

## 7. BUSINESS OVERVIEW (Cont'd)

### Ongoing and secured contracts for intracity bus services

As at the LPD, we have 6 ongoing contracts with customers who are government bodies for the contracted intracity bus services in the respective locations and the details are as follows:

Description	State	Customer	Contract period <sup>(1)</sup>	Contract value <sup>(2)</sup> (RM million)	Unbilled order book as at the LPD (RM million)
Stage bus operation (SBST) in Johor Bahru	Johor	APAD	March 2022 to March 2025 <sup>(4)</sup>	<sup>(3)</sup> 147.6	8.3
Stage bus operation (SBST) in Melaka	Melaka	APAD	May 2024 to April 2029	<sup>(3)</sup> 83.8	71.2
Operation of 'Bas Muafakat Johor' in Johor Bahru, Iskandar Puteri, Kulai and Mersing	Johor	PAJ	September 2019 to March 2025 <sup>(5)</sup>	51.4	1.5
Operation of 'Bas Muafakat Johor' in Pengerang	Johor	PAJ	May 2020 to March 2025 <sup>(6)</sup>	6.7	*
Rapid Bus Route Outsourcing Program	Klang Valley	Rapid Bus Sdn Bhd	June 2024 to March 2027 <sup>(7)</sup>	<sup>(3)</sup> 83.5	76.9
Operation of 'Smart Selangor' bus services in Sepang	Selangor	Majlis Perbandaran Sepang	March 2021 to March 2025 <sup>(8)</sup>	10.0	0.4

\* Less than RM0.1 million.

#### Notes:

- (1) Based on the period stipulated in the contract including the extension of contract or new contract secured relating to the extension of service.
- (2) Including the contract value from the extension of contract or new contract secured relating to the extension of service.
- (3) This contract value refers to the total amount we can invoice our customer for the services rendered on the designated routes and frequencies as stipulated in the contract.
- (4) As at the LPD, we are in the midst of discussion with our customer in respect of the extension of contract or new contract relating to the extension of service.
- (5) We received the letter of award in August 2019 and the contract was formalised in February 2020 for the operation of the said services between September 2019 to August 2022. Subsequently we received a new letter of award in May 2022 and the contract was formalised in July 2023 for the extension of service for the period between September 2022 to August 2024. In August 2024, we secured a new contract for the extension of service for the period between September 2024 to March 2025. As at the LPD, we have submitted the tender for new contract and the outcome of the tender is still pending.
- (6) The contract was first entered in 2020 for the operation of the said services between May 2020 to October 2022, and subsequently we secured a new letter of award in May 2022 for the extension of service for the period between November 2022 to October 2024. In August 2024, we secured a new contract for the extension of service for the period between November 2024 to March 2025. As at the LPD, we have submitted the tender for new contract and the outcome of the tender is still pending.
- (7) This is based on the 2-year contract period upon the deployment of buses. The buses will be gradually deployed by March 2025 under the Rapid Bus Route Outsourcing Program.

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

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- (8) *The contract was first entered in 2021 for the operation of 2 routes between March 2021 to December 2021, and subsequently we secured a new contract in the same year for the extension of service up to February 2022. In February 2022, we received a new contract for the operation of 4 routes under the same service for the period between March 2022 to February 2023, and we secured new contracts in April 2023 and March 2024 for the extension of service between April 2023 to March 2024, and April 2024 to March 2025 respectively. We will submit the tender bid for new contract subject to opening of tender.*

