7. BUSINESS OVERVIEW

7.1 BUSINESS MODEL

Our business model is summarised as follows:-

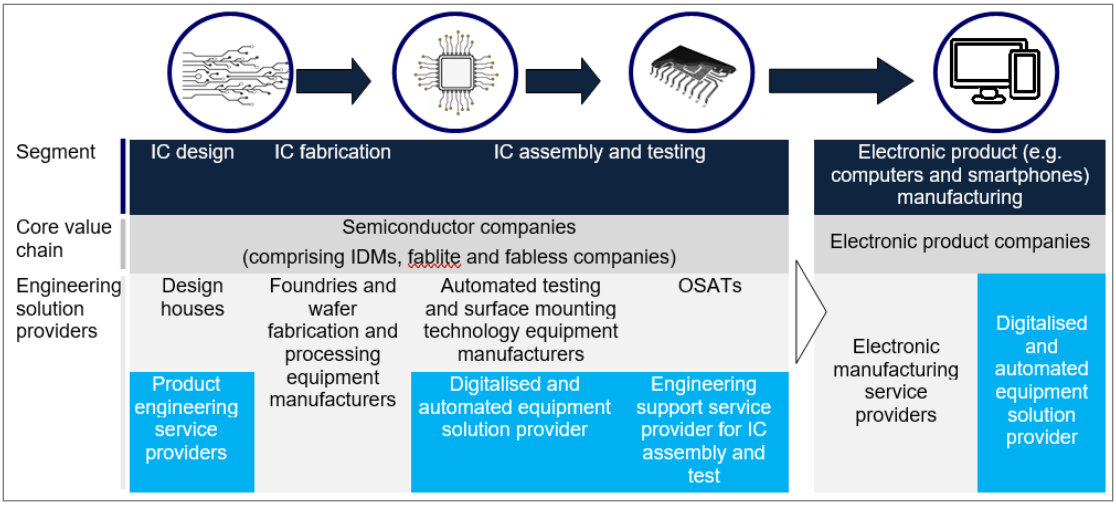
	Engineering Support Services for IC Assembly and Testing	Digitalised Solution	Product Engineering Services	Automated Equipment
SOLUTIONS	Assembly and testing	Customised digitalised solutions	Post silicon validation, software development and NPI	Standalone machinery and equipment
END-USER INDUSTRIES	Semiconductor and electronics industry	Manufacturing, including the semiconductor and electronics industry	Semiconductor and electronics industry	Manufacturing, including the semiconductor and electronics industry

7.1.1 Business Segments

We are an automation solutions and engineering services provider. Our Group's principal business activities and solutions are segmented as follows:-

(a) Provision of engineering support services for IC assembly and testing;
(b) Design, development and sale of digitalised solutions;
(c) Provision of product engineering services; and
(d) Design, development and sale of automated equipment.

Our principal business activities serve various segments of the semiconductor and electronics industry value chain, as illustrated below:-



Notes:-

Denotes the type of core processes which our Group principally carries out.

Denotes the customer segment which our Group presently serves.

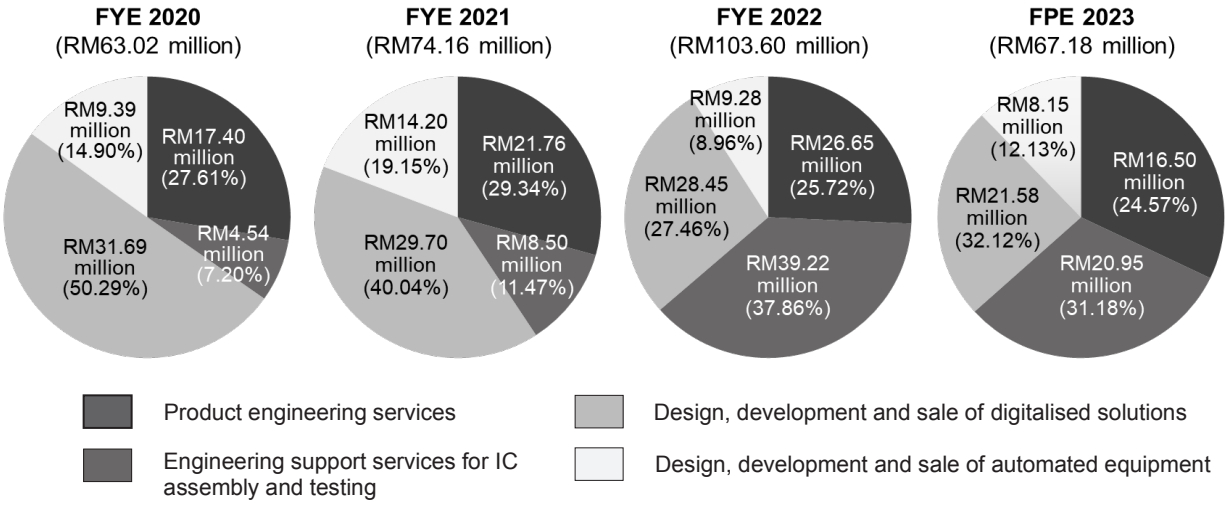
(Source: IMR Report)

7. BUSINESS OVERVIEW *(cont'd)*

Apart from the above, our digitalised solutions and automated equipment are also developed and sold to customers in the manufacturing industries and other sectors such as automotive, healthcare, and industrial as well as local city councils.

7.1.2 Revenue Streams

For the Financial Periods Under Review, our revenue contribution by business segment are as follows:-

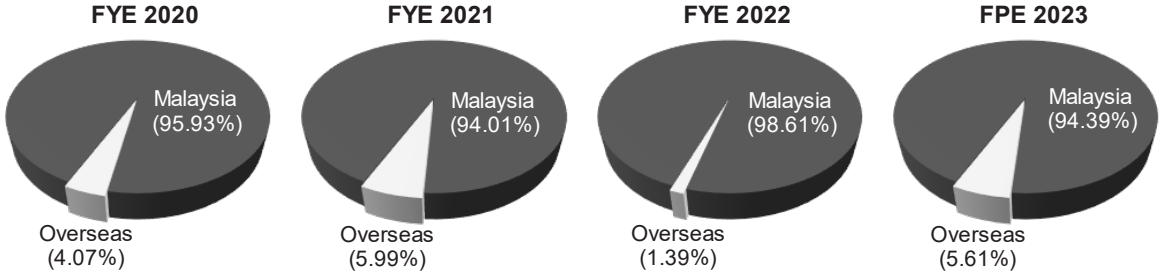


For the Financial Periods Under Review, our Group's total revenue increased at a CAGR of 28.21%, from RM63.02 million in FYE 2020 to RM103.60 million in FYE 2022, mainly contributed by the increased sales from the engineering support services for IC assembly and testing as well as the product engineering services segments.

We do not have any long-term purchase agreements with our customers. Our sales of solutions/equipment and provision of engineering services are based on purchase orders as and when issued by our customers.

7.1.3 Principal Markets

A breakdown of our revenue from our principal markets for the Financial Periods Under Review is depicted below:-



For the Financial Periods Under Review, our revenue was substantially contributed by sales to customers based in Malaysia across all business segments with contribution of more than 94% whilst the balance from overseas countries which include Thailand, Singapore, USA, China, Vietnam, Philippines, Canada, Costa Rica, India and Taiwan.

Further details on our principal markets are set out in Section 12.4.2(a)(ii) of this Prospectus.

7. BUSINESS OVERVIEW *(cont'd)*

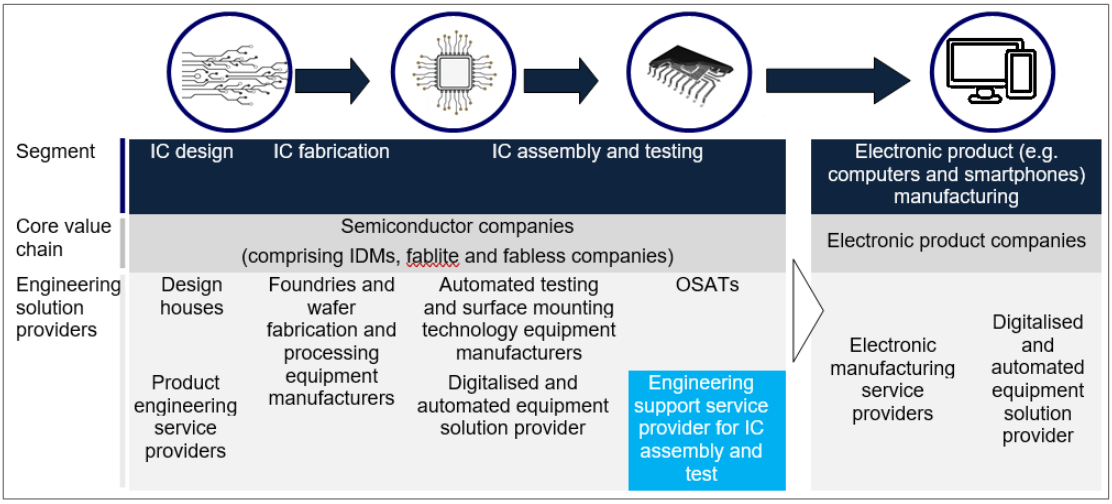
7.2 BUSINESS ACTIVITIES AND SOLUTIONS

7.2.1 Provision of Engineering Support Services for IC Assembly and Testing

We provide engineering support services to semiconductor companies or IDMs in their process of IC assembly and testing. In particular, we provide services such as equipment installation and tool conversion, equipment maintenance and troubleshooting, PCB rework, material transfer and management, quality, safety and control management, inventory control management as well as production operation.

In a typical semiconductor and electronics industry process chain shown below, assembly and testing process are one of the core processes (apart from design and fabrication) in producing ICs or chips that are widely used in electronics products such as computers, smartphones, electric vehicles and automotive electronics. Our engineering support services are mainly focused in the assembly and testing operations for ICs or chips.

This is as illustrated in the diagram below:-



Notes:-

Denotes the type of core processes which our Group principally carries out.

Denotes the customer segment which our Group presently serves.

(Source: IMR Report)

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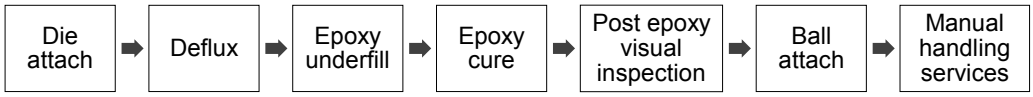
7. BUSINESS OVERVIEW *(cont'd)*

Details of the primary services we have provided under this segment during the Financial Periods Under Review include the following:-

(a) IC Assembly

We undertake IC assembly projects for ICs or chips used in various electronics products such as computers, smartphones, servers and graphics cards that are used by data centres, enterprises and consumers.

For the Financial Periods Under Review, we have undertaken the following IC assembly processes:-



- *Die attach* – The process of attaching a die to a substrate using either epoxy or solder. For die attach processes using epoxy, a drop of epoxy adhesive is dispensed on the substrate and the die is placed on top of it. For die attach processes using soldering, a silver sintering layer is placed on the substrate to solder the die with the substrate;

- *Deflux* – Removal of flux, which is an acidic mixture that is used to remove metal oxide and create a good bond during the die attach process;

- *Epoxy underfill* – Application of underfill, which is an epoxy which will fill the gap between the die and substrate to reinforce its mechanical strength;

- *Epoxy cure* – The process of heating the IC under a required temperature in order to harden and set the underfill material;

- *Post epoxy visual inspection* – The process of visually inspecting the IC to ensure that is adhered properly, no foreign materials are present and there are no overflows of epoxy outside of the substrate;

- *Ball attach* – The process of attaching solder spheres or solder "balls" onto the metal pads of a Ball Grid Array package. These solder spheres will be used during the soldering process to attach the Ball Grid Array package to a circuit board; and

- *Manual handling services* – manual handling of packaged parts to remove the retention mechanism which holds down the metal or ceramic lid during the lid attach process.

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7. BUSINESS OVERVIEW *(cont'd)*

(b) IC Testing

We undertake IC testing projects for ICs or chips used in various electronics products such as computers, smartphones, servers and graphics cards that are used by data centres, enterprises and consumers.

During the Financial Periods Under Review, we have undertaken the following IC testing processes:-

- *Burn-in test* – Burn-in test which is used to detect early issues and defects of ICs. This is done by elevating electrical and temperature conditions for a specific time period using specialised algorithms and studying the ICs to determine if there are any issues or defects;

- *Class test* – Class test involves the execution of various test programmes which includes:-

  - Parametric testing: Determining the variations in electrical parameters of the ICs based on the statistical distribution of ICs;

  - Scan testing: Analysing output based on test patterns used on the IC;

  - Functional testing: Testing the functionality of ICs is as per design;

  - Performance testing: Testing the performance of ICs in terms of frequency and timing tests, and other performance tests;

  - Power testing: Measuring power consumption and efficiency of the different intellectual properties within the IC.

- *Binning* – Separation of units to "Bins" based on test and performance results from the class test step;

- *Fusing* – The process of permanently configuring an IC to operate in a specific way in terms of parameters such as device specifications, device identifications, frequency, power and operating voltage; and

- *System level testing (SLT)* - Execution of test programmes which includes customised object-code tests, customised scripts, and end-user applications on standard IDM equipment using end-user firmware, operating system, software, drivers, and motherboards.

We support IDM(s) in the planning of the resources required to carry out the abovementioned IC assembly and testing processes including the setting up, installation, maintenance and troubleshooting of assembly and test equipment, and tool conversion. We also monitor the progress and performance of project delivery to ensure that the key performance indicators or performance standards provided to us by IDMs are met.

7. BUSINESS OVERVIEW *(cont'd)*

For the Financial Periods Under Review, we have only provided engineering support services for IC assembly and testing to Intel group of companies and such activities are carried out entirely at their facilities/plants. Given the nature and demand of these services where significant skilled workforce involvement is required to support mass production at scale to meet high standard expectation and compliances, we typically employ a large pool of contract-based workforce (comprising mostly engineers, technicians and manufacturing specialists) to carry out the assignments under the supervision of our Engineering team. Having a large number of contract-based personnel allows us to manage our cost structure more effectively. It also offers us more flexibility to manage our work plan in meeting the demand and job scope required by Intel group of companies as it involves the placement of our personnel at their various assembly and test facilities located in Penang and Kedah.

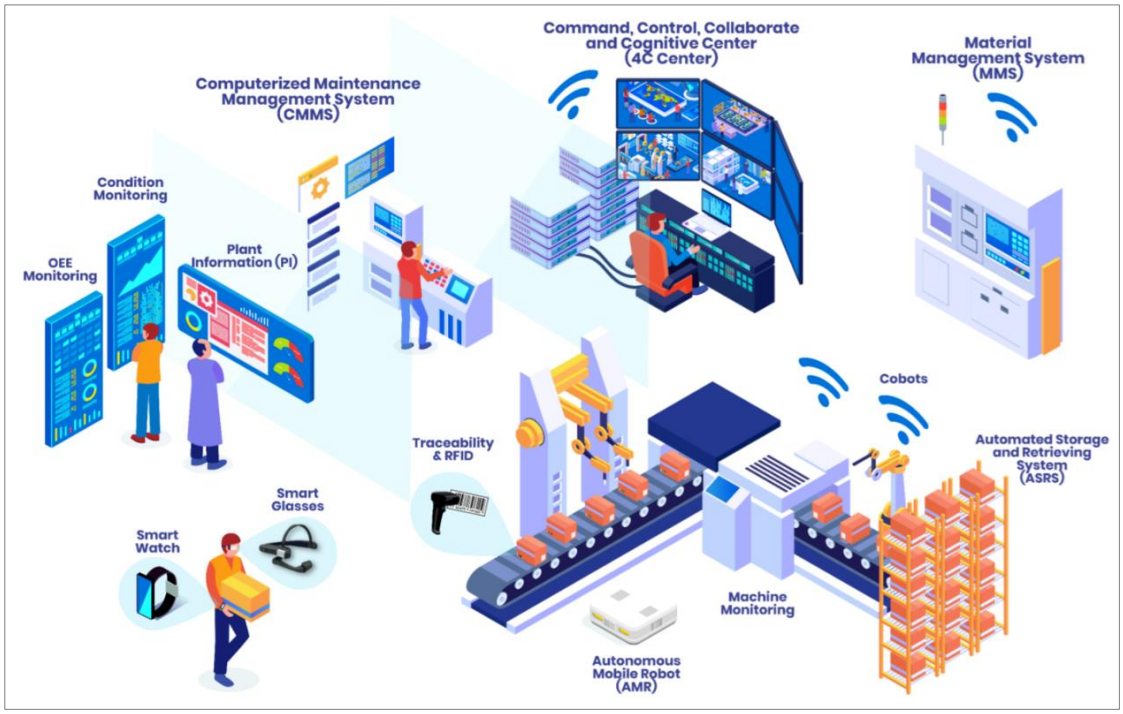
7.2.2 Design, development and sale of digitalised solutions

Digitalised solutions refer to solutions that enable and manage the digitalisation of processes and services to allow for IoT, which facilitates the real time interconnectivity and data exchange between equipment and devices. The information gathered through these digitalised solutions can then allow for big data analytics, which refers to the analysis of large amounts of information in terms of patterns and correlations to provide actionable insights. These can then be incorporated into the pre-programmed parameters used in the digital system to further automate operations and enable machine learning or AI. Thus, information gathered through big data analytics, machine learning and AI will enable businesses to make more informed business decisions with regards to the business operations and processes.

These digitalised solutions are also termed as smart solutions, which enable the formation of smart factories.

A smart factory is a factory environment that adopts Industry 4.0 and 5.0 which generally uses automated equipment and/or digitalised solutions that are connected over the Internet/intranet to fully automate manufacturing processes and allow for collection and analysis of data to further improve and automate multiple manufacturing processes.

An illustration of our digitalised solutions in a typical smart factory is as follows:-



7. BUSINESS OVERVIEW *(cont'd)*

These digitalised solutions provide the following benefits:-

(a) improve operational efficiency, as well as quality and speed of processes;

(b) minimise human intervention, as processes can be automated to enable consistency, enhance precision, extend working hours and reduce health and safety risks;

(c) allow interoperability across premises or facilities via real time remote management of operations; and

(d) enable paperless operations as information are recorded digitally to achieve single source of truth (the practice of aggregating data from various systems within an organisation), which will improve data accuracy.

