

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

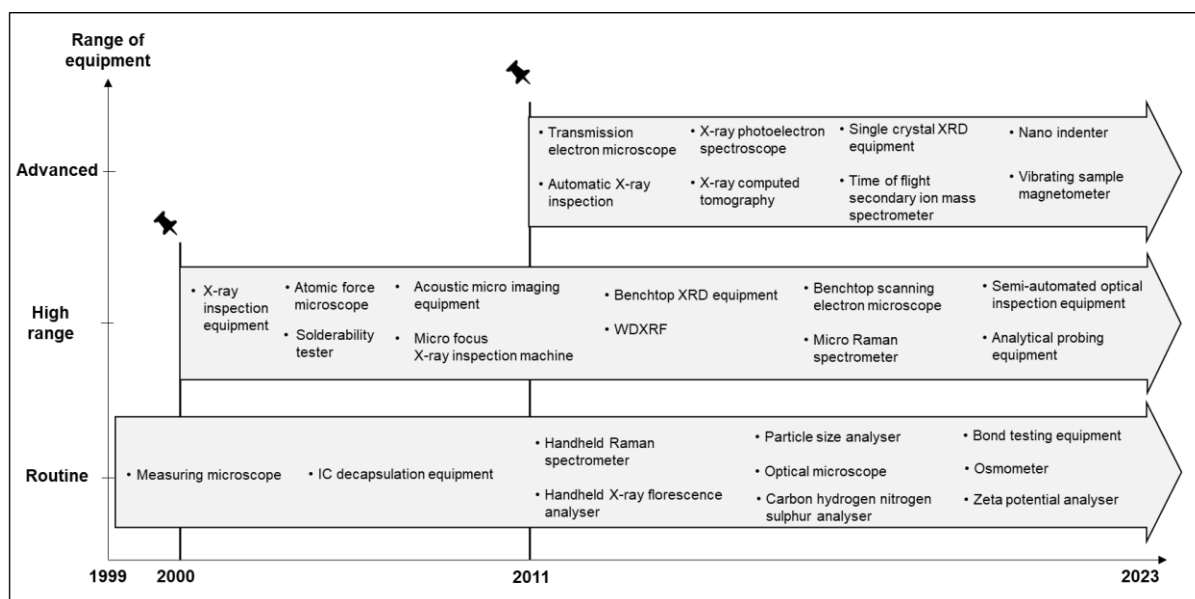
Over the years, in addition to expanding our industry coverage and customer portfolio, we also gradually expanded our range of equipment and solutions. The equipment that we supply vary based on functions, applications and price range, which can be broadly classified as follows:

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.

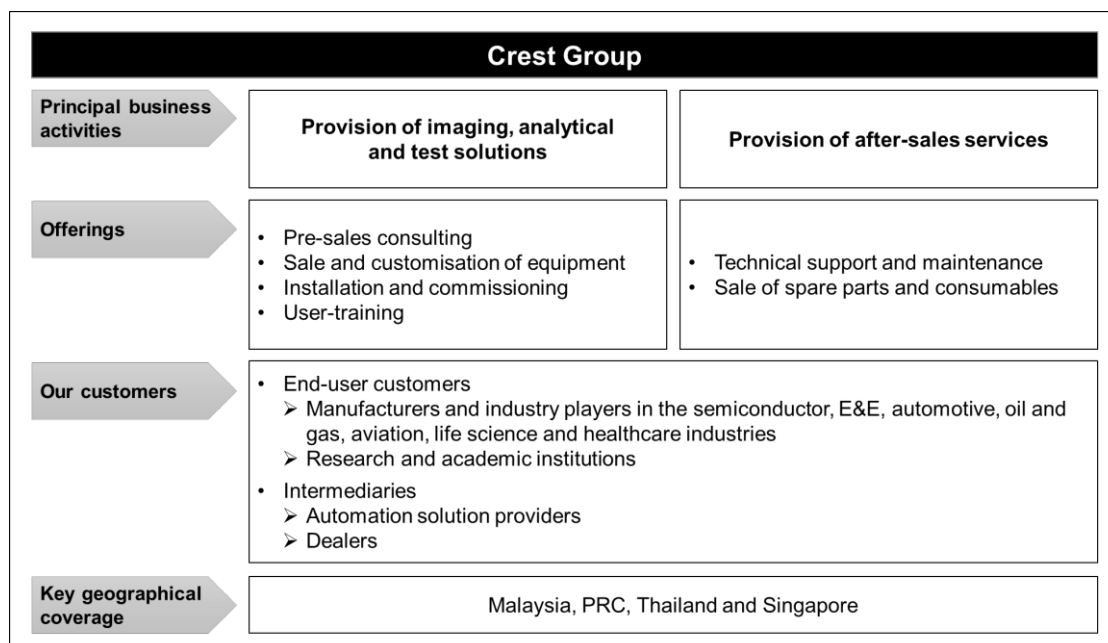
Our business activities can be segmented into 2 categories as follows:

- (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.

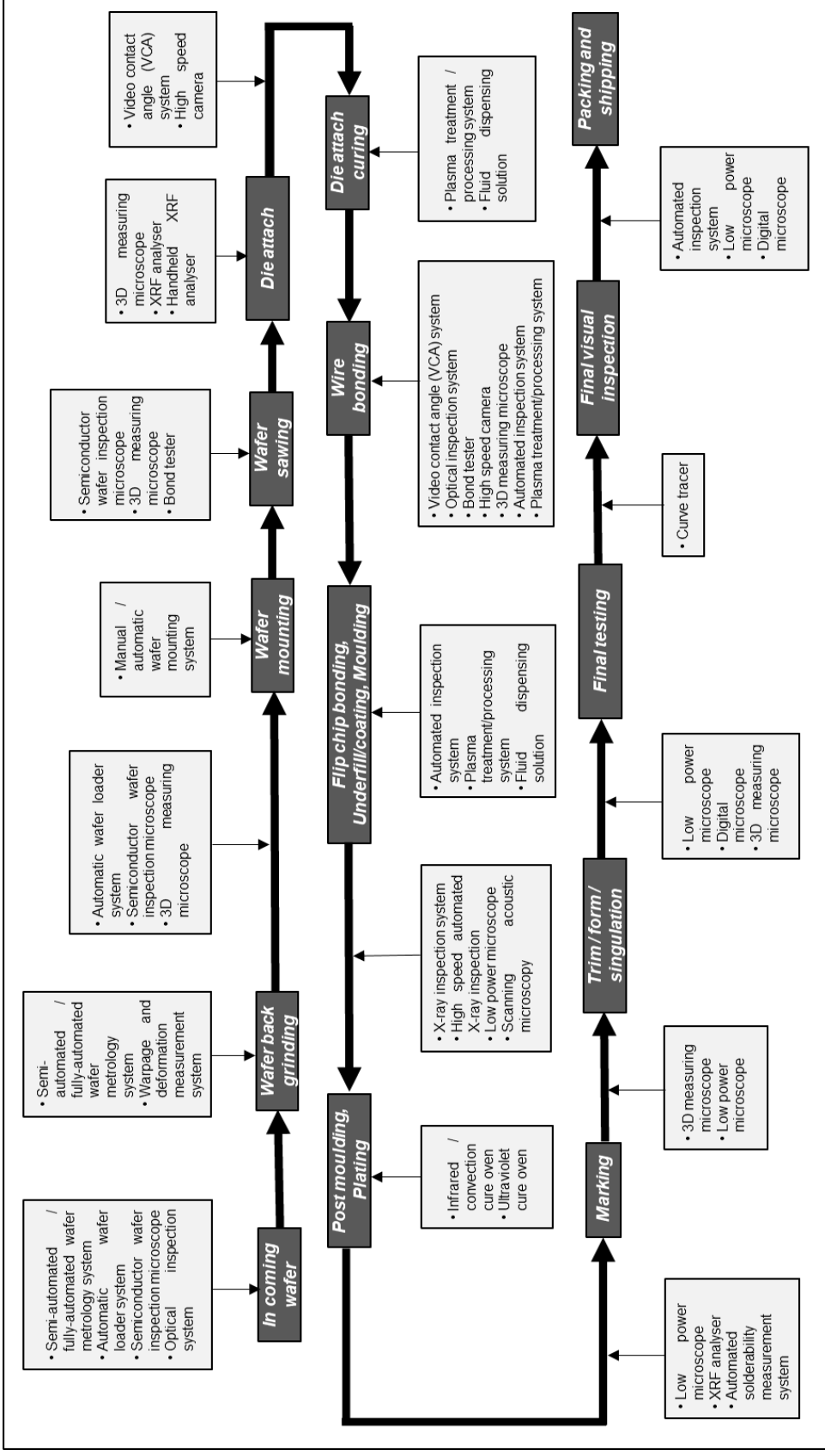
Imaging, analytical and test solutions are adopted in industries such as E&E, semiconductor, automotive, aviation and oil and gas industries, whereby the size of the products, components and/or specimens used in these industries can be microscopic and/or precision of these products and components are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