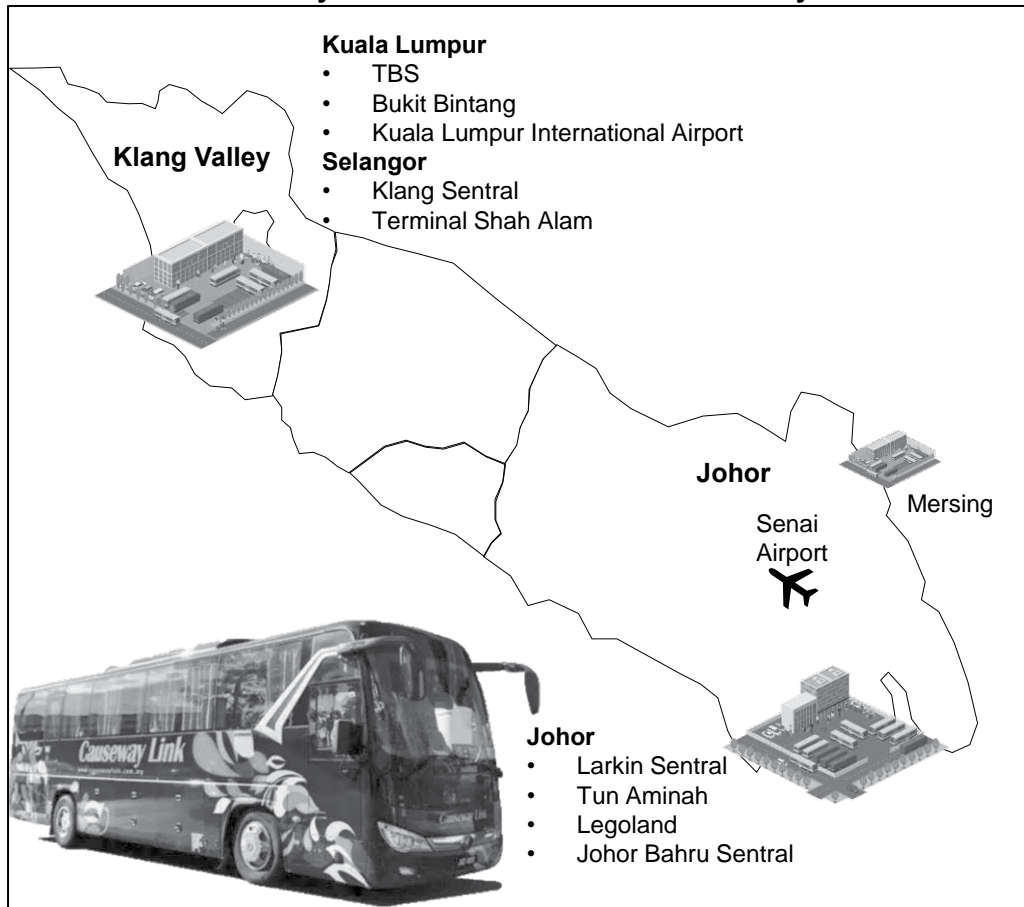
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**7. BUSINESS OVERVIEW (Cont'd)**

**(iii) Intercity bus services**

Intercity bus services refer to buses which travel for longer distances between cities, towns or states. These types of bus services run less frequently and travel on fixed routes between specific points with fewer stops or one stop commonly at bus terminals or designated points in each city or town. Passengers must purchase their tickets in advance on the third-party centralised ticketing system at the bus terminals or online through our website or mobile application before boarding the bus. Revenue from our intercity bus services accounted for 0.1% (less than RM0.1 million), 1.3% (RM1.6 million), 1.1% (RM2.4 million) and 1.5% (RM3.1 million) of our total revenue for the FYE 2022, FYE 2023, FYE 2024 and FPE 2025 respectively.

**Our intercity bus services within Peninsular Malaysia**



## 7. BUSINESS OVERVIEW (Cont'd)

We operate our intercity bus services under our brand 'Causeway Link Express' supported by our fleet of 11 buses as at the LPD and we operate the following intercity bus routes within Peninsular Malaysia:

Route	Frequency
Between Johor and Kuala Lumpur	
Larkin Sentral and TBS	28 times weekly
Tun Aminah and TBS	28 times weekly
Larkin Sentral and Kuala Lumpur International Airport	7 times weekly
Legoland and Bukit Bintang	7 times weekly
Between Johor and Selangor	
Larkin Sentral and Terminal Shah Alam	7 times weekly
Larkin Sentral and Klang Sentral	7 times weekly
Within Johor	
Johor Bahru Sentral to Senai Airport	105 times weekly
Larkin Sentral to Mersing	14 times weekly

There are no contracts for our intercity bus services as we provide the intercity bus services based on ticket sales to general public passengers.