All our digitalised solutions are customised according to our customers' requirements and needs, which involves the following activities performed by us:-

(i) Solution design development

We work closely with our customers to develop digitalised solutions that are customised to their operational needs and requirements. Our in-house Software Innovation and Engineering team have the expertise to design and develop the required software that work with automated equipment and digitalised solutions through our "Connected Production Suite".

The Connected Production Suite acts as a base platform which facilitates the customisation of digitalised solutions, thus enabling us to expand our range of solutions and enhance the features in our solutions.

(ii) Assembly, integration and configuration

We also source for hardware components from established Principals. The hardware components are then configured with our in-house developed and third-party software to cater for pre-programmed parameters, and assembled to form a digitalised solution.

We will also integrate our solutions with our customers' existing manufacturing systems (if required). This process involves the configuration of our digitalised solutions to enable connectivity with the existing manufacturing systems, in order for the processes performed to be sequenced and coordinated. We use our Tofl, which forms part of our Connected Production Suite, to facilitate the integration process.

(iii) Testing and commissioning

Upon the assembly, integration and configuration, we carry out tests to ensure that the functionality and integration of our solutions perform according to requirements before we handover the solution to our customers.

(iv) Technical support

In addition, we provide technical support services for digitalised solutions, including for solutions that were not designed and developed by us. These technical support services include one-off troubleshooting and repair services.

7. BUSINESS OVERVIEW *(cont'd)*

Descriptions of some of the key digitalised solutions offered during the Financial Periods Under Review are as follows:-

No.	Solutions / Platform	Description
1.	***Command and control centre*** 	Command and control centre enables monitoring and control of functions at the operations control centre and/or backup control centre. This will allow for remote supervision and status control of machinery and equipment in a manufacturing line or smart city operations.
2.	***Operational efficiency solution*** 	Operational efficiency solution is used to measure productivity, as well as enable improvement in targeted areas of the manufacturing process. This solution helps to improve performance through visualisation of data, measuring machine availability, quantifying quality of output and production cycle time, and systematically eliminating sources of production loss. The information gathered from the solution can also provide insights to enable decision making in relation to the acquisition of new machineries and equipment as well as resource planning.
3.	***Workforce efficiency solutions*** 	Workforce efficiency solution is digital system with smart wearable devices equipped with our in-house designed software application which will assist in various functions of any business operations. The solution also digitally records the activity performed allowing for managers to manage and assess the performance of workers and enable paperless operations.

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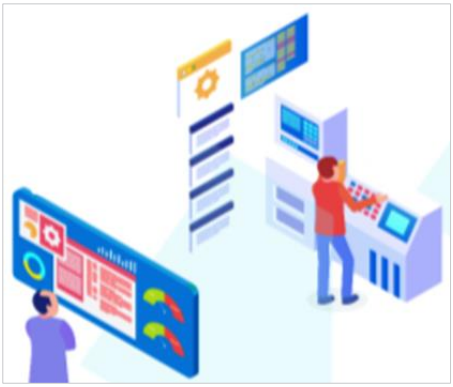
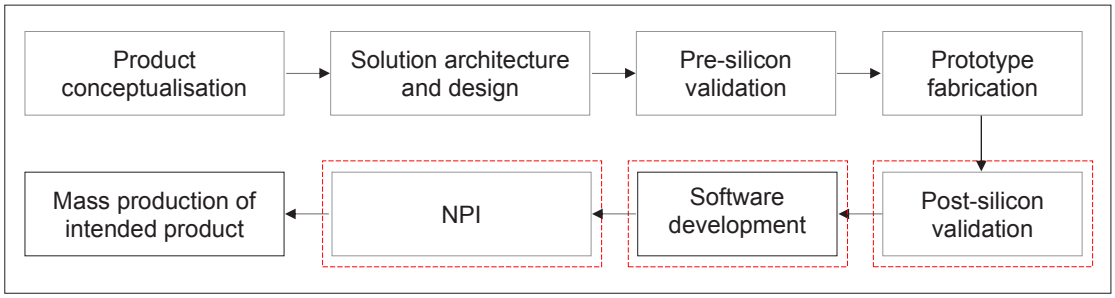
No.	Solutions / Platform	Description
4.	***Asset management system*** 	Asset management system receives and analyses maintenance data for key assets such as machinery and equipment, on a real-time basis. It centralises all maintenance information and data (such as asset parts and costs, as well as asset repaired and repair time) and facilitates the processes of maintenance activities (such as scheduling maintenance and track work orders). This facilitates predictive maintenance where the condition and performance of assets are monitored on a real-time basis for maintenance planning purposes. Asset management system optimises asset utilisation and availability, thereby improving asset management by eliminating the need for managing spreadsheets. This is done through consolidating all maintenance data, information and activities in a single database. It also allows for real-time response to any equipment failures or breakdowns.

At present, the digitalised solutions we have designed and developed have been largely developed for and used in the semiconductor and electronics industry, as well as manufacturing industries and other sectors.

7.2.3 Provision of Product Engineering Services

The typical product engineering lifecycle of a semiconductor product (such as for a microchip) is as follows:-

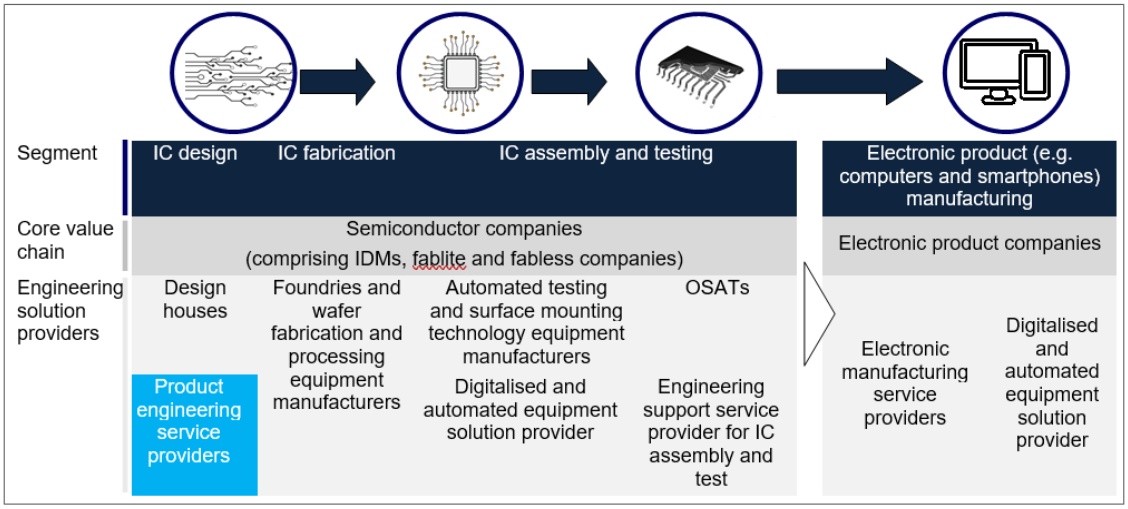


Denotes the areas of product engineering services which are outsourced to and managed by our Group on behalf of our customers.

Product engineering processes are traditionally carried out by semiconductor companies or IDMs for the design, development and fabrication of semiconductor products such as ICs or chips which are widely used in electronic products such as computers, smartphones, electric vehicles and automotive electronics. They, in turn, outsource these processes or activities to external solutions providers in order to scale up their product range, focus on conceptualisation of new products, reduce the burden of training and optimise resources.

7. BUSINESS OVERVIEW *(cont'd)*

A typical semiconductor and electronics industry process chain can be illustrated in the diagram below:-



Notes:-

Denotes the type of core processes which our Group principally carries out.

Denotes the customer segment which our Group presently serves.

(Source: IMR Report)

We have the expertise and a team of skilled personnel (including software engineers and validation engineers) to:-

- manage and undertake product engineering services for any semiconductor products, including ICs or chips used in electronic products as well as those used in the fabrication of hardware for smart solutions that enable digitalisation of operational processes;
- carry out complex product engineering services by leveraging on our employees' technical expertise in development of digitalised solutions and automated equipment; and
- progressively report the deliverables based on analytics dashboard and visualisation platform.

The types of product engineering services we provide to our customers include:-

(a) Post-silicon validation

Post-silicon validation is where we validate the design of product prototypes during its product lifecycle. During post-silicon validation, the functions of product prototypes are tested repeatedly across a specific number of prototype samples to verify that the intended design specifications are met. While there are many areas of post-silicon validation, we are currently focusing on electrical validation, functional validation, AI system and software validation, circuit marginality validation and system level testing debug.

7. BUSINESS OVERVIEW *(cont'd)*

- *Electrical Validation*

  Electrical Validation refers to the validation of the electrical performance and electrical characteristics including Signal Integrity of an IC to ensure the intellectual properties meet the design requirements as well as specific industry standards. Signal Integrity focuses on the quality of the signals transmitted within and between ICs. We validate these electrical characteristics using various customised and industry-standardised tests and equipment such as oscilloscopes, protocol analysers and synthetic signal generators. The intellectual properties we validate are High-speed Input/Output (such as PCIe, USB and UFS), Display, Memory, General-purpose-IO and Fuse.

  We have the capability to design test boards and the test sequences required during validation. We can also develop development kits which will accelerate the process of developing electronic systems on the IC.

- *Functional Validation*

  We validate the functionality of an IC to ensure that the various intellectual properties of an IC functions as per design. We perform these using customised equipment such as protocol analysers and logic analysers, customised tests and scripts as well as commercially available applications and benchmarks.

  We have the capability to design the validation boards and programs required for testing.

- *AI Systems and Software Validation*

  We validate the various AI software use-cases related to computer vision and AI technologies as well as use-cases to be used on Edge devices in the IoT space. We perform edge graphics processing system validation to ensure that those systems can perform well based on customers' use-cases.

- *Circuit Marginality Validation*

  We validate the minimum operation voltage performance of ICs by comparing the minimum operation voltage measured by automated testing equipment with the specifications provided. We perform these validations using object-code based tests (testing of codes to identify any errors) as well as applications on prototype firmware, software and hardware.

- *System Level Test Debug*

  We validate the test contents in the SLT test program, a type of testing that evaluates the functionality and performance of a complete integrated system. This will be used for internal engineering sample generation as well as for manufacturing reject validation. We perform these reject validation on defective engineering samples and defective production samples which are returned from customers as part of the failure analysis and customer return process.

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7. BUSINESS OVERVIEW *(cont'd)*

(b) NPI

NPI is the process of establishing a product from its conceptual stages to its final form. The NPI process includes manufacturing of prototype products in the stage of its product lifecycle where engineering samples are produced for both internal and external customers of an IDM. The activities during these NPI production stages include test processes almost identical to a high-volume manufacturing environment, but in an engineering environment and at a smaller scale for the following purposes:-

- The development of test programs used for Burn-in, Class Test, Fusing, Binning, and SLT test processes.
- Discovering potential issues with new tools, designs, and processes in preparation for mass production, in order for these potential issues to be ironed out and fixed before then.
- Enabling estimations of potential yields and run rates which impact output, as well as to determine if quality targets are meeting projections in preparation for mass production.

In addition, we are also involved in carrying out the following engineering test processes:-

- Setting up, operating, and maintaining test equipment in the engineering lab environment.
- Assisting engineers by providing remote support while test equipment is being used remotely.
- Collecting and reporting of engineering data, test results, and output data of engineering samples.
- Performing various engineering activities while using and implementing new changes to hardware, software, and processes in a dynamic environment.
- Providing procurement support and inventory management of ICs, materials (such as memory cards, graphic cards and motherboards), test and measurement equipment, general tools and computer accessories.

(c) Software development

With our technical expertise and advanced capabilities in software development across a variety of industry verticals, we can architect, design and productize various software applications such as:-

- Cloud based remote debug software – remote engineering toolset which helps engineers to remotely reserve, control, manage, maintain, and update a cluster of remote computing systems. This cloud based remote debug software includes remote operating system provisioning and remote login capabilities, enabling organisations to view and optimise resource allocation, view usage statistics, and reduce idle time and wastage.
- Lab usage management application – Allows lab management to monitor the utilisation of any registered testing and measurement equipment and capital assets, with their locations in a lab environment. This application adds value by reducing idle time and wastage and enables quick tracking of expensive equipment and capital assets.

- System-under-test utilisation tracker – Allows for tracking of platform usage, including power status and consumption.

- Announcement portal - allows users to disseminate information, sharing process updates and training material as well as messages to a target audience with a target due date requiring acknowledgment by the reader.

- Reporting dashboard – Visualises the data reported by the lab usage management application and system-under-test utilisation tracker. Provides insight into utilisation in visual form to be viewed by stakeholders and can be further scrutinised.

- Asset management system - Used when registered equipment is faulty in a manufacturing environment. Users use this system to file tickets in the event of equipment failures, to set up new equipment, and schedule preventive maintenance downtime for any equipment. For asset and equipment management, the asset management system tracks details for inventory purposes such as location, machine time, machine name, machine owner and machine type.

- Software for automated testing equipment of ICs during NPI stage.

- Database and web application of user-registered subnetwork on an intranet network.

- Database and portal for users to register an intranet domain name and IP address for the customers' IT team to manage.

- Ticketing system – Maintenance and continuous improvement of a ticketing system within a single user-interface for customers' lab management team to manage tickets submitted by lab users to manage inventories, lab infrastructure, equipment maintenance, and board repair.

For the Financial Periods Under Review, we primarily provide product engineering services, directly and indirectly, to Intel group of companies. Apart from our own Product Engineering Services team (comprising mostly software engineers, software developers and validation engineers), we also employ contract-based skilled personnel (including engineers and technicians) to jointly manage and implement the projects. Having the contractual workforce would, not only able to complement our team, but also allows us to control our overall cost structure and manage our resources more effectively depending on the project needs/requirements. Currently, while we are able to carry out certain software development work and remote support at our own offices, our personnel are mostly placed at Intel group of companies' various fabrication facilities in Penang and Kedah. Going forward, we intend to set up our own delivery centres to carry out certain product engineering services.

7.2.4 Design, development and sale of automated equipment

Automated equipment is machinery, equipment and devices which are typically used to perform mundane, repetitive and tedious tasks. This allows workers to be relieved from the said consuming tasks and to focus on more value-added tasks which require more decision making and governance. The use of automated equipment in the workplace will contribute to increased processing speed, higher precision and accuracy, lower headcount and labour related costs, extended work-hours and reduced health and safety risks.

We design and develop customised automated equipment to carry out one or more functions. Meanwhile, we also internally develop all key software systems. We may source hardware components and software applications from third-party Principals as and when required.

7. BUSINESS OVERVIEW *(cont'd)*

Our automated equipment is sold as standalone products. Nevertheless, all of our automated equipment is designed to interconnect with one another, or with other third-party automated equipment, to form an integrated production line system.

Our automated equipment can be integrated with our digitalised solutions (detailed in Section 7.3.2 of this Prospectus) or other third-party smart solutions or robotic systems. By doing so, this creates a fully autonomous process flow, facilitating smart factories. If required by our customers, we have the capability to undertake the integration of our automated equipment with our customers' existing production line systems as well as their manufacturing execution systems.

At present, the automated equipment we have designed and developed have been largely developed for and sold to semiconductor and electronics companies. In addition, we also develop and sell some of our automated equipment to customers in the manufacturing industries and other sectors.

Examples of automated equipment we have designed and developed for customers during the Financial Periods Under Review are as follows:-

No.	Assets	Description	Application
1.	***Automated test and handler equipment*** 	The automated test and handler equipment comprise robotic arms that are engineered to undertake assembly, disassembly, pick and place, switching and sorting processes to sort products and/or perform testing processes.	Assemble, dissemble, pick and place and switch products to different process tray for testing, and sorts products based on its quality level during semiconductor and electronics manufacturing.
2.	***Automated visual inspection equipment*** 	The automated visual inspection equipment is designed for conducting visual inspections activities to enable greater accuracy during quality control processes.	Allows for inspection on:- • measurements • marking inspection; • orientation / positioning of parts and components; and • absence or presence of parts and components, during semiconductor and electronic product manufacturing.

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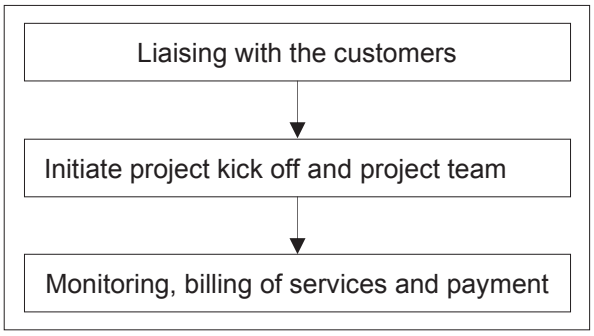
No.	Assets	Description	Application
3.	***Automated material management system*** 	The automated material management system stores and retrieves materials on a real-time basis. This system enables:- • management of operations with an actionable dashboard; • analytics and reporting on material usage. This system is designed to work collaboratively with other complementary robots or equipment, including material transfer equipment	Manages and stores high value manufacturing materials such as, but not limited to, gold wires, epoxy, rubber tips, solder balls, solder pastes, reels, test sockets, bonding capillaries and probe pins, which are used in semiconductor and electronics manufacturing.

Apart from the above, we are also able to provide other customised automated equipment based on our customers' requirements and needs.

7.3 BUSINESS AND OPERATION PROCESS FLOW

7.3.1 Provision of Engineering Support Services and Product Engineering Services

The process flow for engineering support services and product engineering services is as depicted below:-



(a) Liaising with the customers

The customers will first initiate a scope of work after which we will carry out detailed discussions with our customers to understand their exact needs and required scope of works. The customers will then request for a quotation, following which we will prepare a proposal detailing our quotation and commercial terms based on the pre-agreed scope of works and contract period. Once the proposal is agreed/accepted, the customers will then issue a purchase or work order.

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7. BUSINESS OVERVIEW *(cont'd)*

(b) Initiate project kick off and project team

Based on scope of works provided by our customers, we will mobilise and set up a project team (comprising mostly contract-based workforce including engineers, technicians and manufacturing specialists) accordingly to initiate the project execution. Our Human Resource department may, if necessary, carry out resource recruitment and we have an engineering team that is responsible for the supervision and monitoring of the project team.