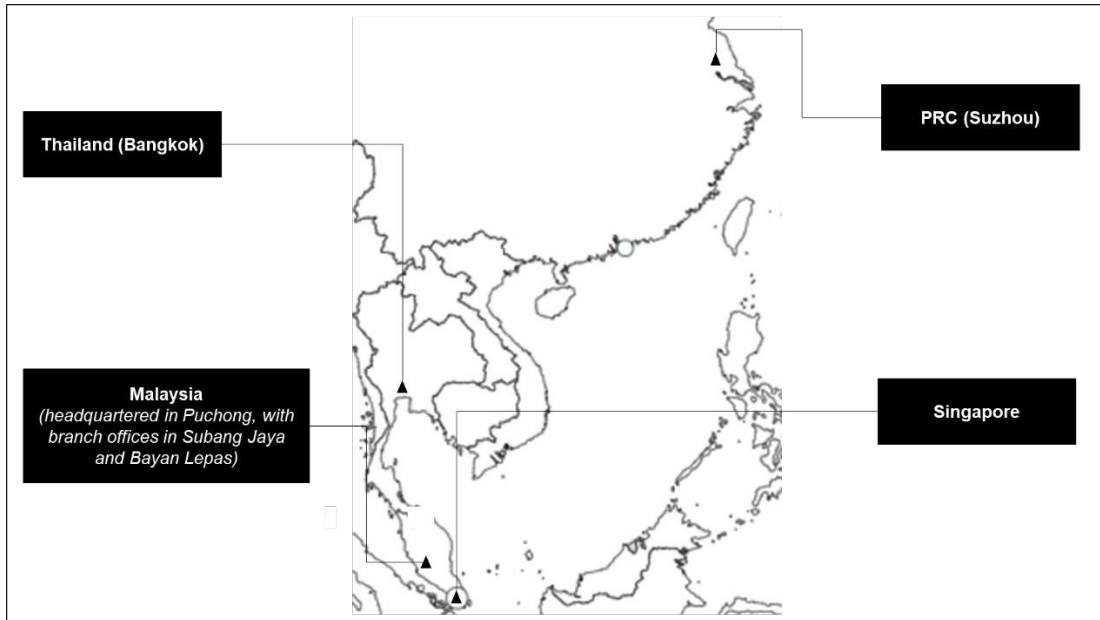
We also supply spare parts and consumables, which are wear and tear supplies used to operate the equipment that must be replaced on a regular basis. Examples of spare parts and consumables that we supply to our customers include filaments, solvents, valves and glass slides. The sale of spare parts and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

<u>Sample management equipment</u>	<u>Description / function</u>	<u>Application and industry</u>
<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>

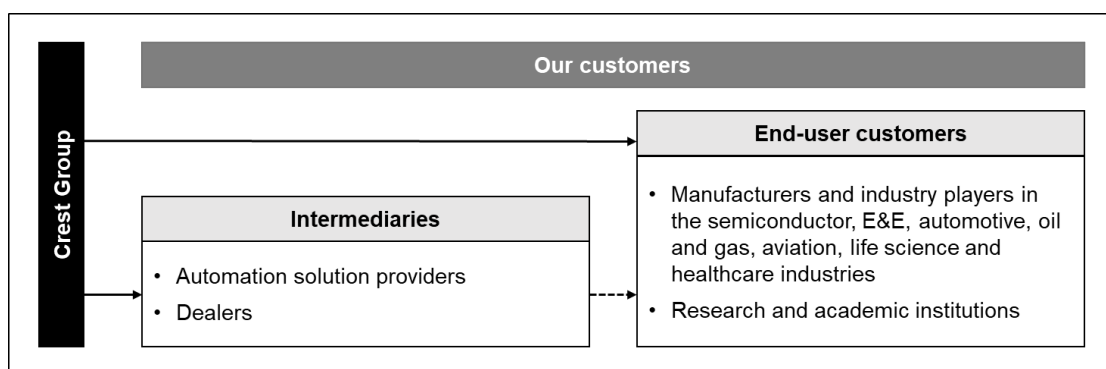
7. BUSINESS OVERVIEW (Cont'd)