### 7.7.1.2 Chartered bus services

Chartered bus services refer to buses hired for a specific group or purpose. Unlike the public bus services which adhere to schedules and routes, chartered bus services are flexible and are customised to cater to the needs of our customers. Revenue from our chartered bus services accounted for 18.2% (RM5.7 million), 6.8% (RM8.1 million), 6.5% (RM13.5 million) and 5.3% (RM10.8 million) of our total revenue for the FYE 2022, FYE 2023, FYE 2024 and FPE 2025 respectively.

We have an array of buses with various seating capacities to accommodate various group sizes. We offer customised services where the routes, schedules, stops and frequencies are tailored according to the needs of the group hiring the service. Our chartered bus services are commonly used for corporate transportation facilitating daily staff commutes to and from work, tourism purposes such as airport transfers and sightseeing tours, shuttle services within designated community areas, as well as chartered by external bus operators for their specific use. We provide chartered bus services on a daily, weekly or monthly basis, and the rental rates depend on the type and number of buses hired, pick-up and drop-off locations and rental durations.

#### Our chartered bus for corporate transportation



As at the LPD, we have 12 ongoing contracts for the provision of chartered bus services, and the contract period ranges from 6 months up to 7 years. The unbilled order book for these ongoing contracts are RM16.3 million as at the LPD. Please refer to Section 12.2.19 for further details.

## 7. BUSINESS OVERVIEW (Cont'd)

The summary of the 12 ongoing contracts for the provision of chartered bus services is as follows:

States	Number of ongoing contracts	Number of customers/ customer types	Contract period	Contract value (RM million)	Unbilled order book as at LPD (RM million)
Johor and Klang Valley, Malaysia	10	10 customers/ corporations and government body	6 months to 7 years	29.8	8.1
Singapore	2	1 customer/ corporation	3 years and 4 years	12.9	8.2
<b>Total</b>	<b>12</b>	<b>11 customers/ corporations</b>	<b>6 months to 7 years</b>	<b>42.7</b>	<b>16.3</b>

### 7.7.2 Other services

During the Financial Years/Period Under Review, a proportion of our revenue was derived from other services which accounted for 6.7% (RM2.1 million), 2.6% (RM3.1 million), 1.7% (RM3.5 million) and 0.8% (RM1.7 million) of our total revenue for the FYE 2022, FYE 2023, FYE 2024 and FPE 2025 respectively.

Our other services comprise the following:

- While our bus repair and maintenance services are primarily to support our bus service operations, we also provide them to third-party and related party bus service providers during the Financial Years/Period Under Review. As at the LPD, we have ceased the service for our related party bus service providers.

These services are carried out at our depot in Johor Bahru. Our repair and maintenance services generally involve the upkeep, maintenance and repair of buses including the following:

- routine maintenance including checking fluid levels, tyres, brake inspection, oil change, and other preventive maintenance checks to ensure that the bus is functioning properly;
  - repair services including diagnosis of mechanical, electrical or technical issues, and carrying out repairs or replacements; and
  - bodywork and refurbishment including repainting, refurbishing the interior, upgrading or replacing worn-out or damaged parts such as hand grips and seats.
- Rental of bus advertising space which involves the exterior and interior of our buses. Exterior advertising includes posters on panels or wraps that cover most of the bus, while interior advertising includes posters on seatbacks, interior glass panels, bus handles and digital displays.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.7.3 Our facilities and supporting infrastructure

#### 7.7.3.1 Our Operations Control Centre (OCC)

As a bus service provider, we prioritise the safety and efficiency of our operations. We are committed to investing in digital innovation to enhance and improve our services. One of our key digital infrastructures is our OCC located at our HQ in Johor Bahru. This centre enables us to monitor, coordinate, manage and communicate with our buses, and collect data and conduct analytics. All our buses are equipped with GPS and communication systems that are integrated into our OCC.