The processes are as follows:-

(i) Talent fulfilment

Based on our customer's requirements and needs, we will first determine the talent resources necessary to perform the required scope of works under the engineering support services or product engineering services. We will then select and allocate suitable personnel to form the project team to carry out the engagements. For certain projects, we may need to source and recruit suitable personnel based on our customers' requirements and needs.

Recruitment of personnel is based on our criteria according to our project requirements and needs. This includes, but not limited to, relevant academic qualification, work experience and technical skills. Potential candidates are then shortlisted and subsequently evaluated via an assessment interview. Successful candidates will be informed with the recruitment formalised accordingly.

(ii) Training and briefing

New recruited personnel (especially the contract-based ones) are required to attend briefings and training sessions carried out by our Engineering team. This is to assist them in familiarising themselves with the project as well as our customers' standard operating procedures. Occasionally, they may be required to attend briefing sessions held by our customers to gain a deeper understanding of the project requirements. These sessions are carried out to ensure that they have the necessary skills and are fully certified to perform the processes required to successfully complete the project. Some examples of training that our personnel attended are material handling training, reject management training, software development principles, business analytics training and statistic data analysis training.

(iii) Project execution

Once our project team have completed the training and certification process, they will be deployed to perform their assigned duties. Depending on the project, our project team will be based at our customers' sites, plants or facilities, or off-site at our Setia Spice Office.

Our Engineering team will supervise and monitor the progress and performance of the project team to ensure that they meet their performance standards and deliverables for both engineering support services and product engineering services segments.

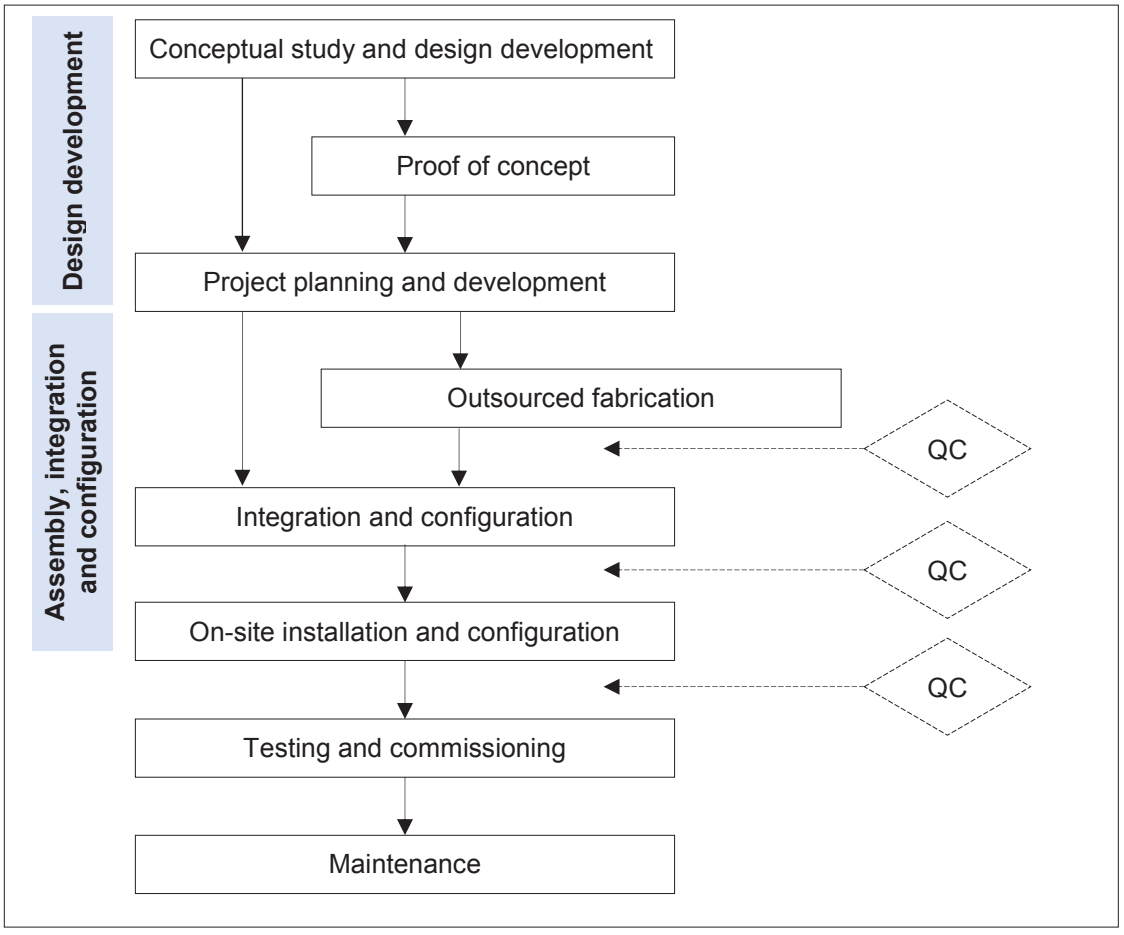
(c) Monitoring, billing of services and payment

We will present our performance of our projects progress and delivery on a weekly and monthly basis to our customers. Based on these periodic reports, our customers will be informed on whether we have performed the tasks that we have been assigned to, in an orderly manner and within the time frame stipulated.

On a monthly basis, customers will validate the progress of tasks performed before we can issue an invoice to them for the services provided.

7.3.2 Design Development and Sale of Digitalised Solutions and Automated Equipment

The process flow for the provision of digitalised solutions and automated equipment are as depicted below:-



(i) Conceptual study and design development

Upon receipt of a purchase order from a customer, we will form a review team comprising representatives from the Business Development, Engineering and Software Innovation departments. The review team will be responsible for completing a conceptual study to review the technical specifications and design of the project. The technical specifications and design will include, but not limited to the functions, specifications, parts and equipment, software systems and connectivity of the automated equipment and digitalised solutions.

7. BUSINESS OVERVIEW *(cont'd)*

We will then demonstrate our conceptual study to the customer and work closely with the customer in the validation of the technical specifications and design of the conceptual study.

Upon approval of the conceptual design by the customer and if requested by the customer, we will provide them with a simple or partial demonstration of the solution. This demonstration is conducted by our review team.

(ii) Proof of concept

If the customer has requested a proof of concept, our Engineering and Software Innovation team will begin the development of the proof of concept of the solution. Further discussions with the customer may be carried out by our Engineering, Software Innovation as well as Business Development team to further understand the specifications and requirements of the solution. This is to ensure that the proof of concept will demonstrate and validate the functionality of our conceptual design of the solution.

Thereafter, the proof of concept will be demonstrated to the customer for approval.

(iii) Project planning and development

Once the order is confirmed, a project team will be formed, consisting of personnel from Business Development, Engineering and Software Innovation departments.

The project team will prepare a project plan which entails the detailed project schedule and deliverables, project costing, resource allocation, operational processes, quality requirements and other administrative procedures.

Following the customer's specifications, our project team will develop the final solution design in terms of:-

- system functionalities and user interfaces, design requirements and/or site requirements of the software system; and

- final design of the automated equipment and/or ancillary structures for digitalised solutions and automated equipment.

Throughout the project development stage, our project team will continuously liaise with the customer to ensure that the final solution design complies with the customer's requirements.

Thereafter, our project team will begin the fabrication of mechanical components. We outsource fabrication of mechanical components to external parties depending on the cost, resources and complexity of the fabrication works. In addition, we also outsource wiring works to sub-contractors.

Our Engineering team will then conduct a quality inspection to ensure that the mechanical components and wiring works are in accordance to our design specifications.

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7. BUSINESS OVERVIEW *(cont'd)*

(iv) Assembly, integration and configuration

Our Engineering team will then assemble the mechanical components and products procured to form the complete equipment used in our digitalised solutions and automated equipment. The mechanical aspects of the equipment will then be tested to ensure that the functionality of the equipment meets the specifications set out in the final solution design.

In parallel, our Software Innovation team will design and customise the necessary software required in the digitalised solutions and automated equipment.

Next, both our Engineering and Software Innovation team will work together to integrate and configure the software with the equipment to form the digitalised solutions or automated equipment.

Thereafter, a Factory Acceptance Test will be conducted by our Engineering team on the digitalised solutions or automated equipment, prior to the delivery of the solution to our customer's location, to ensure that the configuration of the solution is in accordance with the customers' specifications.

(v) On-site installation and configuration

The digitalised solutions or automated equipment will then be delivered to our customer's location.

If required, our Engineering and Software Innovation team will then configure our digitalised solutions or automated equipment to integrate with other existing machinery, equipment and devices on-site, to ensure that they are interconnected. At this stage, we will utilise our TofI to facilitate integration of our digitalised solutions or automated equipment with other equipment or manufacturing system of our customers.

Depending on the type of digitalised solutions or automated equipment, we will also integrate our mobile application platform for smart devices and/or analytics dashboard and visualisation platform. As an illustration, our command and control centre, and asset management system require the integration of our analytics dashboard and visualisation platform, while our workforce efficiency solution requires the use of mobile application platform for smart devices.

(vi) Testing and commissioning

Thereafter, a Site Acceptance Test will be conducted on the digitalised solutions or automated equipment to ensure that all the machinery, equipment, devices and software performs according to our customer's requirements. Typically, the Site Acceptance Test involves the setup and running of the entire solutions, under a simulated and/or real-time environment, to validate that the functionality and performance are in accordance with the customer's requirements.

The Site Acceptance Test is conducted with and witnessed by the customer together with our Engineering and Software Innovation team. This is to ensure that the solutions are fully functional and readily integrated with the customer's existing machinery, equipment or devices seamlessly, if required, and the entire digitalised solutions or automated equipment is ready.

During the Site Acceptance Test stage, the parameters in the pre-agreed buyoff checklist will be evaluated by the customer and our Engineering and Software Innovation team, and once all parameters are met, the buyoff checklist will be signed by the customer. This signifies the completion of the project.

7. BUSINESS OVERVIEW *(cont'd)*

(vii) Maintenance

If and when requested by our customer, we are able to provide maintenance services which include maintenance, software upgrade and technical support services for the solutions. Typically, a warranty period of 1 year is provided for our solutions/equipment, during which hardware parts repair and replacement will be under the suppliers' warranty.

7.4 QUALITY ASSURANCE AND QUALITY CONTROL

We recognise the importance of providing consistent quality solutions and services to ensure that our customers' needs and requirements are met. We presently comply with the following international standards:-

Standard	Certification Body	Year First Awarded	Validity Period	Scope
QMS ISO 9001:2015	Pearl Certification Sdn Bhd (Malaysia)	2016	17.03.2023 to 23.11.2025	Smart manufacturing system and automation solution provider including design, development and commissioning
ISO/IEC 27001:2022	ARES International Certification Co Ltd (Taiwan)	2024	21.02.2024 to 20.02.2027	The provision of professional software services delivery, application managed services, software development, customisation and training

The following are the quality control procedures which are implemented at various stages of the digitalised solutions' and automated equipment's process flow:-

Process Flow Stage	Quality Control Procedure
Assembly	• Upon receipt of completed mechanical components of the equipment, our Engineering team will conduct a buyoff process to ensure that the components are in good condition and meets the specifications set out in our final solution design.
Integration and configuration	• A Factory Acceptance Test will be conducted on the digitalised solution or automated equipment, prior to the delivery, to verify the configurations are in accordance with the customers' specifications.
Testing and commissioning	• A Site Acceptance Test will be conducted on the digitalised solution or automated equipment that has been installed at our customer's site to ensure that the solutions are fully functional and readily integrated with the customer's existing manufacturing systems seamlessly. • The Site Acceptance Test involves the setup and running of the entire solutions, under a simulated environment and/or real-time environment, to validate that the functionality and performance are in accordance with the customer's requirements.

We have developed and adopted the following quality assurance measures for our engineering support services and product engineering services segments, namely:-

(a) Selection of quality resources

Prior to recruitment, we conduct thorough interviews and assessments based on a pre-determined selection criteria to ensure that skilled-based personnel with the appropriate qualification and experience are employed. Such selection criteria include their academic qualification, career history, portfolio of customers, and detailed work experience in handling requisite tasks (or similar tasks).

(b) Regular inspections and site visits

Our Engineering team conducts routine inspections and site visits at the relevant work sites to ascertain our customers' satisfaction with our service quality and to ensure that the workers perform their duties with care and diligence and adhere to the standards set by our customers. In addition, we also work closely with our customers to obtain their feedbacks and attend to complaints/issues raised. Our key senior management conducts monthly progress meetings with the engineering team to ensure that our customers' feedback and complaints/issues are dealt with promptly.

7.5 COMPETITIVE STRENGTHS

The following competitive strengths are important in sustaining our business as well as providing us with future business growth:-

(a) We have a wide range of solutions and services that are complementary and can cater to different industries and manufacturing needs

Our Product Engineering Services and Engineering Support Services team (supported by our contract-based skilled personnel) have the necessary skillsets, expertise and experience to manage IC assembly and testing related activities as well as to undertake product engineering services such as post-silicon validation, NPI and software development. These services are generally catered for the semiconductor and electronics industry particularly the IDMs who carry out design, development, fabrication, and assembly and testing of semiconductor products such as ICs or chips which are widely used in electronic products such as computers, smartphones, electric vehicles and automotive electronics.

Meanwhile, we are able to develop and sell digitalised solutions and automated equipment to companies from various industries including the semiconductor and electronics industry, as well as manufacturing industries and other sectors that seek to digitalise and automate their manufacturing processes. Our Engineering and Software Innovation team have the capability to conceptualise and customise the digitalised solutions or automated equipment used in carrying out numerous operational processes.

In particular, we provided various types of services and solutions to one of our major customer, Intel group of companies, during the Financial Periods Under Review including the provision of engineering support services for IC testing and assembly, and product engineering services, and development and sale of certain digitalised solutions and automated equipment.

In addition, we also develop and sell some of our digitalised solutions and automated equipment to manufacturing industries and other sectors such as automotive, healthcare, and industrial as well as local city councils. Our solutions/equipment can be customised to cater to various manufacturing needs and industry applications. For the Financial Periods Under Review, 74.34% to 91.10% of our Group's revenues are generated from the semiconductor and electronics industry. Meanwhile, the remaining 8.90% to 25.66% of our Group's revenues are generated from manufacturing industries and other sectors.

(b) We secure projects/orders from wide-range of customers mostly comprising multinational companies

Most of our customers are multinational companies, such as the Intel group of companies, KellyOCG, Customer A, Customer C, Customer D and Customer E. Apart from our ability to maintaining long-term business relationships with some of our major customers such as Intel group of companies (more than 13 years) and KellyOCG (more than 7 years), we have been able to secure new customers such as Customer D and Customer E which we acquired in 2023 to broaden our customer base.

Our ability in securing new and retaining existing clients is a testament to our service competence, product quality and proven industry track record. Since securing these customers, we have managed to retain many of them over the years. For the FPE 2023, we have a total of 89 customers of which 62.9% are recurring customers.

Some of our customers have stringent supplier selection processes, whereby they conduct detailed reviews, site visits and/or assessment on their suppliers/service providers prior to selection to ensure that their product quality and operating standards have been met, and that the suppliers have a proven track record. Some customers also carry out regular follow-up assessments to ensure compliance have been maintained. Further, we may be required to fulfil their requirements for environmental, social and governance practices. We have had to undergo these reviews and assessments, which is evidence of our standing as a proven industry player.

Further, our operational processes comply with international compliance standards. We were awarded the ISO 9001:2015 certification in 2016 for smart manufacturing system and automation solution provider including design, development and commissioning as well as ISO/IEC 27001:2022 in 2024 for professional software services delivery, application managed services, software development, customisation and training. These ISO certifications serve as a testimony of the quality of our solutions and services. As such, our ability to comply with these requirements in accordance to international standards has enabled us to be effective and successful in both securing and retaining our multinational customers.

Having such a strong portfolio of multinational and established local customers has given us the credentials to secure even more customers over the years, and moving forward, will help us grow our business further.

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(c) We have an experienced and technically-strong key senior management team

We are led by an experienced and committed key senior management team. Both our Executive Directors, Koh Dim Kuan (CEO) and Lee Chee Hoo (CDO), have played vital roles and been instrumental in the development, growth and success of our Group. Dim Kuan has been involved in the semiconductor industry for more than 15 years with extensive knowledge in automation solutions and engineering services whilst Chee Hoo has been involved in the automation and digitalisation industry for more than 20 years and has vast knowledge in the area of design and development of automated and digitalised solutions.

They are supported by a team of experienced and dedicated key senior management with extensive experience across a range of business activities, from operations to technical and finance to sales and marketing. This includes Liew Chee Kin, our Director of Sophic MSC, Elwyn Toh Jiern Wae, our Head of Software Innovation, Lai Goey Choo, our Head of Product Engineering Services, Wong Shin Guey, our Head of R&D, and Yeap Siew Wen, our Head of Finance. Their expertise and passion for our business have been instrumental in our Group's growth strategies. These key senior management have between 7 and 33 years of working experiences in their respective fields.

Since our inception, we have built an established reputation in the industry through our management's engineering experience and expertise, as well as our ability to provide quality products/services and consistent levels of customer service. The competencies of our key senior management will enable us to sustain our future growth and improve the overall financial performance of our Group. Please refer to Sections 5.1.3 and 5.5.2 of this Prospectus for the detailed profiles of our CEO, CDO and key senior management.

(d) We are well-positioned to benefit from the positive outlook of the industries we serve and involved in

As stated in the IMR Report:-

(i) the product engineering service industry in Malaysia is forecast to grow by 19.7% between 2024 and 2026 to reach RM1.2 billion in 2026, whilst the global product engineering service industry is expected to grow by 15.4% between 2024 and 2026 to reach USD2.0 billion in 2026;

(ii) the IC assembly and test services industry in Malaysia is anticipated to grow by 10.2% between 2024 and 2026, to reach RM23.3 billion in 2026, whilst the global IC assembly and test services industry is projected to grow at a CAGR of 4.5% between 2024 and 2026, to reach USD37.0 billion in 2026; and

(iii) the automated manufacturing and digitalised solutions industry in Malaysia is predicted to grow at a CAGR of 13.1% to RM17.4 billion in 2026, whilst the global automated manufacturing and digitalised solutions industry is estimated to grow at a CAGR of 8.7% between 2024 and 2026 to reach USD448.6 billion in 2026.

