total consideration (RM'000)	Average cost per Share (RM)
<u>Promoters, substantial shareholders, Directors and Key Senior Management</u>			
LSW	86,352,600	4,318	0.05
ACM	83,533,700	4,177	0.05
YKM	83,533,700	4,177	0.05
<u>Key Senior Management</u>			
KWY	5,393,800	270	0.05
<u>Substantial shareholder</u>			
Climan	476,078,900	[•]	[•]

4. DETAILS OF OUR LISTING (Cont'd)

4.8 UTILISATION OF PROCEEDS

The total gross proceeds of approximately RM[●] million from the Public Issue are expected to be utilised by our Group in the following manner:

Details of utilisation	Gross proceeds		Estimated timeframe for utilisation upon Listing
	RM'000	(%)	
Setup of a new centralised headquarters	[●]	[●]	Within 36 months
Business expansion	[●]	[●]	Within 36 months
Purchase of additional demonstration equipment	[●]	[●]	Within 36 months
Expansion of technical support and maintenance team	[●]	[●]	Within 36 months
Estimated listing expenses	[●]	[●]	Within 3 months
Total	[●]	[●]	

Further details of the utilisation are set out below.

4.8.1 Setup of new centralised headquarters

Our offices in Selangor are currently situated at 3 rented premises i.e. two in Puchong, Selangor and one in Subang Jaya, Selangor. We intend to centralise all our offices in Selangor in a new headquarters (“**New HQ**”) located in Selangor. We intend to allocate RM[●] million or [●]% of our IPO proceeds to partially fund the acquisition of a property to establish the New HQ in Selangor and we expect the plan to be implemented within 36 months from the date of Listing. The setting up of our New HQ is to streamline and centralise our operations in the central region of Malaysia.

In addition, having a centralised location will also allow our management team to better manage our operations and resources. We also plan to allocate approximately 186 sq. m. of our New HQ as our demonstration room for effectively marketing and better serve our clients. The demonstration room will house our existing and new equipment for demonstration purposes and will also function as a training room for us to conduct internal trainings with our employees.

As at the LPD, we are in the midst of identifying a suitable premise for our New HQ within the Klang Valley. Hence, details on the exact location, price and size of the property are not available at this juncture.

In identifying the suitable property, we will be guided by the following criteria:

- (a) Location - Selangor
- (b) Type of building – commercial / light industrial
- (c) Size - a built-up area of approximately 1,858 sq. m.

In the event of any shortfall in the allocated proceeds for the purchase of the property, we will fund the shortfall via our internally generated funds and/or bank borrowings.

Pending the receipt of our IPO proceeds, we may proceed with our plans as set out above by utilising our internally generated funds and/or bank borrowings. Therefore, when the IPO proceeds from the Public Issue that we have allocated for the purchase of our New HQ are received, we will use the proceeds allocated to replenish our internally generated funds and/or repay our bank borrowings.

Please refer to Section 7.20.1 of this Prospectus for further details on the New Proposed HQ.

4. DETAILS OF OUR LISTING (Cont'd)

4.8.2 Business expansion

As part of our continuous efforts to grow our business, we intend to utilise approximately RM[●] million representing [●]% of the IPO proceeds to expand our business and presence in these countries within 36 months from the date of our Listing.

We plan to set up an office in Ho Chi Minh City, Vietnam to establish our Group's presence in Vietnam, and one branch office each in Chengdu and Shenzhen for our expansion within the PRC. Additionally, we also plan to form an additional team for our existing branch office in Bangkok, Thailand to secure new customers involved in the life science and healthcare industries (industries which we do not serve in Thailand as at the LPD) and offer our services to these customers.

The details of the utilisation of proceeds are as follows:

New office	Total estimated cost (RM'000)				
	Office rental ⁽¹⁾	Renovation and purchase of office equipment	Staff costs	Other miscellaneous costs ⁽⁵⁾	Total
Ho Chi Minh City, Vietnam	[●]	[●]	[●]	[●]	[●]
Chengdu, PRC	[●]	[●]	[●]	[●]	[●]
Shenzhen, PRC	[●]	[●]	[●]	[●]	[●]
Bangkok, Thailand	-	-	[●]	-	[●]
Total	[●]	[●]	[●]	[●]	[●]

Notes:

- (1) Estimated 3-year rental for office spaces with approximate built-up areas of 139 sq. m. each in the respective locations. Subsequent to the initial 3-year rental expense, the rental expense shall be funded through internally generated funds.
- (2) 3 years staff cost for 4 new personnel to be hired for the new office in Ho Chi Minh City and 1 employee to be transferred from Malaysia to establish and manage the business operations in Ho Chi Minh City.
- (3) 3 years staff cost for 6 new personnel to be hired for each of the new offices in Chengdu and Shenzhen .
- (4) 3 years staff cost for 7 new personnel to be hired to form an additional team to be stationed at our existing branch office in Bangkok.
- (5) Include office set-up cost and purchase of spare parts, consumables and tooling.

With our intended expansion into Vietnam and within the PRC and Thailand, we will be well-positioned to expand our geographical footprint and strengthen our market position. Please refer to Section 7.20.3 of this Prospectus for further details on our business expansion.

As at the LPD, we are in the midst of identifying suitable office spaces for the new offices in Ho Chi Minh City, Chengdu and Shenzhen.

We intend to commence hiring new personnel for our new offices and our existing branch office in Bangkok gradually. Pending the receipt of proceeds raised from our Public Issue, we may proceed with our plans as set out above by utilising internally generated fund. Therefore, when the IPO proceeds that we have allocated for the abovementioned plan are received, we will use the proceeds allocated to replenish our internally generated funds.

4. DETAILS OF OUR LISTING (Cont'd)

In the event of a deficit in the allocated amount for our business expansion, our Group has sufficient internally generated funds to fund such variances. As such, our Group does not foresee any impact on our business expansion plans.

4.8.3 Purchase of additional demonstration equipment

We intend to allocate RM[●] million or [●]% of the IPO proceeds to purchase additional demonstration equipment consisting of 3 advanced imaging equipment and 3 sample management equipment for our demonstration rooms in our offices in Malaysia, the PRC and Thailand as follows:

<u>Equipment</u>	<u>Estimated cost (RM'000)</u>
Advanced imaging equipment ⁽¹⁾	[●]
Sample management equipment ⁽²⁾	[●]
Total	[●]

Notes:

- (1) Consists of 3 units of X-Ray imaging equipment.
- (2) Consists of 1 unit of automated stainer, 1 unit of automated cover slipper and 1 unit of histological processing system.

As part of our sales and marketing activities detailed in Section 7.11(iii) of this Prospectus, we conduct equipment demonstration to provide our customers with better insights and understanding on the features and capabilities of our solutions.

We intend to purchase the latest models and/or equipment that we may not already own for demonstration purposes. Our demonstration equipment are usually replaced as and when it becomes outdated or obsolete, or sold to our customers if requested.

We expect the above plan to be implemented within 36 months from the date of Listing.

Pending the receipt of proceeds raised from our Public Issue, we may proceed with our plans as set out above by utilising internally generated fund. Therefore, when the IPO proceeds that we have allocated for the abovementioned plan are received, we will use the proceeds allocated to replenish our internally generated funds.

In the event of a deficit in the allocated amount for the above, our Group has sufficient internally generated funds to fund such variances. As such, our Group does not foresee any impact on our plans.

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4. DETAILS OF OUR LISTING (Cont'd)

4.8.4 Expansion of technical support and maintenance team

We intend to allocate RM[●] million or [●]% of the IPO proceeds for the expansion of our after-sales services business segment, in particular the technical support and maintenance services we provide to our customers, by hiring additional headcount to handle our technical support and maintenance services.

By expanding our technical support and maintenance services, we will be able to generate additional recurring income, hence improve our financial performance.

For the above purpose, we intend to hire 2 new service managers, whereby 1 personnel each will be based in Selangor and Penang. We also plan to hire 8 new service personnel, whereby 5 personnel will be based in Selangor, and the remaining 3 personnel will be based in the PRC, Thailand and Singapore respectively. Details of the allocation are as follows:

Position	← No. of personnel →					⁽³⁾ Staff cost (RM'000)
	Malaysia	PRC	Thailand	Singapore	Total	
Service manager (Managing technical support and maintenance operations)	⁽¹⁾ 2	-	-	-	2	[●]
Service personnel (Performing installation and commissioning works and technical support and maintenance works)	⁽²⁾ 5	1	1	1	8	[●]
Total	7	1	1	1	10	[●]

Notes:

- (1) 1 personnel each to be based in Selangor and Penang.
- (2) All personnel to be based in Selangor.
- (3) Estimated staff cost for 3 years. Subsequent to the initial 3-year staff costs, the staff costs shall be funded through internally generated funds.

We expect the above plan to be implemented within 36 months from the date of Listing.

Pending the receipt of proceeds raised from our IPO, we may proceed with our plans as set out above by utilising our internally generated funds. Therefore, when the proceeds from our Public Issue that we have allocated for the abovementioned plan are received, we will use the proceeds allocated to replenish our internally generated funds.

In the event of a deficit in the allocated amount for our expansion of technical support and maintenance team, our Group has sufficient internally generated funds to fund such variances. As such, our Group does not foresee any impact on our plan to expand our technical support and maintenance team.

4. DETAILS OF OUR LISTING (Cont'd)

4.8.5 Estimated listing expenses

Our listing expenses are estimated to be approximately RM[●] million or [●]% of our IPO proceeds, details of which are as follows:

Expenses	Estimated cost RM'000
Professional fees	[●]
Brokerage, underwriting and placement fees	[●]
Fees payable to authorities	[●]
Fees and expenses for printing, advertising and roadshow	[●]
Miscellaneous expenses and contingencies	[●]
Total	[●]

Pending the receipt of the IPO proceeds, we may utilise our internally generated funds for the listing expenses. When the IPO proceeds which have been allocated for the listing expenses are received, we will use the proceeds allocated to replenish our internally generated funds.

We expect to utilise the proceeds allocated for listing expenses within 3 months from our Listing.

Pending the eventual use of the IPO proceeds, the proceeds will be placed in interest-bearing short-term deposits or money market instruments with licensed financial institutions.

Our Company will not receive any proceeds from the Offer for Sale. Based on the IPO Price, the gross proceeds from the Offer for Sale of approximately RM[●] million will accrue entirely to the Selling Shareholders. The Selling Shareholders shall bear the entire incidental expenses and fees in relation to the Offer for Sale, amounting to approximately RM[●] million.

The financial impact of the use of proceeds from our Public Issue is illustrated in the Pro Forma Combined Statements of Financial Position as at 31 July 2023 set out in Section 13 of this Prospectus.

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4. DETAILS OF OUR LISTING *(Cont'd)*

4.9 UNDERWRITING COMMISSION, BROKERAGE AND PLACEMENT FEES

4.9.1 Underwriting commission

On [●], we have entered into the Underwriting Agreement with MIDF Investment, being our Underwriter to underwrite 56,264,000 Issue Shares which are available for application by the Malaysian Public and our Eligible Persons.

We will pay our Underwriter an underwriting commission at the rate of 2.50% of the total value of the Shares underwritten at the IPO Price.

4.9.2 Brokerage fee

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

4.9.3 Placement fee

Our Placement Agent has agreed to place out a total of 70,131,300 Offer Shares available by way of private placement to Selected Investors as set out in Section 4.3.2 of this Prospectus at a placement fee at the rate of 2.50% of the total value of the Offer Shares placed out by the Placement Agent at the IPO Price. The placement fee to be incurred on the sale of the Offer Shares will be fully borne by our Selling Shareholders.

4.10 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

Our Company had on [●], entered into an underwriting agreement with the Underwriter ("**Underwriting Agreement**") whereby the Underwriter agreed to underwrite the underwritten shares upon the terms and subject to the conditions therein contained. The capitalised terms used in this section shall have the respective meanings as ascribed thereto in the Underwriting Agreement.

The salient terms of the Underwriting Agreement are as set out below:

[The salient terms will be inserted once the Underwriting Agreement has been entered into and is available.]

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

5.1 OUR PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Shareholdings of our Promoters and substantial shareholders

The details of the shareholdings of our Promoters and substantial shareholders in our Company before and after our IPO are as follows:

Name	Nationality / Country of incorporation	After the Acquisitions and before our IPO			Before our IPO / After the Share Transfer				
		Direct No. of Shares	(1)%	Indirect No. of Shares	(1)%	Direct No. of Shares	Indirect No. of Shares	(1)%	
<u>Promoters and substantial shareholders</u>									
LSW	Malaysian	248,219,420	33.78	-	-	86,352,600	(2)476,078,900	11.75	64.78
ACM	Malaysian	240,639,740	32.74	-	-	83,533,700	(2)476,078,900	11.37	64.78
YKM	Malaysian	240,639,740	32.74	-	-	83,533,700	(2)476,078,900	11.37	64.78
<u>Substantial shareholder</u>									
Climan	Malaysia	-	-	-	-	476,078,900	-	64.78	-

Name	Nationality / Country of incorporation	After our IPO			
		Direct No. of Shares	(3)%	Indirect No. of Shares	(3)%
<u>Promoters and substantial shareholders</u>					
LSW	Malaysian	51,722,600	5.98	(2)476,078,900	55.00
ACM	Malaysian	48,903,700	5.65	(2)476,078,900	55.00
YKM	Malaysian	48,903,700	5.65	(2)476,078,900	55.00
<u>Substantial shareholder</u>					
Climan	Malaysia	476,078,900	55.00	-	-

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

Notes:

- (1) Based on our issued Shares of 734,892,700 Shares after the Acquisitions and before our IPO.
- (2) Deemed interested by virtue of Section 8(4) of the Act, through his shareholding in Ciliman.
- (3) Based on our enlarged issued Shares of 865,598,000 Shares after our IPO.

As at the LPD, our Promoters and substantial shareholders do not have different voting rights from other shareholders of our Company.

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

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

5.1.2 Profiles of our Promoters and substantial shareholders

The profiles of our Promoters and substantial shareholders are as follows:

(i) **LSW**

Promoter, substantial shareholder, Non-Independent Executive Director and Group Managing Director

LSW, a Malaysian aged 53, is our Promoter, substantial shareholder, Non-Independent Executive Director and Group Managing Director. He was appointed to our Board on 9 August 2023 and brings with him approximately 28 years of experience in the imaging, analytical and test related equipment business. As our Group Managing Director, he is responsible for the overall performance, general management and business strategies of our Group.

He obtained a Diploma in Science in microelectronics from Tunku Abdul Rahman College, Malaysia and a Bachelor of Science degree majoring in microelectronics-physics from Campbell University, USA in July 1994.

In June 1994, he began his career as a Sales Engineer with TM Sales & Services Sdn Bhd (currently known as Trane (Malaysia) Sdn Bhd) ("**Trane**") where he was involved in the promotion of heating, ventilation and air conditioning products. He left Trane in March 1995 and joined QES (Malaysia) Sdn Bhd (currently known as QES (Asia Pacific) Sdn Bhd) ("**QES**") as a Sales Engineer.

During his tenure at QES, he was responsible for leading and managing the manual and automated measuring system product range in the regions of Malaysia, Singapore, Thailand and Philippines. Subsequently, he was promoted to Assistant Sales Manager in January 1997. In March 1999, he was transferred to QES (Singapore) Pte Ltd ("**QES Singapore**") as Deputy Manager to lead the sales division in QES Singapore. He left QES Singapore in May 2000.

LSW joined Crest Systems in May 2000 as Manager. He later acquired shareholdings in Crest Systems in September 2002 and was also appointed as director. Throughout his years with our Group, he oversaw and managed our Group's overall business operations. He is also the legal representative of Crest Suzhou since 11 April 2013, a position he holds to-date.

Please refer to Section 5.2.3 of this Prospectus for details of LSW's principal business activities performed outside our Group (including directorships) as at the LPD.

(ii) **ACM**

Promoter, substantial shareholder and Non-Independent Executive Director

ACM, a Malaysian aged 53, is our Promoter, substantial shareholder and Non-Independent Executive Director. He was appointed to our Board on 9 August 2023 and brings with him approximately 28 years of experience in the imaging, analytical and test related equipment business. As our Non-Independent Executive Director, he is responsible for, among others, leading the sales division of our Group.

He obtained a Diploma in Science from Tunku Abdul Rahman College, Malaysia and a Bachelor of Science degree majoring in microelectronics-physics from Campbell University, USA in July 1994.

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

In March 1995, he joined QES as a Sales Engineer. In September 1995, he was transferred to Quality Enhancement & System (S) Pte Ltd (currently known as QES Singapore) to kick start the sales division of QES Singapore. In January 1998, he was promoted to the position of Assistant Sales Manager where he was tasked to lead and manage the sales division in QES Singapore.

In July 1998, he was transferred back to QES as Assistant Product Manager to lead and manage the sales and marketing division for inspection microscopy including product range for wafer loaders in the regions of Malaysia, Singapore, Thailand and Philippines. He was thereafter promoted to Deputy Manager for the product management division in January 1999. In March 1999, he was transferred to QES (Penang) Sdn Bhd ("**QES Penang**") to lead and manage the sales division of QES Penang. He left QES Penang in July 1999.

In August 1999, he joined Crest Systems as Business Manager. In the same month, he acquired shareholdings in Crest Systems and was appointed as director. Throughout his years with our Group, he oversaw and managed our Group's overall sales.

Please refer to Section 5.2.3 of this Prospectus for details of ACM's principal business activities performed outside our Group (including directorships) as at the LPD.

(iii) **YKM**

Promoter, substantial shareholder and Non-Independent Executive Director

YKM, a Malaysian aged 55, is our Promoter, substantial shareholder, and Non-Independent Executive Director. He was appointed to our Board on 9 August 2023 and brings with him approximately 30 years of experience in the imaging, analytical and test related equipment business. As our Non-Independent Executive Director, he is responsible for among others, leading the service and technical support division of our Group.

He obtained a Bachelor of Science degree majoring in computer science-physics from Campbell University, USA in July 1993.

He began his career when he joined QES in June 1993 as a Service Engineer in the technical and service division, whereby he was tasked to perform product installation, troubleshooting and preventive maintenance for X-ray systems as well as manage customer relations. During his tenure with QES, he held the position of Sales Engineer in 1995, Senior Sales Engineer in 1996 and assumed the role of Assistant Sales Manager in 1997. During those years, he became involved in the management and development of the sales division including implementation of marketing strategies to achieve market penetration for new X-ray and system products.

In January 1998, he was promoted to the role of Deputy Manager for the sales and marketing division. In January 1999, he was promoted to the role of Manager in the product management division where he was responsible for the expansion of the business operations of QES to the Southeast Asia region markets including Singapore, Thailand and Philippines through the engagement of new distributorships for QES's products. He resigned from QES in June 2000.

YKM joined Crest Systems in July 2000 as Business Manager. He later acquired shareholdings in Crest Systems in September 2002 and was also appointed as director. Throughout his years with our Group, he oversaw and managed our Group's overall service division.

Please refer to Section 5.2.3 of this Prospectus for details of YKM's principal business activities performed outside our Group (including directorships) as at the LPD.

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

(iv) Climan
Substantial shareholder

Climan was incorporated on 9 November 2023 in Malaysia under the Act as a private limited company under its present name. The principal activity of Climan is investment holding company.

As at the LPD, the issued share capital of Climan is RM1,000 comprising 1,000 ordinary shares.

The directors of Climan as at the LPD are LSW, ACM and YKM. The particulars of Climan's shareholders and their respective shareholdings as at the LPD are as follows:

Shareholders	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
LSW	Malaysian	340	34.00	-	-
ACM	Malaysian	330	33.00	-	-
YKM	Malaysian	330	33.00	-	-

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

5.1.3 Significant changes in the shareholdings of our Promoters and substantial shareholders in our Company since incorporation

The changes in our Promoters' and substantial shareholders' shareholdings in our Company since incorporation are as follows:

Name	As at 9 August 2023 (Date of incorporation)				After the Acquisitions			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
<u>Promoters and substantial shareholders</u>								
LSW	340	34.00	-	-	248,219,420	33.78	-	-
ACM	330	33.00	-	-	240,639,740	32.74	-	-
YKM	330	33.00	-	-	240,639,740	32.74	-	-
<u>Substantial shareholder</u>								
Climan	-	-	-	-	-	-	-	-
Name	After the Share Transfer				After our IPO			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(2)%	No. of Shares	(2)%	No. of Shares	(4)%	No. of Shares	(4)%
<u>Promoters and substantial shareholders</u>								
LSW	86,352,600	11.75	(3)476,078,900	64.78	51,722,600	5.98	(3)476,078,900	55.00
ACM	83,533,700	11.37	(3)476,078,900	64.78	48,903,700	5.65	(3)476,078,900	55.00
YKM	83,533,700	11.37	(3)476,078,900	64.78	48,903,700	5.65	(3)476,078,900	55.00
<u>Substantial shareholder</u>								
Climan	476,078,900	64.78	-	-	476,078,900	55.00	-	-

Notes:

- (1) Based on our issued Shares of 1,000 Shares at incorporation.
- (2) Based on our issued Shares of 734,892,700 Shares after the Acquisitions and before our IPO.
- (3) Deemed interested by virtue of Section 8(4) of the Act, through his shareholding in Climan.
- (4) Based on our enlarged issued Shares of 865,598,000 Shares after our IPO.

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

5.1.4 Amounts or benefits paid or intended to be paid or given to our Promoters and substantial shareholders

Save for the dividends declared and/or paid to our Promoters and substantial shareholders as disclosed below and the aggregate remuneration and benefits in-kind paid or to be paid to our Promoters and substantial shareholders as disclosed in Section 5.2.4 of this Prospectus, there are no other amounts or benefits paid or intended to be paid or given to our Promoters and substantial shareholders within the 3 years preceding the date of this Prospectus and up to the LPD:

Promoters and substantial shareholders	Dividends declared and/or paid in respect of				
	FYE 2020	FYE 2021	FYE 2022	FPE 2023	1 August 2023 up to the LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
LSW	-	5,770	6,892	362	(1)4,779
ACM	713	6,217	7,218	349	(1)4,638
YKM	713	6,217	7,218	349	(1)4,638

Note:

- (1) The following dividends were declared subsequent to 1 August 2023:
- (a) On 21 August 2023, Crest Thailand declared a dividend of THB14.2602 per ordinary share equivalent to RM1.8816 per ordinary share amounting to THB855,611 equivalent to RM112,893, which was paid on 11 September 2023.
 - (b) On 7 December 2023, Crest Systems declared a special dividend of RM14.00 per ordinary share amounting to RM14,000,000, which was paid on 12 December 2023.
 - (c) As at LPD, there is no outstanding dividends declared but remained unpaid.

Further, our Group intends to declare a final dividend of up to RM6.0 million for FYE 2023, upon the finalisation of the audited financial statements for FYE 2023. The timing of the payment is expected to be prior to the Listing of the Company.

The above dividends were funded by internally generated funds sourced from our operations. The dividends paid will not affect the execution and implementation of our future plans or business strategies.

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

5.2 BOARD OF DIRECTORS

5.2.1 Shareholdings of our Directors in our Company

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

Name	Nationality	After the Acquisitions, Share Transfer and before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(3)%	No. of Shares	(3)%
Ahmad Tajudin bin Omar	Malaysian	-	-	-	-	(4)250,000	0.03	-	-
LSW	Malaysian	86,352,600	11.75	(2)476,078,900	64.78	51,722,600	5.98	(2)476,078,900	55.00
ACM	Malaysian	83,533,700	11.37	(2)476,078,900	64.78	48,903,700	5.65	(2)476,078,900	55.00
YKM	Malaysian	83,533,700	11.37	(2)476,078,900	64.78	48,903,700	5.65	(2)476,078,900	55.00
Teo Yeling	Malaysian	-	-	-	-	(4)250,000	0.03	-	-
Ilham Fadilah binti Sunhaji	Malaysian	-	-	-	-	(4)250,000	0.03	-	-
Moo Eng Thing	Malaysian	-	-	-	-	(4)250,000	0.03	-	-

Notes:

- (1) Based on our issued Shares of 734,892,700 Shares after the Acquisition and before our IPO.
- (2) Deemed interested by virtue of Section 8(4) of the Act through his shareholding in Climan.
- (3) Based on our enlarged issued Shares of 865,598,000 Shares after our IPO.
- (4) Based on the assumption that the Directors subscribe in full for their entitlements to the Pink Form Shares.

Save for LSW, ACM and YKM who are shareholders of Climan, none of our Directors represent any corporate shareholder on our Board. Further, there are no family relationships between our Directors.

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

5.2.2 Profiles of our Directors

Save for the profiles of LSW, ACM and YKM which are set out in Section 5.1.2 of this Prospectus, the profiles of our other Directors are set out as follows:

(i) **Ahmad Tajudin bin Omar**
Independent Non-Executive Chairman

Ahmad Tajudin Bin Omar, a Malaysian male aged 65 is the Independent Non-Executive Chairman of our Group. He was appointed to our Board on 7 December 2023.

He graduated with a Degree of Bachelor of Economics with Honours in 1984 from University of Malaya, Malaysia and thereafter served in various divisions in the Malaysian Investment Development Authority (“MIDA”) for over 35 years. During his tenure, he served in various divisions and in local and foreign offices of MIDA, where he was responsible for identifying, promoting and attracting investments, assisting companies to implement projects as well as evaluating applications for manufacturing licenses, tax incentives and tax exemptions in Malaysia, amongst others.

He began his career with MIDA as an Economist in October 1984. In July 1990, he was transferred to the MIDA branch office in the state of Perlis as Director for a period of 5 years. In August 1995, he returned to the MIDA headquarters in Kuala Lumpur and stationed in the chemical industries division.

In November 1996, he joined the investment promotion division of MIDA. Thereafter, he took on international assignments and was primarily involved in the promotion of Malaysia as the premier investment destination to foreign investors. His experience with foreign investors spanned almost 12 years. He commenced his international secondment in December 2000 where he moved to the MIDA Branch office in Los Angeles, USA as the Deputy Director and later to the MIDA branch office in Seoul, Korea in January 2003, as the Director.

In January 2008, he returned to the MIDA headquarters in Kuala Lumpur and oversaw the investment from European countries to Malaysia. In May 2010, he was seconded again, this time to the MIDA branch office in Munich, Germany. He returned to the MIDA headquarters in Kuala Lumpur in July 2014 and took on the role as the Director of the life sciences and medical technology division. In August 2016, he was transferred to the domestic investment promotion division of MIDA, during which, he was involved in various investment promotion activities including seminars and forums as well as supporting and collaborating with other agencies in organising training programmes for officials of investment promotion agencies from developing countries in Africa and Asia. In December 2018, he was seconded to the MIDA branch office in Singapore and returned to Malaysia in November 2019 for his mandatory retirement.

He does not hold any directorship in any other public listed companies and/or private companies and does not have any other principal business activities performed outside our Group (including directorships) as at the LPD.

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

(ii) Teo Yeling
Independent Non-Executive Director

Teo Yeling, a Malaysian female age 41, is our Independent Non-Executive Director and was appointed to our Board as the Independent Non-Executive Director of our Group on 7 December 2023.

She graduated with a Bachelor of Business (Accountancy) from the Royal Melbourne Institute of Technology, Australia in December 2004. She was then admitted to full membership of CPA Australia as a Certified Practising Accountant in July 2009 and has been a member of the Malaysian Institute of Accountants (MIA) since March 2010. She currently holds a practicing certificate issued by MIA since July 2014. She has accumulated over 18 years of combined working experiences in the accounting and finance field.

In 2005, she began her career as an Audit Assistant with KPMG Malaysia and was then promoted to Senior Audit Associate in 2008. In July 2008, she undertook a short-term assignment with the Transaction Services Division under KPMG Financial Advisory Services of KPMG, where she was involved in pre-deal evaluations and specific audits for merger and acquisition exercises. In November 2008, she was seconded to Siddharta Siddharta and Widjaja which is a member firm of KPMG International for a period of four months, where she assisted in the Assurance Division, and was involved in various audit assignments for clients involved in the energy, natural resources and automotive industries.

She later returned to the Assurance Division of KPMG Malaysia and was promoted to Assistant Audit Manager. In January 2010, she was promoted to Audit Manager, where she was responsible for coordinating, overseeing and completing specific audit assignments. Her assignments during her tenure with KPMG Malaysia covered a wide range of industries including manufacturing, construction and property development, energy and natural resources, trading, services as well as investment holding. She had also been involved in multinational companies, public listed companies listed on the Main Market of Bursa Securities, audit assignments adopting the Generally Accepted Accounting Principles (U.S. GAAP) and verification of investment tax allowance.

She left KPMG Malaysia to join OK Yau & HowYong PLT as an Audit Manager in May 2010. During her stint with OK Yau & HowYong PLT, she was responsible for managing a portfolio of clientele, supervising audit and tax teams as well as overseeing audit assignments.

In March 2018, she joined i-Stone Solutions Sdn Bhd (currently known as AIMFLEX Solutions Sdn Bhd), a subsidiary of i-Stone Group Berhad (currently known as AIMFLEX Berhad) (“i-Stone”) as Finance Manager and took on the role of Head of Finance where she assisted i-Stone with its listing on the ACE Market of Bursa in July 2019. She was primarily responsible for the i-Stone group of companies’ overall financial and accounting functions including treasury, financial review, credit risk, cash flow management and financial planning. She left i-Stone group of companies in May 2021 and joined Vincent Teo & Associates PLT as a partner and compliance officer in December 2021.

Subsequently, she founded her own firm, Y Teo & Co in March 2022 which provides accounting and business advisory services.

She does not hold any directorship in any other public listed companies and/or private companies.

Please refer to Section 5.2.3 of this Prospectus for details of her principal business activities performed outside our Group (including directorships) as at the LPD.

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

(iii) Ilham Fadilah binti Sunhaji
Independent Non-Executive Director

Ilham Fadilah binti Sunhaji, a Malaysian female, aged 42, is our Independent Non-Executive Director. She was appointed to our Board as the Independent Non-Executive Director of our Group on 7 December 2023.

She completed her Bachelor of Arts majoring in International Studies (Global Security) and Political Science from the University of Wisconsin-Madison, United States of America in 2005 and later obtained her Masters of Business Administration in Strategic Management from the International Islamic University Malaysia in 2014. Currently, she is pursuing her Doctorate of Business Administration (DBA) at SEGI University, Malaysia.

She joined Accenture Malaysia in May 2006 as an Analyst, where she was promoted to Consultant in 2008 and subsequently to Manager in 2010. During her tenure with Accenture Malaysia, her day-to-day responsibilities consist of provision of proposals and solutions to clients and specialising in strategic planning, development and execution of organisation transformation plans, designing of high-level business operating models and contributing to the development of deployment strategies and an on-line knowledge repository system. She left Accenture in 2012.

In June 2012, she joined the Performance Management and Delivery Unit (“PEMANDU”), a unit set up in 2009 under the Prime Minister’s Department as Manager, National Key Economic Areas (NKEA) where she was attached to the Strategic Reform Initiative (SRI) Human Capital Development unit. Her responsibilities in PEMANDU were mainly centred on providing programme management support to the Government’s Economic Transformation Programme and her roles included conducting analysis to identify issues related to the NKEA/SRI and coordinating its implementation, formulate solutions and recommendations, provide project management and monitor implementation progress as well as design implementation plans for relevant agencies for execution.

She left PEMANDU and joined Pemandu Associates Sdn Bhd, a private consultancy firm established by the preceding PEMANDU management, as Senior Vice President in March 2017.

She left Pemandu Associates Sdn Bhd and joined Malaysia Petroleum Resources Corporation in February 2021 as the Head of Corporate Strategy and Research, a position which she currently holds.

In addition, she is a member of the Board of Trustees for the Women Leadership Foundation (“WLF”) since February 2021. The WLF focuses on promoting women leadership and gender diversity in business as well as increase women participation in Malaysia’s private and public sectors.

Presently, she is an Independent Non-Executive Director of Ocean Vantage Holdings Berhad and Econframe Berhad, which are listed on the ACE Market of Bursa Securities.

Please refer to Section 5.2.3 of this Prospectus for details of her principal business activities performed outside our Group (including directorships) as at the LPD.

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

(iv) Moo Eng Thing
Independent Non-Executive Director

Moo Eng Thing, a Malaysian female aged 40 is our Independent Non-Executive Director. She was appointed to our Board as the Independent Non-Executive Director of our Group on 7 December 2023.

She graduated with a Bachelor of Laws with Honours from University of London, United Kingdom in August 2006. She later obtained the Certificate in Legal Practice from the Legal Profession Qualifying Board Malaysia and commenced her pupillage with Azmi & Associates in December 2007.

She was admitted as an Advocate and Solicitor of the High Court of Malaya in October 2008 and as at the LPD, has over 13 years of experience in the Malaysian legal profession. She commenced her legal practice in Azmi & Associates in the Capital and Debt Market practice group as an associate.

In March 2012, she ceased to be a practicing lawyer and joined RHB Trustees Berhad as Assistant Vice President where she was primarily involved in Real Estate Investment Trusts (REIT) matters. Her responsibilities during her stint with RHB Trustees Berhad included her participation in various aspects of the business development and marketing activities of the company as well as administration of corporate trustee services such as attending to the administration, compliance and operational matters of REITs, unit trust funds, sinking funds, conducting due diligence exercises, identifying new business opportunities and expanding the company's clientele base through effective sales strategies and plans.

In July 2013, she left RHB Trustees Berhad and subsequently rejoined Azmi & Associates as Senior Associate in August 2013 to return to Malaysian legal practice, specialising in the Malaysian capital and debt market practice areas. She was subsequently promoted to a partner of Azmi & Associates in June 2015 and remains as a partner to date.

She presently does not hold any directorship in any public listed companies and/or private companies.

Please refer to Section 5.2.3 of this Prospectus for details of her principal business activities performed outside our Group (including directorships) as at the LPD.

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

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

Save as disclosed below, none of our Directors has any other principal business activities performed outside our Group (including directorships) within the past 5 years up to the LPD:

(i) LSW

Company	Principal business activities as at the LPD	Involvement / Position held	Date of appointment	Date of resignation	Equity interest (%)
<u>Present Involvement</u>					
ALY	Activities of holding company ⁽¹⁾	Director / Shareholder	26 January 2006	-	34.00
Climan	Investment holding company	Director / Shareholder	9 November 2023	-	34.00
<u>Past Involvement</u>					
Great Eagle Technology Limited	Dissolved ⁽²⁾	Director / Shareholder	18 January 2010	16 September 2021	34.00

Notes:

(1) ALY was previously involved in trading and installation of electrical semiconductor equipment. On 30 June 2023, ALY changed its nature of business to activities of holding company i.e. holding of real properties.

(2) Great Eagle Technology Limited was dissolved and struck off the Register of Companies of the British Virgin Islands with effect from 16 September 2021. Prior to dissolution, Great Eagle Technology Limited was dormant and for the Financial Years Under Review and FPE 2023 up to the LPD, there were no transactions conducted between Great Eagle Technology Limited and our Group.

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

(ii) ACM

Company	Principal business activities as at the LPD	Involvement / Position held	Date of appointment	Date of resignation	Equity interest (%)
<u>Present Involvement</u>					
ALY	Activities of holding company ⁽¹⁾	Director / Shareholder	26 January 2006	-	33.00
Gembang Hijau Sdn Bhd	Planting, replanting, transplanting, thinning and conserving of forests and timber tracts; forest plantation	Shareholder	-	-	11.23 ⁽²⁾
Cotta Restaurant Sdn Bhd	Restaurants	Director / Shareholder	14 October 2022	-	20.00
Climan	Investment holding company	Director / Shareholder	9 November 2023	-	33.00
<u>Past Involvement</u>					
Great Eagle Technology Limited	Dissolved ⁽³⁾	Director / Shareholder	18 January 2010	16 September 2021	33.00

Notes:

- (1) ALY was previously involved in trading and installation of electrical semiconductor equipment. On 30 June 2023, ALY changed its nature of business to activities of holding company i.e. holding of real properties.
- (2) His shareholding in Gembang Hijau Sdn Bhd comprises of 207,231 ordinary shares and 417,769 preference shares.
- (3) Great Eagle Technology Limited was dissolved and struck off the Register of Companies of the British Virgin Islands with effect from 16 September 2021. Prior to dissolution, Great Eagle Technology Limited was dormant and for the Financial Years Under Review and FPE 2023 up to the LPD, there were no transactions conducted between Great Eagle Technology Limited and our Group.

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

(iii) YKM

Company	Principal business activities as at the LPD	Involvement / Position held	Date of appointment	Date of resignation	Equity interest (%)
<u>Present Involvement</u>					
ALY	Activities of holding company ⁽¹⁾	Director / Shareholder	26 January 2006	-	33.00
Climan	Investment holding company	Director / Shareholder	9 November 2023	-	33.00
<u>Past Involvement</u>					
Great Eagle Technology Limited	Dissolved ⁽²⁾	Director / Shareholder	18 January 2010	16 September 2021	33.00

Notes:

- (1) ALY was previously involved in trading and installation of electrical semiconductor equipment. On 30 June 2023, ALY changed its nature of business to activities of holding company i.e. holding of real properties.
- (2) Great Eagle Technology Limited was dissolved and struck off the Register of Companies of the British Virgin Islands with effect from 16 September 2021. Prior to dissolution, Great Eagle Technology Limited was dominant and for the Financial Years Under Review and FPE 2023 up to the LPD, there were no transactions conducted between Great Eagle Technology Limited and our Group.

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

(iv) Teo Yeling

Company	Principal business activities as at the LPD	Involvement / Position held	Date of appointment	Date of resignation	Equity interest (%)
<u>Present Involvement</u>					
Y Teo & Co	Outsourced accounting function, accounting and business advisory services	Partner	1 March 2022	-	100.00
Vincent Teo & Associates PLT	Accounting, bookkeeping and tax consultancy services	Partner / Compliance Officer	29 December 2021	-	95.00
<u>Past Involvement</u>					
Veka Plastics (Malaysia) Sdn Bhd	In the process of members' voluntary winding-up as at 31 March 2023 ⁽¹⁾	Director	14 November 2013	1 September 2018	-
Kuraray Malaysia Sdn Bhd	Commission agent	Director	1 June 2015	1 March 2017	-
Kheng Eng Corporation Sdn Bhd	Manufacturer, importer and exporter of all kinds of garments, to search for, get, work, recycle all sorts of fabric materials and textile of all kinds, to purchase or acquire for properties investment, land, factories, houses, buildings and other immovable properties of any tenure	Director	10 February 2014	11 March 2014	-

Note:

- (1) Prior to the members' voluntary winding-up, Veka Plastics (Malaysia) Sdn Bhd was engaged in the manufacturing, assembly and selling of plastic windows and door systems.

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

(v) **Ilham Fadilah binti Sunhaji**

Company	Principal business activities as at the LPD	Involvement / Position held	Date of appointment	Date of resignation	Equity interest (%)
<u>Present Involvement</u>					
Malaysia Petroleum Resources Corporation	Agency under the Ministry of Economy which provides recommendations and implements initiatives to advance Malaysia's oil and gas services and equipment (OGSE) industry	Head of Corporate Strategy and Research	15 February 2021	-	-
Econframe Berhad	Investment holding company. Its subsidiaries are involved in the provision of total door system solution, smart home and security system and trading and installation services of solar energy products and systems	Independent Non-Executive Director	11 February 2020	-	0.02
Ocean Vantage Holdings Berhad	Investment holding company. Its subsidiaries are involved in the provision of support services to oil and gas companies	Independent Non-Executive Director	1 April 2019	-	0.02
Neocap Sdn Bhd	Dormant ⁽¹⁾	Director/Sole shareholder	14 February 2020	-	100.00

Past Involvement

None

Note:

(1) Neocap Sdn Bhd has not commenced any activities since its incorporation.

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

(vi) Moo Eng Thing

Company	Principal business activities as at the LPD	Involvement / Position held	Date of appointment	Date of resignation	Equity interest (%)
<u>Present Involvement</u>					
Azmi & Associates	Legal firm	Partner	1 June 2015	-	-
<u>Past Involvement</u>					
None	-	-	-	-	-

As at the LPD, none of our Directors and/or substantial shareholders has any interest, direct and indirect, in other businesses or corporations which may give rise to any conflict of interest situation with our Group.

Our Executive Directors are not actively involved in any other principal business activities outside our Group as stated above. Hence, our Board is of the view that this will not affect their ability to perform their commitment and responsibilities as well as their contribution to our Group in their role as our Executive Directors.

Our Non-Executive Directors' involvement in other principal business activities outside our Group as stated above will not affect their ability to perform their commitment and responsibilities as well as their contribution to our Group in their respective roles as our Non-Executive Directors.

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

5.2.4 Remuneration of Directors

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

	Salaries	Directors' Fees	Bonus	EPF and SOCSO	Allowances	Benefits-in-kind	Total
FYE 2023 (Paid)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Ahmad Tajudin bin Omar	-	6	-	-	-	-	6
LSW	424	-	46	52	6	16	543
ACM	403	-	44	50	6	16	518
YKM	403	-	44	50	6	13	516
Teo Yeling	-	3	-	-	-	-	3
Ilham Fadilah binti Sunhaji	-	3	-	-	-	-	3
Moo Eng Thing	-	3	-	-	-	-	3

	Salaries	Directors' Fees	Bonus	EPF and SOCSO	Allowances	Benefits-in-kind	Total
FYE 2024 (Proposed)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Ahmad Tajudin bin Omar	-	90	-	-	(1)	-	90
LSW	630	-	131	145	-	16	922
ACM	600	-	125	138	-	16	879
YKM	600	-	125	138	-	16	879
Teo Yeling	-	48	-	-	(1)	-	48
Ilham Fadilah binti Sunhaji	-	48	-	-	(1)	-	48
Moo Eng Thing	-	48	-	-	(1)	-	48

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

Notes:

- (1) Meeting allowance is RM500 per meeting.

The remuneration of our Directors, which includes Directors' fees, bonus and such other allowances as well as other benefits-in-kind, must be considered and recommended by our Remuneration Committee and subsequently be approved by our Board. Our Directors' fees and any benefits payable to Directors shall be subject to further approval by our shareholders pursuant to an ordinary resolution passed at a general meeting in accordance with our Constitution.

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

5.3 BOARD PRACTICES

5.3.1 Board

Our Board is entrusted with the responsibility for the overall direction, strategy, performance and management of our Group. Our Board believes that our current Board composition provides an appropriate balance in terms of skills, knowledge and experience to promote the interest of all shareholders and to govern our Group effectively.

Our Company has adopted the recommendations under the Malaysian Code on Corporate Governance (“MCCG”) that at least half of the Board comprises Independent Non-Executive Directors, that our chairperson of the Board should not be a member of our Audit and Risk Management Committee, Nomination Committee or Remuneration Committee, to have at least 30% women directors on our Board and the positions of our chairperson, who is responsible for leading our Board in its collective oversight of management, and our Group Managing Director, who focuses on the business and day-to-day operations of our Group, are held by different individuals.

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

Director	Designation	Date of appointment	Date of expiration of the current term of office	Duration in office
Ahmad Tajudin bin Omar	Independent Non-Executive Chairman	7 December 2023	Subject to retirement by rotation at our first AGM	Less than 1 year
LSW	Non-Independent Executive Director / Group Managing Director	9 August 2023	Subject to retirement by rotation at our first AGM	Less than 1 year
ACM	Non-Independent Executive Director	9 August 2023	Subject to retirement by rotation at our first AGM	Less than 1 year
YKM	Non-Independent Executive Director	9 August 2023	Subject to retirement by rotation at our first AGM	Less than 1 year
Teo Yeling	Independent Non-Executive Director	7 December 2023	Subject to retirement by rotation at our first AGM	Less than 1 year
Ilham Fadilah binti Sunhaji	Independent Non-Executive Director	7 December 2023	Subject to retirement by rotation at our first AGM	Less than 1 year
Moo Eng Thing	Independent Non-Executive Director	7 December 2023	Subject to retirement by rotation at our first AGM	Less than 1 year

Pursuant to our Constitution, all our Directors including Managing Director shall retire from office at the conclusion of the first annual general meeting and an election of Directors shall take place each year at the annual general meeting in every subsequent year where at least one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election. Accordingly, all our Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. A Director retiring at a meeting shall retain office until the close of the meeting.

Our Directors to retire in each year shall be those who have been longest in office since their last election or appointment but as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

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

Our Directors shall have power at any time and from time to time, to appoint any person(s), subject to recommendation by the Nomination Committee and the approval by the Board, to be a Director, either to fill a casual vacancy or as an additional Director to the existing Board. Any Director so appointed shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

Our Board has adopted the following responsibilities for effective discharge of our functions:

- (i) To provide leadership and oversee the overall conduct of the Group's businesses to ensure that the businesses are being properly managed;
- (ii) To set, review and adopt strategic plans, values and standards for the Group and to ensure that such strategic plans and the risk, performance and sustainability thereon are effectively integrated and appropriately balanced;
- (iii) To review and adopt corporate governance best practices in relation to risk management, legal and compliance management and internal control systems to safeguard the Group's reputation, and the employees and assets and to ensure compliance with applicable laws and regulations;
- (iv) To ensure that the Company has effective Board committees as required by the applicable laws, regulations, rules, directives and guidelines and as recommended by MCCG;
- (v) To review and approve the annual business plans, financial statements and annual reports;
- (vi) To supervise and assess management performance to determine whether the business is being properly managed;
- (vii) To monitor the relationship between the Group and the management, shareholders and stakeholders, and to develop and implement an investor relations programme or shareholders' communications policy for the Group;
- (viii) To ensure that senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of board and senior management;
- (ix) To ensure the integrity of the company's financial and non-financial reporting;
- (x) To appoint the Board committees, to delegate powers to such committees, to review the composition, performance and effectiveness of such committees, and to review the reports prepared by the Board committees and deliberate on the recommendations thereon; and
- (xi) To ensure the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders;

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

Our Board will also direct and supervise the Key Senior Management, the business and affairs of our Group including, in particular:

- (i) Strategic planning: Approving the Group's strategy, objectives, associated performance indicators and targets and approving any subsequent material variations;
- (ii) Business planning: Approving, adopting and monitoring the business plan including operating budgets, capital budgets, performance indicators and major projects including corporate restructures/reorganisation, major capital expenditure, capital management, acquisitions and divestitures and any significant initiatives or opportunities;
- (iii) Funding: Contributing to and approving a strategy for the Group funding, including funding targets, timelines and avenues and appropriately involving itself in liaison and communication with potential sources of funding;
- (iv) Change management: Overseeing the Group's capacity to identify and respond to changes in its economic and operating environments;
- (v) Stakeholder liaison: Appropriately involving itself in liaison and communication with key stakeholders; and
- (vi) Performance monitoring: Overseeing the conduct and performance of the Group to ensure they are being properly and appropriately managed. To discharge this duty the Board will give specific and regular attention to:
 - a) monitor performance against the strategic and business plans;
 - b) monitor performance against peer and competitor companies; and
 - c) enquire and follow up on areas of poor performance and their cause.

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

5.3.2 Audit and Risk Management Committee

Our Audit and Risk Management Committee was established by our Board on 17 January 2024 and currently comprises the following members, of which all of them are Independent Non-Executive Directors:

Name	Designation	Directorship
Teo Yeling	Chairman	Independent Non-Executive Director
Ilham Fadilah binti Sunhaji	Member	Independent Non-Executive Director
Moo Eng Thing	Member	Independent Non-Executive Director

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

- (i) To review the engagement, compensation, performance, qualification, and independence of our external auditors, its conduct of the annual statutory audit of our financial statements, and the engagement and fees of external auditors for audit and all other services;
- (ii) The criteria to guide decisions on the appointment and re-appointment of the external auditor should also consider the information presented in the annual transparency report of the audit firm. If the audit firm is not required to issue an annual transparency report, the audit committee is encouraged to engage the audit firm on matters typically covered in an annual transparency report including the audit firm's governance and leadership structure as well as measures undertaken by the firm to uphold audit quality and manage risks;
- (iii) To review and recommend our quarterly and annual financial statements for approval by our board before announcement to regulatory bodies, focusing in particular on any changes in or implementation of major accounting policies and practices, significant and unusual events, significant adjustments arising from our audit, matters that may have an effect on the financial or audit of the company, going concern assumption and compliance with accounting standards and other regulatory or legal requirements;
- (iv) To conduct periodic review of the involvements of the managing director and executive directors in the companies outside of our group, in which they have executive functions to ensure that it does not affect their role and responsibilities within our group;
- (v) To review and monitor any related party transaction/business dealings entered into by our group and any conflict-of-interest situation or potential conflict-of-interest situation that may arise within our group to ensure that they are conducted on arms' length basis and based on terms that are fair to our group;
- (vi) To oversee and recommend the risk management policies and procedures of our group;
- (vii) To review and recommend changes as needed to ensure that our group has in place at all times a risk management policy which address the strategies, operational, financial and compliance risk;
- (viii) To implement and maintain a sound risk management framework which identifies, assesses, manages and monitors our group's business risks;
- (ix) To set reporting guidelines for our management to report to the committee on the effectiveness of our group's management of its business risks;

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

- (x) To review the risk profile of our group and to evaluate the measure taken to mitigate the business risks;
- (xi) To review the adequacy of management's response to issues identified to risk registers, ensuring that our risks are managed within our group's risk appetite;
- (xii) To perform the oversight function over the administration of whistleblowing policy that is approved and adopted by the board and to protect the values of transparency, integrity, impartiality and accountability where the group conducts its business and affairs;
- (xiii) To enhance its accountability in preserving its integrity and to withstand public scrutiny which in turn enhances and builds the group's credibility to all our stakeholders;
- (xiv) To consider the major findings of internal investigations and management's response;
- (xv) To perform such other functions as may be requested by our board; and
- (xvi) All members of the Audit and Risk Management Committee shall undertake continuous professional development or training programme to keep themselves abreast of relevant developments in accounting and auditing standards, practices, and rules.

5.3.3 Nomination Committee

Our Nomination Committee was established by our Board on 17 January 2024 and currently comprises the following members, of which all of them are Independent Non-Executive Directors:

Name	Designation	Directorship
Moo Eng Thing	Chairman	Independent Non-Executive Director
Ilham Fadilah binti Sunhaji	Member	Independent Non-Executive Director
Teo Yeling	Member	Independent Non-Executive Director

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

- (i) Recommend to our Board, candidates for all directorships and the protocol for accepting new directorships. In making the recommendations, the committee should also consider candidates proposed by the Managing Director, Executive Director, and within the bounds of practicability, by any other senior executive, Director, or shareholder. The Nomination Committee shall also utilise independent sources to identify suitably qualified candidates. If the selection of candidates for directors was based on recommendations made by existing directors, management, or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used;
- (ii) Make recommendations to our Board for the appointment of the Chairman, Managing Director, Executive Director, and Independent Director, including an assessment of the time commitment expected and recognising the need for availability in the event of crises;
- (iii) Develop, maintain, and review the criteria to be used in the recruitment process and annual assessment of our Directors in accordance with the Fit and Proper policy and Gender Diversity Policy. The nomination and the election process should be disclosed in the annual report of our Company;
- (iv) Review our Board's succession plans;

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

- (v) Review the tenure of Independent Directors who are about to exceed a cumulative term of nine (9) years. If the Board determines the necessity of retaining an Independent Director beyond nine years, it must furnish justification and seek annual shareholders' approval through a two-tier voting process as guided by the MCCG;
- (vi) Assess annually the independence of its Independent Directors. This activity shall be disclosed in the annual report of our Company and in any notice of a general meeting for the appointment and re-appointment of Independent Directors;
- (vii) Review, at least once a year, its own performance, constitution, and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to our Board for approval;
- (viii) Recommend to our Board, Directors to fill the seats on Board Committees;
- (ix) Review annually the required mix of skills, experience, gender, and other qualities of our Board, including core competencies that Non-Executive Directors should bring to our Board. This activity shall be disclosed in the annual report of our Company;
- (x) Ensure that the composition of the board is refreshed periodically and assess annually the effectiveness and performance of our Board as a whole, the committees of our Board, and the contribution of each individual Director including his tenure, time commitment, character, experience, and integrity vide a formal and objective assessment. All assessments and evaluations carried out by the committee in the discharge of all its functions shall be properly documented and disclosed to the annual report of our Company;
- (xi) Assess the training needs of each director, review the fulfilment of such training, and disclose details in the annual report as appropriate;
- (xii) Consider the size of our Board with a view to determine the impact of the number upon our Board's effectiveness and recommend it to our Board;
- (xiii) Consider and recommend the Directors for re-election/ re-appointment at each AGM of our Company;
- (xiv) Assess annually the term of office and performance of the Audit and Risk Management Committee and each of its members to determine whether the Audit and Risk Management Committee and its members have carried out their duties in accordance with their terms of reference; and
- (xv) Review the appointment, evaluation, promotion, and acceptance of resignation for key senior management positions. These positions include the Chief Operating Officer, Chief Financial Officer, Chief Human Resources Officer, Chief Strategy and Innovation Officer, Chief Research and Development Officer, Chief Operations Services Officer, Group Secretary, Group General Counsel, Chief Integrity and Assurance Officer, Chief Sustainability Officer and other key senior management to be determined by the Board. This also applies to positions with similar scopes of function. Ensure the appointments of key senior management positions are based on objective criteria, merit, and with due regard for diversity in skills, experience, age, cultural background, and gender.

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

5.3.4 Remuneration Committee

Our Remuneration Committee was established by our Board on 17 January 2024 and currently comprises the following members, of which all of them are Independent Non-Executive Directors:

Name	Designation	Directorship
Ilham Fadilah binti Sunhaji	Chairman	Independent Non-Executive Director
Moo Eng Thing	Member	Independent Non-Executive Director
Teo Yeling	Member	Independent Non-Executive Director

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

- (i) Recommend to our Board the appropriate remuneration packages for the Managing Director, Executive Directors, and Non-Executive Directors in all forms;
- (ii) Assist our Board in developing and administering a fair and transparent procedure for setting policy on the remuneration of directors and key management personnel;
- (iii) Review the remuneration package for the Non-Executive Directors and the committees to be aligned with their responsibilities and contribution;
- (iv) Review at least once a year the performance of the Managing Director and Executive Directors and recommend to our Board specific adjustments in remuneration and/or reward payments, if any, reflecting their contributions for the year;
- (v) Ensure that the remuneration packages are determined on the basis of directors' merit, qualification, competence, experience, role and responsibility required, having regard to the Company's operating results, individual performance, and comparable market statistics;
- (vi) Ensure that the level of remuneration is aligned with the business strategy and long-term objectives of the Company and reflects the experience and level of responsibilities undertaken by the Directors;
- (vii) Review the fees of the Directors and benefits payable to directors including any compensation for loss of employment of director or former director and recommend to our Board and thereafter to be approved at a general meeting;
- (viii) Recommend the engagement of external professional advisors to assist and/or advise the Committee on remuneration matters, where necessary; and
- (ix) Review the policies and procedures periodically i.e., at least once every three years.

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

5.4 KEY SENIOR MANAGEMENT

5.4.1 Particulars and shareholdings

The following table sets out the particulars and shareholdings of our Key Senior Management before and after our IPO:

Key Senior Management	Designation	Nationality	After the Acquisitions, Share Transfer and before our IPO				After our IPO			
			Direct		Indirect		Direct		Indirect	
			No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(3)%	No. of Shares	(3)%
LSW	Group Managing Director	Malaysian	86,352,600	11.75	(2)476,078,900	64.78	51,722,600	5.98	(2)476,078,900	55.00
ACM	Executive Director	Malaysian	83,533,700	11.37	(2)476,078,900	64.78	48,903,700	5.65	(2)476,078,900	55.00
YKM	Executive Director	Malaysian	83,533,700	11.37	(2)476,078,900	64.78	48,903,700	5.65	(2)476,078,900	55.00
KWY	Vice President of Sales	Malaysian	5,393,800	0.73	-	-	(4)6,513,800	0.75	-	-
Tan Chun Hau	General Manager of Technical Support	Malaysian	-	-	-	-	(4)725,000	0.08	-	-
Lyn Meng Keong	General Manager	Malaysian	-	-	-	-	(4)625,000	0.07	-	-
Khor Seng Chee	Financial Controller	Malaysian	-	-	-	-	(4)250,000	0.03	-	-

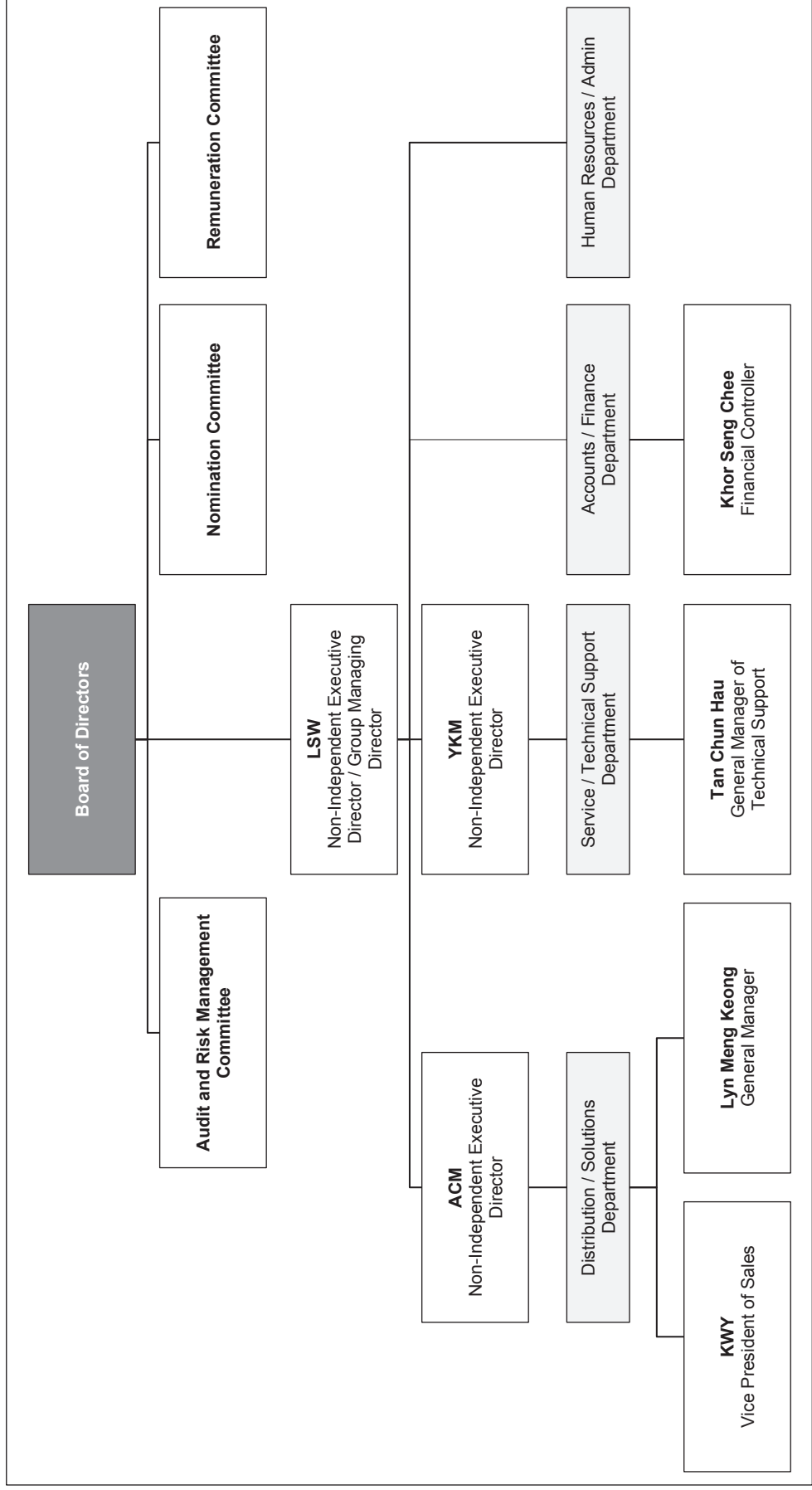
Notes:

- (1) Based on our issued Shares of 734,892,700 Shares after the Acquisitions and before our IPO.
- (2) Deemed interested by virtue of Section 8(4) of the Act, through his shareholding in Climan.
- (3) Based on our enlarged issued Shares of 865,598,000 Shares after our IPO.
- (4) Based on the assumption that the Key Senior Management subscribe in full for their entitlements to the Pink Form Shares.

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

5.4.2 Management reporting structure

The management reporting structure of our Group is as follows:



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

5.4.3 Profiles of our Key Senior Management

The profiles of LSW, ACM and YKM are set out in Section 5.1.2 of this Prospectus and the profiles of our other Key Senior Management are as follows:

(i) **KWY**
Vice President of Sales

KWY, a male Malaysian aged 47, is the Vice President of Sales of our Group. He has 23 years of experience in the electronics field and is responsible for overseeing our Group's sales operations in Malaysia, focusing on the electronics industry. He obtained a Bachelor of Engineering in Mechanical & Materials Engineering with Honours from National University of Malaysia (UKM) in July 2000.

He joined Crest Systems as a Sales Engineer in January 2001 where he was tasked with the sales of equipment and client management and was promoted to Senior Sales Engineer in January 2003. He took on the role of Assistant Sales Manager in June 2004 where he was assigned to manage the sales team in Kuala Lumpur and his responsibilities include providing support to other offices relating to technical knowledge of products and was also involved in training other sales personnel.

He was promoted to Sales Manager in January 2005 and to Senior Sales Manager in January 2010. During this period, he was involved in the expansion of Crest Systems' business and supported sales activities for the electronics market in Malaysia, the PRC and Thailand. In addition, he became a shareholder of Crest Nanosolutions in November 2008 and was also appointed as director.

In January 2011, he was promoted to Senior Regional Sales Manager whereby he was assigned a new role to manage the sales of key customers' accounts within the electronics industry for Malaysia and Thailand.

In January 2013, he was promoted to General Manager of Sales and was given additional responsibility in Crest Nanosolutions to lead the sales team responsible for government tenders in Malaysia with a focus in the academic and research sector. He also led the team in handling key customers' accounts within the electronics industry in Malaysia and Thailand.

In January 2022, he was appointed as the Vice President of Sales and holds the position to this day.

(ii) **Tan Chun Hau**
General Manager of Technical Support

Tan Chun Hau, a Malaysian male aged 43, is the General Manager of Technical Support of our Group. He obtained a Bachelor of Engineering in Electrical & Electronic Engineering with Honours from the University of Hertfordshire, United Kingdom in August 2003 via a twinning programme with INTI International University (formerly known as INTI College Malaysia). He accumulated over 19 years of working experience in the equipment and sales industry.

In February 2004, he began his career with Crest Systems as Technical Support Engineer where he was responsible for the installation, troubleshooting and problem-solving with any issues pertaining to customers' equipment in both production and laboratory settings.

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

In January 2007, he was promoted to Senior Technical Support Engineer and was transferred to Crest Suzhou where his responsibilities expanded to include hiring and training of technical support engineers, overseeing the installed base, enhancing technical and customer service skills within the team members in Crest Suzhou and aligning service revenue growth with the company's targets.

He was transferred to Crest Thailand in November 2009 as Assistant Technical Support Manager to establish and lead the technical support division of Crest Thailand and was subsequently promoted to Technical Support Manager in January 2014 and Senior Technical Support Manager in January 2017. During his tenure working in Thailand, he was given the responsibility to provide training to the team members in Crest Thailand in relation to technical support and customer service skills and formed a team of technical support staff. He was also tasked to expand the technical support revenue and customer base in Thailand.

In January 2022, he was promoted to his current position of General Manager of Technical Support and returned to Malaysia to work in Crest Systems where he has been responsible since, for the overall performance of after-sales services for the Group, conduct of surveys in relation to customer experience and implementation of standardising processes and standard operating procedures and general improvement within the service division of the Group.

(iii) **Lyn Meng Keong** *General Manager*

Lyn Meng Keong, a Malaysian male aged 53, is the General Manager of our Group. He obtained his International Diploma in Computer Studies from The National Center for Information Technology, United Kingdom in March 1994 and has over 30 years of working experience in the equipment and sales industry.

He began his career with Shriro (Malaysia) Sdn Bhd and held the position of Marketing Representative in the Instruments Division in April 1993, where he was responsible for the sales and marketing of life sciences optical instruments i.e. biological microscope. He left Shriro (Malaysia) Sdn Bhd in August 1995 and joined Hagermeyer Marketing Services Sdn Bhd as a Sales Executive, where he was responsible for the sales of remote visual inspection equipment.

In April 1997, he joined Matrix Optics as a Sales Engineer. In January 1999, he was promoted to the role of Area Manager in the sales and marketing division and in January 2003, he was promoted to the role of Division Manager where he led a team of sales engineers.

Throughout his employment in Matrix Optics, his responsibilities included managing the sales team, formulating market plans and strategies, managing tender submission processes as well as designing and implementing a customized Customer Relationship Management system for Matrix Optics, which helped streamline the company's operations and improved customer interactions. In addition, he was appointed as Director of Matrix Innovations in January 2002 and subsequently resigned on 22 November 2017.

In January 2014, he was promoted to General Manager in Matrix Optics, a position which he currently holds. He is primarily responsible for executing marketing strategies and business development programmes for the non-electronics market segment.

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

(iv) Khor Seng Chee
Financial Controller

Khor Seng Chee, a Malaysian male aged 52, is the Financial Controller of our Group. He accumulated over 22 years of professional working experience in the fields of auditing, accounting and finance and as Financial Controller of our Group, he heads our Group's finance department and is responsible for our Group's overall financial and accounting functions which include financial review, financial planning and cash flow management.

He graduated with a Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College of Kuala Lumpur, Malaysia in July 1996. He was admitted as a member of the Association of Chartered Certified Accountants ("**ACCA**") in January 2003 and has been a member of the Malaysian Institute of Accountants (MIA) as a Chartered Accountant since November 2004. Subsequently, he was admitted as a Fellow of the ACCA in January 2008 (FCCA).

He joined Deloitte KassimChan (currently known as Deloitte Malaysia) in the audit division in August 2000 and was promoted to Assistant Manager in July 2005 and left in September 2005. During his tenure with Deloitte, he was involved in various audit assignments comprising clients engaging in manufacturing, investment holding, management services, engineering, stock broking, construction and trading. His responsibilities included review of internal controls, tests of transactions and balances, drafting of reports and financial statements. He was also involved in internal training programs and participated in due diligence reviews and profit forecast.

In November 2005, he joined Ascot Sports Sdn Bhd as Finance Manager and later left in November 2006 to join AsiaPacific Advisory Services Sdn Bhd as Group Finance Manager. He later left AsiaPacific Advisory Services Sdn Bhd to join Richemont Luxury (Malaysia) Sdn Bhd in December 2010 as Finance Manager.

In August 2011, he joined OSK Investment Bank Berhad ("**OSK**") (currently known as RHB Investment Bank Berhad ("**RHB**")) as Vice President - Group Finance and Accounts, where he was involved in the group consolidation reporting and quarterly reporting to BNM. In April 2013, OSK and RHB officially merged and as a result of the streamlining of designations within the merged organisation, he was subsequently redesignated to Assistant Vice President. In August 2014, he left RHB and joined Themed Attractions and Resorts Sdn Bhd which is a subsidiary of the sovereign wealth fund of the Malaysia Government, as Vice President of Finance.

In September 2015, he left his employment with Themed Attractions and Resorts Sdn Bhd and joined Averis Sdn Bhd, a Multimedia Super Corridor status company, as Finance Manager where he was responsible for the daily finance operations. In October 2018, his employment was transferred from Averis Sdn Bhd to APRIL Far East (Malaysia) Sdn Bhd. Subsequently, he joined Ageson Kensetsu Sdn Bhd in October 2021 as Senior Finance Manager and left in October 2022 to join Golden Horse Digital Investment Bank Ltd as Chief Financial Officer, where his responsibilities included review of reporting to the Labuan Financial Services Authority and liaison with investors and bankers. In February 2023, he joined Crest Systems and assumed his current position.

Save for Khor Seng Chee (the Financial Controller of our Group), the Key Senior Management is also the key technical personnel of our Group.

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

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

Save for the involvement of LSW, ACM and YKM which are detailed in Section 5.2.3 of this Prospectus and as disclosed below, none of our Key Senior Management has any other principal business activities performed outside our Group (including directorships) within the past 5 years up to the LPD:

(i) Lyn Meng Keong

Company	Principal business activities as at the LPD	Involvement / Position held	Date of appointment	Date of resignation	Equity interest (%)
<u>Present Involvement</u>					
None	-	-	-	-	-
<u>Past Involvement</u>					
V-Tech Instruments Sdn Bhd	Trading of machinery tools, measuring equipment and cutting tools	Director	20 February 2013	8 August 2019	-

As at the LPD, none of our Key Senior Management has any interest, direct and indirect, in other businesses or corporations which may give rise to any conflict of interest situation with our Group.

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

5.4.5 Remuneration of Key Senior Management

Save for LSW, ACM and YKM whose remuneration and material benefits-in-kind are disclosed in Section 5.2.4 of this Prospectus, the aggregate remuneration and material benefits in-kind (including any contingent or deferred remuneration accrued for the year) paid and proposed to be paid to our Key Senior Management for services rendered or to be rendered in all capacities to our Group for the FYE 2023 and FYE 2024 are as follows:

	Remuneration Band	
	FYE 2023 (Paid)	FYE 2024* (Proposed)
Key Senior Management	RM'000	RM'000
KWY	550 – 600	400 – 450
Tan Chun Hau	250 – 300	250 – 300
Lyn Meng Keong	300 – 350	300 – 350
Khor Seng Chee	150 – 200	200 – 250

Note:

* Does not include FYE 2024 sales commissions, if any. Such sales commissions will be determined later depending on the performance of the respective Key Senior Management.

There are no material benefit-in-kind (including any contingent or deferred compensation accrued for the year) paid and proposed to be paid to our Key Senior Management for their services rendered in all capacities within our Group for the FYE 2023 and FYE 2024.

5.5 DECLARATION BY OUR PROMOTERS, DIRECTORS, AND KEY SENIOR MANAGEMENT

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

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

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

- (vii) subject to any current investigation or disciplinary proceeding, or in the last 10 years, has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and
- (viii) any unsatisfied judgment against him/her.

5.6 FAMILY RELATIONSHIPS AND ASSOCIATIONS

There are no family relationships or associations between our Promoters, substantial shareholders, Directors and Key Senior Management.

5.7 EXISTING OR PROPOSED SERVICE AGREEMENT

As at the LPD, none of our Directors and Key Senior Management has any existing or proposed service agreement with the companies within our Group which provide for benefits upon termination of employment.

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6. INFORMATION ON OUR GROUP

6.1 HISTORY AND BACKGROUND

Our Company was incorporated in Malaysia on 9 August 2023 under the Act as a private limited company under the name of Crest Group Sdn Bhd and was subsequently converted to a public limited company on 8 December 2023 to facilitate the Listing.

The principal activity of our Company is investment holding while our Subsidiaries are principally involved in the provision of imaging, analytical and test solutions used primarily for quality inspection, sample analysis and R&D. We provide our solutions to a wide range of industries including semiconductor, E&E, academic, automotive, oil and gas, aviation, life sciences and healthcare.

We presently have offices in Malaysia, the PRC, Singapore and Thailand. Further details on our Group's history and business activities are set out in Section 7.1 of this Prospectus.

6.2 FORMATION OF OUR GROUP

For the purposes of facilitating the IPO, we have undertaken the following Acquisitions:

(i) Crest Group Acquisition

Our Company entered into the Crest Group SSA and the Matrix Biosciences SSA on 17 January 2024 with the Crest Vendors to acquire the equity interests in Crest Lab, Crest Systems, Matrix Innovations, Matrix Optics, Crest Analytic and Matrix Biosciences respectively.

The total purchase consideration for the acquisition of Crest Lab, Crest Systems, Matrix Innovations, Matrix Optics and Crest Analytic of RM25,984,279 was satisfied by the issuance of 519,685,580 new Shares to the Crest Vendors at an issue price of RM0.05 each, while the total purchase consideration for the acquisition of Matrix Biosciences of RM3.00 was satisfied by cash.

The details of the shareholdings in Crest Lab, Crest Systems, Matrix Innovations, Matrix Optics, Crest Analytic and Matrix Biosciences respectively before the completion of the Crest Group SSA and the Matrix Biosciences SSA and the number of new Shares issued to the Crest Vendors pursuant to the Crest Group Acquisition are as follows:

(a) Crest Lab

Crest Lab shareholder	Shareholding in Crest Lab before completion of the Crest Group SSA		Consideration	
	No. of shares in Crest Lab	%	RM	No. of new Shares issued
LSW	340	34.00	309,897	6,197,922
ACM	330	33.00	300,781	6,015,629
YKM	330	33.00	300,781	6,015,629
Total	1,000	100.00	911,459	18,229,180

6. INFORMATION ON OUR GROUP (Cont'd)**(b) Crest Systems**

Crest Systems shareholder	Shareholding in Crest Systems before completion of the Crest Group SSA		Consideration	
	No. of shares in Crest Systems	%	RM	No. of new Shares issued
LSW	340,000	34.00	4,311,222	86,224,422
ACM	330,000	33.00	4,184,420	83,688,409
YKM	330,000	33.00	4,184,420	83,688,409
Total	1,000,000	100.00	12,680,062	253,601,240

(c) Matrix Innovations

Matrix Innovations shareholder	Shareholding in Matrix Innovations before completion of the Crest Group SSA		Consideration	
	No. of shares in Matrix Innovations	%	RM	No. of new Shares issued
LSW	34,000	34.00	939,379	18,787,578
ACM	33,000	33.00	911,750	18,235,001
YKM	33,000	33.00	911,750	18,235,001
Total	100,000	100.00	2,762,879	55,257,580

(d) Matrix Optics

Matrix Optics shareholder	Shareholding in Matrix Optics before completion of the Crest Group SSA		Consideration	
	No. of shares in Matrix Optics	%	RM	No. of new Shares issued
LSW	170,000	34.00	2,898,449	57,968,974
ACM	165,000	33.00	2,813,200	56,264,003
YKM	165,000	33.00	2,813,200	56,264,003
Total	500,000	100.00	8,524,849	170,496,980

6. INFORMATION ON OUR GROUP (Cont'd)**(e) Crest Analytic**

Crest Analytic shareholder	Shareholding in Crest Analytic before completion of the Crest Group SSA		Consideration	
	No. of shares in Crest Analytic	%	RM	No. of new Shares issued
LSW	120,000	24.00	378,868	7,577,348
ACM	115,000	23.00	363,081	7,261,626
YKM	115,000	23.00	363,081	7,261,626
Total	350,000	*70.00	1,105,030	22,100,600

Note:

* The remaining shares in Crest Analytic (30%) are held by Wong Kam Fui. Wong Kam Fui is the non-selling shareholder of Crest Analytic.