#### Our OCC at our HQ in Johor Bahru



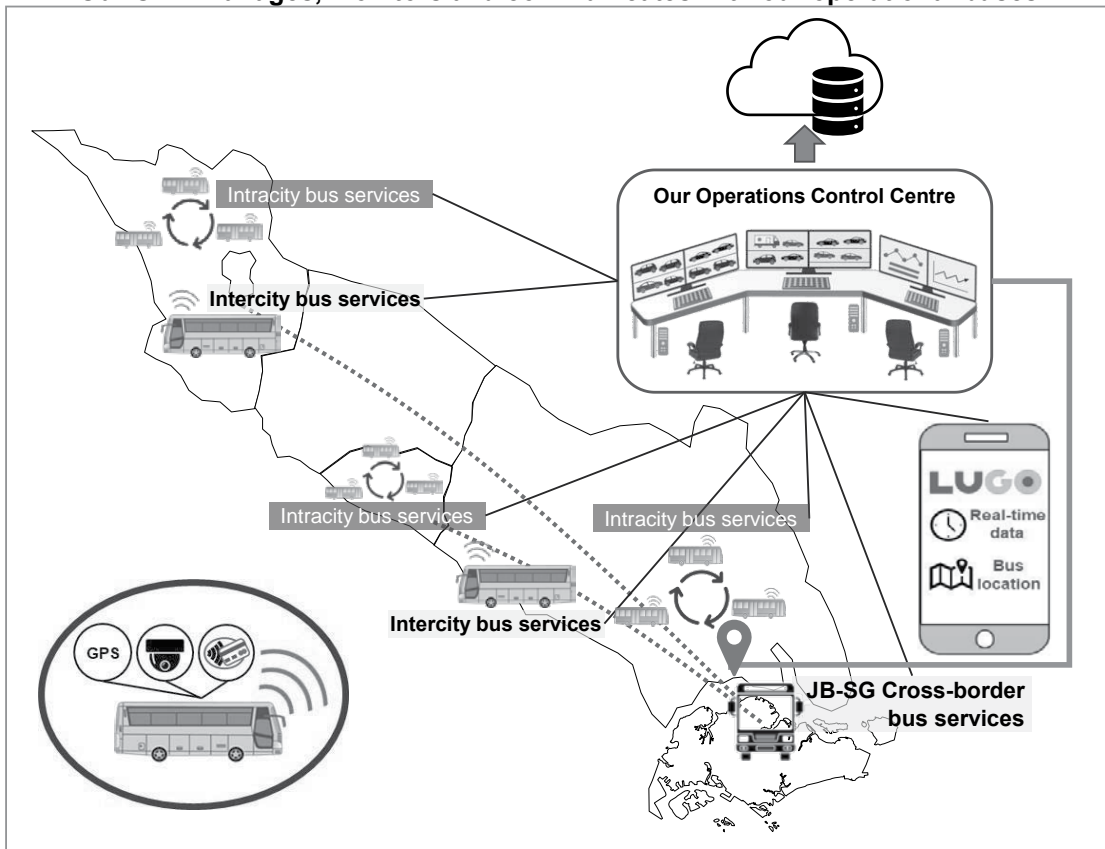
Our OCC is equipped with the following key functions and features:

- real-time monitoring of our fleet of buses enabling us to track the location and status of each bus in operation, ensuring adherence to schedules and routes. This capability also allows us to identify potential delays and implement necessary measures such as rerouting or dispatching additional buses to minimise disruptions. This also enables us to monitor service performance parameters such as trip efficiency and punctuality for our contracted intracity bus services with government bodies. Our customers, including APAD and PAJ, are granted access to the real-time monitoring of the buses operating under *myBAS* and Bas MUFAKAT Johor bus services;
- traffic monitoring involving tracking real-time traffic conditions, including the Johor-Singapore Causeway and Tuas Second Link, using traffic cameras as well as driver reports. This enables us to anticipate delays and adjust bus schedules or routes accordingly;
- real-time updates of bus arrival and departure information on our mobile application, *LUGO*, allowing passengers to plan their trips efficiently;
- incident management system to identify events and issue alerts about incidents such as traffic congestions or deviation from routes, with protocols for responding to various incidents;

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

- two-way communication with our bus drivers where drivers can provide traffic updates, and inform us of any accidents, breakdowns, emergencies or incidents on the bus, and we will be able to provide assistance and make necessary arrangements;
- electric bus monitoring system where we can track the state of the electric buses including electricity consumption, battery level and charging status; and
- on-board data integration platform to collect data on bus performance, fuel consumption as well as performs data analytics to monitor data on bus performance, route efficiency, passenger load, and electricity consumption, efficiency and driver-behaviour analytics for electric buses.

**Our OCC manages, monitors and communicates with our operational buses**





## 7. BUSINESS OVERVIEW (Cont'd)

### 7.7.3.2 Bus fleet

As at the LPD, we have a fleet of 683 buses and the average age of our bus fleet is 7 years. The specifications of some of our buses are as follows:

#### ICE buses



#### Yutong

Number of buses: 268 units  
 Number of seats: 29 to 45  
 Maximum passengers: 33 to 94  
 Overall length: 12m  
 Average age: 6 years



#### Scania

Number of buses: 45 units  
 Number of seats: 30 to 45  
 Maximum passengers: 44 to 66  
 Overall length: 12m  
 Average age: 10 years



#### Scania Double-decker

Number of buses: 9 units  
 Number of seats: 45  
 Maximum passengers: 66  
 Overall length: 12m  
 Average age: 14 years



#### UD Trucks

Number of buses: 15 units  
 Number of seats: 40  
 Maximum passengers: 40 to 66  
 Overall length: 12m  
 Average age: 9 years



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



**Silverbus**

Number of buses: 5 units  
 Number of seats: 37 to 40  
 Maximum passengers: 57 to 60  
 Overall length: 12m  
 Average age: 6 years



**SKS**

Number of buses: 159 units  
 Number of seats: 24 to 43  
 Maximum passengers: 30 to 95  
 Overall length: 12m  
 Average age: 10 years



**Hino**

Number of buses: 12 units  
 Number of seats: 27 to 32  
 Maximum passengers: 34 to 39  
 Overall length: 8.7m - 8.9m  
 Average age: 6 years



**Cam**

Number of buses: 17 units  
 Number of seats: 16 to 19  
 Maximum passengers: 17 to 23  
 Overall length: 5.9m  
 Average age: 5 years



**TMS**

Number of buses: 25 units  
 Number of seats: 20  
 Maximum passengers: 30  
 Overall length: 8.7m  
 Average age: 1 year

## 7. BUSINESS OVERVIEW (Cont'd)

### Electric buses



#### EV Foton 12m

Number of buses: 6 units  
 Number of seats: 37  
 Maximum passengers: 68  
 Overall length: 12m  
 Average age: 2 years



#### EV Foton 10.5m

Number of buses: 34 units  
 Number of seats: 27 to 29  
 Maximum passengers: 29 to 66  
 Overall length: 10.5m  
 Average age: 1 year



#### EV Foton 8.5m

Number of buses: 6 units  
 Number of seats: 22  
 Maximum passengers: 37  
 Overall length: 8.5m  
 Average age: 2 years



#### King Long

Number of buses: 1 unit  
 Number of seats: 13  
 Maximum passengers: 27  
 Overall length: 6.5m  
 Average age: 3 years