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7. BUSINESS OVERVIEW *(cont'd)*

Amongst the key demand drivers for the above forecasted growths include:-

- growing semiconductor and electronic industries and manufacturing-related industries which have largely been driven by the technological revolution with 5G adoption and the emergence of 6G, IoT, AI, machine learning and big data analytics that has resulted in the introduction of new electronic products, as well as the rise in demand for electric vehicles (EV) and solar energy is also expected to boost the demand for semiconductor chips.

- modernisation and transformation of manufacturing facilities towards Industry 4.0 and 5.0 technologies to enable smart factories and sustainable operations.

- increased outsourcing and relocation of manufacturing activities to Southeast Asia particularly foreign multinational companies that have intention to set up production facilities in Malaysia.

- Government initiatives to develop the automation manufacturing and digitalised solution industry.

The IMR Report further highlights that, despite the global semiconductor and electronics industry decreased to USD526.8 billion as a result of decrease in demand for consumer electronics due to excess inventory stocks of consumer electronics in the first-half of 2023, the global semiconductor and electronics industry has began to rebound towards the later part of 2023, which is mainly driven by demand for AI applications. The global semiconductor and electronics industry is expected to rebound further in 2024 and is forecast to grow by 11.6% to reach USD588.0 billion in 2024. This is expected to be driven by demand for ICs for AI and high-performance computing and electric vehicles as well as government initiatives in China to support semiconductor production. Further, the semiconductor and electronics industry is expected to be driven by rapid technological developments for product innovations and advancements in the market, and the technological revolution with 5G adoption and the emergence of 6G, IoT, artificial intelligence, machine learning and big data analytics, which have resulted in the emergence of new electronic product.

As an industry player in the IC design, assembly and test segment in Malaysia as well as in the automated manufacturing and digitalised solutions industry in Malaysia, our Group stand to benefit from the positive outlook of these industries, which will be driven by the growing semiconductor and electronics industry as well as manufacturing related industries.

Thus, our Group is well-positioned to capitalise and leverage on the outlook and growth opportunities as set out in Section 8 of this Prospectus.

7.6 SEASONALITY

We do not experience any material seasonality in our business as the demand for our products and services are not subject to seasonal fluctuations.

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7. BUSINESS OVERVIEW *(cont'd)*

7.7 TYPES, SOURCES AND AVAILABILITY OF RAW MATERIALS

The key supplies for our digitalised solution and automated equipment business segments include hardware components, engineering services and fabrication services for mechanical components and sheet metal. Our engineering support services and product engineering services segments require minimal materials as they are service-centric activities.

For hardware components, the products include mechanical, electrical and pneumatic parts as well as computer related devices such as computers, sensors, smart wearables and touch screen monitors. We source these hardware components from Principals. These supplies are generally readily available from our Principals and we are able to obtain these from both local and foreign suppliers. In addition, we also ensure that the hardware components supplied to us meets our customer's specifications and expectations.

For software, we procure the necessary software licenses and cloud subscriptions which are generally readily available from our Principals.

In addition, we will also outsource certain services to external suppliers and/or subcontractors including fabrication of mechanical components/sheet metal, engineering and wiring related works, which we will subsequently assemble to form our automated equipment. Such services were mainly sourced from local suppliers.

The breakdown of the purchases of these products and services are as follows:-

	FYE 2020		FYE 2021		FYE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Hardware								
- Mechanical, electrical and pneumatic parts	4,723	18.04	7,470	27.32	7,267	33.05	5,397	45.63
- Computer related devices	7,371	28.15	5,433	19.87	3,325	15.12	2,559	21.64
Services								
- Fabrication services	3,300	12.61	5,342	19.54	4,754	21.62	910	7.69
- Engineering services	7,911	30.22	7,653	27.99	4,821	21.92	2,374	20.07
- Electrical/Wiring services	643	2.46	505	1.85	587	2.67	114	0.96
Software	1,858	7.10	351	1.28	293	1.33	-	-
Others *	373	1.42	590	2.15	944	4.29	474	4.01
Total purchases	**26,179**	**100.00**	**27,344**	**100.00**	**21,991**	**100.00**	**11,828**	**100.00**

Note:-

* Others include logistics and packaging costs, jigs and tools, metal parts, personal protective equipment and other consumables such as battery and cables.

We have not experienced any major volatility in the prices of our supplies, which have materially affected our business during the Financial Periods Under Review.

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7. BUSINESS OVERVIEW *(cont'd)*

7.8 BUSINESS DEVELOPMENT AND MARKETING STRATEGIES

Our Business Development and marketing department is responsible for expanding our brand awareness and to capture the interest of a wider market. We adopt the following business development and marketing strategies:-

7.8.1 Business Development Activities

(a) Direct approach

Our business development activities are led by our CEO and CDO and assisted by the Business Development team, which typically targets semiconductor and electronics, and manufacturing companies.

(b) Building relationship with existing customers

We also emphasise on maintaining and building our existing relationship with our current customers. We aim to provide our customers with efficient and reliable after-sales services and follow ups, as a method to maintain good business relationships and to ensure that they are satisfied with our services/products.

As our business includes products and solutions that are customised, our customer relationship management is anchored by our technological know-how, mutual trust, technical support services as well as understanding of customers operations, which has to be cultivated over time. We encourage direct involvement of our Engineering team with our customers' operations team. The direct involvement of our personnel enables us to showcase our technological strengths whilst encouraging technological collaboration with our customers. Through such direct involvement, our personnel are able to convey to our customers our latest innovation.

(c) Referrals and cross-selling

We also secure new customers through referrals from our business associates, particularly Principals. At times, end-users will reach out to Principals to procure hardware components and software applications. As these Principals are typically only involved in the sales and marketing of these hardware and software applications, the Principals will direct these leads to us for us to follow up and offer our solutions. Further, our trade name is also advertised through brochures and pamphlets of some of these Principals, thus generating leads for us in cases where potential customers (usually end-users) contact us.

As we offer a wide range of digitalised solutions and automated equipment, we are able to leverage on our existing customer base to optimise revenue generation by offering more comprehensive solutions to cater to our customers' needs. The cross-selling of our solutions are a value-add to our customers as they only need to deal with a single solution provider instead of multiple solution providers.

(d) Corporate website

We have our own corporate website at https://sophicautomation.com and https://www.3ren.com.my which provides searchable information on our Group, our principal activities and details of our solutions and services.

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(e) Social media platforms

We recognise the importance of social media platforms to create awareness of our solutions. We maintain a profile on social media platforms such as Facebook and Linked-In where we post videos and online content to attract customers as well as interact with our customers. We also post videos and online content on YouTube. Periodically, we share online newsletters with our customers to keep our customers abreast on product information and events. Our marketing personnel are in charge of overseeing the marketing activities on social media platforms.

7.8.2 Marketing Strategies

(a) Exhibitions and events

We participate in exhibitions and events organised by Government ministries, associations and/or third-party technological partners, both locally and internationally to gain further exposure. These exhibitions and events enable us the opportunity to showcase our solutions and capabilities to expand our network of customers.

These exhibitions and events are great opportunities to attract prospective customers, while keeping up-to-date with the latest trends and developments in the automated manufacturing and digitalised solutions industry.

Some of the exhibitions and events we have been involved since 2020 and up to the LPD include:-

Name of Event	**Organiser**	**Date**	**Location**
TECHFEST 2020	World Congress on Information Technology 2020	November 2020	Virtual
Advanced Semiconductor Technology Conference 2021	SEMI South Asia	January 2021	Virtual
RMK 12: Boosting Electrical and Electronics Industry in Moving up the Value Chain	Malaysia Productivity Corporation, Malaysia Semiconductor Industry Association	October 2021	Virtual
Malaysia National Electrical and Electronics Forum 2021	Malaysia Semiconductor Industry Association	October 2021	Virtual
PETRONAS Experience Ventures 2022	PETRONAS	September 2022	Kuala Lumpur
World Congress on Innovation and Technology 2022 Malaysia	The National Tech Association of Malaysia (PIKOM)	September 2022	Penang
Technology Roadshow 2022	PETRONAS	October 2022	Sabah
Corporate and Limited Partners Roadshow 2022: Penang Chapter	MDEC	October 2022	Penang
Malaysian Digital Dialogue Penang	MDEC	December 2022	Penang

7. BUSINESS OVERVIEW *(cont'd)*

Name of Event	Organiser	Date	Location
ICONICS ASEAN Regional Partner Enablement 2022	Mitsubishi Electric Sales Malaysia Sdn Bhd	December 2022	Singapore
SEMICON SEA 2023	SEMI Southeast Asia	May 2023	Penang
Converge Customer Success Conference Asia Pacific 2023	Siemens	July 2023	Thailand
MTDC Technology Conference & Exhibition 2023	MTDC	September 2023	Kuala Lumpur
Converge Asia Pacific Executive Partner Forum 2024	Siemens	January 2024	Vietnam

While we have been mainly participating in local exhibitions and events in Malaysia in the past, we have begun to participate in international exhibitions and events in Singapore and Thailand beginning from 2022. In light of our future business plan to expand our presence internationally, particularly in Singapore, we intend to continue participating in international exhibitions and events.

We have also been invited by large multinational corporations and government associations such as MDEC, Malaysian Global Innovation and Creativity Centre SEMI Southeast Asia and MTDC as speakers at their company events to discuss our solutions and capabilities. Through these events, we are able to gain exposure and share our expertise in the industry/sector we are involved.

Some of these events include:-

Name of Event	Organiser	Date	Location
Malaysia Smart City Project Industry Exchange Conference	MDEC and Overseas Community Affairs Council, Taiwan	September 2020	Virtual
Step by Step Go Towards IR4.0	Federation of Malaysian Manufacturers	October 2020	Ipoh
AI in Manufacturing: GAIN your competitive edge	MDEC	November 2020	Virtual
FMM - Startups Pitch Day 2020	Malaysian Global Innovation and Creativity Centre	November 2020	Virtual
MTDC Industry 4.0 Techweek	MTDC	April 2021	Virtual
4IR + Medtech: Are you future ready?	MDEC, Malaysia Medical Devices Manufacturers Association, Messe Worldwide Sdn Bhd	September 2021	Virtual
Beckhoff Symposium	Beckhoff Automation Sdn Bhd	November 2021	Virtual
Industry 4.0: Market Trend and Technology from Malaysian Companies	Japan External Trade Organisation Kuala Lumpur, MDEC	March 2022	Virtual
SEMICON SEA 2022	SEMI Southeast Asia	June 2022	Penang

Name of Event	Organiser	Date	Location
Your Sustainable Competitive Edge for Product Development Utilising ISO 56000 Innovation Management System Standards	PSDC	September 2023	Penang
Academic & Industry Symposium	Wawasan Open University	January 2024	Penang

7.9 INTELLECTUAL PROPERTIES

As at the LPD, save for the following, we do not have any other major intellectual property rights registration or application.

7.9.1 Trademark

As at the LPD, the Group has filed the following trademark application with MyIPO:-

Representation of Trademark	Registered Owner	Issuing Authority/ Application No.	Effective/ Expiry Date	Classification
Tofi	Sophic Automation	MyIPO/ 2016006427	14.06.2016/ 14.06.2026	Sensors integrated system, monitoring cloud solution, remote wireless technology, statistical analytic information for factory activity, deployment for small, medium and large scale industries factory, industrial IoT solutions; all included in Class 9.

The trademark has been registered and is valid for 10 years from the effective date and may be renewed every 10 years, subject to renewal fee paid to MyIPO.

7.9.2 Patents

As at the LPD, the Group has filed the following patents with MyIPO:-

Registered Owner	Title of Invention	Issuing Authority	Filing No./ Grant No.	Filing Date/ Grant Date/ Expiry Date
Sophic Automation	Wearable data extractor	MyIPO	PI 2016702378/ MY-193020-A	27.06.2016/ 22.09.2022/ 27.06.2036 (1)
Sophic Automation	Fluid leakage prevention system for thermal management system	MyIPO	PI 2023007915/ Not applicable	26.12.2023/ Not applicable/ (2) Not applicable (2)

Notes:-

(1) The patent is subject to annual payment of renewal fee to MyIPO.
(2) The patent is still pending approval from MyIPO.

7. BUSINESS OVERVIEW *(cont'd)*

7.10 MAJOR LICENCES AND PERMITS

As at the LPD, save as disclosed below, there are no other major licenses and permits held by or issued to our Group to carry out our business operations.

7.10.1 Business Licence

No.	Licence Holder	Issuing Authority	Effective Date/ Expiry Date	Nature of Approval	Major Conditions Imposed	Status of Compliance
1.	Sophic Automation	MBSP	21.09.2023/ 31.12.2024	Business licence for machine automation factory, office, warehouse/storage and advertising signage located at our Tangkas 9 Plant	Nil.	Not applicable.
2.	Sophic Automation	MBSP	21.09.2023/ 31.12.2024	Business licence for machine automation factory, office and warehouse/storage located at our Tangkas 3 Plant	Nil.	Not applicable.
3.	Sophic Automation	MBSP	21.09.2023/ 31.12.2024	Business licence for machine automation factory, office, warehouse/storage and advertising signage located at our Bukit Minyak Plant	Nil.	Not applicable.
4.	Sophic Automation	MBPP	21.12.2023/ 31.12.2024	Business and advertising signage licence located at our Setia Spice office	Nil.	Not applicable.

7. BUSINESS OVERVIEW *(cont'd)*

No.	Licence Holder	Issuing Authority	Effective Date/ Expiry Date	Nature of Approval	Major Conditions Imposed	Status of Compliance
5.	Pinkypye	MBSP	21.09.2023/ 31.12.2024	Business licence for electrical and mechanical precision and assembly work, office and warehouse/storage located at our Tangkas 3 Plant	Nil.	Not applicable.
6.	Sophic MSC	MBSJ	04.09.2023/ 02.09.2024	Business licence for office and advertising signage located at our Stellar Suites office	(a) The licence has to be renewed within 3 months before the expiry date except for temporary licence. (b) Implement the Selangor State Plastic Free Campaign, 'NO POLYSTERE' and 'NO STRAW'. Disposable plastic bags (disposable/single use) is no longer supplied for free. The company must be registered under the Plastic Bag Charge Collection Program of Selangor at the MBSJ Licensing Department for control and adjustment purposes. (c) The Licensing Department must be informed if the premise has closed or ceased operation for a security claim (if any).	Noted. Complied. Noted.
7.	Sophic MSC	DBKL	15.02.2024/ 14.02.2025	Business licence for our Bukit Jalil Office	(a) DBKL reserves the right to impose additional conditions as a business control measure from time to time and to take action in accordance with the relevant laws and acts applicable to other departments/agencies related to the business activities.	Noted.

No.	Licence Holder	Issuing Authority	Effective Date/ Expiry Date	Nature of Approval	Major Conditions Imposed	Status of Compliance
					(b) The licence shall be renewed annually, 60 days prior to the expiry date and without notice form the mayor of Kuala Lumpur.	Noted.
					(c) Non-citizen employees with valid working permits shall not exceed 50% of the national employees in the premise.	Complied. All workers are Malaysians.

The application for the renewal of the business licences above is expected to be submitted to the relevant authorities at least 1 month before the expiry of the said licences.

7.10.2 Manufacturing and Other Licences

No.	Licence Holder	Issuing Authority	Effective Date/ Expiry Date	Nature of Approval	Major Conditions Imposed	Status of Compliance
1.	Sophic Automation	MIDA / MITI	23.12.2019/ Valid until it is revoked or surrendered	Manufacturing licence for factory automation system and related modules	(a) Site: 6 & 8, Lorong Perindustrian Bukit Minyak 1/1, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Penang.	Complied.
					(b) MITI and MIDA must be notified on any disposal of shares in Sophic Automation.	To be complied upon the completion of the Acquisition of Sophic Automation.
					(c) Sophic Automation shall train Malaysian citizens to ensure that the transfer of technology and expertise can be channelled to all employment levels.	Complied.
					(d) Sophic Automation shall comply with the Capital Investment Per Employee (CIPE) of at least RM140,000.	Complied.

7. BUSINESS OVERVIEW *(cont'd)*

No.	Licence Holder	Issuing Authority	Effective Date/ Expiry Date	Nature of Approval	Major Conditions Imposed	Status of Compliance
					(e) The total number of full time employees of Sophic Automation must consist of at least 80% Malaysian citizens. The employment of foreign workers, including outsource workers, is subject to the current policy.	Complied.
					(f) Sophic Automation shall submit information in relation to the performance of investment and implementation of the project under the Industrial Coordination Act, 1975 (Act 156) and MIDA Act 1965 when required by MIDA. Failure to submit the said information may result in Sophic Automation:- (i) guilty of an offence and may be fined not more than RM1,000 or imprisonment for more than 3 months or both and may be further fined of not more than RM500 for every day of continuing offence; and (ii) committing an offence if it provides any false or misleading statement or information and may be fined not more than RM2,000 or imprisonment of not more than 6 months or both.	Noted.
					(g) Sophic Automation shall implement its projects as approved and in accordance with the laws and other regulations of Malaysia.	Complied.

7. BUSINESS OVERVIEW *(cont'd)*

No.	Licence Holder	Issuing Authority	Effective Date/ Expiry Date	Nature of Approval	Major Conditions Imposed	Status of Compliance
2.	Sophic Automation	MIDA / MITI	24.02.2023/ Valid until it is revoked or surrendered	Manufacturing licence for factory automation system and related modules and automated guided vehicle/ automated mobile robot and augmented reality smart glass	(a) Site: 9, Jalan Industri Tangkas 1, Taman Industri Tangkas, Seberang Perai Tengah, 14000, Bukit Mertajam, Penang.	Complied.
					(b) MITI and MIDA must be notified on any disposal of shares in Sophic Automation.	To be complied upon the completion of the Acquisition of Sophic Automation.
					(c) Sophic Automation shall train Malaysian citizens to ensure that the transfer of technology and expertise can be channelled to all employment levels.	Complied.
					(d) Sophic Automation shall comply with the Capital Investment Per Employee (CIPE) of at least RM140,000.	Complied.
					(e) The total number of full time employees of Sophic Automation must consist of at least 80% Malaysian citizens. The employment of foreign workers, including outsource workers, is subject to the current policy.	Complied.
					(f) Sophic Automation shall submit information in relation to the performance of investment and implementation of the project under the Industrial Coordination Act, 1975 (Act 156) and MIDA Act 1965 when required by MIDA. Failure to submit the said information may result in Sophic Automation:-	Noted.