(f) Matrix Biosciences

Matrix Biosciences shareholder	Shareholding in Matrix Biosciences before completion of the Matrix Biosciences SSA		Cash consideration	
	No. of shares in Matrix Biosciences	%	RM	
LSW	34	34.00		1.00
ACM	33	33.00		1.00
YKM	33	33.00		1.00
Total	100	100.00		3.00

The total purchase consideration for the Crest Group Acquisition was arrived at after taking into consideration, the audited NA as at 31 December 2022 and after deducting any dividend for FYE 2022, or any distribution paid out of the audited retained earnings as at 31 December 2022, which was declared and paid after FYE 2022 as follows:

Company	Audited NA/Adjusted NA as at 31 December 2022 (RM)
Crest Lab	911,459
Crest Systems	⁽¹⁾ 12,680,062
Matrix Innovations	2,762,879
Matrix Optics	8,524,849
Crest Analytic	1,578,614
Matrix Biosciences	⁽²⁾ 170,768

Notes:

- (1) After deducting a distribution of RM14.00 million out of the audited retained earnings as at 31 December 2022.
- (2) The purchase consideration of Matrix Biosciences is RM3 as the company is inactive.

6. INFORMATION ON OUR GROUP (Cont'd)**(ii) Crest Nanosolutions Acquisition**

Our Company entered into the Crest Nanosolutions SSA on 17 January 2024 with the Crest Vendors and KWY to acquire the entire equity interest in Crest Nanosolutions comprising 500,000 ordinary shares for a total purchase consideration of RM5,393,837, which was satisfied by the issuance of 107,876,740 new Shares to the Crest Vendors and KWY at an issue price of RM0.05 each.

The details of the shareholdings in Crest Nanosolutions before the completion of the Crest Nanosolutions SSA and the number of new Shares issued to the Crest Vendors and KWY pursuant to the Crest Nanosolutions Acquisition are as follows:

Crest Nanosolutions shareholder	Shareholding in Crest Nanosolutions before completion of the Crest Nanosolutions SSA		Consideration	
	No. of shares in Crest Nanosolutions	%	RM	No. of new Shares issued
LSW	161,800	32.36	1,745,445	34,908,924
ACM	156,600	31.32	1,689,350	33,787,008
YKM	156,600	31.32	1,689,350	33,787,008
KWY	25,000	5.00	269,692	5,393,800
Total	500,000	100.00	5,393,837	107,876,740

The total purchase consideration for the Crest Nanosolutions Acquisition was arrived at after taking into consideration the audited NA of Crest Nanosolutions as at 31 December 2022 of RM5,393,837.

(iii) Crest Singapore Group Acquisition

Our Company entered into the Crest Innovation SSA and the Crest Upstar SSA on 17 January 2024 with the Crest Vendors to acquire the equity interests in Crest Innovation and Crest Upstar respectively.

The total purchase consideration for the acquisition of Crest Innovation of RM1,123,777 was satisfied by the issuance of 22,475,540 new Shares to the Crest Vendors at an issue price of RM0.05 each. The total purchase consideration for the acquisition of Crest Upstar of SGD3.00 was satisfied by cash.

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6. INFORMATION ON OUR GROUP (Cont'd)

The details of the shareholdings in Crest Innovation and Crest Upstar respectively before the completion of the Crest Innovation SSA and the Crest Upstar SSA and the number of Shares issued to the Crest Vendors pursuant to the Crest Singapore Group Acquisition are as follows:

(a) Crest Innovation

Crest Innovation shareholder	Shareholding in Crest Innovation before completion of the Crest Innovation SSA		Consideration	
	No. of shares in Crest Innovation	%	RM	No. of new Shares issued
LSW	13,666	23.92	384,011	7,680,214
ACM	13,167	23.04	369,883	7,397,663
YKM	13,167	23.04	369,883	7,397,663
Total	40,000	*70.00	1,123,777	22,475,540

Note:

* The remaining shares in Crest Innovation (30%) are held by Thomas Koh Chee Chung. Thomas Koh Chee Chung is the non-selling shareholder of Crest Innovation.

(b) Crest Upstar

Crest Upstar shareholder	Shareholding in Crest Upstar before completion of the Crest Upstar SSA		Cash consideration
	No. of shares in Crest Upstar	%	SGD
LSW	510	34.00	1.00
ACM	495	33.00	1.00
YKM	495	33.00	1.00
Total	1,500	100.00	3.00

The total purchase consideration for the Crest Innovation Acquisition was arrived at after taking into consideration the audited NA of Crest Innovation as at 31 December 2022 of USD672,388 equivalent to RM2,951,784 based on the closing exchange rate on 31 December 2022 of USD1:RM4.3900, and after deducting dividend for FYE 2022 of USD0.30 million equivalent to RM1.32 million based on the closing exchange rate on 20 February 2023 of USD1:RM4.4305, which was declared and paid after FYE 2022.

The total purchase consideration for the Crest Upstar Acquisition was arrived at after taking into consideration the audited NA of Crest Upstar as at 31 December 2022 of USD0.04 million equivalent to RM0.18 million based on the closing exchange rate on 31 December 2022 of USD1:RM4.3900. The purchase consideration of Crest Upstar is SGD3 as the company is inactive.

6. INFORMATION ON OUR GROUP (Cont'd)**(iv) Crest Suzhou Acquisition**

Our Company entered into the Crest Suzhou SSA on 17 January 2024 with the Crest Vendors to acquire 80.00% equity interest of Crest Suzhou for a total purchase consideration of RM3,833,317, which was satisfied by the issuance of 76,666,340 new Shares to the Crest Vendors at an issue price of RM0.05 each.

The details of the paid-up capital and the registered capital[^] by the Crest Vendors in Crest Suzhou before the completion of the Crest Suzhou SSA and the number of new Shares issued to the Crest Vendors pursuant to the Crest Suzhou Acquisition are as follows:

Crest Suzhou shareholder	Shareholding in Crest Suzhou before completion of the Crest Suzhou SSA			Consideration	
	Paid-up capital (RMB)	Registered capital (RMB)	%	RM	No. of new Shares issued
LSW	612,000	1,394,369	27.20	1,303,327	26,066,556
ACM	594,000	1,353,358	26.40	1,264,995	25,299,892
YKM	594,000	1,353,358	26.40	1,264,995	25,299,892
Total	1,800,000	4,101,085	*80.00	3,833,317	76,666,340

Note:

[^] Registered capital of a PRC limited liability company refers to the total capital contribution registered with the relevant PRC administration for market regulation. Such capital contribution is not required to be fully paid up upon registration. According to the articles of association of Crest Suzhou, the outstanding registered capital shall be fully paid up by 20 May 2025.

^{*} The remaining registered capital of Crest Suzhou (20%) is held by Liu Lei (刘雷). Liu Lei (刘雷) is the non-selling shareholder of Crest Suzhou.

The total purchase consideration for the Crest Suzhou Acquisition was arrived at after taking into consideration the audited NA of Crest Suzhou as at 31 December 2022 of RMB7,579,320 equivalent to RM4,791,646 based on the closing exchange rate on 31 December 2022 of RMB1:RM0.6322.

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6. INFORMATION ON OUR GROUP (Cont'd)**(v) Crest Thailand Acquisition**

Our Company entered into the Crest Thailand SSA on 17 January 2024 with the Crest Vendors to acquire 49.00% equity interest in Crest Thailand for a total purchase consideration of RM409,375, which was satisfied by the issuance of 8,187,500 new Shares to the Crest Vendors at an issue price of RM0.05 each.

The details of the shareholdings in Crest Thailand before the completion of the Crest Thailand SSA and the number of new Shares issued to the Crest Vendors pursuant to the Crest Thailand Acquisition are as follows:

Crest Thailand shareholder	Shareholding in Crest Thailand before completion of the Crest Thailand SSA		Consideration	
	No. of shares in Crest Thailand	%	RM	No. of new Shares issued
LSW	20,816	17.00	140,357	2,807,142
ACM	19,592	16.00	134,509	2,690,179
YKM	19,592	16.00	134,509	2,690,179
Total	60,000	*49.00	409,375	8,187,500

Note:

* The remaining shares of Crest Thailand (51%) are held by Wibool Samithithien. Wibool Samithithien is the non-selling shareholder of Crest Thailand.

The total purchase consideration for the Crest Thailand Acquisition was arrived at after taking into consideration the audited NA of Crest Thailand as at 31 December 2022 of THB7,455,613 equivalent to RM948,354 based on the closing exchange rate on 31 December 2022 of THB100:RM12.72 and after deducting dividend/distribution of THB0.86 million equivalent to RM0.11 million based on the closing exchange rate on 21 August 2023 of THB100:RM13.1944 for FYE 2022 which was declared and paid after FYE 2022.

The Acquisitions are conditional upon, amongst others, the approval of Bursa Securities for the Listing. Upon completion of the Acquisitions, Crest Lab, Crest Systems, Matrix Innovations, Matrix Optics, Crest Analytic, Crest Nanosolutions, Matrix Biosciences, Crest Innovation, Crest Upstar, Crest Suzhou and Crest Thailand shall become our Subsidiaries.

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

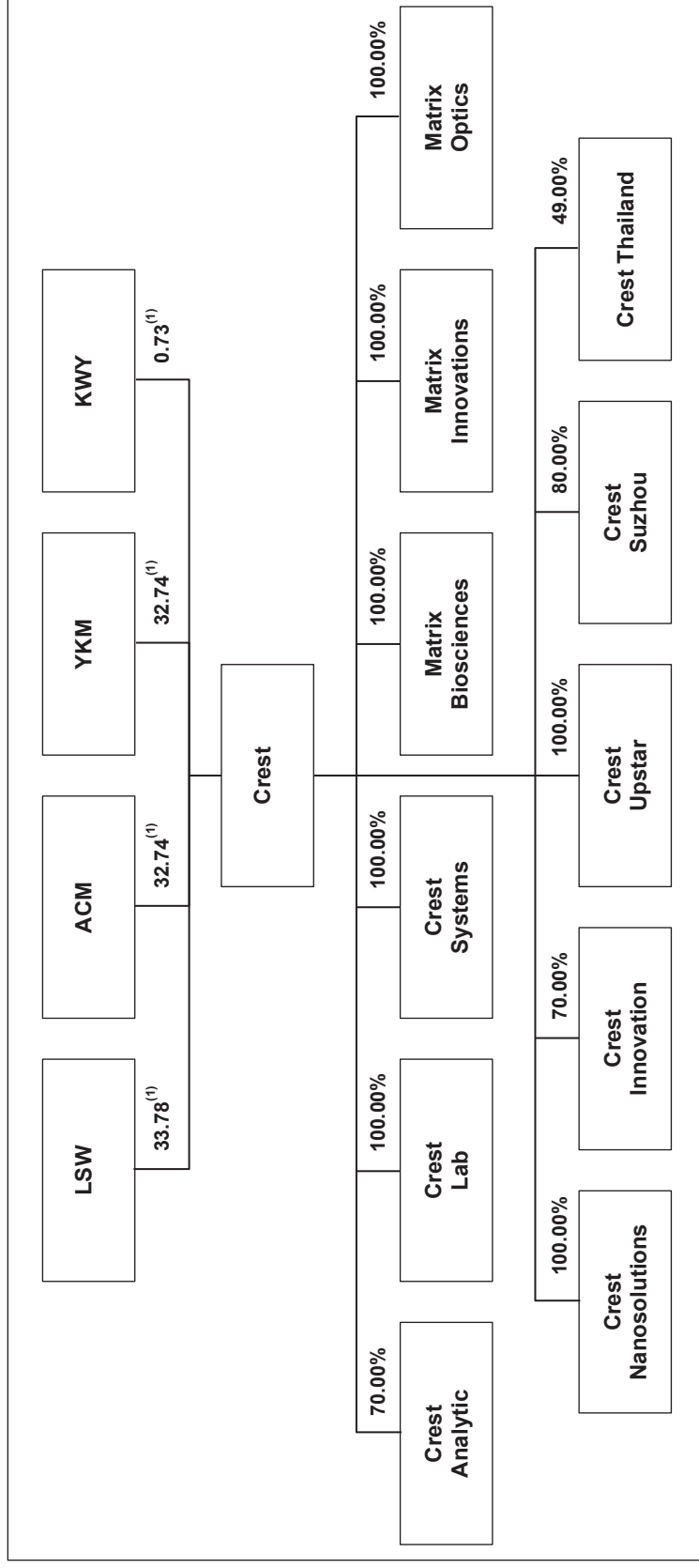
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6. INFORMATION ON OUR GROUP (Cont'd)

6.3 OUR SHAREHOLDERS AND GROUP STRUCTURE

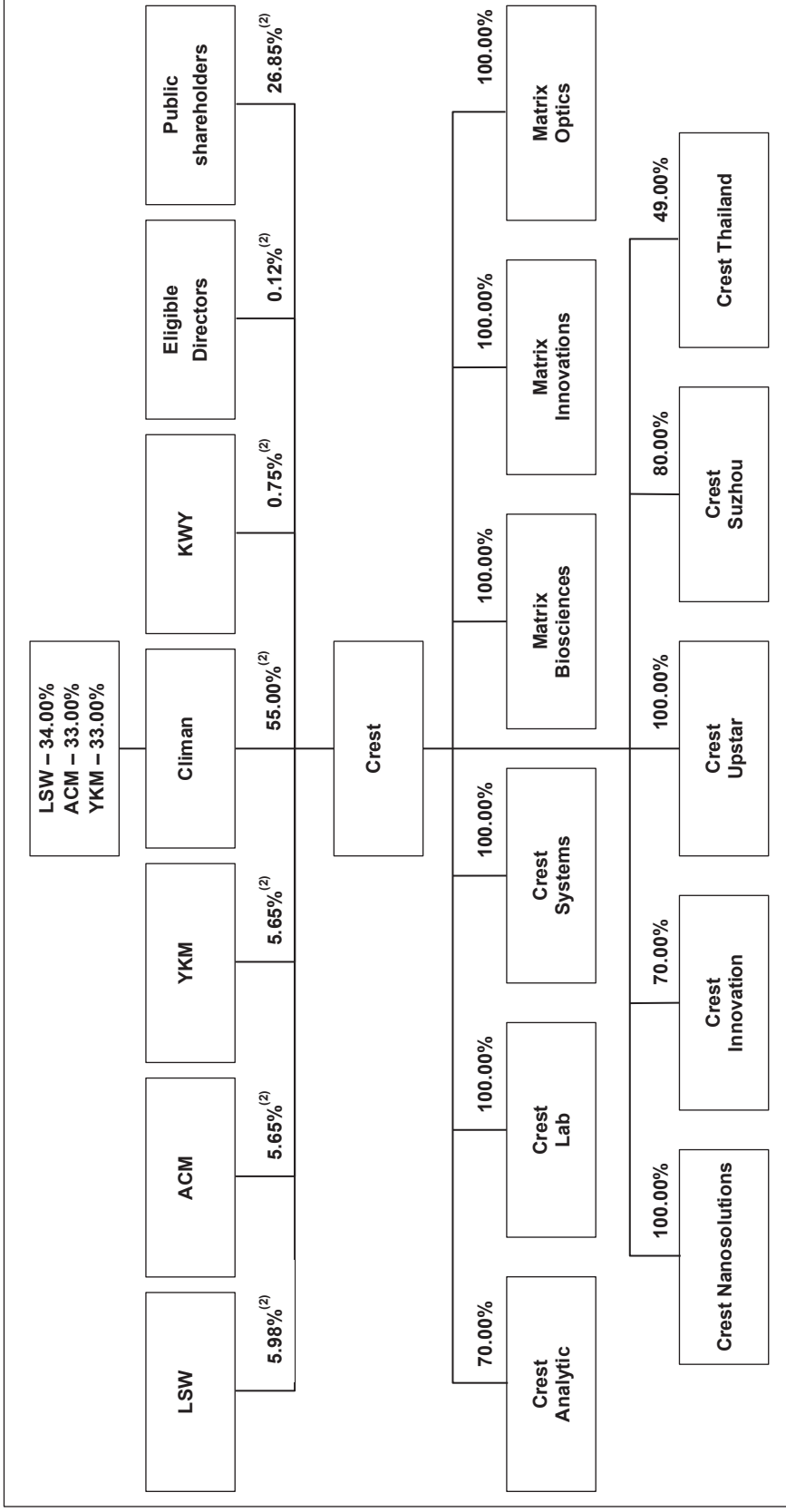
Our shareholders and Group structure before and after our IPO are set out below:

After the Acquisitions and before the IPO



6. INFORMATION ON OUR GROUP (Cont'd)

After the IPO



Notes:

(1) Based on our enlarged Shares of 734,892,700 Shares after the Acquisitions and before our IPO.

(2) Based on our enlarged Shares of 865,598,000 Shares after our IPO.

6. INFORMATION ON OUR GROUP (Cont'd)

6.4 SHARE CAPITAL AND CHANGES IN SHARE CAPITAL

As at the LPD, the issued share capital of our Company is RM36,744,685 comprising 734,892,700 Shares, all of which have been fully paid-up.

The details of changes in the issued share capital of our Company since incorporation up to the LPD are as follows:

Date of allotment	No. of Shares allotted	Nature of transaction	Consideration	Cumulative issued share capital	
				RM	No. of Shares
9 August 2023	1,000	Subscriber's share	Cash	100	1,000
[●]	18,229,180	Crest Lab Acquisition	Shares issued as consideration for the Crest Lab Acquisition	911,559	18,230,180
[●]	253,601,240	Crest Systems Acquisition	Shares issued as consideration for the Crest Systems Acquisition	13,591,621	271,831,420
[●]	55,257,580	Matrix Innovations Acquisition	Shares issued as consideration for the Matrix Innovations Acquisition	16,354,500	327,089,000
[●]	170,496,980	Matrix Optics Acquisition	Shares issued as consideration for the Matrix Optics Acquisition	24,879,349	497,585,980
[●]	22,100,600	Crest Analytic Acquisition	Shares issued as consideration for the Crest Analytic Acquisition	25,984,379	519,686,580
[●]	107,876,740	Crest Nanosolutions Acquisition	Shares issued as consideration for the Crest Nanosolutions Acquisition	31,378,216	627,563,320
[●]	22,475,540	Crest Innovation Acquisition	Shares issued as consideration for the Crest Innovation Acquisition	32,501,993	650,038,860
[●]	76,666,340	Crest Suzhou Acquisition	Shares issued as consideration for the Crest Suzhou Acquisition	36,335,310	726,705,200
[●]	8,187,500	Crest Thailand Acquisition	Shares issued as consideration for the Crest Thailand Acquisition	36,744,685	734,892,700

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

Upon the completion of our IPO, our enlarged share capital will increase to RM[●]⁽¹⁾ comprising 865,598,000 Shares.

Note:

- (1) Before deducting the estimated listing expenses of approximately RM[●] million which are directly attributable to the Public Issue.

6. INFORMATION ON OUR GROUP (Cont'd)

6.5 OUR SUBSIDIARIES

As at the LPD, our Company does not have any associated companies. The details of our subsidiaries are as follows:

Company	Date and country of incorporation	Our Company's effective equity interest (%)	Principal activities
Crest Analytic	25 August 2014 / Malaysia	70.00	Engaged in distribution, installation and commissioning of analytical and imaging equipment and provision of after sales services such as training and technical support.
Crest Lab	30 April 2015 / Malaysia	100.00	Engaged in distribution, installation and commissioning of laboratory equipment, quality control scanning services and provision of after sales services such as training and technical support.
Crest Nanosolutions	27 December 1996 / Malaysia	100.00	Engaged in distribution, installation and commissioning of analytical and imaging equipment and provision of after sales services such as training and technical support.
Crest Systems	24 June 1999 / Malaysia	100.00	Engaged in distribution, installation and commissioning of scientific equipment and provision of advanced imaging, and analytical solutions as well as after sales services such as training and technical support.
Matrix Biosciences	3 July 2001 / Malaysia	100.00	Previously, the principal activities were to engage in repairing and servicing of healthcare and life science related equipment. The company has ceased business in 2023, and there is no intended activity planned as at the LPD.
Matrix Innovations	9 January 2002 / Malaysia	100.00	Engaged in distribution, installation and commissioning of optical and portable imaging equipment and provision of after sales services such as training and technical support.
Matrix Optics	13 October 1995 / Malaysia	100.00	Engaged in distribution, installation and commissioning of healthcare and life science related equipment and provision of after sales services such as training and technical support.

6. INFORMATION ON OUR GROUP (Cont'd)

Company	Date and country of incorporation	Our Company's effective equity interest (%)	Principal activities
Crest Innovation	19 June 2008 / Singapore	70.00	Engaged in distribution, installation and commissioning of scientific equipment and provision of advanced imaging and analytical solutions as well as after sales services such as training and technical support.
Crest Upstar	6 May 2008 / Singapore	100.00	Previously, the principal activities were to engage in distribution, installation and commissioning of scientific equipment and provision of advanced imaging and analytical solutions as well as after sales services such as training and technical support. The company has ceased business in 2023, and there is no intended activity planned as at the LPD.
Crest Suzhou	30 May 2005 / PRC	80.00	Engaged in distribution, installation and commissioning of scientific equipment and provision of advanced imaging and analytical solutions as well as after sales services such as training and technical support.
Crest Thailand	22 March 2010 / Thailand	49.00	Engaged in distribution, installation and commissioning of imaging and analytical equipment and provision of after sales services such as training and technical support.

6.5.1 Information on Crest Analytic

Crest Analytic was incorporated in Malaysia as a private limited company under the Companies Act 1965 on 25 August 2014 and is deemed registered under the Act.

Crest Analytic is principally engaged in the distribution, installation and commissioning of analytical and imaging equipment and provision of after sales services such as training and technical support. The principal place of business of Crest Analytic is at No.1, Jalan OP 1/2, One Puchong Business Park, 47160 Puchong, Selangor, Malaysia.

As at the LPD, the issued share capital of Crest Analytic is RM500,000.00 comprising 500,000 ordinary shares. There has been no change in the issued share capital of Crest Analytic for the past 3 years preceding the LPD.

6. INFORMATION ON OUR GROUP (Cont'd)

The details of the shareholders of Crest Analytic as at the LPD are as follows:

Shareholder	Country of Incorporation / Nationality	No. of ordinary shares	%
Our Company	Malaysia	350,000	70.00
Wong Kam Fui*	Malaysian	150,000	30.00
Total		500,000	100.0

Note:

* Wong Kam Fui is not a person connected to the Promoters and Directors of our Company.

As at the LPD, Crest Analytic does not have any subsidiary, joint venture or associate company.

6.5.2 Information on Crest Lab

Crest Lab was incorporated in Malaysia as a private limited company under the Companies Act 1965 on 30 April 2015 and is deemed registered under the Act.

Crest Lab is principally engaged in the distribution, installation and commissioning of laboratory equipment, quality control scanning services and provision of after sales services such as training and technical support. The principal place of business of Crest Lab is at No. G-8, Jalan Kenari 13B, Bandar Puchong Jaya, 47170 Puchong, Selangor, Malaysia.

As at the LPD, the issued share capital of Crest Lab is RM1,000.00 comprising 1,000 ordinary shares. There has been no change in the issued share capital of Crest Lab for the past 3 years preceding the LPD.

Crest Lab is our wholly-owned subsidiary. As at the LPD, Crest Lab does not have any subsidiary, joint venture or associate company.

6.5.3 Information on Crest Nanosolutions

Crest Nanosolutions was incorporated in Malaysia as a private limited company under the name of L-Edge Technology Sdn Bhd under the Companies Act 1965 on 27 December 1996 and is deemed registered under the Act. It assumed its present name on 7 July 2008.

Crest Nanosolutions is principally engaged in the distribution, installation and commissioning of analytical and imaging equipment and provision of after sales services such as training and technical support. The principal place of business of Crest Nanosolutions is at No.1, Jalan OP 1/2, One Puchong Business Park, 47160 Puchong, Selangor, Malaysia.

As at the LPD, the issued share capital of Crest Nanosolutions is RM500,000.00 comprising 500,000 ordinary shares. There has been no change in the issued share capital of Crest Nanosolutions for the past 3 years preceding the LPD.

Crest Nanosolutions is our wholly-owned subsidiary. As at the LPD, Crest Nanosolutions does not have any subsidiary, joint venture or associate company.

6. INFORMATION ON OUR GROUP (Cont'd)

6.5.4 Information on Crest Systems

Crest Systems was incorporated in Malaysia as a private limited company under the Companies Act 1965 on 24 June 1999 and is deemed registered under the Act.

Crest Systems is principally engaged in the distribution, installation and commissioning of scientific equipment and provision of advanced imaging, and analytical solutions as well as after sales services such as training and technical support. The principal place of business of Crest Systems is at No.1, Jalan OP 1/2, One Puchong Business Park, 47160 Puchong, Selangor, Malaysia. Crest Systems also has a branch office in Penang, Malaysia at 70-3-57, D'Piazza Mall, Jalan Mahsuri, 11900 Bayan Baru, Penang, Malaysia.

As at the LPD, the issued share capital of Crest Systems is RM1,000,000.00 comprising 1,000,000 ordinary shares. There has been no change in the issued share capital of Crest Systems for the past 3 years preceding the LPD.

Crest Systems is our wholly-owned subsidiary. As at the LPD, Crest Systems does not have any subsidiary, joint venture or associate company.

6.5.5 Information on Matrix Biosciences

Matrix Biosciences was incorporated in Malaysia as a private limited company under the Companies Act 1965 on 3 July 2001 and is deemed registered under the Act.

Previously, the principal activities of Matrix Biosciences were to engage in repairing and servicing of healthcare and life science related equipment. Matrix Biosciences has ceased business in 2023, and there is no intended activity planned as at the LPD.

As at the LPD, the issued share capital of Matrix Biosciences is RM100.00 comprising 100 ordinary shares. There has been no change in the issued share capital of Matrix Biosciences for the past 3 years preceding the LPD.

Matrix Biosciences is our wholly-owned subsidiary. As at the LPD, Matrix Biosciences does not have any subsidiary, joint venture or associate company.

6.5.6 Information on Matrix Innovations

Matrix Innovations was incorporated in Malaysia as a private limited company under the Companies Act 1965 on 9 January 2002 and is deemed registered under the Act.

Matrix Innovations is principally engaged in the distribution, installation and commissioning of optical and portable imaging equipment and provision of after sales services such as training and technical support. The principal place of business of Matrix Innovations is at E-03-01A, Sunway GEO Avenue, Jalan Lagoon Selatan, Bandar Sunway, 47500 Subang Jaya, Selangor, Malaysia.

As at the LPD, the issued share capital of Matrix Innovations is RM100,000.00 comprising 100,000 ordinary shares. There has been no change in the issued share capital of Matrix Innovations for the past 3 years preceding the LPD.

Matrix Innovations is our wholly-owned subsidiary. As at the LPD, Matrix Innovations does not have any subsidiary, joint venture or associate company.

6. INFORMATION ON OUR GROUP (Cont'd)

6.5.7 Information on Matrix Optics

Matrix Optics was incorporated in Malaysia as a private limited company under the Companies Act 1965 on 13 October 1995 and is deemed registered under the Act.

Matrix Optics is principally engaged in the distribution, installation and commissioning of healthcare and life science related equipment and provision of after sales services such as training and technical support. The principal place of business of Matrix Optics is at E-03-01A, Sunway GEO Avenue, Jalan Lagoon Selatan, Bandar Sunway, 47500 Subang Jaya, Selangor, Malaysia.

As at the LPD, the issued share capital of Matrix Optics is RM500,000.00 comprising 500,000 ordinary shares. There has been no change in the issued share capital of Matrix Optics for the past 3 years preceding the LPD.

Matrix Optics is our wholly-owned subsidiary. As at the LPD, Matrix Optics does not have any subsidiary, joint venture or associate company.

6.5.8 Information on Crest Innovation

Crest Innovation was incorporated in Singapore as a private limited company under the Companies Act 1967 of Singapore on 19 June 2008.

Crest Innovation is principally engaged in the distribution, installation and commissioning of scientific equipment and provision of advanced imaging and analytical solutions as well as after sales services such as training and technical support. The principal place of business of Crest Innovation is at 10, Ubi Crescent #02-19 Ubi Techpark, Singapore 408564.

As at the LPD, the issued share capital of Crest Innovation is SGD131,500.00 comprising 57,143 ordinary shares. Save as disclosed below, there has been no change in the issued share capital of Crest Innovation for the past 3 years preceding the LPD:

<u>Date of allotment</u>	<u>No. of ordinary shares allotted</u>	<u>Nature of transaction</u>	<u>Consideration</u>	<u>Cumulative issued share capital (SGD)</u>
13 April 2023	7,143*	Capital	Cash	131,500

Note:

* The 7,143 ordinary shares in Crest Innovation were allotted to Thomas Koh Chee Chung, who is an existing shareholder of Crest Innovation. There are no discounts, special terms or instalment payment terms applicable to the payment of the consideration of the abovementioned allotment.

The details of the shareholders of Crest Innovation as at the LPD are as follows:

<u>Shareholder</u>	<u>Country of Incorporation / Nationality</u>	<u>No. of ordinary shares</u>	<u>%</u>
Our Company	Malaysia	40,000	70.00
Thomas Koh Chee Chung*	Singaporean	17,143	30.00
Total		57,143	100.0

Note:

* Thomas Koh Chee Chung is not a person connected to the Promoters and Directors of our Company.

As at the LPD, Crest Innovation does not have any subsidiary, joint venture or associate company.

6. INFORMATION ON OUR GROUP (Cont'd)

6.5.9 Information on Crest Upstar

Crest Upstar was incorporated in Singapore as a private limited company under the Companies Act 1967 of Singapore on 6 May 2008.

Previously, the principal activities of Crest Upstar were to engage in distribution, installation and commissioning of scientific equipment and provision of advanced imaging and analytical solutions as well as after sales services such as training and technical support. Crest Upstar has ceased business in 2023, and there is no intended activity planned as at the LPD.

As at the LPD, the issued share capital of Crest Upstar is SGD1,500.00 comprising 1,500 ordinary shares. There has been no change in the issued share capital of Crest Upstar for the past 3 years preceding the LPD.

Crest Upstar is our wholly-owned subsidiary. As at the LPD, Crest Upstar does not have any subsidiary, joint venture or associate company.

6.5.10 Information on Crest Suzhou

Crest Suzhou was incorporated in the PRC as a limited liability company under the Company Law of the PRC on 30 May 2005.

Crest Suzhou is principally engaged in the distribution, installation and commissioning of scientific equipment and provision of advanced imaging and analytical solutions as well as after sales services such as training and technical support. The principal place of business of Crest Suzhou is at 03-04, 3F, B Building, Ascendas-Xinsu Industrial Square, No.5 Xinghan Street, Suzhou, Jiangsu Province, China, 215021.

According to the business licence of Crest Suzhou, the registered capital of Crest Suzhou is RMB5,126,356.00. Registered capital of a PRC limited liability company refers to the total capital contribution registered with the relevant PRC administration for market regulation. As at the LPD, the paid-up capital of Crest Suzhou is RMB2,250,000.00. According to the articles of association of Crest Suzhou, the outstanding registered capital shall be fully paid by the respective shareholders of Crest Suzhou by 20 May 2025. There has been no change in the registered capital of Crest Suzhou for the past 3 years preceding the LPD.

The details of the shareholders of Crest Suzhou as at the LPD are as follows:

Shareholder	Country of Incorporation / Nationality	Paid-up capital as at the LPD (RMB)	Registered capital (RMB)	%
Our Company	Malaysia	1,800,000	4,101,085	80.00
Liu Lei (刘雷)*	Chinese	450,000	1,025,271	20.00
Total		2,250,000	5,126,356	100.00

Note:

* Liu Lei (刘雷) is not a person connected to the Promoters and Directors of our Company.

As at the LPD, Crest Suzhou does not have any subsidiary, joint venture or associate company.

6. INFORMATION ON OUR GROUP (Cont'd)

6.5.11 Information on Crest Thailand

Crest Thailand was incorporated in Thailand as a private limited company under the Civil and Commercial Code of Thailand on 22 March 2010.

Crest Thailand is principally engaged in the distribution, installation and commissioning of imaging and analytical equipment and provision of after sales services such as training and technical support. The principal place of business of Crest Thailand is at No. 26/24 Unit 9 Moo 3, Lat Sawai Sub-district, Lam Lukka District, Pathumthani Province, Thailand 12150.

As at the LPD, the registered capital[^] of Crest Thailand is THB12,244,900.00 and the issued share capital of Crest Thailand is THB12,244,900.00 comprising 60,000 ordinary shares at par value of THB100 and 62,449 preference shares at par value of THB100. Save for the change in the issued share capital in Crest Thailand as disclosed below, there has been no issuance of ordinary shares in Crest Thailand for the past 3 years preceding the LPD:

<u>Date of allotment</u>	<u>No. of shares allotted</u>	<u>Nature of transaction</u>	<u>Consideration</u>	<u>Cumulative issued share capital (THB)</u>
<u>Preference shares</u>				
21 September 2023	62,449	Capital	Cash	12,244,900

Note:

[^] Registered capital is the total amount of capital registered with the Ministry of Commerce in Thailand. It is represented by the par value of a share multiplied by total number of shares in a company. Issued share capital is the value of shares actually issued to the shareholders. In most cases, registered capital and issued share capital are the same amount except where the share capital is not fully called.

The details of the shareholders of Crest Thailand as at the LPD are as follows:

<u>Shareholder</u>	<u>Country of Incorporation / Nationality</u>	<u>Shareholding based on shares allotted</u>		<u>Shareholding based on voting rights</u>	
		<u>No. of shares</u>	<u>%</u>	<u>No. of votes</u>	<u>%</u>
<u>Ordinary shares</u> ⁽¹⁾					
Our Company	Malaysia	60,000	49.00	60,000	95.05
<u>Preference shares</u> ⁽¹⁾					
Wibool Samitthithien ⁽²⁾	Thailand	62,449	51.00	3,122	4.95
Total		122,449	100.00	63,122	100.00

Notes:

- (1) In accordance with the Articles of Association of Crest Thailand, a shareholder of ordinary shares has 1 vote for each ordinary share held whereas a shareholder of preference shares has 1 vote for every 20 preference shares held.
- (2) As a shareholder of 62,449 preference shares, Wibool Samitthithien holds 51.00% of the shareholding in Crest Thailand. However, he is entitled to exercise 4.95% of the voting rights in Crest Thailand as the voting weightage varies between a holder of ordinary shares and a holder of preference shares. As the holder of preference shares in Crest Thailand, he is entitled to a fixed dividend of 3.00% of the par value of the preferred shares per annum on a non-cumulative basis. Wibool Samitthithien is not a person connected to the Promoters and Directors of our Company.

As at the LPD, Crest Thailand does not have any subsidiary, joint venture or associate company.

6. INFORMATION ON OUR GROUP (Cont'd)

As at the LPD, save for the outstanding registered capital of Crest Suzhou as disclosed in Section 6.5.10 above, none of the companies within our Group has any outstanding warrants, options, convertible securities or uncalled capital.

6.6 PUBLIC TAKE-OVER

Since our incorporation up to the LPD, there has been no:

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

6.7 MATERIAL PROPERTIES OF OUR GROUP

6.7.1 Material properties owned by our Group

As at the LPD, our Group does not own any real property.

6.7.2 Material properties rented by our Group

A summary of the details of the material properties rented by our Group as at the LPD are set out as follows:

No.	Tenant	Landlord	Address	Approximate Area (sq m)	Tenure	Use of property	Approximate rental per annum
Malaysia							
1.	Crest Systems	ALY	No.1, Jalan OP 1/2, One Puchong Business Park, 47160 Puchong, Selangor	865	1 January 2024 to 31 December 2024	Office	RM324,000
2.	Crest Systems	ALY	70-3-57, D'Piazza Mall, Jalan Mahsuri, 11900 Bayan Baru, Pulau Pinang	197	1 January 2024 to 31 December 2024	Office	RM76,344
3.	Crest Lab	Lee Kok Lee	No. G-8, Jalan Kenari 13B, Bandar Puchong Jaya, 47170 Puchong, Selangor	143	1 August 2023 to 31 July 2025	Showroom	RM50,400
4.	Matrix Optics	ALY	E-02-01A, Sunway Geo Avenue, Jalan Lagoon Selatan, Bandar Sunway, Subang Jaya, 47500 Selangor	220	1 October 2023 to 30 September 2024	Office	RM105,816

6. INFORMATION ON OUR GROUP (Cont'd)

<u>No.</u>	<u>Tenant</u>	<u>Landlord</u>	<u>Address</u>	<u>Approximate Area (sq m)</u>	<u>Tenure</u>	<u>Use of property</u>	<u>Approximate rental per annum</u>
5.	Matrix Optics	ALY	E-03-01A, Sunway Geo Avenue, Jalan Lagoon Selatan, Bandar Sunway, Subang Jaya, 47500 Selangor	262	1 November 2023 to 31 October 2024	Office	RM126,000
<u>Singapore</u>							
6.	Crest Innovation	Tan Choon Chye and Minarti	10 Ubi Crescent, #02-19 Ubi Techpark, Singapore 408564	124	15 June 2023 to 14 June 2026	Office	<u>1st year:</u> SGD45,600 <u>2nd and 3rd year:</u> SGD46,800
<u>Thailand</u>							
7.	Crest Thailand	Home Outlet Co., Ltd., Thailand	No. 26/24 Moo 3, Lat Sawai Sub-district, Lamlukka District, Pathumthani Province 12150	400	1 August 2023 to 31 July 2026	Office and showroom	THB906,000
<u>PRC</u>							
8.	Crest Suzhou	Ascendas-Xinsu Development (Suzhou) Co., Ltd. (腾飞新苏置业(苏州)有限公司)	Unit 03 and 04, Floor 3, Building B, No. 5, Xinghan Street, Suzhou Industrial Park, Suzhou, Jiangsu Province	349	10 April 2022 to 9 April 2025	Office	⁽¹⁾ RMB163,416

Note:

- (1) According to the lease agreement dated 16 December 2021 between the landlord (as lessor) and the tenant, the lessor offers Crest Suzhou a 2-month rent-free period as a discount to the rental rate if the lease agreement is implemented in accordance with the lease agreement (i.e. RMB39.02 per square meter per month). In the event the lease agreement is terminated in advance due to any breach by Crest Suzhou, the rent-free period will be revoked and the rental rate will be the standard rate of RMB41.32 per square meter per month.

As at the LPD, the properties rented by our Group is not in breach of any land use conditions, laws, regulations, rules and requirements in relation to land and buildings.

6.7.3 Acquisition of properties

Our Group has not entered into any sale and purchase agreement to acquire real properties during the Financial Years Under Review and up to the LPD.

7. BUSINESS OVERVIEW

7.1. HISTORY AND BUSINESS MILESTONES

Incorporation and acquisition of our Subsidiaries as well as expansion in geographical markets

The history of our Group can be traced back to August 1999 when ACM (our Executive Director) acquired 41.00% shareholding in Crest Systems from Tan Kim Sing and was appointed as Director of Crest Systems. Tan Kim Sing established Crest Systems on 24 June 1999 together with another individual, Chow Yit Meng. Both Tan Kim Sing and Chow Yit Meng were not actively involved in the business and they ceased to be shareholders of Crest Systems in August 1999 and March 2014 respectively.

In May 2000 and July 2000 respectively, LSW (our Managing Director) and YKM (our Executive Director) joined Crest Systems as Manager and Business Manager respectively. Since then, together with ACM, they have been leading and driving the growth and expansion of our business. Subsequently in September 2002, LSW and YKM became shareholders of Crest Systems by respectively acquiring 20.00% and 18.00% shareholding in Crest Systems from ACM and Chow Yit Meng. LSW and YKM were appointed as Directors of Crest Systems in the same year.

In May 2005, we ventured into the PRC through a business arrangement with Wang Hua and Zhou Fang whereby Wang Hua and Zhou Fang set up Crest Suzhou to collaborate with Crest Systems to secure orders from customers in the PRC. Subsequently, in February 2013, LSW, ACM and YKM entered into an equity interest transfer agreement with Wang Hua and Zhou Fang to acquire the entire equity interest in Crest Suzhou, which was completed in May 2013.

Commencing April 2007, LSW, ACM and YKM began to acquire shares of L-Edge Technology Sdn Bhd from 2 individuals, namely Kelvin Leong Kok Ming and Phang Yin Hing, to expand our business and customer base. By December 2007, LSW, ACM and YKM successfully acquired the entire equity interest in L-Edge Technology Sdn Bhd and subsequently changed the company's name to Crest Nanosolutions (M) Sdn Bhd in July 2008.

In June 2008, we further expanded our overseas presence to Singapore through the establishment of Crest Innovation by ACM and Thomas Koh Chee Chung (our Business Manager). In the same year, LSW and YKM became shareholders of Crest Innovation through allocation of new shares.

In March 2010, we further expanded our overseas footprint where we expanded our business to Thailand through the establishment of Crest Thailand in Bangkok, Thailand by LSW, ACM and YKM and another individual, namely Laxmanram Tiwatri, who ceased as a shareholder in May 2015.

In August 2014, LSW, ACM and YKM established Crest Analytic. Subsequently in April 2015, we continued our business expansion through the establishment of Crest Lab by LSW, ACM and YKM.

In June 2017, through their spouses, ACM and YKM acquired shares of Matrix Optics from 2 individuals namely Wong Siew Hee and Lee Poh Koon, to expand our business and customer base. The entire equity interest in Matrix Optics were transferred to LSW, ACM and YKM in February 2023.

In September 2017, as part of our continuous business and customer base expansion effort, LSW and ACM acquired the entire equity interest in Matrix Biosciences from 2 individuals namely Wong Siew Hee and Lee Poh Koon. Subsequently in June 2018, YKM became a shareholder of Matrix Biosciences through allocation of new shares.

In November 2017, LSW, ACM and YKM acquired shares of Matrix Innovations from 3 individuals, namely Lyn Meng Keong (our General Manager), Wong Siew Hee and Te Win Ping. Lyn Meng Keong and Wong Siew Hee ceased to become shareholders in the same year, while Te Win Ping ceased to become shareholder in February 2023.

7. BUSINESS OVERVIEW (Cont'd)

In August 2023, Crest Group was incorporated as an investment holding company of our Subsidiaries to facilitate our listing on the ACE Market of Bursa Securities.

Expansion of industry coverage and customer portfolio

In 1999, we commenced business by initially supplying equipment relating to inspection and quality control to manufacturers in the semiconductor and E&E industries. In early 2000s, in addition to supplying equipment, we also began to provide solutions to our customers covering pre-sales consulting, customisation, installation, commissioning as well as user-training; and concurrently expanded our industry coverage to government related institutions for public R&D.

In 2011, we expanded our industry coverage to the academic sector where we provided equipment and solutions to universities for academic R&D.

In 2013, we continued our expansion of industry coverage into the automotive industry where we began providing imaging, analytical and test solutions to automotive manufacturers.

In 2015, we further expanded our customer portfolio in the academic sector where we provided imaging, analytical and test solutions to universities for use in sample analysis. In the same year, we expanded our offerings by venturing into equipment rental and laboratory (“lab”) services. Such offerings complement our business by catering to customers who prefer renting equipment instead of owning, as well as customers who require third-party lab services to perform testing, inspection and/or analysis on products, components or specimens. Further, Matrix Optics was certified with the Certificate of Conformity Good Distribution Practice for Medical Device by SIRIM QAS International Sdn Bhd in the same year.

Thereafter, we expanded our industry coverage to the healthcare industry in 2017. In 2019, in addition to providing our solutions to universities for use in sample analysis, we also provided our solutions to industry players in other industries such as food and beverage industries for use in sample analysis.

In 2020, Crest Systems was certified compliance with MS ISO/IEC 17025 – General requirements for the competence of testing and calibration laboratories. This allows us to perform calibration as part of our installation and commissioning services to customers in the semiconductor industry where some of the products of these customers may be eventually used in automotives. Further, we also began supplying to the life sciences and aviation industries in the same year.

In 2022, we expanded our industry coverage, where we began providing imaging, analytical and test solutions to the oil and gas industry.

Expansion of equipment supplied for our imaging, analytical and test solutions

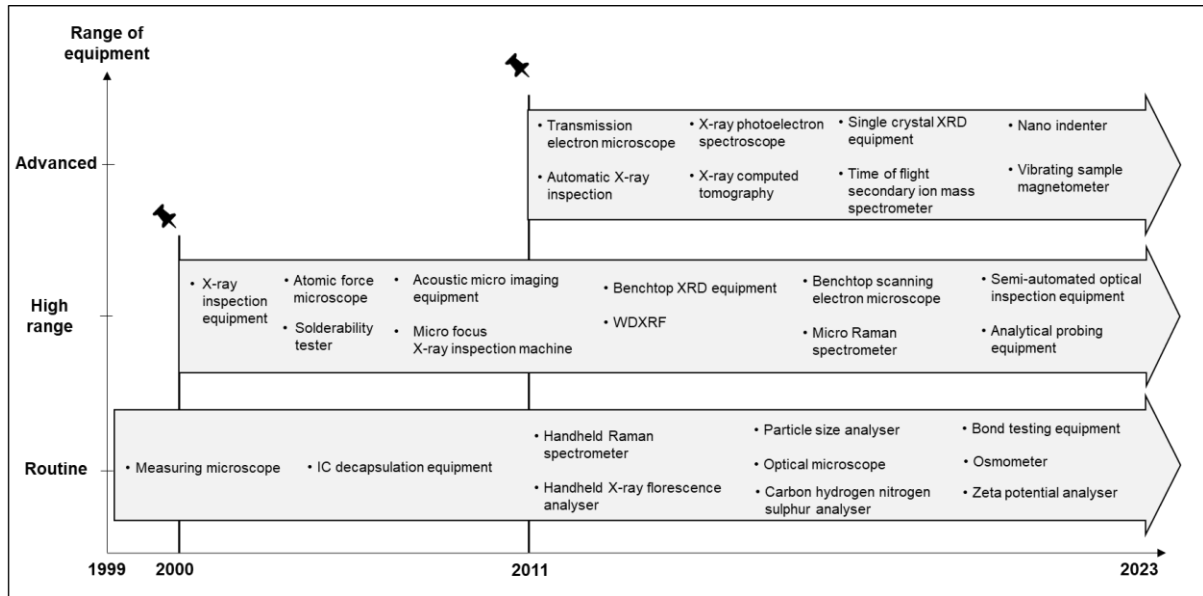
Over the years, in addition to expanding our industry coverage and customer portfolio, we also gradually expanded our range of equipment and solutions. The equipment that we supply vary based on functions, applications and price range, which can be broadly classified as follows:

Range of equipment	Description
Routine equipment	<ul style="list-style-type: none"> • Generally lower priced (i.e. below RM300,000), and have less complex functions and more basic technology • Generally catered for usage / applications such as conducting routine quality inspection and sample analysis
High-range equipment	<ul style="list-style-type: none"> • Generally priced between routine equipment and advanced equipment (i.e. between RM300,000 and RM500,000) • Generally catered for usage / applications such as conducting complex quality inspection and sample analysis

7. BUSINESS OVERVIEW (Cont'd)

Range of equipment	Description
Advanced equipment	<ul style="list-style-type: none"> • Generally higher priced (i.e. above RM500,000), and have more complex functions and more advanced technology • Generally catered for specific usage / applications such as conducting failure analysis as well as R&D on sample analysis

The diagram below demonstrates our expansion in the range of equipment we supply, from focusing on routine and high-range equipment in the initial stages of our business, to subsequently covering advanced equipment over the years:



7.2. PRINCIPAL BUSINESS ACTIVITIES, PRODUCTS AND SERVICES

7.2.1. Principal activities and business model

The principal activity of our Company is investment holding, whilst our Subsidiaries are principally involved in the provision of imaging, analytical and test solutions used primarily for quality inspection, sample analysis and R&D. We provide our solutions to a wide range of industries including semiconductor, E&E, academic, automotive, oil and gas, aviation, life sciences and healthcare.

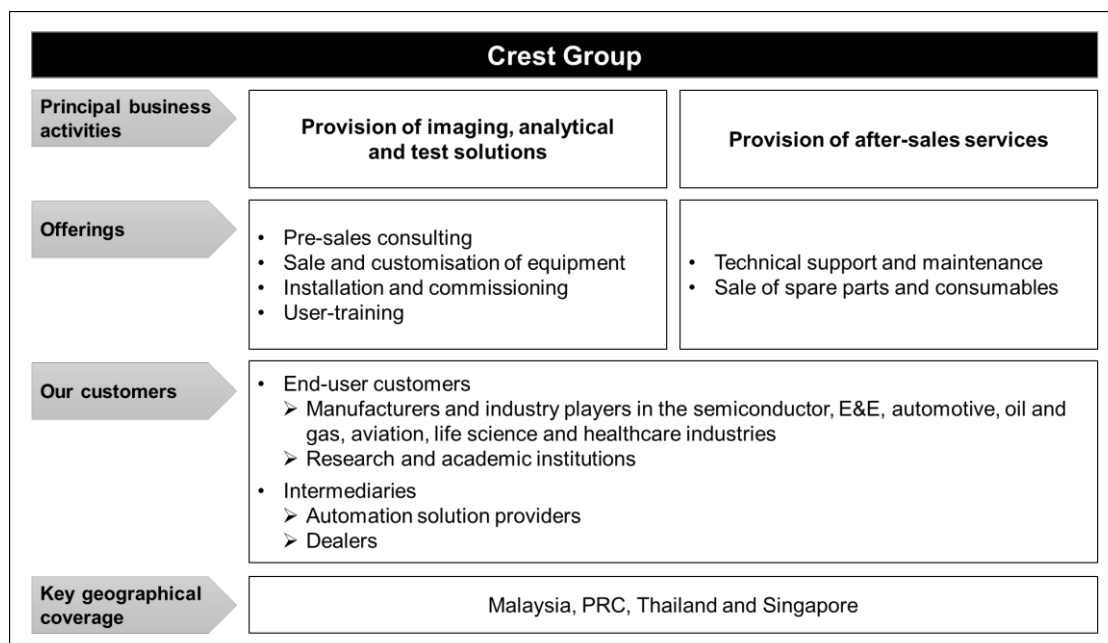
Our business activities can be segmented into 2 categories as follows:

- (i) Provision of imaging, analytical and test solutions, comprising:
 - Pre-sales consulting;
 - Sale and customisation of equipment;
 - Installation and commissioning; and
 - User-training.
- (ii) Provision of after-sales services

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7. BUSINESS OVERVIEW (Cont'd)

The summary of our business activities and business model is set out in the following diagram:



The details of our Group's principal activities are as follows:

(i) Imaging, analytical and test solutions

Imaging, analytical and test solutions are solutions designed to conduct quality inspection, sample analysis and R&D through imaging, analysis and testing of an object (e.g. a product, component and/or specimen). Imaging, analytical and test solutions can be adopted to perform detailed and/or penetrating scans or magnification of objects through imaging, as well as detecting defects that cannot be detected with the naked eye or through conventional inspection.

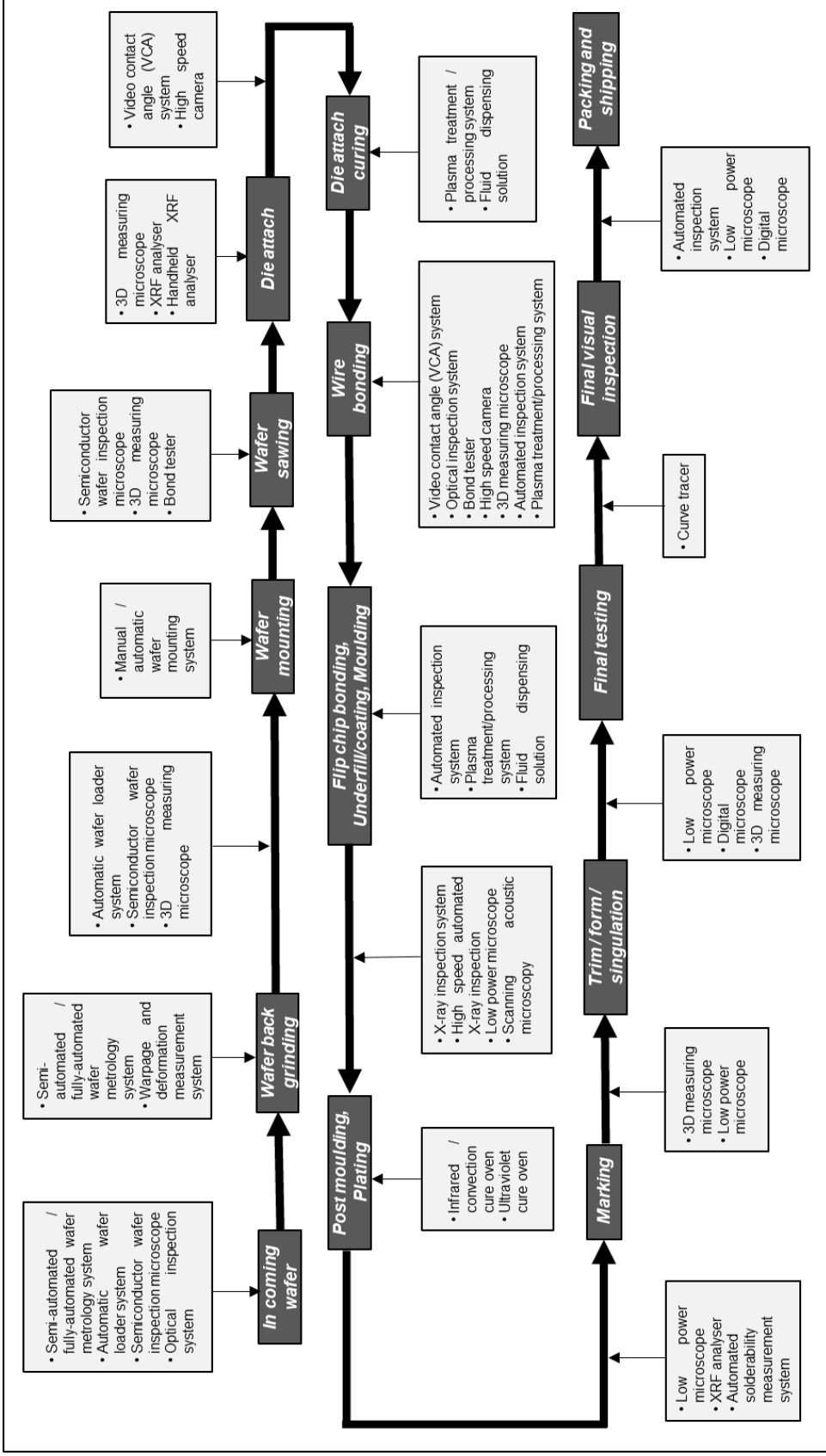
Imaging, analytical and test solutions are adopted in industries such as E&E, semiconductor, automotive, aviation and oil and gas industries, whereby the size of the products, components and/or specimens used in these industries can be microscopic and/or precision of these products and components are critical to determine the functionality and efficiency of the end-products.

Further, imaging, analytical and test solutions are also adopted for sample analysis and R&D by research and academic institutions as well as life sciences and healthcare institutions.

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7. BUSINESS OVERVIEW (Cont'd)

An Illustration of the use of imaging, analytical and test equipment which we supply, within the semiconductor back-end manufacturing process, is as follows:



Notes:

■ denotes semiconductor back-end manufacturing process.

□ denotes imaging, analytical and test equipment used in the respective manufacturing processes.

7. BUSINESS OVERVIEW (Cont'd)

Our imaging, analytical and test solutions encompass pre-sales consulting; sale and customisation of equipment; installation and commissioning; and user-training as follows:

- **Pre-sales consulting:** We analyse and understand our customers' requirements from various aspects, such as purposes and/or objectives, problems and/or bottlenecks faced, manufacturing process or operational workflow, and expected or target outcomes; followed by proposing suitable solutions.

We also conduct site surveys and investigations at our customers' premises as our solutions also include proposing the layout and placement of the equipment at our customer's premises to ensure operational efficiency and customised operational workflow. If required, we may also propose solutions which involve customisation of equipment to address our customers' problems and/or bottlenecks.

The pre-sales consulting stage is critical as each customer has different manufacturing process or operational workflow and may face different problems and/or bottlenecks. Hence, it is crucial to understand each of our customer's specific requirements in order for us to propose optimised solutions that best suit our customers' needs in addressing their problems and/or bottlenecks, and to help them in achieving operational and cost efficiencies.

- **Sale and customisation of equipment:** We purchase the required equipment from our suppliers which comprise principals and dealers, based on the solutions proposed by us, and supply the equipment to our customers as part of our solutions. Please refer to Section 7.2.3 of this Prospectus for examples of imaging, analytical and test equipment used in our solutions.

As part of equipment customisation, we provide modification of equipment hardware, parts and components such as modification and customisation of jigs to suit the size of our customers' products, components and specimens. Further, we also assist to customise the default software to accommodate our customers' preferred user interface, test parameters, data analysis methodology as well as data logging and reporting formats. In addition, we may also integrate the equipment with our customer's existing equipment, servers and/or systems; third-party hardware, parts and components; and/or third-party software, upon request by our customers. Examples of hardware, parts and components which we integrate include robotic arms, hands-free indexer systems and wafer handling systems; and examples of software which we integrate include Manufacturing Execution System (MES) and SECS/GEM (i.e. an interface protocol used in semiconductor equipment to host data communications). These hardware, parts and components as well as software to be integrated with our equipment may be manufactured and/or developed by third-party service providers, or directly purchased from our principals.

- **Installation and commissioning:** As part of our solutions, we assist our customers in installing and commissioning the equipment.

For equipment installation, we set up the equipment on-site together with any ancillary parts, perform wiring works, install the required software and set up the user interface. Subsequently, we will commission the equipment and conduct tests and calibration on the equipment to ensure that the results produced by the equipment are accurate, reliable and adhere to the specifications as agreed with our customers.

- **User-training:** We also provide on-site user-training to our customers in operating the equipment to ensure proper usage of the equipment.

Our provision of imaging, analytical and test solutions from pre-sales consulting to user-training is carried out by our in-house personnel, save for equipment customisation involving mechanical automation and software integration which we outsource to third-party service providers.

7. BUSINESS OVERVIEW (Cont'd)

(ii) After-sales

To complement our offerings of imaging, analytical and test solutions, we also provide after-sales services comprising technical support and maintenance services, as well as sale of spare parts and consumables. Our after-sales services are provided to our customers who engage us for imaging, analytical and test solutions, where we provide warranty generally for up to 1 year on after-sales services such as maintenance services and spare part replacement, whereby the warranty on spare parts is based on back-to-back agreement with our principals. Please refer to Section 7.2.6 of this Prospectus for further details of our warranty. The sale of consumables is not covered under our warranty and the cost will be borne by our customers.

Upon the expiry of the warranty period, our customers can continue to engage us for technical support and maintenance services for a fee. We also provide technical support and maintenance services to customers who do not engage us for our imaging, analytical and test solutions, but are users of equipment carried by our principals.

- Technical support and maintenance

We provide technical support services to customers upon receiving reports on equipment failure or malfunction, whereby our technical support services include equipment repair, spare part replacement and software troubleshooting. We provide maintenance services to customers on pre-agreed time intervals, e.g. monthly or quarterly, whereby our maintenance services include conducting routine condition checks and preventive maintenance measures on equipment along with performing testing and calibration to ensure that the equipment remain in optimal condition and produces accurate and consistent results.

Upon the expiry of the warranty period, our customers generally engage us for technical support and maintenance services through equipment service agreements. Our equipment service agreement stipulates amongst others, scope of work, service timeframe and fees. We typically enter into equipment service agreements with customers on a tenure of 6 months to 1 year. Apart from providing technical support and maintenance services under the equipment service agreements, we also provide technical support and maintenance services on an on-demand basis. Similar arrangements are applied to customers who solely engage us for technical support and maintenance services.

Technical support and maintenance services are mostly carried out by our in-house service personnel. In circumstances where the issues involve higher level of technical complexity, we may escalate to the respective principals for their assistance.

- Sale of spare parts and consumables

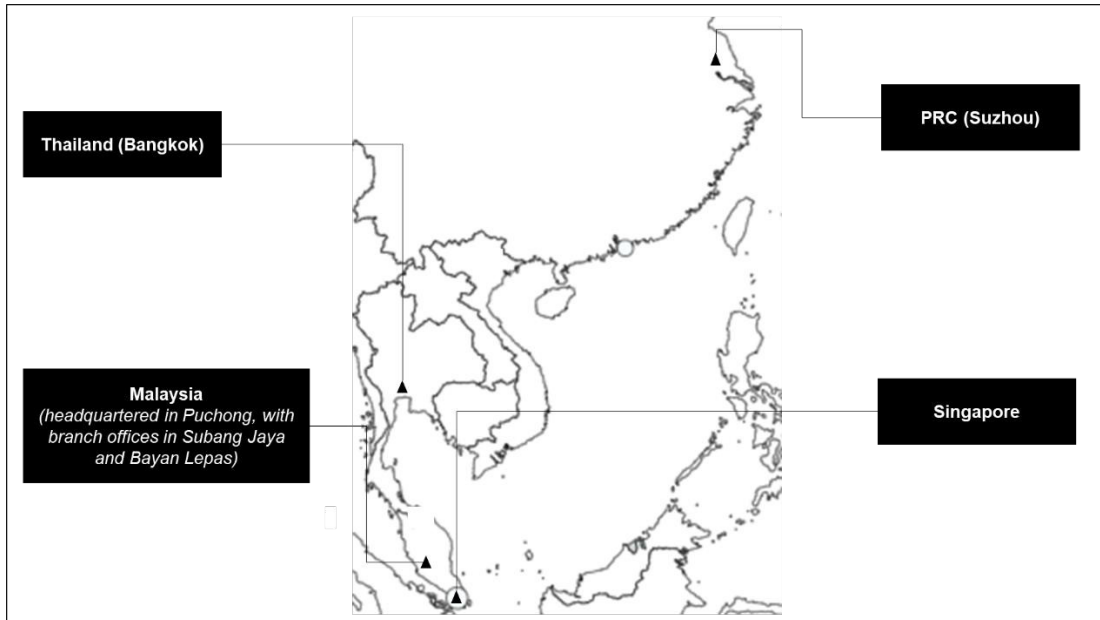
We also supply spare parts and consumables, which are wear and tear supplies used to operate the equipment that must be replaced on a regular basis. Examples of spare parts and consumables that we supply to our customers include filaments, solvents, valves and glass slides. The sale of spare parts and consumables is carried out based on per-order basis.

Our Group also provides lab services where we perform testing, inspection and/or analysis on products, components or specimens for our customers in our in-house lab which house some equipment such as X-ray microscope, scanning acoustic microscopy (SAM) and scanning electron microscope (SEM). Our lab services are provided on a one-off basis. In the Financial Years Under Review, the revenue contribution from our lab services is minimal, as disclosed in Section 7.3 of this Prospectus.

7. BUSINESS OVERVIEW (Cont'd)

7.2.2. Our business presence

As at LPD, our operations are headquartered in Puchong, Selangor, with local branch offices in Petaling Jaya, Selangor and Bayan Lepas, Penang. We also have overseas branch offices in Suzhou, PRC; Bangkok, Thailand; and Singapore. Our headquarters and all of our branch offices are involved in the provision of imaging, analytical and test solutions as well as after-sale services.



All our offices serve as sales offices in the respective countries. We also have local sales and technical personnel based at each of our offices for sales and pre-sales consulting, customisation, installation and commissioning works as well as on-site technical support and maintenance services and user-training for our imaging, analytical and test solutions. Please refer to Section 7.3 of this Prospectus for countries which we have served in the Financial Years Under Review.

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7. BUSINESS OVERVIEW (Cont'd)

7.2.3. Our products







The imaging, analytical and test equipment used in our solutions can be segregated into the following categories:

- (i) Advanced imaging equipment;
- (ii) Optical and portable equipment;
- (iii) Advanced analytical and testing equipment;
- (iv) Sample management equipment; and
- (v) Others.



Some examples of equipment under each of the categories are as set out below:

(i) Advanced imaging equipment

Advanced imaging equipment is equipment used to generate, visualise and analyse images of the surface and/or internal structure of the samples interest, or images of objects, at microscopic scale that are often not visible to the naked human eye and can only be observed via imaging techniques using, among others, electron beams, X-rays, ion beams, acoustic imaging or scanning probes. These images are generally used for quality inspection, failure analysis and R&D.




<u>Advanced imaging equipment</u>	<u>Description / function</u>	<u>Application and industry</u>
<p>Acoustic micro imaging equipment</p>  	To detect flaws and defects in objects (e.g. samples) through ultrasound.	Quality inspection in the semiconductor and E&E industries.
<p>X-Ray inspection equipment</p>  	To detect flaws and defects in objects (e.g. samples) through X-rays.	Quality inspection in the semiconductor and E&E industries.
<p>Automatic X-Ray inspection equipment</p>  	An automated version of X-ray inspection equipment with enhanced process automation features, including automated anomaly detection function.	Quality inspection in the semiconductor and E&E industries.

7. BUSINESS OVERVIEW (Cont'd)



<u>Advanced imaging equipment</u>	<u>Description / function</u>	<u>Application and industry</u>
<p>Electron microscope</p> 	<p>To magnify and observe images of objects (e.g. samples) on a nano scale using beams of electrons as a source of illumination.</p>	<p>R&D in the semiconductor, E&E, academic, oil and gas and life sciences industries.</p>
<p>Desktop scanning electron microscope</p> 	<p>A desktop version of the electron microscope, equipped with a simplified user interface and design as compared to the electron microscope mentioned above.</p>	<p>R&D in the semiconductor, E&E, academic, oil and gas, and life sciences industries.</p>

(ii) Optical and portable equipment

Optical and portable equipment is generally optical, benchtop and/or portable equipment that provide users the flexibility to perform visual and optical inspections and analysis both on-site and off-site. This equipment is commonly used for quality inspection and analysis.



<u>Optical and portable equipment</u>	<u>Description / function</u>	<u>Application and industry</u>
<p>Industrial microscope</p> <p>EVIDENT OLYMPUS</p> 	<p>An optical instrument that uses a combination of lenses to produce magnified image for quality inspection and analysis of samples.</p>	<p>Quality inspection in the semiconductor, E&E, automotive, oil and gas, and aviation industries.</p>
<p>Remote visual inspection equipment</p> <p>EVIDENT OLYMPUS</p> 	<p>A portable system that enables visual observation to be performed remotely via external camera-based equipment.</p>	<p>Quality inspection in the oil and gas, aviation and automotive industries.</p>
<p>Life science and clinical microscope</p> <p>EVIDENT OLYMPUS</p> 	<p>An optical instrument that uses a combination of lenses to produce magnified image for life science and clinical applications.</p>	<p>Inspection in the life sciences and clinical industries.</p>

7. BUSINESS OVERVIEW (Cont'd)

Optical and portable equipment	Description / function	Application and industry
<p>X-Ray fluorescence analyser</p> <p>EVIDENT OLYMPUS</p> 	<p>To perform elemental analysis on samples through X-ray fluorescence.</p>	<p>Quality inspection in the oil and gas, semiconductor, E&E and automotive industries.</p>
<p>Analytical probing equipment</p> <p>SIGNATONE</p> 	<p>To position electrical or radio frequency (RF) probes onto a sample to test its response to external stimulus.</p>	<p>Test and measurement as well as failure analysis in the semiconductor and academic industries.</p>

(iii) Advanced analytical and testing equipment

Advanced analytical and testing equipment is equipment that is used to perform analysis and testing on sample. This equipment is commonly used for quality inspection, failure analysis and R&D.

Advanced analytical and testing equipment	Description / function	Application and industry
<p>Bond testing equipment</p> <p>Nordson</p> 	<p>To conduct destructive testing, wherein a sample is tested beyond its designed tolerance level in an attempt to analyse the integrity of the sample against physical force (e.g. pulling, pressing and shearing).</p>	<p>Quality inspection and failure analysis in the semiconductor industry.</p>
<p>X-ray diffraction equipment</p> <p>Rigaku</p> 	<p>To analyse physical properties such as phase composition, crystal structures and orientation of powder, solid and liquid samples through X-ray diffraction.</p>	<p>R&D in the academic, healthcare, automotive and semiconductor industries.</p>

7. BUSINESS OVERVIEW (Cont'd)

Advanced analytical and testing equipment

Nano probing equipment



Description / function

To perform electrical characterisation of microelectronic devices, in situ semiconductor failure analysis and manipulation of single structures under an electron, ion and/or optical microscopes.

Application and industry

Failure analysis and R&D in the semiconductor and E&E industries.

X-ray photoelectron spectroscope



To analyse a sample's surface elemental composition and chemical bonding state through X-ray photoelectrons.

Quality inspection, failure analysis and R&D in the E&E and academic industries.

Atomic force microscope ("AFM") characterisation equipment



To obtain high-resolution images to measure and visualise materials at an atomic and nano scale.

R&D in the semiconductor, E&E, academic, life sciences industries.

(iv) Sample management equipment

Sample management equipment is used to prepare, chemically and physically process, store, handle and manipulate samples.

Sample management equipment

Decapsulation equipment






Description / function

To remove the moulding compound of E&E components to expose the integrated circuit ("IC") chips and dies within, which then allows users to inspect and identify any defects in the IC chips and dies.

Application and industry

Quality inspection and failure analysis in the semiconductor and E&E industries.

7. BUSINESS OVERVIEW (Cont'd)

Sample management equipment	Description / function	Application and industry
<p data-bbox="357 309 730 360">Clinical automated stainer system (hematology and microbiology)</p>  	<p data-bbox="756 309 1150 448">To stain biological specimens, enabling pathologists or other medical specialists to identify the specifications of the respective biological specimens.</p>	<p data-bbox="1177 309 1406 389">R&D in the life science and clinical industry.</p>
<p data-bbox="357 696 730 725">Histology processing system</p>  	<p data-bbox="756 696 1150 808">To process and prepare a patient's body tissue sample for healthcare professionals to perform medical diagnosis.</p>	<p data-bbox="1177 696 1406 777">Analysis and diagnostic in the healthcare industry.</p>
<p data-bbox="357 1133 730 1162">Fluid dispensing solution</p>  	<p data-bbox="756 1133 1150 1384">To precisely and consistently dispense the required amount of fluids into the micron-sized gaps present between IC chips and components on the printed circuit board, thereby facilitating electrical interconnect, providing structural integrity and ensuring optimal heat transfer for reliable performance.</p>	<p data-bbox="1177 1133 1406 1214">Production in the semiconductor and E&E industries.</p>
<p data-bbox="357 1514 730 1568">Integrated wafer handler and inspector</p>  	<p data-bbox="756 1514 1150 1787">To perform wafer handling and inspection as part of semiconductor manufacturing process. This equipment is also capable of providing defect mapping (which is a process of identifying and recording defects present on/in wafers), thus allowing users to refine the manufacturing process and reduce wastage.</p>	<p data-bbox="1177 1514 1406 1594">Quality inspection in the semiconductor industry.</p>

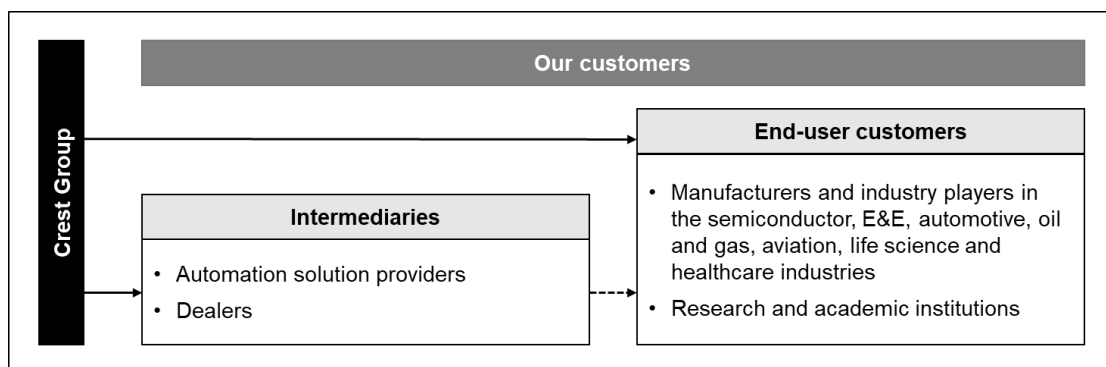
7. BUSINESS OVERVIEW (Cont'd)

(v) Others

Equipment categorised under “Others” primarily consist of equipment that complements our customers’ needs. Some examples of “Others” equipment includes vibration isolation table which is used to complement imaging activities when operating a vibration-sensitive equipment, as it controls and reduces vibration, allowing users to obtain optimal results; and LED ring light used to support and enhance the functions of microscope, allowing clearer and brighter imaging.

7.2.4. Our customers

We mainly provide imaging, analytical and test solutions as well as after-sales services directly to end-user customers who are the users of our solutions, such as manufacturers and industry players in the semiconductor, E&E, automotive, oil and gas, aviation, life science and healthcare industries as well as research and academic institutions. These customers use our solutions and services to perform quality inspection as part of their manufacturing and/or quality control process as well as sample analysis and/or R&D purposes. Apart from providing imaging, analytical and test solutions as well as after-sales services to the abovementioned customers, we also provide these solutions and services to intermediaries such as automation solution providers. Automation solution providers secure automation projects from their customers and engage our Group for our solutions and services to be packaged as part of their automation solutions to their customers. Further, we also sell imaging, analytical and test equipment, including after-sales services, to dealers who purchase these equipment from us for onward sale to their customers. Revenue generated from end-user customers stood at 94.09%, 94.57%, 90.29% and 92.92% of our Group’s total revenue in the Financial Years Under Review and FPE 2023 respectively, while revenue generated from intermediaries stood at 5.91%, 5.43%, 9.71% and 7.08% of our Group’s total revenue in the Financial Years Under Review and FPE 2023 respectively.



Notes:

—▶ denotes direct sale to end-user customers and intermediaries.

----▶ denotes indirect sales to end-user customers through intermediaries.

During the Financial Years Under Review and FPE 2023, we have local and overseas customers mainly in PRC, Thailand and Singapore. Please refer to Section 7.3 of this Prospectus for the breakdown of our Group’s revenue by geographical market.

7.2.5. Our equipment suppliers

We mainly purchase imaging, analytical and test equipment as part of our solutions from suppliers comprising principals and dealers. The principals of the equipment are mostly multinational companies (“MNC”) that design, develop and/or manufacture the equipment. We also purchase equipment from dealers who purchase from principals.

As at the LPD, our Group is registered as a distributor of 21 principals from France, Germany, Japan, Malaysia, Switzerland, UK and USA, out of which we have exclusive distributorships with 12 of these principals.

7. BUSINESS OVERVIEW (Cont'd)

7.2.6. Warranty

The warranty provided to our customers is based on back-to-back arrangements with the respective principals from whom the equipment was purchased from. This warranty is typically for a period of 1 year or up to a certain number of equipment operation hours, depending on the back-to-back agreements with the respective principals. Warranty provided under the back-to-back agreements with principals covers repair and replacement of hardware and parts as well as software troubleshooting; while we cover labour and manpower deployed for the replacement works as well as troubleshooting. Such arrangement applies to sales to both end-user customers and intermediaries such as automation solution providers and dealers.