#### EV Asia Star 7.2m

Number of buses: 6 units  
 Number of seats: 15 to 20  
 Maximum passengers: 30 to 31  
 Overall length: 7.2m  
 Average age: 2 years

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.7.3.3 Bus depots

As at the LPD, we have 4 depots including 3 in Johor and 1 in Melaka to support our bus service operations. The key functions of our bus depots are as follows:

- parking and storage for our buses when they are not in service. All our buses will return to their allotted bus depots at the end of the operational day;
- pre-trip inspection where our technicians and drivers perform safety checks before departure, and upkeep of buses where the exterior and interior of the buses are cleaned daily after service operations to maintain cleanliness;
- covered workshops in our Johor Bahru depot to carry our bus repair and maintenance services including routine maintenance, repair services, bodywork and refurbishment; and
- fuelling facilities for our ICE buses as well as charging stations for our electric buses.

#### Charging stations for our electric buses



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## 7. BUSINESS OVERVIEW (Cont'd)

### 7.8 OPERATIONAL FACILITIES

As at the LPD, the details of our operational facilities are as follows:

Main functions	Approximate land/built-up area	Location of facilities
HQ including OCC	Land area: 77,263 sq. ft. Built-up area: 42,935 sq. ft.	No. 23, Jalan Firma 2, Kawasan Perindustrian Tebrau IV, 81100 Johor Bahru, Johor, Malaysia
Singapore branch office	Built-up area: 300 sq. ft.	28, Kranji Loop, Kranji Green #05-07/08, 739571 Singapore
Melaka office and depot	Land area: 43,560 sq. ft.	Lot 1-11A, Kawasan Perindustrian Cheng, Fasa 1, 75250 Melaka, Malaysia
KL office	Built-up area: 500 sq. ft.	Level 16, Menara South Point, Mid Valley City, Medan Syed Putra Selatan, 59200 Kuala Lumpur, Malaysia
EV Bus Depot	Land area: 163,009 sq. ft. Built-up area: 5,103 sq. ft.	PLO297, Jalan Firma 2, Kawasan Perindustrian Tebrau IV, 81100 Johor Bahru, Johor, Malaysia
Mutiara ICE Bus Depot	Land area: 264,631 sq. ft. Built-up area: 22,935 sq. ft.	PTD83701, Jalan Firma 3/1, Kawasan Perindustrian Tebrau IV, 81100 Johor Bahru, Johor, Malaysia
Bika Bus Depot	Land area: 174,591 sq. ft. Built-up area: 21,906 sq. ft.	PLO 285, Jalan Firma 3, Taman Perindustrian Tebrau IV, 81100 Johor Bahru, Johor, Malaysia

### 7.9 MACHINERY AND EQUIPMENT

Our main machinery and equipment for our bus service operations as at 31 October 2024 are as follows:

Major machinery and equipment	Quantity (units)	Net book value as at 31 October 2024 (RM'000)	Average age (years)	Useful life (years)
Diesel buses	584	135,664	5	15
Electric buses	53	40,694	1	15
Ticketing machines	440	2,169	1	5
Cash sorting machine	12	72	6	10
Electric bus chargers	22	6,784	1	10
Bus wash system	2	159	1	10
Generator	5	40	8	10
Wheel alignment machine (for workshop)	2	42	9	10
Tyre changer machine	1	5	8	10
Overhead crane (depot)	1	217	1	10

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.10 OPERATING CAPACITY AND UTILISATION