7. BUSINESS OVERVIEW *(cont'd)*

No.	Licence Holder	Issuing Authority	Effective Date/ Expiry Date	Nature of Approval	Major Conditions Imposed	Status of Compliance
					(i) guilty of an offence and may be fined not more than RM1,000 or imprisonment for more than 3 months or both and may be further fined of not more than RM500 for every day of continuing offence; and (ii) committing an offence if it provides any false or misleading statement or information and may be fined not more than RM2,000 or imprisonment of not more than 6 months or both. (g) Sophic Automation shall implement its projects as approved and in accordance with the laws and other regulations of Malaysia.	Complied.
3.	Sophic Automation	Royal Malaysian Customs Department	01.04.2022/ 31.03.2024 *	Manufacturing warehouse licence pursuant to Section 65A of the Customs Act 1967	(a) No dutiable goods other than raw materials/ components and machinery used directly in manufacturing and manufactured goods which have been approved by the State Director of Customs may be stored in the licensed manufacturing warehouse. (b) Changes to the structure of buildings and equipment in the licenced premises are not permitted except with the written approval of The State Director of Customs.	Complied Complied

7. BUSINESS OVERVIEW *(cont'd)*

No.	Licence Holder	Issuing Authority	Effective Date/ Expiry Date	Nature of Approval	Major Conditions Imposed	Status of Compliance
					(c) At least 80% finished product (by value) are to be exported, and not exceeding 20% of the finished product can be sold in the local market as approved. Goods sold in domestic market are subject to any prevailing duties/ tax at the time.	Complied
					(d) Disposal of waste including manufacturing waste is subject to the written approval of the State Director of Customs.	Noted
					(e) Licensee shall notify the Office of Customs in writing within 14 days if:- (i) There is a change in the board of directors of Sophic Automation; (ii) Sophic Automation has been wound up; (iii) An application for winding-up of Sophic Automation is made; (iv) Receiver or liquidator is appointed; and (v) Sophic Automation is subjected to civil claims, bankruptcy, closure and other similar matters.	Noted

7. BUSINESS OVERVIEW *(cont'd)*

No.	Licence Holder	Issuing Authority	Effective Date/ Expiry Date	Nature of Approval	Major Conditions Imposed	Status of Compliance
4.	Sophic Automation	Ministry of Finance Malaysia ("**MOF**")	17.01.2022/ 20.03.2025	Certificate of registration with the MOF as a supplier/service provider in the sector and sub-sector listed therein the certificate.	(a) Any changes to the information submitted to the MOF must be updated within 21 days from the date the change takes place.	Noted.
					(b) The company must ensure that the fields that have been registered in the certificate do not overlap with the fields that have been approved above any of the following companies:-	
					(i) having the same owner or board of directors/directors, management and employees; or	Complied.
					(ii) operates on the same premises.	Complied.

Note:-

* The application for the renewal of the manufacturing warehouse licence above has been submitted to the Royal Malaysian Customs Department on 28 February 2024. The Company does not foresee any issue in renewing the said manufacturing warehouse licence.

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7. BUSINESS OVERVIEW *(con't)*

7.11 DEPENDENCY ON CONTRACTS, INTELLECTUAL PROPERTY RIGHTS, LICENCES, PERMITS AND/OR PRODUCTION OR BUSINESS PROCESSES

As at the LPD, save as disclosed in Section 7.10 of this Prospectus, there are no other commercial or financial contracts, intellectual property rights, licences, permits and/or production or business processes, which we are highly dependent on or that are material to our business and/or profitability.

7.12 MATERIAL CONTRACTS

Save as disclosed below, the Group has not entered into any other material contracts (which include material contracts the Group's business or profitability is materially dependent on and material contracts not in its ordinary course of business), including those which could have a material adverse impact to the Group's business operations and financial condition, during the Financial Periods Under Review and the subsequent period up to LPD:-

(a) On 16 March 2020, Sophic Automation entered into an investment agreement with MTDC and its shareholders, Lee Chee Hoo, Koh Dim Kuan and Low Chee Onn where MTDC agrees to subscribe for 6,100,000 RCPS at an issue price of RM1.00, with preference rights attached. The RCPS was issued to MTDC in June 2021.

On same date, Sophic Automation entered into a shareholders' agreement together with its shareholders, Lee Chee Hoo, Koh Dim Kuan and Low Chee Onn ("**the Shareholders**") and MTDC to specify and regulate the relationship of the Shareholders and MTDC as shareholders of Sophic Automation. The shareholders' agreement shall be terminated upon the completion of the Acquisition of Sophic Automation.

On 14 March 2024, both MTDC and Sophic Automation have mutually agreed to vary the conversion price of the RCPS pursuant to the RCPS Conversion.

(b) On 26 July 2021, Sophic Automation entered into a sale and purchase agreement ("**SPA**") with Tangkas Properties Sdn Bhd to purchase a unit of freehold 3-storey terraced light industrial factory erected on Lot 31599 (formerly known as PT 31599), Mukim 14, Daerah Seberang Perai Tengah, Negeri Pulau Pinang held under GM 9712 (formerly known as HS(M) 9502), bearing the assessment address of No. 9, Jalan Industri Tangkas 1, Taman Industri Tangkas, 14000 Bukit Mertajam, Pulau Pinang for a cash consideration of RM5,000,000. The SPA was completed on 29 October 2021.

(c) On 31 December 2021, Sophic MSC entered into a SPA with Flora Development Sdn Bhd to purchase a commercial unit known as Parcel No.: SS-21-16, Type: C1, Storey No.: 21, Car Park Bay No: L5-05 under the commercial development project known as Stellar Suites erected on the freehold land held under mater title Geran 335256 Lot 115900, Mukim Petaling, Daerah Petaling, Negeri Selangor for a cash consideration of RM628,000. The SPA was completed on 19 July 2022.

(d) On 31 December 2021, Sophic MSC entered into a SPA with Flora Development Sdn Bhd to purchase a commercial unit known as Parcel No.: SS-21-13A, Type: B1, Storey No.: 21, Car Park Bay No: L8-29 under the commercial development project known as Stellar Suites erected on the freehold land held under mater title Geran 335256 Lot 115900, Mukim Petaling, Daerah Petaling, Negeri Selangor for a cash consideration of RM589,000. The SPA was completed on 19 July 2022.

7. BUSINESS OVERVIEW *(cont'd)*

(e) On 31 January 2022, Sophic Automation entered into a SPA with Tangkas Properties Sdn Bhd to purchase a unit of freehold three (3) storey terraced light industrial factory erected on Lot 31605 (formerly known as PT 31605), Mukim 14, Daerah Seberang Perai Tengah, Negeri Pulau Pinang held under GM 9718 (formerly known as HS(M) 9508), bearing the assessment address of No. 3, Jalan Industri Tangkas 2, Taman Industri Tangkas, 14000 Bukit Mertajam, Pulau Pinang for a cash consideration of RM3,700,000. The SPA was completed on 29 April 2022.

(f) On 9 November 2022, Sophic Automation entered into a capital transfer agreement to dispose its entire 64% equity interest in SVN Automation to Koh Dim Kuan, Lee Chee Hoo and Low Chee Onn for a transfer price of VND 8,242,027,175 (equivalent to RM1,566,000). The payment of the transfer price was settled by way of set off against the dividend-in-specie of RM1,566,000 declared by Sophic Automation to its shareholders. The capital transfer agreement was completed on 3 February 2023.

(g) Conditional share sale agreement ("**SSA**") dated 20 March 2024 entered into between our Company and Lee Chee Hoo, Koh Dim Kuan, Low Chee Onn and MTDC in relation to the Acquisition of Sophic Automation, which was completed on [●].

(h) Conditional SSA dated 20 March 2024 entered into between our Company and Sophic Automation and Liew Chee Kin in relation to the Acquisition of Sophic MSC, which was completed on [●].

(i) Conditional SSA dated 20 March 2024 entered into between our Company and Sophic Automation in relation to the Acquisition of Pinkypye, which was completed on [●].

(j) Underwriting Agreement dated [●] between 3REN and the Sole Underwriter for the underwriting of 62,500,000 Public Issue Shares for an underwriting commission of [●]% of the total value of the Public Issue Shares underwritten at the IPO Price. Further details of the Underwriting Agreement are set out in Section 4.10 of this Prospectus.

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7. BUSINESS OVERVIEW *(con't)*

7.13 PROPERTY, PLANT AND EQUIPMENT

7.13.1 Own Material Properties

Details of the material properties owned by our Group as at the LPD are as follows:-

Registered Owner	Location	Description and Existing Use	Land Area/ Built-up Area (sq ft)	Date of CF/CCC Issuance	Land Status/ Category of Land Used	Encumbrances	Audited NBV as at 30.09.2023
Sophic Automation	**Address** No. 9, Jalan Industri Tangkas 1, Taman Industri Tangkas, 14000, Bukit Mertajam, Penang **Title** Lot 31599, Mukim 14, Daerah Seberang Perai Tengah, Pulau Pinang held under GM 9712	Three-storey link terraced factory used as the Group's corporate headquarters, production facility and future innovation lab	9,332.31/ 11,981	18.03.2020 and 05.12.2022	Freehold/ No restriction of category of land used and it is currently being used as industrial land	A charge in favour of RHB Islamic Bank Berhad and RHB Bank Berhad registered on 29.11.2021 and 28.03.2023 respectively.	5,184
Sophic Automation	**Address** No. 3, Jalan Industri Tangkas 2, Taman Industri Tangkas, 14000, Bukit Mertajam, Penang **Title** Lot 31605, Mukim 14, Daerah Seberang Perai Tengah, Pulau Pinang held under GM 9718	Three-storey link terraced factory. Ground and 1st floor Office cum precision and assembly facility for Pinkypye. 2nd floor Engineering office for Sophic Automation.	5,995.50/ 11,981	18.03.2020	Freehold/ No restriction of category of land used and it is currently being used as industrial land	A charge in favour of RHB Islamic Bank Berhad and RHB Bank Berhad registered on 27.04.2022 and 28.03.2023 respectively	3,736
Sophic Automation	**Address** 6, Lorong Perindustrian Bukit Minyak 1/1, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Penang **Title** Lot 20839, Mukim 13, Daerah Seberang Perai Tengah, Pulau Pinang held under PN11572	Double-storey semi-detached terrace factory used as the production facility and engineering office	3,153.83/ 3,087.10	22.11.2016 and 16.11.2021	60-year lease expiring on 13 April 2075/ Industrial	A charged in favour of Maybank Islamic Berhad registered on 09.10.2018 and 22.08.2019	923

7. BUSINESS OVERVIEW *(cont'd)*

Registered Owner	Location	Description and Existing Use	Land Area/ Built-up Area (sq ft)	Date of CF/CCC Issuance	Land Status/ Category of Land Used	Encumbrances	Audited NBV as at 30.09.2023
Sophic Automation	**Address** 8, Lorong Perindustrian Bukit Minyak 1/1, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Penang **Title** Lot 20840, Mukim 13, Daerah Seberang Perai Tengah, Pulau Pinang held under PN11573	Double-storey semi-detached terrace factory used as the warehouse and office	3,153.83/ 3,087.10	22.11.2016 and 16.11.2021	60-year lease expiring on 13 April 2075/ Industrial	A charged in favour of Maybank Islamic Berhad registered on 09.10.2018 and 22.08.2019	923
Sophic MSC	**Address** 21-13A, Stellar Suites, Jalan Puteri 4/7, Bandar Puteri Puchong, 47140 Puchong, Selangor **Title** Bangunan M1, Tingkat No. 21 Petak No. 198 Petak Aksesori No. A334 held under Hakmilik Strata No. Geran 33526/M1/21/198, Lot No. 115900, Mukim Petaling, Daerah Petaling, Negeri Selangor	A unit on the 21st floor of a 31-storey building used as an office	861/ 861	29.06.2022 and 05.03.2024	Freehold/ Industrial	A charged in favour of Maybank Islamic Berhad registered on 29.05.2023	475
Sophic MSC	**Address** 21-16, Stellar Suites, Jalan Puteri 4/7, Bandar Puteri Puchong, 47140 Puchong, Selangor **Title** Bangunan M1, Tingkat No. 21 Petak No. 199 Petak Aksesori No. A157 held under Hakmilik Strata No. Geran 33526/M1/21/199, Lot No. 115900, Mukim Petaling, Daerah Petaling, Negeri Selangor	A unit on the 21st floor of a 31-storey building used as an office	893/ 893	29.06.2022 and 05.03.2024	Freehold/ Industrial	A charged in favour of Maybank Islamic Berhad registered on 29.05.2023	511

Our above properties are not in breach of any land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations/by-laws, which will have material adverse impact on the Group's business operations and financial conditions as at the LPD.

7. BUSINESS OVERVIEW *(cont'd)*

Rented Properties

Details of our Group's rented properties as at the LPD are as follows:-

Landlord / Tenant	Postal Address	Description and Existing Use	Built-up Area (sq ft)	Date of CF/CCC Issuance	Tenancy Period	Annual Rental (RM)
Eco Meridian Sdn Bhd/ Sophic Automation	No. 108-B-01-28B, Setia Spice Canopy, Jalan Tun Dr Awang, 11900, Penang	A unit on the 1st floor of a 5-storey building used as the product engineering services office	4,808	15.12.2015	01.01.2023 to 31.12.2025	184,627
Mranti Corporation Sdn Bhd/ Sophic MSC	Lot 2-9, Innovation House, Technology Park Malaysia, Lebuhraya Puchong-Sg Besi, 57000 Bukit Jalil, Kuala Lumpur	A unit on the 2nd floor of a 3-storey building used as an office	482	14.07.2000	01.09.2023 to 31.08.2024	16,195

As at the LPD, none of our rented properties is in breach of any category of land use and express condition imposed on the land titles nor in breach of any prevailing statutory requirements, land rules or building regulations/by-laws, which would have a material adverse impact on the Group's business operations and financial conditions.

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7. INFORMATION ON THE GROUP *(cont'd)*

7.13.2 Key Machinery and Equipment

Apart from 4 units of computer numerical control (CNC) 3-axis milling machines used in the metal fabrication of our automated equipment, with a total net book value of RM0.99 million as at the LPD, there are no other material machinery and equipment used in the design and development of digitalised solutions and automated equipment. Further, due to the nature of our operations presently, we do not utilise any machinery and equipment in the provision of engineering support services for IC assembly and testing, and product engineering services.

7.13.3 Operating Capacities and Output

For our engineering support services for IC assembly and testing segment, we have a contract-based workforce of 151, 214, 873 and 777 personnel as at 31 December 2020, 2021 and 2022 and 30 September 2023 respectively.

The utilisation rate of our engineering support services personnel for the Financial Periods Under Review are as follows:-

	FYE 2020	FYE 2021	FYE 2022	FPE 2023
Total billable time (hours)	296,223	537,063	2,101,080	1,122,146
Total available time (hours) (1)	386,784	541,008	2,161,584	1,426,572
Utilisation rate (%) (2)	76.59	99.27	97.20	78.66

Notes:-

(1) Calculated based on total number of engineering support services personnel, the available working hours in the respective financial years/period.

(2) Calculated based on the total billable time divided by total available time in the respective financial years/period.

The utilisation rate increased from 76.59% in FYE 2020 to 99.27% FYE 2021 as we undertook more orders from Intel group of companies during the year with higher headcount. Notwithstanding that, we have to manage and optimise our workforce resources (including working overtime) in order to meet a more stringent responsible business alliance (RBA) compliance requirements imposed by Intel group of companies brought upon by the challenges faced during the COVID-19 pandemic and the ensuing MCOs during the year.

The utilisation rate decreased marginally from 99.27% in FYE 2021 to 97.20% in FYE 2022. During the year, we have to hire a larger headcount in contract-based personnel in a short period of time to fulfil the additional orders taken over from another supplier of Intel group of companies, which came with increased scope of work and timeline constraints.

Meanwhile, the utilisation rate decreased from 97.20% in FYE 2022 to 78.66% in FPE 2023 mainly due to decrease in number of engineering support services personnel as we undertook lower orders from Intel group of companies. During the year, we have also implemented several cost-optimisation measures (which include non-renewal and transfer of contract-based personnel to another department such as the product engineering services team) with the aim of improving our overall competency and operating efficiency in the delivery of our engineering support services.

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7. INFORMATION ON THE GROUP *(cont'd)*

We do not adopt calculation of operating capacity for our product engineering services segment as our operating capacity varies based on the complexity and type of the project as well as performance standards set by the client based on the scope of works for the project. Currently, while we are able to carry out certain software development work and remote support at our own offices, our personnel are mostly placed at Intel group of companies' various fabrication facilities in Penang and Kedah.

Meanwhile for our digitalised solution and automated equipment segments, we are not able to quantify our operational capacities and utilisation rate. This is because the output of our digitalised solutions and automated equipment would be dependent on a combination of the following factors:-

(a) Availability of floor space required for assembly works

We currently undertake our manufacturing and/or assembly processes of certain digitalised solutions and automated equipment from our Bukit Minyak Plant, Tangkas 3 Plant and Tangkas 9 Plant which have a combined built-up area size of 30,136 sq ft., of which a total of 7,094 sq. ft. in floor area is dedicated for manufacturing and/or assembly processes.

(b) Manpower capacity and capability

The output of digitalised solutions and automated equipment is also dependent on the size and technical expertise of our Software Innovation and Engineering team. They play critical role in the initial design and conceptualisation, assembly and configuration, integration, installation and provision of after sales technical support. As at the LPD, we have a total of 79 permanent employees in these departments which accounted for approximately 23.65% of our total permanent employee workforce.

7.13.4 Material Plans to Construct, Expand or Improve Facilities

Save for our plan to set up new Deliver Centres and a new office in Singapore as disclosed in Sections 7.19.2 and 7.19.3 of this Prospectus, we have no other material plans to construct, expand and improve our existing facilities.

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7. INFORMATION ON THE GROUP *(cont'd)*

7.14 EMPLOYEES

As at the LPD, our Group has a workforce of 1,526 employees of whom 334 are permanent employees and 1,192 are contract-based employees. Apart from 2 foreign employees from Egypt and Yemen (who are employed on a contract basis), all our employees are Malaysian.