In the event that our customers encounter any issues arising from faulty or malfunctioning equipment during the warranty period, we will provide complimentary technical support services which include equipment repair, spare part replacement and software troubleshooting. If the issues cannot be resolved, the equipment will be sent to the respective principals for repair and/or replacement, depending on the conditions under the back-to-back agreements with the respective principals.

For the Financial Years Under Review and FPE 2023, our Group recorded 4, 5, 19 and 23 warranty claims respectively. However, as most warranty claims made were on faulty and malfunctioning equipment parts, the respective warranty claims were borne by the principals.

7.3. REVENUE SEGMENTATION AND PRINCIPAL MARKETS

For the Financial Years under Review and FPE 2023, the provision of imaging, analytical and test solutions was the largest revenue contributor to our Group, contributing 73.74%, 78.11% 83.57% and 84.35% to our Group's total revenue respectively.

The breakdown of our Group's revenue by business segment for the Financial Years Under Review and FPE 2023 is as follows:

Revenue by business segment	FYE 2020		FYE 2021		FYE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Provision of imaging, analytical and test solutions⁽¹⁾	91,752	73.74	115,920	78.11	142,239	83.57	86,778	84.35
• Solutions using advanced imaging equipment	36,226	29.11	41,349	27.86	53,025	31.15	32,697	31.78
• Solutions using optical and portable equipment	27,894	22.42	30,046	20.25	38,544	22.65	22,967	22.32
• Solutions using advanced analytical and testing equipment	13,111	10.54	19,886	13.40	29,945	17.59	17,663	17.18
• Solutions using sample management equipment	4,584	3.68	12,603	8.49	10,631	6.25	7,284	7.08
• Other solutions	9,937	7.99	12,036	8.11	10,094	5.93	6,167	5.99
Provision of after-sales services⁽²⁾	32,673	26.26	32,490	21.89	27,963	16.43	16,098	15.65
Total⁽³⁾	124,425	100.00	148,410	100.00	170,202	100.00	102,876	100.00

7. BUSINESS OVERVIEW (Cont'd)

Notes:

- (1) Includes revenue generated from equipment rental, which was minimal with contribution of 0.79%, 1.11%, 1.24% and 0.93% to our Group's total revenue for the Financial Years Under Review and FPE 2023 respectively.
- (2) Includes revenue generated from the provision of lab services, which was minimal with contribution of 0.07%, 0.12%, 0.04% and 0.01% to our Group's total revenue for the Financial Years Under Review and FPE 2023 respectively.
- (3) Revenue generated from end-user customers stood at 94.09%, 94.57%, 90.29% and 92.92% of our Group's total revenue in the Financial Years Under Review and FPE 2023 respectively, while revenue generated from intermediaries stood at 5.91%, 5.43%, 9.71% and 7.08% of our Group's total revenue in the Financial Years Under Review and FPE 2023 respectively.

For the Financial Years Under Review and FPE 2023, revenue from Malaysia was the largest contributor to our Group as it contributed 49.59%, 45.73%, 46.96%, and 37.96% to our Group's total revenue respectively. For FYE 2020, FYE 2021 and FPE 2023, revenue from Thailand was the second largest contributor, followed by revenue contributions from PRC and Singapore. For FYE 2022, revenue from PRC was the second largest contributor, followed by revenue contributions from Thailand and Singapore.

The breakdown of our Group's revenue by geographical market for the Financial Years Under Review and FPE 2023 is as follows:

Revenue by geographical market	FYE 2020		FYE 2021		FYE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	61,697	49.59	67,862	45.73	79,933	46.96	39,051	37.96
Thailand	25,812	20.75	37,932	25.56	29,733	17.47	29,014	28.20
PRC	23,045	18.52	29,127	19.63	47,838	28.11	22,597	21.97
Singapore	11,151	8.96	11,262	7.59	9,886	5.81	7,634	7.42
Others ⁽¹⁾	2,720	2.18	2,227	1.49	2,812	1.65	4,580	4.45
Total	124,425	100.00	148,410	100.00	170,202	100.00	102,876	100.00

Note:

- (1) Comprises mainly revenue contribution from our customers in Hong Kong, Vietnam, and Brunei.

7.4. SEASONALITY AND CYCLICALITY

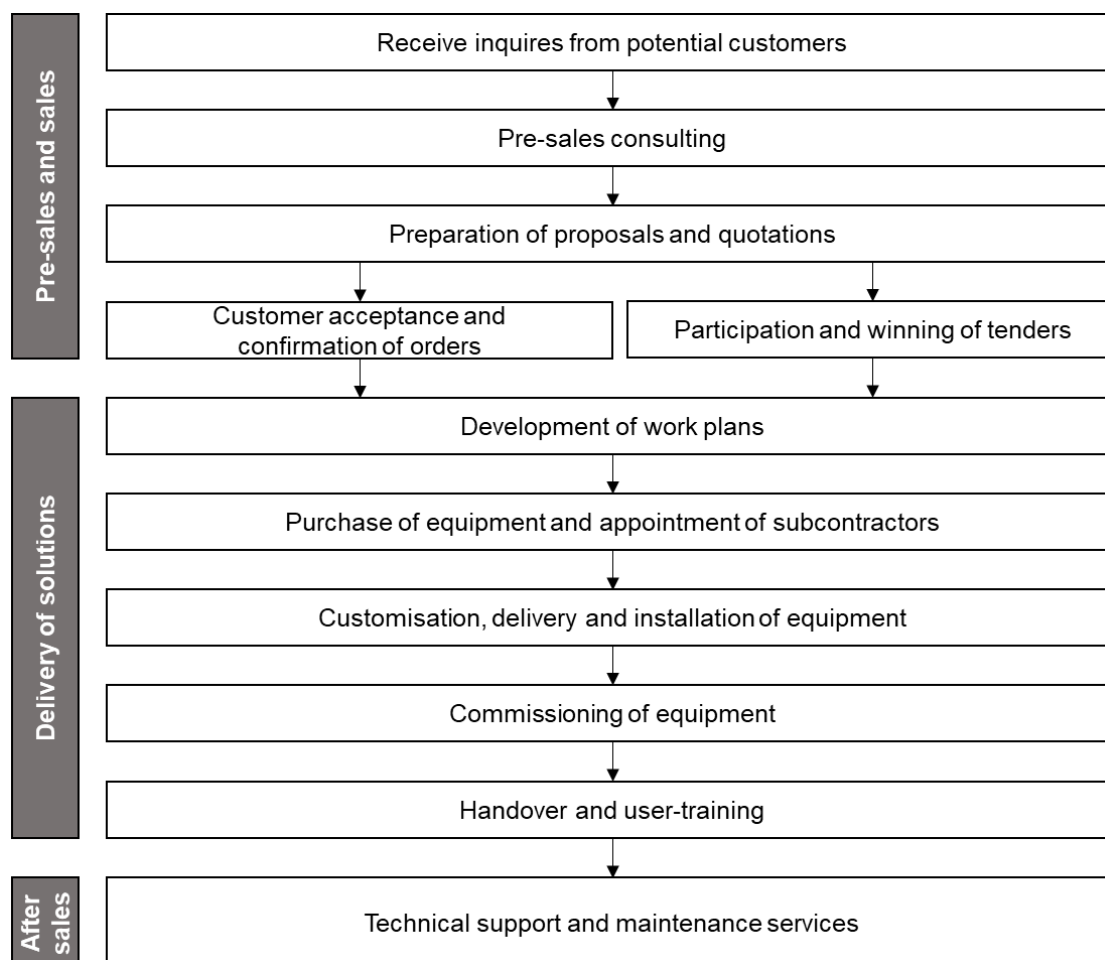
We do not experience any material seasonality or cyclicity in our business as the demand for our products are neither subject to seasonal fluctuations nor cyclical variations.

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7. BUSINESS OVERVIEW (Cont'd)

7.5. BUSINESS AND OPERATIONAL PROCESS

The operational process of our Group's provision of imaging, analytical and test solutions is as follows:



Pre-sales and sales

Our Group receives inquiries on our solutions directly from potential customers or through referrals from business associates (e.g. our customers and suppliers).

During pre-sales consulting stage, we analyse and understand the requirements of each potential customer, which include the potential customer's purposes and/or objectives, problems and/or bottlenecks faced, manufacturing process or operational workflow, expected or target outcomes, equipment required, timeline and budget.

After gathering this information from the customer, we will propose a suitable solution that is tailored to the specific needs of the potential customers. Thereafter, we will prepare a proposal and quotation for the potential customer's review and approval. Amendments to the proposal and quotation may be made upon further discussions and negotiations with the potential customers. We may invite the potential customers to our office for a demonstration of our proposed solution using the readily available equipment in our office. We may also invite the potential customers to our principals' office for equipment demonstration if we do not have such equipment in our office.

7. BUSINESS OVERVIEW (Cont'd)

Following which, depending on the potential customers' business practice, the potential customers may or may not accept our proposal and quotation directly. Some customers may accept our proposal and quotation directly by issuing a purchase order and/or letter of award to our Group as proof of order confirmation.

On the other hand, some potential customers may, upon receiving proposals and quotations from various interested parties including proposal and quotation from our Group as part of information gathering, publish an official tender in which we will participate in the tender. In the case where we won the tender, the customer will issue a letter of award to our Group as proof of order confirmation.

Delivery of solutions

Upon confirmation of the order, we will develop a work plan according to the requirements agreed by our customer. We will also coordinate and allocate resources to conduct the purchasing, customisation, delivery, installation and commissioning of the equipment, as well as liaise with our customer on the timeline of each milestone until the handover of equipment. Thereafter, we will purchase and order the necessary equipment, including spare parts, consumables and accessories, from our suppliers. We may appoint sub-contractors for customisation works, if necessary.

Once the equipment and other products ordered are delivered to our customer's premise, we will install the respective equipment according to the work plan, together with any customisation of equipment with any hardware, parts and components as well as software, if required. If equipment customisation is outsourced to third-party service providers, equipment customisation works may be carried out at the third-party service providers' premises, and thereafter the third-party service providers will carry out the installation at our customers' premises under our supervision. Thereafter, we will commission the equipment and perform tests and calibration to ensure that the equipment functions as specified.

Once the commissioning of the equipment is completed, we will conduct handover and on-site user-training to our customer, which includes a briefing of the equipment's operating manual, as well as basic maintenance procedure. The lead time from order confirmation to handover typically ranges from 2 weeks to 4 months, depending on the complexity of solutions and delivery duration of the equipment from our equipment suppliers.

After-sales

As part of our after-sales services, we will be present on-site periodically to conduct routine condition checks, preventive maintenance procedures on the equipment and conduct performance testing and calibration to ensure that the equipment perform as intended. Upon receiving any reports of equipment failure or malfunction, we will remotely identify the issue and conduct the necessary investigations to rectify the errors and/or perform reparations on-site if required.

We provide complimentary after-sales services as part of our warranty, i.e. technical support and maintenance to our customers for a period of 1 year or up to a certain number of equipment operation hours, after handover to ensure smooth functioning of the equipment. Upon the expiry of the warranty period or the specified operation hours, our customers may continue engaging our Group to provide technical support and maintenance services for a fee pursuant to the terms specified in the equipment service agreements to be entered with our customers.

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7. BUSINESS OVERVIEW (Cont'd)

7.6. OUR COMPETITIVE STRENGTHS

7.6.1. Our industry knowledge as well as technical expertise enable us to propose suitable solutions for our customers

LSW (our Managing Director), ACM (our Executive Director) and YKM (our Executive Director) have accumulated an average 28 years of experience in the imaging, analytical and test business, thus equipped with substantial industry knowledge and technical expertise to assist customers from numerous industries in providing solutions and solving problems as well as enhancing the quality and efficiency in quality inspection. Furthermore, to propose an optimised solution for a customer, thorough understanding of the customer's requirements as well as extensive knowledge on the functions of the equipment are required. Our sales and technical personnel are equipped with the aforementioned knowledge and expertise to propose optimised solutions that are tailored to the needs of our customers. Further, we also send our sales and technical personnel for external training conducted by principals to keep them at the forefront of the latest market/ technological trend and equipment offerings. These training sessions will deepen our sales and technical personnel' knowledge and understanding on the application and functions of the equipment we supply, which will enable us to continuously improve our offerings to our customers. As at the LPD, we have a team of 113 sales and technical personnel who are involved in pre-sales consulting (i.e. understanding and gathering customer requirements) and purchasing suitable equipment, as well as customisation, installation and/or commissioning of equipment.

Our ability to tailor our solutions to our customers' needs positions us as a solutions provider that adds value to our customers by assisting them in amongst others, improving the quality and efficiency in operations through quality inspection. In addition to sale of equipment, we provide additional services covering pre-sales consulting, customisation, installation, commissioning and user-training; as well as after-sales services comprising technical support and maintenance and sale of spare parts and consumables. Our ability in providing these additional services that constitute a solution is attributed to our business model as well as our industry knowledge and technical expertise, which we will continue to leverage on to drive our business growth and expansion moving forward.

7.6.2. We have business presence in 4 countries and a diversified customer base spanning across multiple industries and countries

In 1999, we commenced operations in Malaysia, and subsequently expanded our footprints to PRC in 2005, Singapore in 2008 and Thailand in 2010. The expansion of our business into these countries is a testament to our growth and signifies our ability to simultaneously maintain our presence in domestic market whilst penetrating into foreign markets. Further, establishing physical presence in foreign markets has enabled us to improve our visibility and accessibility to customers in foreign markets and widen our customer base, which has resulted in an increase in our sales and business.

We also have a diversified customer base spanning across multiple industries, whereby our customers are mainly manufacturers and industry players in the semiconductor, E&E, automotive, oil and gas, aviation, life science and healthcare industries. In addition, we also provide imaging, analytical and test solutions as well as after-sales services to research and academic institutions for sample analysis and/or R&D purposes. Apart from providing our solutions directly to these end-user customers, we also sell equipment to intermediaries such as automation solution providers and dealers for onward sale to end-user customers.

Our ability in providing solutions to customers in multiple industries is due to the wide application of our solutions, as quality inspection through advanced imaging is an indispensable process in the manufacturing lines of many industries, in particular the E&E and semiconductor industries, which both play a significant role in supporting many end-user industries such as consumer electronics, telecommunications, automotive and medical equipment.

7. BUSINESS OVERVIEW (Cont'd)

Our wide range and diversified customer base allow us to diversify our operational risks as we are not reliant on any particular industry. Coupled with our established business presence in 4 countries, it also serves as a foundation to support our business expansion in the future.

7.6.3. We have long-standing relationships with our wide network of equipment suppliers

Part of our imaging, analytical and test solutions include imaging, analytical and test equipment which is purchased from equipment suppliers, comprising principals and dealers. As at the LPD, we are an active distributor of 21 principals from 7 countries, including France, Germany, Japan, Malaysia, Switzerland, UK and USA. Having a wide network of principals as our suppliers gives us a wide selection for the most suitable equipment as part of our solutions. Please refer to Section 7.2.5 of this Prospectus for details of our network of equipment principals as well as Section 7.8 of this Prospectus for details of the awards received from our principals.

Further, we have also established long-standing relationships with our equipment suppliers, whereby we have at least 5 years of business relationship with all our major suppliers, who are mainly principals, in the Financial Years Under Review and FPE 2023. Please refer to Section 7.15 of this Prospectus for further details on our long-standing relationship with our major suppliers. With our long-standing and direct relationship with our principals, we have access to, and/or be up-to-date with, the latest equipment made available by our principals. This allows us to stay updated with the latest offerings and technological advancement, and also allows us to incorporate the latest equipment as part of our solutions to our customers.

7.6.4. We have an experienced key senior management team, led by our Managing Director and Executive Directors with educational foundation in science

Our Group is led by an experienced and technically-skilled key management team that has accumulated years of industry experience and in-depth knowledge of our business operations. LSW (our Managing Director) and ACM (our Executive Director) obtained a Bachelor of Science degree majoring in microelectronics-physics from Campbell University, USA; and YKM (our Executive Director) obtained a Bachelor of Science degree majoring in computer science-physics from Campbell University, USA. As such, LSW, ACM and YKM have the relevant background in science which they have leveraged on in building and expanding our Group's imaging, analytical and test business over the years.

They have accumulated an average 28 years of experience in the imaging, testing and analysis industry. With their knowledge in science as well as their extensive industry experience, they have played a pivotal role in steering the growth and expansion of our Group through consistently developing optimised solutions for our customers.

They are supported by the following Key Senior Management:

Name	Designation	Years of relevant working experience
Kwong Wing Yew	Vice President of Sales	23
Tan Chun Hau	General Manager of Technical Support	19
Lyn Meng Keong	General Manager	30
Khor Seng Chee	Financial Controller	22

Our management team has strong industry and functional expertise as a result of years of experience in their respective fields. Further, they take an active, hands-on role in spearheading their respective departments to support the growth of our Group. Their hands-on involvement in our Group demonstrates their strong commitment to our growth as we continue to expand. Please refer to Section 5.1.2 and Section 5.4.3 of this Prospectus for the profiles of our Key Senior Management.

7. BUSINESS OVERVIEW (Cont'd)

7.7. TECHNOLOGY USED

Our Group has developed in-house Customer Relationship Management (“**CRM**”) software and Technical Service Management (“**TSM**”) software, which help us to better serve our customers. The CRM software serves as a centralised platform for collating, organising and managing information related to the sale of equipment, spare parts and consumables to our customers. The software is programmed to streamline and automate sales management functions, such as providing timely updates on expiring service agreements and consumables, as well as promptly informing our customers on new equipment available. Additionally, the CRM software functions as an analytics tool, offering insights of our sales performance through generated reports, aiding our Group in conducting business analysis and making informed decisions.

Moreover, our TSM software is used to manage our Group’s technical support and maintenance services. It serves as a centralised database that allows our Group to keep track of the status and condition of our customers’ equipment, including warranty information, preventive maintenance records as well as the history of equipment repairs and/or spare part replacement, thereby allowing our Group to timely and effectively provide technical support and maintenance services to our customers. Our TSM software is also integrated with our CRM software, enabling us to integrate data from both systems, providing us comprehensive view of our performance in terms of the sales of equipment, spare parts, consumables, as well as technical support and maintenance services.

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7. BUSINESS OVERVIEW (Cont'd)

7.8. CERTIFICATIONS AND AWARDS

As at the LPD, we have obtained the following certifications as a testament to our quality commitment:

Certification	Certified entity	Certification body	Date first awarded	Current validity period	Scope of certification
Certificate of Conformity Good Distribution Practice for Medical Device ("GDPMD")	Matrix Optics	SIRIM QAS International Sdn Bhd	30 January 2015	12 December 2023 - 29 January 2027	Complies with the regulatory requirements of GDPMD for the import, storage and handling, distribution (including transportation), installation, testing and commissioning (including the required facilities), maintenance and calibration (including the required facilities) as well as documentation of medical devices.
MS ISO/IEC 17025 Requirements for the competence of testing and calibration laboratories (Scope of calibration: Dimensional)	Crest Systems	Department of Standards Malaysia	5 May 2020	3 May 2023 - 5 May 2028	Conforms to the technical competence requirements and management system requirements that are necessary to consistently deliver technically valid test results and calibrations for measuring microscope

We have also been awarded with the following awards:

Year	Award	Organiser/ Awarding body
2018	Outstanding Supplier Award	Mini-Circuits
2020	FY 2020 Best Performing Distributor Award	Olympus Singapore Pte Ltd
2021	Supplier Award 2021	TF AMD
2022	Best Performance Award 2022	Evident
2022	Top Sales Recognition Award in SEA 2022	Nordson
2023	2023 Outstanding Industry Award (Engineering and Technology)	Institute of Electrical and Electronics Engineers ("IEEE")
2023	Certification of Appreciation for being recognised as Preferred Supplier based on the overall vendor performance evaluation for FY 2022	Universiti Teknologi Petronas
2023	Outstanding achievement award	Nordson

7.9. OPERATING CAPACITIES AND OUTPUT

Due to the nature of our business in the provision of imaging, analytical and test solutions (including after-sales services), the computation of operating capacities and output are not applicable to us.

7. BUSINESS OVERVIEW (Cont'd)

7.10. TYPES, SOURCES AND AVAILABILITY OF SUPPLIES

The table below sets out our purchases for the Financial Years Under Review and FPE 2023:

Purchases	FYE 2020		FYE 2021		FYE 2022		FPE 2023	
	Value of purchases (RM'000)	% of our Group's purchases (%)	Value of purchases (RM'000)	% of our Group's purchases (%)	Value of purchases (RM'000)	% of our Group's purchases (%)	Value of purchases (RM'000)	% of our Group's purchases (%)
Imaging, analytical and test equipment ⁽¹⁾	79,042	98.08	97,156	98.15	117,975	99.37	69,562	99.68
• Advanced imaging equipment	35,874	44.51	35,677	36.04	46,159	38.88	29,610	42.43
• Optical and portable equipment	15,780	19.58	22,401	22.63	25,958	21.86	15,453	22.14
• Advanced analytical and testing equipment	12,293	15.25	20,613	20.82	25,112	21.15	13,057	18.71
• Sample management equipment	3,873	4.81	8,097	8.18	9,196	7.75	5,954	8.53
• Others	11,222	13.93	10,368	10.47	11,550	9.73	5,488	7.87
Subcontractors cost ⁽²⁾	1,550	1.92	1,833	1.85	746	0.63	224	0.32
Total	80,592	100.00	98,989	100.00	118,721	100.00	69,786	100.00

Notes:

(1) Includes the purchase of spare parts and consumables.

(2) Comprises of cost for customisation works outsourced to third-party service providers.

For the Financial Years Under Review and FPE 2023, the primary supply purchased by our Group was imaging, analytical and test equipment, which accounted for 98.08%, 98.15%, 99.37% and 99.68% of our Group's total purchases respectively.

These supplies and services are not subject to price fluctuations and our Group has not encountered any difficulties in sourcing these supplies and services from our suppliers in the Financial Years Under Review and up to the LPD.

7. BUSINESS OVERVIEW (Cont'd)

7.11. SALES AND MARKETING

Our Group's sales and marketing activities are as follows:

(i) Direct approach

We secure orders from existing and potential customers through direct approach whereby we directly engage with these customers to introduce our offerings, which include the equipment that we offer as part of our solutions and how our solutions can solve the potential customers' problems and/or bottlenecks, and improve the potential customers' operations. It is also our practice to maintain close relationships with our existing and potential customers to keep them updated on the introduction of the latest and/or upgraded equipment. This is to ensure that our customers are informed of any equipment that may potentially assist them in quality inspection, sample analysis, and R&D processes to maintain or improve product quality, as well as increase efficiency, accuracy, productivity and potentially lead to a reduction in operational cost.

(ii) Referrals from business associates

In view of our ability to maintain our quality standards, we have been able to attract new customers through referrals from our business associates, including our existing customers and suppliers. We are dedicated to building and maintaining long-term relationships with our customers, and take the initiative to obtain feedback from both our principals (suppliers of our equipment) and customers. This enables us to better understand the latest market trends and customer requirements with regards to the test, inspection and analysis processes.

(iii) Demonstration room

We have set up a demonstration room in most of our offices, to display some equipment that are commonly sought by customers (e.g. X-ray inspection, microscope and remote visual inspection system) to demonstrate our solutions to our potential customers. During the demonstration session, we will use the equipment to conduct simulated imaging, testing and analysis on products, components and/or specimens prepared by customers. This enables us to highlight and showcase the features, functionality and capabilities of the equipment to potential customers, thereby allowing these customers to better understand our solutions. Furthermore, we are available to attend and address any concerns raised by the potential customers during the session, thus providing these customers with a better and more comprehensive insight and understanding on the equipment.

Moving forward, to better serve both our potential and existing customers, as part of our business strategies and future plans, we intend to purchase additional demonstration equipment, with details set out in Section 7.20 of this Prospectus.

(iv) Participation in trade fairs, conferences and exhibitions

We participate in events such as trade fairs, conferences and exhibitions to showcase our ability to provide tailored solutions and enhance our brand visibility. Such participation provides us with significant opportunities to meet potential customers and keep abreast with current market demand and trends.

The trade fairs, conferences and exhibitions that we participated in the Financial Years Under Review and up to the LPD are as follows:

FYE	Event	Organiser	Location
2020	Thailand Scientific Equipment Center Network (TSEN) Conference 2020	Thailand Institute of Scientific and Technological Research	Pathum Thani, Thailand

7. BUSINESS OVERVIEW (Cont'd)

FYE	Event	Organiser	Location
2020	Pure and Applied Chemistry International Conference (PACCON) 2020	Thammasat University and The Chemical Society of Thailand	Nonthaburi, Thailand
2021	The 27 th Petroleum and Petrochemical College, Chulalongkorn University ("PPC") Symposium on Petroleum, Petrochemicals, and Polymers and The 12 th Research Symposium on Petrochemical and Materials Technology	PPC and Center of Excellence on Petrochemical and Materials Technology (PETROMAT)	Online
2022	SEMICON China 2022	SEMI China	Shanghai, China
2022	SEMICON Southeast Asia 2022	SEMI Southeast Asia Pte Ltd	Penang, Malaysia
2022	METALTECH & AUTOMEX 2022	Informa Markets Malaysia Sdn Bhd	Kuala Lumpur, Malaysia
2022	Pure and Applied Chemistry International Conference (PACCON) 2022	King Mongkut's Institute of Technology Ladkrabang and The Chemical Society of Thailand	Bangkok, Thailand
2022	The 29 th edition of IEEE International Symposium on the Physical and Failure Analysis of Integrated Circuits	IEEE	Singapore
2022	Thailand Scientific Equipment Center Network (TSEN) Conference 2022	Walailak University	Nakhon Si Thammarat, Thailand
2022	6 th Malaysia International NDT Conference and Exhibition	Malaysian Society for Non-Destructive Testing	Selangor, Malaysia
2022	Oil and Gas Asia 2022	Informa Markets Malaysia Sdn Bhd	Kuala Lumpur, Malaysia
2022	39 th International Electronics Manufacturing Technology Conference 2022	Electronics Packaging Society of IEEE	Putrajaya, Malaysia
2022	SEAISI Steel Mega Event & Expo	South East Asia Iron and Steel Institute	Selangor, Malaysia
2022	The 13 th Thailand Metallurgy Conference (TMETC13)	Suranaree University of Technology	Nakhon Ratchasima, Thailand
2023	Pure and Applied Chemistry International Conference (PACCON) 2023	Mae Fah Luang University and The Chemical Society of Thailand	Chiang Rai, Thailand
2023	The 4 th Material Research Society of Thailand ("MRS") International Conference (MRS-Thailand 2023)	MRS and faculty of Science Ubon Ratchathani University	Ubon Ratchathani, Thailand
2023	11 th International Conference on Materials for Advanced Technologies (IUMRS-ICAM & ICMAT) 2023	Materials Research Society of Singapore and Nanyang Technological University	Singapore
2023	NEPCON Thailand 2023	Reed Tradex Co Ltd	Bangkok, Thailand

7. BUSINESS OVERVIEW (Cont'd)

(v) Organisation of webinars

Our Group organises and hosts webinars to promote our solutions focusing on certain equipment to potential customers. We will also co-organise and co-host the webinars with our principals. By organising and hosting webinars, we are able to raise awareness to our existing and potential customers on our solution offerings and certain equipment offered by principals, including the features, functionality and capabilities of the equipment as part of our solutions.

The webinars that we organised In the Financial Years Under Review and up to the LPD are as follows:

FYE	Event
2021	Bruker – Emerging techniques with infrared spectroscopy (IR) in nanoscale characterisation
2021	Bruker – Bridging the gap of fourier transform infrared spectroscopy (FTIR) to high resolution chemical imaging with tapping atomic force microscopy-infrared spectroscopy (AFM-IR)
2021	Rigaku – Electron diffraction (“ED”), Micro ED/ 3D ED Workshop
2022	Bruker – How to utilise biological AFM in tissue engineering, cell mechanics and single molecule high speed image
2022	Bruker – Developments in force measurement and applications in mechanobiology
2022	Bruker – Nano mechanical properties of polymers 1-2 webinar series
2022	Bruker – Quantitative nanoscale chemical and mechanical characterization for polymeric materials
2023	Evident – Organoid Conference 2023
2023	Bruker – Polymer structure, physical and chemical properties at nanometre scale measured by scanning probe based techniques
2023	Bruker – The fundamentals of AFM probe selection
2023	Bruker – FTIR semiconductor seminar
2023	Bruker – General introduction of in-situ nanomechanical property measurements and applications
2023	Bruker – Recent advances for in situ SEM nanomechanics: extreme temperatures and enhanced automation capabilities
2023	Bruker and – Thin film characterisation applied in semiconductors material via nanoindentation

7. BUSINESS OVERVIEW (Cont'd)

(vi) Tenders

We are registered in several tendering platforms in the various countries we have presence in. These platforms include, ePerolehan by the Government of Malaysia, GeBIZ by the Government of Singapore, e-GP by the Government of Thailand, electronic procurement portal of National University of Singapore and electronic procurement portal of Nanyang Technological University, all of which often have tenders posted by the respective parties.

Through these tendering platforms, we are provided access to tender for the prospective engagement of our imaging, analytical and test solutions. We will review the tenders and participate in tenders that we are interested in and qualified for.

(vii) Corporate website






We have established our corporate website at *www.crest-group.net* which yields immediate search results on our Group as well as provides a preview of the specifications of our solutions and equipment carried. The current widespread use of the internet as a search engine enables us to transcend geographical boundaries and facilitate access internationally, thereby enhancing our potential market reach and exposure.

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7. BUSINESS OVERVIEW (Cont'd)

7.12. INTELLECTUAL PROPERTY RIGHTS AND TRADEMARKS REGISTERED

As at the LPD, save for the trademark registrations disclosed below, we do not have any other intellectual property rights, brand names or patents registered and/or in the process of registration:

No.	Trademark	Registrant	Application No.	Issuing Authority	Date of application	Validity of registration	Class	Status
1.		Crest Systems	TM2023010942	MyIPO	18 April 2023	18 April 2023 to 18 April 2033	7 ⁽¹⁾	Registered
2.		Crest Systems	TM2023010949	MyIPO	18 April 2023	Not applicable	37 ⁽²⁾	Provisional Refusal (Objected) ⁽⁴⁾
3.		Crest Systems	TM2023010962	MyIPO	18 April 2023	18 April 2023 to 18 April 2033	9 ⁽³⁾	Registered
4.		Crest Systems	TM2023010953	MyIPO	18 April 2023	Not applicable	37 ⁽²⁾	Provisional Refusal (Objected) ⁽⁴⁾
5.		Crest Systems	TM2023010963	MyIPO	18 April 2023	Not applicable	9 ⁽³⁾	Provisional Refusal (Objected) ⁽⁴⁾

7. BUSINESS OVERVIEW (Cont'd)

6.		Crest Systems	TM2023020365	MyIPO	13 July 2023	Not applicable	7 ⁽¹⁾	Pending Registration
7.		Crest Systems	TM2023020366	MyIPO	13 July 2023	Not applicable	9 ⁽³⁾	Pending Registration
8.		Crest Systems	TM2023020369	MyIPO	13 July 2023	Not applicable	37 ⁽²⁾	Provisional Refusal (Objected) ⁽⁵⁾

Notes:

- (1) Machines and machine tools; machines for manufacturing semiconductors; motors and engines, except for land vehicles; automatic handling machines; automatic handling machines [manipulators]; machining centres; apparatus for machining; pneumatic machines and apparatus; pneumatic controls for machines; pneumatic controls for machines, motors and engines; sensor-controlled sorting machines; assembly line conveyor machinery; atomisers [machines]; industrial robots for machines and machine tools; machine couplings and transmission components for machines.
- (2) Maintenance and repair services; installation and maintenance services; provision of advice relating to installation, maintenance and repair services; repair services; repair, maintenance and installation services; maintenance, repair and cleaning of apparatus and machinery for manufacturing semiconductors; installation, maintenance and repair of electrical and electronic apparatus for use in the field of automation; providing information relating to repair services in the aviation sector; installation, maintenance and repair of electrical and electronic apparatus and equipment; repair or maintenance of machines and apparatus for processing food or beverages; installation, maintenance and repair of surgical, medical, dental and veterinary apparatus and instruments; installation, construction, maintenance, servicing and repair of energy and power generating apparatus, equipment and installations; installation, maintenance and repair of solar installations for generating power, solar collectors and photovoltaic modules.
- (3) Apparatus and instruments for microscopy; x-ray fluorescence analyzers; fluorescence microscopes; optical inspection apparatus for industrial use; calorimeters; optical frequency metrology devices; refractometers; electronic semiconductors; scientific, research, navigation, surveying, photographic, cinematographic, audiovisual, optical, weighing, measuring, signalling, detecting, testing, inspecting, life-saving and teaching apparatus and instruments; software; acceleration sensors; biochip sensors; distance sensors; cameras with linear image sensors; apparatus for monitoring and recording the performance of machinery; infrared sensors; level sensors; motion sensors; position sensors; proximity sensors; velocity sensors; laboratory apparatus and instruments for scientific research; x-ray apparatus not for medical purposes; material testing instruments and machines.
- (4) On 18 April 2023, Crest Systems had submitted applications for registration of trademarks under the registration numbers TM2023010949, TM2023010953 and TM2023010963 respectively. As at the LPD, MyIPO had on 23 October 2023 and 30 October 2023 respectively issued notices of provisional refusal to Crest Systems pursuant to Section 24(2)(b) of the Trademark Act 2019 which states that the Registrar of Trademark shall refuse to register a trademark if there exists a likelihood of confusion on the part of the public where the trademark is similar to an earlier trademark and is to be registered for goods or services identical with or similar to the earlier trademark. It was noted that there were similar trademarks which were registered by other applicants prior to the date of applications by Crest Systems. Crest Systems had on 18 December 2023 applied via its trademark agent for a hearing date to object the provisional refusal in respect of TM2023010949 and had on 29 December 2023 and 28 December 2023 submitted appeals via its trademark agent in respect of the provisional refusals for TM2023010953 and TM2023010963. The timeline for MyIPO to set a hearing date may take up to 24 months whereas the timeline for MyIPO to revert on the appeals may take at least 18 months. If the appeals for the registration of the trademarks are refused by MyIPO, Crest Systems will cease to use the existing trademarks which have not been successfully registered and may submit alternative trademarks for registration. Nonetheless, our Board is of the opinion that our Group's ability to provide services to its customers is not dependent upon the successful registration of the Class 9 and Class 37 trademarks.

7. BUSINESS OVERVIEW (Cont'd)

- (5) MyIPO had on 4 January 2024, issued a notice of provisional refusal to Crest Systems in respect of its application for registration of trademark under the registration number TM2023020369 pursuant to Section 24(2)(b) of the Trademark Act 2019 which states that the Registrar of Trademark shall refuse to register a trademark if there exists a likelihood of confusion on the part of the public where the trademark is similar to an earlier trademark and is to be registered for goods and services identical with or similar to the earlier trademark. Crest Systems had on 11 January 2024 requested for its trademark agent to apply for a hearing date to object the provisional refusal.

The Board is of the opinion that our Group's ability to provide equipment and solutions to our customers is not dependent upon the successful registration of these trademarks.

7.13. MATERIAL INVESTMENTS AND MATERIAL DIVESTITURES

As at the LPD, we do not have any material investments and material divestitures.

7.14. MAJOR CUSTOMERS

Our top 5 major customers for the Financial Years Under Review and FPE 2023 are as follows:

FYE 2020

No.	Customer name	Solutions/services provided	Revenue (RM'000)	% of total revenue	Length of relationship (Years) ⁽¹⁾
1	Customer Group A ⁽²⁾	Advanced imaging; optical and portable; advanced analytical and testing; and sample management solutions	5,756	4.63	4
2	Customer Group B ⁽³⁾	Technical support and maintenance services	4,385	3.52	11
3	Customer Group C ⁽⁴⁾	Advanced imaging; optical and portable; advanced analytical and testing; and sample management solutions	4,252	3.42	13
4	Customer Group D ⁽⁵⁾	Advanced imaging; optical and portable; advanced analytical and testing; and sample management solutions	3,165	2.54	13
5	Customer Group E ⁽⁶⁾	Advanced imaging; advanced analytical and testing; and sample management solutions	2,623	2.11	7
Subtotal⁽¹⁰⁾			20,181	16.22	
Total revenue			124,425	100.00	

7. BUSINESS OVERVIEW (Cont'd)

FYE 2021

No.	Customer name	Solutions/services provided	Revenue (RM'000)	% of total revenue	Length of relationship (Years) ⁽¹⁾
1	Customer Group D ⁽⁶⁾	Advanced imaging; optical and portable; advanced analytical and testing; and sample management solutions	8,192	5.52	14
2	Customer Group B ⁽³⁾	Technical support and maintenance services	4,451	3.00	12
3	Customer Group C ⁽⁴⁾	Advanced imaging; optical and portable; advanced analytical and testing; and sample management solutions	3,608	2.43	14
4	Customer Group A ⁽²⁾	Advanced imaging; optical and portable; advanced analytical and testing; and sample management solutions	3,357	2.26	5
5	Customer F ⁽⁷⁾	Advanced imaging; optical and portable; and advanced analytical and testing solutions	3,115	2.10	2
Subtotal⁽¹⁰⁾			22,723	15.31	
Total revenue			148,410	100.00	

FYE 2022

No.	Customer name	Solutions/services provided	Revenue (RM'000)	% of total revenue	Length of relationship (Years) ⁽¹⁾
1	Customer Group E ⁽⁶⁾	Advanced imaging; optical and portable; advanced analytical and testing; and sample management solutions	17,468	10.26	9
2	Customer Group A ⁽²⁾	Advanced imaging; optical and portable; advanced analytical and testing; and sample management solutions	7,717	4.53	6
3	Customer Group D ⁽⁵⁾	Advanced imaging; optical and portable; advanced analytical and testing; and sample management solutions	6,977	4.10	15
4	Customer Group C ⁽⁴⁾	Advanced imaging; optical and portable; advanced analytical and testing; and sample management solutions	6,644	3.91	15
5	Customer Group G ⁽⁸⁾	Advanced imaging; and advanced analytical and testing solutions	4,327	2.54	6
Subtotal⁽¹⁰⁾			43,133	25.34	
Total revenue			170,202	100.00	

7. BUSINESS OVERVIEW (Cont'd)

FPE 2023

No.	Customer name	Solutions/services provided	Revenue (RM'000)	% of total revenue	Length of relationship (Years) ⁽¹⁾
1	Khon Kaen University	Advanced imaging solutions	5,491	5.34	10
2	Customer Group G ⁽⁶⁾	Advanced imaging; advanced analytical and testing; and sample management solutions	4,885	4.75	7
3	Customer Group E ⁽⁶⁾	Advanced imaging; optical and portable; advanced analytical and testing; and sample management solutions	3,966	3.86	10
4	Customer H ⁽⁶⁾	Advanced imaging; and advanced analytical and testing solutions	3,716	3.61	10
5	Scientific and Technological Research Equipment Centre, Chulalongkorn University	Advanced analytical and testing solutions	3,654	3.55	10
			Subtotal⁽¹⁰⁾	21,712	21.11
			Total revenue	102,876	100.00

Notes:

- (1) Length of relationship with our major customers is calculated based on the first transaction with these customers up to the respective FYEs and FPE 2023.
- (2) Customer Group A consists of customers within the same group of companies that are principally involved in the provision of IC packaging and testing services. We transacted with 2 subsidiaries under Customer Group A and these companies are incorporated and based in Malaysia and PRC. The holding company of these companies is listed on the Shenzhen Stock Exchange. Consent was sought for the disclosure of the identity of Customer Group A pursuant to a non-disclosure agreement, but was not obtained. As such, the identity of Customer Group A will not be disclosed in the Prospectus.
- (3) Customer Group B consists of customers within the same group of companies that are principally involved in the designing and manufacturing of life science and clinical equipment and systems, which includes imaging, analytical and test equipment. We transacted with 4 subsidiaries under Customer Group B and these companies are incorporated and based in Australia, Hong Kong, Singapore and Thailand. The holding company of these companies is listed on the New York Stock Exchange. Consent was sought for the disclosure of the identity of Customer Group B pursuant to confidentiality obligations under a distribution agreement, but was not obtained. As such, identity of Customer Group B will not be disclosed in the Prospectus. Further, Customer Group B and Supplier Group C are under the same holding company who is the principal selling imaging, analytical and test equipment to our Group. We purchases imaging, analytical and test equipment from Supplier Group C, while Customer Group B engages our Group as an outsourced party to provide technical support and maintenance services to Customer Group B's customers who are the end-user customers of its equipment.

7. BUSINESS OVERVIEW (Cont'd)

- (4) Customer Group C consists of customers within the same group of companies that are principally involved in the manufacturing of semiconductors. We transacted with 8 subsidiaries under Customer Group C and these companies are incorporated and based in Indonesia, Malaysia, PRC, Singapore and Thailand. The holding company of these companies is listed on the Frankfurt Stock Exchange. Consent was sought for the disclosure of the identity of Customer Group C pursuant to a non-disclosure agreement, but was not obtained. As such, the identity of Customer Group C will not be disclosed in the Prospectus.
- (5) Customer Group D consists of customers within the same group of companies that are principally involved in the manufacturing of semiconductors. We transacted with 2 subsidiaries under Customer Group D and these companies are incorporated and based in Malaysia and Thailand. The holding company of these companies is listed on the NASDAQ Stock Market. Consent was sought for the disclosure of the identity of Customer Group D pursuant to a non-disclosure agreement, but was not obtained. As such, the identity of Customer Group D will not be disclosed in the Prospectus.
- (6) Customer Group E consists of customers within the same group of companies that are principally involved in the manufacturing of semiconductors. We transacted with 2 subsidiaries under Customer Group E and these companies are incorporated and based in PRC, Malaysia, South Korea, and Vietnam. The holding company of these companies is listed on the NASDAQ Stock Market. Consent was sought for the disclosure of the identity of Customer Group E pursuant to a confidentiality and non-disclosure agreement, but was not obtained. As such, the identity of Customer Group E will not be disclosed in the Prospectus.
- (7) Customer F is principally involved in the manufacturing of semiconductors. Customer F is incorporated and based in Malaysia, and the holding company of Customer F is listed on the NASDAQ Stock Market. Consent was sought for the disclosure of the identity of Customer F pursuant to a non-disclosure agreement, but was not obtained. As such, the identity of Customer F will not be disclosed in the Prospectus.
- (8) Customer Group G consists of customers within the same group of companies that is involved in multiple businesses, including the manufacturing of semiconductors and E&E. We transacted with 2 subsidiaries under Customer Group G and these companies are incorporated and based in Thailand. The holding company of these companies is not listed on a stock exchange. Consent was sought for the disclosure of the identity of Customer Group G pursuant to a confidentiality agreement, but was not obtained. As such, the identity of Customer Group G will not be disclosed in the Prospectus.
- (9) Customer H is principally involved in the manufacturing of semiconductors. Customer H is incorporated and based in Singapore, and the holding company of Customer H is listed on the NASDAQ Stock Market. Consent was sought for the disclosure of the identity of Customer H pursuant to a non-disclosure agreement. As Customer H has yet to revert to our Group as at the LPD, the identity of Customer H will not be disclosed in the Prospectus.
- (10) The total may not tally due to rounding.
- In the Financial Years Under Review and FPE 2023, total revenue contributed by our top 5 major customers accounted 16.22%, 15.31%, 25.34% and 21.11% of our Group's total revenue respectively. Our top 5 major customers in the Financial Years Under Review and FPE 2023 were mainly from semiconductor industry. The revenue were mainly generated on ad-hoc / per order basis for imaging, analytical and test solutions and on recurring basis for technical support and maintenance services.
- Our Group is not dependent on any of our major customers as the revenue contribution from each of the major customers is less than 10.00% of the total revenue for the respective FYE and FPE, with the exception of one customer (i.e. Customer Group E), who contributed 10.26% of the total revenue for FYE 2022. However, Customer Group E's contribution to the total revenue of the Group were less than 10.00% for FYE 2020 and FPE 2023, i.e. 2.11% and 3.86% respectively, and in FYE 2021, Customer Group E is not a top 5 customer. Hence, we are not dependent on any of our major customers.

7. BUSINESS OVERVIEW (Cont'd)

7.15. MAJOR SUPPLIERS

Our top 5 major suppliers for the Financial Years Under Review and FPE 2023 are as follows:

FYE 2020

No.	Supplier name	Equipment sourced	Purchase value (RM'000)	% of total purchases	Length of relationship (Years) ⁽¹⁾
1	Supplier Group A ⁽²⁾	Advanced imaging; optical and portable; advanced analytical and testing; and sample management equipment	34,425	42.71	5
2	Supplier Group B ⁽³⁾	Advanced imaging; optical and portable; advanced analytical and testing; and sample management equipment	14,898	18.49	5
3	Supplier Group C ⁽⁴⁾	Advanced imaging; and advanced analytical and testing equipment	7,093	8.80	13
4	Supplier Group D ⁽⁵⁾	Advanced analytical and testing equipment	4,905	6.09	8
5	Supplier E ⁽⁶⁾	Advanced analytical and testing; and sample management equipment	1,159	1.44	6
Subtotal⁽⁷⁾			62,480	77.53	
Total purchases			80,592	100.00	

FYE 2021

No.	Supplier name	Equipment sourced	Purchase value (RM'000)	% of total purchases	Length of relationship (Years) ⁽¹⁾
1	Supplier Group A ⁽²⁾	Advanced imaging; optical and portable; advanced analytical and testing; and sample management equipment	40,989	41.41	6
2	Supplier Group B ⁽³⁾	Advanced imaging; optical and portable; and sample management equipment	20,576	20.79	6
3	Supplier Group D ⁽⁵⁾	Advanced analytical and testing equipment	8,091	8.17	9
4	Supplier Group C ⁽⁴⁾	Advanced imaging; and advanced analytical and testing equipment	7,665	7.74	14
5	Supplier E ⁽⁶⁾	Advanced analytical and testing equipment	1,765	1.78	7
Subtotal⁽⁷⁾			79,086	79.89	
Total purchases			98,989	100.00	

7. BUSINESS OVERVIEW (Cont'd)

FYE 2022

No.	Supplier name	Equipment sourced	Purchase value (RM'000)	% of total purchases	Length of relationship (Years) ⁽¹⁾
1	Supplier Group A ⁽²⁾	Advanced imaging; optical and portable; advanced analytical and testing; and sample management equipment	50,182	42.27	7
2	Supplier Group B ⁽³⁾	Advanced imaging; optical and portable; and sample management equipment	25,050	21.10	7
3	Supplier Group C ⁽⁴⁾	Advanced imaging equipment	9,243	7.79	15
4	Supplier Group D ⁽⁵⁾	Advanced analytical and testing equipment	4,876	4.11	10
5	Imina Technologies SA	Advanced analytical and testing equipment	2,451	2.06	4
		Subtotal⁽⁷⁾	91,802	77.33	
		Total purchases	118,721	100.00	

FPE 2023

No.	Supplier name	Equipment sourced	Purchase value (RM'000)	% of total purchases	Length of relationship (Years) ⁽¹⁾
1	Supplier Group A ⁽²⁾	Advanced imaging; optical and portable; advanced analytical and testing; and sample management equipment	29,684	42.54	8
2	Supplier Group B ⁽³⁾	Advanced imaging; optical and portable; advanced analytical and testing; and sample management equipment	13,131	18.81	8
3	Supplier Group C ⁽⁴⁾	Advanced imaging equipment	3,119	4.47	16
4	Ulvac-Phi, Inc	Advanced analytical and testing equipment	2,472	3.54	10
5	Supplier Group D ⁽⁵⁾	Optical and portable; and advanced analytical and testing equipment	2,001	2.87	11
		Subtotal⁽⁷⁾	50,407	72.23	
		Total purchases	69,786	100.00	

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

- (1) Length of relationship with our major suppliers is calculated based on the first transaction with these suppliers up to the respective FYEs and FPE 2023.
- (2) Supplier Group A consists of suppliers within the same group of companies that are principally involved in the designing and manufacturing of industrial and medical equipment and systems, which includes imaging, analytical and test equipment. We transacted with 6 subsidiaries under Supplier Group A and these companies are incorporated and based in Hong Kong, PRC, Singapore, Thailand and USA. The holding company of these companies is listed on the NASDAQ Stock Market. Consent was sought for the disclosure of the identity of Supplier Group A pursuant to confidentiality obligations under a distribution agreement, but was not obtained. As such, identity of Supplier Group A will not be disclosed in the prospectus.
- (3) Supplier Group B consists of suppliers within the same group of companies that are principally involved in the designing and manufacturing of industrial and medical equipment and systems, which includes imaging, analytical and test equipment. We transacted with 6 subsidiaries under Supplier Group B and these companies are incorporated and based in Hong Kong, PRC, Singapore and USA. The holding company of these companies is listed on the NASDAQ Stock Market. Consent was sought for the disclosure of the identity of Supplier Group B pursuant to confidentiality obligations under a distribution agreement, but was not obtained. As such, identity of Supplier Group B will not be disclosed in the prospectus.
- (4) Supplier Group C consists of suppliers within the same group of companies that are principally involved in the designing and manufacturing of analytical, life science and clinical equipment and systems, which includes imaging, analytical and test equipment. We transacted with 5 subsidiaries under Supplier Group C and these companies are incorporated and based in Malaysia, Netherlands, Singapore and Thailand. The holding company of these companies is listed on the New York Stock Exchange. Consent was sought for the disclosure of the identity of Supplier Group C pursuant to confidentiality obligations under a distribution agreement, but was not obtained. As such, identity of Supplier Group C will not be disclosed in the prospectus. Further, Supplier Group C and Customer Group B are under the same holding company who is the principal selling imaging, analytical and test equipment to our Group. We purchases imaging, analytical and test equipment from Supplier Group C, while Customer Group B engages our Group as an outsourced party to provide technical support and maintenance services to Customer Group B's customers who are the end-user customers of its equipment.
- (5) Supplier Group D consists of suppliers within the same group of companies that are principally involved in the designing and manufacturing of analytical and industrial equipment and systems, which includes imaging, analytical and test equipment. We transacted with 4 subsidiaries under Supplier Group D and these companies are incorporated and based in Hong Kong, Japan and USA. The holding company of these companies is not listed on a stock exchange. Consent was sought for the disclosure of the identity of Supplier Group D pursuant to confidentiality obligations under a distribution agreement, but was not obtained. As such, identity of Supplier Group D will not be disclosed in the prospectus.
- (6) Supplier E is a scientific equipment and systems supplier incorporated and based in Singapore. The holding company of this company is listed on the NASDAQ Stock Market. Consent was sought for the disclosure of the identity of Supplier E pursuant to confidentiality obligations under a distribution agreement, but was not obtained. As such, identity of Supplier E will not be disclosed in the prospectus.
- (7) The total may not tally due to rounding.

7. BUSINESS OVERVIEW (Cont'd)

For the Financial Years Under Review and FPE 2023, our Group's total purchases from our top 5 major suppliers, who are mainly the principals of imaging, analytical and test equipment carried by our Group, collectively contributed 77.53%, 79.89%, 77.33% and 72.23% to our Group's total purchases respectively. In particular, for the same period, our purchases from Supplier Group A stood at 42.72%, 41.41%, 42.27% and 42.54% of our Group's total purchases respectively, and our purchases from Supplier Group B stood at 18.49%, 20.79%, 21.10% and 18.81% of our Group's total purchases respectively. Our Group's cumulative purchases from Supplier Group A and Supplier Group B amounted to 61.21%, 62.20%, 63.37% and 61.36% respectively.

The high purchase contributions from Supplier Group A and Supplier Group B in the Financial Years Under Review and FPE 2023 is mainly due to the equipment sold by these suppliers (who are equipment principals) is commonly sought by our customers, and as such, we are dependent on these suppliers for our purchase of equipment. As at the LPD, our Group had entered into distribution agreements with Supplier Group A and Supplier Group B. Save for one distribution agreement entered into with one of the entities under Supplier Group B which is on an exclusive basis, the other distribution agreements are on a non-exclusive basis. Notwithstanding that we are registered as a distributor of Supplier Group A and Supplier Group B as at the LPD, there can be no assurance that we can continue to act as a registered distributor of these principals. In the event that we cease to become a registered distributor of Supplier Group A and Supplier Group B, we will be unable to purchase equipment directly from these principals and we may lose our competitive edge. However, we may purchase similar equipment or suggest alternative equipments from other principals to our customers according to their needs and requirements. Nevertheless, we believe that our long-standing relationships (i.e. 9 years and above as at the LPD) with Supplier Group A and Supplier Group B will allow us to continue being registered as their registered distributor.

All purchases of equipment from our suppliers (i.e. principals and dealers) are based on purchase order basis.

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7. BUSINESS OVERVIEW (Cont'd)

7.16. DEPENDENCY ON CONTRACTS, LICENCES OR OTHER ARRANGEMENTS

Our Group is dependent on our major suppliers, namely Supplier Group A and Supplier Group B in the Financial Years Under Review and FPE 2023 for our purchase of equipment. We procure our supplies from Supplier Group A via the following distribution agreements: -

- (i) distributorship agreement with one of the entities under Supplier Group A^ entered into in June 2023 for the appointment of Crest Systems*, Crest Thailand* and Crest Innovation* as a non-exclusive distributor for the sale of such entity's test and inspection products in Malaysia;
- (ii) distributorship agreement with one of the entities under Supplier Group A^ entered into in June 2023 for the appointment of Crest Innovation* as a non-exclusive distributor for the sale of such entity's test and inspection products in Singapore and Indonesia;
- (iii) distributorship agreement with one of the entities under Supplier Group A^ entered into in June 2023 for the appointment of Crest Thailand*, Crest Systems* and Crest Innovation* as a non-exclusive distributor for the sale of such entity's test and inspection products in Thailand;
- (iv) distributorship agreement with one of the entities under Supplier Group A^ entered into in June 2023 for the appointment of Crest Thailand*, Crest Systems* and Crest Innovation* as a non-exclusive distributor for the sale of such entity's test and inspection products in Thailand;

(the distribution agreements under items (i) – (iv) above are collectively referred to as the “**Distribution Agreements with Supplier Group A**”), and we procure our supplies from Supplier Group B via the following distribution agreements: -

- (v) distribution agreement with one of the entities under Supplier Group B (“**Principal B**”) entered into in April 2022 for the appointment of Matrix Innovations as an exclusive distributor for the sale of Principal B's remote visual inspection products in Malaysia (“**Distribution Agreement B**”); and
- (vi) distribution agreement with one of the entities under Supplier Group B (“**Principal C**”) entered into in April 2023 for the appointment of Crest Suzhou as a non-exclusive distributor for the sale of such entity's remote visual inspection products in Shanghai Municipality, Jiangsu Province, Zhejiang Province, Anhui Province and Jiangxi Province in PRC (“**Distribution Agreement C**”).

The salient terms of the distribution agreements are set out as follows:-

No.	Agreement	Tenure	Salient Terms
1.	Distribution Agreements with Supplier Group A	Valid for 1 year commencing from 1 June 2023 and if agreed upon in advance in writing, is renewable for an additional period of 1 year	<ul style="list-style-type: none"> • Distributor agrees to act as distributor for the resale of the products in the territory(ies) stipulated in the distribution agreement (as mentioned under items (i) – (iv)) above on a non-exclusive basis and may be eligible for discounts and/or commissions. • Distributor is not allowed to offer, sell distribute, design, manufacture, either directly or indirectly, or install and/or service any products outside of the territory as stipulated in the distribution agreement without the prior written consent of the Principal. • Distributor undertakes to provide warranty repair services to the customer throughout the standard warranty periods predetermined by the Principal and beyond when the customer contract indicates an extended warranty period. During the warranty period, Distributor shall provide its labour free of charge to the customer and Principal shall at its discretion repair or replace faulty items. Following the warranty period, Distributor will provide a warranty repair service on a payable basis. The providers of the service are to be trained to a standard set by Principal.

7. BUSINESS OVERVIEW (Cont'd)

			<ul style="list-style-type: none"> • Distributor shall make purchases of equipment, spare parts and consumables subject to payment being received by the Principal, via confirmed irrevocable Letter of Credit 100% at sight or 60 days from the date of invoice at the Principal's discretion, free of all bank and other charges. • The Principal may terminate the agreement in the event of a serious breach of any terms and conditions of the distribution agreement by Distributor that is not remedied within 30 days of written notice of the breach.
2.	Distribution Agreement B	Valid for 2 years commencing from 1 April 2022 and if agreed upon by the parties separately in writing, is renewable for an additional period of 2 years	<ul style="list-style-type: none"> • Matrix Innovations accepts its appointment as distributor of Principal B on an exclusive basis and agrees to market and sell the products to customers of Matrix Innovations being end-users of the products for their sole usage ("Customers"). • Matrix Innovations is not allowed to sell or offer to sell directly or indirectly the products or services for those products, outside of Malaysia except with prior written consent from Principal B. • Matrix Innovations is responsible for all marketing and promotional expenses for the products in Malaysia including, but not limited to, expenses related to materials, advertisements, displays, graphics, and facilities rental (including, but not limited to, for tradeshows and conventions in Malaysia). All of the expenses incurred by Matrix Innovations in conducting the sales representation shall be borne by Matrix Innovations, except as otherwise expressly provided by written instrument signed by Principal B. • Matrix Innovations can sell the products at a transfer price agreed with Principal B and may be eligible for a commission or a service fee payable by Principal B for services rendered to the Customers in relation to the products. • The products purchased under Distribution Agreement B are warranted against defects in workmanship and materials for the standard warranty periods predetermined by Principal B, provided that the Products remain unmodified and are operated under normal and proper conditions. The sole obligation of Principal B for defects in the products' hardware is limited to repair or replacement (to be determined at Principal B's sole option) of the defective component or subassembly at no cost to Matrix Innovations during the said warranty period(s). • Distribution Agreement B may be terminated by Principal B without cause upon giving 60 days prior written notice to Matrix Innovations.
3.	Distribution Agreement C	Valid for 1 year commencing from 1 April 2023 to 31 March 2024 and if agreed upon by the parties, is renewable prior to the expiry of the agreement	<ul style="list-style-type: none"> • Crest Suzhou agrees to act as a non-exclusive distributor of Principal C for the resale of the products in the territories stipulated in Distribution Agreement C (as mentioned under item (vi) above) and may be eligible for rebates payable by Principal C. • Crest Suzhou is not allowed to sell the products outside of the territories as stipulated in Distribution Agreement C without prior written consent from Principal C. • Crest Suzhou is responsible for all the costs, expenses and disbursements incurred in connection with the distribution of the products and performance of other obligations under Distribution Agreement C or any other agreements with third parties. Crest Suzhou shall keep Principal C indemnified against any costs, expenses, disbursements, claims, obligations and liabilities arising from or caused by Crest Suzhou. • Principal C will provide retail pricing to Crest Suzhou as reference and Crest Suzhou can sell the products at a pricing determined at its discretion, subject to explanation to Principal C on the rationale of such pricing if requested by Principal C. • The products purchased under Distribution Agreement C are warranted against defects and can be repaired or replaced within standard warranty periods predetermined by Principal C, provided that the defects are caused by Principal C.

7. BUSINESS OVERVIEW (Cont'd)

			<ul style="list-style-type: none"> Distribution Agreement C may be terminated by Principal C in the event of breach of any obligations of Crest Suzhou or by either party without cause upon giving 30 days prior written notice to the other party.
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Note:

[^] The entity under Supplier Group A shall be referred to as the Principal.

^{*} Crest Systems, Crest Thailand and Crest Innovation shall be referred to as the Distributor.

Save for the agreements disclosed above and the licences disclosed in Annexure A of this Prospectus, our Group's business or profitability is not materially dependent on any other contracts, licences and other arrangements.

7.17. GOVERNING LAWS AND REGULATIONS

Our business operations are regulated and governed by a number of laws, regulations, rules and guidelines in Malaysia, Singapore, Thailand and PRC. The following is an overview of the regulatory requirements governing our Group's business operations:

1. Malaysian Legislation

(i) Street, Drainage and Building Act 1974 ("SDBA")

The SDBA regulates laws with regards to local government matters relating to street, drainage and buildings in Peninsular Malaysia including the occupation of buildings. It provides for the requirement to have a CF/CCC to ensure that a building is safe and fit for occupation.

Pursuant to the SDBA, any person who occupies or permits to be occupied any building or any part thereof without a CF/CCC shall be liable, on conviction, to a fine not exceeding RM250,000.00 or to imprisonment for a term not exceeding ten (10) years or to both. The SDBA also provides that prior written permission of the local authority is required among others for any partition, compartment, roof, ceiling or other structures erected in a building or any deviation from the approved plan or specification approved by the local authorities. Failure to obtain the prior written permission of the local authority may subject the person in breach to fines or imprisonment or both, if convicted. Depending on the applicable provisions of the SDBA in breach, the maximum fines may range from RM25,000.00 to RM50,000.00 and additional daily fines for continuing offences after conviction, and the maximum imprisonment term may be up to a term of three (3) years.

As at the LPD, our Group's tenanted properties have been issued with a valid CF/CCC.

(ii) Local Government Act 1976 ("Local Government Act")

The Local Government Act empowers the local authorities and councils to grant licences or permits for any trade, occupation or premise through by-laws which set out the requirements, among others, to obtain business and signage licences.

As our Group's business activities in Malaysia are carried out in Subang Jaya and Penang, we are therefore subject to the by-laws of both states.

7. BUSINESS OVERVIEW (Cont'd)

Pursuant to the Local Government Act, any person who fails to exhibit or produce his licences on the premises shall be liable to a fine not exceeding RM500.00 or to imprisonment for a term not exceeding 6 months, or to both. Further, the by-laws of Subang Jaya and Penang respectively, provide that any person who contravenes the by-laws commits an offence, and such person shall upon conviction, be liable to a fine not exceeding RM2,000.00 or to imprisonment for a term not exceeding 1 year, or to both.

As at the LPD, our Group holds and maintains valid business and advertisement licences issued by Subang Jaya City Council and Penang Island City Council.

(iii) Atomic Energy Licensing Act 1984 (“AELA”)

Pursuant to the AELA, no person shall site, construct or operate a nuclear installation, deal in, possess or dispose of any radioactive material, nuclear material, prescribed substance or irradiating apparatus, unless he is the holder of a valid licence issued by the AELB.

A breach of any of the condition in the atomic energy licences is an offence and the licensee, if convicted, may be liable to imprisonment for a term not exceeding ten (10) years or a fine not exceeding RM100,000.00, or to both. The AELB also has the right to revoke or cancel the atomic energy licence at any time without prior notice if the licensee is found to be in breach of the AELA and its regulations.

In addition, the AELB may at any time under any of the following circumstances, in its discretion, cancel or suspend any licence issued under the AELA for such period as it may think fit:

- (a) where the licensee has committed an offence under the AELA;
- (b) where the licensee has committed a breach of any of the conditions of the licence;
- (c) where the licensee ceases to work or operate the nuclear installation in respect of which the licence was issued; or
- (d) where in its opinion, it would be in the public interest to do so.

As at the LPD, our Group holds valid atomic energy licences required for us to carry out our operations.

(iv) Medical Device Act 2012 (“Medical Device Act”)

Pursuant to Section 5(1) of the MDA, no medical device shall be imported, exported or place in the market unless the medical device is registered under the MDA. Any person who contravenes Section 5(1) of the MDA commits an offence and shall, on conviction, be liable to a fine not exceeding RM200,000.00 or to imprisonment for a term not exceeding three (3) years, or to both.

In addition, Section 15 of the MDA further stipulates that no establishment shall import, export or place in the market any registered medical device unless it holds an establishment licence granted under the MDA. Any establishment who commits an offence and shall, on conviction, be liable to a fine not exceeding RM200,000.00 or to imprisonment for a term not exceeding three (3) years, or to both.

As at the LPD, our subsidiary, namely Matrix Optics has obtained a valid establishment licence and the necessary certificates of registration issued by the Medical Device Authority for the medical devices which it imports and sells.

7. BUSINESS OVERVIEW (Cont'd)

2. Singapore Legislation

(i) Radiation Protection Act 2007 of Singapore (“Radiation Protection Act”)

The Radiation Protection Act regulates the import, export, sale, transport, possession and use of radioactive materials and irradiating apparatus including the control of non-ionising radiation. The two (2) types of non-ionising and ionising radiation covered by the Radiation Protection Act include exposure to (i) visible light, radio waves and micro waves (non-ionising); and (ii) x-rays, cosmic rays and naturally occurring radioactive materials in soil and food (ionising).

The Radiation Protection (Ionising Radiation) Regulations 2023 (“RPIR”) sets out regulations pertaining to, among others, ionising radiation equipment, the licences, requirements for registration of radiation worker and appointment of a radiation safety officer.

Pursuant to Section 6(1)(a) and 7(1)(a) of the Radiation Protection Act, an Irradiating Apparatus and Radioactive Materials licence is required for any import into or export out of Singapore of any irradiating apparatus or radioactive material. Any person in contravention of such provision shall be guilty of an offence and shall be liable on conviction to a fine not exceeding SGD100,000.00 or imprisonment for a term not exceeding five (5) years, or to both. In addition, a licensee must also adhere to the safety standards required under the RPIR and as set out by the National Environment Agency of Singapore (“NEA”).

Under Part 7 of RPIR, every licensee who possesses or has under his or her control any irradiating apparatus and any radioactive material must adhere to the labelling of irradiating apparatus and radioactive materials requirements. Under regulation 19 of the RPIR, a licensee must appoint an individual as a radiation safety officer if required by the Director-General. Such individual must have (a) the level of academic knowledge or professional experience compatible with the levels of risks associated with the use or custody of any irradiating apparatus or radioactive substance used or to be used for that work; and (b) the technical competency in radiation protection matters relevant to the use or custody of any irradiating apparatus or radioactive substance used or to be used for that work. Such individual must not act as a radiation safety officer without the approval of the Director-General. Our subsidiary, namely Crest Innovation has sought written confirmation from the NEA on 30 November 2023 that the appointment of radiation safety officer is not mandatory under the IR2 licence which it had obtained.

As at the LPD, Crest Innovation holds and maintains the requisite licences required for its operations in Singapore and is in compliance with the RPIR.

(ii) Personal Data Protection Act 2012 of Singapore (“PDPA”)

Pursuant to the PDPA of Singapore, a company must appoint one or more individuals as Data Protection Officers (each a “DPO”) discharging its functions and duties pursuant to section 11 of the PDPA. A financial penalty of a maximum of (a) in the case of a contravention on or after the date of commencement of section 24 of the Personal Data Protection (Amendment) Act 2020 by an organisation whose annual turnover in Singapore exceeds SGD10,000,000.00 i.e. 10% of the annual turnover in Singapore of the organisation; or (b) in other case – SGD1,000,000.00 for contravening section 11(3) of PDPA pursuant to section 48J of PDPA.

As at the LPD, Crest Innovation has duly appointed a DPO. Crest Upstar is not required to appoint a DPO as it has ceased business in 2023.

7. BUSINESS OVERVIEW (Cont'd)

3. Thailand Legislation

Medical Devices Act 2551

The Medical Devices Act B.E.2551 (2008), as amended, (the “**Medical Devices Act**”) regulates medical devices based on the risks and harm that these products may cause to one’s physical health or life and to improve control over the production, importation and exportation of the medical devices.

Pursuant to the Medical Devices Act, an importer of medical devices under the Medical Devices Act shall carry out the registration of an establishment with the Secretary-General of the Food and Drug Administration (“**FDA**”) or the person entrusted by the Secretary-General of the FDA. The importer who has obtained the registration certificate for importation shall be deemed to be permitted to sell the imported medical devices without being required to obtain the sale permission, provided that the importer complies with the rules, procedures and conditions of the Medical Devices Act.

As at the LPD, our subsidiary, namely Crest Thailand has registered its establishment for importation of medical devices under the Medical Devices Act.

4. PRC Legislation

(i) Foreign Investment Law of PRC and its Implementing Regulations (“**FIL**”)

The FIL is the main legislation governing foreign investments in PRC, which has established a principle of national treatment for foreign investments, allowing foreign invested companies to be subject to the same legal frameworks as domestic companies in PRC. The foreign invested companies, however, are restricted or limited to a detailed list of industries pursuant to the Special Administrative Measures for access of Foreign Investment (Negative List) (“**Negative List**”) – i.e. a foreign invested company shall receive equal treatment to that of a domestic company in PRC provided it does not fall within a category described by the Negative List. Such special administrative measures include the prohibition of market access and restriction of shareholding ratio of foreign investors.

As at the LPD, the business scope of our subsidiary, namely Crest Suzhou does not fall within the industries covered by the Negative List and therefore, it is not subject to any special administrative measures.

In addition, the FIL stipulates that foreign investors and foreign invested companies are subject to foreign investment information reporting requirements which entail the submission of relevant investment information to the competent commercial authorities through the National Enterprise Credit Information Publicity System. As at the LPD, Crest Suzhou is in compliance with such foreign investment information reporting requirement.

(ii) Foreign Trade Law of PRC (“**FTL**”)

The FTL sets out the basic principles, policies, and regulations for foreign trade activities and foreign trade operators in PRC. Under the FTL, the state may restrict or prohibit the import or export of relevant goods and technology for certain reasons, including to safeguard national security, public interests or public morals, to protect human health or safety and the environment, etc.

As at the LPD, the products imported by our subsidiary, namely Crest Suzhou do not fall within the catalogues of goods and technology which are restricted or prohibited from import or export.

7. BUSINESS OVERVIEW (Cont'd)

The above summary does not purport to be an exhaustive description of all laws and regulations of which our business is subject to.

As at the LPD, there are no breach of laws, regulations, guidelines, rules or requirements governing the conduct of our business and environmental issues which may have a material adverse impact on our Group's operations.

7.18. RESEARCH AND DEVELOPMENT

We do not carry out any specific R&D activities due to the nature of our business. As a solution provider specialising in the provision of imaging, analytical and test solutions, we propose imaging, analytical and test solutions that are tailored to the requirements of each customer.

7.19. INTERRUPTIONS TO BUSINESS AND OPERATIONS

Save for the temporary disruptions to our operations arising from the COVID-19 pandemic, our Group had not experienced any other interruptions which had a significant effect on our operations for the past 12 months preceding the LPD.

The outbreak of the COVID-19 pandemic since 2020 had led to minor interruptions to our business operations as our employees in our headquarters and branch offices were required to work from home for different periods and durations in adhering to the lockdown measures / movement restrictions imposed by the governments in the respective countries. Such lockdown measures / movement restrictions imposed led to minor delays in on-site installation, integration, commissioning as well as technical support and maintenance works as our employees were not allowed to travel to our customers' premises. Further, we also experienced minor delays in the receipt of equipment which we purchased from overseas countries due to the global supply chain disruptions. Nevertheless, all these adverse impacts did not lead to material adverse impact to our Group's business and financial performance, whereby over the Financial Years Under Review, our Group recorded consecutive growths in revenue.

As the lockdown measures / movement restrictions imposed by the governments in the respective countries in which we operate in have been uplifted, our business operations have since resumed to usual, we do not expect any further adverse impact to our business operations, cash flows, liquidity, financial position and financial performance moving forward.

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7. BUSINESS OVERVIEW (Cont'd)

7.20. BUSINESS STRATEGIES AND FUTURE PLANS

7.20.1. We intend to set up a new headquarters (“New HQ”) in Selangor to consolidate our operations in the Central region of Malaysia

We intend to allocate RM[●] million of the IPO proceeds to partially fund the acquisition of a property to establish a New HQ in Selangor. We plan to establish a New HQ in Selangor to streamline and centralise our operations in the Central region of Malaysia. As at LPD, our offices in Selangor are located at 3 rented premises i.e. 2 offices located in Puchong, Selangor and 1 office in Subang Jaya, Selangor, which we plan to relocate and centralise at the New HQ.

Presently, we are in the midst of identifying a suitable commercial / light industrial premise within Klang Valley with a built-up area of approximately 1,858 sq. m. for the setup of the New HQ. The purchase of the premises is expected to cost RM20.00 million, RM[●] million of which will be funded by our IPO proceeds while the remaining RM[●] million will be funded by bank borrowings. Further, renovation works and other miscellaneous expenses such as the purchase of office equipment, furniture, and fixtures, which is expected to cost RM3.60 million, will be funded by internally generated funds. We expect to purchase the premises within 36 months after our Listing, and commence renovation works immediately after the delivery of vacant possession of the premise.

In addition to streamlining and centralising our operations in the Central region of Malaysia, having a centralised location will allow our management team to better manage our operations and resources. We also plan to allocate approximately 186 sq. m. in our New HQ as our demonstration room to house existing and new equipment for demonstration (as detailed in Section 7.20.2 of this Prospectus). The demonstration room will also be used as a training room for us to conduct internal trainings with our employees.

Further, the New HQ with an expanded total built-up area will allow us to have more room to grow our operations by having additional operational and equipment demonstration space, all of which will serve as a foundation for the future growth and expansion of our business in Malaysia.

7.20.2. We intend to purchase additional demonstration equipment for our demonstration room in our Malaysia, PRC and Thailand offices

As part of our sales and marketing activities detailed in Section 7.11, we have set up demonstration rooms in our offices in Malaysia, Singapore, PRC and Thailand to display certain equipment for demonstration to our customers. By conducting equipment demonstration, we provide our customers with better insights and understanding on the features and capabilities of our solutions.

As technology continuously advances, new models of equipment with enhanced functionalities, capabilities and/or specifications are developed and introduced to the market by principals. To keep abreast of the technological advancement as well as to maintain our competitiveness by offering the latest available equipment models to our customers, we intend to purchase the latest models and/or equipment that we may not already own for demonstration purposes. Our demonstration equipment are usually replaced as and when it becomes outdated or obsolete, or sold to our customers if requested.

We intend to purchase additional equipment for our demonstration rooms in our Malaysia, PRC and Thailand offices, with details as follows:

Equipment	Number of unit	Total estimated cost (RM'000)
Advanced imaging equipment ⁽¹⁾	3	[●]
Sample management equipment ⁽²⁾	3	[●]
Total		[●]

7. BUSINESS OVERVIEW (Cont'd)

Notes:

- (1) Consists of 3 units of X-Ray imaging equipment.
- (2) Consists of 1 unit of automated stainer, 1 unit of automated cover slipper and 1 unit of histological processing system.

The total cost of purchasing additional demonstration equipment is estimated to be RM[●] million, which will be fully funded by our IPO Proceeds. We expect to purchase the new demonstration equipment within 36 months after our Listing.

By purchasing the latest models and/or equipment that we may not already own for demonstration purposes, we will be able to provide our customers with better overall experience. All of these will provide opportunities for our Group to further grow and expand our business.