We have a fleet of buses to carry out the respective bus services in accordance with the licenses and vehicle permits secured. For the Financial Years/Period Under Review, our revenue were mainly contributed by our JB-SG cross-border bus services which accounted for 12.8% (RM4.0 million), 53.1% (RM63.5 million), 58.8% (RM122.2 million) and 59.8% (RM122.2 million) of the total revenue for the FYE 2022, FYE 2023, FYE 2024 and FPE 2025 respectively, as well as contracted intracity bus services with government bodies which accounted for 57.5% (RM18.1 million), 29.6% (RM35.5 million), 27.7% (RM57.4 million) and 27.4% (RM56.0 million) of the total revenue for the FYE 2022, FYE 2023, FYE 2024 and FPE 2025 respectively, and the information on operating capacity and utilisation are as follows:

#### (i) JB-SG cross-border bus services

For the Financial Years/Period Under Review, the capacity, actual ridership and utilisation rate for our JB-SG cross-border bus services are as follows:

	Number of permitted buses <sup>(1)</sup>	Annual capacity <sup>(2)</sup> (‘000 number of passengers)	Actual ridership <sup>(3)</sup> (‘000 number of passengers)	Utilisation rate <sup>(4)</sup> (%)
FYE 2022	150	3,660	71	2
FYE 2023	150	29,799	5,890 <sup>(5)</sup>	20
FYE 2024	150	29,799	15,672 <sup>(5)</sup>	53
FPE 2025	150	22,288	15,919	71

#### Notes:

- (1) Refers to the number of buses permitted for JB-SG cross-border bus services.
- (2)  $(\text{Total number of seats for all permitted buses}) \times (\text{the maximum number of trips per 24-hour day for all permitted buses}) \times (365 \text{ days (or prorated) per year}) \times (90\% - \text{to cater for 10\% downtime for repair and maintenance})$ .
- (3) Total number of tickets sold for each respective FYE and FPE.
- (4)  $(\text{Actual ridership divided by annual capacity}) \times 100\%$ .
- (5) The increase in ridership in FYE 2023 and FYE 2024 was because of the increase in demand for our JB-SG bus services on the back of increased service frequencies post COVID-19 pandemic period as we gradually recommenced our JB-SG cross-border bus services after the reopening of borders in April 2022.

#### (ii) Intracity bus services

Our intracity bus services for Johor, Melaka and the Klang Valley are mainly government-contracted bus services with predetermined routes and schedules, which may be revised from time to time. In this respect, our buses are dedicated to the scheduled bus services under the respective programme including SBST, Bas MUAFKAT Johor and Smart Selangor Bus. We are provided with a fixed fee for services rendered less any penalty based on among others, the number of buses deployed or the number of kilometres travelled. As such, bus capacity, ridership and utilisation rate are not part of our operational parameters in terms of utilisation of assets.



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

For the Financial Years/Period Under Review and as at the LPD, the number of buses deployed for our government-contracted bus services are as follows:

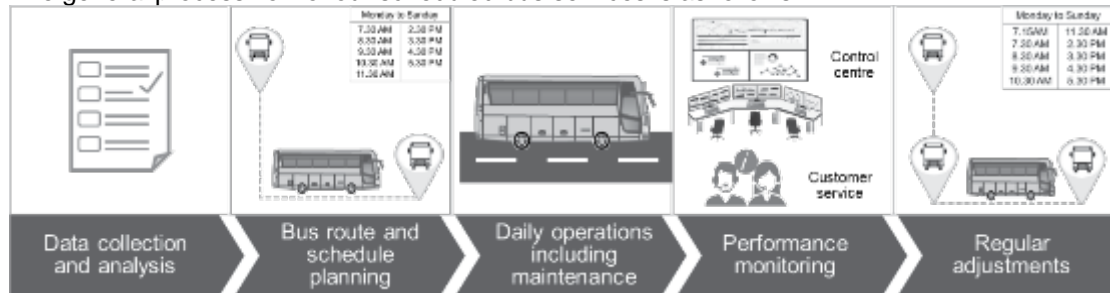
	FYE 2022	FYE 2023	FYE 2024	FPE 2025	As at the LPD
<b>Johor</b>					
SBST-myBAS	-	65	80	92	92
Bas MUAFKAT	33	33	33	42	42
<b>Klang Valley</b>					
Smart Selangor (Sepang)	18	18	18	18	18
Smart Selangor (Klang)	-	-	8	-	-
PJ City Bus	12	-	-	-	-
Rapid KL	-	-	-	61	148
<b>Melaka</b>					
SBST-BAS.MY	-	-	-	35	35