(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

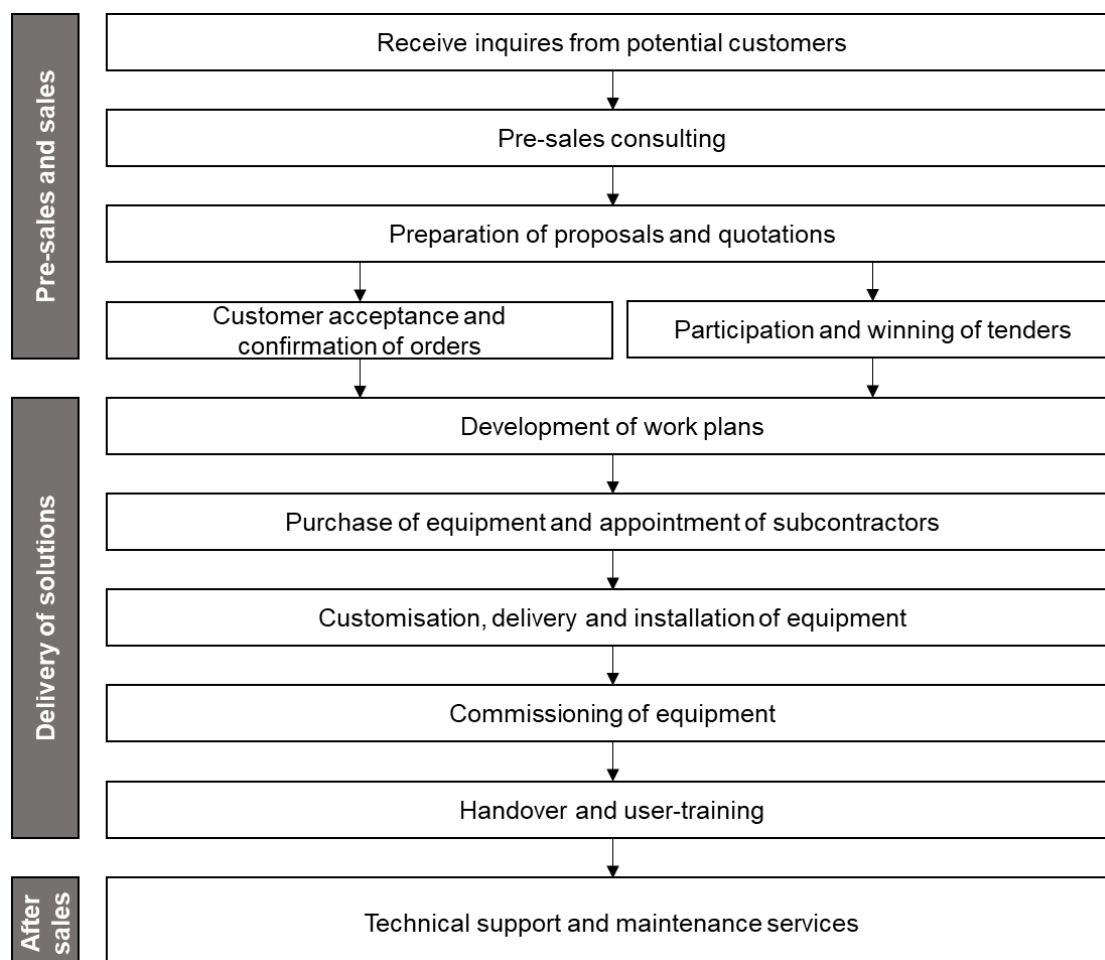
We do not experience any material seasonality or cyclicity in our business as the demand for our products are neither subject to seasonal fluctuations nor cyclical variations.

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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⁾	21.11	
			Total revenue	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.