7.20.3. We plan to expand our business presence to Vietnam and to continue expanding our business presence in the PRC and Thailand

We intend to further expand our presence overseas by establishing our presence in Vietnam and continue expanding our business presence in the PRC and Thailand, with details as follows:

Country	Purpose	Location
Vietnam	To expand our business regionally within Asia. Our Group has received inquiries on our interest to expand into the Vietnam market from our existing suppliers which are also the equipment principals.	Ho Chi Minh City
PRC	To establish new branch offices in other parts of PRC in addition to our existing Suzhou branch office, in order to tap into new regions in PRC, expand our customer base and to serve local customers more efficiently.	Chengdu and Shenzhen
Thailand	To establish an additional team (to be hired) for the provision of imaging, analytical and test solutions to customers in the life science and healthcare industries, industries which we do not serve in Thailand as at the LPD.	Bangkok

The details of our expansion into Vietnam and within the PRC and Thailand, in terms of setting up new offices and hiring additional personnel, are set out as follows:

(i) Setup of new offices

We plan to set up an office in Ho Chi Minh City for our expansion into Vietnam and one office each in Chengdu and Shenzhen for our expansion within PRC. We plan to rent office spaces in each of these locations with approximate build-up areas of 139 sq. m. each.

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7. BUSINESS OVERVIEW (Cont'd)

As at the LPD, we are in the midst of identifying suitable office spaces in these locations. We expect that the new offices in these locations will be fully established and operating within 36 months after our Listing. The setup of these offices is estimated to cost a total of RM[•] million (including 3-year office rental, renovation cost and purchase of office equipment), all of which will be fully funded by our IPO proceeds. The details of the estimated cost for setting up these offices are as follows:

New office location	Total estimated cost (RM'000)		
	3-year office rental ⁽¹⁾	Renovation and purchase of office equipment	Total
Ho Chi Minh City, Vietnam	[•]	[•]	[•]
Chengdu, PRC	[•]	[•]	[•]
Shenzhen, PRC	[•]	[•]	[•]
Total	[•]	[•]	[•]

Note:

(1) Subsequent to the initial 3-year rental expense, the rental expense shall be funded through internally generated funds.

(ii) Hiring of personnel for the new and/or existing offices

Along with the setup of offices in the aforementioned locations, we plan to hire new personnel to be stationed at these offices. Additionally, we also plan to hire new personnel to form an additional team to offer our services and to secure new customers involved in the life science and healthcare industries, industries which we do not serve in Thailand as at the LPD. These new personnel will be stationed at our existing branch office in Bangkok, Thailand. The intended hiring of new personnel is as follows:

Location	Number of personnel			
	Sales and marketing	Service	Office support	Total
Ho Chi Minh City, Vietnam	1	2	1	4
Chengdu, PRC	3	2	1	6
Shenzhen, PRC	3	2	1	6
Bangkok, Thailand	4	3	0	7
Total	11	9	3	23

The hiring of new personnel for our Ho Chi Minh City, Chengdu, Shenzhen and Bangkok offices is expected to take place gradually. Additionally, 1 employee from Malaysia will be transferred to Vietnam to establish and manage the business operations in Ho Chi Minh City. Further, the hiring expenses to be incurred in the first 36 months after hiring are estimated to cost a total of RM[•] million, which will be fully funded from our IPO proceeds, subsequent to which shall be funded through internally generated funds.

In addition to the cost involved for the setup of new offices and hiring of new personnel which is estimated to be RM[•] million, we expect to incur miscellaneous costs such as office setup cost and purchase of spare parts, consumables and tooling, which is anticipated to cost a total of approximately RM[•] million, which will also be fully funded by our IPO Proceeds.

7. BUSINESS OVERVIEW (Cont'd)

Apart from the plans above, we will also actively engage with principals and dealers to secure more equipment distributorships in these regions. With our intended expansion into Vietnam and within the PRC and Thailand, we will be well-positioned to expand our geographical footprint and strengthen our market position.

7.20.4. We intend to expand our services and support team for our technical support and maintenance services

For the Financial Years Under Review and FPE 2023, our provision of after-sales services, which include technical support and maintenance services, accounted for 26.26%, 21.89%, 16.43% and 15.65% of our Group's total revenue respectively. We intend to further expand this business segment by hiring additional headcount to handle our technical support and maintenance services.

We plan to hire 2 new service managers, whereby 1 personnel will be based in Selangor and another personnel will be based in Penang. We also plan to hire 8 new service personnel, whereby 5 personnel will be based in Selangor, and the remaining 3 personnel will be based at our existing offices in the PRC, Thailand and Singapore respectively. The new service managers will be responsible for managing our technical support and maintenance operations while the new service personnel will be responsible for performing installation and commissioning works as well as technical support and maintenance works for our imaging, analytical and test solutions. For avoidance of doubt, these new personnel to be hired are in addition to the new personnel to be hired as detailed in Section 7.20.3 (ii) which will be based in our new offices in Ho Chi Minh City, Chengdu and Shenzhen, as well as our existing office in Bangkok for the provision of solutions to our customers in the life sciences and healthcare industries.

The estimated cost to be incurred in the first 3 years for the hiring of the 2 new service managers and 8 new service personnel amounts to approximately RM[●] million, which will be fully funded from the IPO Proceeds. By expanding our technical support and maintenance services, we will be able to generate additional recurring income and consequently improve our financial performance.

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7. BUSINESS OVERVIEW (Cont'd)

7.21. EMPLOYEES

As at FYE 2022, we have a total workforce of 137 employees as set out below:

Designation / Department	Geographical location				Total
	Malaysia	Thailand	PRC	Singapore	
Directors	3	0	0	0	3
Key senior management	3	0	0	0	3
Head of business units ⁽¹⁾	4	1	1	1	7
Account, administration, finance and information technology ("IT")	19	4	1	1	25
Sales and marketing	23	8	7 ⁽²⁾	0	38
Service and support	40	13	2	3	58
Logistics and procurement	3	0	0	0	3
Total	95	26	11	5	137⁽³⁾

Notes:

- (1) Our head of business units in Malaysia, Thailand, PRC and Singapore also handle the sales and marketing activities in their respective geographical location.
- (2) 2 of our sales and marketing personnel in PRC are employed through an employment agency.
- (3) 134 of our total employees are nationals of the respective countries in which they are based, and the remaining 3 employee based in our Singapore branch office are Malaysians.

As at the LPD, we have a total workforce of 149 employees as set out below:

Designation / Department	Geographical location				Total
	Malaysia	Thailand	PRC	Singapore	
Directors	3	0	0	0	3
Key senior management	4	0	0	0	4
Head of business units ⁽¹⁾	4	1	1	1	7
Account, administration, finance and IT	21	2	2	1	26
Sales and marketing	26	10	9 ⁽²⁾	0	45
Service and support	40	14	3	4	61
Logistics and procurement	3	0	0	0	3
Total	101	27	15	6	149⁽³⁾

Notes:

- (1) Our head of business units in Malaysia, Thailand, PRC and Singapore also handle the sales and marketing activities in their respective geographical location.
- (2) 2 of our sales and marketing personnel in PRC are employed through an employment agency.
- (3) 146 of our total employees are nationals of the respective countries in which they are based, and the remaining 3 employee based in our Singapore branch office are Malaysians.

None of our employees belong to any labour unions. As at the LPD, there has been no industrial dispute pertaining to our employees.

7. BUSINESS OVERVIEW (Cont'd)

7.22 ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES AND INITIATIVES

As part of our Group's commitment to ensure environmentally responsible operations, provide a conducive workplace for our employees and adopt a high standard of corporate governance, we strive to adopt the following practices:

(i) Environmental

Our Group is committed to identifying, managing and minimising the environmental impact of our business operations through the following initiatives:

- To reduce consumption of non-renewable, non-recycled materials;
- To conserve electricity to avoid any unproductive use or wastage of electricity in daily business operations;
- To strive to achieve paperless administration by digitalising our administrative function to reduce paper waste;
- To encourage the use of renewable resources;
- To comply with environmental regulatory and legal requirements; and
- To create awareness of the sustainability policy within our Group and stakeholders.

(ii) Social

Our Group seeks to protect the wellbeing of our employees and communities that surround our operations, and protect our assets, ensure continuity of our business and create public trust. Our Group shall incorporate public interest in our business operations by way of the following:

- To maintain a safe and healthy workforce and to ensure a safe, healthy and conducive workplace for our employees;
- To recruit and retain high potential and high performing employees;
- To use training and development as a strategic investment and a way of shaping sustainability governance culture and behaviour in our Group;
- To enable employees to further develop their professional and personal skills;
- To promote racial harmony and prevent racial discrimination;
- To prevent sexual harassment and other forms of violence against women;
- To be recognised as a good corporate citizen;
- To align our charitable giving with our Group's activities;
- To respond in a professional and timely manner to public enquiries; and
- To continue to improve public perception and experience of our Group.

(iii) Governance

Our Group believes that good governance is more than just a pursuit towards complying with all the prescripts but that it translates into better business performance and creates a more sustainable value for our Group. To uphold good corporate governance practice, our Group has in place, among others, the following policies:

- Anti-bribery and corruption policy;
- Code of conduct and ethics;
- Whistleblower policy and procedures; and
- Anti-money laundering policy.

Our Group has also adopted recommendations under the MCCG. As at the LPD, more than half of our Board members comprise of independent directors. Additionally, our Company has also met the MCCG's recommendation to have at least 30% women directors, i.e. as at the LPD, 3 out of 7 of our Company's Directors are women.

8. INDEPENDENT MARKET RESEARCH REPORT

SMITH ZANDER INTERNATIONAL SDN BHD 201301028298 (1058128-V)
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 T: +603 2732 7537 W: www.smith-zander.com

SMITH ZANDER

Date: 17 JAN 2024

The Board of Directors

Crest Group Berhad

12th Floor, Menara Symphony
 No. 5, Jalan Prof. Khoo Kay Kim
 Seksyen 13
 46200 Petaling Jaya
 Selangor, Malaysia

Dear Sirs / Madams,

Independent Market Research Report on the Imaging, Analysis and Testing Industry in Malaysia, China, Thailand, Singapore and Vietnam (“IMR Report”)

This IMR Report has been prepared by SMITH ZANDER INTERNATIONAL SDN BHD (“**SMITH ZANDER**”) for inclusion in the draft Prospectus in conjunction with the proposed listing of Crest Group Berhad (“**Crest**”) on the ACE Market of Bursa Malaysia Securities Berhad.

The objective of this IMR Report is to provide an independent view of the industry in which Crest and its subsidiaries (“**Crest Group**”) operate and to offer a clear understanding of the industry dynamics. Crest Group is principally involved in the provision of imaging, analytical and test solutions, operating in Malaysia, China, Thailand and Singapore, and plans to expand its business presence to Vietnam. Thus, the scope of work for this IMR Report will address the following areas:

- (i) The imaging, analysis and testing industry in Malaysia;
- (ii) Key industry drivers, risks and challenges of the imaging, analysis and testing industry in Malaysia;
- (iii) Competitive landscape of the imaging, analysis and testing industry in Malaysia; and
- (iv) The imaging, analysis and testing industry in China, Thailand, Singapore and Vietnam.

The research process for this study has been undertaken through secondary or desktop research, as well as detailed primary research when required, which involves discussing the status of the industry with leading industry participants. Quantitative market information could be sourced from interviews by way of primary research and therefore, the information is subject to fluctuations due to possible changes in business, industry and economic conditions.

SMITH ZANDER has prepared this IMR Report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this IMR Report presents a balanced view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an “overall industry” perspective and may not necessarily reflect the performance of individual companies in this IMR Report. SMITH ZANDER shall not be held responsible for the decisions and/or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies mentioned in this report.

For and on behalf of SMITH ZANDER:



DENNIS TAN
 MANAGING PARTNER

8. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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The research for this IMR Report was completed on 15 January 2024.

For further information, please contact:

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About SMITH ZANDER INTERNATIONAL SDN BHD

SMITH ZANDER is a professional independent market research company based in Kuala Lumpur, Malaysia, offering market research, industry intelligence and strategy consulting solutions. SMITH ZANDER is involved in the preparation of independent market research reports for capital market exercises, including initial public offerings, reverse takeovers, mergers and acquisitions, and other fund-raising and corporate exercises.

Profile of the signing partner, Dennis Tan Tze Wen

Dennis Tan is the Managing Partner of SMITH ZANDER. Dennis Tan has over 26 years of experience in market research and strategy consulting, including over 21 years in independent market research and due diligence studies for capital markets throughout the Asia Pacific region. Dennis Tan has a Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada.

8. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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1 THE IMAGING, ANALYSIS AND TESTING INDUSTRY IN MALAYSIA

Overview

The imaging, analysis and testing industry refers to a sector providing equipment and services for the imaging, inspection, analysis, testing and measurement of various parameters and characteristics of materials, components and samples for different applications, catering towards companies, institutions and/or organisations from various fields and industries for their manufacturing operations, quality control processes and/or research and development (“R&D”) activities, amongst others. The imaging, analysis and testing industry serves a wide range of fields and industries including electrical and electronic (“E&E”), semiconductor, automotive, aerospace, healthcare, life science, material science, oil and gas, and research (e.g. academic and clinical).

The imaging, analysis and testing industry can be broadly segmented into equipment and services, as follows:

Equipment

The equipment segment entails the production and distribution of imaging, analytical and test equipment that are used to qualitatively and/or quantitatively test, measure, display, record and/or analyse information from images, data or responses of various parameters and characteristics of materials, components and samples whereby these information, data or responses are then utilised to perform further analysis and investigation on a particular experiment or observation; assess the performance, quality and/or functionality; and/or to identify and detect faults or defects of the material, component or sample of interest, amongst others.

Some examples of equipment types used in the imaging, analysis and testing industry are:

- (i) **Microscopes and X-ray related equipment** – used for magnifying tiny objects or specimens that are not visible to the naked eye or used for imaging, analysing, examining, inspecting and/or characterising composition of materials, structures, electronic components, semiconductor samples, biological samples and others. Examples include optical microscopes, scanning electron microscopes, X-ray fluorescence analysers and X-ray inspection machines.
- (ii) **Mechanical testing, physical and/or chemical analysis equipment** – used for examining, characterising, testing, quantifying and/or assessing the mechanical, physical and/or chemical properties or compositions of various substances, materials and samples. Examples include universal testing machines, pendulum impact testers, refractometers and spectrometers.
- (iii) **Test and measurement equipment** – used for testing, inspecting and/or measuring various parameters and applications such as electrical quantities, ionising radiation, semiconductor application and others. Examples include oscilloscopes, spectrum analysers and analytical probing stations.

Imaging, analytical and test equipment are generally manufactured by product principals (i.e. equipment manufacturers), generally based in countries such as Japan, United States of America and United Kingdom.

Services

Other than equipment, the imaging, analysis and testing industry offers a range of related support services, with some common services offered as follows:

- (i) **Consulting and implementation services** – Consulting involves assessing and analysing a customer’s imaging, inspection, analysis, testing and/or measurement needs and budget as well as guiding the customer in selecting the ideal equipment for its manufacturing operations, quality control processes and/or R&D activities.

Consulting is an essential step before the implementation of imaging, analytical and test equipment. Each customer has distinct requirements, thus it is necessary to develop customised solutions tailored to the customer’s specific needs in order to deploy and integrate suitable equipment into existing operational workflows and processes to achieve the required objectives.

Upon consultation, the necessary equipment is sourced, integrated and installed as part of the implementation process. Subsequently, the equipment is commissioned, and testing and calibration is

8. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

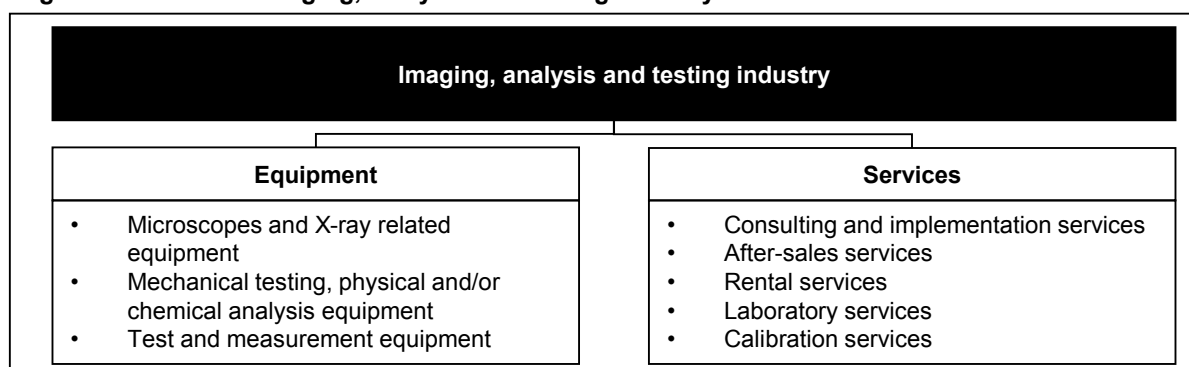
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conducted to ensure that the equipment functions as intended. Further, user-training may be provided to guide customers on the proper usage of the equipment.

- (ii) **After-sales services** – Upon implementation, technical support and maintenance services are rendered to assist customers in solving technical issues and to provide regular maintenance including routine condition checks as well as on-going testing and calibration.
- (iii) **Rental services** – Rental services for imaging, analytical and test equipment is available to provide customers with temporary access to equipment for a specified period without the need to purchase and own the equipment.
- (iv) **Laboratory services** – Laboratory services is provided by service providers which involves performing imaging, inspection, analysis, testing and/or measurement activities on behalf of customers who may not possess the necessary equipment or facilities and/or do not have the technical expertise to perform such tasks in-house.
- (v) **Calibration services** – Calibration services involve the calibration of imaging, analytical and test equipment to ensure that the performance and functionality of the equipment align with the desired specifications and standards.

Imaging, analytical and test solution providers in Malaysia may offer both equipment and services as a solution to customers. As these solution providers do not develop and manufacture equipment, they typically collaborate with product principals to distribute the product principals' equipment.

Segmentation of the imaging, analysis and testing industry



Note:

- The list is not exhaustive.

Source: SMITH ZANDER

Industry Performance, Size and Growth

As Crest Group primarily provides solutions using imaging, analytical and test equipment that are generally categorised under microscopes and X-ray related equipment; mechanical testing, physical and/or chemical analysis equipment; and test and measurement equipment, the imaging, analysis and testing industry in Malaysia is represented by these equipment segments.

The imaging, analysis and testing industry in Malaysia decreased by 17.59% from RM5,258 million in 2019 to RM4,333 million in 2020 due to a decline in microscopes and X-ray related equipment, as well as test and measurement equipment, caused by declining demand for these equipment resulting from the economic slowdown amidst the novel coronavirus 2019 (“**COVID-19**”) pandemic. Nonetheless, the imaging, analysis and testing industry in Malaysia recovered and grew from RM4,333 million in 2020 to an estimated RM7,230 million in 2023 at a compound annual growth rate (“**CAGR**”) of 18.61%.

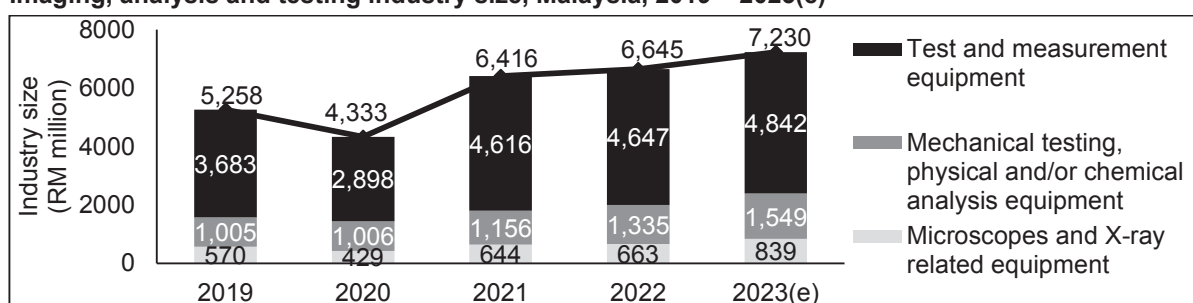
8. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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Imaging, analysis and testing industry size, Malaysia, 2019 – 2023(e)

Segments	Industry size ¹ (RM million)					CAGR (2019 – 2023(e))
	2019	2020	2021	2022	2023(e) ²	
Microscopes and X-ray related equipment	570	429	644	663	839	10.15%
Mechanical testing, physical and/or chemical analysis equipment	1,005	1,006	1,156	1,335	1,549	11.42%
Test and measurement equipment	3,683	2,898	4,616	4,647	4,842	7.08%
Total	5,258	4,333	6,416	6,645	7,230	8.29%

Sources: Department of Statistics Malaysia (“DOSM”), SMITH ZANDER

Imaging, analysis and testing industry size, Malaysia, 2019 – 2023(e)

Sources: DOSM, SMITH ZANDER

The growth in the imaging, analysis and testing industry in Malaysia is driven by factors such as the growth of various industries that utilise imaging, analytical and test equipment and services, government support and initiatives, as well as the rising adoption of Internet of Things (“IoT”) and Industry 4.0 technologies.

2 KEY INDUSTRY DRIVERS, RISKS AND CHALLENGES OF THE IMAGING, ANALYSIS AND TESTING INDUSTRY IN MALAYSIA

Key Industry Drivers

- **The demand for imaging, analytical and test equipment and services is driven by the growth of various industries that utilise such equipment and services**

The demand for imaging, analytical and test equipment and services is driven by the growth of various industries that utilise such equipment and services such as E&E, semiconductor, automotive, aerospace, healthcare, life science, material science as well as oil and gas. As E&E and semiconductor are the key industries that Crest Group supports, the growth of these industries is elaborated below:

- **E&E industry**

E&E products developed today play essential roles in various industries such as retail, manufacturing and telecommunications. Many of these industries cannot function without the use of E&E products. Imaging, analytical and test equipment and services are essential in verifying the performance and functionality of E&E products, to detect any defects or faults and ensure that the products meet the required operational and safety standards and specifications. Further, imaging, analytical and test equipment and services also aid in promoting the advancement of technology, innovation and

¹ The computation of the industry sizes for the microscopes and X-ray related equipment; mechanical testing, physical and/or chemical analysis equipment; as well as test and measurement equipment segments may include imaging, analytical and test equipment and part and accessories that are not sold by Crest Group as data breakdown specifically for the imaging, analytical and test equipment and parts and accessories offered by Crest Group is not publicly available.
² (e) – Estimate.

8. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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development of new E&E products by facilitating various aspects of the product development and improvement process. Growth in the E&E industry will lead to increased adoption of imaging, analytical and test equipment and services.

In 2020, the E&E industry size in Malaysia declined by 0.48% from RM424.23 billion in 2019 to RM422.18 billion in 2020. This was primarily due to the temporary halt of manufacturing activities and supply chain disruption as a result of the imposition of movement restrictions by the Government of Malaysia (“Government”) to curb the spread of the COVID-19 pandemic.

Nonetheless, the E&E industry in Malaysia recovered in 2021 and 2022

and grew at a CAGR of 17.36% from RM422.18 billion in 2020 to RM581.53 billion in 2022, as the economy recovered upon the upliftment of movement restrictions. Further, SMITH ZANDER estimates the E&E industry to have grown by 2.69% from RM581.53 billion in 2022 to RM597.20 billion in 2023.

• Semiconductor industry

As semiconductor manufacturing involves multiple complex processes (e.g. wafer fabrication, photolithography and etching), imaging, analytical and test equipment are required to monitor and detect any defects during the manufacturing process as well as to ensure the final semiconductor products meet the required specifications, functionality, quality and safety standards.

Therefore, growth in the semiconductor industry will drive the demand for imaging, analytical and test equipment and services to ensure that semiconductor products meet the required quality levels, minimise defects or faults, optimise performance and improve overall product reliability.

The semiconductor industry in Malaysia, measured by the manufacturing sales value of diodes, transistors and similar semiconductor devices as well as electronic integrated circuits (“ICs”) micro assemblies, grew at a CAGR of 17.16% from RM128.44 billion in 2019 to RM206.53 billion in 2022.

SMITH ZANDER estimates the semiconductor industry in Malaysia to have declined by 2.92% from RM206.53 billion in 2022 to RM200.50 billion in 2023, in tandem with the World Semiconductor

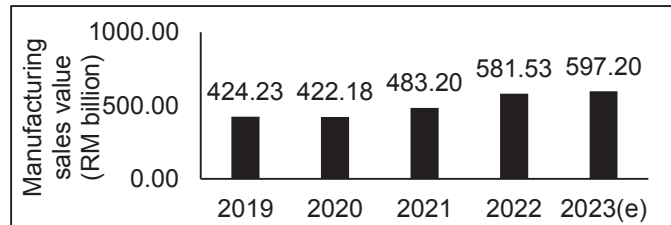
Trade Statistics’ estimates of a 9.40% decline in global semiconductor sales in view of a decrease in sales in the global IC segment, in response to rising inflation rates and weakening demand in end-markets.

Nonetheless, the semiconductor industry in Malaysia is expected to recover and grow moving forward in view that global semiconductor sales will recover in 2024, which will thus continue to spur the growth of the imaging, analysis and testing industry in Malaysia.

► Government support and initiatives will spur the growth of the imaging, analysis and testing industry in Malaysia

The outlook for certain end-user industries will benefit from strong support from the Government, which will positively impact the growth of the imaging, analysis and testing industry as the industry is driven by end-user industries such as E&E and aerospace.

E&E industry size, Malaysia, 2019 – 2023(e)

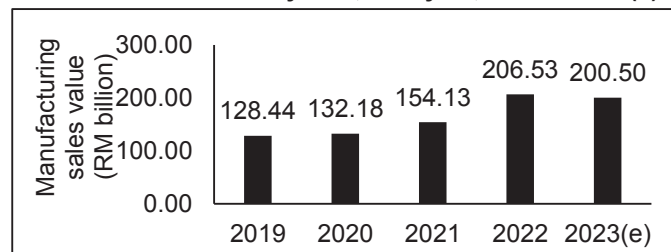


Note:

- (e) – Estimate.

Sources: DOSM, SMITH ZANDER

Semiconductor industry size, Malaysia, 2019 – 2023(e)



Note:

- (e) – Estimate.

Sources: DOSM, SMITH ZANDER

8. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

SMITH ZANDER

According to the Budget 2023 tabled on 24 February 2023, as Malaysia has a great prospect in the E&E and aerospace sectors, the Government intends to extend the tax incentive given to manufacturing companies that relocate to Malaysia and the tax rate of 15% for C-suite until 2024 to attract companies that were affected by the COVID-19 to operate in Malaysia. Further, the Government also plans to extend the income tax incentives and investment tax allowances for the aerospace sector until 31 December 2025 to stimulate the expansion of existing companies and attract new investments. As such, with the anticipation of the growth of the E&E and aerospace sectors in Malaysia driven by the government initiatives, this may spur the demand for imaging, analytical and test equipment and services in Malaysia as the E&E manufacturing companies and aerospace companies will require imaging, analytical and test solutions to support among others, the inspection and testing of materials, components and structures of an E&E or aerospace product, and the R&D of E&E and aerospace to develop new innovative products or to enhance performance, efficiency and safety of E&E and aerospace systems and equipment.

Additionally, based on Budget 2024 tabled on 13 October 2023, in efforts to spur local industries towards higher value technology to enhance technology services, commercial intervention of R&D products and training, RM10 million will be allocated to the E&E technology field under MIMOS Berhad (MIMOS), aerospace technology field under Malaysian Space Agency (MYSA) as well as the drone and robotics technology field under Malaysian Research Accelerator for Technology and Innovation (MRANTI). The development and progress in the E&E technology and aerospace technology fields supported by the government initiative is expected to drive the demand for imaging, analytical and test equipment and services as these equipment and services will be crucial in supporting various processes of the E&E and aerospace sectors, including R&D and quality assurance, amongst others.

► **Rising adoption of IoT and Industry 4.0 technologies drives demand for imaging, analytical and test equipment and services**

IoT refers to a network of devices and objects connected to each other through the internet, to facilitate data exchange and remote access. These smart devices feature wireless fidelity (Wi-Fi) connectivity, where they can be linked to a smartphone via a mobile application. Smart devices is gaining popularity as they allow owners to monitor and control the devices from remote locations, enabling them to save time and providing convenience. Examples of IoT applications include smart homes, wearables, smart cities, smart grids and industrial IoT. As more devices and systems become connected and integrated into the IoT ecosystem, the need for reliable imaging, analytical and test solutions become imperative. This is because IoT devices require high measurement accuracy, efficient data transmission, extensive data collection capability, seamless connectivity, and compatibility with various networks and protocols. Thus, imaging, analytical and test equipment and services help ensure that these devices and system function accordingly upon deployment and integration, as well as achieve the required performance standards.

Moreover, the growth of the imaging, analysis and testing industry is also expected to be propelled by the rising adoption of Industry 4.0 technologies and applications. Industry 4.0, which is known as the Fourth Industrial Revolution, involves the integration of technologies into manufacturing and industrial processes. Industry 4.0 will further transform manufacturing-based industries to include digitalisation and autonomous manufacturing activities. These activities are likely to boost the use of imaging, inspection, analysis, testing and measurement techniques in manufacturing processes as the integration of automation, robotics, data analytics and/or artificial intelligence in industrial settings demand precise measurement and control of various parameters.

Key Industry Risks and Challenges

► **Reliance on product principals for imaging, analytical and test equipment**

Imaging, analytical and test solution providers in Malaysia rely on product principals for the supply and availability of high-quality, accurate and reliable equipment. By partnering with product principals, these solution providers are able to gain access to a diverse range of equipment.

Any changes in the business direction of the product principals may cause a direct impact on the imaging, analytical and test solution providers. For instance, in the event a product principal decides to cease the distribution of their equipment to the imaging, analytical and test solution provider, this would impede the solution provider's ability to offer solutions to its customers. As such, this may result in a disruption in the solution provider's business operations as well as hinder its ability to meet customer requirements.

8. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

SMITH ZANDER

Under such circumstances, the imaging, analytical and test solution provider will have to seek out alternative product principals. However, this can be time-consuming, costly and may not necessarily ensure seamless continuity of services.

► **Constant technological advancement resulting in the need for continuous innovation to remain competitive**

In today's everchanging technological landscape, industries such as E&E, semiconductor, automotive, aerospace, healthcare, life science, material science, as well as oil and gas are constantly striving to develop new or enhanced innovative products that align with the latest technological trends. As these industries develop more complex products incorporating advanced technologies, the need for sophisticated and specialised imaging, analytical and test equipment emerges.

As such, it is imperative for imaging, analytical and test solution providers to stay ahead of the curve in offering the latest equipment that can effectively inspect and assess the performance and reliability of the latest products. If they fail to keep up with technological advancements, this could result in a loss of business opportunities. Inability to stay updated and invest in new technologies may subsequently affect the competitiveness of the imaging, analytical and test solution providers, resulting in customers turning to competitors who are able to offer more advanced solutions.

3 COMPETITIVE LANDSCAPE OF THE IMAGING, ANALYSIS AND TESTING INDUSTRY IN MALAYSIA

Overview

The imaging, analysis and testing industry in Malaysia is fragmented due to the wide range of equipment offered in the market for various industries and applications. Product principals typically appoint local imaging, analytical and test solution providers in Malaysia such as Crest Group to distribute and sell their equipment to customers. Different industry players (i.e. distributors and solution providers) may specialise in different types of imaging, analytical and test equipment, with some focusing on offering equipment types catered for specific industries and/or applications while others offer equipment types which are catered to a broader range of industries and/or applications. As such, this diversity leads to a fragmented landscape where industry players may not offer precisely the same range or type of equipment as one another. Further, product principals may also directly provide customers with their equipment and services through locally established entities in Malaysia.

Local solution providers provide product principals access to a wide customer base and customers may often require equipment from various product principals to meet their requirements and budgets. As such, these customers may prefer to engage with solution providers who offer a diverse range of equipment from multiple product principals.

The barriers to entry of the imaging, analysis and testing industry are technical expertise and rapid technological advancements. For instance, solution providers are required to have specialised knowledge to develop and implement suitable solutions to cater to different customer requirements. Hence, the complexity of the technology and know-how involved may prove challenging for new entrants to quickly develop the necessary expertise. Moreover, as the imaging, analysis and testing industry is constantly evolving with new technologies and techniques are continually emerging, the solution providers are thus required to constantly keep themselves updated with the latest advancements and incorporating them into their solutions to remain competitive. Given that established imaging, analytical and test solution providers may hold a distinct advantage in accessing the latest technological updates, this could pose challenges for new entrants to attain a comparable level of technological parity.

Key Industry Players

As Crest Group is principally involved in the provision of imaging, analytical and test solutions used primarily for quality inspection, sample analysis and R&D, companies which are incorporated in Malaysia and are

8. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**SMITH ZANDER**

involved in the sale of third party imaging, analytical and test equipment which are similar to Crest Group's is used as the basis for selection of the key industry players in Malaysia.

Premised on the above, the list of key industry players in the imaging, testing and analysis industry in Malaysia is as follows:

Company name	Principal activities	Latest available financial year	Revenue ^(a) (RM million)	Gross profit margin (%)	Profit after tax margin (%)
QES Group Berhad	Manufacturing, distribution and provision of engineering services for inspection, test, measuring, analytical and automated handling equipment	31 December 2022	264.41	26.80	10.50
Crest Group	Provision of imaging, analytical and test solutions used primarily for quality inspection, sample analysis and R&D	31 December 2022	170.20	26.85	10.56
Interscience Sdn Bhd	Dealer of scientific equipment and chemicals	31 December 2021	112.61	27.96	9.08
Symphony Engineering Sdn Bhd	Trading and the provision of engineering services for general, E&E equipment and machineries for industrial, commercial and domestic purposes	31 December 2022	58.57	12.82	3.12
CLMO Technology Sdn Bhd	Trading, installation and maintenance of technological equipment	31 December 2022	50.32	45.25	18.88
Nihon Denkei (Malaysia) Sdn Bhd (a subsidiary of Nihon Denkei Co., Ltd ^(b))	Trading of electronic test measuring equipment and provision of related services	31 December 2022	34.41	16.19	6.86
DKSH Technology Sdn Bhd (a subsidiary of DKSH Holding Ltd. ^(c))	Importing and trading in technical products	31 December 2022	27.92	N/A ^(d)	8.06
MTSC Solution Sdn Bhd	Trading of new and used equipment and provision of consultation and services in the area of test, process and laboratory	31 March 2023	24.27	54.35	17.92
Cairnhill Metrology Sdn Bhd (a subsidiary of Cairnhill Metrology Pte Ltd ^(e))	Marketing, trading and servicing precision measuring tools and equipment	30 September 2022	23.30	N/A ^(d)	3.13
Hi-Tech Instruments Sdn Bhd	Marketing of scientific instruments	30 September 2022	21.57	N/A ^(d)	4.87

Notes:

- The identified key industry players include all industry players that were identified by SMITH ZANDER based on sources available, such as the internet, published documents and industry directories. However, there may be

8. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**SMITH ZANDER**

companies that have no online and/or published media presence, or are operating with minimal public advertisement, and hence SMITH ZANDER is unable to state conclusively that the list of industry players is exhaustive.

- For the purpose of this IMR Report, companies with revenue above RM20.00 million in their latest available respective financial years is used as a cut-off point to shortlist the key industry players. Companies with revenue below RM20.00 million in their latest available respective financial years have not been shortlisted.
- (a) Revenue of industry players may include revenue derived from other business activities (i.e. business activities other than the sale of imaging, analytical and test equipment) and/or revenue derived from countries outside Malaysia.
- (b) Nihon Denkei Co., Ltd, a Japanese company listed on the Tokyo Stock Exchange, is the holding company of Nihon Denkei (Malaysia) Sdn Bhd and is involved in the distributing, manufacturing, leasing and rental business of electronic measuring instruments, system equipment and electronic parts.
- (c) DKSH Holding Ltd., a Swiss company listed on the SIX Swiss Exchange, is the holding company of DKSH Technology Sdn Bhd and is involved in the provision of market expansion services.
- (d) N/A – Not available as gross profit is not reported in the annual report.
- (e) Cairnhill Metrology Pte Ltd, a Singapore private company is the immediate holding company of Cairnhill Metrology Sdn Bhd and is involved in the provision of industrial metrology solutions.

Sources: Crest Group, various company websites, Companies Commission of Malaysia, SMITH ZANDER

Apart from the companies listed in the table above, there are some foreign product principals who may directly sell to customers through their locally established entities in Malaysia, thus competing with the local imaging, analytical and test solution providers. Examples of Malaysian entities established by foreign product principals include Shimadzu Malaysia Sdn Bhd and Hitachi High-Tech IPC (Malaysia) Sdn Bhd.

Industry/Market Share

In 2022, the imaging, analysis and testing industry size in Malaysia was recorded at RM6,645 million. For the financial year end 31 December 2022, Crest Group's revenue derived from Malaysia was recorded at RM79.93 million, and thereby Crest Group captured a market share of 1.20% in the imaging, analysis and testing industry in Malaysia.

4 THE IMAGING, ANALYSIS AND TESTING INDUSTRY IN CHINA, THAILAND, SINGAPORE AND VIETNAM**Industry Performance, Size and Growth**

As Crest Group has business presence in China, Thailand and Singapore, and is planning to expand its business presence to Vietnam, this section covers the imaging, analysis and testing industries in China, Thailand, Singapore and Vietnam.

The imaging, analysis and testing industry in China experienced growth from 2019 to 2023 at a CAGR of 5.29%. Overall, from 2019 to 2023, the test and measurement equipment segment recorded the largest growth at a CAGR of 6.57% amongst the three segments, followed by microscopes and X-ray related equipment, and mechanical testing, physical and/or chemical analysis equipment, which recorded CAGRs of 5.44% and 3.02% respectively.

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8. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

SMITH ZANDER

Imaging, analysis and testing industry size, China, 2019 – 2023

Segments	Industry size ¹ (Million)					CAGR (2019 – 2023)
	2019 ³	2020 ³	2021 ³	2022 ³	2023 ³	
Microscopes and X-ray related equipment	CNY26,381 (RM15,823)	CNY27,968 (RM17,038)	CNY26,897 (RM17,287)	CNY28,944 (RM18,929)	CNY32,606 (RM21,002)	5.44%
Mechanical testing, physical and/or chemical analysis equipment	CNY52,563 (RM31,527)	CNY58,392 (RM35,572)	CNY54,302 (RM34,900)	CNY57,667 (RM37,714)	CNY59,203 (RM38,133)	3.02%
Test and measurement equipment	CNY85,945 (RM51,550)	CNY93,108 (RM56,721)	CNY104,623 (RM67,241)	CNY105,213 (RM68,809)	CNY110,852 (RM71,400)	6.57%
Total	CNY164,889 (RM98,900)	CNY179,468 (RM109,332)	CNY185,822 (RM119,428)	CNY191,824 (RM125,453)	CNY202,661 (RM130,534)	5.29%

Sources: General Administration of Customs of the People's Republic of China, SMITH ZANDER

The imaging, analysis and testing industry in Thailand experienced growth from 2019 to 2023 at a CAGR of 3.65%. Overall, from 2019 to 2023, the microscopes and X-ray related equipment segment recorded the largest growth at a CAGR of 5.71%, followed by mechanical testing, physical and/or chemical analysis equipment, and test and measurement equipment, which recorded CAGRs of 5.26% and 2.43% respectively.

Imaging, analysis and testing industry size, Thailand, 2019 – 2023(e)

Segments	Industry size ¹ (Million)					CAGR (2019 – 2023(e))
	2019 ³	2020 ³	2021 ³	2022 ³	2023(e) ^{2,3}	
Microscopes and X-ray related equipment	THB5,412 (RM722)	THB5,430 (RM729)	THB4,984 (RM646)	THB5,472 (RM687)	THB6,758 (RM886)	5.71%
Mechanical testing, physical and/or chemical analysis equipment	THB10,712 (RM1,430)	THB9,719 (RM1,305)	THB11,671 (RM1,512)	THB12,858 (RM1,614)	THB13,148 (RM1,723)	5.26%
Test and measurement equipment	THB24,326 (RM3,247)	THB20,139 (RM2,705)	THB24,912 (RM3,228)	THB28,193 (RM3,539)	THB26,783 (RM3,511)	2.43%
Total	THB40,450 (RM5,400)	THB35,288 (RM4,739)	THB41,567 (RM5,386)	THB46,523 (RM5,841)	THB46,689 (RM6,120)	3.65%

Sources: Ministry of Commerce of Thailand, SMITH ZANDER

³ Exchange rates from CNY, THB and USD to RM in this IMR Report were converted based on average annual exchange rates extracted from published information from Bank Negara Malaysia:

	2019	2020	2021	2022	2023
CNY1=RM	0.5998	0.6092	0.6427	0.6540	0.6441
THB100=RM	13.3489	13.4309	12.9574	12.5543	13.1073
USD1=RM	4.1427	4.2016	4.1454	4.4005	4.5653

8. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**SMITH ZANDER**

The imaging, analysis and testing industry in Singapore experienced growth from 2019 to 2023 at a CAGR of 14.35%. Overall, from 2019 to 2023, the test and measurement equipment segment recorded the largest growth at a CAGR of 22.49%, followed by mechanical testing, physical and/or chemical analysis equipment, and microscopes and X-ray related equipment, which recorded CAGRs of 6.74% and 1.42% respectively.

Imaging, analysis and testing industry size, Singapore, 2019 – 2023(e)

Segments	Industry size ¹ (Million)					CAGR (2019 – 2023(e))
	2019 ³	2020 ³	2021 ³	2022 ³	2023(e) ^{2,3}	
Microscopes and X-ray related equipment	USD447 (RM1,852)	USD373 (RM1,567)	USD445 (RM1,845)	USD488 (RM2,147)	USD473 (RM2,159)	1.42%
Mechanical testing, physical and/or chemical analysis equipment	USD1,433 (RM5,936)	USD1,360 (RM5,714)	USD1,612 (RM6,682)	USD1,910 (RM8,405)	USD1,860 (RM8,491)	6.74%
Test and measurement equipment	USD1,629 (RM6,748)	USD2,292 (RM9,630)	USD3,433 (RM14,231)	USD3,780 (RM16,634)	USD3,667 (RM16,741)	22.49%
Total	USD3,509 (RM14,537)	USD4,025 (RM16,911)	USD5,490 (RM22,758)	USD6,178 (RM27,186)	USD6,000 (RM27,392)	14.35%

Sources: United Nations ("UN") Comtrade, SMITH ZANDER

The imaging, analysis and testing industry in Vietnam experienced growth from 2019 to 2023 at a CAGR of 2.88%. Overall, from 2019 to 2023, the test and measurement equipment segment recorded the largest growth at a CAGR of 5.17%, followed by mechanical testing, physical and/or chemical analysis equipment which recorded a CAGR of 0.43%. The microscopes and X-ray related equipment segment recorded a negative CAGR of 11.68% from 2019 to 2023 due to lower demand.

Imaging, analysis and testing industry size, Vietnam, 2019 – 2023(e)

Segments	Industry size ¹ (Million)					CAGR (2019 – 2023 (e))
	2019 ³	2020 ³	2021 ³	2022 ³	2023(e) ^{2,3}	
Microscopes and X-ray related equipment	USD166 (RM688)	USD126 (RM529)	USD124 (RM514)	USD101 (RM444)	USD101 (RM461)	-11.68%
Mechanical testing, physical and/or chemical analysis equipment	USD348 (RM1,442)	USD305 (RM1,281)	USD427 (RM1,770)	USD342 (RM1,505)	USD354 (RM1,616)	0.43%
Test and measurement equipment	USD1,168 (RM4,839)	USD1,081 (RM4,542)	USD1,309 (RM5,426)	USD1,306 (RM5,747)	USD1,429 (RM6,524)	5.17%
Total	USD1,682 (RM6,968)	USD1,512 (RM6,353)	USD1,860 (RM7,710)	USD1,749 (RM7,696)	USD1,884 (RM8,601)	2.88%

Sources: UN Comtrade, SMITH ZANDER

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9. RISK FACTORS

Before investing in our Shares, you should pay particular attention to the fact that we and to a large extent, our business and operations are subject to legal, regulatory and business risks where we operate. Our operations are also subject to a number of factors, many of which are outside our control. Before making an investment decision, you should carefully consider, along with the other matters in this Prospectus, the risks and investment considerations set out below.

9.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

9.1.1 We depend on our ability to maintain our business relationship with our existing customers and to secure new customers

Our profitability and financial performance are dependent, to a large extent, on our ability to maintain and strengthen our business relationship with our existing customers and also to secure new customers. Our provision of equipment and imaging, analytical and test solutions to our pool of customers are mostly on a purchase order basis and there can be no assurance that purchase orders will continue to be issued. The purchases of our customers are, in addition, primarily dependent on individual capital expenditure, expansion plans and business strategies and therefore, our customers have no obligation to continue to engage us for provision of our solutions and services.

Generally, the services which we provide to our customers include lab services and after-sales services which comprise technical support and maintenance services as well as sale of consumables and as such, we are not dependent on purchases from any individual customer. However, our ability to maintain the business relationship with our existing customers as well as securing new customers is dependent on various factors, including, but not limited to, the following:

- (a) our ability to keep abreast with rapid technological advances in order to meet our customers' specifications and cater to our customers' operational needs;
- (b) any unexpected changes in our customers' business and budget plans; and
- (c) any factors beyond our control or adverse economic conditions which have a material effect on the equipment industry.

In the event we are unsuccessful in adapting to such development or circumstance in a timely manner, we may lose our customers and may face difficulty in securing sales from new customers, thus affecting our financial performance.

9.1.2 We are reliant on our equipment principals

Our Group relies on our equipment principals for the imaging, analytical and test equipment that we supply. As our Group does not manufacture or develop the equipment, our Group relies on the partnership with our equipment principals for our supply of a diverse range of equipment portfolio in order to meet our customers' demands.

In the event our equipment principals decide to cease distribution of certain equipment or a change in their business direction, this may result in disruption to our business and operations. Under such circumstances, our Group will need to seek out alternative equipment principals. However, this may take time and affect our ability to continuously meet customers' demands.

Further, our Group is also reliant on us maintaining our status as a registered distributor with our top 2 major suppliers for the equipment that we sell as part of our imaging, analytical and test solutions as disclosed in Section 7.15 of this Prospectus, by virtue of our Group's total purchases for the Financial Years Under Review and FPE 2023.

9. RISK FACTORS (Cont'd)

Supplier Group A is one of our top 2 major suppliers for the Financial Years Under Review and FPE 2023. Our purchases from Supplier Group A accounted for approximately 42.71%, 41.41%, 42.27% and 42.54% of our Group's total purchases for the FYE 2020, FYE 2021, FYE 2022 and FPE 2023 respectively.

Supplier Group B is our other top 2 major suppliers for the Financial Years Under Review and FPE 2023. Our purchases from Supplier Group B accounted for approximately 18.49%, 20.79%, 21.10% and 18.81% of our Group's total purchases for the FYE 2020, FYE 2021, FYE 2022 and FPE 2023 respectively.

Both Supplier Group A and Supplier Group B have been our suppliers for the past 8 years as at the LPD and we have subsisting distributorship agreements with both these suppliers. In this respect, both our top major suppliers have discretion with regards to the renewal of the distribution agreements. In the event our top 2 major suppliers grant new distributorships within the regions which we operate in, we may face increased competition in our industry. On the other hand, in the event our top 2 major suppliers choose to not renew or terminate our distributorship, our financial performance may be adversely affected.

Although we have established a good and long-standing relationship with our top 2 major suppliers, there is no assurance that there will be no disruption in supply from, or change in the relationship with, our top 2 major suppliers moving forward.

Any loss of our equipment principals or our top 2 major suppliers and our inability to replace them in a timely manner will negatively affect our Group's business operations and financial performance. As at the LPD, we have not been informed of any potential changes in the business strategies of our product principals which may materially affect our supply chain nor have we encountered any dispute or disagreement with any of our suppliers which has materially affected or may materially affect our business operations.

9.1.3 We are dependent on our Key Senior Management for the continued success and growth of our Group

We believe that our growth and success are, to a significant extent, dependent on the continued service, performance and efforts of our Executive Directors who play pivotal roles in our Group's day-to-day operations and who are adept and have extensive experience and market understanding in our business and industry. Our Executive Directors, LSW, ACM and YKM have been instrumental in the development of our business since our inception and have over the years, established long term relationships and built a network of customers and suppliers in the industry which significantly contribute to the continued success of our Group.

We are also reliant on the continued service of our Key Senior Management who have in-depth technical and operational knowledge relevant to the demands of our business operations as well as the needs of our customers, some of whom have been with our Group for over 20 years and are actively involved in the day-to-day operations and implementation of our business strategies. Our Key Senior Management play a significant role to the continuing success of our Group and is integral to the business and future development of our Group.

However, there is no assurance that we will be able to retain our Key Senior Management. The prevailing job market is ever competitive and this may result in difficulty in staff retention who may choose to pursue other opportunities. The loss of services from any of our Key Senior Management without suitable or timely recruit for replacements may result in an adverse effect on our Group's operations and financial conditions. For further information on the profiles of our Key Senior Management, please refer to Sections 5.1.2 and 5.4.3 of this Prospectus.

9. RISK FACTORS (Cont'd)

9.1.4 We are exposed to fluctuations in foreign exchange rates

We are exposed to fluctuations in foreign exchange rates as a certain part of our sales and purchases are transacted in foreign currencies. Our revenue denominated in foreign currencies accounted for 57.6%, 57.3%, 61.2% and 70.0% of our total revenue respectively, for the FYE 2020, FYE 2021, FYE 2022 and FPE 2023. Our purchases denominated in foreign currencies accounted for 91.5%, 94.0%, 94.4% and 95.6% of our total purchases respectively, for the FYE 2020, FYE 2021, FYE 2022 and FPE 2023. As such, any significant change in foreign exchange rates may affect our financial results. Please refer to Section 12.11 of this Prospectus for the breakdown of our revenue and purchases transacted in RM and the respective foreign currencies during the Financial Years Under Review and FPE2023.

The financial statements of our subsidiaries in Singapore are denominated in USD, whereas the financial statements of our subsidiaries in Thailand and the PRC are denominated in their respective local currencies THB and RMB. Consequently, any future fluctuations in foreign currencies against the RM may have an impact on our Group's reported profits.

We usually factor in a buffer to cater for foreign exchange fluctuations in our sale and purchase transactions. We coordinate our sales and purchases to be in the same currency as much as possible to minimise our foreign exchange exposure as a form of natural hedging. Notwithstanding that, there can be no assurance that the exchange rate fluctuations will not affect our Group's financial performance. Any adverse fluctuations in the foreign exchange rates may have an adverse impact on our Group's revenue and earnings.

9.1.5 We are subject to operational risks and the risk of inadequate insurance compensation

Due to the nature of our business, we are susceptible to various operational risks such as accidents, outbreaks of fire or floods and natural disasters, which may cause disruption to our business operations and damage to our inventory, demonstration equipment, office and shipment. For the Financial Years Under Review up to the LPD, we have not encountered any major disruptions due to operational risks. However, there can be no assurance that any occurrence of major incident in the future would not adversely disrupt our business operations.

We currently secure and maintain various general insurance policies for our business operations which coverage includes property all risks, personal accident and public liability. However, all the insurance policies undertaken by us are subject to exclusions and limitation of liabilities, both in amount and with respect to the insured events. Our insurance policies undertaken are also subject to periodic renewals, such renewals may affect factors such as insurance premium, terms and policy limits.

Although the insurance we maintain are adequate coverage for our business and customary to our industry and level of operations, there can be no assurance that in the event of insurance claims, our insurance coverage would be sufficient to compensate in all circumstances the extent of losses, damages or liabilities incurred. Consequently, our business and financial performance may be materially and adversely affected.

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 We face uncertainties on the end-user industries of our customers

The business of our Group may be reliant on the end-user industries of our customers. The end-user industries of our customers may be adversely affected by numerous factors such as changes in technology, decrease in regional or global demand, as well as political, economic, and regulatory risks. In the event of negative performance in the end-user industries of our customers, this may in turn affect the demand for our Group's solutions and equipment. There is no assurance that we would be able to continually anticipate changes in the market, consumer preferences and market trends. If we are unable to adapt to such market conditions promptly, our business operations and financial performance would be materially affected.

9. RISK FACTORS (Cont'd)

9.2.2 We are subject to technology advances and evolution

Our Group operates in an environment which is primarily focused on the utilisation of equipment, as such, we are required to continuously keep abreast the inherent rapid rate of technological evolution and the resultant ever-changing operational needs of our customers. Our industry frequently introduces improved and/or substitute technologies and in order for us to consistently offer quality and value-added services, it is imperative that we continue to seek feedback from our customers, participate in training and be involved in trade fairs and exhibitions to keep pace with latest technology developments in our industry.

While we seek to minimize these risks by actively and continuously procuring the newest model of equipment carried by our Group and pursuing advancement of our knowledge and expertise so as to enable us to cater to the specification demands and/or technological needs of our customers, there is however no guarantee that our range of equipment and/or solutions will continuously meet the customers' changing expectations. There is no assurance that we will be able to successfully anticipate technological changes and adapt in a timely manner. In such situation, our Group's business, financial conditions and results of operations may be adversely affected.

9.2.3 We face competition from other industry players

Notwithstanding our competitive advantages and key strengths, we continue to face competition from other existing and prospective local and international industry players which may be capable of offering similar equipment and solutions. The key areas of competition for our business comprise quality of services, pricing, proximity to customers and the range of solutions and equipment provided.

Whilst we strive to remain competitive, there can be no assurance that we will be able to compete effectively against our competitors and also new market entrants which may in turn affect our profit margins and/or a reduction in orders from our customers which may have a material and adverse impact on our business and financial performance.

9.2.4 We are subject to economic, social, political and regulatory risks in the countries in which we operate

We have business operations in Malaysia, the PRC, Singapore and Thailand. Accordingly, our business is subject to risks associated with conducting business internationally because we sell our solutions and, to a certain extent, purchase equipment, parts and components from overseas. We also have market presence in both local and international markets and therefore, we are susceptible to legal, regulatory, political and economic conditions as well as operational risks in the countries in which we operate.

In addition, our business is subject to various laws, rules and regulations. Please refer to Annexure A of this Prospectus for the list of our major licenses, permits and approvals. Our major licenses, permits and approvals are subject to compliance with relevant conditions where applicable. In the event of non-compliance, these licenses, permits and approvals may be revoked or may not be successfully renewed upon expiry. As at the LPD, our Group has complied with the conditions imposed on all our major licenses, permits and approvals from various governmental authorities and there is no action, pending or threatened, against us under any laws and regulations. However, any revocation or failure to maintain or renew any of the licenses, permits and approvals may disrupt and materially affect our business operations and financial performance.

9. RISK FACTORS (Cont'd)

As we continue to expand our business to foreign markets, our financial condition and results of operations could be affected by a variety of factors, including:

- Political and economic instability, including unfavourable changes in government policies resulting in the introduction of new regulations pertaining to our business as well as global and regional macroeconomic disruptions such as natural calamities, pandemics or other risks related to countries where we procure our equipment, components and parts or sell our solutions;
- Changes in trade protection measures and import or export restrictions and/or licencing requirements;
- Changes and risks with respect to international taxation, including transfer pricing regulations;
- Managing widespread operations and any increased travel, infrastructure and legal compliance costs associated with multiple international locations, particularly due to the imposing of any restrictions due to any public health outbreak of any contagious or virulent diseases;
- Difficulties in enforcing contracts and collecting accounts receivable because of distance and different legal rules;
- Global or domestic recession or economic slowdown; and
- Risks with respect to social and political crises resulting from terrorism, war and riots, amongst others.

Notwithstanding that our Group has not experienced any adverse political, economic, social and regulatory changes which has adversely affected our business operations and financial performance, our Group will continue to adopt prudent management and efficient operating procedures to mitigate these factors. Nevertheless, there can be no assurance that any adverse development in the economic, social, political and regulatory environment will not materially affect our Group's future financial results.

9.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES

9.3.1 There is no prior market for our Shares

Prior to our Listing, there has been no prior market for our Shares. Our Listing does not guarantee that an active market for the trading of our Shares will develop, or if developed, that such market can be sustained.

There is also no assurance as to the liquidity of the market that may develop for our Shares, the ability of holders to sell our Shares or the prices at which holders would be able to sell our Shares.

Our IPO Price was determined after taking into consideration a number of factors as set out in Section 4.5 of this Prospectus, including but not limited to our historical financial performance, competitive strengths, business strategies and prospects, as well a financial and operating history.

There can be no assurance that the IPO Price will correspond to the price at which our Shares will trade on the ACE Market upon or subsequent to our Listing and that the market price of our Shares will not decline below the IPO Price.

9. RISK FACTORS (Cont'd)

9.3.2 The trading price and trading volume of our Shares following our Listing may be volatile

The trading price and trading volume of our Shares could be subject to fluctuations as a result of various factors, some of which are not within our control and may be unrelated or disproportionate to our operating results. Such factors may include variations in the results of our operations, changes in analyst's recommendations or projections, changes in general market conditions and broad market fluctuations.

In addition, the performance of the share prices and trading volumes of other companies listed on Bursa Securities is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds, economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volume witnessed on Bursa Securities, thus adding risks to the market price of our Shares.

9.3.3 There is no assurance of payment of dividends to our shareholders

Our Group's ability to distribute dividends or make other distributions to our shareholders is subject to various factors, such as profits recorded, excess of funds not required to be retained for working capital for our business, anticipated capital expenditure requirements, gearing and other investment plans. Further, our Company is a holding company and all our operations are primarily conducted through our subsidiaries and as such, our Company relies on dividends and other distributions from our subsidiaries as our Company's principal source of income.

There can be no assurance that dividends will be paid out in the future or on timing of any dividends that are to be paid in the future. If we do not pay dividends or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected.

Please refer to Section 12.15 of this Prospectus for further information on our dividend policy.

9.3.4 There may be a delay in or abortion of our Listing

Our IPO is exposed to the risk of potential failure or delay should the following events, amongst others, occur:

- (i) we are unable to meet the minimum public spread requirements under the Listing Requirements, i.e. at least 25% of our total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the time of our Listing; or
- (ii) the Underwriter exercising its rights under the Underwriting Agreement to discharge itself of its obligations under such agreement;
- (iii) the revocation of the approvals from the relevant authorities prior to our Listing and/or admission for whatever reason.

Should any of the events occur, investors will not receive any Shares, and all monies paid in respect of the Application will be returned in full without interest within 14 days, failing which the provisions of Section 243(2) of the CMSA will apply.

If our Listing is aborted and our Shares have been allotted to the investors, the return of monies to investors could only be achieved by way of cancellation of share capital as provided under Section 116 or 117 of the Act and its related rules. Such cancellation requires, among others, the sanction of our shareholders by special resolution in a general meeting and consent of our creditors (if required). There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

9. RISK FACTORS (Cont'd)

9.3.5 The sale, or the possible sale, of a substantial number of our Shares in the public market following our Listing could adversely affect the price of our Shares

Following our Listing, we will have in issue 865,598,000 Shares, of which up to 265,939,100 Shares, will be held by investors participating in our Listing (representing approximately 30.72% of our enlarged issued share capital) and 69.28% will be held by the Promoters and substantial shareholders via their direct interests in our Company. Our Shares offered pursuant to our Listing will be tradable on the ACE Market of Bursa Securities following our Listing.

Notwithstanding our existing level of cash and cash equivalents, we may issue additional Shares in connection with our financing activities or otherwise. In addition, the Promoters and substantial shareholders could dispose of some or all of our Shares which they hold after the moratorium period pursuant to their own investment objectives. If the Promoters and substantial shareholders sell, or are perceived as intending to sell, a substantial amount of our Shares that they hold, the market price for our Shares could be adversely affected.

9.4 OTHER RISK**9.4.1 Our Promoters will be able to exert significant influence over our Company**

Upon completion of our IPO, our Promoters will collectively hold, directly and indirectly, an aggregate of 599,658,900 Shares, representing approximately 69.28% of our enlarged issued Shares. As a result, these shareholders, acting together, will be our controlling shareholders and have voting control over our Company and are expected to have significant influence on the outcome of certain matters, unless they are required to abstain from voting by law and/or by the relevant authorities. However, there can be no assurance that the interests of our Promoters will be aligned with those of our other shareholders.

Nevertheless, our Company has appointed 4 Independent Directors and they will play an active role in our Board's deliberations to ensure future transactions involving related parties are entered into on an arms-length basis, so as to facilitate good corporate governance whilst promoting greater corporate transparency.

9.4.2 Forward-looking statements in this Prospectus are subject to uncertainties and contingencies

Certain statements or expectations or forecasts in this Prospectus are based on historical data which may not be reflective of future results. Forward-looking statements in this Prospectus are based on assumptions and subject to uncertainties and contingencies.

Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, there can be no assurance that such prospective statements or expectations or forecasts will subsequently materialise and the actual results may be materially different than those shown. Any deviation from these statements or expectations may have a material adverse effect on our business and financial performance.

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10. RELATED PARTY TRANSACTIONS

10.1 OUR GROUP'S RELATED PARTY TRANSACTIONS

Save as disclosed below, there are no existing or proposed material related party transactions which involved the interest, direct or indirect, of our Directors, substantial shareholders and/or persons connected with them for the Financial Years Under Review, FPE 2023 and from 1 August 2023 up to the LPD:

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2020		FYE 2021		FYE 2022		FPE 2023		From 1 August 2023 up to the LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
i.	<u>Sub-contractor:</u> ALY Venture Sdn Bhd ⁽¹⁾ ("ALY") <i>(formerly known as Crest Precision Sdn Bhd)</i> <u>Client:</u> Crest Systems	<u>Interested Directors</u> ⁽²⁾ <ul style="list-style-type: none"> • LSW • ACM • YKM 	Provision of support service such as arranging for meetings, presentations and/or demonstrations of new equipment on behalf of Crest Systems. ⁽³⁾ This arrangement was terminated with effect from 1 October 2022.	1,200	1.37 ^(a)	1,020	0.97 ^(a)	450	0.36 ^(a)	-	-	-	-
ii.	<u>Sub-contractor:</u> Crest Lab <u>Client:</u> ALY ⁽¹⁾	<u>Interested Directors</u> ⁽²⁾ <ul style="list-style-type: none"> • LSW • ACM • YKM 	Provision of preventive maintenance and support service from Crest Lab to ALY. ⁽⁴⁾	276	0.22 ^(b)	-	-	-	-	-	-	-	-

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2020		FYE 2021		FYE 2022		FPE 2023		From 1 August 2023 up to the LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
iii.	<p><u>Landlord:</u> ALY ⁽¹⁾</p> <p><u>Tenants:</u> a) Crest Systems b) Crest Lab c) Crest Nanosolutions d) Crest Analytic</p>	<p><u>Interested Directors</u>⁽²⁾</p> <ul style="list-style-type: none"> • LSW • ACM • YKM 	Rental of property for use as office. ⁽⁵⁾	166	1.28 ^(c)	166	1.27 ^(c)	166	1.12 ^(c)	189	1.76 ^(c)	135	N/A ^(d)
iv.	<p><u>Landlord:</u> ALY ⁽¹⁾</p> <p><u>Tenant:</u> Crest Systems</p>	<p><u>Interested Directors</u>⁽²⁾</p> <ul style="list-style-type: none"> • LSW • ACM • YKM 	Rental of property to Crest Systems for use as office. ⁽⁶⁾	-	-	-	-	-	-	45	0.42 ^(c)	32	N/A ^(d)
v.	<p><u>Landlord:</u> ALY ⁽¹⁾</p> <p><u>Tenant:</u> Matrix Optics</p>	<p><u>Interested Directors</u>⁽²⁾</p> <ul style="list-style-type: none"> • LSW • ACM • YKM 	Rental of property to Matrix Optics for use as office. ⁽⁷⁾	-	-	-	-	-	-	-	-	47	N/A ^(d)

Notes:

- (a) Based on our Group's cost of sales for each of the respective FYE.
- (b) Based on our Group's audited revenue for each of the respective FYE.
- (c) Based on our Group's administrative expenses for each of the respective FYE and FPE.

10. RELATED PARTY TRANSACTIONS (Cont'd)

- (d) Not applicable as our Company did not prepare any financial statements from 1 August 2023 up to the LPD.
- (1) LSW, ACM and YKM are directors and substantial shareholders of ALY. Their shareholdings in ALY are 34%, 33% and 33% respectively as at LPD.
- (2) LSW, ACM and YKM are our Promoters and substantial shareholders.
- (3) Crest Systems engaged ALY to provide support service such as arranging for meetings, presentations and/or demonstrations of new equipment on behalf of Crest Systems. Based on the transfer pricing documentation, the transaction was consistent with the arm's length principle based on the return on sales of comparable companies. This arrangement was terminated with effect from 1 October 2022.
- (4) ALY engaged Crest Lab in June 2020 to provide preventive maintenance and support service. Based on the transfer pricing documentation, the transaction was consistent with the arm's length principle based on the return on sales of comparable companies. This transaction was a one-off transaction and Crest Lab will not enter into any further transactions with ALY of similar nature moving forward.
- (5) Pursuant to the tenancy agreements dated 1 October 2019, 1 October 2020 and 1 October 2021 between Crest Precision Sdn Bhd (now known as ALY) and the tenants for the rental of office premises located at No.1 Jalan OP 1/2, One Puchong Business Park, 47160 Puchong, Selangor, Malaysia ("One Puchong Office") for a yearly tenure expiring on 31 December 2020, 31 December 2021 and 31 December 2022 respectively at the monthly rental of RM13,800.
- On 1 October 2022, ALY and the tenants entered into a tenancy agreement to renew the tenancy of One Puchong Office from 1 January 2023 to 31 December 2023 for a monthly rental rate of RM27,000. Subsequently on 23 October 2023, ALY and Crest Systems entered into a tenancy agreement to renew the tenancy of One Puchong Office from 1 January 2024 to 31 December 2024 for a monthly rental rate of RM27,000, which was determined based on the then prevailing market rental rate of comparable properties within the vicinity.
- (6) ALY and Crest Systems entered into a tenancy agreement dated 1 October 2022 for the rental of office premises located at 70-3-57, D'Plazza Mall, Jalan Mahsuri, 11900 Bayan Baru, Pulau Pinang, Malaysia for the period expiring on 31 December 2023 with monthly rental rate of RM6,362, which was subsequently renewed at the same rental rate by the tenancy agreement dated 23 October 2023. The current tenure of the tenancy is for the period commencing 1 January 2024 up to 31 December 2024. The monthly rental rate of RM6,362 was determined based on the prevailing market rental rates of comparable properties within D'Plazza Mall.
- (7) Pursuant to the tenancy agreement dated 22 September 2023 between ALY and Matrix Optics for the rental of office premise located at E-02-01A, Sunway Geo Avenue, Jalan Lagoon Selatan, Bandar Sunway, Subang Jaya, 47500 Selangor, Malaysia for the period expiring 30 September 2024 for a monthly rental of RM8,818 which was determined based on the prevailing market rental rate of comparable properties within Sunway Geo Avenue.
- Pursuant to the tenancy agreement dated 24 July 2023 between ALY and Matrix Optics for the rental of office premise located at E-03-01A, Sunway Geo Avenue, Jalan Lagoon Selatan, Bandar Sunway, Subang Jaya, 47500 Selangor, Malaysia for the period expiring 31 October 2024 for a monthly rental of RM10,500 which was determined based on the prevailing market rental rate of comparable properties within Sunway Geo Avenue.

Our directors (save for LSW, ACM and YKM, who abstained from deliberation as they were interested in the transactions) are of the view that the related party transactions disclosed above were carried out on an arm's length basis, and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and were not to the detriment of our minority shareholders.

10. RELATED PARTY TRANSACTIONS (Cont'd)

Following our Listing, the Audit and Risk Management Committee of our Group will review the terms of any related party transactions and ensure that any related party transactions (including any recurrent related party transactions) are carried out on terms not more favourable to the related party than those generally available to the third parties dealing at arm's length basis with our Group and are not detrimental to our minority shareholders.

In the event there is any proposed related party transaction which requires the prior approval of our Company's shareholders, the Directors, substantial shareholders and/or persons connected with them, which have any interest, direct or indirect, in the transaction, will abstain from voting in respect of his or her direct and/or indirect shareholdings. Such interested Directors and/or substantial shareholders will also undertake to ensure that the person connected with them will abstain from voting on the resolution approving the proposed related party transaction at a general meeting.

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10. RELATED PARTY TRANSACTIONS *(Cont'd)*

10.2 TRANSACTIONS THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS

Our Directors have confirmed that there are no transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party in the Financial Years Under Review, FPE 2023 and up to the LPD.

10.3 LOANS AND/OR FINANCIAL ASSISTANCE MADE TO OR FOR THE BENEFIT OF RELATED PARTIES

Save as disclosed below, our Directors have confirmed that there are no outstanding loans (including guarantees of any kind) and/or financial assistance that have been granted by our Group to or for the benefit of the related parties for the Financial Years Under Review, FPE 2023 and the subsequent period up to the LPD:

- (i) Crest Systems had given a corporate guarantee in favour of CIMB Islamic Bank Berhad for the Flexi Term Financing-i banking facility of up to RM1,198,315.01 granted to ALY. The facility obtained is for the purpose of part financing the purchase of a three-storey shop lot unit.
- (ii) Crest Systems had given a corporate guarantee in favour of Alliance Islamic Bank Berhad for the Term Financing-i banking facility of up to RM5,295,976.00 granted to ALY. The facility obtained is for the purpose of part financing the purchase of a property.
- (iii) Crest Systems had given a corporate guarantee in favour of CIMB Islamic Bank Berhad for the Flexi Term Financing-i banking facility of up to RM8,550,000.00 granted to ALY. The facility obtained is for the purpose of part financing the purchase of a property.

The above corporate guarantees by Crest Systems have been discharged.

10.4 OUTSTANDING LOANS AND/OR FINANCIAL ASSISTANCE FROM RELATED PARTIES FOR THE BENEFIT OF OUR GROUP

Save as disclosed below, our Directors have confirmed that there are no outstanding loans (including guarantees of any kind) and/or financial assistance from related parties for the benefit of our Group for the Financial Years Under Review, FPE 2023 and the subsequent period up to the LPD.

(i) Financiers

LSW, ACM and YKM, being our Promoters, substantial shareholders and Directors, had given:

- (i) personal joint and several guarantees as the directors of Crest Systems in favour of Standard Chartered Bank Malaysia Berhad for the trade facilities of up to RM6,000,000.00 granted to Crest Systems;
- (ii) personal joint and several guarantees as the directors of Crest Systems in favour of HSBC Bank Malaysia Berhad for the banking facilities of up to RM2,500,000.00 granted to Crest Systems;
- (iii) personal joint and several guarantees as the directors of Crest Systems in favour of United Overseas Bank (Malaysia) Berhad for the trade facilities of up to RM5,000,000.00 and FX facility of up to RM10,000,000.00 granted to Crest Systems;
- (iv) given personal joint and several guarantees as the directors of Crest Nanosolutions in favour of HSBC Bank Malaysia Berhad for the banking facilities of up to RM5,000,000.00 granted to Crest Nanosolutions; and

10. RELATED PARTY TRANSACTIONS (Cont'd)

- (v) personal joint and several guarantees as the directors of Crest Thailand in favour of United Overseas Bank (Thai) Public Company Limited for the credit facilities of up to THB40,000,000.00 and FX facility of up to THB30,000,000 granted to Crest Thailand.

In conjunction with the Listing, our Group had written to the abovementioned financiers to discharge and/or release the guarantees provided by LSW, ACM and YKM by substituting the same with a corporate guarantee to be provided by our Company. As at the LPD, we have received conditional approvals from all the abovementioned financiers to discharge the personal joint and several guarantees provided by LSW, ACM and YKM which are subject to the successful Listing of our Group.

(ii) Suppliers / Principals

LSW, ACM and YKM, being our Promoters, substantial shareholders and Directors, had over the ordinary course of business given personal joint and several guarantees in favour of one of the entities under Supplier Group B (“**Supplier**”) to secure payments due and payable under a distributorship agreement made between Matrix Optics as distributor and the Supplier.

As at the LPD, the aforementioned guarantee has been discharged. There is no material impact on the relationship resulting from the discharge of the aforementioned guarantee. Moving forward, any guarantees of such nature will be provided by our Company, if required.

10.5 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS

Upon Listing, our Audit and Risk Management Committee will, monitor and assess all matters relating to related party transactions (including recurrent related party transactions) and any potential conflict of interest situations so to ensure that transactions will be negotiated and carried out on normal commercial terms not more favourable to the related party which are in the best interest of our Group and not to the detriment of the interest of the minority shareholders of our Group.

Our Board will be required to disclose all existing or proposed related party transactions to our Audit and Risk Management Committee for evaluation and where required, will make disclosures in our annual report in relation to any related party transactions entered into by our Group. Any interested or related parties will be required to abstain from any deliberation and voting of such transactions.

In addition, our Directors will, when necessary, declare to our Audit and Risk Management Committee and our Board of their interests in other companies at the onset and also as and when there are changes in their respective interests in companies outside our Group. If our Directors and/or substantial shareholders are involved in similar business as our Group or business of our customers and our suppliers, our interested or conflicted Directors and/or substantial shareholders shall immediately disclose to our Board and our Audit and Risk Management Committee their interests in such involvement, whether direct or indirect and whether or not they believe it is a material transaction.

Upon such disclosure, the interested or conflicted Director and/or substantial shareholder shall abstain from all Board deliberation and voting on the relevant resolution(s) in respect of such proposed related party transaction. The interested or conflicted Director and/or substantial shareholder, may however at the request of the Chairman of the Board, be present at the Board meeting for the purposes of answering any questions.

10. RELATED PARTY TRANSACTIONS (Cont'd)

After the Listing, we will be required to seek our shareholders' approval each time we enter into material related party transactions in accordance with the Listing Requirements. However, if the related party transactions can be deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such related party transactions during the validity period of the mandate. The interested person shall abstain from voting on resolution(s) pertaining to the respective transaction.

Under the Listing Requirements, related party transactions may be aggregated to determine its materiality if the terms of such transactions were agreed upon within a period of 12 months. The following transactions, if such terms were agreed upon within a period of 12 months, may also be aggregated to determine their materiality:

- (i) transactions entered into with the same party or with parties connected with one another;
- (ii) transactions which involved the acquisition or disposal of securities of interests in one corporation/asset; or
- (iii) transactions which involved the acquisition or disposal of various parcels of land contiguous to each other.

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11. CONFLICT OF INTEREST

11.1 INTEREST IN ENTITIES WHICH CARRY ON A SIMILAR TRADE AS THAT OF OUR GROUP OR WHICH ARE OUR CUSTOMERS AND/OR SUPPLIERS

As at the LPD, none of our Directors and substantial shareholders have any interest, direct or indirect, in other businesses and/or corporations which are:

- (i) carrying on a similar trade as our Group; and/or
- (ii) customers and/or suppliers of our Group.

Please refer to Section 5.2.3 of this Prospectus for details of the interests, shareholdings and directorships in other business activities of our Directors outside our Group.