As at the LPD, the breakdown of our employees are as follows:-

Category of employees	Permanent	Contract	Total
Management	7	-	7
Business development, marketing and sales	22	1	23
Finance, human resources and administration	18	1	19
Engineering	23	-	23
Software innovations	56	3	59
R&D	16	-	16
Engineering support services	9	837	846
Product engineering services	183	350	533
	334	**1,192**	**1,526**

None of our employees in Malaysia belongs to any trade union and there was no labour dispute between our management and our employees in Malaysia in the past that have materially affected our operations during the Financial Periods Under Review and the subsequent period up to the LPD.

As at the LPD, we have 2 foreign employees (software engineer) from Egypt and Yemen, both of which have valid working permits. During the Financial Periods Under Review, there has been no non-compliances with the relevant laws in relation to employee statutory contributions in Malaysia.

During the Financial Periods Under Review, some of the courses, seminars and training programmes our employees have attended include:-

Year	Training programmes	Organiser
FYE 2021	Scrum Master Certification	SCRUMstudy™
	Deep Learning for Computer Vision	Elite Indigo Consulting (M) PLT
	Plant Information Monitoring System Technical Training	Supplier A
FYE 2022	IoT: Equipment Connectivity Using SECS/GEM	PSDC
	Introduction to Augmented Reality (AR) Development for Industry and Mobile Application	Supplier A
	Firebase Fundamentals Course	Supplier A
	Introduction to Software Debugging – Towards Practical Development Course	Supplier A
	Big Data Analysis and Interactive Dashboard Reporting Course	Supplier A
	JAVA Mobile Development Course	Supplier A
	WebRTC Fundamentals	Supplier A

7. INFORMATION ON THE GROUP *(cont'd)*

Year	Training programmes	Organiser
FYE 2023	Model Deployment	Supplier A
	Data Manipulation & Visualisation Learn Programming in Python	Supplier A
	Programming C Visual Studio - Advanced	Supplier A
	Machine Learning and AI	Supplier A
	Prevention and Elimination of Forced Labour & Introduction to Responsible Business Alliance	HR Forum Malaysia Sdn Bhd
	Agile Fundamentals	Supplier A
	ISO 9001:2015 Requirements Training Course	BSI Training Academy
	ISO 31000:2018 Implementation Training Course	BSI Training Academy
	Mastering The Employment Act 1955	HR Act Sdn Bhd
	Occupational Safety & Health 1994 Act514 Amendment 2022	Safety Training Consultancy Plt
	Software Development Principles	Trainocate (M) Sdn Bhd
	Tax Seminar on Budget 2024: Empowering Financial Sustainability	BDO Tax Services Sdn Bhd
	Investigation Techniques for Misconduct at Workplace	HR Act Sdn Bhd
	Getting Ready for e-Invoicing in Malaysia	Malaysia Institute of Accountants
	Supervisory Skills for Team Lead	Supplier A
FYE 2024	Introduction to SA 8000 Social Accountability	BSI Training Academy
	Procedure for termination & retrenchment of employees *(Prosedur Penamatan & Pemecatan Pekerja)*	Department of Trade Union Affiars
	EQ vs IQ	Surge Connection Sdn Bhd
	Communication & Negotiation Skills	Surge Connection Sdn Bhd
	Kepware Fundamental Training	Supplier A

7.15 R&D

We carry out R&D activities for digitalised solutions and automated equipment for the design and development of new solutions/equipment as well as the enhancement of features and functions of existing solutions/equipment. R&D activities are led by Wong Shin Guey, our Head of R&D, with a team of 16 personnels comprising software and mechanical engineers, and analysts. Moving forward, we intend to hire an additional 9 staff as part of our initiatives to empower our R&D team in supporting the ongoing efforts to develop new/enhanced products and solutions. The new employees to be hired include software engineer, data scientist/engineer, cloud engineer, AI engineer, mechanical engineer, and developer and programmer.

There are no design and development or R&D activities carried out for our product engineering services and engineering support services due to the nature of these services.

7. INFORMATION ON THE GROUP *(cont'd)*

7.15.1 R&D Initiatives and Activities

We are cognisant that R&D is an investment that will ensure that we remain competitive and able to sustain our continuous growth. Hence, our Group has continuously invested in R&D during the Financial Periods Under Review.

Our R&D direction is guided by the following policies:-

(a) Continuous development of platforms and applications to meet evolving market needs, customer demands and emerging technologies to remain competitive and commercially relevant;

(b) Create marketable and cost competitive digitalised solutions and automated equipment; and

(c) Build on strengths, competencies and domain knowledge of digitalised solutions and automated equipment in developing future products.

In the past, we were largely involved in design and development activities for customised digitalised solutions and automated equipment. These activities are typically undertaken in consultation with our customers, and carried out during the development of our solutions/equipment involving the design, configuration and integration of machinery, equipment and tools utilised. We work with our customers and suppliers to develop optimised design plans and configurations, to meet the customers' specifications and intended output.

We also undertake R&D activities to enhance our operational processes, by developing in-house software applications and platforms. These software applications and platforms form our Connected Production Suite, as detailed in Section 7.16.1 of this Prospectus.

Moving forward, we intend to undertake the development of some new and enhanced digitalised solutions and automated equipment, as set out below:-

- Nervii platform - A base platform for integrating all supporting systems and software utilised by the customer with the customers' digitalised solutions used in their manufacturing processes. This will enable information flow between departments to be even more seamless, and lead to greater operational efficiency not only in manufacturing processes but across the entire company. This base platform can be tailored to the respective customers' needs.

- Standardised automated test and handler equipment - By offering standardised solution, we are also able to lower our development costs, thus developing more cost-effective automated equipment. This will allow us to reduce our development time taken, which will enable us to enhance our operational efficiency in the future.

- Material transport system equipment - This new equipment will be based on the concept of the modulation of robotic mobile units that can move on a railway structure from one point to another.

Please refer to Section 7.19.1 of this Prospectus for further details on our future R&D activities.

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7. INFORMATION ON THE GROUP *(cont'd)*

7.15.2 R&D Expenditure

Our R&D expenses during the Financial Periods Under Review, includes salaries, wages and training expenses for our R&D personnel as well as purchases for parts and materials. Our R&D expenses during the Financial Periods Under review are set out below:-

	FYE 2020 (RM'000)	FYE 2021 (RM'000	FYE 2022 (RM'000	FPE 2023 (RM'000)
R&D expenses capitalised as intangible assets *	-	1,715	2,120	1,479
R&D expenses directly charged out to profit or loss	502	76	949	821
Total R&D expenses incurred	**502**	**1,791**	**3,069**	**2,300**
% over total revenue	0.80	2.41	2.96	3.42

Note:-

* R&D expenditure capitalised as intangible assets are amortised on a straight-line basis over the estimated commercial life of 5 to 10 years. Please refer to Note 5 of the Accountants' Report in Section 13 of this Prospectus for further details on the amortisation of R&D expenditure that were capitalised as intangible assets.

7.16 TECHNOLOGY USED

7.16.1 Connected Production Suite

Our Connected Production Suite comprises the following modules:-

(a) TofI

There are various software and hardware or devices used in the development of machinery and equipment in a manufacturing environment, and these software and hardware or devices may utilise different interfaces and protocols. As they utilise different interfaces and protocols, the machinery and equipment may not have been designed to communicate seamlessly with other machinery and equipment, which could lead to inefficiencies in the manufacturing operations.

We have designed our in-house universal data bridge and connectivity solution called TofI which enables connection between various hardware and devices such as sensors and actuators, machinery, equipment and control hardware, as well as software systems within a business premises or manufacturing facility. With the use of TofI, businesses can integrate their existing machinery, equipment and/or hardware and/or devices and software systems with our newly developed automated equipment and digitalised solutions.

As TofI allows for integration of machinery and equipment and/or other hardware or devices used in a business premises or manufacturing facility, this will enhance automation. Consequently, this would lead to reduced dependency on human intervention for manual processes and decision making, thereby contributing to greater efficiency and productivity to the business with increased processing speed, higher accuracy, higher quality and extended work-hours.

7. INFORMATION ON THE GROUP *(cont'd)*

The core functionality of TofI includes:-

- A universal data and protocol bridge, which enables connection between various machinery, equipment, control hardware/ devices and software systems in a business premises or manufacturing facility. It will allow digitalisation across most software systems and control hardware/ devices in the business premises or manufacturing facility;

- Peripheral connection via analog or digital input and output connections and other computer peripheral connections such as serial or parallel ports, ethernets and USBs and GPIO pins;

- Image or video interface, where control of keystrokes, character, mouse cursor movements on the host computer can be controlled, and various video interfaces such as HDMI and VGA are supported. TofI utilises OCR technology to enable the data acquisition from legacy or standalone machinery, equipment and other hardware or devices which doesn't support any communication protocol. The OCR processing involves image acquisition, pre-processing, text detection, character detection, post-processing and lastly output generation of the data that required.

(b) Mobile application platform for smart devices

This platform digitalises SOPs and automates workflows. It will automatically coordinate workflows by deploying tasks to the assigned smart devices (such as smartphones and smart wearables such as smart watches and smart glasses) which are held by workers. With the digitalisation of task management and automation of workflow, this encourages paperless operations as information can be recorded digitally.

This solution enables the following:-

- Monitoring and management of workforce efficiency and performance;

- Ensuring that all parties are aware of the entire process and the stage of the process;

- Allow for efficiency as tasks are deployed automatically to the assigned device held by the respective workers;

- Prompt response to issues that occur during the manufacturing/operational process as it enables for remote trouble-shooting and technical support;

- Real-time visualisation guide using Augmented Reality in our operational efficiency solutions; and

- Encourage paperless operations as information are recorded digitally.

7. INFORMATION ON THE GROUP *(cont'd)*

(c) Analytics dashboard and visualisation platform

Our analytics dashboard and visualisation platform is a platform which will display historical and real-time data unto a single dashboard for ease of view and understanding. This will allow for data to be viewed and visualised in the form of graphs and charts. As a result, this will assist businesses to understand its operations' as well as machinery and equipment performance. The data collated through the platform is also descriptive and actionable, allowing for businesses to undertake predictive analytics on the performance and maintenance of their machinery and equipment.

This platform enables the following:-

- Overall view of the hardware and software systems as well as processes across any data sources on any electronic device;
- Generate informative and actionable visuals from historical and real-time data; and
- Gain an understanding of all assets and processes in a single modifiable view.

7.16.2 Business intelligence tools

For our engineering support services and product engineering services segments, our Group utilises a third-party interactive data visualisation software, namely Microsoft Power Business Intelligence (BI), as per customer requirements. This third-party software is used to monitor and manage the progress and performance of our Engineering team and output of the services carried out. The interactive data visualisation software will analyse the data and enable us to visualise this analysis in the form of charts, thus allowing us to have meaningful insights in optimising our costs and work performance.

7.16.3 Machine Learning and AI

(a) Visual Analytics

We use visual or video data for custom object detections. Object detection in a manufacturing environment can help improve safety, efficiency, and quality control. Some applications of object detections are:-

- Quality control: Object detection can be used to identify defects or irregularities in products as they move through the manufacturing process. This can help reduce waste and ensure that only high-quality products are shipped to customers;

- Inventory management: Object detection can be used to track inventory in real-time, allowing manufacturers to optimise their supply chain and ensure that they have the right materials on hand to meet demand;

- Safety: Object detection can be used to monitor the movement of workers and equipment, helping to prevent accidents and ensure that safety protocols are being followed.

(b) AI / Big Data Analytics

The use of AI and big data analysis in manufacturing can vary depending on needs and objectives. The focus of the implementations is usually to reduce workload, ensure safety, ease maintenance, and assist in decision making.

Some applications of AI and big data analysis in manufacturing:-

- Predictive maintenance: AI can be used to predict machines' downtimes based on data from sensors and other sources. Reducing downtime will also reduce maintenance costs;

- Quality control: AI can be used to inspect products for defects and ensure that they meet quality standards. This can help reduce waste and improve customer satisfaction;

- Supply chain optimisation: AI can be used to optimise the supply chain by predicting demand, optimising inventory levels, and identifying opportunities for cost savings;

- Robotics and automation: AI can be used to control robots and other automated systems, improving efficiency, and reducing the need for manual labour;

- Process optimisation: AI can be used to analyse data from the manufacturing process and identify opportunities for optimisation and improvement;

- Safety: AI can be used to monitor workers and equipment to ensure that safety protocols are being followed and to detect potential safety hazards.

7.16.4 Cloud technology

We utilise the following types of cloud solutions:

- Amazon Web Services ("AWS") ElastiCache, which retrieves web applications from its database management system as opposed to retrieving from databases stored on the random access memory (RAM) of the computer. It improves data access speed and allows for real-time insights with better stability and availability that prevent any disruptions when using the system;

- AWS Relational Database Service (RDS), which simplifies the setup, operation and scaling of relational database for use in applications as all of these activities are fully managed and multiple data engines such as Amazon Aurora, MySQL, PostgreSQL, Oracle, MariaDB and Microsoft SQL, which are commonly used in manufacturing industries.

7. INFORMATION ON THE GROUP *(cont'd)*

- Amazon S3 (Simple Storage Service), which enables storage of data on a cloud infrastructure which is scalable. It also easy to integrate with various AWS services like EC2 Compute, RDS and ElastiCache. It is also eases development of new software and allows for third-party system integration.

- ModelArts - Machine learning (AI solution) offered by Huawei Cloud. It enables software developers and data scientist to manage data, combine cloud resource with development tools, train, import models, simplify deployment processes and customise models and engines.

7.17 MAJOR CUSTOMERS

Our Group's top 5 major customers for each of the Financial Periods Under Review are as follows:-

FYE 2020

Major Customers	Country	Type of Solutions / Services	RM'000	% of Total Revenue	(1) No. of Years
Intel group of companies (2)	Malaysia, Vietnam, Costa Rica, China and USA	Automated equipment, digitalised solutions, engineering support services and product engineering services	24,312	38.58	10
Customer A	Malaysia	Automated equipment and digitalised solutions	11,570	18.36	4
KellyOCG (3)	Malaysia	Product engineering services	10,588	16.80	4
Customer B	Malaysia	Digitalised solutions	5,975	9.48	3
Top Glove group of companies (4)	Malaysia and Thailand	Digitalised solutions	5,792	9.19	5
Total top 5 major customers			**58,237**	**92.41**	
Total Group revenue			**63,020**	**100.00**	

FYE 2021

Major Customers	Country	Type of Solutions / Services	RM'000	% of Total Revenue	(1) No. of Years
Intel group of companies (2)	Malaysia, Vietnam, Costa Rica, China, USA and India	Automated equipment, digitalised solutions, engineering support services and product engineering services	33,578	45.28	11
KellyOCG (3)	Malaysia	Product engineering services	12,200	16.45	5
Customer A	Malaysia	Automated equipment and digitalised solutions	11,612	15.66	5
Top Glove group of companies (4)	Malaysia and Thailand	Digitalised solutions	6,947	9.37	6
Mah Sing Group Berhad	Malaysia	Automated equipment and digitalised solutions	1,524	2.05	1
Total top 5 major customers			**65,861**	**88.81**	
Total Group revenue			**74,164**	**100.00**	

7. INFORMATION ON THE GROUP *(cont'd)*

FYE 2022

Major Customers	Country	Type of Solutions / Services	RM'000	% of Total Revenue	(1) No. of Years
Intel group of companies (2)	Malaysia, Vietnam, Costa Rica, China and USA	Automated equipment, digitalised solutions, engineering support services and product engineering services	69,227	66.82	12
KellyOCG (3)	Malaysia	Product engineering services	14,548	14.04	6
Customer A	Malaysia	Automated equipment and digitalised solutions	6,177	5.97	6
Top Glove group of companies (4)	Malaysia	Digitalised solutions	2,589	2.50	7
Customer C	Malaysia	Digitalised solutions	1,212	1.17	2
Total top 5 major customers			**93,753**	**90.50**	
Total Group revenue			**103,598**	**100.00**	

FPE 2023

Major Customers	Country	Type of Solutions / Services	RM'000	% of Total Revenue	(1) No. of Years
Intel group of companies (2)	Malaysia, Vietnam, Costa Rica, China, USA and Taiwan	Automated equipment, digitalised solutions, engineering support services and product engineering services	39,036	58.11	13
KellyOCG (3)	Malaysia	Product engineering services	10,655	15.86	7
Customer D	Malaysia	Automated equipment	3,042	4.53	1
Customer C	Malaysia	Automated equipment and digitalised solutions	1,731	2.58	3
Customer E	Singapore	Digitalised solutions	1,474	2.19	1
Total top 5 major customers			**55,938**	**83.27**	
Total Group revenue			**67,180**	**100.00**	

Notes:-

(1) Approximate length of business relationship is determined as at end of each of the respective financial years/period.

(2) For the Financial Periods Under Review, our Group's revenue contribution from Intel group of companies comprised the following entities:-

	FYE 2020		FYE 2021		FYE 2022		FPE 2023	
Intel group of companies	RM'000	% of Total Revenue	RM'000	% of Total Revenue	RM'000	% of Total Revenue	RM'000	% of Total Revenue
Intel Technology Sdn Bhd	11,081	17.58	14,574	19.65	45,642	44.06	24,264	36.12
Intel Microelectronics (M) Sdn Bhd	7,396	11.74	17,134	23.10	21,438	20.69	11,935	17.77
Intel Products (M) Sdn Bhd	1,243	1.97	832	1.12	1,885	1.82	1,957	2.91
Intel Electronics (Malaysia) Sdn Bhd	-	-	-	-	-	-	75	0.11
Intel MSC Sdn Bhd	3,462	5.49	-	-	-	-	-	-
	23,182	36.78	32,540	43.87	68,965	66.57	38,231	56.91
Others *	1,130	1.80	1,038	1.41	262	0.25	805	1.20
Total	**24,312**	**38.58**	**33,578**	**45.28**	**69,227**	**66.82**	**39,036**	**58.11**

* Include subsidiaries within the Intel group of companies that are based in Vietnam, Costa Rica, China, USA, India and Taiwan.

7. INFORMATION ON THE GROUP *(cont'd)*

In general, each of these companies within the Intel group of companies maintains and manages their own costs and operations. Although they are provided with a recommended list of vendors, they are generally able to independently select from the recommended list of vendors. As such, any decision undertaken by a single company under the Intel group of companies to appoint a solution/service provider may not impact the decisions of the other entities.