Upon Listing, the Audit and Risk Management Committee will supervise and monitor any potential conflict of interest situation and report to our Board for further deliberation and action as and when such situation arise. Any future transactions where the directors and substantial shareholders have direct or indirect interests in which may potentially give rise to a conflict of interest situation will be addressed based on the procedures as set out in Section 10.5 of this Prospectus to ensure that such transactions will be carried out on an arm's length basis and on normal commercial terms.

Further, it is our Director's fiduciary duty to avoid conflict, and they are required to attend courses which provide them guidelines on their fiduciary duties. In order to mitigate any possible conflict of interest situation in the future, our Directors will declare to our Nomination Committee and our Board their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside our Group. Our Nomination Committee will then evaluate if such Director's involvement gives rise to a potential conflict of interest situation with our Group's business. If our Directors are involved in similar business as our Group or business of our customers and our suppliers, our Nomination Committee shall inform our Audit and Risk Management Committee of such involvement. When a determination has been made that there is a conflict of interest of a Director, our Nomination Committee will:

- (i) immediately inform our Board of the conflict of interest situation after deliberating with the Audit and Risk Management Committee;
- (ii) make recommendations to our Board to direct the conflicted Director to:
 - (a) withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director); and
 - (b) abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

In relation to (b) above, the conflicted Director shall abstain from any Board discussion relating to the recommendation of our Nomination Committee and the conflicted Director shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairman of the Board, be present at the Board meeting for the purposes of answering any questions.

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11. CONFLICT OF INTEREST (Cont'd)

11.2 DECLARATION BY THE ADVISERS ON CONFLICT OF INTEREST**11.2.1 Principal Adviser, Sponsor, Underwriter and Placement Agent**

Malaysia Building Society Berhad (“**MBSB**”) is the holding company of Malaysian Industrial Development Finance Berhad (“**MIDF**”) and MIDF Investment is a wholly-owned subsidiary of MIDF. MBSB, its subsidiaries and its related companies (collectively referred to as “**MBSB Group**”) are involved in diversified financial activities. MBSB Group has been engaged, and may in the future be engaged, in transactions with and/or perform services for MBSB Group and its affiliates, in addition to MIDF Investment’s role as the Principal Adviser, Sponsor, Underwriter and Placement Agent for the IPO. Further, in the ordinary course of business, any member of MBSB Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of MBSB Group and its affiliates or any other entity or transactions for its own account or the account of its customer. This is a result of the business of MBSB Group generally acting independent of each other and accordingly, there may be situations where parts of MBSB Group and/or its customers now have, or in the future, may have interest or take actions that may conflict with the said interest. Nonetheless, MBSB Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities, and Chinese Walls between different business divisions.

MIDF Investment has confirmed that there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Sponsor, Underwriter and Placement Agent for the IPO. The Underwriting Agreement, which certain details are set out in Section 4.10 of this Prospectus, was entered into on arm's length basis and on market terms.

11.2.2 Solicitors

Kadir, Andri & Partners has confirmed that, as at the LPD, there is no existing or potential conflict of interest in its capacity as the solicitors to our Company as to the laws of Malaysia in relation to our IPO.

11.2.3 Auditors and Reporting Accountants

Baker Tilly Monteiro Heng PLT has confirmed that, as at the LPD, there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants to our Company in relation to our IPO.

11.2.4 Independent Market Researcher

Smith Zander has confirmed that, as at the LPD, there is no existing or potential conflict of interest in its capacity as the IMR in relation to our IPO.

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12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

The following historical combined financial information for the Financial Period Under Review have been extracted from the Accountants' Report as set out in Section 14 of this Prospectus.

The historical combined financial information below should be read in conjunction with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" in Section 12.2 of this Prospectus and our historical combined financial statements and the accompanying notes as set out in the Accountants' Report included in Section 14 of this Prospectus. Our historical combined financial statements have been prepared in accordance with MFRS and IFRS. Our audited combined financial statements for the Financial Period Under Review were not subject to any audit qualifications, modification and disclaimer.

12.1.1 Combined statements of comprehensive income

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	124,425	148,410	170,202	93,015	102,876
Cost of sales	(87,871)	(105,024)	(124,501)	(68,088)	(74,603)
GP	36,554	43,386	45,701	24,927	28,273
Other income	1,770	809	1,120	1,138	588
Administrative expenses	(12,996)	(13,093)	(14,759)	(7,136)	(10,723)
Sales and marketing expenses	(8,539)	(8,672)	(8,757)	(4,673)	(5,380)
Profit from operations	16,789	22,430	23,305	14,256	12,758
Finance cost	(68)	(76)	(47)	(21)	(21)
PBT	16,721	22,354	23,258	14,235	12,737
Income tax expense	(3,219)	(4,982)	(5,275)	(3,016)	(2,694)
Profit for the financial year/period	13,502	17,372	17,983	11,219	10,043
Other comprehensive (loss)/income, net of tax:					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	(180)	134	41	229	43
Other comprehensive (loss)/income for the financial year/period	(180)	134	41	229	43
Total comprehensive income for the financial year/period	13,322	17,506	18,024	11,448	10,086

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12. FINANCIAL INFORMATION (Cont'd)

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Profit attributable to: -					
Owners of the Group	11,926	15,920	17,307	10,517	8,554
Non-controlling interests	1,576	1,452	676	702	1,489
	13,502	17,372	17,983	11,219	10,043
Total comprehensive income attributable to: -					
Owners of the Group	11,779	16,126	17,340	10,734	8,571
Non-controlling interests	1,543	1,380	684	714	1,515
	13,322	17,506	18,024	11,448	10,086
EBIT ⁽¹⁾	16,499	22,070	23,076	14,114	12,507
EBITDA ⁽¹⁾	18,792	24,216	25,138	15,242	13,687
GP margin (%) ⁽²⁾	29.4	29.2	26.9	26.8	27.5
PBT margin (%) ⁽³⁾	13.4	15.1	13.7	15.3	12.4
PAT margin (%) ⁽³⁾	10.9	11.7	10.6	12.1	9.8
Effective tax rate (%) ⁽⁴⁾	19.3	22.3	22.7	21.2	21.2
Basic and diluted EPS (RM) ⁽⁵⁾	2.86	3.81	4.14	2.52	1.99

Notes:

- (1) EBIT and EBITDA are calculated as follows:

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
PAT	13,502	17,372	17,983	11,219	10,043
Less:					
Interest income	(290)	(360)	(229)	(142)	(251)
Add:					
Finance costs	68	76	47	21	21
Taxation	3,219	4,982	5,275	3,016	2,694
EBIT	16,499	22,070	23,076	14,114	12,507
Add:					
Depreciation	2,293	2,146	2,062	1,128	1,180
EBITDA	18,792	24,216	25,138	15,242	13,687

- (2) GP margin is calculated based on GP over revenue.
- (3) PBT or PAT margin is calculated based on PBT or PAT over revenue.
- (4) Effective tax rate is calculated based on tax expenses divided by PBT.
- (5) Basic and diluted EPS is calculated based on PAT for the respective financial years/period attributable to owners of the Group and the weighted average number of ordinary shares outstanding during the financial years/period. There are no potential dilutive securities in issue during the respective Financial Period Under Review.

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12. FINANCIAL INFORMATION (Cont'd)

12.1.2 Combined statements of financial position

	Audited			
	As at 31 December			As at 31 July
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
Non-current assets				
Property, plant and equipment	5,844	4,178	4,359	4,091
Deferred tax assets	-	-	178	190
Trade and other receivables	-	369	34	-
Total non-current assets	5,844	4,547	4,571	4,281
Current assets				
Inventories	10,262	14,385	16,174	22,695
Current tax assets	525	759	1,137	1,560
Trade and other receivables	44,192	53,436	40,162	47,298
Contract assets	211	-	284	-
Cash and short-term deposits	39,484	43,271	36,826	42,564
Total current assets	94,674	111,851	94,583	114,117
Total assets	100,518	116,398	99,154	118,398
Equity and liabilities				
Equity attributable to owners of the Group				
Invested equity	3,535	3,535	3,625	3,655
Exchange reserve	421	627	660	677
Retained earnings	49,595	47,310	46,770	54,802
	53,551	51,472	51,055	59,134
Non-controlling interests	6,212	6,482	3,340	4,294
Total equity	59,763	57,954	54,395	63,428
Non-current liabilities				
Lease liabilities	536	243	310	516
Provisions	363	417	551	645
Deferred tax liabilities	175	219	183	48
Total non-current liabilities	1,074	879	1,044	1,209
Current liabilities				
Lease liabilities	631	451	422	302
Current tax liabilities	1,139	2,804	2,800	3,142
Trade and other payables	36,493	51,983	39,390	49,516
Contract liabilities	1,418	2,327	1,103	801
Total current liabilities	39,681	57,565	43,715	53,761
Total liabilities	40,755	58,444	44,759	54,970
Total equity and liabilities	100,518	116,398	99,154	118,398

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12. FINANCIAL INFORMATION (Cont'd)**12.1.3 Historical combined statements of cash flows**

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000
Cash flow from operating activities				
Profit before tax	16,721	22,354	23,258	12,737
Adjustments for:				
Depreciation of property, plant and equipment	2,293	2,146	2,062	1,180
(Gain)/loss on disposal of property, plant and equipment	(590)	(72)	(79)	1
Unrealised loss/(gain) on foreign exchange	85	580	(403)	(93)
Impairment loss on trade receivables	10	4	(8)	111
Finance cost	68	76	47	21
Finance income	(290)	(360)	(229)	(251)
Bad debts written off	-	-	115	-
Inventories written off	-	32	29	-
Reversal of inventories written off	-	-	(100)	-
Property, plant and equipment written off	-	-	-	8
Operating profit before changes in working capital	18,297	24,760	24,692	13,714
Changes in working capital:				
Inventories	(1,724)	(4,188)	(1,664)	(6,317)
Trade and other receivables	(3,587)	(14,671)	794	(7,139)
Contract assets	(220)	217	(280)	292
Trade and other payables	438	15,351	(3,652)	9,840
Contract liabilities	951	897	(1,251)	(309)
Net cash generated from operations	14,155	22,366	18,639	10,081
Income tax paid	(3,169)	(3,534)	(5,885)	(2,901)
Interest received	290	360	229	251
Net cash from operating activities	11,276	19,192	12,983	7,431
Cash flow from investing activities				
Purchase of property, plant and equipment	(3,493)	(275)	(1,643)	(450)
Proceeds from disposal of property, plant and equipment	2,064	73	185	5
Proceeds from acquisition of equity interest by non-controlling interests	-	-	-	270
Change in pledged deposits	9,007	(1,471)	155	(236)
Net cash from/(used in) investing activities	7,578	(1,673)	(1,303)	(411)
Cash flow from financing activities				
Repayment of lease liabilities	(691)	(726)	(634)	(368)
Net changes in amount owing by a related company	(9,133)	4,180	13,140	-
Net changes in amount owing to directors	(2,169)	(614)	(7,384)	-
Net changes in amount owing to shareholders	-	900	(1,710)	-
Dividends paid	(1,500)	(19,315)	(21,583)	(1,324)
Interest paid	(68)	(76)	(47)	(21)
Net cash used in financing activities	(13,561)	(15,651)	(18,218)	(1,713)
Net increase/(decrease) in cash and cash equivalents	5,293	1,868	(6,538)	5,307
Cash and cash equivalents at the beginning of the financial year/period	29,505	34,531	36,847	30,557
Effects of exchange rate changes	(267)	448	248	195
Cash and cash equivalents at the end of the financial year/period	34,531	36,847	30,557	36,059

12. FINANCIAL INFORMATION (Cont'd)

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

The following discussion and segmental analysis of our Group's financial performance and results of operations for the Financial Period Under Review should be read with the Accountants' Report included in Section 14 of this Prospectus.

The discussion and analysis contain data derived from our audited combined financial statements as well as forward-looking statements reflecting our current views with respect to future events and our financial performance. Our actual results may differ significantly from those anticipated in the forward looking statements as a result of a number of factors, including, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 9 of this Prospectus.

12.2.1 Overview of our operations

(a) Principal activities

We are principally involved in the provision of imaging, analytical and test solutions used primarily for quality inspection, sample analysis and R&D. We conduct our operation from Malaysia, the PRC, Thailand and Singapore and our customers are manufacturers and industry players from a wide range of industries including semiconductor, E&E, academic, automotive, oil and gas, aviation, life sciences and healthcare.

Our business activities can be segmented as follows:

- (i) Provision of imaging, analytical and test solutions; and
- (ii) Provision of after-sales services.

Please refer to Section 7.2 of this Prospectus for our Group's detailed business overview.

(b) Revenue

Our revenue comprises the provision of imaging, analytical and test solutions and provision of after-sales services, and is derived from local and overseas markets. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Our Group recognises revenue that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Provision of imaging, analytical and test solutions

Revenue from provision of imaging, analytical and test solutions is recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Provision of after-sales services

Revenue from a contract to provide services is recognised over time as the services are rendered because the customer receives and uses the benefits simultaneously.

12. FINANCIAL INFORMATION (Cont'd)

(c) Cost of sales

Our cost of sales comprises cost of equipment and parts, staff related costs, transportation charges and others, details are as follows:

(i) Cost of equipment and service parts

Our cost of equipment and service parts comprise mainly cost of equipment we purchase from our suppliers and the cost of consumables for after-sales services which include filaments, solvents, valves and glass slides.

(ii) Staff related costs

Our staff related costs comprise mainly salaries and statutory contributions of our service and support team.

(iii) Transportation charges

Our transportation charges comprise mainly the freight inwards, transportation and handling charges for the purchase of equipment and consumables.

(iv) Others

Other operating costs comprise mainly duties and taxes, bank charges, and insurance expenses.

(d) Other income

Other income comprises mainly gain on disposal of property, plant and equipment, interest income, government grant and subsidy, unrealised gain on foreign exchange, and rental income.

(e) Sales and marketing expenses

Sales and marketing expenses comprise mainly staff-related costs, travelling expenses, and freight and courier charges.

(f) Administrative expenses

Administrative expenses comprise mainly administrative staff-related costs, directors' remuneration, depreciation, and travelling expenses.

(g) Finance costs

Finance costs comprise interest expenses on hire purchase and lease liabilities.

(h) Subsequent events

Save as disclosed below, there were no other significant events subsequent to our audited combined financial statements for FPE 2023:

(i) Movement of equity interests in Crest Thailand

On 23 August 2023, the directors of Crest acquired 30,600 ordinary shares in Crest Thailand for a cash consideration of THB3,366,000. The effective ownership in Crest Thailand increased from 49.0% to 100.0% as a result of the additional shares acquired.

On 21 September 2023, Crest Thailand issued 62,449 preference shares at par value of THB100 with a premium of THB9.99 per preference share to a shareholder.

12. FINANCIAL INFORMATION (Cont'd)

(ii) Dividend declared

On 21 August 2023, Crest Thailand declared a single-tier dividend of THB14.26 per ordinary share in respect of the financial year ended 31 December 2022, paid on 11 September 2023.

On 7 December 2023, Crest Systems declared a special final dividend of RM14.00 per ordinary share in respect of the financial year ended 31 December 2022, paid on 12 December 2023.

(iii) Acquisitions of subsidiaries

On 17 January 2024, Crest entered into conditional agreements for the acquisitions of Crest Systems, Crest Analytic, Matrix Optics, Crest Lab, Matrix Innovations, Crest Nanosolutions, Matrix Biosciences, Crest Innovation, Crest Upstar, Crest Thailand, and Crest Suzhou. Please refer to Note 29 of the Accountants' Report for further details on these acquisitions.

(i) Exceptional and extraordinary items and audit qualifications

There were no exceptional or extraordinary items during the Financial Period Under Review. In addition, our audited combined financial statements for the Financial Period Under Review were not subject to any audit qualifications.

(j) Significant factors affecting our business

Section 9 of this Prospectus details the risk factors relating to our business and the industry in which we operate in. Some of these risk factors have an impact on our revenue and financial performance. The main factors which affect revenues and profits include but are not limited to the following:

(i) We are reliant on our equipment principals

Our Group does not manufacture or develop the equipment, therefore, we rely partnerships with our equipment principals for the supply of equipment in order to meet the customers' demands. Should our principals cease the distribution of specific equipment or alter their business direction, our Group will need to seek alternative equipment principals.

Although we have established a long-standing relationship with our top 2 major suppliers, there is no assurance that there will be no disruption in supply from, or change in the relationship with our top 2 major suppliers moving forward. As at the LPD, we have not been informed of any potential changes in the business strategies of our product principals, nor have we encountered any disputes or disagreements with our suppliers which may materially affect our supply chain and business operations.

(ii) We are exposed to fluctuations in foreign exchange rates

We are exposed to fluctuations in foreign exchange rates as a portion of our sales and purchases are transacted in foreign currencies. As such, any significant changes in foreign exchange rates may affect our financial results. Please refer to Section 12.11 of this Prospectus for the breakdown of our revenue and purchases transacted in RM and the respective foreign currencies during the Financial Period Under Review.

The financial statements of our subsidiaries in Singapore are denominated in USD, whereas our subsidiaries in Thailand and the PRC are denominated in their respective local currencies, THB and RMB. Therefore, any future fluctuations in foreign currencies against the RM may have an impact on our Group's reported profits.

12. FINANCIAL INFORMATION (Cont'd)**12.2.2 Revenue****(a) Analysis of revenue by business segment**

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Provision of imaging, analytical and test solutions⁽¹⁾	91,752	73.7	115,920	78.1	142,239	83.6
• Advanced imaging equipment	36,226	29.1	41,349	27.9	53,025	31.2
• Optical and portable equipment	27,894	22.4	30,046	20.2	38,544	22.7
• Advanced analytical and testing equipment	13,111	10.5	19,886	13.4	29,945	17.6
• Sample management equipment	4,584	3.7	12,603	8.5	10,631	6.2
• Other equipment	9,937	8.0	12,036	8.1	10,094	5.9
Provision of after-sales services⁽²⁾	32,673	26.3	32,490	21.9	27,963	16.4
Total	124,425	100.0	148,410	100.0	170,202	100.0

	Unaudited		Audited	
	FPE 2022		FPE 2023	
	RM'000	%	RM'000	%
Provision of imaging, analytical and test solutions⁽¹⁾	77,087	82.9	86,778	84.4
• Advanced imaging equipment	27,017	29.0	32,697	31.8
• Optical and portable equipment	20,537	22.1	22,967	22.3
• Advanced analytical and testing equipment	18,205	19.6	17,663	17.2
• Sample management equipment	6,033	6.5	7,284	7.1
• Other equipment	5,295	5.7	6,167	6.0
Provision of after-sales services⁽²⁾	15,928	17.1	16,098	15.6
Total	93,015	100.0	102,876	100.0

Notes:

- (1) Includes revenue generated from equipment rental of 0.79%, 1.11%, 1.24%, 1.23% and 0.93% to our Group's total revenue in the FYE 2020, FYE 2021, FYE 2022, FPE 2022 and FPE 2023, respectively.
- (2) Includes revenue generated from the provision of lab services of 0.07%, 0.12%, 0.04%, 0.01% and 0.01% to our Group's total revenue in the FYE 2020, FYE 2021, FYE 2022, FPE 2022 and FPE 2023, respectively.

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12. FINANCIAL INFORMATION (Cont'd)**(b) Analysis of revenue by geographical market**

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	61,697	49.6	67,862	45.7	79,933	47.0
Overseas						
- China	23,045	18.5	29,127	19.6	47,838	28.1
- Thailand	25,812	20.7	37,932	25.6	29,733	17.5
- Singapore	11,151	9.0	11,262	7.6	9,886	5.8
- Others ⁽¹⁾	2,720	2.2	2,227	1.5	2,812	1.6
	62,728	50.4	80,548	54.3	90,269	53.0
Total	124,425	100.0	148,410	100.0	170,202	100.0
	Unaudited		Audited			
	FPE 2022		FPE 2023			
	RM'000	%	RM'000	%		
Malaysia	53,582	57.6	39,051	38.0		
Overseas						
- China	10,433	11.2	22,597	22.0		
- Thailand	21,626	23.3	29,014	28.2		
- Singapore	5,722	6.1	7,634	7.4		
- Others ⁽¹⁾	1,652	1.8	4,580	4.4		
	39,433	42.4	63,825	62.0		
Total	93,015	100.0	102,876	100.0		

Note:

⁽¹⁾ Comprise mainly revenue contribution from our customers in Hong Kong, Vietnam, and Brunei.

Comparison between FYE 2020 and FYE 2021

Our revenue increased by RM24.0 million or 19.3%, to RM148.4 million for FYE 2021 (FYE 2020: RM124.4 million), mainly contributed by the higher revenue recorded for the provision of imaging, analytical and test solutions segment during FYE 2021.

Revenue contribution from Malaysia amounted to RM67.9 million or 45.7% of our total revenue for FYE 2021 (FYE 2020: RM61.7 million), mainly due to higher revenue from the sales of sample management equipment.

The overseas market contributed RM80.5 million or 54.3% of our total revenue for FYE 2021 (FYE 2020: RM62.7 million), mainly driven by Thailand (25.6%) and China (19.6%), which recorded higher revenue for the sales of advanced analytical and testing equipment, and advanced imaging equipment respectively.

Provision of imaging, analytical and test solutions

The provision of imaging, analytical and test solutions segment recorded an increase in revenue of RM24.1 million or 26.2%, to RM115.9 million for FYE 2021 (FYE 2020: RM91.8 million), mainly due to the following:

- i) higher revenue from the sales of advanced imaging equipment, which increased by RM5.1 million or 14.1%, to RM41.3 million for FYE 2021 (FYE 2020: RM36.2 million). This was primarily driven by higher sales of acoustic micro imaging equipment, which increased by RM12.0 million in FYE 2021, mainly due to higher sales to customers in Malaysia and China. Such an increase was narrowed by the lower sales of X-ray inspection equipment, which decreased by RM7.3 million in FYE 2021, mainly due to lower sales to customers in Malaysia;

12. FINANCIAL INFORMATION (Cont'd)

- ii) higher revenue from the sales of optical and portable equipment, which increased by RM2.1 million or 7.5%, to RM30.0 million for FYE 2021 (FYE 2020: RM27.9 million), mainly driven by the increase in sales of industrial microscope to customers in Malaysia and China;
- iii) higher revenue from the sales of advanced analytical and testing equipment, which increased by RM6.8 million or 51.9%, to RM19.9 million for FYE 2021 (FYE 2020: RM13.1 million). This was mainly driven by the increase in sales of X-ray diffraction equipment and bond testing equipment to customers in Thailand as well as higher sales of Raman spectroscopy equipment to customers in Malaysia. The sales of these equipment collectively increased by RM6.9 million for FYE 2021; and
- iv) higher revenue from the sales of sample management equipment, which increased by RM8.0 million or 173.9%, to RM12.6 million for FYE 2021 (FYE 2020: RM4.6 million), mainly driven by the increase in sales of fluid dispensing solutions, histology processing system, integrated wafer handler and inspector to customers in Malaysia. The sales of these equipment collectively increased by RM6.2 million for FYE 2022.

Provision of after-sales services

Revenue from the provision of after-sales services segment remains consistent at RM32.5 million for FYE 2021 (FYE 2020: RM32.7 million).

Comparison between FYE 2021 and FYE 2022

Our revenue further improved by RM21.8 million or 14.7%, to RM170.2 million for FYE 2022 (FYE 2021: RM148.4 million), mainly contributed by the higher revenue recorded for the provision of imaging, analytical and test solutions segment. Such an increase was partially offset by the decrease in revenue from the provision of after-sales services.

Revenue contribution from Malaysia amounted to RM79.9 million or 47.0% of our total revenue for FYE 2022 (FYE 2021: RM67.9 million), mainly due to higher revenue from the sales of advanced analytical and testing equipment.

The overseas market contributed RM90.3 million or 53.0% of our total revenue for FYE 2022 (FYE 2021: RM80.5 million), mainly driven by China (28.1%), which recorded higher revenue from the sales of advanced imaging equipment.

Provision of imaging, analytical and test solutions

The provision of imaging, analytical and test solutions segment recorded an increase in revenue of RM26.3 million or 22.7%, to RM142.2 million for FYE 2022 (FYE 2021: RM115.9 million), mainly due to the following:

- i) higher revenue from the sales of advanced imaging equipment, which increased by RM11.7 million or 28.3%, to RM53.0 million for FYE 2022 (FYE 2021: RM41.3 million), mainly driven by the increase in sales of automatic X-ray inspection equipment, acoustic micro imaging equipment, and electron microscope to customers in Thailand, China, and Malaysia. The sales of these equipment collectively increased by RM12.6 million for FYE 2022;
- ii) higher revenue from the sales of optical and portable equipment, which increased by RM8.5 million or 28.3%, to RM38.5 million for FYE 2022 (FYE 2021: RM30.0 million), mainly driven by the increase in sales of industrial microscope, remote visual inspection equipment, life science and clinical microscope to customers in Malaysia and China. The sales of these equipment collectively increased by RM8.4 million for FYE 2022; and

12. FINANCIAL INFORMATION (Cont'd)

- iii) higher revenue from the sales of advanced analytical and testing equipment, which increased by RM10.0 million or 50.3%, to RM29.9 million for FYE 2022 (FYE 2021: RM19.9 million). This was mainly driven by higher sales of bond testing equipment, X-ray photoelectron spectroscope, nano probing equipment, and coplanarity tester to customers in China, Malaysia, and Thailand, which collectively increased by RM16.1 million for FYE 2022. Such increases were narrowed by the lower revenue from X-ray diffraction equipment and Raman spectroscopy equipment to customers in Malaysia and Thailand which collectively decreased by RM6.5 million for FYE 2022.

Provision of after-sales services

Revenue from the provision of after-sales services segment decreased by RM4.5 million or 13.8%, to RM28.0 million for FYE 2022 (FYE 2021: RM32.5 million). This was mainly due to the cessation of service contracts during September 2021.

Comparison between FPE 2022 and FPE 2023

Our revenue increased by RM9.9 million or 10.6%, to RM102.9 million for FPE 2023 (FPE 2022: RM93.0 million), mainly contributed by the higher revenue recorded for the provision of imaging, analytical and test solutions segment during FPE 2023.

Revenue contribution from Malaysia amounted to RM39.1 million or 38.0% of our total revenue for FPE 2023 (FPE 2022: RM53.6 million), mainly due to lower revenue from the sales of advanced imaging equipment and advanced analytical and testing equipment.

The overseas market contributed to RM63.8 million or 62.0% of our total revenue for FPE 2023 (FPE 2022: RM39.4 million), mainly driven by China (22.0%) and Thailand (28.2%), which recorded higher revenue from the sales of advanced imaging equipment and advanced analytical and testing equipment.

Provision of imaging, analytical and test solutions

The provision of imaging, analytical and test solutions segment recorded an increase in revenue of RM9.7 million or 12.6%, to RM86.8 million for FPE 2023 (FPE 2022: RM77.1 million), mainly due to the following:

- i) higher revenue from the sales of advanced imaging equipment, which increased by RM5.7 million or 21.1%, to RM32.7 million for FPE 2023 (FPE 2022: RM27.0 million). This was mainly driven by the increase in sales of X-ray inspection equipment and acoustic micro imaging equipment to customers in China and Hong Kong. The sales of these equipment collectively increased by RM7.8 million for FPE 2023. Such an increase was narrowed by the lower sales of automatic X-ray inspection equipment, which decreased by RM1.8 million, due to lower sales to customers in Malaysia;
- ii) higher revenue from the sales of optical and portable equipment, which increased by RM2.5 million or 12.2%, to RM23.0 million for FPE 2023 (FPE 2022: RM20.5 million), mainly driven by the increase in sales of industrial microscope to customers in China; and
- iii) higher revenue from the sales of sample management equipment, which increased by RM1.3 million or 21.7%, to RM7.3 million for FPE 2023 (FPE 2022: RM6.0 million), mainly driven by higher sales of histology processing system to customers in Malaysia.

Provision of after-sales services

Revenue from the provision of after-sales services segment remains consistent at RM16.1 million for FPE 2023 (FPE 2022: RM15.9 million).

12. FINANCIAL INFORMATION (Cont'd)**12.2.3 Cost of sales, GP and GP margin****Analysis of cost of sales by cost component**

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Cost of equipment and-service parts	78,665	89.5	96,253	91.6	116,644	93.7
Staff related costs	6,512	7.4	6,406	6.1	4,255	3.4
Transportation charges	1,273	1.5	1,096	1.1	1,778	1.4
Others ⁽¹⁾	1,421	1.6	1,269	1.2	1,824	1.5
Total	87,871	100.0	105,024	100.0	124,501	100.0

	Unaudited		Audited	
	FPE 2022		FPE 2023	
	RM'000	%	RM'000	%
Cost of equipment and-service parts	63,442	93.2	70,311	94.2
Staff related costs	2,466	3.6	2,661	3.6
Transportation charges	1,068	1.6	871	1.2
Others ⁽¹⁾	1,112	1.6	760	1.0
Total	68,088	100.0	74,603	100.0

Note:

⁽¹⁾ Comprise mainly duties and taxes, bank charges, and insurance expenses.

Analysis of cost of sales by business segment

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Provision of imaging, analytical and test solutions	68,375	77.8	84,003	80.0	106,029	85.2
• Advanced imaging equipment	28,623	32.6	31,738	30.2	40,951	32.9
• Optical and portable equipment	19,003	21.6	19,861	18.9	27,365	22.0
• Advanced analytical and testing equipment	10,092	11.5	14,452	13.8	23,072	18.5
• Sample management equipment	3,633	4.1	9,406	9.0	7,494	6.0
• Other equipment	7,024	8.0	8,546	8.1	7,147	5.8
Provision of after-sales services	19,496	22.2	21,021	20.0	18,472	14.8
Total	87,871	100.0	105,024	100.0	124,501	100.0

	Unaudited		Audited	
	FPE 2022		FPE 2023	
	RM'000	%	RM'000	%
Provision of imaging, analytical and test solutions	57,044	83.8	64,429	86.4
• Advanced imaging equipment	20,582	30.2	24,528	32.9
• Optical and portable equipment	14,537	21.4	17,104	22.9
• Advanced analytical and testing equipment	13,812	20.3	13,130	17.6
• Sample management equipment	4,359	6.4	5,295	7.1
• Other equipment	3,754	5.5	4,372	5.9
Provision of after-sales services	11,044	16.2	10,174	13.6
Total	68,088	100.0	74,603	100.0

12. FINANCIAL INFORMATION (Cont'd)**Analysis of GP and GP margin by business segment**

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	GP RM'000	GP Margin %	GP RM'000	GP Margin %	GP RM'000	GP Margin %
Provision of imaging, analytical and test solutions	23,377	25.5	31,917	27.5	36,210	25.5
• Advanced imaging equipment	7,603	21.0	9,611	23.2	12,074	22.8
• Optical and portable equipment	8,891	31.9	10,185	33.9	11,179	29.0
• Advanced analytical and testing equipment	3,019	23.0	5,434	27.3	6,873	23.0
• Sample management equipment	951	20.7	3,197	25.4	3,137	29.5
• Other equipment	2,913	29.3	3,490	29.0	2,947	29.2
Provision of after-sales services	13,177	40.3	11,469	35.3	9,491	33.9
Total	36,554	29.4	43,386	29.2	45,701	26.9

	Unaudited		Audited	
	FPE 2022		FPE 2023	
	GP RM'000	GP Margin %	GP RM'000	GP Margin %
Provision of imaging, analytical and test solutions	20,043	26.0	22,349	25.8
• Advanced imaging equipment	6,435	23.8	8,169	25.0
• Optical and portable equipment	6,000	29.2	5,863	25.5
• Advanced analytical and testing equipment	4,393	24.1	4,533	25.7
• Sample management equipment	1,674	27.7	1,989	27.3
• Other equipment	1,541	29.1	1,795	29.1
Provision of after-sales services	4,884	30.7	5,924	36.8
Total	24,927	26.8	28,273	27.5

Comparison between FYE 2020 and FYE 2021

Our cost of sales increased by RM17.1 million or 19.5%, to RM105.0 million for FYE 2021 (FYE 2020: RM87.9 million). This was mainly contributed by the provision of imaging, analytical and test solutions segment, which was in line with the revenue growth in FYE 2021.

Our GP increased by RM6.8 million or 18.6% to RM43.4 million for FYE 2021 (FYE 2020: RM36.6 million). Our provision of imaging, analytical and test solutions segment was the main contributor to our GP, which recorded an increase of RM8.5 million or 36.3% to RM31.9 million for FYE 2021 (FYE 2020: RM23.4 million).

Our overall GP margin remains consistent at 29.2% for FYE 2021 (FYE 2020: 29.4%). This was contributed by the improved GP margin of our provision of imaging, analytical and test solutions segment, and partially offset by the lower GP margin of our provision of after-sales services segment.

Provision of imaging, analytical and test solutions

Our cost of sales for the provision of imaging, analytical and test solutions increased by RM15.6 million or 22.8%, to RM84.0 million for FYE 2021 (FYE 2020: RM68.4 million). Such an increase mainly resulted from the increase in cost of equipment, which was in tandem with the increase in revenue for this segment.

Our GP for this segment increased by RM8.5 million or 36.3%, to RM31.9 million for FYE 2021 (FYE 2020: RM23.4 million), resulting from the higher GP recorded for all the equipment under this segment. The GP margin for this segment improved to 27.5% for FYE 2021 (FYE 2020: 25.5%) mainly due to the following:

12. FINANCIAL INFORMATION (Cont'd)

- i) our GP margin for advanced imaging equipment improved from 21.0% for FYE 2020 to 23.2% for FYE 2021, primarily contributed by the higher GP margin from the sales of X-ray inspection equipment and acoustic micro imaging equipment;
- ii) our GP margin for optical and portable equipment improved from 31.9% for FYE 2020 to 33.9% for FYE 2021, primarily contributed by the higher GP margin from the sales of industrial microscope and remote visual inspection equipment;
- iii) our GP margin for advanced analytical and testing equipment improved from 23.0% for FYE 2020 to 27.3% for FYE 2021, primarily contributed by the higher GP margin from the sales of X-ray diffraction equipment; and
- iv) our GP margin for sample management equipment improved from 20.7% for FYE 2020 to 25.4% for FYE 2021 primarily contributed by the higher GP margin from the sales of integrated wafer handler and inspector and shielded isolator hot cell.

Provision of after-sales services

Our cost of sales for the provision of after-sales services increased by RM1.5 million or 7.7%, to RM21.0 million for FYE 2021 (FYE 2020: RM19.5 million), despite the decrease in our revenue for FYE 2021.

As such, our GP for this segment decreased by RM1.7 million or 12.9%, to RM11.5 million for FYE 2021 (FYE 2020: RM13.2 million) and we recorded a lower GP margin of 35.3% for FYE 2021 (FYE 2020: 40.3%). This was primarily due to the increased purchase prices of service parts in FYE 2021.

Comparison between FYE 2021 and FYE 2022

Our cost of sales increased by RM19.5 million or 18.6%, to RM124.5 million for FYE 2022 (FYE 2021: RM105.0 million). This was mainly contributed by the provision of imaging, analytical and test solutions segment, which was in line with the revenue growth in FYE 2022.

Our GP increased by RM2.3 million or 5.3%, to RM45.7 million for FYE 2022 (FYE 2021: RM43.4 million). Our provision of imaging, analytical and test solutions segment was the main contributor to our GP, which recorded an increase of RM4.3 million or 13.4%, to RM36.2 million for FYE 2022 (FYE 2021: RM31.9 million).

Our overall GP margin decreased to 26.9% for FYE 2022 (FYE 2021: 29.2%). This was contributed by the lower GP margin of our provision of imaging, analytical and test solutions segment, and the provision of after-sales services segment.

Provision of imaging, analytical and test solutions

Our cost of sales for the provision of imaging, analytical and test solutions increased by RM22.0 million or 26.2%, to RM106.0 million for FYE 2022 (FYE 2021: RM84.0 million) which was in tandem with the increase in revenue for this segment for FYE 2022.

Our GP for this segment increased by RM4.3 million or 13.4%, to RM36.2 million for FYE 2022 (FYE 2021: RM31.9 million) and we recorded a lower GP margin of 25.5% for FYE 2022 (FYE 2021: 27.5%) mainly due to the following:

- i) our GP margin for optical and portable equipment decreased from 33.9% for FYE 2021 to 29.0% for FYE 2022, primarily contributed by the lower GP margin from the sales of industrial microscope, remote visual inspection equipment, and life science and clinical microscope; and
- ii) our GP margin for advanced analytical and testing equipment decreased from 27.3% for FYE 2021 to 23.0% for FYE 2022, primarily contributed by the lower GP margin from the sales of X-ray diffraction equipment.

12. FINANCIAL INFORMATION (Cont'd)

The above-mentioned decreases in GP margin were partially offset by the increase in GP margin from the sales of sample management equipment from 25.4% for FYE 2021 to 29.5% for FYE 2022, mainly contributed by the sales of micro cantilevers.

Provision of after-sales services

Our cost of sales for the provision of after-sales services decreased by RM2.5 million or 11.9%, to RM18.5 million for FYE 2022 (FYE 2021: RM21.0 million), which was lower than the decrease in revenue of 13.8%.

As such, our GP for this segment decreased by RM2.0 million or 17.4%, to RM9.5 million for FYE 2022 (FYE 2021: RM11.5 million) and we recorded a lower GP margin of 33.9% for FYE 2022 (FYE 2021: 35.3%). This was primarily attributable to the increased purchase prices of service parts due to weakening of RM against USD in FYE 2022.

Comparison between FPE 2022 and FPE 2023

Our cost of sales increased by RM6.5 million or 9.5%, to RM74.6 million for FPE 2023 (FPE 2022: RM68.1 million). This was mainly contributed by the provision of imaging, analytical and test solutions segment, which was in line with the revenue growth in FPE 2023.

Our GP increased by RM3.4 million or 13.7%, to RM28.3 million for FPE 2023 (FPE 2022: RM24.9 million). Our provision of imaging, analytical and test solutions segment was the main contributor to our GP, which recorded an increase of RM2.3 million or 11.5%, to RM22.3 million for FPE 2023 (FPE 2022: RM20.0 million).

Our overall GP margin improved to 27.5% for FPE 2023 (FPE 2022: 26.8%), mainly due to the higher GP margin recorded for the provision of after-sales segment.

Provision of imaging, analytical and test solutions

Our cost of sales for the provision of imaging, analytical and test solutions increased by RM7.4 million or 13.0%, to RM64.4 million for FPE 2023 (FPE 2022: RM57.0 million), which was in tandem with the increase in revenue for this segment for FPE 2023.

Our GP for this segment increased by RM2.3 million or 11.5%, to RM22.3 million for FPE 2023 (FPE 2022: RM20.0 million) and we recorded a GP margin of 25.8% for FPE 2023 (FPE 2022: 26.0%), mainly due to the net effects of the following:

- i) our GP margin for optical and portable equipment decreased from 29.2% for FPE 2022 to 25.5% for FPE 2023, primarily contributed by the lower GP margin from the sales of industrial microscope; and
- ii) our GP margin for advanced analytical and testing equipment improved from 24.1% for FPE 2022 to 25.7% for FPE 2023, mainly contributed by the sales of bond testing equipment.

Provision of after-sales services

Our cost of sales for the provision of after-sales service decreased by RM0.8 million or 7.3%, to RM10.2 million for FPE 2023 (FPE 2022: RM11.0 million) despite the increase in revenue of RM0.2 million.

As such, our GP for this segment increased by RM1.0 million or 20.4%, to RM5.9 million (FPE 2022: RM4.9 million), and we recorded an improved GP margin of 36.8% for FPE 2023 (FPE 2022: 30.7%). This was mainly due to the lower purchase of service parts for this segment during FPE 2023.

12. FINANCIAL INFORMATION (Cont'd)**12.2.4 Other income**

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Realised gain on foreign exchange	129	7.3	-	-	-	-
Unrealised gain on foreign exchange	-	-	-	-	403	36.0
Interest income ⁽¹⁾	290	16.4	360	44.5	229	20.4
Rental income ⁽²⁾	168	9.5	168	20.8	221	19.7
Sponsorship ⁽³⁾	-	-	-	-	26	2.3
Deposit forfeited ⁽⁴⁾	158	8.9	-	-	-	-
Government grant and subsidy ⁽⁵⁾	311	17.6	52	6.4	16	1.4
Gain on disposal of property, plant, and equipment	593	33.5	72	8.9	79	7.1
Reversal of inventories written off	-	-	-	-	100	8.9
Other income from registered provident fund	22	1.2	87	10.8	20	1.8
Others ⁽⁶⁾	99	5.6	70	8.6	26	2.4
	1,770	100.0	809	100.0	1,120	100.0

	Unaudited		Audited	
	FPE 2022		FPE 2023	
	RM'000	%	RM'000	%
Realised gain on foreign exchange	-	-	-	-
Unrealised gain on foreign exchange	776	68.2	93	15.8
Interest income ⁽¹⁾	142	12.5	251	42.7
Rental income ⁽²⁾	162	14.2	59	10.0
Sponsorship ⁽³⁾	13	1.1	119	20.2
Deposit forfeited ⁽⁴⁾	-	-	-	-
Government grant and subsidy ⁽⁵⁾	4	0.4	-	-
Gain on disposal of property, plant, and equipment	-	-	1	0.2
Reversal of inventories written off	-	-	-	-
Other income from registered provident fund	12	1.1	-	-
Others ⁽⁶⁾	29	2.5	65	11.1
	1,138	100.0	588	100.0

Notes:

- (1) Comprises mainly interest received from our fixed deposits and current accounts.
- (2) Comprises income from rental of office.
- (3) Comprises income provided by principals for participation in promotional activities.
- (4) Comprises deposit forfeited in relation to cancellation of order.
- (5) Comprises mainly job support scheme in relation to COVID-19, childcare leave claims & wage credit scheme from the Singapore Government.
- (6) Comprises mainly rebates for the purchase of computer and software and rebates for telephone bills.

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12. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2020 and FYE 2021**

Our other income decreased by RM1.0 million or 55.6%, to RM0.8 million for FYE 2021 (FYE 2020: RM1.8 million) mainly due to the following:

- (i) gain on disposal of property, plant and equipment decreased by RM0.5 million for FYE 2021 as more units of demonstration equipment were disposed of in FYE 2020; and
- (ii) government grant and subsidy decreased by RM0.3 million due to lower subsidies for job support scheme payout from Singapore Government.

Comparison between FYE 2021 and FYE 2022

Our other income increased by RM0.3 million or 37.5%, to RM1.1 million for FYE 2022 (FYE 2021: RM0.8 million). This was mainly due to the unrealised gain on foreign exchange of RM0.4 million in FYE 2022, primarily attributable to the strengthening of USD against RM.

The above increase was narrowed by the lower interest income recorded in FYE 2022, which decreased by RM0.1 million.

Comparison between FPE 2022 and FPE 2023

Our other income decreased by RM0.5 million or 45.5%, to RM0.6 million for FPE 2023 (FPE 2022: RM1.1 million). This was mainly due to the lower unrealised gain on foreign exchange, which decreased by RM0.7 million, primarily resulting from the outstanding payables denominated in USD, impacted by the strengthening of USD against RM.

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12. FINANCIAL INFORMATION (Cont'd)**12.2.5 Administrative expenses**

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Staff-related costs	4,788	36.8	4,680	35.8	5,294	35.9
Directors' remuneration	1,640	12.6	1,752	13.4	1,616	10.9
Depreciation	2,293	17.7	2,146	16.4	2,062	14.0
Travelling expenses	1,595	12.3	1,242	9.5	1,998	13.5
Utilities	432	3.3	383	2.9	364	2.5
Realised loss on foreign exchange	-	-	248	1.9	515	3.5
Unrealised loss on foreign exchange	85	0.7	580	4.4	-	-
Upkeep expenses ⁽¹⁾	375	2.9	274	2.1	426	2.9
Rental expenses	554	4.3	554	4.2	523	3.5
Professional fee	188	1.4	275	2.1	537	3.6
Bad debts	-	-	-	-	115	0.8
Others ⁽²⁾	1,046	8.0	959	7.3	1,309	8.9
	12,996	100.0	13,093	100.0	14,759	100.0

	Unaudited		Audited	
	FPE 2022		FPE 2023	
	RM'000	%	RM'000	%
Staff-related costs	2,658	37.3	3,943	36.8
Directors' remuneration	911	12.8	870	8.1
Depreciation	1,128	15.8	1,180	11.0
Travelling expenses	923	12.9	1,323	12.3
Utilities	226	3.2	211	2.0
Realised loss on foreign exchange	77	1.1	645	6.0
Unrealised loss on foreign exchange	-	-	-	-
Upkeep expenses ⁽¹⁾	283	4.0	255	2.4
Rental expenses	307	4.2	367	3.4
Professional fee	107	1.5	1,002	9.3
Bad debts	-	-	-	-
Others ⁽²⁾	516	7.2	927	8.7
	7,136	100.0	10,723	100.0

Notes:

- (1) Comprises upkeep expenses incurred for motor vehicle, office, and demonstration units.
- (2) Comprises mainly office expenses and motor vehicle expenses.

Comparison between FYE 2020 and FYE 2021

Our administrative expenses increased by RM0.1 million or 0.8% to RM13.1 million (FYE 2020: RM13.0 million) mainly due to the following:

- (i) increase of RM0.5 million in unrealised loss on foreign exchange due to outstanding payables denominated in USD, impacted by the strengthening of USD against RM; and
- (ii) increase of RM0.2 million in realised loss on foreign exchange due to strengthening of USD against RM.

The abovementioned increases were partially offset by the following:

- (i) decrease of RM0.4 million in travelling expenses due to decrease in business travels following the travel restrictions imposed by governments due to COVID-19; and
- (ii) decrease of RM0.2 million in depreciation expenses.

12. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2021 and FYE 2022**

Our administrative expenses increased by RM1.7 million or 13.0%, to RM14.8 million for FYE 2022 (FYE 2021: RM13.1 million), mainly attributable to the following:

- (i) increase of RM0.6 million in staff costs, mainly due to higher staff salaries resulting from salary adjustments and bonuses paid during FYE 2022; and
- (ii) increase of RM0.8 million in travelling expenses resulting from the increase in business travels following the relaxation of travel restrictions imposed by governments.

Comparison between FPE 2022 and FPE 2023

Our administrative expenses increased by RM3.6 million or 50.7% to RM10.7 million for FPE 2023 (FPE 2022: RM7.1 million), mainly attributable to the following:

- (i) increase of RM1.3 million in staff costs, mainly due to salary adjustments and increase in accrued bonuses;
- (ii) increase of RM0.9 million in professional fee, mainly due to professional fees incurred for the Listing; and
- (iii) increase of RM0.6 million in realised loss on foreign exchange due to strengthening of USD against RM.

12.2.6 Sales and marketing expenses

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Staff-related costs	7,587	88.9	7,820	90.2	7,898	90.2
Travelling expenses	350	4.1	307	3.5	333	3.8
Freight and courier charges	497	5.8	473	5.5	350	4.0
Others ⁽¹⁾	105	1.2	72	0.8	176	2.0
	8,539	100.0	8,672	100.0	8,757	100.0
	Unaudited		Audited			
	FPE 2022		FPE 2023			
	RM'000	%	RM'000	%		
Staff-related costs	4,157	89.0	4,764	88.6		
Travelling expenses	179	3.8	231	4.3		
Freight and courier charges	169	3.6	158	2.9		
Others ⁽¹⁾	168	3.6	227	4.2		
	4,673	100.0	5,380	100.0		

Notes:

- (1) Mainly comprises exhibition costs and entertainment expenses.

Comparison between FYE 2020 and FYE 2021

Our sales and marketing expenses for FYE 2021 did not fluctuate significantly from FYE 2020.

Comparison between FYE 2021 and FYE 2022

Our sales and marketing expenses for FYE 2022 did not fluctuate significantly from FYE 2021.

12. FINANCIAL INFORMATION (Cont'd)**Comparison between FPE 2022 and FPE 2023**

Our sales and marketing expenses increased by RM0.7 million or 14.9%, to RM5.4 million for FPE 2023 (FPE 2022: RM4.7 million), mainly due to higher salaries resulting from the salary adjustments and increase in accrued bonuses.

12.2.6 Finance costs

Our finance costs relate to the interest expenses on hire purchase and lease liabilities. For the Financial Period Under Review, our finance cost was marginal and amounted to less than 0.06% of our total revenue for the respective financial year/period. Our finance cost is made up of lease liabilities as follows:

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Interest expense on lease liabilities	68	100.0	76	100.0	47	100.0

	Unaudited		Audited	
	FPE 2022		FPE 2023	
	RM'000	%	RM'000	%
Interest expense on lease liabilities	21	100.0	21	100.0

12.2.7 PBT and PBT margin

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
PBT (RM'000)	16,721	22,354	23,258	14,235	12,737
PBT margin (%)	13.4	15.1	13.7	15.3	12.4

Comparison between FYE 2020 and FYE 2021

We recorded an increase in PBT of RM5.6 million for FYE 2021. Our PBT margin also improved from 13.4% for FYE 2020 to 15.1% for FYE 2021. The increase in PBT and PBT margin was mainly due to higher revenue recorded for FYE 2021 and our administrative expenses and sales and marketing expenses which were relatively consistent.

Comparison between FYE 2021 and FYE 2022

We recorded an increase in PBT of RM0.9 million for FYE 2022, which was in tandem with the increase in our GP as explained in Section 12.2.3 above. However, our PBT margin decreased from 15.1% for FYE 2021 to 13.7% for FYE 2022, mainly due to the lower GP margin recorded as explained in Section 12.2.3 above.

Comparison between FPE 2022 and FPE 2023

We recorded a decrease in PBT of RM1.5 million for FPE 2023. Our PBT margin also decreased from 15.3% for FPE 2022 to 12.4% for FPE 2023, mainly due to the higher administrative expenses as explained in Section 12.2.5 above.

12. FINANCIAL INFORMATION (Cont'd)

12.2.8 Tax expenses

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
Taxation (RM'000)	3,219	4,982	5,275	3,016	2,694
Effective tax rate (%)	19.3	22.3	22.7	21.2	21.2
Statutory tax rate (%)	24.0	24.0	24.0	24.0	24.0

Tax expenses comprise the current financial year's income tax payable, deferred tax and any under or overprovision of tax expenses in the previous financial year. The applicable statutory tax rate for the Financial Period Under Review is 24.0%.

Certain subsidiaries of our Group are subject to statutory tax rates in the respective countries as follows:

- i) Malaysia – The income tax rate applicable to small-medium enterprises with paid-up capital of RM2,500,000 and below, and annual sales less than RM50,000,000 is subject to the statutory income tax rate of 17.0% on chargeable income up to RM600,000. For chargeable income exceeding RM600,000, the statutory income tax rate of 24.0% applies.
- ii) Singapore – The income tax rate is imposed at a flat rate of 17.0% with a partial tax exemption of 75.0% on the first SGD10,000 of normal chargeable income and a further 50.0% on the next SGD190,000 of normal chargeable income from YA 2020 onwards.
- iii) China – The standard enterprise income tax rate is 25.0%. Small and low-profit entities were subject to a statutory income tax rate of 2.5% on chargeable income up to RMB1.0 million and 5.0% on chargeable income above RMB1.0 million up to RMB3.0 million. For chargeable income exceeding RMB3.0 million, statutory income tax rate of 25.0% applies.
- iv) Thailand – The income tax rate is imposed at a flat rate of 20.0%. Companies with paid-in capital not exceeding THB5.0 million and annual turnover not exceeding THB30.0 million at the end of the accounting period were tax-exempted for chargeable income not exceeding THB0.3 million and 15% on chargeable income above THB0.3 million up to THB3.0 million. For chargeable income exceeding THB3.0 million, statutory income tax rate of 20.0% applies.

Comparison between FYE 2020 and FYE 2021

Our tax expenses increased by RM1.8 million or 56.3%, to RM5.0 million for FYE 2021 (FYE 2020: RM3.2 million), mainly due to the higher PBT recorded for FYE 2021.

Our effective tax rate of 22.3% for FYE 2021 was lower than the Malaysian statutory tax rate of 24.0%, mainly due to the net effects of the following:

- i) most subsidiaries of our Group are entitled to lower tax rates of 17.0%;
- ii) partial income tax exemption for Crest (Suzhou); and
- iii) Singapore subsidiaries benefit from a statutory stepped income exemption of 75.0% on the first SGD10,000 of normal chargeable income and a further 50.0% on the next SGD190,000 of normal chargeable income.

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 2021 and FYE 2022

Our tax expenses increased by RM0.3 million or 6.0%, to RM5.3 million for FYE 2022 (FYE 2021: RM5.0 million), mainly attributable to higher PBT recorded for FYE 2022.

Our effective tax rate of 22.7% for FYE 2022 was lower than the Malaysian statutory tax rate of 24.0%, mainly due to the net effects of the following:

- i) most subsidiaries of our Group are entitled to lower tax rates of 17.0%;
- ii) partial income tax exemption for Crest (Suzhou);
- iii) Singapore subsidiaries benefit from a statutory stepped income exemption of 75.0% on the first SGD10,000 of normal chargeable income and a further 50.0% on the next SGD190,000 of normal chargeable income; and
- iv) Crest Thailand recorded losses before tax for FYE 2021.

Comparison between FPE 2022 and FPE 2023

Our tax expenses decreased by RM0.3 million or 10.0%, to RM2.7 million for FPE 2023 (FPE 2022: RM3.0 million), mainly attributable to the lower PBT recorded for FPE 2023.

Our effective tax rate of 21.2% for FPE 2023 was lower than the Malaysian statutory tax rate of 24.0%, mainly due to the net effects of the following:

- i) most subsidiaries of our Group are entitled to lower tax rates of 17.0%; and
- ii) utilisation of unabsorbed tax losses carried forward for Crest Thailand.

12.3 LIQUIDITY AND CAPITAL RESOURCES

12.3.1 Working capital

We finance our operations with cash generated from operations, trade facilities from financial institutions, existing cash and short term deposits.

The decision to utilise either internally generated funds or borrowings for our business operations depends on, amongst others, our cash and bank balances, expected cash inflow and outflow, future working capital requirements, future capital expenditure requirements and the interest rate on borrowings.

Our Board is confident that our working capital will be sufficient for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus, taking into consideration the following:

- (a) Our cash and cash equivalent of RM48.1 million as at LPD;
- (b) Our expected future cash flows from operations; and
- (c) Our pro forma gearing level of less than 0.1 times, based on our pro forma statements of financial position as at 31 July 2023 after the Acquisitions, IPO and utilisation of proceeds.

At this juncture, we do not foresee any circumstances which may materially affect our liquidity. We carefully consider our cash position and ability to obtain financing before making significant capital commitments.

12. FINANCIAL INFORMATION (Cont'd)**12.3.2 Review of cash flows**

The summary of our Group's historical audited combined statements of cashflows for the Financial Period Under Review is tabulated below:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000
Net cash from operating activities	11,276	19,192	12,983	7,431
Net cash from/(used in) investing activities	7,578	(1,673)	(1,303)	(411)
Net cash used in financing activities	(13,561)	(15,651)	(18,218)	(1,713)
Net increase/(decrease) in cash and cash equivalents	5,293	1,868	(6,538)	5,307
Cash and cash equivalents at the beginning of the financial year/period	29,505	34,531	36,847	30,557
Effect of exchange rate changes on the balance of cash held in foreign currencies	(267)	448	248	195
Cash and cash equivalents at the end of the financial year/period	34,531	36,847	30,557	36,059

FYE 2020**Net cash for operating activities**

For FYE 2020, we recorded operating cash flow before working capital changes of RM18.3 million. Our net operating cash flow was RM11.3 million after adjusting for the following major changes in working capital:

- (a) increase in inventories of RM1.7 million, mainly due to equipment pending installation as at 31 December 2020 being recognised as inventories;
- (b) increase in trade and other receivables of RM3.6 million, mainly due to higher billings to customers in the last quarter of FYE 2020;
- (c) income tax paid of RM3.2 million; and
- (d) interest received of RM0.3 million.

Net cash for investing activities

For FYE 2020, our Group recorded a net cash inflow of RM7.6 million from investing activities, mainly due to the decrease in pledged deposits of RM9.0 million and proceeds from the disposal of property, plant and equipment of RM2.1 million, which mainly comprises demonstration equipment.

The above cash inflow was partially offset by the cash payment for the purchase of plant and equipment amounting to RM3.5 million, which mainly comprises machine equipment and demonstration equipment.

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12. FINANCIAL INFORMATION (Cont'd)**Net cash for financing activities**

For FYE 2020, our Group recorded a net cash outflow of RM13.6 million from financing activities, mainly due to:

- (a) advances of RM9.1 million to a related company, i.e., ALY;
- (b) repayment of RM2.2 million to directors; and
- (c) dividends of RM1.4 million and RM0.1 million paid to common controlling shareholders and non-controlling interest, respectively.

FYE 2021**Net cash for operating activities**

For FYE 2021, we recorded operating cash flow before working capital changes of RM24.8 million. Our net operating cash flow was RM19.2 million after adjusting for the following major changes in working capital:

- (a) increase in inventories of RM4.2 million, mainly due to equipment pending installation as at 31 December 2021 being recognised as inventories;
- (b) increase in trade and other receivables of RM14.7 million, primarily resulting from higher billings to customers in the last quarter of FYE 2021.
- (c) increase in trade and other payables of RM15.4 million, mainly due to the net effects of the following:
 - increase in trade payables of RM12.2 million, mainly due to higher purchases made in the last quarter of FYE 2021; and
 - increase in other payables of RM3.2 million, mainly due to higher deposits received from customers for the purchase of equipment.
- (d) income tax paid of RM3.5 million; and
- (e) interest received of RM0.4 million.

Net cash for investing activities

For FYE 2021, our Group recorded a net cash outflow of RM1.7 million from investing activities, mainly attributable to deposits pledged of RM1.5 million for banking facilities and the cash payments for purchasing plant and equipment amounting to RM0.3 million. These cash outflows were narrowed by the cash inflow from disposal proceeds of property, plant and equipment of RM0.1 million.

12. FINANCIAL INFORMATION (Cont'd)

Net cash for financing activities

For FYE 2021, our Group recorded a net cash outflow of RM15.7 million from financing activities, mainly attributable to the following:

- (a) dividends of RM18.2 million and RM1.1 million paid to common controlling shareholders and non-controlling interest, respectively;
- (b) repayment of RM4.2 million from a related company, i.e., ALY
- (c) advances from shareholders of RM0.9 million;
- (d) repayment of lease liabilities amounting to RM0.7 million;
- (e) repayment of RM0.6 million to directors; and
- (f) interest paid of RM0.1 million.

FYE 2022

Net cash for operating activities

For FYE 2022, we recorded operating cash flow before working capital changes of RM24.7 million. Our net operating cash flow was RM13.0 million after adjusting for the following major changes in working capital:

- (a) increase in inventories of RM1.7 million, mainly due to equipment pending deliveries to customers;
- (b) decrease in trade and other receivables of RM0.8 million, mainly due to lower deposits paid for the purchase of equipment;
- (c) decrease in trade and other payables of RM3.7 million, mainly due to lower deposits received from customers for the purchase of equipment;
- (d) income tax paid of RM5.9 million; and
- (e) interest received of RM0.2 million.

Net cash for investing activities

For FYE 2022, our Group recorded a net cash outflow of RM1.3 million from investing activities, mainly due to purchase of property, plant and equipment amounting to RM1.6 million, primarily comprised machine equipment and demonstration equipment.

Net cash for financing activities

For FYE 2022, our Group recorded a net cash outflow of RM18.2 million from financing activities, mainly due to:

- (a) dividends of RM20.2 million and RM1.4 million paid to common controlling shareholders and non-controlling interests, respectively;
- (b) repayment of RM7.4 million to directors; and
- (c) repayment of RM1.7 million to shareholders.

The above cash outflows were partially offset by the full repayment of RM13.1 million from a related company, i.e., ALY during FYE 2022.

12. FINANCIAL INFORMATION (Cont'd)**FPE 2023****Net cash for operating activities**

For FPE 2023, we recorded operating cash flow before working capital changes of RM13.7 million. Our net operating cash flow was RM7.4 million after adjusting for the following major changes in working capital:

- (a) increase in inventories of RM6.3 million, mainly due to equipment pending installation as at 31 July 2023 being recognised as inventories and equipment pending deliveries to customers;
- (b) increase in trade and other receivables of RM7.1 million, mainly due to increase in advance payment to supplier for purchase of equipment;
- (c) increase in trade and other payables of RM9.8 million, mainly due to higher purchases made in the last quarter of FPE 2023;
- (d) income tax paid of RM2.9 million; and
- (e) interest received of RM0.3 million.

Net cash for investing activities

For FPE 2023, our Group recorded a net cash outflow of RM0.4 million from investing activities, mainly due to the purchase of property, plant and equipment amounting to RM0.5 million.

Net cash for financing activities

For FPE 2023, our Group recorded a net cash outflow of RM1.7 million from financing activities, mainly due to:

- (a) dividends of RM1.1 million and RM0.2 million paid to common controlling shareholders and non-controlling interests, respectively; and
- (b) repayment of lease liabilities amounting to RM0.4 million.

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12. FINANCIAL INFORMATION (Cont'd)

12.4 BORROWINGS

All of our borrowings as at 31 July 2023 are secured, interest-bearing and denominated in THB. Our total outstanding borrowings (excluding lease liabilities arising from right-of-use assets of RM0.6 million) as at 31 July 2023 stood at RM0.2 million, details of which are set out below:

Purpose		Security	Tenure	Effective interest rate	Audited As at 31 July 2023
				%	RM'000
Interest bearing short-term borrowings, payable within 1 year:					
Hire purchase	To finance purchase of motor vehicle	Secured by our Group's motor vehicles under the hire purchase arrangements	5 years	2.6	52
Interest bearing long-term borrowings, payable after 1 year:					
Hire purchase	To finance purchase of motor vehicle	Secured by our Group's motor vehicles under the hire purchase arrangements	5 years	2.6	141
Total borrowings					193
Gearing (times)					
After Acquisitions but before IPO and utilisation of proceeds ⁽¹⁾					*
After Acquisitions and utilisation of proceeds ⁽²⁾					*

Notes:

* Represents less than 0.1

(1) Computed based on our pro forma equity attributable to the owners of the Company of RM46.7 million in the pro forma statements of financial position after the Acquisitions, but before IPO and utilisation of proceeds.

(2) Computed based on our pro forma equity attributable to the owners of the Company of RM77.3 million in the pro forma statements of financial position after the Acquisitions, IPO and utilisation of proceeds.

Separately, we have also recognised the following lease liabilities on the right-of-use assets, which are denominated in RM:

	Purpose	Tenure	As at 31 July 2023
			RM'000
Lease liabilities payable within 1 year	Rental of offices	3 years	250
Lease liabilities payable after 1 year	Rental of offices	3 years	375
			625

As at LPD, save for our hire purchase of motor vehicle denominated in THB, we do not have any borrowings which are non-interest bearing and/or in foreign currency.

We have not defaulted on payments of principal sums and/or interests in respect of any of our borrowings throughout the Financial Period Under Review, and up to LPD.

As at LPD, our Group is not in breach of any terms and conditions or covenants associated with the credit arrangement or bank loan, which can materially affect our financial position and results or business operations or the investments by holders of our securities. During the Financial Period Under Review, we did not experience any clawback or reduction in the facilities limit granted to us by our lenders.

12. FINANCIAL INFORMATION

12.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES

From an accounting perspective, financial instruments may include fixed deposits with licensed banks, trade and other receivables, and other payables as shown in our combined statements of financial position. These financial instruments are used in our ordinary course of business.

From time to time, we use hedging instruments to manage our foreign exchange exposure from overseas purchases to mitigate the adverse effect on our financial performance. As at LPD, we have outstanding foreign exchange contracts with a nominal value of SGD0.9 million and JPY8.9 million (equivalent to RM3.4 million based on the exchange rate of SGD1: RM 3.4795 and JPY100: RM3.2539 as at LPD).

12.6 MATERIAL CAPITAL COMMITMENTS

As at LPD, save as disclosed below, we do not have any other material capital commitments:

	<u>RM'000</u>
Hire purchase of a motor vehicle	<u>521</u>

12.7 MATERIAL LITIGATION AND CONTINGENT LIABILITIES

We are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant. There is no proceeding pending or threatened or any fact likely to give rise to any proceeding, which might materially or adversely affect our position or business as at LPD.

As at LPD, save as disclosed below, we do not have any contingent liabilities, which upon becoming enforceable, may have a material effect on our business, financial results or position:

	<u>RM'000</u>
Secured performance guarantee given to customers for sales of equipment and spare parts	<u>2,183</u>

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12. FINANCIAL INFORMATION (Cont'd)

12.8 KEY FINANCIAL RATIOS

The key financial ratios of our Group for the Financial Period Under Review are as follows:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE 2023
Trade receivables turnover (days) ⁽¹⁾	58	70	73	71
Trade payables turnover (days) ⁽²⁾	65	82	85	95
Inventory turnover (days) ⁽³⁾	39	43	45	55
Current ratio (times) ⁽⁴⁾	2.4	1.9	2.2	2.1
Gearing ratio (times) ⁽⁵⁾	*	*	*	*

Notes:

* Represents less than 0.1.

(1) Computed based on the average trade receivables and net of allowances for impairment loss as at year/period end over revenue for the year/period, multiplied by 365/212 days for each financial year/period.

(2) Computed based on the average trade payables as at year/period-end over cost of sales for the respective years/period, multiplied by 365/212 days for each financial year/period.

(3) Computed based on average inventory as at year/period-end over cost of sales for the respective years, multiplied by 365/212 days for each financial year/period.

(4) Computed based on current assets over current liabilities as at the end of each financial year/period.

(5) Computed based on total interest-bearing borrowings (excluding lease liabilities for right-of-use assets) over total equity for each financial year/period.

12.8.1 Trade receivables turnover

Our trade receivables' turnover period (in days) for the Financial Period Under Review is stated as below:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000
Opening trade receivables	17,073	22,440	34,147	34,378
Closing trade receivables	22,440	34,147	34,378	34,335
Average trade receivables	19,757	28,294	34,263	34,357
Revenue	124,425	148,410	170,202	102,876
Trade receivables turnover period (days)	58	70	73	71

The normal credit period granted by our Group with respect to our trade receivables is between 60 and 90 days from the date of our invoice. Our trade receivables turnover period for FYE 2020, 2021, 2022 and FPE 2023 was 58, 70, 73, and 71 days respectively.

Our trade receivables turnover period for FYE 2021 increased to 70 days (FYE 2020: 58 days), mainly due to higher billings to customers resulting from more orders received from the customers in the last quarter of FYE 2021. Our trade receivables turnover period for FYE 2022 increased to 73 days, mainly due to delayed payments pending the replacement of equipment parts and the completion of user training for customers. Our trade receivables turnover period for FPE 2023 was relatively consistent at 71 days for FPE 2023.

Our Group established policies on credit control involving comprehensive credit evaluations, setting up appropriate credit limits, ensuring the sales are made to customers with good credit history, and regular review of customers' outstanding balances and payment trends. Our Group considers the risk of material loss in the event of non-performance by the customers to be unlikely.

12. FINANCIAL INFORMATION (Cont'd)

As our Group did not hold any collateral, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position. Our Group uses ageing analysis to monitor the credit quality of the trade receivables.

The ageing analysis of our trade receivables as at 31 July 2023 is as follows:

	Trade receivables as at 31 July 2023		Collection from 1 August 2023 to LPD	Balance trade receivables as at LPD
	RM'000	Percentage of trade receivables	RM'000	RM'000
	(a)	(a)/total of (a)	(b)	(c) = (a)-(b)
Neither past due nor impaired	16,628	48.4	16,012	616
Past due but not impaired:				
- less than 30 days	4,481	13.1	4,004	477
- 31 to 60 days	4,000	11.6	3,775	225
- over 60 days	9,226	26.9	7,872	1,354
	17,707	51.6	15,651	2,056
	34,335	100.0	31,663	2,672

As at LPD, RM31.7 million or 92.2% of our trade receivables as at 31 July 2023 have been collected. The remaining balance of RM2.7 million have yet to be collected as at LPD, of which RM2.1 million have exceeded the credit period as it is pending the replacement of parts and completion of user training for customers.

We are of the view that we are able to collect the majority of the outstanding amount as it is our business practice to continue trade with these customers upon receiving all our outstanding payments.

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12. FINANCIAL INFORMATION (Cont'd)

12.8.2 Trade payables turnover

Our trade payables' turnover period (in days) for the Financial Period Under Review is as follows:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000
Opening trade payables	13,909	17,578	29,761	28,240
Closing trade payables	17,578	29,761	28,240	38,684
Average trade payables	15,744	23,670	29,001	33,462
Cost of sales	87,871	105,024	124,501	74,603
Trade payables turnover period (days)	65	82	85	95

Trade payables comprise amounts outstanding for trade purchases. The credit terms granted to our Group for trade purchases range from 30 to 90 days. Our trade payables turnover period for FYE 2020, 2021, 2022 and FPE 2023 was 65 days, 82 days, 85 days and 95 days, respectively.

Our trade payables turnover period for FYE 2020, 2021 and 2022 were within the normal credit terms granted by our suppliers. Our trade payables turnover period for FPE 2023 increased to 95 days (FYE 2022: 85 days) mainly due to higher purchases made in the last quarter of FPE 2023.

The ageing analysis of our trade payables as at 31 July 2023 is as follows:

	Trade payables as at 31 July 2023		Payment from 1 August 2023 to LPD	Balance trade payables as at LPD
	RM'000	Percentage of trade payables (a)/total of (a)	RM'000	RM'000 (c) = (a)-(b)
	(a)	(a)/total of (a)	(b)	(c) = (a)-(b)
Within credit period	27,701	71.6	26,329	1,372
Exceeding credit period:				
- 1 to 30 days	1,655	4.3	1,655	-
- 31 to 60 days	1,251	3.2	517	734
- More than 60 days	8,077	20.9	7,979	98
	10,983	28.4	10,151	832
	38,684	100.0	36,480	2,204

As at 31 July 2023, our total trade payables stood at RM38.7 million, with RM11.0 million or 28.4% of our trade payables exceeding the normal credit period.

As at LPD, we have outstanding trade payables of RM2.2 million, representing 5.7% of our trade payables as at 31 July 2023. Of this, RM0.8 million have exceeded the credit period as the supplier has agreed to extend the credit period until the completion of customisation of equipment.

As at LPD, we do not have any material disputes in respect of our trade payables and no material legal proceedings to demand for payment have been initiated by our suppliers against us.

12. FINANCIAL INFORMATION (Cont'd)

12.8.3 Inventory turnover

Our inventory turnover period (in days) for the Financial Period Under Review is set out below:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000
Opening inventories	8,517	10,262	14,385	16,174
Closing inventories	10,262	14,385	16,174	22,695
Average inventories	9,390	12,324	15,280	19,435
Cost of sales	87,871	105,024	124,501	74,603
Inventory turnover period (days)	39	43	45	55

Our inventories consist of trading goods which are equipment spare parts we purchased from our suppliers and finished goods which are equipment that are pending delivery or installation. Our inventory turnover for FYE 2020, 2021, 2022 and FPE 2023 was 39 days, 43 days, 45 days and 55 days respectively.

Our inventory turnover period for FYE 2021 increased to 43 days (FYE 2020: 39 days), mainly due to equipment pending installation as at 31 December 2021 being recognised as inventories. Our inventory turnover period for FYE 2022 was relatively consistent at 45 days for FYE 2022 (FYE 2021: 43 days). Our inventory turnover period for FPE 2023 increased to 55 days (FYE 2022: 45 days), mainly due to equipment pending installation as at 31 July 2023 being recognised as inventories and equipment pending deliveries to customers, which are pending customers' site readiness for installation.

12.8.4 Current ratio

Our current ratio throughout the Financial Period Under Review is as follows:

	Audited			Audited
	As at 31 December			As at 31 July
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
Current assets	94,674	111,851	94,583	114,117
Current liabilities	39,681	57,565	43,715	53,761
Net current assets	54,993	54,286	50,868	60,356
Current ratio (times)	2.4	1.9	2.2	2.1

Our current ratio ranges from 1.9 times to 2.4 times for the Financial Period Under Review. This indicates that our Group can meet our current obligations as our current assets, such as inventories and trade receivables, which can be readily converted into cash, together with our fixed deposits and bank balances, are enough to meet immediate current liabilities.

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12. FINANCIAL INFORMATION (Cont'd)**12.8.5 Gearing ratio**

Our gearing ratio throughout the Financial Period Under Review is as follows:

	Audited			Audited
	As at 31 December			As at 31 July
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
Total borrowings ⁽¹⁾	1,167	694	732	818
Total equity	59,763	57,954	54,395	63,428
Gearing ratio (times)	*	*	*	*

Note:

* Represents less than 0.1.

(1) Computed based on total interest-bearing borrowings over total equity as at the end of each financial year/period ended.

Our gearing ratio is less than 0.1 times throughout the Financial Period Under Review.

12.9 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

There were no government, economic, fiscal or monetary policies or factors which had materially affected our operations during the Financial Period Under Review. There is no assurance that our financial performance will not be adversely affected by the impact of future changes in government, economic, fiscal or monetary policies or factors moving forward.

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 9 of this Prospectus.

12.10 IMPACT OF INFLATION

During the Financial Period Under Review, our financial performance was not materially affected by inflation. However, there is no assurance that our financial performance will not be adversely affected by inflation moving forward. Any significant increase in our costs of sales in the future may adversely affect our operations and performance if we are unable to pass on the higher costs to our customers through an increase in selling prices.

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12. FINANCIAL INFORMATION (Cont'd)**12.11 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES ON OUR OPERATIONS****(a) Impact of foreign exchange rates**

Our proportions of sales and purchases denominated in local and foreign currencies are as follows:

	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Sales denominated in:										
RM	52,757	42.4	63,398	42.7	66,081	38.8	40,768	43.8	30,841	30.0
USD	38,614	31.0	34,827	23.5	64,401	37.8	33,720	36.3	30,586	29.7
THB	19,018	15.3	27,365	18.4	15,540	9.1	9,786	10.5	19,212	18.7
CNY	11,300	9.1	19,512	13.2	19,392	11.4	6,674	7.2	17,590	17.1
EUR	1,501	1.2	27	*	1,991	1.2	55	0.1	2,144	2.1
SGD	1,081	0.9	3,268	2.2	1,351	0.8	643	0.6	2,223	2.1
JPY	154	0.1	13	*	1,443	0.9	1,366	1.5	280	0.3
BND	-	-	-	-	3	*	3	*	-	-
	124,425	100.0	148,410	100.0	170,202	100.0	93,015	100.0	102,876	100.0
Purchases denominated in:										
USD	46,661	57.9	55,722	56.3	66,123	55.7	36,739	56.7	27,753	39.8
RM	6,862	8.5	5,969	6.0	6,626	5.6	6,865	10.6	3,086	4.4
SGD	9,358	11.6	12,615	12.8	15,332	12.9	6,544	10.1	9,815	14.1
JPY	7,594	9.4	9,303	9.4	9,133	7.7	5,997	9.3	5,972	8.5
CNY	5,606	7.0	11,184	11.3	13,112	11.0	4,705	7.2	17,590	25.2
THB	1,069	1.3	1,891	1.9	3,317	2.8	2,507	3.9	1,651	2.4
EUR	1,889	2.3	1,373	1.4	2,340	2.0	614	0.9	3,412	4.9
CHF	769	1.0	530	0.5	2,451	2.1	575	0.9	333	0.5
GBP	784	1.0	401	0.4	287	0.2	248	0.4	174	0.2
	80,592	100.0	98,988	100.0	118,721	100.0	64,794	100.0	69,786	100.0

Note:

* Representing less than 0.1%.

We are exposed to fluctuations in foreign exchange rates as our sales and purchases are denominated in the currencies stated above. Any significant change in foreign exchange rates may affect our financial results.

The effects of a 10.0% strengthening or weakening of the RM relative to the respective currencies on the unhedged financial assets/liabilities of the Group are summarized in sensitivity analysis below:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000
USD/RM				
Strengthen by 10%	33	413	312	764
Weaken by 10%	(33)	(413)	(312)	(764)
SGD/RM				
Strengthen by 10%	63	134	208	56
Weaken by 10%	(63)	(134)	(208)	(56)
THB/RM				
Strengthen by 10%	2	8	21	1
Weaken by 10%	(2)	(8)	(21)	(1)
EUR/RM				
Strengthen by 10%	-	50	-	47
Weaken by 10%	-	(50)	-	(47)
JPY/RM				
Strengthen by 10%	-	18	1	6
Weaken by 10%	-	(18)	(1)	(6)

12. FINANCIAL INFORMATION (Cont'd)

For the Financial Period Under Review, our gains and losses from foreign exchange fluctuations are as follows:

	<u>FYE 2020</u> <u>RM'000</u>	<u>FYE 2021</u> <u>RM'000</u>	<u>FYE 2022</u> <u>RM'000</u>	<u>FPE 2022</u> <u>RM'000</u>	<u>FPE 2023</u> <u>RM'000</u>
Realised gain/(loss) on foreign exchange	129	(248)	(515)	(77)	(645)
Unrealised gain/(loss) on foreign exchange	(85)	(580)	403	776	93
Net gain/(loss)	44	(828)	(112)	699	(552)

We currently do not have a formal policy with respect to our foreign exchange transactions. Exposure on foreign exchange is monitored on an ongoing basis, and our Group endeavours to keep the net exposure at an acceptable level. Our Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

From time to time, we use hedging instruments to manage our foreign exchange exposure from overseas purchases to mitigate the adverse effect on our financial performance. For the Financial Period Under Review, the derivatives gains or losses arising from foreign exchange forward contracts were not material and were offset against realized gains or losses on foreign exchange account.

As at LPD, we have outstanding foreign exchange contracts with a nominal value of SGD0.9 million and JPY8.9 million (equivalent to RM3.4 million based on the exchange rate of SGD1: RM3.4795 and JPY100: RM3.2539 as at 1 January 2024).

(b) Impact of interest rates

Our exposure to changes in interest rate risk relates primarily to our borrowings from banks. We do not generally hedge interest rate risks.

Our financial results for the Financial Period Under Review were not materially affected by fluctuations in interest rates as the borrowings of our Group comprise of the hire purchase facilities which are fixed rate in nature. However, any major increase in interest rates would raise the cost of our borrowings and our finance costs, which may have an adverse effect on the performance of our Group.

12.12 ORDER BOOK

We do not enter into long-term contracts with our customers. Due to the nature of our business, we do not maintain an order book.

12.13 DIRECTORS' DECLARATION ON OUR FINANCIAL PERFORMANCE

Our Board is of the opinion that:

- (a) Our revenue will remain sustainable with an upward growth trend, in line with the anticipated growth in the provision of imaging, analytical and test solutions, and the provision of after-sales services as set out in the IMR Report;
- (b) Our liquidity will improve further subsequent to the Public Issue given the additional funds to be raised for our Group to carry out our business strategies as stated in Section 7.20 of this Prospectus; and
- (c) Our capital resources will strengthen, taking into account the amount to be raised from the Public Issue as well as internally generated funds. We may consider debt or equity funding for our capital expansion should the need arise.

12. FINANCIAL INFORMATION (Cont'd)

In addition to the above, our Board confirms that there are no circumstances which would result in a significant decline in our revenue and GP margin or know of any factors that are likely to have a material impact on our liquidity, revenue, or profitability.

12.14 TREND INFORMATION

As at LPD, our financial performance, position and operations are not affected by any of the following:

- (a) Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position and operations, save as disclosed in Sections 7, 8, 9 and 12.2 of this Prospectus;
- (b) Material commitments for capital expenditure disclosed in Section 12.6 of this Prospectus;
- (c) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as discussed in Sections 12.2 and 9 of this Prospectus;
- (d) Known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our revenue and/or profit as disclosed in Section 12.2 of this Prospectus, business and industry overview, as set out in Sections 7 and 8 of this Prospectus, and business strategies and future plans as set out in Section 7.20 of this Prospectus;
- (e) Known trends, demands, commitments, events or uncertainties that are reasonably likely to make our historical financial statements not indicative of the future financial performance and position, save as disclosed in Sections 12 and 9 of this Prospectus; and
- (f) Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our liquidity and capital resources, save as disclosed in Sections 7, 9 and 12 of this Prospectus.

Our Board is optimistic about the future prospects of our Group given our competitive strengths as set out in Section 7.6 of this Prospectus, the outlook of the provision of imaging, analytical and test solutions, and the provision of after-sales services industry in Malaysia as set out in the IMR Report in Section 8 of this Prospectus and our commitment to implement the business strategies and future plans as set out in Section 7.20 of this Prospectus.

12.15 DIVIDEND POLICY

It is our Group's intention to target a dividend payout ratio of not less than 30% of our annual PAT attributable to the shareholders of our Group. Our Board will consider the following factors (which may not be exhaustive) when recommending dividends for approval by our shareholders or when declaring any interim dividends:

- (a) the level of cash and level of indebtedness;
- (b) required and expected interest expense, cash flows, profits, return on equity and retained earnings;
- (c) our expected results of operations and future level of operations;
- (d) our projected levels of capital expenditure and other investment plans; and
- (e) the prior consent from our lenders, if any.

12. FINANCIAL INFORMATION (Cont'd)

Subject to the Act, our Company, in a general meeting, may from time to time approve dividends or other distribution. However, no dividend or distribution shall be declared in excess of the amount recommended by our Board. Further, under the Act, our Company may not declare or pay dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that:

- (a) our Company is, or would after the payment be unable to pay its liabilities as they become due; or
- (b) the realisable value of the Company's assets would thereby be less than its liabilities.

For the Financial Period Under Review and up to LPD, our Group declared and paid the following dividends to shareholders of the respective subsidiaries:

	FYE 2020	FYE 2021	FYE 2022	FPE 2023	1 August 2023 up to the LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
PAT attributable to owners of our Company	11,926	15,920	17,307	8,554	⁽²⁾ N/A
Dividends declared to:					
- common controlling shareholders	1,425	18,205	21,328	1,060	14,055
- non-controlling interests	75	1,110	255	264	58
	<u>1,500</u>	<u>19,315</u>	<u>21,583</u>	<u>1,324</u>	⁽³⁾ 14,113
Dividends paid to:					
- common controlling shareholders	1,425	18,205	21,328	1,060	14,055
- non-controlling interests	75	1,110	255	264	58
	<u>1,500</u>	<u>19,315</u>	<u>21,583</u>	<u>1,324</u>	⁽³⁾ 14,113
Dividend payout rate (%) ⁽¹⁾	11.9	114.4	123.2	12.4	⁽²⁾ N/A

Notes:

- (1) Computed based on dividends declared to common controlling shareholders over PAT attributable to owners of our Company for each financial year/period.
- (2) Not applicable as the Company did not prepare any financial statements from 1 August 2023 up to the LPD.
- (3) The following dividends were declared subsequent to 1 August 2023:
 - (i) On 21 August 2023, Crest Thailand declared a dividend of THB14.2602 per ordinary share equivalent to RM1.8816 per ordinary share amounting to THB855,611 equivalent to RM112,893, which was paid on 11 September 2023.
 - (ii) On 7 December 2023, Crest Systems declared a special dividend of RM14.00 per ordinary share amounting to RM14,000,000, which was paid on 12 December 2023.
 - (iii) As at LPD, there is no outstanding dividends declared but remained unpaid.

The dividends above were funded by internal funds sourced from the cash and bank balances of the respective subsidiaries. The dividends will not affect the execution and implementation of our future plans or business strategies. Together with the IPO proceeds, we believe that we have sufficient funding of cash from operations and bank borrowings for the funding requirement for our operations and our expansion plans.

As at LPD, there is no outstanding dividends declared but remained unpaid. Further, the Group intends to declare a final dividend in respect of FYE 2023 based on the Group's dividend policy of at least 30% of the PAT for FYE 2023, upon the finalisation of the audited financial statements for FYE 2023. The timing of the payment is expected to be prior to the Listing of the Company. The dividends are to be paid out using internally generated funds.

12. FINANCIAL INFORMATION (Cont'd)

12.16 CAPITALISATION AND INDEBTEDNESS

The table below summarises our capitalisation and indebtedness as at 30 November 2023 and after adjusting for the effects of the Acquisitions and Public Issue including the utilisation of proceeds.

	Unaudited	Pro Forma I	Pro Forma II	Pro Forma III
	As at 30 November 2023	After the Acquisitions	After Pro Forma I and the Public Issue and Offer for Sale	After Pro Forma II and Utilisation of Proceeds
	RM'000	RM'000	RM'000	RM'000
Capitalisation				
Share capital	*	36,745	[●]	[●]
Preference shares	-	911	911	911
Reorganisation reserve	-	(32,751)	(32,751)	(32,751)
Translation reserve	-	833	833	833
Retained earnings	-	51,885	51,885	49,737
Total capitalisation	*	57,623	[●]	[●]
Indebtedness				
Current				
Secured and unguaranteed				
Lease liabilities ⁽¹⁾	-	34	34	34
Unsecured and unguaranteed				
Lease liabilities ⁽²⁾	-	371	371	371
Non-current				
Secured and unguaranteed				
Lease liabilities ⁽¹⁾	-	116	116	116
Unsecured and unguaranteed				
Lease liabilities ⁽²⁾	-	452	452	452
Total indebtedness	-	973	973	973
Total indebtedness (excluding lease liabilities on right-of-use assets)	-	150	150	150
Total capitalisation and indebtedness	*	58,596	[●]	[●]
Gearing ratio (times)⁽³⁾	-	Less than 0.01	Less than 0.01	Less than 0.01

Notes:

* Represents less than 1,000

(1) Lease liabilities comprise hire purchase.

(2) Lease liabilities comprise lease liabilities on right-of-use assets.

(3) Calculated based on total indebtedness (excluded lease liabilities on right-of-use assets) divided by total capitalisation.

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION



Baker Tilly Monteiro Heng PLT
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Chartered Accountants (AF 0117)
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17 January 2024

The Board of Directors
Crest Group Berhad
No. 1, Jalan OP 1/2,
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Dear Sirs,

CREST GROUP BERHAD (“Crest” or the “Company”)

REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2023 INCLUDED IN A PROSPECTUS

We have completed our assurance engagement to report on the compilation of the pro forma combined statements of financial position of Crest and the combining entities, namely Crest Systems (M) Sdn. Bhd., Crest Analytic Sdn. Bhd., Crest Nanosolutions (M) Sdn. Bhd., Matrix Optics (M) Sdn. Bhd., Matrix Biosciences (M) Sdn. Bhd., Crest Lab Sdn. Bhd., Matrix Innovations (M) Sdn. Bhd., Crest Innovation (S) Pte. Ltd., Crest Upstar Pte. Ltd., Crest Nanosolution (Thailand) Co., Ltd. and Crest Systems (Suzhou) Co., Ltd. (collectively referred to as the “Group”) for which the Board of Directors of Crest are solely responsible. The pro forma combined statements of financial position consist of the pro forma combined statements of financial position as at 31 July 2023 together with the accompanying notes thereon, as set out in the accompanying statements, for which we have stamped for the purpose of identification. The applicable criteria on the basis of which the Board of Directors of Crest have compiled the pro forma combined statements of financial position are as described in Note 2 to the pro forma combined statements of financial position and in accordance with the requirements of the *Prospectus Guidelines – Equity* issued by the Securities Commission Malaysia (“Prospectus Guidelines”) (“Applicable Criteria”).

The pro forma combined statements of financial position of the Group has been compiled by the Board of Directors of Crest, for illustrative purposes only, for inclusion in the prospectus of Crest (“Prospectus”) in connection with the initial public offering (“IPO”) in conjunction with the listing and quotation of the entire enlarged issued share capital of Crest on the ACE Market of Bursa Malaysia Securities Berhad comprising the Public Issue and the Offer for Sale (collectively referred to as “IPO Shares”), after making certain assumptions and such adjustments to show the effects on the pro forma combined financial position of the Group as at 31 July 2023 adjusted for the Acquisitions, Public Issue, Offer for Sale and utilisation of proceeds as described in Notes 1.2 and 3.2.2 to the pro forma combined statements of financial position.

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (*Cont'd*)



CREST GROUP BERHAD

Reporting Accountants' Report on the Compilation of the
Pro Forma Combined Statements of Financial Position
as at 31 July 2023 Included in a Prospectus

As part of this process, information about the Group's pro forma combined financial position has been extracted by the Board of Directors of Crest from the audited combined financial statements of the Group for the financial period ended ("FPE") 31 July 2023, on which a reporting accountants' report dated 17 January 2024 has been issued.

The audited combined financial statements of the Group for the FPE 31 July 2023 were reported by us to the Board of Directors without any modifications.

Directors' Responsibility for the Pro Forma Combined Statements of Financial Position

The Board of Directors of Crest are responsible for compiling the pro forma combined statements of financial position based on the Applicable Criteria.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the *By-Laws (on Professional Ethics, Conduct and Practice)* issued by the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies *International Standard on Quality Control 1 (ISQC 1), Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, on whether the pro forma combined statements of financial position has been compiled, in all material respects, by the Board of Directors of Crest based on the Applicable Criteria.

We conducted our engagement in accordance with *International Standard on Assurance Engagements (ISAE) 3420: Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Board of Directors of Crest have compiled, in all material respects, the pro forma combined statements of financial position based on the Applicable Criteria.

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)**CREST GROUP BERHAD**

Reporting Accountants' Report on the Compilation of the
Pro Forma Combined Statements of Financial Position
as at 31 July 2023 Included in a Prospectus

Reporting Accountants' Responsibilities (Continued)

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma combined statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma combined statements of financial position.

The purpose of the pro forma combined statements of financial position included in the Prospectus is solely to illustrate the impact of significant events or transactions on the unadjusted financial information of the Group as if the events had occurred or the transaction had been undertaken at an earlier date selected for illustrative purposes only. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the pro forma combined statements of financial position has been compiled, in all material respects, based on the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Board of Directors of Crest in the compilation of the pro forma combined statements of financial position of the Group provide a reasonable basis for presenting the significant effects directly attributable to the Listing and the acquisition of the combining entities as described in Note 1.2 to the pro forma combined statements of financial position, and to obtain sufficient appropriate evidence about whether:

- (a) The pro forma combined statements of financial position of the Group has been properly prepared on the basis and assumptions set out in the accompanying notes to the pro forma combined statements of financial position, based on the pro forma financial statements of Crest and the audited financial statements of the combining entities for the FPE 31 July 2023, and in a manner consistent with both the format of the financial statements and the accounting policies adopted by the combining entities in the preparation of its audited financial statements for the FPE 31 July 2023; and
- (b) Each material adjustment made to the information used in the preparation of the pro forma combined statements of financial position of the Group is appropriate for the purpose of preparing the pro forma combined statements of financial position.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the pro forma combined statements of financial position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma combined statements of financial position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)**CREST GROUP BERHAD**

Reporting Accountants' Report on the Compilation of the
Pro Forma Combined Statements of Financial Position
as at 31 July 2023 Included in a Prospectus

Opinion

In our opinion:

- (a) the pro forma combined statements of financial position of the Group has been properly prepared on the basis and assumptions set out in the accompanying notes to the pro forma combined statements of financial position, based on the pro forma financial statements of Crest and the audited financial statements of the combining entities for the FPE 31 July 2023 and in a manner consistent with both the format of the financial statements and the accounting policies adopted by the combining entities in the preparation of its audited financial statements for the FPE 31 July 2023 which has been adopted by Crest as its group's accounting policies; and
- (b) each material adjustment made to the information used in the preparation of the pro forma combined statements of financial position of the Group is appropriate for the purpose of preparing the pro forma combined statements of financial position.

Other matter

This report has been prepared for inclusion in the Prospectus of Crest in connection with the IPO. As such, this report should not be used, circulated, quoted or otherwise referred to in any document or used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully,

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Paul Tan Hong
No. 03459/11/2025 J
Chartered Accountant

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (*Cont'd*)

CREST GROUP BERHAD

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION

1. INTRODUCTION

The pro forma combined statements of financial position of Crest Group Berhad (“Crest” or the “Company”) and its combining entities, namely Crest Systems (M) Sdn. Bhd. (“Crest Systems”), Crest Analytic Sdn. Bhd. (“Crest Analytic”), Crest Nanosolutions (M) Sdn. Bhd. (“Crest Nanosolutions”), Matrix Optics (M) Sdn. Bhd. (“Matrix Optics”), Matrix Biosciences (M) Sdn. Bhd. (“Matrix Biosciences”), Crest Lab Sdn. Bhd. (“Crest Lab”), Matrix Innovations (M) Sdn. Bhd. (“Matrix Innovations”), Crest Innovation (S) Pte. Ltd. (“Crest Innovation”), Crest Upstar Pte. Ltd. (“Crest Upstar”), Crest Nanosolution (Thailand) Co. Ltd. (“Crest Thailand”), and Crest Systems (Suzhou) Co., Ltd. (“Crest Suzhou”) (hereinafter collectively referred to as the “Group”) has been compiled by the Board of Directors of Crest, for illustrative purposes only, for inclusion in the prospectus of Crest in connection with the listing and quotation of the entire enlarged issued share capital of RM[●] comprising 865,598,000 ordinary shares in Crest (“Crest Share(s)” or “Share(s)”) on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing”).

1.1 In conjunction with the admission of Crest Shares to the Official List of the ACE Market of Bursa Securities and the Listing, Crest had undertaken the following transactions:

1.2 Listing Scheme

1.2.1 Acquisitions

(a) Acquisitions of Crest Systems, Crest Analytic, Matrix Optics, Crest Lab and Matrix Innovations

On 17 January 2024, Crest had entered into a conditional share sale agreement for the following:

(i) acquisition of the entire issued share capital of Crest Systems of RM1,000,000 comprising 1,000,000 ordinary shares from the shareholders of Crest Systems for a total purchase consideration of RM12,680,062 to be satisfied entirely via the allotment and issuance of 253,601,240 new Crest Shares at an issue price of RM0.05 per Crest Share.

The purchase consideration of RM12,680,062 was arrived at after taking into consideration of the audited net assets (“NA”) of Crest Systems as at 31 December 2022 and deducting dividends;

(ii) acquisition of 70% of the issued share capital of Crest Analytic of RM350,000 comprising 350,000 ordinary shares from the shareholders of Crest Analytic for a total purchase consideration of RM1,105,030 to be satisfied entirely via the allotment and issuance of 22,100,600 new Crest Shares at an issue price of RM0.05 per Crest Share.

The purchase consideration of RM1,105,030 was arrived at after taking into consideration of the audited NA of Crest Analytic as at 31 December 2022;

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (*Cont'd*)

CREST GROUP BERHAD

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

1. (Continued)

1.2 (Continued)

1.2.1 Acquisitions (continued)

(a) Acquisitions of Crest Systems, Crest Analytic, Matrix Optics, Crest Lab and Matrix Innovations (continued)

On 17 January 2024, Crest had entered into a conditional share sale agreement for the following: (continued)

(iii) acquisition of the entire issued share capital of Matrix Optics of RM500,000 comprising 500,000 ordinary shares from the shareholders of Matrix Optics for a total purchase consideration of RM8,524,849 to be satisfied entirely via the allotment and issuance of 170,496,980 new Crest Shares at an issue price of RM0.05 per Crest Share.

The purchase consideration of RM8,524,849 was arrived at after taking into consideration of the audited NA of Matrix Optics as at 31 December 2022;

(iv) acquisition of the entire issued share capital of Crest Lab of RM1,000 comprising 1,000 ordinary shares from the shareholders of Crest Lab for a total purchase consideration of RM911,459 to be satisfied entirely via the allotment and issuance of 18,229,180 new Crest Shares at an issue price of RM0.05 per Crest Share.

The purchase consideration of RM911,459 was arrived at after taking into consideration of the audited NA of Crest Lab as at 31 December 2022; and

(v) acquisition of the entire issued share capital of Matrix Innovations of RM100,000 comprising 100,000 ordinary shares from the shareholders of Matrix Innovations for a total purchase consideration of RM2,762,879 to be satisfied entirely via the allotment and issuance of 55,257,580 new Crest Shares at an issue price of RM0.05 per Crest Share.

The purchase consideration of RM2,762,879 was arrived at after taking into consideration of the audited NA of Matrix Innovations as at 31 December 2022.

(b) Acquisition of Crest Nanosolutions

On 17 January 2024, Crest had entered into a conditional share sale agreement for the acquisition of the entire issued share capital of Crest Nanosolutions of RM500,000 comprising 500,000 ordinary shares from the shareholders of Crest Nanosolutions for a total purchase consideration of RM5,393,837 to be satisfied entirely via the allotment and issuance of 107,876,740 new Crest Shares at an issue price of RM0.05 per Crest Share.

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (*Cont'd*)

CREST GROUP BERHAD

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

1. (Continued)

1.2 (Continued)

1.2.1 Acquisitions (continued)

(b) Acquisition of Crest Nanosolutions (continued)

The purchase consideration of RM5,393,837 was arrived at after taking into consideration of the audited NA of Crest Nanosolutions as at 31 December 2022.

(c) Acquisition of Matrix Biosciences

On 17 January 2024, Crest had entered into a conditional share sale agreement for the acquisition of the entire issued share capital of Matrix Biosciences of RM100 comprising 100 ordinary shares from the shareholders of Matrix Biosciences for a total purchase consideration of RM3.

The purchase consideration of RM3 was arrived at after taking into consideration of the audited NA of Matrix Biosciences as at 31 December 2022. The purchase consideration of Matrix Biosciences is RM3 as the company is inactive.

(d) Acquisition of Crest Innovation

On 17 January 2024, Crest had entered into a conditional sale and purchase agreement for the acquisition of 70% of the issued share capital of Crest Innovation of USD29,700 (equivalent to RM97,015) comprising 40,000 ordinary shares from the shareholders of Crest Innovation for a total purchase consideration of RM1,123,777 to be satisfied entirely via the allotment and issuance of 22,475,540 new Crest Shares at an issue price of RM0.05 per Crest Share.

The purchase consideration of RM1,123,777 was arrived at after taking into consideration of the audited NA of Crest Innovation as at 31 December 2022 and deducting dividends.

(e) Acquisition of Crest Upstar

On 17 January 2024, Crest had entered into a conditional sale and purchase agreement for the acquisition of the entire issued share capital of Crest Upstar of USD1,114 (equivalent to RM3,511) comprising 1,500 ordinary shares from the shareholders of Crest Upstar for a total purchase consideration of SGD3 (equivalent to approximately RM10).

The purchase consideration of SGD3 (equivalent to approximately RM10) was arrived at after taking into consideration of the audited NA of Crest Upstar as at 31 December 2022. The purchase consideration of Crest Upstar is SGD3 (equivalent to approximately RM10) as the company is inactive.

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)

CREST GROUP BERHAD

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

1. (Continued)

1.2 (Continued)

1.2.1 **Acquisitions (continued)**

(f) Acquisition of Crest Thailand

On 17 January 2024, Crest had entered into a conditional share sale agreement for the acquisition of 100% of the ordinary shares of Crest Thailand of THB6,000,000 (equivalent to RM615,678) comprising 60,000 ordinary shares from the shareholders of Crest Thailand for a total purchase consideration of RM409,375 to be satisfied entirely via the allotment and issuance of 8,187,500 new Crest Shares at an issue price of RM0.05 per Crest Share.

The purchase consideration of RM409,375 was arrived at after taking into consideration of the audited NA of Crest Thailand as at 31 December 2022 and deducting dividends.

(g) Acquisition of Crest Suzhou

On 17 January 2024, Crest had entered into a conditional equity transfer agreement for the acquisition of 80% of the equity interest of Crest Suzhou of RMB1,800,000 (equivalent to RM826,380) from the shareholders of Crest Suzhou for a total purchase consideration of RM3,833,317 to be satisfied entirely via the allotment and issuance of 76,666,340 new Crest Shares at an issue price of RM0.05 per Crest Share.

The purchase consideration of RM3,833,317 was arrived at after taking into consideration of the audited NA of Crest Suzhou as at 31 December 2022.

The Acquisitions of Crest Systems, Crest Analytic, Matrix Optics, Crest Lab and Matrix Innovations, Acquisition of Crest Nanosolutions, Acquisition of Matrix Biosciences, Acquisition of Crest Innovation, Acquisition of Crest Upstar, Acquisition of Crest Thailand and Acquisition of Crest Suzhou are collectively referred to as the "Acquisitions".

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (*Cont'd*)

CREST GROUP BERHAD

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

1. (Continued)

1.2 (Continued)

1.2.2 Public Issue

The Public Issue of 130,705,300 new Crest Shares at the issue price of RM[●] per Share (“IPO Price”), representing 15.10% of the enlarged share capital of Crest, will be allocated in the following manner:

- (i) 43,280,000 new Issue Shares to be issued under the Public Issue (“Issue Share(s)”), representing 5.00% of enlarged share capital, will be offered to the Bumiputera Malaysian Public and the Malaysian Public;
- (ii) 12,984,000 Issue Shares, representing approximately 1.50% of enlarged share capital, will be made available for application by the eligible Directors and eligible employees of the Group; and
- (iii) 74,441,300 Issue Shares, representing 8.60% of enlarged share capital, will be made available for Ministry of Investment, Trade and Industry, Malaysia (“MITI”) approved Bumiputera investors.

(Collectively hereinafter referred to as “Public Issue”).

1.2.3 Offer for Sale

A total of 103,890,000 existing Crest Shares to be offered under Offer for Sale by way of private placement at RM[●], will be allocated in the following manner:

- (i) 33,758,700 existing Crest Shares, representing 3.90% of enlarged share capital are offered by the selling shareholders to MITI approved Bumiputera investors; and
- (ii) 70,131,300 existing Crest Shares, representing 8.10% of enlarged share capital are offered by the selling shareholders to Selected Investors.

1.2.4 Proposed Share Transfer

The Proposed Share Transfer, an internal reorganisation exercise of Crest, which involves a transfer of Crest Shares by Lim Siong Wai, Au Chun Mun and Yap Kian Meng to Climan, an investment holding company incorporated with the intention to hold their investment, during the prescription period.

1.2.5 Listing

Upon completion of the IPO, Crest’s entire enlarged issued share capital of approximately RM[●] comprising 865,598,000 Crest Shares will be listed on the ACE Market of Bursa Securities.

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (*Cont'd*)

CREST GROUP BERHAD

2. BASIS OF PREPARATION OF THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION

- 2.1 The pro forma combined statements of financial position have been prepared to illustrate the pro forma combined financial position of Crest and the combining entities as at 31 July 2023, adjusted for the Acquisitions, Public Issue, Offer for Sale and utilisation of proceeds as described in Notes 1.2 and 3.2.2 respectively.
- 2.2 The pro forma combined statements of financial position have been prepared based on the audited combined financial statements of the Group for the financial period ended ("FPE") 31 July 2023 and after adjusting for significant events subsequent to the financial period.

Significant events subsequent to the financial period

On 21 August 2023, Crest Thailand declared a single-tier dividend of THB14.26 per ordinary share amounting to RM0.11 million in respect of the financial year ended 31 December 2022, paid on 11 September 2023.

On 7 December 2023, Crest Systems declared a special final dividend of RM14.00 per ordinary share amounting to RM14.00 million in respect of the financial year ended 31 December 2022, paid on 12 December 2023.

- 2.3 The audited combined financial statements of the Group for the FPE 31 July 2023 were reported by the auditors to the members without any modifications.
- 2.4 The pro forma combined statements of financial position of the Group have been prepared for illustrative purposes only and, such information may not, because of its nature, give a true picture of the actual financial position and the results of the Group and does not purport to predict the future financial position and results of the Group.
- 2.5 The pro forma combined statements of financial position of the Group have been properly prepared on the basis set out in the accompanying notes to the pro forma combined statements of financial position based on the audited combined financial statements of the Group for FPE 31 July 2023, which have been prepared in accordance with the Malaysian Financial Reporting Standards and the International Financial Reporting Standards.

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)
CREST GROUP BERHAD
3. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF THE CREST

- 3.1 The pro forma combined statements of financial position of the Group as set out below, for which the directors of Crest are solely responsible, have been prepared for illustrative purposes only, to show the effects on the unaudited statement of financial position of Crest as at 9 August 2023 (being the date of incorporation of Crest), had the transactions as described in Note 1.2 and utilisation of proceeds as described in Note 3.2.2 been effected on that date, and should be read in conjunction with the notes accompanying thereto.

	Unaudited Statement of Financial Position as at 9 August 2023 (Date of incorporation) RM'000	Pro Forma I After the Acquisitions RM'000	Pro Forma II After Pro Forma I and the Public Issue and Offer for Sale RM'000	Pro Forma III After Pro Forma II and the Utilisation of Proceeds RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	-	4,091	4,091	4,091
Deferred tax assets	-	190	190	190
Total non-current assets	-	4,281	4,281	4,281
Current assets				
Inventories	-	22,695	22,695	22,695
Trade and other receivables	-	47,298	47,298	47,298
Current tax assets	-	1,560	1,560	1,560
Cash and short-term deposits	*	28,451	[•]	[•]
Total current assets	*	100,004	[•]	[•]
TOTAL ASSETS	*	104,285	[•]	[•]

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)
CREST GROUP BERHAD
3. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)
3.1 (Continued)

	Unaudited Statement of Financial Position as at 9 August 2023 (Date of incorporation) RM'000	Pro Forma I After the Acquisitions RM'000	Pro Forma II After Pro Forma I and the Public Issue and Offer for Sale RM'000	Pro Forma III After Pro Forma II and the Utilisation of Proceeds RM'000
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	*	36,745	[●]	[●]
Exchange reserve	-	677	677	677
Reorganisation reserve	-	(32,751)	(32,751)	(32,751)
Retained earnings	-	42,010	42,010	[●]
	*	46,681	[●]	[●]
Non-controlling interests	-	2,634	2,634	2,634
TOTAL EQUITY	*	49,315	[●]	[●]
Non-current liabilities				
Loans and borrowings	-	516	516	516
Provisions	-	645	645	645
Deferred tax liabilities	-	48	48	48
Total non-current liabilities	-	1,209	1,209	1,209
Current liabilities				
Loans and borrowings	-	302	302	302
Trade and other payables	-	49,516	49,516	49,516
Contract liabilities	-	801	801	801
Current tax liabilities	-	3,142	3,142	3,142
Total current liabilities	-	53,761	53,761	53,761
TOTAL LIABILITIES	-	54,970	54,970	54,970
TOTAL EQUITY AND LIABILITIES	*	104,285	[●]	[●]

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)
CREST GROUP BERHAD
3. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)
3.1 (Continued)

	Unaudited Statement of Financial Position as at 9 August 2023 (Date of incorporation)	Pro Forma I After the Acquisitions	Pro Forma II After Pro Forma I and the Public Issue and Offer for Sale	Pro Forma III After Pro Forma II and the Utilisation of Proceeds
Number of ordinary shares assumed to be in issue ('000)	1	734,893	865,598	865,598
Net assets ("NA")^ (RM'000)	-	46,681	[•]	[•]
NA per ordinary share (RM)	-	0.06	[•]	[•]
^ attributable to owners of the Company				

* *Less than RM1,000*

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)

CREST GROUP BERHAD

3. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)

3.2 Notes to the pro forma combined statements of financial position are as follows:

3.2.1 The pro forma combined statements of financial position of the Group, for which the directors of Crest are solely responsible, have been prepared for illustrative purposes only, to show the effects on the pro forma combined statements of financial position of the Group as at 31 July 2023, had the transactions as described in Note 1.2 and utilisation of proceeds as described in Note 3.2.2 been effected on that date, and should be read in conjunction with the notes accompanying thereto.

3.2.2 The proceeds from the Public Issue would be used in the following manner:

	RM'000	%
Set up of a new centralised headquarters	[●]	[●] within 36 months
Business expansion	[●]	[●] within 36 months
Purchase of additional demonstration equipment	[●]	[●] within 36 months
Expansion of technical support and maintenance team	[●]	[●] within 36 months
Estimated listing expenses	[●]	[●] within 3 months
	<u>[●]</u>	<u>[●]</u>

Notes:

(1) *As at the 17 January 2024, being latest practicable date for this letter, the Group has yet to enter into any contractual binding agreement or issue any purchase order in relation to the set up of a new centralised headquarters, business expansion, purchase of additional demonstration equipment and expansion of technical support and maintenance team. Accordingly, the utilisation of proceeds earmarked for the set up of a new centralised headquarters, business expansion, purchase of additional demonstration equipment and expansion of technical support and maintenance team are not reflected in the pro forma combined statements of financial position.*

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)

CREST GROUP BERHAD

3. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)

3.2 (Continued)

3.2.3 The pro forma combined statements of financial position should be read in conjunction with the notes below:

 (a) **Pro Forma I**

Pro Forma I incorporates the effects of the Acquisitions as described in Note 1.2.1 and after adjusting for significant events subsequent to the financial period as described in Note 2.2 on the pro forma combined statements of financial position of the Group as at 31 July 2023.

The reorganisation reserve of the Acquisitions are as below:

	RM'000
Purchase consideration	36,745
Less: Share capital of the proposed subsidiaries	(3,994)
	<hr/>
Reorganisation reserve	<u>32,751</u>

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)
CREST GROUP BERHAD
3. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)

3.2 (Continued)

3.2.3 (Continued)

(a) Pro Forma I (Continued)

The Acquisitions and significant events subsequent to the financial period had the following impact on the pro forma combined statements of financial position of Crest as at 31 July 2023.

	Increase/(Decrease)	
	Effects on Total Assets RM'000	Effects on Total Equity/ Liabilities RM'000
Property, plant and equipment	4,091	-
Deferred tax assets	190	-
Inventories	22,695	-
Trade and other receivables	47,298	-
Current tax assets	1,560	-
Cash and short-term deposits	28,451	-
Share capital	-	36,745
Exchange reserve	-	677
Reorganisation reserve	32,751	-
Retained earnings	-	42,010
Non-controlling interests	-	2,634
Loans and borrowings - non-current	-	516
Provisions	-	645
Deferred tax liabilities	-	48
Loans and borrowings - current	-	302
Trade and other payables	-	49,516
Contract liabilities	-	801
Current tax liabilities	-	3,142
	137,036	137,036

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (*Cont'd*)

CREST GROUP BERHAD

3. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)

3.2 (Continued)

3.2.3 (Continued)

(b) Pro Forma II

Pro Forma II incorporates the cumulative effects of Pro Forma I and the Public Issue and Offer for Sale as described in Notes 1.2.2 and 1.2.3 respectively.

The Public Issue will have the following impact on the pro forma combined statements of financial position of the Group as at 31 July 2023:

	Increase	
	Effects on Total Assets RM'000	Effects on Total Equity RM'000
Cash and short-term deposits	[●]	-
Share capital	-	[●]
	<u>[●]</u>	<u>[●]</u>

The Offer for Sale does not have an impact on the pro forma combined statements of financial position of the Group as at 31 July 2023.

(c) Pro Forma III

Pro Forma III incorporates the cumulative effects of Pro Forma II and the utilisation of proceeds from the Public Issue of RM[●] after netting off RM[●] of estimated listing expenses.

The remaining proceeds expected from the Public Issue of RM[●] will be used in the manner as described in Note 3.2.2.

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)
CREST GROUP BERHAD
3. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)

3.2 (Continued)

3.2.3 (Continued)

(c) Pro Forma III (continued)

The estimated listing expenses of RM[●] will be capitalised in the Share Capital Account as this is directly attributable expenses relating to the new issuance of shares and the remaining estimated listing expenses of RM[●] will be charged to the Retained Earnings Account.

The utilisation of proceeds will have the following impact on the pro forma combined statements of financial position of the Group as at 31 July 2023:

	Increase/(Decrease)	
	Effects on Total Assets RM'000	Effects on Total Equity/ Liabilities RM'000
Share capital	[●]	-
Retained earnings	[●]	-
Cash and short-term deposits	-	[●]
	<u>[●]</u>	<u>[●]</u>

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)
CREST GROUP BERHAD
3. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)

3.2 (Continued)

3.2.4 Movements in share capital and reserves are as follows:

	Share capital RM'000	Exchange reserve RM'000	Reorganisation reserve RM'000	Retained earnings RM'000
Pro Forma Statements of Financial Position of Crest as at 31 July 2023	*	-	-	-
Arising from the Acquisitions	36,745	677	(32,751)	42,010
As per Pro Forma I	36,745	677	(32,751)	42,010
Arising from the Public Issue and Offer for Sale	[●]	-	-	-
As per Pro Forma II	[●]	677	(32,751)	42,010
Arising from the defrayment of estimated listing expenses	[●]	-	-	[●]
As per Pro Forma III	[●]	677	(32,751)	[●]

 * *Less than RM1,000*

3.2.5 Movements in cash and short-term deposits are as follows:

	RM'000
Pro Forma Statements of Financial Position of Crest as at 31 July 2023	*
Arising from the Acquisitions	28,451
As per Pro Forma I	28,451
Arising from the Public Issue and Offer for Sale	[●]
As per Pro Forma II	[●]
Utilisation of proceeds	[●]
As per Pro Forma III	[●]

 * *Less than RM1,000*

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (Cont'd)

CREST GROUP BERHAD

APPROVAL BY BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of Crest Group Berhad in accordance with a resolution dated 17 January 2024.

.....
Lim Siong Wai
Director

.....
Au Chun Mun
Director

14. ACCOUNTANTS' REPORT

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA)
Chartered Accountants (AF 0117)
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur, Malaysia

17 January 2024

The Board of Directors
Crest Group Berhad
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One Puchong Business Park,
47160 Puchong,
Selangor Darul Ehsan.

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Dear Sirs/Madam,

Reporting Accountants' opinion on the Combined Financial Statements contained in the Accountants' Report of Crest Group Berhad ("Crest" or the "Company")

Opinion

We have audited the accompanying combined financial statements of the Company and its operating entities as defined in Note 2 to the combined financial statements (collectively referred to as the "Group"), which comprise of the combined statements of financial position as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 July 2023 of the Group, the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial years ended 31 December 2020, 31 December 2021, 31 December 2022 and financial period ended 31 July 2023, and notes to the combined financial statements, including a summary of significant accounting policies, as set out on pages 6 to 102.

In our opinion, the accompanying combined financial statements contained in the Accountants' Report of the Company gives a true and fair view of the combined financial positions of the Group as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 July 2023, and of its financial performance and its cash flows for the financial years/period then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines as issued by the Securities Commission Malaysia.

14. ACCOUNTANTS' REPORT (Cont'd)

CREST GROUP BERHAD
(Incorporated in Malaysia)

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Responsibilities of the Directors for the Combined Financial Statements

The directors of the Company are responsible for the preparation of the combined financial statements contained in the Accountants' Report of the Company, so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards and the International Financial Reporting Standards. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the combined financial statements of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements of the Group, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a Reporting Accountants' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

14. ACCOUNTANTS' REPORT (Cont'd)

CREST GROUP BERHAD
(Incorporated in Malaysia)

Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the combined financial statements of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Reporting Accountants' report to the related disclosures in the combined financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Reporting Accountants' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the combined financial statements of the Group, including the disclosures, and whether the combined financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

14. ACCOUNTANTS' REPORT (Cont'd)

CREST GROUP BERHAD
(Incorporated in Malaysia)

Other Matter

This report is made solely to the board of directors of the Company and has been prepared solely to comply with the Prospectus Guidelines – Equity issued by the Securities Commission Malaysia and for inclusion in the Prospectus of the Company in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad and should not be relied upon any other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to read "Baker Tilly Monteiro Heng".

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

A handwritten signature in black ink, appearing to read "Paul Tan Hong".

Paul Tan Hong
No. 03459/11/2025 J
Chartered Accountant

Kuala Lumpur

Date: 17 January 2024

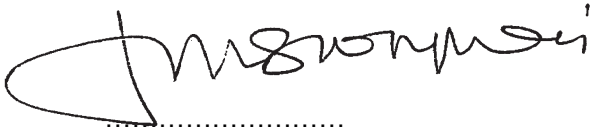
14. ACCOUNTANTS' REPORT (Cont'd)

CREST GROUP BERHAD
Accountants' Report

STATEMENT BY DIRECTORS

We, **LIM SIONG WAI** and **AU CHUN MUN**, being two of the directors of CREST GROUP BERHAD, do hereby state that in the opinion of the directors, the accompanying combined financial statements are drawn up in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial positions of the Group as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 July 2023 and of its financial performance and cash flows for the financial years/period then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:



.....
LIM SIONG WAI
Director



.....
AU CHUN MUN
Director

Kuala Lumpur

Date: 17 January 2024

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**COMBINED STATEMENTS OF FINANCIAL POSITION**

	Note	← Audited as at →			
		31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.07.2023 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	5,844	4,178	4,359	4,091
Deferred tax assets	6	-	-	178	190
Trade and other receivables	7	-	369	34	-
Total non-current assets		5,844	4,547	4,571	4,281
Current assets					
Inventories	8	10,262	14,385	16,174	22,695
Current tax assets		525	759	1,137	1,560
Trade and other receivables	7	44,192	53,436	40,162	47,298
Contract assets	9	211	-	284	-
Cash and short-term deposits	10	39,484	43,271	36,826	42,564
Total current assets		94,674	111,851	94,583	114,117
TOTAL ASSETS		100,518	116,398	99,154	118,398
EQUITY AND LIABILITIES					
Equity attributable to owners of the Group					
Invested equity	11	3,535	3,535	3,625	3,655
Exchange reserve	12	421	627	660	677
Retained earnings		49,595	47,310	46,770	54,802
		53,551	51,472	51,055	59,134
Non-controlling interests		6,212	6,482	3,340	4,294
TOTAL EQUITY		59,763	57,954	54,395	63,428

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**COMBINED STATEMENTS OF FINANCIAL POSITION (CONTINUED)**

	Note	← Audited as at →			
		31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.07.2023 RM'000
Non-current liabilities					
Lease liabilities	13	536	243	310	516
Provisions	14	363	417	551	645
Deferred tax liabilities	6	175	219	183	48
Total non-current liabilities		1,074	879	1,044	1,209
Current liabilities					
Lease liabilities	13	631	451	422	302
Current tax liabilities		1,139	2,804	2,800	3,142
Trade and other payables	15	36,493	51,983	39,390	49,516
Contract liabilities	9	1,418	2,327	1,103	801
Total current liabilities		39,681	57,565	43,715	53,761
TOTAL LIABILITIES		40,755	58,444	44,759	54,970
TOTAL EQUITY AND LIABILITIES		100,518	116,398	99,154	118,398

The accompanying notes form an integral part of these combined financial statements.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**COMBINED STATEMENTS OF COMPREHENSIVE INCOME**

	Note	← Audited → FYE 31 December			Audited	Unaudited
		2020 RM'000	2021 RM'000	2022 RM'000	FPE 31 July 2023 RM'000	2022 RM'000
Revenue	16	124,425	148,410	170,202	102,876	93,015
Cost of sales		(87,871)	(105,024)	(124,501)	(74,603)	(68,088)
Gross profit		36,554	43,386	45,701	28,273	24,927
Other income	17	1,770	809	1,120	588	1,138
Administrative expenses		(12,996)	(13,093)	(14,759)	(10,723)	(7,136)
Sales and marketing expenses		(8,539)	(8,672)	(8,757)	(5,380)	(4,673)
Operating profit		16,789	22,430	23,305	12,758	14,256
Finance cost	18	(68)	(76)	(47)	(21)	(21)
Profit before tax	19	16,721	22,354	23,258	12,737	14,235
Income tax expense	21	(3,219)	(4,982)	(5,275)	(2,694)	(3,016)
Profit for the financial year/period		13,502	17,372	17,983	10,043	11,219
Other comprehensive (loss)/income, net of tax						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange differences on translation of foreign operations	22	(180)	134	41	43	229
Other comprehensive (loss)/income for the financial year/period		(180)	134	41	43	229
Total comprehensive income for the financial year/period		13,322	17,506	18,024	10,086	11,448
Profit attributable to:						
Owners of the Group		11,926	15,920	17,307	8,554	10,517
Non-controlling interests		1,576	1,452	676	1,489	702
		13,502	17,372	17,983	10,043	11,219
Total comprehensive income attributable to:						
Owners of the Group		11,779	16,126	17,340	8,571	10,734
Non-controlling interests		1,543	1,380	684	1,515	714
		13,322	17,506	18,024	10,086	11,448
Earnings per share (RM)						
- Basic and diluted	23	2.86	3.81	4.14	1.99	2.52

The accompanying notes form an integral part of these combined financial statements.

14. ACCOUNTANTS' REPORT (Cont'd)

CREST GROUP BERHAD
Accountants' Report

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Note	Invested equity RM'000	Attributable to owners of the Group	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
			Exchange reserve RM'000	Retained earnings RM'000		
At 1 January 2020		3,535	568	39,094	4,744	47,941
Total comprehensive income for the financial year		-	-	11,926	1,576	13,502
Profit for the financial year		-	(147)	-	(33)	(180)
Other comprehensive income for the financial year	22	-	(147)	11,926	1,576	13,322
Transactions with owners		-	-	(1,425)	(75)	(1,500)
Dividends paid on shares	24	-	-	(1,425)	(75)	(1,500)
At 31 December 2020		3,535	421	49,595	6,212	59,763

14. ACCOUNTANTS' REPORT (Cont'd)

CREST GROUP BERHAD
Accountants' Report

COMBINED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	Note	Invested equity RM'000	Attributable to owners of the Group	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
			Exchange reserve RM'000	Retained earnings RM'000		
At 1 January 2021		3,535	421	49,595	6,212	59,763
Total comprehensive income for the financial year						
Profit for the financial year		-	-	15,920	1,452	17,372
Other comprehensive income for the financial year	22	-	206	-	(72)	134
Transaction with owners						
Dividends paid on shares	24	-	-	(18,205)	(1,110)	(19,315)
At 31 December 2021		3,535	627	47,310	6,482	57,954

14. ACCOUNTANTS' REPORT (Cont'd)

CREST GROUP BERHAD
Accountants' Report

COMBINED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	Note	Invested equity RM'000	Attributable to owners of the Group			Non-controlling interests RM'000	Total equity RM'000
			Exchange reserve RM'000	Retained earnings RM'000	Sub-total RM'000		
At 1 January 2022		3,535	627	47,310	51,472	6,482	57,954
Total comprehensive income for the financial year							
Profit for the financial year		-	-	17,307	17,307	676	17,983
Other comprehensive income for the financial year	22	-	33	-	33	8	41
		-	33	17,307	17,340	684	18,024
Transactions with owners							
Dividends paid on shares	24	-	-	(21,328)	(21,328)	(255)	(21,583)
Change in ownership interests in the combining entities		90	-	3,481	3,571	(3,571)	-
		90	-	(17,847)	(17,757)	(3,826)	(21,583)
At 31 December 2022		3,625	660	46,770	51,055	3,340	54,395

14. ACCOUNTANTS' REPORT (Cont'd)

CREST GROUP BERHAD
Accountants' Report

COMBINED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	Note	Invested equity RM'000	Attributable to owners of the Group	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
			Exchange reserve RM'000	Retained earnings RM'000		
At 1 January 2023		3,625	660	46,770	3,340	54,395
Total comprehensive income for the financial period						
Profit for the financial period		-	-	8,554	1,489	10,043
Other comprehensive income for the financial period	22	-	17	-	26	43
		-	17	8,554	1,515	10,086
Transactions with owners						
Issuance of ordinary shares		-	-	-	297	297
Dividends paid on shares	24	-	-	(1,060)	(264)	(1,324)
Change in ownership interests in the combining entities		30	-	538	(594)	(26)
		30	-	(522)	(561)	(1,053)
At 31 July 2023		3,655	677	54,802	4,294	63,428

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**COMBINED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**

	Note	Invested equity RM'000	Exchange reserve RM'000	Retained earnings RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2022		3,535	627	47,310	51,472	6,482	57,954
Total comprehensive income for the financial period							
Profit for the financial period		-	-	10,517	10,517	702	11,219
Other comprehensive income for the financial period	22	-	217	-	217	12	229
		-	217	10,517	10,734	714	11,448
Transactions with owners							
Dividends paid on shares	24	-	-	(3,895)	(3,895)	(205)	(4,100)
At 31 July 2022 (Unaudited)		3,535	844	53,932	58,311	6,991	65,302

The accompanying notes form an integral part of these combined financial statements.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**COMBINED STATEMENTS OF CASH FLOWS**

Note	← Audited →			Audited	Unaudited
	FYE 31 December			FPE 31 July	
	2020	2021	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
	16,721	22,354	23,258	12,737	14,235
Profit before tax					
Adjustments for:					
Depreciation of property, plant and equipment	2,293	2,146	2,062	1,180	1,128
(Gain)/Loss on disposal of property, plant and equipment	(590)	(72)	(79)	1	-
Unrealised loss/(gain) on foreign exchange	85	580	(403)	(93)	(776)
Impairment loss on trade receivables	10	4	(8)	111	-
Finance cost	68	76	47	21	21
Finance income	(290)	(360)	(229)	(251)	(142)
Bad debts written off	-	-	115	-	-
Inventories written off	-	32	29	-	-
Reversal of inventories written off	-	-	(100)	-	-
Property, plant and equipment written off	-	-	-	8	-
Operating profit before changes in working capital	18,297	24,760	24,692	13,714	14,466
<u>Changes in working capital:</u>					
Inventories	(1,724)	(4,188)	(1,664)	(6,317)	(303)
Trade and other receivables	(3,587)	(14,671)	794	(7,139)	(15,060)
Contract assets	(220)	217	(280)	292	-
Trade and other payables	438	15,351	(3,652)	9,840	7,027
Contract liabilities	951	897	(1,251)	(309)	(1,875)
Net cash generated from operations	14,155	22,366	18,639	10,081	4,255
Income tax paid	(3,169)	(3,534)	(5,885)	(2,901)	(2,500)
Interest received	290	360	229	251	142
Net cash from operating activities	11,276	19,192	12,983	7,431	1,897
Cash flows from investing activities					
Purchase of property, plant and equipment	(a) (3,493)	(275)	(1,643)	(450)	(1,450)
Proceeds from disposal of property, plant and equipment	2,064	73	185	5	178
Proceeds from acquisition of equity interest by non-controlling interests	-	-	-	270	-
Change in pledged deposits	9,007	(1,471)	155	(236)	698
Net cash from/(used in) investing activities	7,578	(1,673)	(1,303)	(411)	(574)

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)**

	Note	← Audited → FYE 31 December			Audited	Unaudited
		2020	2021	2022	FPE 31 July 2023	2022
		RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities	(b)					
Repayment of lease liabilities		(691)	(726)	(634)	(368)	(296)
Net changes in amount owing by a related company		(9,133)	4,180	13,140	-	13,140
Net changes in amount owing to directors		(2,169)	(614)	(7,384)	-	(5,351)
Net changes in amount owing to shareholders		-	900	(1,710)	-	-
Dividends paid		(1,500)	(19,315)	(21,583)	(1,324)	(4,100)
Interest paid		(68)	(76)	(47)	(21)	(21)
Net cash (used in)/from financing activities		(13,561)	(15,651)	(18,218)	(1,713)	3,372
Net increase/(decrease) in cash and cash equivalents		5,293	1,868	(6,538)	5,307	4,695
Cash and cash equivalents at the beginning of the financial year		29,505	34,531	36,847	30,557	36,847
Effects of exchange rate changes		(267)	448	248	195	371
Cash and cash equivalents at the end of the financial year	10	34,531	36,847	30,557	36,059	41,913

- (a) During the financial years/period, the Group made the following cash payments to purchase of property, plant and equipment:

	Note	← Audited → FYE 31 December			Audited	Unaudited
		2020	2021	2022	FPE 31 July 2023	2022
		RM'000	RM'000	RM'000	RM'000	RM'000
Purchase of property, plant and equipment	5	4,261	535	2,308	882	2,098
Operating lease recognised as right-of-use assets		(768)	(260)	(348)	(432)	(648)
Financed by way of lease arrangements		-	-	(317)	-	-
Cash payments on purchase of property, plant and equipment		3,493	275	1,643	450	1,450

14. ACCOUNTANTS' REPORT (Cont'd)

CREST GROUP BERHAD
Accountants' Report

COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

- (b) Changes in liabilities arising from financing activities comprise of repayment of lease liabilities, net changes in amount owing by a related company, amount owing to directors, amount owing to shareholders and payment of dividend. There were no non-cash changes in liabilities arising from financing activities.
- (c) Total cash outflow for leases:

During the financial years/period, the Group has total cash outflow for leases of RM756,553 (31.12.2022: RM1,204,286; 31.12.2021: RM1,355,810 and 31.12.2020: RM1,312,983).

The accompanying notes form an integral part of these combined financial statements.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS****1. GENERAL INFORMATION**

Crest Group Berhad ("Crest" or the "Company") was incorporated on 9 August 2023 as a private limited liability company and is domiciled in Malaysia. The Company was converted to a public company limited by shares and assumed its present name on 8 December 2023. The registered office of the Company is located at 12th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor. The principal place of business of the Company is located at 1, Jalan OP 1/2, One Puchong Business Park 47160 Puchong, Selangor, Malaysia.

The principal activity of the Company is investment holding. The details of the operating entities for the purposes of the listing on the ACE Market of Bursa Malaysia Securities Berhad are as follows:

Operating entities	Principal place of business/ country of incorporation	Effective equity interest (%)				Principal activities
		31.12.2020	31.12.2021	31.12.2022	31.07.2023	
Crest Systems (M) Sdn. Bhd. ("Crest Systems")	Malaysia	91	91	100	100	Engaged in distribution, installation and commissioning of scientific equipment and provision of advanced imaging, and analytical solutions as well as after sales services such as training and technical support.
Crest Analytic Sdn. Bhd. ("Crest Analytic")	Malaysia	70	70	70	70	Engaged in distribution, installation and commissioning of analytical and imaging equipment and provision of after sales services such as training and technical support.
Crest Nanosolutions (M) Sdn. Bhd. ("Crest Nanosolutions")	Malaysia	95	95	95	95	Engaged in distribution, installation and commissioning of analytical and imaging equipment and provision of after sales services such as training and technical support.
Matrix Optics (M) Sdn. Bhd. ("Matrix Optics")	Malaysia	95	95	95	100	Engaged in distribution, installation and commissioning of healthcare and life science related equipment and provision of after sales services such as training and technical support.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****1. GENERAL INFORMATION (CONTINUED)**

Operating entities	Principal place of business/ country of incorporation	Effective equity interest (%)				Principal activities
		31.12.2020	31.12.2021	31.12.2022	31.07.2023	
Matrix Biosciences (M) Sdn. Bhd. ("Matrix Biosciences")	Malaysia	100	100	100	100	Previously, the principal activities were to engage in repairing and servicing of healthcare and life science related equipment. The Company has ceased business in 2023.
Crest Lab Sdn. Bhd. ("Crest Lab")	Malaysia	100	100	100	100	Engaged in distribution, installation and commissioning of laboratory equipment, quality control scanning services and provision of after sales services such as training and technical support.
Matrix Innovations (M) Sdn. Bhd. ("Matrix Innovations")	Malaysia	95	95	95	100	Engaged in distribution, installation and commissioning of optical and portable imaging equipment and provision of after sales services such as training and technical support.
Crest Innovation (S) Pte. Ltd. ("Crest Innovation")*	Singapore	80	80	80	70	Engaged in distribution, installation and commissioning of scientific equipment and provision of advanced imaging and analytical solutions as well as after sales services such as training and technical support.
Crest Upstar Pte. Ltd. ("Crest Upstar")*	Singapore	100	100	100	100	Previously, the principal activities were to engage in distribution, installation and commissioning of scientific equipment and provision of advanced imaging and analytical solutions as well as after sales service such as training and technical support. The Company has ceased business in 2023.
Crest Nanosolution (Thailand) Co., Ltd. ("Crest Thailand")*	Thailand	49	49	49	49	Engaged in distribution, installation and commissioning of imaging and analytical equipment and provision of after sales services such as training and technical support.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****1. GENERAL INFORMATION (CONTINUED)**

Operating entities	Principal place of business/ country of incorporation	Effective equity interest (%)				Principal activities
		31.12.2020	31.12.2021	31.12.2022	31.07.2023	
Crest Systems (Suzhou) Co., Ltd. ("Crest Suzhou")*	China	80	80	80	80	Engaged in distribution, installation and commissioning of scientific equipment and provision of advanced imaging and analytical solutions as well as after sales services such as training and technical support.

* *Audited by an independent network firm of Baker Tilly International*

There have been no significant changes in the nature of these activities during the financial years/period under review.

The combined financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 17 January 2024.

(a) Movement of equity interests in Crest Systems

On 14 December 2022, the directors of Crest acquired the remaining 9% equity interest, representing 90,000 ordinary shares in Crest Systems for a cash consideration of RM2,500,000. The effective ownership in Crest Systems increased from 91% to 100% as a result of the additional shares acquired.

(b) Movement of equity interests in Matrix Optics

On 24 February 2023, the directors of Crest acquired 5% equity interest, representing 25,000 ordinary shares in Matrix Optics for a cash consideration of RM361,445. The effective ownership in Matrix Optics increased from 95% to 100% as a result of the additional shares acquired.

(c) Movement of equity interests in Matrix Innovations

On 24 February 2023, a director of Crest acquired 5% equity interest, representing 5,000 ordinary shares in Matrix Innovations for a cash consideration of RM96,729. The effective ownership in Matrix Innovations increased from 95% to 100% as a result of the additional shares acquired.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****1. GENERAL INFORMATION (CONTINUED)****(d) Movement of equity interests in Crest Innovation**

On 13 April 2023, Crest Innovation issued 7,143 ordinary shares at a price of SGD11.41 per ordinary share. The effective ownership in Crest Innovation decreased from 80% to 70% as a result of the dilution of shares.

(e) Non-controlling interests of the operating entities

The financial information of the Group's operating entities that have non-controlling interests are as follows:

Equity interest held by non-controlling interests:

Name of company	Ownership interest			
	31.12.2020 (%)	31.12.2021 (%)	31.12.2022 (%)	31.07.2023 (%)
Crest Systems	9	9	-	-
Crest Analytic	30	30	30	30
Crest Nanosolutions	5	5	5	5
Matrix Optics	5	5	5	-
Matrix Innovations	5	5	5	-
Crest Innovation	20	20	20	30
Crest Thailand	51	51	51	51
Crest Suzhou	20	20	20	20

Carrying amount of non-controlling interests:

Name of company	Audited as at			
	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.07.2023 RM'000
Crest Systems	2,491	2,418	-	-
Crest Analytic	483	473	474	562
Crest Nanosolutions	446	395	270	258
Matrix Optics	347	361	426	-
Matrix Innovations	71	97	138	-
Crest Innovation	270	473	590	723
Crest Thailand	1,693	1,502	484	1,403
Crest Suzhou	411	763	958	1,348

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****1. GENERAL INFORMATION (CONTINUED)****(e) Non-controlling interests of the operating entities (continued)**

The financial information of the Group's operating entities that has a non-controlling interest is as follows (continued):

Profit or loss allocated to non-controlling interests:

Name of company	← Audited →			
	2020 RM'000	FYE 31 December 2021 RM'000	2022 RM'000	FPE 31 July 2023 RM'000
Crest Systems	527	827	1,153	-
Crest Analytic	43	51	-	88
Crest Nanosolutions	19	24	75	(12)
Matrix Optics	71	90	120	-
Matrix Innovations	22	26	41	-
Crest Innovation	69	202	118	130
Crest Thailand	334	(192)	(1,018)	919
Crest Suzhou	458	352	195	390

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****1. GENERAL INFORMATION (CONTINUED)****(f) Summarised financial information of material non-controlling interests**

The summarized financial information (before intra-group elimination) of the Group's operating entities that have material non-controlling interests as are follows:

	Crest Systems RM'000	Crest Analytic RM'000	Crest Nanosolutions RM'000	Matrix Optics RM'000	Matrix Innovations RM'000	Crest Innovation RM'000	Crest Thailand RM'000	Crest Suzhou RM'000
Summarised statement of financial position								
As at 31 December 2020								
Assets and liabilities:								
Non-current assets	1,901	6	8	1,911	284	157	1,235	242
Current assets	49,882	1,890	10,618	8,953	2,761	5,668	8,118	6,512
Non-current liabilities	(423)	(1)	*	(71)	(14)	-	(540)	(17)
Current liabilities	(23,676)	(287)	(1,702)	(3,856)	(1,606)	(4,477)	(5,493)	(4,683)
Net assets	27,684	1,608	8,924	6,937	1,425	1,348	3,320	2,054
Summarised statement of comprehensive income								
FYE 31 December 2020								
Revenue	72,147	1,422	5,775	12,057	3,365	10,326	19,073	12,157
Profit for the financial year	5,852	142	371	1,424	445	381	708	2,284
Summarised cash flow information								
FYE 31 December 2020								
Assets and liabilities:								
Cash flows (used in)/from operating activities	(655)	(543)	(4,997)	4,168	437	1,825	(100)	2,541
Cash flows from/(used in) investing activities	933	-	-	(2,281)	(152)	(18)	114	(8)
Cash flows (used in)/from financing activities	(358)	-	4,461	(1,500)	-	(148)	(1,590)	-
Net (decrease)/increase in cash and cash equivalents	(80)	(543)	(536)	387	285	1,659	(1,576)	2,533

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****1. GENERAL INFORMATION (CONTINUED)****(f) Summarised financial information of material non-controlling interests (continued)**

The summarized financial information (before intra-group elimination) of the Group's operating entities that have material non-controlling interests as are follows: (continued)

	Crest Systems RM'000	Crest Analytic RM'000	Crest Nanosolutions RM'000	Matrix Optics RM'000	Matrix Innovations RM'000	Crest Innovation RM'000	Crest Thailand RM'000	Crest Suzhou RM'000
Summarised statement of financial position								
As at 31 December 2021								
Assets and liabilities:								
Non-current assets	1,189	4	373	1,483	249	271	791	94
Current assets	59,101	1,742	8,568	8,338	5,007	8,042	13,395	11,930
Non-current liabilities	(277)	(1)	*	(28)	(19)	(57)	(480)	-
Current liabilities	(33,142)	(167)	(1,036)	(2,564)	(3,302)	(5,896)	(10,761)	(8,209)
Net assets	26,871	1,578	7,905	7,229	1,935	2,360	2,945	3,815
Summarised statement of comprehensive income								
FYE 31 December 2021								
Revenue	89,573	2,811	5,910	11,985	3,359	9,789	27,385	19,512
Profit/(loss) for the financial year	9,187	170	480	1,791	510	957	(148)	1,596
Summarised cash flow information								
FYE 31 December 2021								
Assets and liabilities:								
Cash flows from/(used in) operating activities	11,287	676	4,529	2,022	1,348	1,686	656	(1,148)
Cash flows used in investing activities	(50)	-	-	(139)	(4)	(8)	(399)	(3)
Cash flows used in financing activities	(10,321)	(200)	(1,529)	(1,500)	-	(141)	(114)	-
Net increase/(decrease) in cash and cash equivalents	916	476	3,000	383	1,344	1,537	143	(1,151)

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****1. GENERAL INFORMATION (CONTINUED)****(f) Summarised financial information of material non-controlling interests (continued)**

The summarized financial information (before intra-group elimination) of the Group's operating entities that have material non-controlling interests as are follows: (continued)

	Crest Analytic RM'000	Crest Nanosolutions RM'000	Matrix Optics RM'000	Matrix Innovations RM'000	Crest Innovation RM'000	Crest Thailand RM'000	Crest Suzhou RM'000
Summarised statement of financial position							
As at 31 December 2022							
Assets and liabilities:							
Non-current assets	2	7	1,017	328	129	1,163	280
Current assets	2,965	7,019	10,559	3,697	4,955	11,712	11,728
Non-current liabilities	(1)	*	-	(35)	-	(717)	(145)
Current liabilities	(1,387)	(1,632)	(3,052)	(1,227)	(2,132)	(11,210)	(7,071)
Net assets	1,579	5,394	8,524	2,763	2,952	948	4,792
Summarised statement of comprehensive income							
FYE 31 December 2022							
Revenue	1,644	8,620	14,428	5,752	8,847	15,423	19,610
Profit/(loss) for the financial year	1	1,490	2,396	828	466	(2,029)	1,146
Summarised cash flow information							
FYE 31 December 2022							
Assets and liabilities:							
Cash flows (used in)/from operating activities	(100)	1,600	27	(1,787)	(1,895)	1,361	2,242
Cash flows used in investing activities	-	(5)	(30)	(127)	(12)	(663)	(7)
Cash flows used in financing activities	-	(4,019)	(1,150)	-	(145)	(2,231)	-
Net (decrease)/increase in cash and cash equivalents	(100)	(2,424)	(1,153)	(1,914)	(2,052)	(1,533)	2,235

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****1. GENERAL INFORMATION (CONTINUED)****(f) Summarised financial information of material non-controlling interests (continued)**

The summarized financial information (before intra-group elimination) of the Group's operating entities that have material non-controlling interests as are follows:
(continued)

	Crest Analytic RM'000	Crest Nanosolutions RM'000	Crest Innovation RM'000	Crest Thailand RM'000	Crest Suzhou RM'000
Summarised statement of financial position					
As at 31 July 2023					
Assets and liabilities:					
Non-current assets	-	6	512	1,079	216
Current assets	2,771	5,869	5,826	13,486	15,881
Non-current liabilities	(1)	*	(276)	(786)	(99)
Current liabilities	(898)	(720)	(3,652)	(11,029)	(9,256)
Net assets	1,872	5,155	2,410	2,750	6,742
Summarised statement of comprehensive income					
FPE 31 July 2023					
Revenue	3,071	2,339	6,087	19,679	18,703
Profit/(loss) for the financial period	294	(240)	450	1,760	2,006
Summarised cash flow information					
FPE 31 July 2023					
Assets and liabilities:					
Cash flows (used in)/from operating activities	(22)	1,576	(307)	6,144	(2,015)
Cash flows used in investing activities	-	-	(55)	(165)	(11)
Cash flows used in financing activities	-	(19)	(1,152)	(102)	(104)
Net (decrease)/increase in cash and cash equivalents	(22)	1,557	(1,514)	5,877	(2,130)

* *Less than RM1,000*

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**2. BASIS OF PREPARATION**

The combined financial statements of Crest consist of the financial statements of the following entities under common control which is accounted using merger method of accounting (collectively hereinafter referred to as the "Group") for each of the financial year/period.

Entities under Common Control	FYE 31 December			FPE 31 July	
	2020	2021	2022	2022	2023
Crest Systems	√, #	√, #	√, &	@	√, &
Crest Analytic	√, #	√, #	√, &	@	√, &
Crest Nanosolutions	√, #	√, #	√, &	@	√, &
Matrix Optics	√, #	√, #	√, &	@	√, &
Matrix Biosciences	√, #	√, #	√, &	@	√, &
Crest Lab	√, #	√, #	√, &	@	√, &
Matrix Innovations	√, #	√, #	√, &	@	√, &
Crest Innovation	α, +	α, +	α, +	β	α, +
Crest Upstar	α, +	α, +	α, +	β	α, +
Crest Thailand	α, +	α, +	α, +	β	α, +
Crest Suzhou	α, +	α, +	α, +	β	α, +

- √ *The combined financial statements of the Group include the financial statements of these operating entities prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and the International Financial Reporting Standards ("IFRSs") for the respective financial year/period.*
- α *The combined financial statements of the Group include the financial statements of these operating entities prepared in accordance with the International Financial Reporting Standards ("IFRSs") for the respective financial year/period.*
- # *The combined financial statements of the Group for FYE 31 December 2020 and 31 December 2021 have been prepared based on the audited financial statements which were re-audited by Baker Tilly Monteiro Heng PLT for the purpose of inclusion into the combined financial statements of the Group. The audited financial statements which were lodged with Companies Commission of Malaysia were audited by a firm of chartered accountants other than Baker Tilly Monteiro Heng PLT.*
- + *The combined financial statements of the Group for the respective financial years/period have been prepared based on the audited financial statements which were audited by an independent member firm of Baker Tilly International.*
- & *The combined financial statements of the Group for the financial year/period have been prepared based on the audited financial statements which were audited by Baker Tilly Monteiro Heng PLT.*
- @ *The combined statement of comprehensive income, combined statement of changes in equity, combined statement of cash flows and notes to the combined financial statements of the Group include the statement of comprehensive income, statement of changes in equity, statement of cash flows and notes to the financial statements of these combining entities prepared in accordance with the MFRSs and IFRSs for the respective financial period.*

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****2. BASIS OF PREPARATION (CONTINUED)**

β *The combined statement of comprehensive income, combined statement of changes in equity, combined statement of cash flows and notes to the combined financial statements of the Group include the statement of comprehensive income, statement of changes in equity, statement of cash flows and notes to the financial statements of these combining entities prepared in accordance with the IFRSs for the respective financial period.*

The audited financial statements of all the operating entities within the Group for the relevant years/period reported above were not subject to any modifications.

The combined financial statements of the Group for the relevant periods were prepared in a manner as if the entities under common control were operating as a single economic enterprise from the beginning of the earliest comparative period covered by the relevant period or the dates of incorporation of the entities within the Group, if later.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory ("commonly controlled entities"). Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the commonly controlled entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The financial information presented in the combined financial statements may not correspond to those in the combined financial statements of the Group had the relevant transactions to legally constitute a group been incorporated in the combined financial statements for the respective financial years/period. Such financial information in the combined financial statements does not purport to predict the financial position, results and the cash flows of the entities under common control for those financial years/period.

The combined financial statements are prepared under the historical cost convention except otherwise indicated in the summary of significant accounting policies.

The accounting policies applied by the Group are consistently applied for all the financial years/period presented in these combined financial statements.

2.1 Statement of compliance

The combined financial statements of the Group have been prepared in accordance with the MFRSs and IFRSs.

2.2 Adoption of amendments/improvements to MFRSs

The adoption of amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and did not result in significant changes to the Group's existing accounting policies.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****2. BASIS OF PREPARATION (CONTINUED)****2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective**

- (a) The Group has not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective:

<u>New MFRS</u>		Effective for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of MFRSs	1 January 2023 [#]
MFRS 3	Business Combinations	1 January 2023 [#]
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 [#]
MFRS 7	Financial Instruments: Disclosures	1 January 2023 [#] / 1 January 2024
MFRS 9	Financial Instruments	1 January 2023 [#]
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023 [#]
MFRS 16	Leases	1 January 2024
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2024
MFRS 107	Statements of Cash Flows	1 January 2023 [#] / 1 January 2024
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2023 [#]
MFRS 119	Employee Benefits	1 January 2023 [#]
MFRS 121	The Effect of Changes in Foreign Exchange Rate	1 January 2025
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023 [#]
MFRS 132	Financial Instruments: Presentation	1 January 2023 [#]
MFRS 136	Impairment of Assets	1 January 2023 [#]
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023 [#]
MFRS 138	Intangible Assets	1 January 2023 [#]
MFRS 140	Investment Property	1 January 2023 [#]

[#] Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****2. BASIS OF PREPARATION (CONTINUED)****2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)**

- (b) The Group plans to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group are summarised below:

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 16 Leases

The amendments clarify how an entity should subsequently measure the leaseback liability that arise in a sale and leaseback transaction. Although MFRS 16 includes requirements on how account for a sale and leaseback at the date the transaction takes place, it has not specified how to measure the sale and leaseback transaction when reporting after that date.

The amendments add subsequent measurement requirements for the right-of-use assets and lease liability arising from a sale and leaseback transaction by clarifying that a seller-lessee in a sale and leaseback transaction shall apply paragraphs 29 to 35 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 to the lease liability arising from the leaseback. The amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****2. BASIS OF PREPARATION (CONTINUED)****2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)**

- (b) The Group plans to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group are summarised below: (continued)

Amendments to MFRS 101 Presentation of Financial Statements (continued)

In another amendments, an entity is required to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

The latest amendments to MFRS 101 clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. As such, the amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements.

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

Amendments to MFRS 112 Income Taxes

The amendments specify how an entity should account for deferred tax on transactions such as leases and decommissioning obligation.

In specified circumstances, MFRS 112 exempts an entity from recognising deferred tax when it recognises assets or liabilities for the first time. There had been some uncertainties about whether the exemption from recognising deferred tax applied to transactions such as leases and decommissioning obligations – transactions for which an entity recognises both an asset and a liability. The amendments clarify that the exemption does not apply and that entity is required to recognise deferred tax on such transactions.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****2. BASIS OF PREPARATION (CONTINUED)****2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)**

- (b) The Group plans to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group are summarised below: (continued)

Amendments to MFRS 112 Income Taxes (continued)

In another amendments, it gives entities temporary relief from recognising and disclosing accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's ("OECD") international tax reform; and introduces targeted disclosure requirements to help investors better understand an entity's exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.

Applying the temporary relief, entities neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The relief will help to ensure consistency in the financial statements while easing into the implementation of the rules by allowing time for entities to assess how they are affected.

Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 107 and MFRS 7 respond to investors' concerns that some supplier finance arrangements – also referred to as supply chain finance, trade payables finance or reverse factoring arrangements – used by entities are not sufficiently visible, hindering investors' analysis.

The disclosure requirements require entities to disclose information that would enable users of financial statements to assess how supplier finance arrangements affect an entity's operations; including the effects supplier finance arrangements have on an entity's liability, cash flows and exposures to liquidity risk. The new disclosure requirements would also inform users of financial statements on how an entity might be affected if the arrangements were no longer available to it.

Amendments to MFRS 121 The Effect of Changes in Foreign Exchange Rates

Amendments to MFRS 121 respond to the stakeholder feedback and concerns about diversity in practice in accounting for a lack of exchangeability between currencies.