(3) Whilst KellyOCG is principally involved in the provision of workforce solutions, the company was engaged by Intel group of companies as one of its managed service providers to manage certain product engineering services (such as post-silicon validation and NPI) and in certain countries including Malaysia. KellyOCG, in turn, outsourced these projects to our Group during the Financial Periods Under Review. Whilst the invoicing/billing is made directly to KellyOCG, insofar as the work scope of the product engineering services is concerned, we liaise and work directly with Intel group of companies in carrying out the engagements.

(4) Included in Top Glove group of companies is revenue contribution from its Malaysian-based subsidiaries which have contributed RM4.44 million (7.04%), RM4.29 million (5.79%), RM2.17 million (2.09%) and RM0.22 million (0.33%) during the Financial Periods Under Review respectively whilst the balance from its overseas-based subsidiaries (Thailand and Vietnam) which have contributed RM1.36 million (2.15%), RM2.66 million (3.58%), RM0.42 million (0.41%) and RM0.02 million (0.03%) to our revenue, respectively.

None of our Promoters, substantial shareholders, Directors and key senior management has any interest, direct or indirect, in all of the abovementioned major customers.

Our top 5 major customers for the FYE 2020, FYE 2021, FYE 2022 and FPE 2023 have contributed in aggregate approximately 92.41%, 88.81%, 90.50% and 83.27% to our Group's total revenue respectively.

We are dependent on the following major customers by virtue of their revenue contributions to the Group during the Financial Periods Under Review:-

- Intel group of companies, where the total revenue contribution grew from RM24.31 million (38.58%) in FYE 2020 to RM69.23 million (66.82%) in FYE 2022. For the FPE 2023, total sales generated from Intel group of companies were RM39.04 million (58.11%); and

- KellyOCG, where the revenue contribution increased from RM10.59 million (16.80%) in FYE 2020 to RM14.55 million (14.04%) in FYE 2022. For the FPE 2023, KellyOCG contributed RM10.66 million (15.86%) to our Group.

The growth in revenue contributions from Intel group of companies and KellyOCG is mainly due to increase in orders for our services and solutions (particularly for the engineering support services and product engineering services segments). Such increase in revenue contribution from Intel group of companies and KellyOCG is a testament to the good business relationships they have with our Group. Moving forward, we expect them to continue contributing significantly to our revenue. We have maintained long-term and mutual beneficial business relationships with them over the years (approximately 13 and 7 years respectively as at the LPD) and these have provided us with a strong platform for future growth.

Save for Intel group of companies and KellyOCG, the other top 5 customers generally vary over the Financial Periods Under Review, and we are not dependent on any one of these customers.

For the FPE 2023, we have a total of 89 customers of which 62.9% are recurring customers.

7. INFORMATION ON THE GROUP *(cont'd)*

Please refer to Section 9.1.1 of this Prospectus for further information on the dependency to our major customers.

There has been no major dispute with these major customers during the Financial Periods Under Review which has significantly affected our operations or financial performance.

7.18 MAJOR SUPPLIERS

Our Group's top 5 major suppliers for each of the Financial Periods Under Review are as follows:-

FYE 2020

Major Suppliers	Country	Type of Materials / Services	RM'000	% of Total Purchases	* No. of Years
Beckhoff Automation Sdn Bhd	Malaysia	Supply of industrial PCs, motor drives and product transport systems	2,336	8.92	3
Mexcel Technologies Sdn Bhd	Malaysia	Outsourced mechanical engineering services	1,616	6.17	5
Panamech (Penang) Sdn Bhd	Malaysia	Supply of industrial robots and controllers	867	3.31	1
Superior Mascot Sdn Bhd	Malaysia	Outsourced precision machining and fabrication works	824	3.15	6
Iplanet Solution Sdn Bhd	Malaysia	Supply of IT servers and storage systems and computer related devices	613	2.34	3
Total top 5 major suppliers			**6,256**	**23.89**	
Total Group purchases			**26,179**	**100.00**	

FYE 2021

Major Suppliers	Country	Type of Materials / Services	RM'000	% of Total Purchases	* No. of Years
Beckhoff Automation Sdn Bhd	Malaysia	Supply of industrial PCs, motor drives and product transport systems	2,700	9.87	4
SCG Control Solution Sdn Bhd	Malaysia	Supply of control panels and controllers	1,880	6.88	4
Superior Mascot Sdn Bhd	Malaysia	Outsourced precision machining and fabrication works	1,204	4.40	7
NYP Engineering Works Sdn Bhd	Malaysia	Outsourced civil engineering and piping systems	1,065	3.90	1
Supplier A	Malaysia	Outsourced PCB engineering and electronic components	1,051	3.84	6
Total top 5 major suppliers			**7,900**	**28.89**	
Total Group purchases			**27,344**	**100.00**	

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7. INFORMATION ON THE GROUP *(cont'd)*

FYE 2022

Major Suppliers	Country	Type of Materials / Services	RM'000	% of Total Purchases	* No. of Years
Superior Mascot Sdn Bhd	Malaysia	Outsourced precision machining and fabrication works	1,210	5.50	8
Supplier B	Malaysia	Outsourced fabrication works	1,042	4.74	7
Supplier A	Malaysia	Outsourced PCB engineering and electronic components	980	4.46	7
Supplier C	Malaysia	Supply of mechanical, electrical and pneumatic parts	968	4.40	1
Hangzhou Iplusmobot Technology Co., Ltd	China	Autonomous mobile robots	874	3.97	1
Total top 5 major suppliers			**5,074**	**23.07**	
Total Group purchases			**21,991**	**100.00**	

FPE 2023

Major Suppliers	Country	Type of Materials / Services	RM'000	% of Total Purchases	* No. of Years
SCG Control Solution Sdn Bhd	Malaysia	Supply of control panels and controllers	1,262	10.67	6
Supplier C	Malaysia	Supply of mechanical, electrical and pneumatic parts	1,094	9.25	2
Hume Resources Sdn Bhd	Malaysia	Supply of electronic components and test instruments	637	5.39	2
Supplier D	Malaysia	Outsourced precision machining and fabrication works	439	3.71	1
Sysmech Automation Sdn Bhd	Malaysia	Supply of barcode scanning and conveyor systems	312	2.63	1
Total top 5 major suppliers			**3,744**	**31.65**	
Total Group purchases			**11,828**	**100.00**	

Note:-

* Approximate length of business relationship is determined as at end of each of the respective financial years/period.

For the Financial Periods Under Review, the Group was not dependent on any of major suppliers as the supply of materials, parts and services can be sourced from other suppliers.

As at the LPD, we have not encountered any significant production disruption due to a shortage of supplies from our suppliers to meet our production requirements.

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7.19 FUTURE PLANS AND STRATEGIES

7.19.1 We plan to strengthen our R&D capabilities including development and enhancement of new and existing solutions

As part of our continuing R&D efforts, we strive for innovation and keep abreast with technology evolution and market needs. We also look to develop new/enhanced solutions and equipment with the aim of strengthening our position in the industry.

We have also taken cognisance of the prospects of the automated manufacturing and digitalised solutions industry in both Malaysia and globally as set out in the IMR Report where they are projected to grow at CAGRs of 13.1% to RM17.4 billion in 2026 and 8.7% to reach USD448.6 billion in 2026, respectively.

As such, we intend to utilise approximately RM[•] million of the Public Issue proceeds for our continuing R&D initiatives which would include setting up of a dedicated innovation centre, hiring of additional R&D personnel as well as purchase of related IT software and hardware as well as R&D supporting tools and equipment. The dedicated innovation centre will be housed at out Tangkas 9 Plant with a built-up area of about 1,300 sq ft. Most of our R&D related activities will be carried out in the innovation centre which will also consists of demo room, display area and workstations for our personnels.

The details of the proposed utilisation of the said proceeds for our R&D expenditures over a period of 24 months are as follows:-

Details		**RM'000**
(i)	Employing additional R&D personnel	[•]
(ii)	Purchase of IT hardware and software	[•]
(iii)	Purchase of R&D supporting tools and equipment	[•]
(iv)	Others (including workstations, fittings and office equipment)	[•]
Total		[•]

Please refer to Section 4.8(b) of this Prospectus for further details on the proposed utilisation.

As part of our future R&D activities, we have undertaken/plan to undertake the development of the following new and enhanced solutions/equipment:-

(a) Ongoing R&D project

We intend to continue undertaking on-going R&D activities on the Nervii platform which began in the fourth quarter of 2022. The Nervii platform is intended to be a scalable platform for integrating all supporting systems and software (such as enterprise resource planning system, production planning and scheduling system, warehouse management system, customer relation management system, logistic management system and inventory management system) utilised by the customer in their manufacturing processes (such as manufacturing execution system, supervisory control and data acquisition). These systems, software and digital solutions may either be designed and developed by us or by third-party solution providers. By doing so, the information flow between departments will be even more seamless. This would lead to greater operational efficiency not only in manufacturing processes but across the entire business process of the company.

7. INFORMATION ON THE GROUP *(cont'd)*

We plan to develop the Nervii platform in the following phases:-

Phase	Description	Commencement quarter/year	Expected commercialisation quarter/year
1	We plan to launch a platform that can integrate all supporting systems and software with digital solutions. The entire infrastructure hosting the Nervii platform that has been integrated with the digital solutions for manufacturing and supporting systems and software will be hosted on on-premise infrastructure.	Quarter 4 of 2022 (on-going)	Quarter 4 of 2026
2	We plan to allow for:- • the migration of the infrastructure hosting the Nervii platform (comprising the digital solutions and supporting systems and software) to cloud-based infrastructure. This will enable us to offer customers the use of Nervii platform on a subscription basis. It will also ease scalability of the infrastructure hosting the Nervii platform to cater for our customer's business expansion. • the integration of Nervii platform with automated equipment.	Quarter 1 of 2025	
3	AI – integration of large language model and RPA (for automated workflow) into the Nervii platform. This will allow for data analytics to enable machine optimisation (such as predictive and prescriptive maintenance)	Quarter 1 of 2026	

Prior to commercialisation of the Nervii platform, we will adopt and implement the Nervii platform internally so that we can perform necessary testing and enhancement.

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(b) New R&D projects

We also intend to standardise the automated test and handler equipment by developing an Universal Test Automation Platform (Uni-TAP).

Uni-TAP is a platform that acts as the building block which can be reused for future automated test and handler equipment development. We will create a proprietary test software platform and universal tester solution which can be easily customised for future development of the automated test and handler equipment. Thus, Uni-TAP will act as the reference design or building block from where the respective tester design requirements can be derived.

The Uni-TAP will be effective in responding to the needs of electronic manufacturing services as the range of automated test and handler equipment designs vary from customer to customer. This will allow us to grow our customer base of electronic manufacturing service providers.

By offering standardised solutions, we are also able to lower our development costs, thus developing more cost-effective automated equipment. This will allow us to reduce our development time taken, which will enable us to enhance our operational efficiency in the future.

Further, we also intend to expand our range of automated equipment to include the material transport system equipment. This new equipment will be based on the concept of the modulation of robotic mobile units that can move on a railway structure from one point to another. There are a lot of potential fields of application for material transport system in manufacturing industries such as the healthcare, food and beverage, automotive and electrical manufacturing industries as well as the semiconductor and electronics industry.

The timeline for launching the abovementioned solutions are as follows:-

Description	**Commencement quarter/year**	**Expected commercialisation quarter/year**
Uni-TAP	Quarter 1 of 2025	Quarter 4 of 2026
Material transport system	Quarter 1 of 2025	Quarter 4 of 2026

We expect our solutions/equipment to enhance our competitiveness amongst other solutions providers in the market. Our success in developing new and innovative solutions that cater to market demand and requirements is envisaged to contribute towards further growth in our operations and financial performance.

For more information on the estimated cost breakdown for our R&D initiatives, kindly refer to Section 4.8(b) of this Prospectus.

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7. INFORMATION ON THE GROUP *(cont'd)*

7.19.2 We intend to set up new Delivery Centres

As part of our future business strategies, we intend to set up our own dedicated Delivery Centres to specifically undertake certain product engineering services projects which are usually performed at various premises/locations of our customers.

From FYE 2020 to FYE 2022, our product engineering services segment has registered revenue growth at a CAGR of 23.75% from RM17.40 million to RM26.65 million. For the FPE 2023, we recorded revenue of RM21.58 million from the same segment (FPE 2022: RM19.42 million). In tandem with the foregoing, we have increased our headcounts in the team from a total of 388 personnel (including 357 contract-based employees) as of the end of FYE 2020 to a total of 701 personnel (including 511 contract-based employees) as of the end of FPE 2023. As at the LPD, we have a total of 533 personnel (including 350 contract-based personnel) under our Product Engineering Services team.

The advantages of having our own Delivery Centre are as follows:-

- Enhanced efficiency - Establishing a dedicated Delivery Centre allows us to streamline our operations, resulting in increased efficiency and productivity. Our Product Engineering Services team will have a more focused environment to carry out specified projects leading to faster turnaround times and improved service delivery. We can also introduce our digitalised solution or automated equipment to enhance operational efficiency, if required.

- Cost optimisation - Operating at our own Delivery Centre enables us to optimise costs associated with on-site operations. This includes reduced travel expenses, lower dependency on client facilities and potential savings in terms of infrastructure and logistics.

- Enhanced business continuity - Having a dedicated facility allows us to build on a sustainable and long term relationship with our customers and encourage knowledge-transfer continuity in a controlled and secured environment.

- Flexibility and scalability - Our own Delivery Centre provides us with the flexibility to scale operations according to project requirements. This adaptability is crucial in meeting the dynamic needs of our customers (including other potential clients), ensuring that our services remain agile and responsive.

- Knowledge retention and skill development - With a dedicated Delivery Centre, we can foster a more specialised and focused workforce. This contributes to better knowledge retention within our organisation, as teams can consistently work on similar projects. Additionally, it offers opportunities for skill development and specialisation, which is beneficial for both employee growth and project excellence.

The Delivery Centre is aimed at fulfilling customers' requirements in terms of physical and network securities. Such dedicated centre, which includes facilities comprising dedicated design space with security and access controls and a server room with independent network infrastructure, would enable utilisation of customers' proprietary tools, hardware and software in a secured environment as well as remote log-in features. These capabilities would allow the Delivery Centre to provide lab space and more sophisticated engineering services. Further, we would be able to utilise the Delivery Centre to provide value added offering as turnkey embedded design services through our technical expertise with necessary infrastructure / tools to enable customer product development.

7. INFORMATION ON THE GROUP *(cont'd)*

We plan to set up 2 Delivery Centres – The first one is specifically designated for Intel group of companies, being our primary customer for the product engineering services segment, whilst the second one is intended for prospective customers.

Insofar as timing is concerned, the first Delivery Centre is expected to be set up and commence operations by second half of 2024 with the second Delivery Centre by the end of 2025.

We have identified a suitable premise to rent for our first Delivery Centre, which is located at Bayan Lepas, Penang, with a built-up area of 1,960 sq. ft.. Currently, we are in the midst of negotiating the terms of the tenancy. The setting up cost for the first Delivery Centre is approximately RM[●] million (based on a combination of quotations obtained from suppliers/contractors as well as management's estimate), which include renovation cost, fittings, workstations and equipment, and IT infrastructure, all of which will be financed via our internal funds.

The second Delivery Centre is also expected to be situated in Penang although we have yet to identify the specific location as at the LPD.

We plan to utilise approximately RM[●] million of the Public Issue proceeds over a period of 36 months for the purpose of setting up of our Delivery Centres (which would include hiring of new staff for our Product Engineering Services team, rental expenses, costs of renovation, fittings, office equipment and IT infrastructure as well as general utility and operating expenses), the details of which are set out in Section 4.8(a) of this Prospectus.

We believe that the setting up of our new dedicated Delivery Centres and particularly the expansion of our workforce will allow our Group to meet the demands of our existing and potential customers. This in turn will continue to enhance our Group's earnings and facilitate our future plans and strategies.

The expansion of our product engineering services segment is aligned with the expected growth of the IC design, assembly and test segment of the semiconductor industry in Malaysia. According to the IMR Report, the product engineering service industry in Malaysia to grow by 19.7% between 2024 and 2026 to reach RM1.2 billion by 2026 whilst the IC assembly and test services industry in Malaysia to grow by 10.2% between 2024 and 2026, to reach RM23.3 billion in 2026. The growth of the industry and the rising worldwide demand for semiconductor and electronic products has been and is expected to be driven by the following factors:-

- the technological revolution with 5G adoption and the emergence of 6G, IoT, AI, machine learning and big data analytics, which have resulted in the emergence of new electronic products such as smart factories, autonomous cars and smart home devices.

- the rapid technological advancements which have led to continuous introductions of new product innovations and advancements.

- the rise in demand for electric vehicles and solar energy is also expected to boost the demand for semiconductor chips. Sales of electric vehicles in Malaysia grew at a strong CAGR of 459.5%, from 58 units sold in 2020 to 10,159 units sold in 2023.

- increased outsourcing and relocation of manufacturing activities to Malaysia, which has become a destination for foreign multinational companies who have set up their production facilities here, due to the favourable exchange rate, availability of manpower and strategic location. This has resulted in many local and multinational OSATs and EMSs as well as semiconductor and electronics manufacturing solution industry players emerging in the country.

Please refer to Section 8 of this Prospectus for further details of the IMR Report.

7.19.3 We plan to establish a new office in Singapore

At present, a large proportion of our business is carried out through our headquarters in Penang. We also have offices in Selangor.

We intend to set-up a marketing and sales office in Singapore by the first half of 2025 to increase our market presence and enhance our sales and marketing initiatives. During the Financial Periods Under Review, we have secured orders from customers based in Singapore. These orders are mainly from related companies of multinational companies that had operations in Singapore.

We are currently exploring potential locations within the Central Business District. The estimated floor space for our Singapore office is about 600 sq ft. As at the LPD, we have yet to identify the exact office location for our Singapore office.

There are several multinational companies involved in semiconductor and manufacturing sectors that have their offices and plants located in Singapore including some of our existing customers. Our new Singapore office would provide us direct access/sales support to our existing customers as well as close proximity to prospective customers. By leveraging on our new Singapore office as a base, we will be able to expand our reach to other international countries in the future, which could grow our sales from a larger pool of multinational companies, as this would enhance our corporate profiling. The setting up of our Singapore office will initially involve hiring a small team of technician/marketing personnel to be based in Singapore on a fulltime basis.