Applying the Amendments, entities will be applying a consistent approach in determining if a currency can be exchanged into another currency. These amendments provide guidance on the spot exchange rate to use when a currency is not exchangeable into another currency and the disclosures entities need to provide to enable users of financial statements to understand the impact on the entities' financial performance, financial position and cash flows as a result of a currency being not exchangeable into another currency.

- (c) The initial application of the above applicable new MFRS and amendments/improvements to MFRSs are not expected to have any material impact on the combined financial statements.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****2. BASIS OF PREPARATION (CONTINUED)****2.4 Functional and presentation currency**

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The combined financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been round to the nearest thousand, unless otherwise stated.

2.5 Basis of measurement

The combined financial statements of the Group have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years/period presented in the combined financial statements of the Group.

3.1 Basis of combination

The combined financial statements comprise the financial statements of Crest, Crest Systems, Crest Analytic, Crest Nanosolutions, Matrix Optics, Matrix Biosciences, Crest Lab, Matrix Innovations, Crest Innovation, Crest Upstar, Crest Thailand and Crest Suzhou. The financial statements used in the preparation of the combined financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

Entities under a reorganisation do not result in any change in economic substance. Accordingly, the combined financial statements of the Group is a continuation of the Group and is accounted for as follows:

- the assets and liabilities of the acquired entity is recognised and measured in the combined financial statements at the pre-combination carrying amounts, without restatement to fair value;
- the retained earnings, and other equity balances of acquired entity is immediately before the business combination are those of the Group; and
- the equity structure, however, reflects the equity structure of the Group and the differences arising from the change in equity structure of the Group will be accounted for in other reserves.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.1 Basis of combination (continued)****(a) Business combination**

The Group applies the merger method of accounting.

A business combination involving entities under common control is a business combination in which all the combining entities are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Combining entities acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of subsidiaries are presented as if the business combination had been affected throughout the current and previous financial years/period. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On combination, the difference between costs of acquisition over the nominal value of share capital of the subsidiaries is taken to merger reserve or merger deficit.

(b) Non-controlling interests

Non-controlling interests represent the equity in combining entities not attributable, directly or indirectly, to owners of the Company and are presented separately in the combined statements of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Transactions eliminated on combination

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the combined financial statements.

3.2 Foreign currency transactions and operations**(a) Translation of foreign currency transactions**

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.2 Foreign currency transactions and operations (continued)****(a) Translation of foreign currency transactions (continued)**

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising from the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.3 Financial instruments**

Financial instruments are recognised in the combined statements of financial position when, and only when, the Group becomes a party to the contract provisions of the financial instrument.

Except for the trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15 *Revenue from Contracts with Customers*.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as FVPL. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVPL.

(a) Subsequent measurement

The Group categorises the financial instruments as follows:

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income ("FVOCI") with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at FVPL

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.3 Financial instruments (continued)****(b) Subsequent measurement (continued)**

The Group categorises the financial instruments as follows: (continued)

(ii) Financial assets (continued)

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business models for managing those assets change.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost**
Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment in accordance with Note 3.8(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.
- **FVOCI**
Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.8(a). Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.3 Financial instruments (continued)****(a) Subsequent measurement (continued)**

The Group categorises the financial instruments as follows: (continued)

(i) Financial assets (continued)Debt instruments (continued)

- **FVPL**

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the combined statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

Equity instruments

The Group subsequently measures all equity investments at fair value. Upon initial recognition, the Group can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.3 Financial instruments (continued)****(a) Subsequent measurement (continued)**

The Group categorises the financial instruments as follows: (continued)

(ii) Financial liabilities

The Group classifies its financial liabilities in the following measurement categories:

- Financial liabilities at FVPL
- Financial liabilities at amortised cost

Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at FVPL are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in MFRS 9 *Financial Instruments* are satisfied. The Group has not designated any financial liability as at FVPL.

Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

(b) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.3 Financial instruments (continued)****(c) Regular way purchase or sale of financial assets**

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group commits itself to purchase or sell an asset).

Trade date accounting refers to:

- (i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

- (i) the contractual rights to receive cash flows from the financial asset expire; or
- (ii) the Group has transferred its rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either
 - (a) the Group has transferred substantially all the risks and rewards of the asset; or
 - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Group evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.3 Financial instruments (continued)****(d) Derecognition**

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the combined statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3.4 Property, plant and equipment**(a) Recognition and measurement**

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.8(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.4 Property, plant and equipment (continued)****(a) Recognition and measurement**

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (years)
Computer and software	3.33 - 10
Electrical fittings	5 - 10
Office equipment	5 - 10
Furniture and fittings	5 - 10
Renovation	5 - 10
Motor vehicles	4 - 5
Machine equipment	5 - 10
Demonstration units	5 - 10

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

(d) Derecognition

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.5 Leases****(a) Definition of a lease**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

(b) Lessee accounting

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group presents right-of-use assets and lease liabilities as separate lines in the combined statements of financial position.

Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.8(b).

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.5 Leases (continued)****(b) Lessee accounting (continued)**Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "administrative expenses" in the combined statements of comprehensive income.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.5 Leases (continued)****(b) Lessee accounting (continued)**Lease liability (continued)

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.6 Contract assets/(liabilities)

Contract asset is the right to consideration in exchange for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Group's future performance) The policy for the recognition and measurement of impairment losses is in accordance with Note 3.8(a).

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers.

3.7 Cash and cash equivalents

For the purpose of the combined statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances, deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change of value.

3.8 Impairment of assets**(a) Impairment of financial assets and contract assets**

Financial assets measured at amortised cost, financial assets measured at FVOCI, lease receivables, contract assets, a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 *Financial Instruments* which is related to the accounting for expected credit losses on the financial assets. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.8 Impairment of assets (continued)****(a) Impairment of financial assets and contract assets (continued)**

The Group measures loss allowance at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12-month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables and contract assets, the Group applies the simplified approach permitted by MFRS 9 *Financial Instruments* to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than credit terms.

The Group considers a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Group in full, without taking into account any credit enhancements held by the Group; or
- the contractual payment of the financial asset is more than credit terms unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.8 Impairment of assets (continued)****(a) Impairment of financial assets and contract assets (continued)**

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the combined statements of financial position.

The gross carrying amount of a financial asset is written off (either partially or fully) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedure for recovery of amounts due.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.8 Impairment of assets (continued)****(b) Impairment of non-financial assets**

The carrying amounts of non-financial assets (except for contract assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. For goodwill, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.8 Impairment of assets (continued)****(b) Impairment of non-financial assets (continued)**

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.9 Share capital

Ordinary shares are equity instruments. An equity instrument is a contract that evidence a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.10 Employee benefits**(a) Short-term employee benefits**

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year/period where the employees have rendered their services to the Group.

(b) Defined contribution plans

As required by law, the Group contributes to the Employees Provident Fund, the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

(c) Employee retirement benefit

Provision for employee retirement benefit is recognised with the management's best estimate of the expenditure required to settle the present obligation at the end of the year according to Thailand's Labor Law. Such amount is based on employees' salary bases, their years of services until the end of their services in the future and the employee's turnover rate.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.11 Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3.12 Revenue and other income

The Group recognises revenue that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue recognition of the Group is applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer).

The Group measures revenue from sale of good or services at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group estimates it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.12 Revenue and other income (continued)**

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group has assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

Financing components

The Group has applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group expects that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

(a) Sales of goods

The Company sells electronic microscopes and instruments to local and foreign customers. Revenue from sale of goods is recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term of 60 days to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

Revenue is recognised based on the price specified in the contract, net of the estimated volume discounts where applicable. Accumulated experience with the customer's purchasing pattern is used to estimate and provide for the discounts, using the expected value method. The Company uses the expected value method because it is the method that the Company expects to better predict the estimated volume discounts to which it will be provided to the customers. The estimated volume discounts recognised is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Based on the terms of the customer, it is Company's obligation to repair or replace for faulty products under different warranty terms to customers.

When consideration is collected from customer in advance for sale of goods, a contract liability is recognised for the customer deposits. Contract liability would be recognised as revenue upon the sale of goods to the customer.

(b) Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered because the customer receives and uses the benefits simultaneously. This is determined based on the time elapsed (output method).

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.12 Revenue and other income (continued)****(c) Interest income**

Interest income is recognised using the effective interest method.

(d) Rental income

Rental income is recognised on a straight-line basis over the term of the lease. Lease incentive granted is recognised as an integral part of the total rental income, over the term of the lease.

3.13 Borrowing costs

Borrowing costs are interests and other costs that the Group incurs in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group begins capitalising borrowing costs when the Group has incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.14 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.14 Income tax (continued)****(b) Deferred tax**

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the combined statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.14 Income tax (continued)****(c) Sales and services tax**

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the combined statements of financial position.

3.15 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.16 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision-maker that makes strategic decisions.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.17 Fair value measurements**

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3.18 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

- (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the combined statements of financial position.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of combined financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's combined financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's combined financial statements within the next financial year are disclosed as follows:

(a) Determination of lease term

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether they are reasonably certain to exercise the option to renew or terminate the lease. The Group considers all relevant factors that create an economic incentive for them to exercise the renewal or termination. After the commencement date, the Group reassessed the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The carrying amounts of the Group's lease liabilities are disclosed in Note 13.

(b) Impairment of financial assets and contract assets

The impairment provisions for financial assets and contract assets are based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history and existing market conditions at the end of each reporting period.

The assessment of the correlation between historical observed default rates and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and forecast of economic conditions over the expected lives of the financial assets and contract assets. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the impairment losses on the Group's financial assets and contract assets are disclosed in Note 25(b).

14. ACCOUNTANTS' REPORT (Cont'd)

CREST GROUP BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT

	Note	Computer and software RM'000	Electrical fittings RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Motor vehicles RM'000	Machine equipment RM'000	Demostration units RM'000	Work-in-progress RM'000	Right-of-use assets RM'000	Total RM'000
Cost												
At 1 January 2020		1,060	72	1,449	541	1,731	5,504	2,196	4,738	-	172	17,463
Additions		183	3	61	1	-	-	2,319	926	-	768	4,261
Disposals		(21)	-	-	-	-	-	(314)	(2,548)	-	(168)	(3,051)
Reclassification		15	3	(57)	24	10	-	(309)	314	-	-	-
Exchange difference		(5)	-	(4)	(2)	(3)	(1)	(28)	(3)	-	(11)	(57)
At 31 December 2020		1,232	78	1,449	564	1,738	5,503	3,864	3,427	-	761	18,616
Accumulated depreciation												
At 1 January 2020		775	65	1,178	459	1,244	4,741	1,084	2,429	-	108	12,083
Depreciation charge for the financial year	19	194	2	72	22	98	426	489	632	-	358	2,293
Disposals		(14)	-	-	-	-	-	(22)	(1,373)	-	(168)	(1,577)
Reclassification		5	1	(23)	6	6	-	(261)	266	-	-	-
Exchange difference		(3)	-	(2)	(1)	(1)	(1)	(9)	(2)	-	(8)	(27)
At 31 December 2020		957	68	1,225	486	1,347	5,166	1,281	1,952	-	290	12,772
Carrying amount												
At 1 January 2020		285	7	271	82	487	763	1,112	2,309	-	64	5,380
At 31 December 2020		275	10	224	78	391	337	2,583	1,475	-	471	5,844

14. ACCOUNTANTS' REPORT (Cont'd)

CREST GROUP BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Computer and software RM'000	Electrical fittings RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Motor vehicles RM'000	Machine equipment RM'000	Demonstration units RM'000	Work-in-progress RM'000	Right-of-use assets RM'000	Total RM'000
Cost												
At 1 January 2021		1,232	78	1,449	564	1,738	5,503	3,864	3,427	-	761	18,616
Additions		68	-	11	1	-	-	138	57	-	260	535
Disposals		(8)	-	-	-	-	-	-	(55)	-	-	(63)
Exchange difference		(18)	-	(5)	(4)	(6)	6	(92)	5	-	2	(112)
At 31 December 2021		1,274	78	1,455	561	1,732	5,509	3,910	3,434	-	1,023	18,976
Accumulated depreciation												
At 1 January 2021		957	68	1,225	486	1,347	5,166	1,281	1,952	-	290	12,772
Depreciation charge for the financial year	19	130	2	66	21	96	279	749	452	-	351	2,146
Disposals		(7)	-	-	-	-	-	-	(55)	-	-	(62)
Exchange difference		(12)	-	(2)	(2)	(4)	1	(50)	3	-	8	(58)
At 31 December 2021		1,068	70	1,289	505	1,439	5,446	1,980	2,352	-	649	14,798
Carrying amount												
At 1 January 2021		275	10	224	78	391	337	2,583	1,475	-	471	5,844
At 31 December 2021		206	8	166	56	293	63	1,930	1,082	-	374	4,178

14. ACCOUNTANTS' REPORT (Cont'd)

CREST GROUP BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Computer and software RM'000	Electrical fittings RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Motor vehicles RM'000	Machine equipment RM'000	Demostration units RM'000	Work-in-progress RM'000	Right-of-use assets RM'000	Total RM'000
Cost												
At 1 January 2022		1,274	78	1,455	561	1,732	5,509	3,910	3,434	-	1,023	18,976
Additions		106	15	63	36	31	-	544	740	108	665	2,308
Disposals		-	-	-	-	-	-	(205)	-	-	-	(205)
Reclassification		-	-	(1)	-	-	-	1	-	-	-	-
Exchange difference	10	10	-	4	2	4	(5)	33	8	-	26	82
At 31 December 2022		1,390	93	1,521	599	1,767	5,504	4,283	4,182	108	1,714	21,161
Accumulated depreciation												
At 1 January 2022		1,068	70	1,289	505	1,439	5,446	1,980	2,352	-	649	14,798
Depreciation charge for the financial year	19	104	2	68	22	98	53	770	527	-	418	2,062
Disposals		-	-	-	-	-	-	(99)	-	-	-	(99)
Exchange difference		8	-	2	2	3	(5)	18	6	-	7	41
At 31 December 2022		1,180	72	1,359	529	1,540	5,494	2,669	2,885	-	1,074	16,802
Carrying amount												
At 1 January 2022		206	8	166	56	293	63	1,930	1,082	-	374	4,178
At 31 December 2022		210	21	162	70	227	10	1,614	1,297	108	640	4,359

14. ACCOUNTANTS' REPORT (Cont'd)

CREST GROUP BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Computer and software RM'000	Electrical fittings RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Motor vehicles RM'000	Machine equipment RM'000	Demonstration units RM'000	Work-in-progress RM'000	Right-of-use assets RM'000	Total RM'000
Cost												
At 1 January 2023		1,390	93	1,521	599	1,767	5,504	4,283	4,182	108	1,714	21,161
Additions		46	19	31	7	138	-	106	103	-	432	882
Disposals		(20)	-	-	-	-	-	(6)	(13)	-	-	(39)
Written off		(67)	-	(43)	-	(35)	-	-	-	-	-	(145)
Derecognition due to end of lease term		-	-	-	-	-	-	-	-	-	(313)	(313)
Reclassification		-	-	12	51	45	331	-	-	(108)	(331)	-
Exchange difference		12	-	6	3	5	4	54	4	-	30	118
At 31 July 2023		1,361	112	1,527	660	1,920	5,839	4,437	4,276	-	1,532	21,664

Accumulated depreciation

At 1 January 2023		1,180	72	1,359	529	1,540	5,494	2,669	2,885	-	1,074	16,802
Depreciation charge for the financial period	19	63	2	39	17	56	-	504	247	-	252	1,180
Disposals		(19)	-	-	-	-	-	(3)	(11)	-	-	(33)
Written off		(66)	-	(39)	-	(32)	-	-	-	-	-	(137)
Derecognition due to end of lease term		-	-	-	-	-	-	-	-	-	(313)	(313)
Reclassification		-	-	-	-	-	101	-	-	-	(101)	-
Exchange difference		(1)	-	5	13	4	2	31	3	-	17	74
At 31 July 2023		1,157	74	1,364	559	1,568	5,597	3,201	3,124	-	929	17,573

14. ACCOUNTANTS' REPORT (Cont'd)

CREST GROUP BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Computer and software RM'000	Electrical fittings RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Motor vehicles RM'000	Machine equipment RM'000	Demostration units RM'000	Work-in- progress RM'000	Right-of-use assets RM'000	Total RM'000
Carrying amount											
At 1 January 2023	210	21	162	70	227	10	1,614	1,297	108	640	4,359
At 31 July 2023	204	38	163	101	352	242	1,236	1,152	-	603	4,091

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)****(a) Right-of-use assets**

Information about leases for which the Group is a lessee are presented below:

	Buildings RM'000	Motor vehicles RM'000	Total RM'000
Carrying amount			
At 1 January 2020	64	-	64
Additions	768	-	768
Disposal	*	-	*
Depreciation	(358)	-	(358)
Exchange difference	(3)	-	(3)
At 31 December 2020	471	-	471
Additions	260	-	260
Depreciation	(351)	-	(351)
Exchange difference	(6)	-	(6)
At 31 December 2021	374	-	374
Additions	348	317	665
Depreciation	(358)	(60)	(418)
Exchange difference	15	4	19
At 31 December 2022	379	261	640
Additions	432	-	432
Depreciation	(213)	(39)	(252)
Reclassification	-	(230)	(230)
Exchange difference	5	8	13
At 31 July 2023	603	-	603

* *Less than RM1,000*

The Group leases buildings for their office space and operations. The leases for the buildings generally have lease terms of 2 to 6 years.

The Group also leases certain motor vehicles with lease term of 5 years and has the option to purchase the assets at the end of the contract term.

14. ACCOUNTANTS' REPORT (Cont'd)

CREST GROUP BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

6. DEFERRED TAX ASSETS/(LIABILITIES)

	At 1 January 2020	Recognised in profit or loss (Note 21)	At 31 December 2020	Recognised in profit or loss (Note 21)	At 31 December 2021	Recognised in profit or loss (Note 21)	At 31 December 2022	Recognised in profit or loss (Note 21)	Exchange difference	At 31 July 2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Deferred tax assets:										
Property, plant and equipment	-	-	-	-	-	55	55	(12)	-	43
Unrealised profit	-	-	-	-	-	123	123	(105)	-	18
Provision for employee retirement benefit	-	-	-	-	-	-	-	128	-	128
Exchange difference	-	-	-	-	-	-	-	-	1	1
	-	-	-	-	-	178	178	11	1	190
Deferred tax liabilities:										
Property, plant and equipment	(160)	(15)	(175)	(44)	(219)	36	(183)	135	-	(48)
	(160)	(15)	(175)	(44)	(219)	214	(5)	146	1	142

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****7. TRADE AND OTHER RECEIVABLES**

Note	← Audited as at →			
	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.07.2023 RM'000
Non-current:				
Trade				
Trade receivables	(a) -	369	34	-
Total trade receivables (non-current)	-	369	34	-
Current:				
Trade				
Trade receivables	(a) 22,450	33,793	34,351	34,451
Less: Impairment for trade receivables	(b) (10)	(15)	(7)	(116)
	22,440	33,778	34,344	34,335
Non-trade				
Other receivables	642	645	153	2,332
Deposits	1,816	1,631	1,057	1,072
Prepayments	1,974	4,242	4,608	9,559
Amount owing by a related company	(c) 17,320	13,140	-	-
	21,752	19,658	5,818	12,963
Total trade and other receivables (current)	44,192	53,436	40,162	47,298
Total trade and other receivables (non-current and current)	44,192	53,805	40,196	47,298

(a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group is 60 days to 90 days (31.12.2022, 31.12.2021 and 31.12.2020: 60 days to 90 days) from the date of invoices. Other credit terms are assessed and approved on a case-by-case basis.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****7. TRADE AND OTHER RECEIVABLES (CONTINUED)****(b) Receivables that are impaired**

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables are as follows:

	← Audited as at →			
	31.12.2020	31.12.2021	31.12.2022	31.07.2023
	RM'000	RM'000	RM'000	RM'000
At 1 January	-	10	15	7
Charge for the financial year/period	10	4	-	111
Reversal	-	-	(8)	-
Exchange difference	*	1	*	(2)
	<u>10</u>	<u>15</u>	<u>7</u>	<u>116</u>

* Less than RM1,000

(c) Amount owing by a related company

Amount owing by a related company is unsecured, non-trade in nature, repayable on demand and is expected to be settled in cash.

The information about the credit exposures are disclosed in Note 25(b)(i).

8. INVENTORIES

	← Audited as at →			
	31.12.2020	31.12.2021	31.12.2022	31.07.2023
	RM'000	RM'000	RM'000	RM'000
At cost:				
Trading goods	3,368	3,700	3,261	2,705
Finished goods	6,894	10,685	12,913	19,990
	<u>10,262</u>	<u>14,385</u>	<u>16,174</u>	<u>22,695</u>

The cost of inventories of the Group recognised as an expense in cost of sales during the financial years/period was RM96,709,449 (2022: RM132,659,047; 2021: RM106,719,523 and 2020: RM94,053,155).

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****9. CONTRACT ASSETS/(LIABILITIES)**

	← Audited as at →			
	31.12.2020	31.12.2021	31.12.2022	31.07.2023
	RM'000	RM'000	RM'000	RM'000
Contract assets relating to rendering of services	211	-	284	-
Contract liabilities relating to rendering of services	(1,418)	(2,327)	(1,103)	(801)

14. ACCOUNTANTS' REPORT (Cont'd)

CREST GROUP BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

9. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

(a) Significant changes in contract balances

	Audited								
	←	FYE 2020		2021		FYE 2022		→	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities	Contract assets	Contract liabilities	Contract assets	Contract liabilities	Contract assets
	Increase/ (decrease) RM'000	(Increase)/ decrease RM'000	Increase/ (decrease) RM'000	(Increase)/ decrease RM'000	Increase/ (decrease) RM'000	(Increase)/ decrease RM'000	Increase/ (decrease) RM'000	(Increase)/ decrease RM'000	Increase/ (decrease) RM'000
Revenue recognised that was included in contract liabilities at the beginning of the financial year/period	-	482	-	1,428	-	2,355	-	1,110	-
Increase due to value of services billed in advance to customer, but revenue not recognised	-	(1,432)	-	(2,325)	-	(1,104)	-	(800)	-
Increase due to revenue recognised for unbilled services transferred to customers	220	-	-	-	280	-	-	-	-
Transfer from contract assets recognised at the beginning of the financial year/period to receivables	-	-	(217)	-	-	-	-	(292)	-
Exchange differences	(9)	2	6	(12)	4	(27)	8	(8)	(8)

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****9. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)****(b) Revenue recognised in relation to contract balances**

	← Audited →			
	FYE 31 December			FPE 31 July
	2020	2021	2022	2023
	RM	RM	RM	RM
Revenue recognised that was included in contract liability at the beginning of the financial year/period	482	1,428	2,355	1,110
Exchange differences	(13)	(10)	(28)	(7)
	469	1,418	2,327	1,103

10. CASH AND SHORT-TERM DEPOSITS

	← Audited as at →			
	31.12.2020	31.12.2021	31.12.2022	31.07.2023
	RM'000	RM'000	RM'000	RM'000
Cash in hand	23	22	19	14
Cash at bank	34,508	36,825	30,538	36,045
Short-term deposits	4,953	6,424	6,269	6,505
	39,484	43,271	36,826	42,564

For the purpose of the combined statements of cash flows, cash and cash equivalents comprise of the following:

	← Audited as at →			
	31.12.2020	31.12.2021	31.12.2022	31.07.2023
	RM'000	RM'000	RM'000	RM'000
Short-term deposits	4,953	6,424	6,269	6,505
Less: Pledged deposits	(4,953)	(6,424)	(6,269)	(6,505)
	-	-	-	-
Cash and bank balances	34,531	36,847	30,557	36,059
	34,531	36,847	30,557	36,059

Included in the deposits placed with licensed banks of the Group amounting to RM6,505,174 (31.12.2022: RM6,268,936; 31.12.2021: RM6,424,075 and 31.12.2020: RM4,952,438) is pledged for credit facilities granted to the Group.

14. ACCOUNTANTS' REPORT (Cont'd)

CREST GROUP BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

11. INVESTED EQUITY

	Note	Number of ordinary shares					Amount		
		31.12.2020 Unit'000	31.12.2021 Unit'000	31.12.2022 Unit'000	31.07.2023 Unit'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.07.2023 RM'000
Issued and fully paid-up (no par value):									
At beginning of the financial year/period		4,177	4,177	4,177	4,267	3,535	3,535	3,535	3,625
Change in ownership in interests in the operating entities	1(a), (b), (c), (d)	-	-	90	30	-	-	90	30
At end of the financial year/period		4,177	4,177	4,267	4,297	3,535	3,535	3,625	3,655

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****11. INVESTED EQUITY (CONTINUED)**

For the purpose of this report, the invested equity as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 July 2023 represent the aggregate number of issued shares of all operating entities within the Group.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meeting of the Group. All ordinary shares rank equally with regards to the Group's residual assets.

12. EXCHANGE RESERVE

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency as well as the foreign currency differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation or another currency.

13. LEASE LIABILITIES

	← Audited as at →			
	31.12.2020	31.12.2021	31.12.2022	31.07.2023
	RM'000	RM'000	RM'000	RM'000
Non-current:				
Lease liabilities	536	243	310	516
Current:				
Lease liabilities	631	451	422	302
Total:				
Lease liabilities	1,167	694	732	818

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****13. LEASE LIABILITIES (CONTINUED)****Lease liabilities**

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	← Audited as at →			
	31.12.2020	31.12.2021	31.12.2022	31.07.2023
	RM'000	RM'000	RM'000	RM'000
Minimum lease payments:				
- Not later than one year	674	477	480	337
- Later than one year and not later than five years	564	246	296	542
	1,238	723	776	879
Less: Future finance charges	(71)	(29)	(44)	(61)
Present value of minimum lease payments	1,167	694	732	818
Present value of minimum lease payment:				
- Not later than one year	631	451	422	302
- Later than one year and not later than five years	536	243	310	516
	1,167	694	732	818
Less: Amount due within twelve months	(631)	(451)	(422)	(302)
Amount due after twelve months	536	243	310	516

14. PROVISIONS

	← Audited as at →			
	31.12.2020	31.12.2021	31.12.2022	31.07.2023
	RM'000	RM'000	RM'000	RM'000
Non-current:				
Liabilities				
Defined benefit pension plan	363	417	551	645

	← Audited as at →			
Note	31.12.2020	31.12.2021	31.12.2022	31.07.2023
	RM'000	RM'000	RM'000	RM'000
Included in profit or loss				
Defined benefit pension plan	(a) 72	80	125	76

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****14. PROVISIONS (CONTINUED)****(a) Defined benefit pension plan**

The Group's defined benefit pension plan requires contributions to be made to a separately administered fund. This plan provides benefits to members in the form of a guaranteed level of pension payable in perpetuity. The level of benefits provided depends on members' salary bases, their years of services leading up to retirement and the employee's turnover rate.

The provision of defined benefit pension plan is based on management's best estimate of the expenditure required to settle present obligation according to Thai labor law. Employees are not required to contribute to the plans.

Movement in the defined benefit liability

The following table illustrates a reconciliation of the net defined benefit liability and its components:

	Defined benefit liability RM'000
At 1 January 2020	296
Benefits expense	72
Effects of changes in foreign exchange rates	(5)
At 31 December 2020	363
Benefits expense	80
Effects of changes in foreign exchange rates	(26)
At 31 December 2021	417
Benefits expense	125
Effects of changes in foreign exchange rates	9
At 31 December 2022	551
Benefits expense	76
Effects of changes in foreign exchange rates	18
At 31 July 2023	645

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****15. TRADE AND OTHER PAYABLES**

	Note	← Audited as at →			
		31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.07.2023 RM'000
Trade					
Trade payables	(a)	17,578	29,761	28,240	38,684
Non-trade					
Other payables		4,340	6,001	2,703	2,004
Accruals		4,740	4,062	4,922	4,779
Deposit		1,106	3,270	3,525	4,049
Amount owing to directors	(b)	7,919	7,179	-	-
Amount owing to shareholders	(b)	810	1,710	-	-
		18,915	22,222	11,150	10,832
Total trade and other payables		36,493	51,983	39,390	49,516

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group is 30 days to 90 days (31.12.2022, 31.12.2021 and 31.12.2020: 30 days to 90 days).

(b) Amount owing to directors and shareholders

Amount owing to directors and shareholders are non-trade in nature, unsecured, non-interest bearing, repayable upon demand and is expected to be settled in cash.

For explanation on the Group's liquidity risk management processes, refer to Note 25(b)(ii).

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****16. REVENUE**

	← Audited →			Audited	Unaudited
	FYE 31 December			FPE 31 July	
	2020	2021	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from contract customers:					
At a point in time:					
Sale of goods	93,162	119,261	141,368	88,268	75,932
Rental income	978	1,645	2,106	956	1,145
	94,140	120,906	143,474	89,224	77,077
Over time:					
Services rendered	30,285	27,504	26,728	13,652	15,938
	124,425	148,410	170,202	102,876	93,015

17. OTHER INCOME

	← Audited →			Audited	Unaudited
	FYE 31 December			FPE 31 July	
	2020	2021	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Interest income	290	360	229	251	142
Realised gain on foreign exchange	129	-	-	-	-
Unrealised gain on foreign exchange	-	-	403	93	776
Gain on disposal of property, plant and equipment	593	72	79	1	-
Rental income	168	168	221	59	162
Reversal of inventories written off	-	-	100	-	-
Deposit forfeited	158	-	-	-	-
Government grant and subsidies	311	52	16	-	4
Other income from registered provident fund	22	87	20	-	12
Sponsorship	-	-	26	119	13
Miscellaneous	99	70	26	65	29
	1,770	809	1,120	588	1,138

18. FINANCE COST

	← Audited →			Audited	Unaudited
	FYE 31 December			FPE 31 July	
	2020	2021	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Interest expense on:					
- Lease liabilities	68	76	47	21	21
	68	76	47	21	21

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****19. PROFIT BEFORE TAX**

Other than as disclosed elsewhere in the combined financial statements, the following items have been charged in arriving at profit before tax:

Note	← Audited → FYE 31 December			Audited	Unaudited
	2020	2021	2022	FPE 31 July 2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration					
- current year	85	92	309	458	112
- prior years	(2)	(3)	110	11	-
Depreciation of property, plant and equipment	5	2,293	2,146	2,062	1,180
Property, plant and equipment written off		-	-	-	8
Loss on disposal of property, plant and equipment		3	*	-	2
Inventories written off		-	32	29	-
Employee benefits expense	20	19,787	19,218	16,035	11,289
Rental expenses on:					
- Premises		30	30	30	-
- Office		524	524	493	367
Realised loss on foreign exchange		-	248	515	645
Unrealised loss on foreign exchange		85	580	-	-
Bad debts written off		-	-	115	-
Impairment loss on trade receivables		10	4	(8)	111

* *Less than RM1,000*

20. EMPLOYEE BENEFITS EXPENSE

	← Audited → FYE 31 December			Audited	Unaudited
	2020	2021	2022	FPE 31 July 2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	17,475	16,980	14,090	10,091	8,418
Defined contribution plans	1,974	1,838	1,796	815	882
Other staff related benefits	338	400	149	383	202
	19,787	19,218	16,035	11,289	9,502

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****20. EMPLOYEE BENEFITS EXPENSE (CONTINUED)**

Included in employee benefits expenses are:

	← Audited →			Audited	Unaudited
	FYE 31 December			FPE 31 July	
	2020	2021	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Directors of the Company					
Executive Director:					
Salaries, allowances and bonuses	1,736	1,863	2,155	1,409	1,128
Defined contribution plans	281	280	295	145	163
Other staff related benefit	3	4	4	21	18
	2,020	2,147	2,454	1,575	1,309
Non-executive Director:					
Fees	275	278	-	-	-
Total directors' remuneration	2,295	2,425	2,454	1,575	1,309

21. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 and the financial periods ended 31 July 2023 and 31 July 2022 are as follows:

	← Audited →			Audited	Unaudited
	FYE 31 December			FPE 31 July	
	2020	2021	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Combined statements of comprehensive income					
Current income tax:					
- Current income tax charge	3,089	4,938	5,560	2,587	3,019
- Adjustment in respect of prior years	115	*	(71)	253	(8)
	3,204	4,938	5,489	2,840	3,011
Deferred tax (Note 6):					
- (Reversal)/origination of temporary difference	(24)	(59)	(194)	(1)	5
- Adjustment in respect of prior years	39	103	(20)	(145)	*
	15	44	(214)	(146)	5
Income tax expense recognised in profit or loss	3,219	4,982	5,275	2,694	3,016

* *Less than RM1,000*

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****21. INCOME TAX EXPENSE (CONTINUED)**

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% of the estimated assessable profit for the financial years/period.

The income tax rate applicable to small and medium scale enterprise ("SME") incorporated in Malaysia with paid-up capital of RM2,500,000 and below and annual sales less than RM50,000,000 (2022, 2021 and 2020: RM50,000,000) is subject to the statutory income tax rate of 17% (2022, 2021 and 2020: 17%) on chargeable income up to RM600,000 (2022, 2021 and 2020: RM600,000). For chargeable income in excess of RM600,000 (2022, 2021 and 2020: RM600,000), statutory income tax rate of 24% is still applicable.

The reconciliations from the tax amount at the statutory income tax rate to the Group's tax expenses are as follows:

	← Audited →			Audited	Unaudited
	FYE 31 December			FPE 31 July	
	2020	2021	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Profit before tax	16,721	22,354	23,258	12,737	14,235
Tax at Malaysian statutory income tax rate of 24%	4,013	5,365	5,582	3,057	3,416
Different rate in other countries	(178)	(340)	(58)	(98)	(150)
SME tax savings	(202)	(202)	(169)	(90)	(168)
Adjustments:					
- Income not subject to tax	(889)	(458)	(603)	(95)	(403)
- Non-deductible expenses	349	514	599	147	373
- Adjustment in respect of current income tax of prior years	115	*	(71)	253	(8)
- Adjustment in respect of deferred tax of prior years	39	103	(20)	(145)	*
- (Reversal)/Origination of temporary difference	(93)	4	(6)	77	(45)
- Deferred tax assets not recognised on previously unrecognised temporary differences	65	(4)	21	(412)	1
Income tax expense	3,219	4,982	5,275	2,694	3,016

* *Less than RM1,000*

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****22. OTHER COMPREHENSIVE INCOME**

	← Audited →			Audited	Unaudited
	FYE 31 December			FPE 31 July	
	2020	2021	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Other comprehensive income					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of foreign operations	(180)	134	41	43	229

23. EARNINGS PER SHARE**Basic earnings per ordinary share and diluted earnings per ordinary share**

Basic earnings per ordinary share are based on the profit for the financial years/period attributable to owners of the Group and the weighted average number of ordinary shares outstanding during the financial years/period.

Diluted earnings per ordinary share are based on the profit for the financial year/period attributable to owners of the Group and the weighted average number of ordinary shares outstanding during the financial year/period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The basic and diluted earnings per ordinary share are computed as follow:

	← Audited as at →			Audited	Unaudited
	FYE 31 December			FPE 31 July	
	2020	2021	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Group	11,926	15,920	17,307	8,554	10,517
Weighted average number of ordinary shares for basic and diluted earnings per share ('000 units) [^]	4,177	4,177	4,181	4,289	4,177
Basic and diluted earnings per share (RM)	2.86	3.81	4.14	1.99	2.52

[^] For the purpose of calculating the earnings per ordinary share for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 and financial period ended 31 July 2023, the weighted average number of ordinary shares is the aggregate share capital of the operating entities constituting the Group.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****24. DIVIDENDS**

	← Audited →			Audited	Unaudited
	FYE 31 December			FPE 31 July	
	2020	2021	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Recognised during the financial year/period:					
Dividends on ordinary shares:					
- Single-tier final dividend of US\$6.04 per ordinary share in respect of the financial year ended 31 December 2022, paid on 24 March 2023	-	-	-	1,324	-
- Single-tier final dividend of RM10,000 per ordinary share in respect of the financial year ended 31 December 2022, paid on 15 December 2022	-	-	1,000	-	-
- Single-tier final dividend of RM2.20 per ordinary share in respect of the financial year ended 31 December 2021, paid on 3 March 2022	-	-	1,100	-	1,100
- Single-tier interim dividend of RM13.00 per ordinary share in respect of the financial year ended 31 December 2022, paid on 16 December 2022	-	-	13,000	-	-
- Single-tier interim dividend of RM1,500 per ordinary share in respect of the financial year ended 31 December 2022, paid on 15 December 2022	-	-	1,500	-	-
- Single-tier interim dividend of RM2.00 per ordinary share in respect of the financial year ended 31 December 2022, paid on 15 December 2022	-	-	1,000	-	-
- Single-tier interim dividend of RM6.00 per ordinary share in respect of the financial year ended 31 December 2021, paid on 13 January 2022	-	-	3,000	-	3,000
- Single-tier final dividend of US\$153.21 per ordinary share in respect of the financial year ended 31 December 2022, paid on 16 December 2022	-	-	983	-	-

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****24. DIVIDENDS (CONTINUED)**

	← Audited →			Audited	Unaudited
	FYE 31 December			FPE 31 July	
	2020	2021	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Recognised during the financial year/period: (continued)					
Dividends on ordinary shares: (continued)					
- Single-tier interim dividend of RM3.00 per ordinary share in respect of the financial year ended 31 December 2020, paid on 20 September 2021	-	1,500	-	-	-
- Single-tier interim dividend of RM1,000 per ordinary share in respect of the financial year ended 31 December 2020, paid on 1 September 2021	-	1,000	-	-	-
- Single-tier interim dividend of RM10.00 per ordinary share in respect of the financial year ended 31 December 2021, paid on 6 September 2021	-	10,000	-	-	-
- Single-tier interim dividend of RM0.40 per ordinary shares in respect of the financial year ended 31 December 2020, paid on 23 June 2021	-	200	-	-	-
- Single-tier interim dividend of US\$320.58 per ordinary share in respect of the financial year ended 31 October 2021, paid on 2 September 2021	-	2,015	-	-	-
- Single-tier interim dividend of US\$493.21 per ordinary share in respect of the financial year ended 31 October 2022, paid on 20 December 2021	-	3,100	-	-	-
- Single-tier final dividend of RM3.00 per ordinary share in respect of the financial year ended 31 December 2020, paid on 31 March 2021	-	1,500	-	-	-
- Single-tier final dividend of RM3.00 per ordinary share in respect of the financial year ended 31 December 2019, paid on 6 March 2020	1,500	-	-	-	-
	<u>1,500</u>	<u>19,315</u>	<u>21,583</u>	<u>1,324</u>	<u>4,100</u>

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****25. FINANCIAL INSTRUMENTS****(a) Categories of financial instruments**

The following table analyses the financial instruments in the combined statements of financial position by the classes of financial instruments to which they are assigned:

	Carrying amount RM'000	Amortised cost RM'000
At 31 December 2020		
Financial assets		
Trade and other receivables, less prepayments	42,218	42,218
Cash and short-term deposits	39,484	39,484
	<u>81,702</u>	<u>81,702</u>
Financial liabilities		
Lease liabilities	(1,167)	(1,167)
Trade and other payables	(36,493)	(36,493)
	<u>(37,660)</u>	<u>(37,660)</u>
At 31 December 2021		
Financial assets		
Trade and other receivables, less prepayments	49,563	49,563
Cash and short-term deposits	43,271	43,271
	<u>92,834</u>	<u>92,834</u>
Financial liabilities		
Lease liabilities	(694)	(694)
Trade and other payables	(51,983)	(51,983)
	<u>(52,677)</u>	<u>(52,677)</u>
At 31 December 2022		
Financial assets		
Trade and other receivables, less prepayments	35,588	35,588
Cash and short-term deposits	36,826	36,826
	<u>72,414</u>	<u>72,414</u>
Financial liabilities		
Lease liabilities	(732)	(732)
Trade and other payables	(39,390)	(39,390)
	<u>(40,122)</u>	<u>(40,122)</u>

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****25. FINANCIAL INSTRUMENTS (CONTINUED)****(a) Categories of financial instruments (continued)**

The following table analyses the financial instruments in the combined statements of financial position by the classes of financial instruments to which they are assigned: (continued)

	Carrying amount RM'000	Amortised cost RM'000
At 31 July 2023		
Financial assets		
Trade and other receivables, less prepayments	37,739	37,739
Cash and short-term deposits	42,564	42,564
	80,303	80,303
Financial liabilities		
Lease liabilities	(818)	(818)
Trade and other payables	(49,516)	(49,516)
	(50,334)	(50,334)

(b) Financial risk management

The Group's activities are exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and foreign currency risk. The Group's overall financial risk management objective is to optimise value for its shareholders. The Group does not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management.

(i) Credit risk

Credit risk is the risk of financial loss to the Group that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group is exposure to credit risk arises from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments. The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****25. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(i) Credit risk (continued)****Trade receivables and contract assets**

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the combined statements of financial position.

The carrying amounts of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Credit risk concentration profile

At the end of the reporting periods, the Group has no significant concentration of credit risk from its receivables.

The Group applies the simplified approach to providing for impairment losses prescribed by MFRS 9 *Financial Instruments*, which permits the use of the lifetime expected credit losses provision for all trade receivables and contract assets. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward looking information.

14. ACCOUNTANTS' REPORT (Cont'd)

CREST GROUP BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

25. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables and contract assets (continued)

The information about the credit risk exposure on the Group's trade receivables and contract assets are as follows:

	Contract assets RM'000	Current RM'000	Trade receivables					Total RM'000
			1 to 30 days past due RM'000	31 to 60 days past due RM'000	61 to 90 days past due RM'000	91 to 120 days past due RM'000	> 120 days past due RM'000	
At 31 December 2020								
Gross carrying amount at default	211	9,852	3,532	1,620	2,061	779	4,606	22,450
Impairment losses	-	-	-	-	-	-	(10)	(10)
Net balance	211	9,852	3,532	1,620	2,061	779	4,596	22,440
At 31 December 2021								
Gross carrying amount at default	-	20,505	8,985	1,509	1,773	816	574	34,162
Impairment losses	-	-	-	-	-	-	(15)	(15)
Net balance	-	20,505	8,985	1,509	1,773	816	559	34,147

14. ACCOUNTANTS' REPORT (Cont'd)

CREST GROUP BERHAD
Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

25. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables and contract assets (continued)

The information about the credit risk exposure on the Group's trade receivables and contract assets are as follows: (continued)

	Contract assets RM'000	Current RM'000	Trade receivables					Total RM'000
			1 to 30 days past due RM'000	31 to 60 days past due RM'000	61 to 90 days past due RM'000	91 to 120 days past due RM'000	> 120 days past due RM'000	
At 31 December 2022								
Gross carrying amount at default	284	16,555	4,358	3,261	3,719	1,462	5,030	34,385
Impairment losses	-	-	-	-	-	-	(7)	(7)
Net balance	284	16,555	4,358	3,261	3,719	1,462	5,023	34,378
At 31 July 2023								
Gross carrying amount at default	-	16,628	4,481	4,000	3,249	2,385	3,708	34,451
Impairment losses	-	-	-	-	-	-	(116)	(116)
Net balance	-	16,628	4,481	4,000	3,249	2,385	3,592	34,335

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****25. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(i) Credit risk (continued)****Other receivables and other financial assets**

For other receivables and other financial assets (including cash and cash equivalents), the Group minimises credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the combined statements of financial position.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than credit terms in making a contractual payment.

Intercompany loans between related entities are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the debtor does not have sufficient highly liquid resources when the loan is demanded, the Group will consider the expected manner of recovery and recovery period of the intercompany loan.

Refer to Note 3.8(a) for the Group's other accounting policies for impairment of financial assets.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****25. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(ii) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations when they fall due. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities between financial assets and liabilities. The Group's exposure to liquidity risk arises principally from trade and other payables and lease liabilities.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group maintains sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group uses a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's finance department also ensures that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

Maturity analysis

The maturity analysis of the Group's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

	Carrying amount RM'000	Contractual cash flows			Total RM'000
		On demand or within 1 year RM'000	Between 1 and 5 years RM'000	More than 5 years RM'000	
At 31 December 2020					
Trade and other payables	36,493	36,493	-	-	36,493
Lease liabilities	1,167	674	564	-	1,238
	<u>37,660</u>	<u>37,167</u>	<u>564</u>	<u>-</u>	<u>37,731</u>
At 31 December 2021					
Trade and other payables	51,983	51,983	-	-	51,983
Lease liabilities	694	477	246	-	723
	<u>52,677</u>	<u>52,460</u>	<u>246</u>	<u>-</u>	<u>52,706</u>
At 31 December 2022					
Trade and other payables	39,390	39,390	-	-	39,390
Lease liabilities	732	480	296	-	776
	<u>40,122</u>	<u>39,870</u>	<u>296</u>	<u>-</u>	<u>40,166</u>

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****25. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(ii) Liquidity risk (continued)**Maturity analysis (continued)

The maturity analysis of the Group's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows: (continued)

	Carrying amount RM'000	Contractual cash flows			Total RM'000
		On demand or within 1 year RM'000	Between 1 and 5 years RM'000	More than 5 years RM'000	
At 31 July 2023					
Trade and other payables	49,516	49,516	-	-	49,516
Lease liabilities	818	337	542	-	879
	<u>50,334</u>	<u>49,853</u>	<u>542</u>	<u>-</u>	<u>50,395</u>

(iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when sales and purchases that are denominated in a foreign currency) and the Group's net investments in foreign operating entities.

The Group's unhedged financial assets that are not denominated in their functional currencies are as follows:

	Audited as at			
	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.07.2023 RM'000
Financial assets and (liabilities) not held in functional currencies:				
<u>Cash and short-term deposits</u>				
United States Dollar ("USD")	36	5,340	5,288	10,384
Singapore Dollar ("SGD")	724	1,769	2,996	738
Euro ("EUR")	-	659	-	-
Japanese Yen ("JPY")	-	237	-	-
British Pound ("GBP")	-	*	-	-
	<u>760</u>	<u>8,005</u>	<u>8,284</u>	<u>11,122</u>

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****25. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(iii) Foreign currency risk (continued)**

The Group's unhedged financial assets that are not denominated in their functional currencies are as follows (continued):

	← Audited as at →			
	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.07.2023 RM'000
Financial assets and (liabilities) not held in functional currencies: (continued)				
<u>Trade and other receivables</u>				
USD	3,965	4,146	6,718	5,099
SGD	121	50	-	4
EUR	23	-	-	624
JPY	5	1,416	1,107	606
GBP	5	-	12	12
Thai Baht ("THB")	1,880	108	273	14
	5,999	5,720	8,110	6,359
<u>Trade and other payables</u>				
USD	(3,571)	(4,049)	(7,896)	(5,428)
SGD	(19)	(53)	(262)	(4)
EUR	(23)	-	-	-
JPY	(5)	(1,418)	(1,098)	(682)
GBP	-	-	-	-
Renminbi ("RMB")	(9)	(9)	(9)	(9)
THB	(1,858)	-	-	-
	(5,485)	(5,529)	(9,265)	(6,123)

* *Less than RM1,000*

Sensitivity analysis for foreign currency risk

The Group's principal foreign currency exposure relates mainly to USD, SGD, EUR, JPY and THB.

The following table demonstrates the sensitivity to a reasonable possible change in USD, SGD, EUR, JPY and THB, with all other variables held constant on the Group's total equity and profit for the financial years/period.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****25. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(iii) Foreign currency risk (continued)**Sensitivity analysis for foreign currency risk (continued)

	Change in rate %	Effect on profit for the financial year/ period/equity RM'000
31 December 2020		
- USD	+10%	33
	-10%	(33)
- SGD	+10%	63
	-10%	(63)
- THB	+10%	2
	-10%	(2)
31 December 2021		
- USD	+10%	413
	-10%	(413)
- SGD	+10%	134
	-10%	(134)
- EUR	+10%	50
	-10%	(50)
- JPY	+10%	18
	-10%	(18)
- THB	+10%	8
	-10%	(8)
31 December 2022		
- USD	+10%	312
	-10%	(312)
- SGD	+10%	208
	-10%	(208)
- JPY	+10%	1
	-10%	(1)
- THB	+10%	21
	-10%	(21)

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**

Accountants' Report

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**25. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(iii) Foreign currency risk (continued)**Sensitivity analysis for foreign currency risk (continued)

	Change in rate %	Effect on profit for the financial year/ period/equity RM'000
31 July 2023		
- USD	+10%	764
	-10%	(764)
- SGD	+10%	56
	-10%	(56)
- EUR	+10%	47
	-10%	(47)
- JPY	+10%	(6)
	-10%	6
- THB	+10%	1
	-10%	(1)

(c) Fair value measurement

The carrying amount of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

There have been no material transfers between Level 1, Level 2 and Level 3 during the financial years/period.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****26. RELATED PARTIES****(a) Identity of related parties**

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) Entities in which directors have interests; and
- (ii) Key management personnel of the Group, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly and indirectly.

(b) Significant related party transactions

	← Audited →			Audited	Unaudited
	FYE 31 December			FPE 31 July	
	2020	2021	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Sale of goods					
Entities in which directors have interests	276	-	-	-	-
Purchase of goods					
Entities in which directors have interests	1,200	1,020	450	-	-
Rental expense					
Entities in which directors have interests	166	166	166	234	95

(c) Compensation of key management personnel

	← Audited →			Audited	Unaudited
	FYE 31 December			FPE 31 July	
	2020	2021	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Directors' fees	275	278	-	-	-
Salaries, allowances and bonuses	1,736	1,863	2,155	1,409	1,128
Defined contribution plans	281	280	295	145	163
Other staff related benefits	3	4	4	21	18
	2,295	2,425	2,454	1,575	1,309

Significant outstanding balances with related parties at the end of the reporting periods are disclosed in Notes 7 and 15.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****27. CAPITAL MANAGEMENT**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholders' value.

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during financial years ended 31 December 2020, 31 December 2021, 31 December 2022 and financial period ended 31 July 2023.

The Group monitors capital using gearing ratio. The gearing ratio is calculated as total debts divided by total equity. The Group's policy is to keep the gearing ratio within reasonable levels. The gearing ratio as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 July 2023 are as follows:

	Note	← Audited as at →			
		31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.07.2023 RM'000
Lease liabilities/total debts	13	1,167	694	732	818
Total equity		59,763	57,954	54,395	63,428
Gearing ratio (times)		0.02	0.01	0.01	0.01

There were no changes in the Group's approach to capital management during the financial years/period under review.

Certain entities in the Group are required to maintain gearing ratios of not more than 1.5 to 2.5 to comply with bank covenants. The entities have not breached these covenants during the financial years/period.

28. SIGNIFICANT EVENTS DURING THE FINANCIAL YEARS/PERIOD**Coronavirus Disease ("COVID-19") pandemic**

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic in recognition of its rapid spread across the globe. Many countries including the Malaysian Government had imposed the Movement Control Order ("MCO") to curb the spread of the COVID-19 pandemic. The COVID-19 pandemic also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 pandemic since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group operates.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****28. SIGNIFICANT EVENTS DURING THE FINANCIAL YEARS/PERIOD (CONTINUED)****COVID-19 pandemic (continued)**

The Group has performed an assessment of the overall impact of the situation on the Group's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurements of assets and liabilities and concluded that there was no material adverse effects on the financial statements for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022.

29. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD**(a) Movement of equity interests in Crest Thailand**

On 23 August 2023, the directors of Crest acquired 30,600 ordinary shares in Crest Thailand for a cash consideration of THB3,366,000. The effective ownership in Crest Thailand increased from 49% to 100% as a result of the additional shares acquired.

On 21 September 2023, Crest Thailand issued 62,449 preference shares at par value of THB100 with a premium of THB9.99 per preference share to a shareholder.

(b) Dividends declared

On 21 August 2023, Crest Thailand declared a single-tier dividend of THB14.26 per ordinary share in respect of the financial year ended 31 December 2022, paid on 11 September 2023.

On 7 December 2023, Crest Systems declared a special final dividend of RM14.00 per ordinary share in respect of the financial year ended 31 December 2022, paid on 12 December 2023.

(c) Acquisitions of subsidiaries**(i) Acquisitions of Crest Systems, Crest Analytic, Matrix Optics, Crest Lab and Matrix Innovations**

On 17 January 2024, Crest had entered into a conditional share sale agreement for the following:

- (a) acquisition of the entire issued share capital of Crest Systems of RM1,000,000 comprising 1,000,000 ordinary shares from the shareholders of Crest Systems for a total purchase consideration of RM12,680,062 to be satisfied entirely via the allotment and issuance of 253,601,240 new Crest Shares at an issue price of RM0.05 per Crest Share.

The purchase consideration of RM12,680,062 was arrived at after taking into consideration of the audited net assets ("NA") of Crest Systems as at 31 December 2022 and deducting dividends;

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****29. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD (CONTINUED)****(c) Acquisitions of subsidiaries (continued)**

- (i) Acquisitions of Crest Systems, Crest Analytic, Matrix Optics, Crest Lab and Matrix Innovations (continued)

On 17 January 2024, Crest had entered into a conditional share sale agreement for the following: (continued)

- (b) acquisition of 70% of the issued share capital of Crest Analytic of RM350,000 comprising 350,000 ordinary shares from the shareholders of Crest Analytic for a total purchase consideration of RM1,105,030 to be satisfied entirely via the allotment and issuance of 22,100,600 new Crest Shares at an issue price of RM0.05 per Crest Share.

The purchase consideration of RM1,105,030 was arrived at after taking into consideration of the audited NA of Crest Analytic as at 31 December 2022;

- (c) acquisition of the entire issued share capital of Matrix Optics of RM500,000 comprising 500,000 ordinary shares from the shareholders of Matrix Optics for a total purchase consideration of RM8,524,849 to be satisfied entirely via the allotment and issuance of 170,496,980 new Crest Shares at an issue price of RM0.05 per Crest Share.

The purchase consideration of RM8,524,849 was arrived at after taking into consideration of the audited NA of Matrix Optics as at 31 December 2022;

- (d) acquisition of the entire issued share capital of Crest Lab of RM1,000 comprising 1,000 ordinary shares from the shareholders of Crest Lab for a total purchase consideration of RM911,459 to be satisfied entirely via the allotment and issuance of 18,229,180 new Crest Shares at an issue price of RM0.05 per Crest Share.

The purchase consideration of RM911,459 was arrived at after taking into consideration of the audited NA of Crest Lab as at 31 December 2022; and

- (e) acquisition of the entire issued share capital of Matrix Innovations of RM100,000 comprising 100,000 ordinary shares from the shareholders of Matrix Innovations for a total purchase consideration of RM2,762,879 to be satisfied entirely via the allotment and issuance of 55,257,580 new Crest Shares at an issue price of RM0.05 per Crest Share.

The purchase consideration of RM2,762,879 was arrived at after taking into consideration of the audited NA of Matrix Innovations as at 31 December 2022.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****29. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD (CONTINUED)****(c) Acquisitions of subsidiaries (continued)****(ii) Acquisitions of Crest Nanosolutions**

On 17 January 2024, Crest had entered into a conditional share sale agreement for the acquisition of the entire issued share capital of Crest Nanosolutions of RM500,000 comprising 500,000 ordinary shares from the shareholders of Crest Nanosolutions for a total purchase consideration of RM5,393,837 to be satisfied entirely via the allotment and issuance of 107,876,740 new Crest Shares at an issue price of RM0.05 per Crest Share.

The purchase consideration of RM5,393,837 was arrived at after taking into consideration of the audited NA of Crest Nanosolutions as at 31 December 2022.

(iii) Acquisition of Matrix Biosciences

On 17 January 2024, Crest had entered into a conditional share sale agreement for the acquisition of the entire issued share capital of Matrix Biosciences of RM100 comprising 100 ordinary shares from the shareholders of Matrix Biosciences for a total purchase consideration of RM3.

The purchase consideration of RM3 was arrived at based on nominal value of RM3. The purchase consideration of Matrix Biosciences is RM3 as the company is inactive.

(iv) Acquisition of Crest Innovation

On 17 January 2024, Crest had entered into a conditional sale and purchase agreement for the acquisition of 70% of the issued share capital of Crest Innovation of USD29,700 (equivalent to RM97,015) comprising 40,000 ordinary shares from the shareholders of Crest Innovation for a total purchase consideration of RM1,123,777 to be satisfied entirely via the allotment and issuance of 22,475,540 new Crest Shares at an issue price of RM0.05 per Crest Share.

The purchase consideration of RM1,123,777 was arrived at after taking into consideration of the audited NA of Crest Innovation as at 31 December 2022 and deducting dividends.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****29. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD (CONTINUED)****(c) Acquisitions of subsidiaries (continued)****(v) Acquisition of Crest Upstar**

On 17 January 2024, Crest had entered into a conditional sale and purchase agreement for the acquisition of the entire issued share capital of Crest Upstar of USD1,114 (equivalent to RM3,511) comprising 1,500 ordinary shares from the shareholders of Crest Upstar for a total purchase consideration of SGD3 (equivalent to approximately RM10).

The purchase consideration of SGD3 (equivalent to approximately RM10) was arrived at after taking into consideration of the audited NA of Crest Upstar as at 31 December 2022. The purchase consideration of Crest Upstar is SGD3 (equivalent to approximately RM10) as the company is inactive.

(vi) Acquisition of Crest Thailand

On 17 January 2024, Crest had entered into a conditional share sale agreement for the acquisition of 100% of the ordinary shares of Crest Thailand of THB6,000,000 (equivalent to RM615,678) comprising 60,000 ordinary shares from the shareholders of Crest Thailand for a total purchase consideration of RM409,375 to be satisfied entirely via the allotment and issuance of 8,187,500 new Crest Shares at an issue price of RM0.05 per Crest Share.

The purchase consideration of RM409,375 was arrived at after taking into consideration of the audited NA of Crest Thailand as at 31 December 2022 and deducting dividends.

(vii) Acquisition of Crest Suzhou

On 17 January 2024, Crest had entered into a conditional equity transfer agreement for the acquisition of 80% of the equity interest of Crest Suzhou of RMB1,800,000 (equivalent to RM826,380) from the shareholders of Crest Suzhou for a total purchase consideration of RM3,833,317 to be satisfied entirely via the allotment and issuance of 76,666,340 new Crest Shares at an issue price of RM0.05 per Crest Share.

The purchase consideration of RM3,833,317 was arrived at after taking into consideration of the audited NA of Crest Suzhou as at 31 December 2022.

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****30. SEGMENT INFORMATION**

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by directors for the purpose of making decisions about resource allocation and performance assessment. For management purposes, the Group is organised into business units based on the type of customers for its services.

The two reportable operating segments are as follows:

Segments	Product and services
Provision of imaging, analytical and test solutions	Offers pre-sales consulting, sale and customisation of equipment, installation and commissioning and user-training
Provision of after-sales services	Offers technical support and maintenance and sale of spare parts and consumables

Segment assets and liabilities

Segment assets and liabilities are not included in the internal reports that are reviewed by the directors, hence no disclosures are made on segment assets and liabilities.

Inter-segment pricing is determined on negotiated basis.

	Provision of imaging, analytical and test solutions RM'000	Provision of after-sales service RM'000	Total RM'000
31 December 2020			
Revenue:			
Revenue from external customers	91,752	32,673	124,425
Segment profit	23,377	13,177	36,554
Other income			1,770
Unallocated expenses			(21,535)
Finance cost			(68)
Income tax expense			(3,219)
Profit for the financial year			13,502
Results:			
<i>Included in the measure of segments profit are:</i>			
Employee benefits expense			(19,787)
Depreciation of property, plant and equipment			(2,293)

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****30. SEGMENT INFORMATION (CONTINUED)**

	Provision of imaging, analytical and test solutions RM'000	Provision of after-sales service RM'000	Total RM'000
31 December 2021			
Revenue:			
Revenue from external customers	115,920	32,490	148,410
Segment profit	31,917	11,469	43,386
Other income			809
Unallocated expenses			(21,765)
Finance cost			(76)
Income tax expense			(4,982)
Profit for the financial year			17,372
Results:			
<i>Included in the measure of segments profit are:</i>			
Employee benefits expense			(19,218)
Depreciation of property, plant and equipment			(2,146)

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****30. SEGMENT INFORMATION (CONTINUED)**

	Provision of imaging, analytical and test solutions RM'000	Provision of after-sales service RM'000	Total RM'000
31 December 2022			
Revenue:			
Revenue from external customers	142,239	27,963	170,202
Segment profit	36,210	9,491	45,701
Other income			1,120
Unallocated expenses			(23,516)
Finance cost			(47)
Income tax expense			(5,275)
Profit for the financial year			17,983
Results:			
<i>Included in the measure of segments profit are:</i>			
Employee benefits expense			(16,035)
Depreciation of property, plant and equipment			(2,062)

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****30. SEGMENT INFORMATION (CONTINUED)**

	Provision of imaging, analytical and test solutions RM'000	Provision of after-sales service RM'000	Total RM'000
31 July 2023			
Revenue:			
Revenue from external customers	86,778	16,098	102,876
Segment profit	22,349	5,924	28,273
Other income			588
Unallocated expenses			(16,103)
Finance cost			(21)
Income tax expense			(2,694)
Profit for the financial period			10,043
Results:			
<i>Included in the measure of segments profit are:</i>			
Employee benefits expense			(11,289)
Depreciation of property, plant and equipment			(1,180)

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****30. SEGMENT INFORMATION (CONTINUED)**

	Provision of imaging, analytical and test solutions RM'000	Provision of after-sales service RM'000	Total RM'000
31 July 2022			
Revenue:			
Revenue from external customers	77,087	15,928	93,015
Segment profit	20,043	4,884	24,927
Other income			1,138
Unallocated expenses			(11,809)
Finance cost			(21)
Income tax expense			(3,016)
Profit for the financial period			11,219
Results:			
<i>Included in the measure of segments profit are:</i>			
Employee benefits expense			(9,502)
Depreciation of property, plant and equipment			(1,128)

14. ACCOUNTANTS' REPORT (Cont'd)**CREST GROUP BERHAD**
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****30. SEGMENT INFORMATION (CONTINUED)**Geographical information

Revenue and non-current assets information based on the geographical location of customers are as follows:

	Revenue RM'000	Non-current assets RM'000
31 December 2020		
Malaysia	61,697	4,210
China	23,045	242
Thailand	25,812	1,235
Singapore	11,151	157
Others	2,720	-
	124,425	5,844
31 December 2021		
Malaysia	67,862	3,391
China	29,127	94
Thailand	37,932	791
Singapore	11,262	271
Others	2,227	-
	148,410	4,547
31 December 2022		
Malaysia	79,933	2,821
China	47,838	280
Thailand	29,733	1,163
Singapore	9,886	129
Others	2,812	-
	170,202	4,393
31 July 2023		
Malaysia	39,051	2,413
China	22,597	216
Thailand	29,014	950
Singapore	7,634	512
Others	4,580	-
	102,876	4,091

15. ADDITIONAL INFORMATION

15.1 SHARE CAPITAL

- (i) The share capital of our Company and our subsidiaries as at the LPD and changes in their respective share capital for the Financial Years Under Review and up to the LPD are set out in Sections 6.4 and 6.5 of this Prospectus.
- (ii) No securities will be allotted, issued or offered on the basis of this Prospectus later than 6 months after the date of issue of this Prospectus.
- (iii) As at the date of this Prospectus, we have only one class of shares in our Company, namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.
- (iv) Save for the new Shares issued pursuant to the Acquisitions as disclosed in Section 6.2 of this Prospectus and the outstanding registered capital of Crest Suzhou as disclosed in Section 6.5.10, no shares, debentures, outstanding warrants, options or convertible securities or uncalled capital of our Company or any of our subsidiaries have been issued or proposed to be issued as fully or partly paid-up, in cash or otherwise than in cash, within the 3 years preceding the LPD.
- (v) As at the date of this Prospectus, save for our Pink Form Shares as disclosed in Section 4.3.1(ii) of this Prospectus, there is currently no other scheme involving our Directors and employees in the share capital of our Company or any of our subsidiaries.
- (vi) None of the share capital of our Company or any of our subsidiaries is under option or agreed conditionally or unconditionally to be put under option, as at the date of this Prospectus.

15.2 EXTRACTS OF OUR CONSTITUTION

The following provisions are extracted from our Constitution which complies with the Listing Requirements, the Act and the Rules of Bursa Depository. The words, terms and expressions appearing in the following provisions will bear the same meanings used in our Constitution unless they are otherwise defined herein or the context otherwise requires.

15.2.1 Director's remuneration

Clause 105(g) – Alternate Director

“(g) An Alternate Director shall not be entitled to receive remuneration otherwise than out of the remuneration of the Director appoint him.”

Clause 106 – Directors' remuneration

“The Directors shall be paid by way of remuneration for their services, such fees and any other benefits payable to such directors (if any) subject to annual shareholder approval at General Meeting and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine, PROVIDED ALWAYS that:

- (a) save as provided in this Clause 106(a) hereof, an executive Director shall, subject to the terms and any agreement (if any) entered into any particular case, receive such remuneration as the Directors may determine. All remuneration, other than the fees provided for in this Clause 106(a) hereof, payable to the non-executive Directors shall be determined by a resolution of the Company in General Meeting;

15. ADDITIONAL INFORMATION (Cont'd)

- (b) fees payable to Non-Executive Directors shall be a fixed sum, and not by a commission on or percentage of profits or turnover;
- (c) salaries payable to Executive Directors may not include a commission or on percentage of turnover;
- (d) fees and any benefits payable to Directors shall be subject to annual shareholder approval at a General Meeting, where notice of the proposed increase has been given in the notice convening the meeting; and
- (e) the fees and / or benefits payable to Non-Executive Directors who are also Director(s) of the subsidiaries include but are not limited to directors' fees, meeting allowances, travelling allowances and benefits, but does not include insurance premium or any issue of securities."

Clause 107 – Reimbursement of expenses

"The Directors shall be paid all their travelling and other expenses properly and necessary expended by them in and about the business of the Company including their travelling and other expenses incurred in attending Board of Directors' Meeting or any committee meeting of the Directors or General Meeting of the Company."

Clause 108

"If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board in General Meeting and such remuneration may be either in addition to or in substitution for his or their share in the remuneration from time to time provided for the Directors. Extra remuneration payable to Non-Executive Director(s) shall not include a commission or percentage of turnover or profits."

Clause 115 - Power to maintain Pension or Fund

"The Directors may establish or arrange any contributory or non-contributory pension superannuation fund or life assurance scheme for the benefit of, or pay a gratuity, pension or emolument to any person who is or has been employed by or in the service of the Company or any subsidiary of the Company, or to any person who is or has been a Director or other officer of and holds or has held salaried employment in the Company or any such subsidiary, and to widow, family or dependents of any such person. The Directors may also subscribe to any association or fund which they consider to be for the benefit of the Company or any such subsidiary or any such persons as aforesaid and make payments for or towards any hospital or scholastic expenses, and make payments for or towards any hospital or any Director holding such salaried employment shall be entitled to retain any benefit received by him hereunder subject only, where the provisions of the Act requires, to proper disclosure to the Members and the approval of the Company in General Meeting."

Clause 149 – Managing Director

"The remuneration of the Managing Director shall, subject to the terms of any agreement entered into in any particular case may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but such remuneration shall not include a commission on or percentage of turnover but it may be a term of their appointment that they shall receive pension, gratuity or other benefits upon their retirement."

15. ADDITIONAL INFORMATION (Cont'd)

15.2.2 Voting and Borrowing powers of DirectorsClause 113 – Directors' borrowing power and issue debentures

"The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures and other Securities whether outright or as security for any debt, liability or obligation of the Company or any person or persons or of any company, whether or not having powers or engaged or intending to engage in business similar to those of the Company, including (without limitation) any company which is for the time being associated or allied with the Company in business or which is the holding company or a subsidiary (as defined in Section 4 of the Act) or an associated company."

Clause 129 – Chairman to have casting vote

"Subject to this Constitution any question arising at any meeting of Directors shall be decided by a majority of votes and a determination by a majority of Directors shall for all purposes be deemed a determination of the Directors. In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote except where the quorum is made up of only two (2) Directors and only such a quorum is present at the meeting or where only two (2) Directors are competent to vote on the question at issue."

Clause 133 - Restriction on voting

"A Director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest. Without prejudice to the generality of the foregoing, a Director shall also not vote in regard to any contract or proposed contract or arrangement with any other company in which he is interested either as an officer of that other company or as a holder of shares or other securities in that other company."

Clause 134 - Director may vote on the giving of security or indemnity where he is interested

"Subject to Clause 133, a Director may vote in respect of:

- (a) any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; and
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by a deposit of security.

By Ordinary Resolution of the Company, the provisions of this Clause may at any time be suspended or relaxed to any extent and either generally or in respect of any particular contract, arrangement or transaction, and any particular contract, arrangement or transaction carried out in contravention of this Clause may be ratified."

15. ADDITIONAL INFORMATION (Cont'd)Clause 135

“A Director of the Company may be or become a director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise or any corporation which is directly and indirectly interested in the Company as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefit received by him as a director or officer of, or from his interest in, such corporation unless the Company otherwise directs at the time of his appointment. The Directors may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as Directors of such other corporation, in such manner and in all aspects as they may think fit (including the exercise thereof in any favour of any resolution appointing themselves or any of the Directors or other officers of such corporation), and any Director may vote in favour of the exercise of such voting rights in manner aforesaid notwithstanding that he may be or is about to be appointed a director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in the manner aforesaid.”

15.2.3 Changes in share capital, rights, preferences, restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights and variation of class rightsClause E

“The share capital of the Company is its issued share capital. The capital of the Company may be increased and the shares in the capital for the time being either forming part of the original capital or of any increase thereof may be divided from time to time into several classes and there may be attached to any of such shares such preferential deferred qualified or special rights privileges or conditions or restrictions as to dividend, capital, voting or otherwise as may be determined upon by or in accordance with this Constitution. The Company shall have power to issue shares at any time and any part of the capital may be issued as fully or partly paid up, and every issue of shares shall (unless the conditions of issue shall otherwise expressly declare) be subject to the foregoing provisions.”

Clause 5 – Allotment of Shares and power to issue Shares

“Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares and subject to the provisions of this Constitution, the Act and the provisions of any resolution of the Company, shares in the Company may be issued by the Directors, who may allot, or otherwise dispose of such shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights, limited or conditional voting rights and subject to such restrictions and at such times as the Directors may determine but the Directors in making any issue of shares shall comply with the following conditions:-

- (a) in the case of shares of a class, other than ordinary shares, no special rights shall be attached until the same have been expressed in this Constitution and in the resolution creating the same;
- (b) every issue of shares or options to Directors and/or employees shall be approved by Members in General Meeting and such approval shall specifically detail the amount of shares or options to be issued to such Directors and/or employees;

15. ADDITIONAL INFORMATION (Cont'd)

- (c) except in the case an issue of securities on a pro rata basis to shareholders or pursuant to a back-to-back placement undertaken in compliance with the Listing Requirements or pursuant to a dividend reinvestment scheme, a Director of the Company shall not participate, directly or indirectly, in an issue of ordinary shares or other securities with rights of conversion to ordinary shares or in a share issuance scheme unless the shareholders of the Company in General Meeting have approved the specific allotment to be made to the Director and the Director has abstained from voting on the relevant resolution;
- (d) without limiting the generality of Section 76 of the Act, the Company must not issue any ordinary shares or other securities with rights of conversion to ordinary shares if the total number of those shares or securities, when aggregated with the total number of any such shares or securities which the Company has issued during the preceding twelve (12) months, exceeds ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company, except where the shares or securities are issued with the prior shareholder approval in a General Meeting of the precise terms and conditions of the issue; and
- (e) in working out the number of shares or securities that may be issued by the Company, if the security is a convertible security, each such security is counted as the maximum number of shares into which it can be converted or exercised.”

Clause 13 – Pre-emptive rights

“Subject to the Listing Requirements and any direction to the contrary that may be given by the Company in a General Meeting, all new Shares or other convertible Securities shall before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as nearly as the circumstances admit, to the amount of the existing Shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of Shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the Shares or Securities offered, the Directors may dispose of those Shares or Securities in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new Shares or Securities which by reason of the ratio which the new Shares or Securities bear the Shares or Securities held by persons entitled to an offer of new Shares or Securities cannot, in the opinion of the Directors, be conveniently offered under this Constitution.”

Clause 14 – Shares issued for purposes of raising money for the construction of works or building

“Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings, or the provision of any plant which cannot be made profitable for a long period, the Company may pay interest on the amount of such share capital as is for the time being paid up for the period and subject to the conditions and restrictions mentioned in Section 130 of the Act and may charge the same to share capital as part of the cost of the construction of any works or buildings or the provision of any plant.”

15. ADDITIONAL INFORMATION (Cont'd)

Clause 16 – Purchase by Company of its own Shares

“Subject to the provisions of the Act and the requirements and any rules, regulations and/or guidelines thereunder issued by the Exchange and/or any other relevant authority in respect thereof for the time being in force, the Company shall have the power and may purchase its own Shares and thereafter the Directors may resolve and shall have the fullest power to deal with such purchased shares in accordance with the provisions of the Act and such other relevant laws, regulation and/or guidelines. Any ordinary Shares in the Company so purchased by the Company shall be dealt with in accordance with the provisions of the Act, the requirements and any rules, regulations and guidelines thereunder issued by the Exchange and/or any other relevant authority in respect thereof.”

Clause 36 – Transfer of securities

“The instrument of transfer of any listed Securities shall be in writing and in the form approved in the Rules and shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain the holder of the securities until the name of the transferee is entered in the Record of Depositors in respect thereof. The transfer of any listed Securities or class of listed Securities of the Company shall be by way of book entry by the Depository in accordance with the Rules and notwithstanding Sections 105, 106 and 110 of the Act, but subject to Subsection 148(2) of the Act and any exemption may be made from compliance with Subsection 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of listed Securities.”

Clause 37

“Subject to the Rules and Listing Requirements, the transfer of any Securities may be suspended at such times and for such periods as the Directors may from time to time determine. Ten (10) Market Days’ notice, or such other period as may from time to time be specified by the Exchange governing the Register concerned, of intention to close the Register shall be given to the Exchange. At least three (3) Market Days’ or such other period as may from time to time be specified by the governing authority, prior notice shall be given to the Bursa Depository to prepare the appropriate Record of Depositors.”

Clause 38

“The Bursa Depository may refuse to register any transfer of Deposited Security that does not comply with the Central Depositories Act and the Rules. No Securities shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.”

Clause 39

“Subject to the provisions of this Constitution, the Directors may recognise a renunciation of the allotment of any share by the allottee thereof in favour of some other person.”

15. ADDITIONAL INFORMATION (Cont'd)

Clause 40

“Subject to any law in Malaysia for the time being in force, neither the Company nor the Directors nor any of its officers shall incur any liability for the act of the Bursa Depository in registering or acting upon a transfer of Securities apparently made by a Member or any person entitled to the Securities by reason of death, bankruptcy or insanity of a Member although the same may, by reason of any fraud or other causes not known to the Company or the Directors or the Bursa Depository or other officers, be legally inoperative or insufficient to pass the property in the Securities proposed or professed to be transferred, and although the transfer may as between the transferor Member and the transferee, be liable to be set aside and notwithstanding that the Company may have notice that such instrument or transfer was signed or executed and delivered by the transferor Member in the blank as to the name of the transferee, of the particulars of the Securities transferred or otherwise in defective manner. And in every case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such Securities and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.”

Clause 47 – Modification of class rights

“The Company may from time to time by Ordinary Resolution increase the share capital by the creation and issue of new Shares, such new capital to be of such amount to be divided into Shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company may direct in the resolution authorising such increase.”

Clause 49 – Modification of class rights

“If at any time, the share capital by reason of the issue of preference shares or otherwise is divided into different classes the repayment of such preferred capital or all or any of the rights and privileges attached to each class may subject to the provisions of the Act be varied modified commuted affected abrogated or dealt with by a written consent representing not less than seventy-five per centum (75%) of the total voting rights of the preference shareholders or by Special Resolution passed by the holders at least seventy-five per centum (75%) of the total voting rights at a separate General Meeting of the holders of that class and all the provisions hereinafter contained as to General Meetings shall equally apply to every such meeting except that the quorum hereof shall be Members holding or representing by proxy at least one-third (1/3) of the issued shares of the class. Provided however that in the event of the necessary majority for such a Special Resolution not having been obtained in the manner aforesaid consent in writing may be secured from Members holding at least seventy-five per centum (75%) of the total voting rights and such consent if obtained within two (2) months from the date of the separate General Meeting shall have the force and validity of a resolution duly carried by a vote in person or by proxy.”

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15. ADDITIONAL INFORMATION (Cont'd)Clause 51 – Alteration of Capital

"The Company may alter its share capital in any one or more of the following ways by passing an Ordinary Resolution:

- (a) to consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided Share is derived;
- (b) to convert all or any of its paid-up Shares into stock and may reconvert that stock into paid-up Shares;
- (c) to subdivide its share capital or any part thereof, whatever is in the subdivision, the proportions between the amount paid and the amount, if any, unpaid on each subdivided Share shall be the same as it was in the case of the Shares from which the subdivided Share is derived;
- (d) to increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe; or
- (e) to cancel any Shares which at the date of the passing of the resolution which have been forfeited and diminish the amount of its Share capital by the amount of the Shares so cancelled."

Clause 52 – Power to reduce capital

"Notwithstanding any other authorisation and consent that may be required by the provisions of the Act, the Company may reduce its share capital by:

- (a) Special Resolution and confirmation by the High Court in accordance with Section 116 of the Act; or
- (b) Special Resolution supported by a solvency statement in accordance with Section 117 of the Act."

Clause 53 – Share buy-back and financial assistance

Subject always to the provisions of this Constitution, the Act and the Listing Requirements, the Company shall be empowered to purchase its own Shares provided that such power shall be exercised if:

- (a) the Company is solvent at the date of the purchase and will not become insolvent by incurring the debts involved in the obligation to pay for the Shares so purchased;
- (b) the purchase is made through the stock exchange on which Shares of the Company are quoted and in accordance with the relevant rules of the stock exchange; and
- (c) the purchase is made in good faith and in the interests of the Company.

15. ADDITIONAL INFORMATION (Cont'd)

Where the Company has purchased its own Shares, the Directors may, subject to and in accordance with the Act and the Listing Requirements or any other stock exchange upon which the Company's Shares are listed and any other authority:

- (a) cancel the Shares so purchased; and/or
- (b) retain the Shares so purchase in treasury (the "Treasury Shares");
- (c) retain part of the Shares and cancel the remainder of the Shares so purchased; and/or
- (d) resell to the market.

15.3 DEPOSITED SECURITIES AND RIGHTS OF DEPOSITORS

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as securities to be deposited into the CDS. Following this, we will deposit our Shares directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the SICDA and Depository Rules. We will not issue any share certificates to successful applicants.

Dealing in Shares deposited with Bursa Depository may only be effected by a Depositor by means of entries in the securities account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares will be deemed to be a shareholder of our Company and will be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

15.4 LIMITATION ON THE RIGHT TO HOLD SECURITIES AND/OR EXERCISE VOTING RIGHTS

Subject to Section 15.3 above and Clauses 81 and 84(c) which have been reproduced below from our Constitution, there is no limitation on the right to own our Shares, including any limitation on the right of a non-resident or foreign shareholders to hold or exercise voting rights on our Shares which is imposed by Malaysian law or by our Constitution.

Clause 81 – Vote of Member of unsound mind

A Member who is of unsound mind or whose person or estate is liable to be dealt with in any way under the law relating to mental disorder may vote, whether on a show of hands or on a poll, by his committee or by such other person who properly has the management of his estate, and any such committee or other person may vote by proxy or attorney and any person entitled under this Constitution to transfer any Shares may vote at any General Meeting in respect thereof in the same manner as if he was the registered holder of such Shares provided that forty-eight (48) hours at the least before the time of holding the General Meeting or adjourned General Meeting as the case may be at which he proposes to vote, he shall satisfy the Directors of his right to transfer such Shares unless the Directors shall have previously admitted his right to vote at such General Meeting in respect thereof.

Clause 84(c) - No Member to vote unless calls paid

Subject to Clauses 58, 59 and 60 above, a Member of the Company shall be entitled to be present and to vote at any General Meeting in respect of any Share or Shares upon which all calls due to the Company have been paid. No person shall be entitled to be present or to vote on any resolution either as a Member or otherwise as a proxy, or attorney, or representative at any General Meeting or demand a poll or be reckoned in the quorum in respect of any Shares upon which calls are due and unpaid.

15. ADDITIONAL INFORMATION (*Cont'd*)

15.5 REPATRIATION OF CAPITAL, REMITTANCE OF PROFIT AND TAXATION

(i) Malaysia

There are no significant restrictions on remittances of profit by Crest Lab, Crest Nanosolutions, Crest Systems, Matrix Innovations, Matrix Optics, Crest Analytic and/or Matrix Biosciences to its shareholder(s) or Crest, subject to anti-money laundering; counter-financing of terrorism and taxation related considerations under the relevant and applicable Malaysian laws.

Under the Act, a company may only pay dividends to its shareholders out of profits of the company available if the company is solvent. Such distribution must be authorised by the board of directors of the company and if the directors are satisfied that the company will be solvent immediately after the distribution is made.

All corporations in Malaysia are required to adopt a single-tier dividend. All dividends distributed by Malaysian resident companies under a single-tier dividend are tax-exempt in the hands of shareholders. Further, the Malaysian Government does not levy withholding tax on dividend payments. Therefore, there is no withholding tax imposed on dividends paid to non-residents by Malaysian resident companies. There is no Malaysian capital gains tax arising from the disposal of listed shares.

(ii) Singapore

There are generally no restrictions or time frame stipulated on the repatriation or remittance of profits, whether in the form of dividends or interests, or capital (meaning funds in general, instead of the share capital of Crest Innovation and/or Crest Upstar) into or out of Singapore, or significant restrictions on remittances, capital movements and foreign currency exchange transactions, by Crest Innovation and/or Crest Upstar to its shareholder(s), subject to anti-money laundering; counter-financing of terrorism; taxation related considerations under the relevant and applicable Singapore laws.

Generally, repatriation of profits and remittance of funds out of a company's share capital is entirely dependent on the ability of such company to pay funds to its shareholder(s) in accordance with its constitution and the provisions of the Companies Act 1967 of Singapore ("**Companies Act**"). Under Singapore laws, Crest Innovation and/or Crest Upstar may repatriate capital to their shareholders (including foreign shareholders) if the same is effected through a capital reduction exercise or a share buyback in accordance with its constitution and the Companies Act.

Under the Companies Act, Crest Innovation and/or Crest Upstar are permitted to remit profits to their shareholders if the same is effected through payment of dividends. Under section 403 of the Companies Act, a company may only pay dividends to shareholders out of profits of the company. Crest Innovation and/or Crest Upstar may declare dividends in accordance with its constitution and the directors may make a recommended rate to be paid as dividends, which will be voted on and approved by shareholders at the company's annual general meeting or extraordinary general meeting. There is no requirement to withhold tax on such dividend payments, whether the same is paid to resident shareholders or non-resident shareholders.

Under Section 13(1)(za) of the Income Tax Act 1947 of Singapore ("**Income Tax Act**"), Singapore adopts the one-tier corporate taxation system whereby any dividends paid on or after 1st January 2008 by any company resident in Singapore is exempt from income tax, so long as said dividend is not paid wholly or in part out of income exempted from tax. Such dividends are tax-exempt in the hands of the shareholders, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident. Further, as dividend payments is an exempted income under the Income Tax Act, dividend payments to both resident and non-resident shareholders will not be subject to withholding tax.

15. ADDITIONAL INFORMATION (Cont'd)

(iii) PRC

Pursuant to the Foreign Investment Law of PRC, foreign investors may in accordance with law, freely remit into or out of the PRC, their capital contributions, profits, capital gains, income from asset disposal, intellectual property royalties, compensation or indemnification obtained in accordance with law, liquidation income and so forth, that are made or obtained in the PRC, in RMB or other foreign currency.

The key regulation governing foreign exchange in the PRC is the Foreign Exchange Administration Regulations which became effective on 5 August 2008. Pursuant to the Foreign Exchange Administration Regulations, foreign exchange transactions are categorized into current account items and capital account items. Payments of current account items, such as trade and service-related foreign exchange transactions and profits, can be made freely without prior approval from the State Administration of Foreign Exchange (the “SAFE”) so long as they are genuine and legitimate transactions and certain procedural requirements are complied with. However, payments of capital account items, such as capital transfers, loans and repatriation of investments can only be made with SAFE’s prior approval or prior registration with SAFE for conversion of RMB into other foreign currency and remittance of the foreign currency outside the PRC.

Under PRC Company Law, Crest Suzhou may only make dividend payments out of its accumulated profits. Prior to distributing dividends, Crest Suzhou is required to, amongst others, pay corporate income tax at the rate of 25%, make up the accumulated losses in previous years (if any) and set aside 10% of its after-tax profit to a statutory surplus reserve fund until such reserve fund reaches 50% of its registered capital.

Pursuant to the PRC Enterprise Income Tax Law and its Implementing Regulation (the “EIT Law”) which became effective on 1 January 2008 and subsequently amended in 2017 and 2018, non-resident enterprises (i.e. an entity established under foreign law whose de facto management bodies are not within the PRC but which have an establishment or place of business in the PRC, or which have no such establishment or place of business but have income generated from within the PRC) are subject to income tax for the income deriving from or accruing in the PRC, for example, the dividends received by the foreign shareholders of Crest Suzhou and other gains from investment received by the foreign shareholders of Crest Suzhou. The tax rate is generally 10% and Crest Suzhou will be responsible to withhold such tax prior to repatriating any dividends or profits to its foreign shareholders.

(iv) Thailand

Capital of a company incorporated in Thailand (“**Thai Company**”) may be returned to its shareholders pursuant to a capital reduction exercise or dissolution of the company, in accordance with the Civil and Commercial Code of Thailand and the company’s articles of association. There are no restrictions on the repatriation of reduced capital from Crest Thailand to its foreign shareholders or the repatriation of capital return due to dissolution of company from Crest Thailand (if dissolved) to its foreign shareholders, and no approval is required for such repatriation under the Exchange Control Act of Thailand (B.E. 2485) (1942), as amended (the “**Exchange Control Act**”).

Dividend payments in Thailand are categorized as payments for goods and services and are allowed up to the amount of the obligations imposed upon the payer. Under the Civil and Commercial Code of Thailand, dividends can be declared and paid, in the case of final dividends, by the resolution of a meeting of its shareholders and in the case of interim dividends, by the resolution of the board of directors.

15. ADDITIONAL INFORMATION (Cont'd)

There are no restrictions on or approvals required for the repatriation of dividend payments by Crest Thailand to Malaysia under the Exchange Control Act, save that dividends can only be paid out of the profits of Crest Thailand. The dividend payments made by Crest Thailand to its foreign shareholders are deemed taxable income and subject to a withholding tax at the rate of 10% of the taxable income.

Dividend payments and the repatriation of capital proceeds pursuant to a capital reduction exercise or dissolution of a Thai Company to its foreign shareholders must be converted into foreign currency prior to outward remittance from Thailand. Such foreign exchange transaction must be conducted through commercial banks or certain other entities which the Bank of Thailand has authorized to conduct foreign exchange transactions as authorized agents of the Bank of Thailand.

If the amount per remittance is less than US\$200,000 or its equivalent in the relevant currency, such remittance may be made without filing supporting documents unless requested by the authorised commercial bank. If the amount is US\$200,000 or its equivalent in the relevant currency or more, particulars of such foreign exchange transaction and supporting evidence will need to be submitted to the authorized commercial bank, such documents may include:

- (a) in the case of dividend payments, resolutions from a meeting of its shareholders or its board of directors, and an up-to-date list of the shareholders of the Thai Company; and
- (b) in the case of repatriation of reduced capital or capital return due to dissolution of the Thai Company, the affidavit showing the reduced capital or minutes of the shareholders' meeting or evidence certifying the completion of liquidation issued by a liquidator or minutes of the shareholders' meeting approving the dissolution of the Thai Company.

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15. ADDITIONAL INFORMATION (Cont'd)

15.6 MATERIAL CONTRACTS

Save as disclosed below, our Group has not entered into any material contracts (including contracts not in writing) that are not in the ordinary course of our Group's business within the Financial Years Under Review and up to the date of this Prospectus:

- (i) Conditional share sale agreement dated 17 January 2024 entered into by the Crest Vendors (as the vendors) and our Company (as the purchaser) for the acquisition of the share capital held by the Crest Vendors in Crest Lab, Crest Systems, Matrix Innovations, Matrix Optics and Crest Analytic, respectively, comprising of 1,951,000 ordinary shares for a purchase consideration of RM25,984,279 which shall be satisfied by the issuance of 519,685,580 new ordinary shares in our Company to the Crest Vendors at an issue price of RM0.05 each, which was completed on [●];
- (ii) Conditional share sale agreement dated 17 January 2024 entered into by the Crest Vendors (as the vendors) and our Company (as the purchaser) for the acquisition of the entire issued share capital in Matrix Biosciences, comprising of 100 ordinary shares for a purchase consideration of RM3, which was completed on [●];
- (iii) Conditional share sale agreement dated 17 January 2024 entered into by the Crest Vendors and KKY (as the vendors) and our Company (as the purchaser) for the acquisition of the entire issued share capital in Crest Nanosolutions, comprising of 500,000 ordinary shares for a purchase consideration of RM5,393,837 which shall be satisfied by the issuance of 107,876,740 new ordinary shares in our Company to the Crest Vendors and KKY at an issue price of RM0.05 each, which was completed on [●];
- (iv) Conditional sale and purchase agreement dated 17 January 2024 entered into by the Crest Vendors (as the vendors) and our Company (as the purchaser) for the acquisition of 70.00% equity interest in Crest Innovation, comprising of 40,000 ordinary shares for a purchase consideration of RM1,123,777 which shall be satisfied by the issuance of 22,475,540 new ordinary shares in our Company to the Crest Vendors at an issue price of RM0.05 each, which was completed on [●];
- (v) Conditional sale and purchase agreement dated 17 January 2024 entered into by the Crest Vendors (as the vendors) and our Company (as the purchaser) for the acquisition of the entire issued share capital in Crest Upstar, comprising of 1,500 ordinary shares for a purchase consideration of SGD3, which was completed on [●];
- (vi) Conditional equity transfer agreement dated 17 January 2024 entered into by the Crest Vendors (as the vendors) and our Company (as the purchaser) for the acquisition of 80.00% equity interest in Crest Suzhou for a purchase consideration of RM3,833,317 which shall be satisfied by the issuance of 76,666,340 new ordinary shares in our Company to the Crest Vendors at an issue price of RM0.05 each, which was completed on [●];
- (vii) Conditional share sale agreement dated 17 January 2024 entered into by the Crest Vendors (as the vendors) and our Company (as the purchaser) for the acquisition of 49.00% equity interest in Crest Thailand, comprising of 60,000 ordinary shares for a purchase consideration of RM409,375 which shall be satisfied by the issuance of 8,187,500 new ordinary shares in our Company to the Crest Vendors at an issue price of RM0.05 each, which was completed on [●]; and
- (viii) Underwriting Agreement dated [●] entered into between our Company and MIDF Investment as the Underwriter for the underwriting of up to 56,264,000 Issue Shares under the Public Issue.

15. ADDITIONAL INFORMATION (Cont'd)

15.7 MATERIAL LITIGATION

As at the LPD, our Group is not involved in any material litigation, claim or arbitration, either as plaintiff, defendant or third party, including those relating to bankruptcy, receivership or similar proceedings which may have or have had a material adverse effect on the business or financial position of our Group. Our Directors confirm that there are no proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect our financial or business position.

15.8 CONSENTS

- (i) The written consents of our Principal Adviser, Sponsor, Underwriter, Placement Agent, Company Secretaries, Solicitors, Share Registrar and Issuing House as listed in the Corporate Directory of this Prospectus for the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issuance of this Prospectus and have not subsequently been withdrawn.
- (ii) The written consent of our Auditors and Reporting Accountants for the inclusion of its name, the Accountants' Report and the Reporting Accountants' Report on the Pro Forma Combined Statements of Financial Position of our Group and all references thereto in the form and context in which they are contained in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn.
- (iii) The written consent of our IMR for the inclusion of its name, the IMR Report and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issuance of this Prospectus and has not subsequently been withdrawn.

15.9 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our registered office at 12th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia during office hours for a period of 6 months from the date of this Prospectus:

- (i) our Constitution;
- (ii) IMR Report prepared by IMR as included in Section 8 of this Prospectus;
- (iii) Reporting Accountants' Report on the Pro Forma Combined Statements of Financial Position of our Group as at 31 July 2023 as included in Section 13 of this Prospectus;
- (iv) Accountants' Report as included in Section 14 of this Prospectus;
- (v) audited financial statements of our Group for the Financial Years Under Review and the FPE 2023;
- (vi) the material contracts as referred to in Section 15.6 of this Prospectus; and
- (vii) letters of consent referred to in Section 15.8 of this Prospectus.

15. ADDITIONAL INFORMATION (Cont'd)

15.10 RESPONSIBILITY STATEMENTS

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

MIDF Investment as our Principal Adviser, Sponsor, Underwriter and Placement Agent in relation to our IPO, acknowledges that, based on all available information, and to the best of their knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

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16. PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE “DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE” ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used in this Section shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

16.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD: 10:00 A.M., [●].

CLOSING OF THE APPLICATION PERIOD: 5:00 P.M., [●].

Applications for our IPO Shares will open and close at the times and dates stated above. In the event there is any change to the dates and times stated above, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

Late Applications will not be accepted.

16.2 METHODS OF APPLICATIONS

16.2.1 Application for our IPO Shares by the Malaysian Public and Eligible Persons

Applications must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that your Application will succeed. You agree to be bound by our Constitution.

<u>Type of Application and category of investors</u>	<u>Application method</u>
Applications by our Directors, eligible employees of our Group (including directors of our subsidiaries) and persons who have contributed to the success of our Group	Pink Application Form only
Applications by the Malaysian Public	
(i) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(ii) Non-individuals	White Application Form only

16.2.2 Application of our IPO Shares by identified Bumiputera investors

Identified Bumiputera investors approved by the MITI may still apply for our IPO Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application, where applicable. Bumiputera investors approved by the MITI who have been allocated our IPO Shares will be contacted directly by the MITI and should follow the instructions as communicated through the MITI.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

16.3 ELIGIBILITY

16.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

AN APPLICANT WHO WISHES TO APPLY FOR IPO SHARES USING A JOINT BANK ACCOUNT SHOULD COMMUNICATE WITH THE FINANCIAL INSTITUTION IN CHARGE OF IPO APPLICATION TO PROVIDE THE MATCHING NAME IN THE JOINT BANK ACCOUNT AGAINST HIS/ HER CDS ACCOUNT TO ISSUING HOUSE. THIS IS TO ENSURE THAT ISSUING HOUSE RECEIVES IPO APPLICATION WHERE THE NAME IN THE JOINT BANK ACCOUNT MATCHES AGAINST THE NAME IN THE CDS ACCOUNT AND TO MINIMIZE THE INCIDENT OF REJECTED IPO APPLICATION DUE TO "CDS ACCOUNT BELONGS TO OTHER PERSON". COMPANY, PRINCIPAL ADVISER & ISSUING HOUSE ARE NOT RESPONSIBLE FOR ANY ISSUE ARISING THEREAFTER.

16.3.2 Application by the Malaysian Public

You can only apply for our Issue Shares if you fulfill all of the following:

- (i) you must be one of the following:
 - (a) a Malaysian citizen who is at least 18 years old as at the date of the application for our Issue Shares with a Malaysian address; or
 - (b) a corporation/institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia;
- (ii) you must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and
- (iii) you must submit the Applications by using only one of the following methods:
 - (a) White Application Form; or
 - (b) Electronic Share Application; or

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (c) Internet Share Application.

16.3.3 Application by Eligible Persons

The Eligible Persons (including any entities, wherever established) will be provided with Pink Application Forms and letters from us detailing their respective allocation. The Eligible Persons must follow the notes and instructions in the said document and where relevant, in this Prospectus.

The Eligible Persons may request for a copy of the printed Prospectus from our Company at no cost and are given an option to have the printed Prospectus delivered to them free of charge, or to obtain the printed Prospectus from our Company, Issuing House, MIDF Investment, Participating organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

16.4 PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM[●] for each IPO Share.

Payment must be made out in favour of “**MIH SHARE ISSUE ACCOUNT NO. [●]**” and crossed “**A/C PAYEE ONLY**” and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (i) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Malaysian Issuing House Sdn Bhd
(199301003608 (258345-X))
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

or

P.O. Box 00010
Pejabat Pos Jalan Sultan
46700 Petaling Jaya
Selangor Darul Ehsan
Malaysia

- (ii) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at the front portion of Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, so as to arrive not later than 5.00 p.m. on [●] or by such other time and date specified in any change to the date or time for closing.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

16.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our Issue Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Electronic Participating Financial Institutions.

16.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our Issue Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS-CIMB Securities Sdn Bhd, Malayan Banking Berhad, and Public Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

16.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board, reserves the right to:

- (i) reject the Applications which:
 - (a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
 - (b) are illegible, incomplete or inaccurate; or
 - (c) are accompanied by an improperly drawn up, or improper form of, remittance; or
- (ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (iii) bank in all Application monies (including those from unsuccessful/partially successful applicants) which would subsequently be refunded, where applicable (without interest) in accordance with Section 16.9 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor shall it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

16.8 OVER/UNDER-SUBSCRIPTION

In the event of over-subscription, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our Issue Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of Shares and the balloting results in connection therewith will be furnished by the Issuing House to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the Issuing House's website at www.mih.com.my within one market day after the balloting date.

Pursuant to the Listing Requirements, we are required to have a minimum of 25.0% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our Issue Shares by the Malaysian Public and/or Eligible Persons, subject to the underwriting and reallocation as set out in Section 4.3.4 of this Prospectus, any of the abovementioned Issue Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

16.9 UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful/partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

16.9.1 For applications by way of Application Forms

- (i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/registered post to your registered or correspondence address last maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.
- (ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary/registered post to your address as stated in the National Registration Identity Card or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

- (iv) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or by issuance of banker's draft sent by registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

16.9.2 For applications by way of Electronic Share Applications and Internet Share Applications

- (i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.
- (ii) You may check your account on the 5th Market Day from the balloting date.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House, by crediting into your account with the Participating Financial Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institutions will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institutions will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

16.10 SUCCESSFUL APPLICANTS

If you are successful in your Application:

- (i) Our Issue Shares allotted to you will be credited into your CDS account.
- (ii) A notice of allotment will be despatched to you at the last address you maintained with Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued/offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.
- (iv) In accordance with Section 29 of the SICDA, all dealings in our IPO Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

16.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

<u>Mode of application</u>	<u>Parties to direct the queries</u>
Application Form	Issuing House Enquiry Services at telephone no. +603-7890 4700
Electronic Share Application	Participating Financial Institutions
Internet Share Application	Internet Participating Financial Institutions or Authorised Financial Institutions

The results of the allocation of our Issue Shares derived from successful balloting will be made available to the public at the Issuing House's website at www.mih.com.my, within **1 Market Day** after the balloting date.

You may also check the status of your Application at the above website, **5 Market Days** after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities.

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ANNEXURE A OUR MAJOR LICENCES, PERMITS AND APPROVALS

OUR MAJOR LICENCES, PERMITS AND APPROVALS

As at the LPD, a summary of the details of our major licences, permits and approvals for our operations are set out as follows:

No.	Company	Description of licence / permit / approval / certificate	Approving authority / issuer	Issue date / Expiry date	Licence / Permit / Registration / Certificate No.	Major conditions imposed	Status of compliance
<u>Malaysia</u>							
1.	Crest Systems	Atomic Energy Licence for:- <u>Class C</u> To manufacture, trade in, produce, process, purchase, own, possess, use, transfer, handle, sell or store irradiating apparatus <u>Class E</u> To export or import radioactive materials, nuclear materials, prescribed substances, irradiating apparatus or their wastes <u>Class G</u> (a) To dispose of radioactive materials, nuclear materials, prescribed substances or their wastes (b) To store radioactive materials, nuclear materials, prescribed substances or their waste prior to their disposal (c) To decommission a milling installation, nuclear installation, waste treatment facility, irradiating apparatus or sealed source apparatus	Department of Atomic Energy (Atom Malaysia) ("AELB")	5 June 2022 / 4 June 2024	LPTA/A/753	(i) Crest Systems is required to ensure that only YKM (as both the person responsible for the licence and the radiation protection officer) and Dennis Chin Boon Jin (as the supervisor) deal with the AELB. (ii) Crest Systems is required to obtain the approval of the AELB at least 14 days before any recognition, change or recruitment, of the person responsible for the licence, the radiation protection officer, the supervisor or the maintenance operator as the case may be. (iii) Crest Systems is prohibited from making any modifications to all licensed radiation equipment without obtaining the prior approval of the AELB. (iv) This licence is non-transferable.	Complied

ANNEXURE A OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Company	Description of licence / permit / approval / certificate	Approving authority / issuer	Issue date / Expiry date	Licence / Permit / Registration / Certificate No.	Major conditions imposed	Status of compliance
		<u>Class H</u> For the control of activities not covered by Classes A to G, inclusive					
2.	Crest Analytic	Certificate of Registration of Company for government procurement matters The individual authorized by the company to manage the government procurement matters is as follows: (i) Mr. Wong Kam Fui (General Manager)	Ministry of Finance	31 May 2021 / 6 June 2024	Certificate No.: K66115871602929389 Registration Reference No.: 357-02232380	(i) Any changes to the information submitted by Crest Analytic to the Ministry of Finance must be updated online at Modul Kemaskini Profil at www.eperolehan.gov.my within 21 days from the date of occurrence of such change and a failure to do so may result in action such as item (iii) below. (ii) Crest Analytic is required to ensure that the fields which have been registered under this certificate do not overlap with the fields which have been approved for such companies which: (a) Have the same owner or Board of Directors, management and employees; or (b) Operate at the same premise. (iii) Failure to comply with the conditions of registration and/or field codes may result in the suspension or cancellation of the registration of Crest Analytic and disciplinary action including blacklisted without any notice taken against Crest Analytic, the owner and Board of Directors if it is found that the information given is not true.	Complied

ANNEXURE A OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Company	Description of licence / permit / approval / certificate	Approving authority / issuer	Issue date / Expiry date	Licence / Permit / Registration / Certificate No.	Major conditions imposed	Status of compliance
						<p>(iv) The registration of Crest Analytic will be suspended or cancelled if it is found that Crest Analytic has committed an offence as follows:</p> <p>(a) It/ its owner/ director/ any of the management members have committed a crime and found to be guilty by the courts of Malaysia or outside Malaysia or suffer from civil liability.</p> <p>(b) It withdraws the offer before the tender is considered or reject an offer.</p> <p>(c) It fails to perform its contractual obligations for contracts which have been signed with the government.</p> <p>(d) It is found to have amended its Certificate of Registration of Company for purposes of fraud.</p> <p>(e) It is found to have allowed its Certificate of Registration of Company to be misused by other individuals/companies.</p> <p>(f) It is found to be involved in price fixing with other companies while participating in a government tender or subcontract without prior consent from the relevant government agency.</p>	

ANNEXURE A OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Company	Description of licence / permit / approval / certificate	Approving authority / issuer	Issue date / Expiry date	Licence / Permit / Registration / Certificate No.	Major conditions imposed	Status of compliance
3.	Crest Nanosolutions	Atomic Energy Licence for:- <u>Class C</u> To manufacture, trade in, produce, process, purchase, own, possess, use, transfer, handle, sell or store irradiating apparatus	AELB	27 July 2023 / 26 July 2026	LPTA/A/3530	(v) CrestAnalytic is required to submit an application for renewal of registration three months* prior to the expiry of the registration period. (i) Crest Nanosolutions is required to ensure that only Lyn Meng Keong (as the person responsible for the licence) or Tan Chun Hau (as the radiation protection officer) and the supervisor deal with the AELB. (ii) Crest Nanosolutions is required to obtain the approval of the AELB at least 14 days before any recognition, change or recruitment, of the person responsible for the licence, the radiation protection officer, the supervisor or the maintenance operator as the case may be. (iii) Crest Nanosolutions is prohibited from making any modifications to all licensed radiation equipment without obtaining the prior approval of the AELB. (iv) This licence is non-transferable.	Complied
4.	Crest Lab	Atomic Energy Licence for:- <u>Class C</u> To manufacture, trade in, produce, process, purchase, own, possess, use, transfer, handle, sell or store irradiating apparatus	AELB	9 November 2022 / 8 November 2025	LPTA/A/2166	(i) Crest Lab is required to ensure that only YKM (as the person responsible for the licence) or Teh Beng Choy (as the radiation protection officer) and Lim Jun Lee (as the supervisor) deal with the AELB.	Complied

ANNEXURE A OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Company	Description of licence / permit / approval / certificate	Approving authority / issuer	Issue date / Expiry date	Licence / Permit / Registration / Certificate No.	Major conditions imposed	Status of compliance
		<p><u>Class E</u> To export or import radioactive materials, nuclear materials, prescribed substances, irradiating apparatus or their wastes</p> <p><u>Class G</u> (a) To dispose of radioactive materials, nuclear materials, prescribed substances or their wastes (b) To store radioactive materials, nuclear materials, prescribed substances or their waste prior to their disposal (c) To decommission a milling installation, nuclear installation, waste treatment facility, irradiating apparatus or sealed source apparatus</p> <p><u>Class H</u> For the control of activities not covered by Classes A to G, inclusive</p>				<p>(ii) Crest Lab is required to obtain the approval of the AELB at least 14 days before any recognition, change or recruitment, of the person responsible for the licence, the radiation protection officer, the supervisor or the maintenance operator as the case may be.</p> <p>(iii) Crest Lab is prohibited from making any modifications to all licensed radiation equipment without obtaining the prior approval of the AELB.</p> <p>(iv) This licence is non-transferable.</p>	
5.	Matrix Innovations	<p>Atomic Energy Licence for:- <u>Class C</u> To manufacture, trade in, produce, process, purchase, own, possess, use, transfer, handle, sell or store irradiating apparatus</p>	AELB	11 January 2024 / 10 January 2027	LPTA/A/2256	(i) Matrix Innovations is required to ensure that only YKM (as the person responsible for the licence) or Yew Li Li (as the radiation protection officer) and the supervisor deal with the AELB.	Complied

ANNEXURE A OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Company	Description of licence / permit / approval / certificate	Approving authority / issuer	Issue date / Expiry date	Licence / Permit / Registration / Certificate No.	Major conditions imposed	Status of compliance
6.	Matrix Innovations	<p>Certificate of Registration of Company for government procurement matters</p> <p>The individuals authorized by the company to manage the government procurement matters are as follows:</p> <ul style="list-style-type: none"> (i) Mr. Au Chun Mun (Director) (ii) Mr. Lim Siong Wai (Director) (iii) Mr. Yap Kian Meng (Director) (iv) Mr. Te Win Ping (Sales Manager) (v) Mr. Heng Yik Ho (Sales Engineer) (vi) Mr. Isfahan Amin Sulaimaan (Sales Engineer) (vii) Mr. Muhammad Adam Ariff Bin Ariffadzillah (Sales Engineer) 	Ministry of Finance	23 March 2021 / 17 April 2024	<p>Certificate No.: K60113366952867429</p> <p>Registration Reference No.: 357-02002775</p>	<ul style="list-style-type: none"> (ii) Matrix Innovations is required to obtain the approval of the AELB at least 14 days before any recognition, change or recruitment, of the person responsible for the licence, the radiation protection officer, the supervisor or the maintenance operator as the case may be. (iii) Matrix Innovations is prohibited from making any modifications to all licensed radiation equipment without obtaining the prior approval of the AELB. (iv) This licence is non-transferable. 	Complied

ANNEXURE A OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Company	Description of licence / permit / approval / certificate	Approving authority / issuer	Issue date / Expiry date	Licence / Permit / Registration / Certificate No.	Major conditions imposed	Status of compliance
		(viii) Mr. Muhammad Nazmi Bin Adnan (Account and Administrative Executive).				<p>(iii) Failure to comply with the conditions of registration and/or field codes may result in the suspension or cancellation of the registration of Matrix Innovations and disciplinary action including blacklisted without any notice taken against Matrix Innovations, the owner and Board of Directors if it is found that the information given is not true.</p> <p>(iv) The registration of Matrix Innovations will be suspended or cancelled if it is found that Matrix Innovations has committed an offence as follows:</p> <p>(a) It/ its owner/ director/ any of the management members have committed a crime and found to be guilty by the courts of Malaysia or outside Malaysia or suffer from civil liability.</p> <p>(b) It withdraws the offer before the tender is considered or reject an offer.</p> <p>(c) It fails to perform its contractual obligations for contracts which have been signed with the government.</p> <p>(d) It is found to have amended its Certificate of Registration of Company for purposes of fraud.</p> <p>(e) It is found to have allowed its Certificate of Registration of Company to be misused by other individuals/ companies.</p>	

ANNEXURE A OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Company	Description of licence / permit / approval / certificate	Approving authority / issuer	Issue date / Expiry date	Licence / Permit / Registration / Certificate No.	Major conditions imposed	Status of compliance
7.	Matrix Innovations	Certificate of Registration for import (Form V1) ⁽³⁾ pursuant to section 4(k) of the Electricity Supply Act 1990	Energy Commission	4 March 2022 / 4 March 2027	Approval No. JKKE/KI/22/00033	<p>(f) It is found to be involved in price fixing with other companies while participating in a government tender or subcontract without prior consent from the relevant government agency.</p> <p>(v) Matrix Innovations is required to submit an application for renewal of registration three months* prior to the expiry of the registration period.</p>	Not applicable
8.	Matrix Optics	Establishment Licence of Matrix Optics as authorized representative, distributor and importer, pursuant to section 24(1) of the Medical Device Act 2012 (Act 737) ("MDA")	Medical Device Authority	29 April 2021 / 28 April 2024	Licence No. MDA-1928-WDP121	<p>(i) This licence is non-transferable.</p> <p>(ii) The licensee shall not permit this licence to be abused in any way by any individual/ another party.</p> <p>(iii) Any changes or amendments to the information concerning licence shall be notified to the Medical Device Authority.</p> <p>(iv) This licence will be suspended or revoked if the licensee is found to have committed the offense as follows: (a) The licensee does not comply with the requirements and conditions for Establishment Licensing under Part III of Act 737 and Part V of the Regulations Medical Device Regulations.</p>	Complied

ANNEXURE A OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Company	Description of licence / permit / approval / certificate	Approving authority / issuer	Issue date / Expiry date	Licence / Permit / Registration / Certificate No.	Major conditions imposed	Status of compliance				
9.	Matrix Optics	Medical Device Registration Certificate pursuant to Section 5(1) of the MDA: <table border="1" data-bbox="726 1422 817 1769"> <tr> <td>Class</td> <td>Class D⁽¹⁾</td> </tr> <tr> <td>Group</td> <td>System⁽²⁾</td> </tr> </table>	Class	Class D ⁽¹⁾	Group	System ⁽²⁾	Medical Device Authority	3 July 2023 / 2 July 2028	Registration No. GD4900823-138256 (Serial 061809)	(b) The licensee is found to amend this licence for the purpose of deceiving or other purposes. (c) The licensee allows this licence to be misused by another person/ company. (i) The Medical Device Authority may cancel the Medical Device Registration or take legal action if the Establishment fails to comply with any medical device registration conditions. (ii) Medical Device Registration Certificate issued by the Medical Device Authority shall not be transferable or assignable. (iii) This certificate does not exempt any other regulatory requirements applicable to the medical device (for examples: Medical Device containing scheduled poison is subjected to the Poisons Act 1952; medical devices using ionizing radiation is subjected to the Atomic Energy Licensing Act 1984).	Complied
Class	Class D ⁽¹⁾										
Group	System ⁽²⁾										
10.	Matrix Optics	Medical Device Registration Certificate pursuant to Section 5(1) of the MDA: <table border="1" data-bbox="1216 1411 1307 1769"> <tr> <td>Class</td> <td>Class A⁽¹⁾</td> </tr> <tr> <td>Group</td> <td>System⁽²⁾</td> </tr> </table>	Class	Class A ⁽¹⁾	Group	System ⁽²⁾	Medical Device Authority	14 January 2021 / 13 January 2026	Registration No. IVDA3524821-52345 (Serial 038369)	(i) The Medical Device Authority may cancel the Medical Device Registration or take legal action if the Establishment fails to comply with any medical device registration conditions. (ii) Medical Device Registration Certificate issued by the Medical Device Authority shall not be transferable or assignable.	Complied
Class	Class A ⁽¹⁾										
Group	System ⁽²⁾										

ANNEXURE A OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Company	Description of licence / permit / approval / certificate	Approving authority / issuer	Issue date / Expiry date	Licence / Permit / Registration / Certificate No.	Major conditions imposed	Status of compliance				
11.	Matrix Optics	Medical Device Registration Certificate pursuant to Section 5(1) of the MDA: <table border="1" data-bbox="842 1413 932 1771"> <tr> <td data-bbox="842 1585 884 1771">Class</td> <td data-bbox="842 1413 884 1585">Class A⁽¹⁾</td> </tr> <tr> <td data-bbox="884 1585 932 1771">Group</td> <td data-bbox="884 1413 932 1585">System⁽²⁾</td> </tr> </table>	Class	Class A ⁽¹⁾	Group	System ⁽²⁾	Medical Device Authority	2 June 2021 / 1 June 2026	Registration No. IVDA2274021-62454 (Serial No. 040328)	(iii) It is the responsibility of the Establishment to ensure that the medical device complies with any other requirements of the law. This certificate does not exclude any regulatory requirements applicable to medical device (for examples: Medical Device containing scheduled poison is subjected to the Poisons Act 1952; medical devices using ionizing radiation is subjected to the Atomic Energy Licensing Act 1984).	Complied
Class	Class A ⁽¹⁾										
Group	System ⁽²⁾										
						(i) The Medical Device Authority may cancel the Medical Device Registration or take legal action if the Establishment fails to comply with any medical device registration conditions. (ii) Medical Device Registration Certificate issued by the Medical Device Authority shall not be transferable or assignable. (iii) It is the responsibility of the Establishment to ensure that the medical device complies with any other requirements of the law. This certificate does not exclude any regulatory requirements applicable to medical device (for examples: Medical Device containing scheduled poison is subjected to the Poisons Act 1952; medical devices using ionizing radiation is subjected to the Atomic Energy Licensing Act 1984).					

ANNEXURE A OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Company	Description of licence / permit / approval / certificate	Approving authority / issuer	Issue date / Expiry date	Licence / Permit / Certificate No.	Major conditions imposed	Status of compliance				
12.	Matrix Optics	Medical Device Registration Certificate pursuant to Section 5(1) of the MDA: <table border="1" data-bbox="469 1413 560 1771"> <tr> <td>Class</td> <td>Class A⁽¹⁾</td> </tr> <tr> <td>Group</td> <td>Family⁽²⁾</td> </tr> </table>	Class	Class A ⁽¹⁾	Group	Family ⁽²⁾	Medical Device Authority	31 December 2022 / 30 December 2027	Registration No. IVDA5883310001 8 (Serial No. 054429)	(i) The Medical Device Authority may cancel the Medical Device Registration or take legal action if the Establishment fails to comply with any medical device registration conditions. (ii) Medical Device Registration Certificate issued by the Medical Device Authority shall not be transferable or assignable. (iii) This certificate does not exempt any other regulatory requirements applicable to the medical device (for examples: Medical Device containing scheduled poison is subjected to the Poisons Act 1952; medical devices using ionizing radiation is subjected to the Atomic Energy Licensing Act 1984).	Complied
Class	Class A ⁽¹⁾										
Group	Family ⁽²⁾										
13.	Matrix Optics	Medical Device Registration Certificate pursuant to Section 5(1) of the MDA: <table border="1" data-bbox="1031 1413 1121 1771"> <tr> <td>Class</td> <td>Class A⁽¹⁾</td> </tr> <tr> <td>Group</td> <td>Family⁽²⁾</td> </tr> </table>	Class	Class A ⁽¹⁾	Group	Family ⁽²⁾	Medical Device Authority	21 February 2019 / 20 February 2024	Registration No. GMD5681299591 9A (Serial No. 027155)	(i) The Medical Device Authority may cancel the Medical Device Registration or take legal action if the Establishment fails to comply with any medical device registration conditions. (ii) Medical Device Registration Certificate issued by the Medical Device Authority shall not be transferable or assignable.	Complied
Class	Class A ⁽¹⁾										
Group	Family ⁽²⁾										

ANNEXURE A OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Company	Description of licence / permit / approval / certificate	Approving authority / issuer	Issue date / Expiry date	Licence / Permit / Registration / Certificate No.	Major conditions imposed	Status of compliance				
14.	Matrix Optics	Medical Device Registration Certificate pursuant to Section 5(1) of the MDA: <table border="1" data-bbox="842 1413 932 1771"> <tr> <td data-bbox="842 1585 884 1771">Class</td> <td data-bbox="842 1413 884 1585">Class A⁽¹⁾</td> </tr> <tr> <td data-bbox="884 1585 932 1771">Group</td> <td data-bbox="884 1413 932 1585">System⁽²⁾</td> </tr> </table>	Class	Class A ⁽¹⁾	Group	System ⁽²⁾	Medical Device Authority	27 September 2023 / 26 September 2028	Registration No. IVDA5888823-148862	(iii) It is the responsibility of the Establishment to ensure that the medical device complies with any other requirements of the law. This certificate does not exclude any regulatory requirements applicable to medical device (for examples: Medical Device containing scheduled poison is subjected to the Poisons Act 1952; medical devices using ionizing radiation is subjected to the Atomic Energy Licensing Act 1984).	Complied
Class	Class A ⁽¹⁾										
Group	System ⁽²⁾										
						(i) The Medical Device Authority may cancel the Medical Device Registration or take legal action if the Establishment fails to comply with any medical device registration conditions. (ii) Medical Device Registration Certificate issued by the Medical Device Authority shall not be transferable or assignable. (iii) This certificate does not exempt any other regulatory requirements applicable to the medical device (for examples: Medical Device containing scheduled poison is subjected to the Poisons Act 1952; medical devices using ionizing radiation is subjected to the Atomic Energy Licensing Act 1984).					

ANNEXURE A OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Company	Description of licence / permit / approval / certificate	Approving authority / issuer	Issue date / Expiry date	Licence / Permit / Certificate No.	Major conditions imposed	Status of compliance				
15.	Matrix Optics	Medical Device Registration Certificate pursuant to Section 5(1) of the MDA: <table border="1" data-bbox="469 1413 560 1771"> <tr> <td>Class</td> <td>Class A⁽¹⁾</td> </tr> <tr> <td>Group</td> <td>Single⁽²⁾</td> </tr> </table>	Class	Class A ⁽¹⁾	Group	Single ⁽²⁾	Medical Device Authority	1 July 2020 / 30 June 2025	Registration No. IVDA3370920-44536 (Serial 035549) No.	(i) The Medical Device Authority may cancel the Medical Device Registration or take legal action if the Establishment fails to comply with any medical device registration conditions. (ii) Medical Device Registration Certificate issued by the Medical Device Authority shall not be transferable or assignable. (iii) It is the responsibility of the Establishment to ensure that the medical device complies with any other requirements of the law. This certificate does not exclude any regulatory requirements applicable to medical device (for examples: Medical Device containing scheduled poison is subjected to the Poisons Act 1952; medical devices using ionizing radiation is subjected to the Atomic Energy Licensing Act 1984).	Complied
Class	Class A ⁽¹⁾										
Group	Single ⁽²⁾										
16.	Matrix Optics	Medical Device Registration Certificate pursuant to Section 5(1) of the MDA: <table border="1" data-bbox="1139 1413 1230 1771"> <tr> <td>Class</td> <td>Class A⁽¹⁾</td> </tr> <tr> <td>Group</td> <td>Single⁽²⁾</td> </tr> </table>	Class	Class A ⁽¹⁾	Group	Single ⁽²⁾	Medical Device Authority	1 July 2020 / 30 June 2025	Registration No. IVDA3970920-44525 (Serial 035550) No.	(i) The Medical Device Authority may cancel the Medical Device Registration or take legal action if the Establishment fails to comply with any medical device registration conditions. (ii) Medical Device Registration Certificate issued by the Medical Device Authority shall not be transferable or assignable.	Complied
Class	Class A ⁽¹⁾										
Group	Single ⁽²⁾										

ANNEXURE A OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Company	Description of licence / permit / approval / certificate	Approving authority / issuer	Issue date / Expiry date	Licence / Permit / Registration / Certificate No.	Major conditions imposed	Status of compliance				
17.	Matrix Optics	Medical Device Registration Certificate pursuant to Section 5(1) of the MDA: <table border="1" data-bbox="837 1411 933 1769"> <tr> <td data-bbox="837 1579 885 1769">Class</td> <td data-bbox="837 1411 885 1579">Class A⁽¹⁾</td> </tr> <tr> <td data-bbox="885 1579 933 1769">Group</td> <td data-bbox="885 1411 933 1579">Family⁽²⁾</td> </tr> </table>	Class	Class A ⁽¹⁾	Group	Family ⁽²⁾	Medical Device Authority	28 July 2020 / 27 July 2025	Registration No. IVDA9618520-45303 (Serial No. 035875)	(iii) It is the responsibility of the Establishment to ensure that the medical device complies with any other requirements of the law. This certificate does not exclude any regulatory requirements applicable to medical device (for examples: Medical Device containing scheduled poison is subjected to the Poisons Act 1952; medical devices using ionizing radiation is subjected to the Atomic Energy Licensing Act 1984). (i) The Medical Device Authority may cancel the Medical Device Registration or take legal action if the Establishment fails to comply with any medical device registration conditions. (ii) Medical Device Registration Certificate issued by the Medical Device Authority shall not be transferable or assignable. (iii) It is the responsibility of the Establishment to ensure that the medical device complies with any other requirements of the law. This certificate does not exclude any regulatory requirements applicable to medical device (for examples: Medical Device containing scheduled poison is subjected to the Poisons Act 1952; medical devices using ionizing radiation is subjected to the Atomic Energy Licensing Act 1984).	Complied
Class	Class A ⁽¹⁾										
Group	Family ⁽²⁾										

ANNEXURE A OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Company	Description of licence / permit / approval / certificate	Approving authority / issuer	Issue date / Expiry date	Licence / Permit / Certificate No.	Major conditions imposed	Status of compliance				
18.	Matrix Optics	Medical Device Registration Certificate pursuant to Section 5(1) of the MDA: <table border="1" style="margin-left: 20px;"> <tr> <td>Class</td> <td>Class A⁽¹⁾</td> </tr> <tr> <td>Group</td> <td>Single⁽²⁾</td> </tr> </table>	Class	Class A ⁽¹⁾	Group	Single ⁽²⁾	Medical Device Authority	29 April 2023 / 28 April 2028	Registration No. IVDA1452623-129081 (Serial No. 058427)	(i) The Medical Device Authority may cancel the Medical Device Registration or take legal action if the Establishment fails to comply with any medical device registration conditions. (ii) Medical Device Registration Certificate issued by the Medical Device Authority shall not be transferable or assignable. (iii) This certificate does not exempt any other regulatory requirements applicable to the medical device (for examples: Medical Device containing scheduled poison is subjected to the Poisons Act 1952; medical devices using ionizing radiation is subjected to the Atomic Energy Licensing Act 1984).	Complied
Class	Class A ⁽¹⁾										
Group	Single ⁽²⁾										
19.	Matrix Optics	Medical Device Registration Certificate pursuant to Section 5(1) of the MDA: <table border="1" style="margin-left: 20px;"> <tr> <td>Class</td> <td>Class A⁽¹⁾</td> </tr> <tr> <td>Group</td> <td>Family⁽²⁾</td> </tr> </table>	Class	Class A ⁽¹⁾	Group	Family ⁽²⁾	Medical Device Authority	27 April 2023 / 26 April 2028	Registration No. IVDA1643857517 (Serial No. 057434)	(i) The Medical Device Authority may cancel the Medical Device Registration or take legal action if the Establishment fails to comply with any medical device registration conditions. (ii) Medical Device Registration Certificate issued by the Medical Device Authority shall not be transferable or assignable.	Complied
Class	Class A ⁽¹⁾										
Group	Family ⁽²⁾										

ANNEXURE A OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Company	Description of licence / permit / approval / certificate	Approving authority / issuer	Issue date / Expiry date	Licence / Permit / Registration / Certificate No.	Major conditions imposed	Status of compliance				
20.	Matrix Optics	Medical Device Registration Certificate pursuant to Section 5(1) of the MDA: <table border="1" data-bbox="730 1413 820 1771"> <tr> <td data-bbox="730 1585 772 1771">Class</td> <td data-bbox="730 1413 772 1585">Class A⁽¹⁾</td> </tr> <tr> <td data-bbox="772 1585 820 1771">Group</td> <td data-bbox="772 1413 820 1585">Single⁽²⁾</td> </tr> </table>	Class	Class A ⁽¹⁾	Group	Single ⁽²⁾	Medical Device Authority	28 July 2020 / 27 July 2025	Registration No. IVDA9534920-45293 (Serial No. 035876)	(iii) This certificate does not exempt any other regulatory requirements applicable to the medical device (for examples: Medical Device containing scheduled poison is subjected to the Poisons Act 1952; medical devices using ionizing radiation is subjected to the Atomic Energy Licensing Act 1984). (i) The Medical Device Authority may cancel the Medical Device Registration or take legal action if the Establishment fails to comply with any medical device registration conditions. (ii) Medical Device Registration Certificate issued by the Medical Device Authority shall not be transferable or assignable. (iii) It is the responsibility of the Establishment to ensure that the medical device complies with any other requirements of the law. This certificate does not exclude any regulatory requirements applicable to medical device (for examples: Medical Device containing scheduled poison is subjected to the Poisons Act 1952; medical devices using ionizing radiation is subjected to the Atomic Energy Licensing Act 1984).	Complied
Class	Class A ⁽¹⁾										
Group	Single ⁽²⁾										

ANNEXURE A OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Company	Description of licence / permit / approval / certificate	Approving authority / issuer	Issue date / Expiry date	Licence / Permit / Registration / Certificate No.	Major conditions imposed	Status of compliance				
21.	Matrix Optics	Medical Device Registration Certificate pursuant to Section 5(1) of the MDA: <table border="1" style="margin-left: 20px;"> <tr> <td>Class</td> <td>Class A⁽¹⁾</td> </tr> <tr> <td>Group</td> <td>Single⁽²⁾</td> </tr> </table>	Class	Class A ⁽¹⁾	Group	Single ⁽²⁾	Medical Device Authority	10 May 2023 / 9 May 2028	Registration No. IVD67096360317 A (Serial 058900) No.	(i) The Medical Device Authority may cancel the Medical Device Registration or take legal action if the Establishment fails to comply with any medical device registration conditions. (ii) Medical Device Registration Certificate issued by the Medical Device Authority shall not be transferable or assignable. (iii) This certificate does not exempt any other regulatory requirements applicable to the medical device (for examples: Medical Device containing scheduled poison is subjected to the Poisons Act 1952; medical devices using ionizing radiation is subjected to the Atomic Energy Licensing Act 1984).	Complied
Class	Class A ⁽¹⁾										
Group	Single ⁽²⁾										
22.	Matrix Optics	Medical Device Registration Certificate pursuant to Section 5(1) of the MDA: <table border="1" style="margin-left: 20px;"> <tr> <td>Class</td> <td>Class A⁽¹⁾</td> </tr> <tr> <td>Group</td> <td>Single⁽²⁾</td> </tr> </table>	Class	Class A ⁽¹⁾	Group	Single ⁽²⁾	Medical Device Authority	2 September 2020 / 1 September 2025	Registration No. IVDA2754920-46236 (Serial 036325) No.	(i) The Medical Device Authority may cancel the Medical Device Registration or take legal action if the Establishment fails to comply with any medical device registration conditions. (ii) Medical Device Registration Certificate issued by the Medical Device Authority shall not be transferable or assignable.	Complied
Class	Class A ⁽¹⁾										
Group	Single ⁽²⁾										

ANNEXURE A OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Company	Description of licence / permit / approval / certificate	Approving authority / issuer	Issue date / Expiry date	Licence / Permit / Registration / Certificate No.	Major conditions imposed	Status of compliance				
23.	Matrix Optics	Medical Device Registration Certificate pursuant to Section 5(1) of the MDA: <table border="1" data-bbox="842 1413 932 1771"> <tr> <td data-bbox="842 1585 884 1771">Class</td> <td data-bbox="842 1413 884 1585">Class A⁽¹⁾</td> </tr> <tr> <td data-bbox="884 1585 932 1771">Group</td> <td data-bbox="884 1413 932 1585">Single⁽²⁾</td> </tr> </table>	Class	Class A ⁽¹⁾	Group	Single ⁽²⁾	Medical Device Authority	13 February 2020 / 12 February 2025	Registration No. IVDA2401020-39936 (Serial No. 033645)	(iii) It is the responsibility of the Establishment to ensure that the medical device complies with any other requirements of the law. This certificate does not exclude any regulatory requirements applicable to medical device (for examples: Medical Device containing scheduled poison is subjected to the Poisons Act 1952; medical devices using ionizing radiation is subjected to the Atomic Energy Licensing Act 1984).	Complied
Class	Class A ⁽¹⁾										
Group	Single ⁽²⁾										
(i) The Medical Device Authority may cancel the Medical Device Registration or take legal action if the Establishment fails to comply with any medical device registration conditions. (ii) Medical Device Registration Certificate issued by the Medical Device Authority shall not be transferable or assignable. (iii) It is the responsibility of the Establishment to ensure that the medical device complies with any other requirements of the law. This certificate does not exclude any regulatory requirements applicable to medical device (for examples: Medical Device containing scheduled poison is subjected to the Poisons Act 1952; medical devices using ionizing radiation is subjected to the Atomic Energy Licensing Act 1984).											

ANNEXURE A OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Company	Description of licence / permit / approval / certificate	Approving authority / issuer	Issue date / Expiry date	Licence / Permit / Registration / Certificate No.	Major conditions imposed	Status of compliance								
24.	Matrix Optics	<p>Medical Device Registration Certificate pursuant to Section 5(1) of the MDA:</p> <table border="1"> <tr> <td>Class</td> <td>Class A⁽¹⁾</td> </tr> <tr> <td>Group</td> <td>Single⁽²⁾</td> </tr> </table>	Class	Class A ⁽¹⁾	Group	Single ⁽²⁾	Medical Device Authority	19 November 2019 / 18 November 2024	<p>Registration No. IVDA5551319-36234 (Serial No. 032039)</p>	<p>(i) The Medical Device Authority may cancel the Medical Device Registration or take legal action if the Establishment fails to comply with any medical device registration conditions.</p> <p>(ii) Medical Device Registration Certificate issued by the Medical Device Authority shall not be transferable or assignable.</p> <p>(iii) It is the responsibility of the Establishment to ensure that the medical device complies with any other requirements of the law. This certificate does not exclude any regulatory requirements applicable to medical device (for examples: Medical Device containing scheduled poison is subjected to the Poisons Act 1952; medical devices using ionizing radiation is subjected to the Atomic Energy Licensing Act 1984).</p>	Complied				
Class	Class A ⁽¹⁾														
Group	Single ⁽²⁾														
25.	Matrix Optics	<p>Medical Device Registration Certificate pursuant to Section 5(1) of the MDA:</p> <table border="1"> <tr> <td>Class</td> <td>Class A⁽¹⁾</td> </tr> <tr> <td>Group</td> <td>Single⁽²⁾</td> </tr> <tr> <td>Discipline</td> <td>Histology/ Cytology</td> </tr> <tr> <td>Category</td> <td>Histology/ Cytology Reagents</td> </tr> </table>	Class	Class A ⁽¹⁾	Group	Single ⁽²⁾	Discipline	Histology/ Cytology	Category	Histology/ Cytology Reagents	Medical Device Authority	18 September 2022 / 17 September 2027	<p>Registration No. IVD34069273917 A (Serial No. 051663)</p>	<p>(i) The Medical Device Authority may cancel the Medical Device Registration or take legal action if the Establishment fails to comply with any medical device registration conditions.</p> <p>(ii) Medical Device Registration Certificate issued by the Medical Device Authority shall not be transferable or assignable.</p>	Complied
Class	Class A ⁽¹⁾														
Group	Single ⁽²⁾														
Discipline	Histology/ Cytology														
Category	Histology/ Cytology Reagents														

ANNEXURE A OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Company	Description of licence / permit / approval / certificate	Approving authority / issuer	Issue date / Expiry date	Licence / Permit / Registration / Certificate No.	Major conditions imposed	Status of compliance				
26.	Matrix Optics	Medical Device Registration Certificate pursuant to Section 5(1) of the MDA: <table border="1" data-bbox="847 1413 940 1771"> <tr> <td data-bbox="847 1682 895 1771">Class</td> <td data-bbox="847 1413 895 1682">Class A⁽¹⁾</td> </tr> <tr> <td data-bbox="895 1682 940 1771">Group</td> <td data-bbox="895 1413 940 1682">Single⁽²⁾</td> </tr> </table>	Class	Class A ⁽¹⁾	Group	Single ⁽²⁾	Medical Device Authority	20 August 2023 / 19 August 2028	Registration No. IVD71660250617 A (Serial No. 064003)	(iii) It is the responsibility of the Establishment to ensure that the medical device complies with any other requirements of the law. This certificate does not exclude any regulatory requirements applicable to medical device (for examples: Medical Device containing scheduled poison is subjected to the Poisons Act 1952; medical devices using ionizing radiation is subjected to the Atomic Energy Licensing Act 1984). (i) The Medical Device Authority may cancel the Medical Device Registration or take legal action if the Establishment fails to comply with any medical device registration conditions. (ii) Medical Device Registration Certificate issued by the Medical Device Authority shall not be transferable or assignable. (iii) This certificate does not exempt any other regulatory requirements applicable to medical device (for examples: Medical Device containing scheduled poison is subjected to the Poisons Act 1952; medical devices using ionizing radiation is subjected to the Atomic Energy Licensing Act 1984).	Complied
Class	Class A ⁽¹⁾										
Group	Single ⁽²⁾										

ANNEXURE A OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Company	Description of licence / permit / approval / certificate	Approving authority / issuer	Issue date / Expiry date	Licence / Permit / Registration / Certificate No.	Major conditions imposed	Status of compliance
27.	Matrix Optics	<p>Certificate of Registration of Company for government procurement matters</p> <p>The individuals authorized by the company to manage the government procurement matters are as follows:</p> <p>(i) Mr. Lyn Meng Keong (General Manager)</p> <p>(ii) Ms. Maya Sari Binti Ahmat Arbi (Technical Manager)</p> <p>(iii) Mr. Akmal Hakim bin Yukhanis (Technical Support Engineer)</p> <p>(iv) Mr. Mohamad Azahar bin Abdul Hamid (Technical Support Engineer)</p> <p>(v) Mr. Mohammad Zahiruddin bin Zainal Abidin (Technical Support Engineer)</p> <p>(vi) Mr. Muhamad Aqil Arif bin Zaharinuddin (Sales Executive)</p> <p>(vii) Mr. Muhammad Amirul Shafiq bin Shufrin (Technical Support Engineer)</p> <p>(viii) Mr. Parthiban A/L Sathappan (Product Application Specialist)</p> <p>(ix) Mrs. Noor Erwani Azura Binti Shuhaimi (Sales Admin)</p> <p>(x) Mrs. Nurul Hafnaz Binti Zulkifli (Product Application Specialist)</p>	Ministry of Finance	30 May 2023 / 29 May 2026	<p>Certificate No.: K11701527613539055</p> <p>Registration Reference No.: 357-00043457</p>	<p>(i) Any changes to the information submitted by Matrix Optics to the Ministry of Finance must be updated online at Modul Kemaskini Profil at www.eperolehan.gov.my within 21 days from the date of occurrence of such change and a failure to do so may result in action such as item (iii) below.</p> <p>(ii) Matrix Optics is required to ensure that the fields which have been registered under this certificate do not overlap with the fields which have been approved for such companies which:</p> <p>(a) Have the same owner or Board of Directors, management and employees; or</p> <p>(b) Operate at the same premise.</p> <p>(iii) Failure to comply with the conditions of registration and/or field codes may result in the suspension or cancellation of the registration of Matrix Optics and disciplinary action including blacklisted without any notice taken against Matrix Optics, the owner and Board of Directors if it is found that the information given is not true.</p>	Complied

ANNEXURE A OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Company	Description of licence / permit / approval / certificate	Approving authority / issuer	Issue date / Expiry date	Licence / Permit / Registration / Certificate No.	Major conditions imposed	Status of compliance
						<p>(iv) The registration of Matrix Optics will be suspended or cancelled if it is found that Matrix Optics has committed an offence as follows:</p> <p>(a) It/ its owner/ director/ any of the management members have committed a crime and found to be guilty by the courts of Malaysia or outside Malaysia or suffer from civil liability.</p> <p>(b) It withdraws the offer before the tender is considered or reject an offer.</p> <p>(c) It fails to perform its contractual obligations for contracts which have been signed with the government.</p> <p>(d) It is found to have amended its Certificate of Registration of Company for purposes of fraud.</p> <p>(e) It is found to have allowed its Certificate of Registration of Company to be misused by other individuals/companies.</p> <p>(f) It is found to be involved in price fixing with other companies while participating in a government tender or subcontract without prior consent from the relevant government agency.</p>	

ANNEXURE A OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Company	Description of licence / permit / approval / certificate	Approving authority / issuer	Issue date / Expiry date	Licence / Permit / Registration / Certificate No.	Major conditions imposed	Status of compliance
28.	Matrix Optics	Wholesaler's Poisons Licence (Type B Licence – to import, store and sell by wholesale such poisons as may be specified in such licence) granted to Mr. Parthiban A/L Sathappan ⁽⁴⁾ of Matrix Optics pursuant to Section 26(2) of the Poisons Act, 1952 (Act 366) (" Poisons Act ")	Selangor Health Department	12 January 2023 / 31 December 2023 [^]	Licence No. 013193 Register No. BB0504/2023	(v) Matrix Optics is required to submit an application for renewal of registration three months* prior to the expiry of the registration period. In the event Mr. Parthiban A/L Sathappan changes work place or resign in the following manner: (i) Resign as a licence holder in a firm/company and works in a different firm/company in the same country. (ii) Resign as a licence holder in a firm/company and works in a different firm/company in a different country. (iii) Changes address of work place/business address but there is no change to the firm which he is working in. The licence holder is required to take the following actions:- (a) The authority that issues the poison license, which is the Licensing Officer of any state or the Federal Territory (" Licensing Officer ") ⁽⁵⁾ , must be informed about the change of name or address of the place of work/business before any change is carried out. The licence holder is also required to explain to the officer the action which the licence holder is proposing to take for the stored poisons at the firm where the licence holder will resign as a licence holder;	Complied

ANNEXURE A OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Company	Description of licence / permit / approval / certificate	Approving authority / issuer	Issue date / Expiry date	Licence / Permit / Registration / Certificate No.	Major conditions imposed	Status of compliance
						<p>(b) The licence holder is also required to submit his license to the Licensing Officer for cancellation. The license cancellation will be carried out when there is a change as mentioned in sub-paragraphs (i) to (iii) in the above paragraph.</p> <p>(c) Together with the surrender of licence holder's license to be cancelled, the licence holder can apply for a new licence from the same Licensing Officer if the place where the licence holder resigned and the firm where the licence holder wants to work/conduct business are located in the same state. But, if the firm where the licence holder resigns and the firm where the licence holder wants to work/conduct business have addresses in different states, the licence holder is required to apply for a new licence from the Licensing Officer of the State where the licence holder wants to work/conduct business.</p>	

ANNEXURE A OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Company	Description of licence / permit / approval / certificate	Approving authority / issuer	Issue date / Expiry date	Licence / Permit / Registration / Certificate No.	Major conditions imposed	Status of compliance
						(d) It is the licence holder's responsibility to observe that the place of business does not continue to use the licence holder's licence unless licence holder as a licensee are still working at that place of business. If the licence holder does not take the actions mentioned above for any inappropriate or illegal practices regarding poison carried out in the firm/company or place of business where the licence holder last worked, court action will be taken against the licence holder and the firm/company by confiscating the poisons stored in the firm/company or place of business. The licence holder will also face difficulties in applying for a new license for a new place of practice.	
Singapore							
29.	Crest Innovation	Licence to manufacture, possess for sale or deal in ionising irradiating apparatus and/or radioactive material	National Environment Agency ("NEA")	20 February 2023 / 1 October ⁽⁶⁾	IR1/2023/00209	Qualified Person: Koh Chee Chung (Director) (i) Notice of every transaction involving any irradiating apparatus or radioactive material must be submitted to the NEA's Radiation Protection and Nuclear Science Group in the form and manner specified by the NEA.	Complied

ANNEXURE A OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Company	Description of licence / permit / approval / certificate	Approving authority / issuer	Issue date / Expiry date	Licence / Permit / Registration / Certificate No.	Major conditions imposed	Status of compliance
						<p>(ii) Licensee must ensure that any sealed source supplied has a valid certificate (not older than 12 months from the date of testing at the time the source is supplied) to show each sealed source has been tested for leakage of radioactive material and has been found free of such leakage, and provide such a certificate to the person to whom the sealed source is supplied to.</p> <p>(iii) Licensee must ensure that any individual carrying out installation, demonstration, servicing, operation or maintenance of any irradiating apparatus authorised under this licence has been appropriately trained to do so.</p> <p>(iv) Licensee must ensure that any individual handling any radioactive material authorised under this licence must be suitably trained to do so.</p>	
30.	Crest Innovation	Licence to keep or possess an ionising irradiating apparatus and/or radioactive material for use (other than sale)	NEA	20 February 2023 / 1 July ⁽⁷⁾	IR2/2023/01020	<p>Qualified Person: Koh Chee Chung (Director)</p> <p>(i) For cancellation of this licence, documentary proof of the whereabouts of the apparatus or materials is required to be submitted.</p>	Complied

ANNEXURE A OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Company	Description of licence / permit / approval / certificate	Approving authority / issuer	Issue date / Expiry date	Licence / Permit / Registration / Certificate No.	Major conditions imposed	Status of compliance
						<p>(ii) Licensee must ensure that authorised irradiating apparatus and radioactive materials are not used for irradiation of human beings or administered to human beings unless authorised to be used for medical, dental or research (involving human subjects) purposes.</p> <p>(iii) Licensee must ensure that any individual handling any radioactive material authorised under this licence must be suitably trained to do so.</p> <p>(iv) Licensee must ensure that authorised irradiating apparatus and radioactive materials are not used for irradiation of human beings or administered to human beings unless authorised to be used for medical, dental or research (involving human subjects) purposes.</p>	
31.	Crest Innovation	Licence to manufacture or deal in non-ionising irradiating apparatus	NEA	5 July 2023 / 4 July 2024	N1/05000/0001	<p>(i) The licensee shall be subject to suspension or cancellation at any time without compensation and without notice by the Director-General of Environmental Protection in the event of but not limited to the following events: (a) breach of any restrictions or conditions subject to which it was issued; or (b) contravention of any of the provisions of the Radiation Protection Act or the Regulations thereunder.</p>	Complied

ANNEXURE A OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Company	Description of licence / permit / approval / certificate	Approving authority / issuer	Issue date / Expiry date	Licence / Permit / Registration / Certificate No.	Major conditions imposed	Status of compliance
<u>Thailand</u>							
32.	Crest Thailand	Registration certificate to import medical devices pursuant to the Medical Devices Act B.E. 2551 (2008)	Food and Drug Administration of Thailand	14 September 2023 / 31 December 2027	KorTor. SorNor. 277/2556	(ii) Application for the renewal of this licence shall be made not later than one month before the expiry date as appearing in this N1 licence. The licence holder is only permitted to import the medical devices according to the following categories: (i) clinical laboratory; (ii) pathology; and (iii) surgery.	Complied
<u>PRC</u>							
33.	Crest Suzhou	Registration Certificate of Customs Declaration Unit (consignee and consignor of import and export goods)	Customs of Suzhou Industrial Park Administrative Committee	1 June 2017 / no date of expiry	3205230540	Crest Suzhou shall submit its annual report of Customs Declaration Unit Registration Information to the Customs of Suzhou Industrial Park Administrative Committee prior to 30 June every year.	Complied

Notes:

- * Based on the renewal portal for the submission of the application for renewal of registration, the company may only submit its renewal application once the 90 days' renewal period has commenced.
- ^ Matrix Optics had on 4 January 2024 submitted an application for a new Wholesaler's Poisons Licence (Type B Licence). The new licence is expected to be issued within 1 month from the date of submission of the application.
- (1) Pursuant to the Medical Device Guidance Document, Guidance on the Rules of Classification for General Medical Devices (MDA/GD/0009) (Second Edition) published as at 9 May 2022, medical devices are classified into one of 4 classes based on the risk associated to it at the point of usage (i.e. the risk to patients, users and other persons). The purposes of such risk-based classification are (a) to make sure that the regulatory controls applied to a medical device are proportionate to risk, (b) to assist a manufacturer to allocate its medical device to an appropriate risk class and (c) regulatory authorities have the responsibility of ruling upon matters of interpretation for a particular medical device. The 4 classes of general medical devices are (a) Class A, Low Risk, which device examples are surgical retractors / tongue depressors; (b) Class B, Low-moderate Risk, which device examples are hypodermic needle / suction equipment; (c) Class C, Moderate-high Risk, which device examples are lung ventilator / orthopedic implants and (d) Class D, High Risk, which device examples are heart valves / implantable defibrillator.

ANNEXURE A OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

- (2) Pursuant to the Medical Device Guidance Document, Guidance on the Product Grouping (MDA/GD/0005) (First Edition) published as at October 2013, a medical device that is categorised as:
- “Single” is a medical device from a manufacturer identified by a medical device proprietary name with a specific intended purpose. It is sold as a distinct packaged entity and may be offered in a range of package sizes;
 - “System” is a medical device comprising of a number of constituent-components that are: (a) from the same manufacturer; (b) intended to be used in combination to complete a common intended purpose; (c) compatible when used as a “System”; and (d) sold under a “System” name or the labelling, instruction for use, brochures or catalogues for each constituent component states that the constituent component is intended for use with the “System”;
 - “Family” is a collection of medical devices and each medical device “Family” member: (a) is from the same manufacturer; (b) is of the same risk classification; (c) has the same medical device proprietary name; (d) has a common intended purpose; (e) has the same design and manufacturing process; and (f) has variations that are within the scope of the permissible variants. A characteristic of a medical device may be considered a permissible variant if: (a) the physical design and construction of the medical devices are the same, or very similar; (b) the manufacturing processes for the medical devices are the same, or very similar; (c) the intended purpose of the medical devices is the same; and (d) the risk profile of the medical devices, taking into account the aforementioned factors, is the same.
- (3) The Certificate of Registration in Form V1 is required pursuant to regulation 97(C) of the Guideline of Approval of Electrical Equipment issued by the Energy Commission in exercise of power conferred by the Electricity Supply Act, which provides that any person who manufactures or imports any equipment under regulation 97 shall apply to be registered with the Energy Commission. Regulation 97 states that subject to, among others, regulation 97(C), no person shall manufacture, import, display, sell or advertise (a) any domestic equipment; (b) any low voltage equipment which is usually sold direct to the general public; or (c) any low voltage equipment which does not require special skills in its operation, unless the equipment is approved by the Energy Commission.
- (4) Mr. Parthiban A/L Sathappan is an employee of Matrix Optics. Pursuant to section 26(2) of the Poisons Act, a Type B licence may be issued to any person whom the Licensing Officer may consider to be a fit and proper person to hold such licence, or issued to a responsible officer of a company incorporated under the Companies Act 2016. Such licence shall be personal to the licensee named therein and shall not in any case, be transferable to another person and no licensee shall authorize the sale of any poison by any person other than the person named therein or otherwise than under his personal supervision, provided that the Licensing Officer, if he sees fit, may amend on a licence the address of the premises at which the person licensed carries on the business or profession in respect of which he is licensed. If the licensee contravenes any term or condition of such licence, he/she shall be guilty of an offence against the Poisons Act. Any person guilty of an offence against the Poisons Act, for which no other penalty is specifically provided by the Poisons Act or by any regulations made thereunder, shall be punishable by a fine not exceeding RM50,000.00 or by imprisonment for a term not exceeding five (5) years, or to both, provided that if the act or omission with which such person is charged, is in the opinion of the court of such a nature as to amount to wilful default or culpable negligence, which endangered or was likely to endanger human life, such person shall be liable, on conviction, to a fine not exceeding RM200,000.00 or to imprisonment for a term not exceeding ten (10) years, or to both.
- (5) “Licensing Officer” means a person appointed to be a Licensing Officer under section 26 of the Poisons Act and includes the Director General of Health, Malaysia.
- (6) 1 October being the anniversary date of the licence. An annual fee must be paid before the anniversary date stated in the licence (e.g. if the anniversary date is on 1 October, the annual fee payment due date is on 30 September of each year).
- (7) 1 July being the anniversary date of the licence. An annual fee must be paid before the anniversary date stated in the licence (e.g. if the anniversary date is on 1 July, the annual fee payment due date is on 30 June of each year).

ANNEXURE A OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

Aside from the major licences, permits and approvals as listed above, our Group also maintains business premise licence for our premises in various locations where we conduct our business activities. These business premise licences are renewable on an annual basis. The application and renewal process is an ongoing process and at any one point in time, there will be premises which business premise licences are in the midst of being applied for or renewed.

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