We intend to allocate RM[•] million from the Public Issue proceeds to finance the establishment costs and working capital of our new Singapore office which would include initial company set-up costs and professional fees, rental expenses, office renovation, office equipment and IT infrastructure (hardware and software), staff costs for 1 business development personnel and 2 software technicians, and utility expenses for a period of 36 months. The breakdown of these estimated costs is set out in Section 4.8(c) of this Prospectus.

We also intend to set up new offices in other countries including India and USA within the next 5 years.

7.19.4 We intend to expand via mergers and acquisitions

We intend to acquire and/or undertake strategic collaborations and/or joint ventures with other solution or service providers involved in similar or complementary activities to our existing core businesses or can provide additional revenue streams while enhancing our competitive advantage. We intend to target companies based in both Malaysia or internationally. This will enable us to broaden our service offerings, widen our geographical reach and customer base while contributing to incremental growth of our Group.

As at the LPD, we have yet to identify any potential mergers and acquisitions, strategic collaborations and/or joint venture opportunities.

Prior to acquiring, collaborating and/or undertaking joint-ventures, we will first consider criteria such as valuation, capital requirement, business synergies, potential value creation to our existing business as well as expected return on investment. We intend to fund such acquisitions, collaborations and/or joint-ventures via our internally generated funds and/or external borrowings.

7. INFORMATION ON THE GROUP *(cont'd)*

7.20 GOVERNING LAWS AND REGULATORY REQUIREMENTS

The relevant laws, regulations, rules and requirements governing the conduct of our Group's business and environmental issue which may materially affect our Group's businesses or operations are summarised below. The following does not purport to be an exhaustive description of all relevant laws and regulations of which our business is subject to.

(a) Local Government Act 1976 ("**LGA**")

The LGA is enacted to revise and consolidate the laws relating to local government in Peninsular Malaysia. Every licence or permit granted by the local authority shall be subject to such conditions and restrictions as the local authority may think fit and shall be revocable by the local authority at any time without assigning any reason therefor.

Pursuant to the LGA, a person fails to exhibit or produce his licence on the licensed premises shall be liable to a fine not exceeding RM500 or to imprisonment for a term not exceeding 6 months or to both.

(b) Industrial Co-ordination Act 1975 ("**ICA 1975**")

The ICA 1975 requires manufacturing companies with shareholders' funds of RM2.50 million and above or engaging 75 or more full-time paid employees to apply for a manufacturing licence from the MITI. Failure to observe and adhere to the licensing requirements under the ICA 1975 will constitute an offence which is punishable on conviction by a fine not exceeding RM2,000 or to a term of imprisonment not exceeding 6 months and to a further fine not exceeding RM1,000 per day during which the non-compliance continues.

The licensing officer may also in his discretion revoke a licence if the manufacturer to whom a licence is issued:-

(i) has not complied with any condition imposed in the licence;

(ii) is no longer engaged in the manufacturing activity in respect of which the licence is issued; or

(iii) has made a false statement in his application for the licence.

The licensing officer may also withhold or suspend the revocation of the licence if he is satisfied that the act or omission on the part of the manufacturer under the above situations was due to some cause beyond his control and there is a reasonable prospect of such act or omission being remedied within such period as the licensing officer may direct.

(c) Customs Act 1967

The customs related matters in Malaysia are governed by the Customs Act 1967 **("CA 1967")**. The Director General of Customs and Excise of Malaysia may, at his absolute discretion, on payment of such fees as may be fixed by him in each case, grant a licence to any person, hereinafter referred to as the licensee and when granted withdraw any licence, for warehousing goods liable to customs duties and any other goods in a place or places specified in such licence.

7. INFORMATION ON THE GROUP *(cont'd)*

If it appears at any time that in any licensed warehouse or any part thereof there is a deficiency in the quantity of dutiable goods which ought to be found therein, the licensee of such warehouse shall, in the absence of proof to the contrary, be presumed to have illegally removed such goods and shall, without prejudice to any proceedings under CA 1967, be liable to pay to the proper officer of customs the customs duty leviable on the goods found deficient provided that if it is shown to the satisfaction of the Director General that such deficiency has been caused by unavoidable leakage, breakage or other accident, the Director General may remit the whole or any part of the customs duty leviable on the goods found deficient.

In respect of a warehouse licensed under Section 65 of CA 1967, the Director General may, at his absolute discretion, on payment of such fees as may be fixed by him in each case, grant an additional licence to the licensee and when granted withdraw any such licence, to carry on any manufacturing process and other operation in respect of the goods liable to customs duties and any other goods. No goods which have undergone any manufacturing process in the warehouse may be released for home consumption or export without the prior approval of the Director General. If such goods are released from the warehouse for home consumption the customs duly thereon shall be calculated on the basis as if such goods had been imported.

The Minister may in any particular case exempt any person from the payment of the whole or part of such duty which may be payable by such person on any such goods and in granting such exemption the Minister may impose such conditions as he may deem fit.

Where in the course of any operation permissible to any goods liable to customs duty there is waste or refuse customs duty shall be remitted on the quantity of goods liable to customs duty in so much of the waste or refuse as has arisen from the operations carried on in relation to the goods which have undergone any manufacturing process. Such waste or refuse is destroyed subject to such conditions as the Director General may impose or duty is paid on such waste or refuse as if it had been imported in that form.

Every omission or neglect to comply with, and every act done or attempted to be done contrary to, the provisions of the CA 1967, or any breach of the conditions and restrictions subject to, or upon which, any licence or permit is issued or any exemption is granted under the CA 1967, shall be an offence against the CA 1967 and in respect of any such offence for which no penalty is expressly provided the offender shall be liable to a fine of not exceeding RM50,000 or to imprisonment for a term not exceeding five (5) years or to both.

(d) The Environmental Quality Act 1974 ("**EQA 1974**")

The EQA 1974 governs the enforcement of waste disposal in Malaysia in order to control pollution.

The EQA 1974 regulates, among others, the deposit or disposal of any scheduled wastes on land or into Malaysian waters; receiving or sending, or causing or permitting to be received or sent any scheduled wastes in or out of Malaysia; or transiting or causing or permitting the transit of scheduled wastes. Any person who fails to comply with the relevant requirement shall be guilty of an offence and shall on conviction, be liable to a fine not exceeding RM500,000 or to imprisonment for a period not exceeding 5 years or to both.

The EQA 1974 further provides that where an offence against the EQA 1974 or any regulations made thereunder has been committed by a company, firm, society or other body of persons, any person who at the time of committing the offence is a director, chief executive officer, manager, or other similar officer or a partner of the company, firm, society or other body of persons or was purporting to act in such capacity shall be deemed to be guilty of that offence unless he provides that the offence was committed without his consent or connivance and that he has exercised all such diligence as to prevent committing the offence as he ought to have exercised having regard to the nature of his functions in that capacity and to all the circumstances.

We have complied with all relevant laws, regulations, rules or requirements governing the conduct of our Group's business operations as the LPD.

7.21 EXCHANGE CONTROLS

As at the date of this Prospectus, we do not have any foreign subsidiary or associated company which requires repatriation of capital and remittance of profit by or to our Group.

7.22 INTERRUPTIONS TO BUSINESS AND OPERATIONS

Save for the impact of COVID-19 pandemic as disclosed below, we have not experienced any interruptions that had a significant effect on our operations during the past 12 months preceding the LPD.

Since COVID-19 was officially declared a pandemic by the Director General of the World Health Organisation on 11 March 2020, we closely monitored the development of the outbreak of COVID-19. As at the LPD, all of our employees have been fully vaccinated.

7.22.1 Impact of COVID-19 on our business operations

On 16 March 2020, the Government announced the MCO under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 which took effect from 18 March 2020.

As an automation solutions and engineering service provider, our Group serves several manufacturing industries that are categorised as essential sectors exempted from the MCO. As such, our Group was able to partially resume our operations in office on 17 April 2020 after receipt of approval from MITI, and subsequently fully resumed our operations in office on 6 July 2021. Although our operations were temporarily suspended between 18 March 2020 and 17 April 2020 due to the MCO, it did not have any major material impact on our business operation as our employees worked remotely from home.

Further, most of our business operations including engineering support services, product engineering services and design, development and sale of digitalised solutions and automated equipment continued during this period and were not adversely affected by the various phases of the MCO.

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7. INFORMATION ON THE GROUP *(cont'd)*

Due to the resurgence in high number of daily new COVID-19 cases during the CMCO in certain States, the Government of Malaysia has re-imposed the MCO from 13 January 2021 to 26 January 2021 and further extensions of the MCO were re-imposed from 22 January 2021 till 18 February 2021. A nationwide state of emergency was further declared from 12 January 2021 till 1 August 2021, to further tackle the daily surge in the COVID-19 cases nationwide. On 10 May 2021, the Prime Minister of Malaysia had announced that the third nation-wide MCO will be implemented from 12 May 2021. However, most businesses, including our Group's businesses, were still allowed to operate as usual subject to compliance with the SOPs imposed by our Government.

7.22.2 Impact of COVID-19 on our sales performance

As mentioned in the IMR Report, during the COVID-19 pandemic, there was a shortage of semiconductor and certain hardware parts (caused by a shortage of semiconductor chips) which was attributable to the surge in demand for consumer electronic products and restrictions in manufacturing activities of semiconductor chip manufacturers caused by the COVID-19 pandemic.

Consequently, our Group benefitted from the growth in global semiconductor and electronics industries and our revenues improved from RM63.02 million in FYE 2020 to RM74.16 million and RM103.60 million in FYE 2021 and FYE 2022 respectively. Our Group expect to continue benefiting as our digitalised solutions and automated equipment become increasingly essential in carrying out daily operational tasks.

7.22.3 Impact of COVID-19 on our supply chain

In 2021, we experienced delays in shipping of hardware components from our suppliers largely due to:-

(a) shortage in components, in particular semiconductor chips, used by our suppliers to manufacture the hardware components.

(b) delays in shipments due to congestion of shipping ports arising from limited capacity; and

Apart from the foregoing, we did not experience any major cancellation of orders for our solutions.

7.23 ECONOMIC, ENVIRONMENTAL AND SOCIAL IMPACT AND CORPORATE GOVERNANCE PRACTICES

We recognise the importance of promoting positive impacts on the environment and the communities which we are part of, and maintaining good governance practices. As part of our commitment in these areas, we have adopted the following the economic, environmental and social impact and corporate governance practices, amongst others, as elaborated below.

7.23.1 Environmental

Our Group designs and develops digitalised solutions and automated equipment, both of which enable and manage the digitalisation of processes and services, and automation of manufacturing processes. This allows for automation and digitalisation of manufacturing operations which would improve overall operational efficiency in terms of quality and speed of processes and enable paperless operations as information are recorded digitally to achieve single source of truth (the practice of aggregating data from various systems within an organisation), which will improve data accuracy.

7. INFORMATION ON THE GROUP *(cont'd)*

The act of improving efficiency and minimising paper usage is expected to positively impact the environment.

In addition, we have also been engaged by a local city council to design and develop a flood monitoring and pump house system, which helps to mitigate floods.

Internally, we are also conscious of our impact on the environment and we have adopted responsible approaches in our daily operations to promote environmental sustainability. These approaches include:-

- **Building automation feature in premises**

  We have implemented building automation feature in our headquarters whereby we have a control and command solution to enable remote monitoring and management of temperature and lighting in our premises. To enable this building automation feature, we have implemented temperature and light sensors. We believe that the efficient utilisation of electricity will promote energy conservation and reduce equipment stresses leading to lower maintenance needs.

- **Encouraging digitalisation and recycling**

  In order to reduce carbon footprint, employees are encouraged to communicate via electronic methods such as through email and instant messaging and only print hard copies when necessary. Our Group also ensures that material waste is recycled where possible, and that non-recyclable material waste is disposed of responsibly. As part of our efforts, we organised a 5R awareness campaign with the help of Tzu Chi Environment Protection Team to create awareness among our employees and enrich their knowledge in the recycling practices. To that end, we volunteered to help Tzu Chi Environment Protection Centre to repurpose and recycle rubbish while learning the recycling process.

- **Tree planting**

  To reduce our carbon footprint and spread awareness, our employees took part in tree planting programmes and had planted trees and plants around our head office. In addition, we installed an auto sprinkler system to help water the plants and are working to implement rainwater collection system whereby the rainwater can be collected and sent to our underground water tank to be used for outdoor cleaning and plant watering.

7.23.2 Social

We recognise that our employees are valuable assets and as such, we strive to create a conducive environment to promote employee wellbeing and personal development through the following goals:-

- We are committed to provide our employees with safe workplace and conducive environment. We have put in place standard operating procedures to reduce the possibility of harm to our employees, visitors and contractors. Our employees also are required to attend orientation programmes in the initial stage of their employment to create awareness of the importance of safety.

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7. INFORMATION ON THE GROUP *(cont'd)*

- We are committed to providing compensation and benefits programs and policies that support the needs of our employees. With the establishment of the LTIP, we will be able to reward and retain the Eligible Persons with an opportunity to participate in our equity and to benefit from the capital gain or the income from dividend as and when the Company declares any in the future. The LTIP will also align the interests of the Eligible Persons with the interests of our shareholders.

- We have equipped our headquarters with games, snooker table, karaoke and a smart television. These facilities enable our employees to socialise with other employees and release work stress. We also organise team events to foster team-building.

- We promote gender diversity and provide equal opportunity to individuals from diverse backgrounds in our recruitment process. Thus, our workforce comprises individuals of diverse backgrounds, ethnicities and gender. As at LPD, approximately 30% of our Group's employees are female.

- We retain skilled employees and attract new talents through providing continuous technical training (as elaborated in Section 7.14 of this Prospectus) and rewarding employees with competitive remuneration packages. By doing so, we believe that we are supporting our employees' professional development which would enhance their performance and productivity while increasing their value and future marketability.

- Apart from focusing on the personal development of our own employees, we have also offered scholarships and career talks to students who are furthering, or intend to further, their studies in the field of engineering. Through these initiatives, we aim to not only provide an opportunity for students to further their studies but also impart relevant industry knowledge as well as practical trainings to the candidates. Some of these initiatives include:-

Date	**Name**	**Description**
September 2021	Scholarship Programme	Provided financial assistance to deserving candidates(s) for the studies at the PSDC.
January 2022	Collaboration for Talent Programme with Politeknik Seberang Perai	Recruitment and training of suitable graduates
October 2022	Collaboration for Talent Programme with Wawasan Open University	Recruitment and training of suitable graduates
February 2023	Career Talk	Provision of knowledge regarding the latest technology used in the manufacturing industry as well as recruitment of suitable graduates

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7. INFORMATION ON THE GROUP *(cont'd)*

We also organise or participate in charity events for a cause, as illustrated below:-

Date	Name	Beneficiary Party	Description
September 2022	Mooncake Festival Distribution	REACH Autism	Supported REACH Autism by purchasing REACH's mooncakes.
	Social Volunteering Activity	Be Home	Participated in social welfare activities at Be Home.
December 2022	Book Sponsor	Young Enterprise Penang 2022 Annual Showcase	Participated as the Guest of Honor to deliver award to winner.
	Social Volunteering Activity	Pertubuhan Penyayang Chi Yun	Participated in social welfare activities at Pertubuhan Penyayang Chi Yun.
March 2023	Social Volunteering Activity	Sekolah Sinar Harapan	Participated in social welfare activities at Sekolah Sinar Harapan.
September 2023	Glo-Walk 2023	Techdome Penang	Sponsored and participated in the walk event
February 2024	Social Volunteering Activity	Thean Oon Senior Home	Participated in social welfare activities at Thean Oon Senior Home.
September 2023	Glo-Walk 2023	Techdome Penang	Sponsored and participated in the walk event
February 2024	Social Volunteering Activity	Thean Oon Senior Home	Participated in social welfare activities at Thean Oon Senior Home.

7.23.3 Corporate Governance

We are committed to uphold the good corporate governance and ethical conduct in accordance with the principles and guidance of corporate governance as set out in the Malaysian Code on Corporate Governance 2021 ("**MCCG 2021**").

Save for certain practices of the MCCG 2021, the compliance of which could only be achieved or becomes applicable upon the listing of the Company (such as the recommended disclosures to be made in the Company's Annual Report and Corporate Governance Report), we have adopted the MCCG 2021 practices by codifying the provisions of the practices into the Board Charter, Board Committee's terms of reference and other board policies and procedures. We endeavour to ensure appropriate applications of these adopted practices accordingly when discharging our governance responsibilities.

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7. INFORMATION ON THE GROUP *(cont'd)*

The following are some of our key corporate governance practices in line with the recommendations under the MCCG 2021:-

Appointment of Chairman of the Board	Dato' Boonler Somchit, our Non-Independent Non-Executive Chairman, will be responsible for instilling good corporate governance practices, providing leadership and effectiveness of the Board.
The positions of Chairman and CEO	The positions of Chairman and CEO of our Company are held by different individuals, namely by Dato' Boonler Somchit and Koh Dim Kuan respectively.
The Chairman of the board should not be a member of committees of the Board	Dato' Boonler Somchit, our Non-Independent Non-Executive Chairman is not a member of the Audit and Risk Management, Nomination and Remuneration Committees.
Governance of sustainability	Our Board together with senior management will be responsible for the governance of our Group's sustainability initiatives.
Board membership	Half of the Board comprises independent directors. Currently, none of our independent directors has served on the Board for more than 9 years. Annual performance evaluation of our Board members will be conducted by the Nomination Committee, which is chaired by our Independent Non-Executive Director, Teresa Tan Siew Kuan.
Audit and Risk Management Committee	We have established an Audit and Risk Management Committee comprising 3 Independent Non-Executive Directors.
Board Charter, Code of Conducts and Ethics, Whistleblowing Policy, Directors' Fit and Proper Policy and other policies and procedures	Our Board Charter, Code on Ethics and Conduct, Policy on Directors' Remuneration, Policy on Risk Management, Policy on Related Party Transactions, Policy on Anti-Bribery & Anti-Corruption, and Whistleblowing Policy are made available on our company website and will be reviewed periodically.
At least 30% of the Board comprises female directors	3 out of 8 of our Board members are women.

Our Board believes that our current Board composition provides the appropriate balance in terms of skills, knowledge and experience to promote the interests of our shareholders and to govern our Group effectively. Our Nomination Committee will be tasked to ensure there is diversity among our board members regardless of age, ethnicity, cultural background and gender, and at the same time, ensuring they possess the requisite skills, knowledge, experience, foresight and sound judgement to serve on our Board.

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