**7.11 PROCESS FLOW**

**7.11.1 Bus services for the general public**

We provide cross-border, intracity and intercity scheduled bus services, for the general public in Peninsular Malaysia and Singapore. We run our buses based on schedules of daily timetables of pick-up/drop-off points for all our routes. These timetables are published on our website, the *LUGO* mobile application, as well as printed copies for *myBAS* bus services which are available at the bus terminals, to enable passengers to plan their journeys.

The general process flow of our scheduled bus services is as follows:



**Data collection and analysis**

We continuously gather data through our fleet management system, which transmits real-time information to our OCC. Our analysis primarily focuses on ridership and travel time data. Ridership data includes boarding and alighting patterns at different stops, allowing us to identify peak hours, popular routes, and underutilised sections. Travel time data tracks the journey duration of each bus along different routes, helping us evaluate efficiency and identify potential delays or bottlenecks.

In addition to the data collected at our OCC, we also take into account feedback from the general public and relevant authorities concerning their needs, preferences for bus service frequency, and desired stop locations.

## 7. BUSINESS OVERVIEW (Cont'd)

### Bus route and schedule planning

Using our analysis tools, we develop bus routes that strike a balance between passenger needs and operational efficiency. Key considerations include the following:

- minimising travel time and maximising route coverage to accommodate rider pick-up and drop-off locations;
- connecting major destinations and densely populated areas;
- connecting other public transportation modes such as rail systems and major bus terminals;
- ensuring optimal spacing between stops to minimise wait time and rider convenience; and
- accounting for road conditions, traffic patterns, and turn restrictions that impact traffic flow.

Once routes are established, we create bus schedules that dictate bus frequency, and departure and arrival times at each stop. During peak hours, our buses operate more frequently.

Subsequently, we apply for the necessary approvals, licenses and permits from relevant authorities. Intracity and intercity bus services require licenses and permits from Malaysian authorities, while cross-border services require licenses and approvals from both Malaysian and Singaporean authorities.

Our bus route and schedule planning are based on continuous data collection and analytics to enable us to optimise our routes and schedules. Where relevant, we may modify our routes and schedule to provide better coverage and convenience to riders.

### Daily operations

Following final adjustments, we will commence our daily operations. Each driver and bus are assigned to specific routes according to a pre-determined schedule. This schedule information is readily accessible across multiple platforms including our website, the *LUGO* mobile application, and printed copies for at the bus terminals for passenger convenience. Real-time arrival and departure updates can be accessed through our company website, mobile application, and third-party platforms like Google Maps.

Our buses incorporate several safety features including the following:

- all buses are equipped with our routing management and tracking system featuring the following:
  - automatic vehicle location technology using Global Positioning System (GPS) for real-time tracking of bus location and speed. Data is transmitted via cellular network to our OCC; and
  - voice communication system enabling direct communication between dispatchers and drivers for real-time updates, addressing concerns, or coordinating service adjustments.
- all buses are designed with multiple exits including doors and breakable windows for rapid exit during emergencies;
- all buses are equipped with on-board fire extinguishers for immediate use in case of fire; and



## 7. BUSINESS OVERVIEW (Cont'd)

- new buses are outfitted with closed-circuit television (CCTV) systems to monitor passenger activity and deter potential crime on-board our buses. Authorised personnel can review footage upon request to address concerns or incidents. We may install CCTV systems on old buses if required depending on contract requirements.

Passengers have a variety of fare payment methods to choose from for their convenience, including cash, passes, contactless payment like *ManjaLink* card, credit and debit cards, as well as mobile payment including *ManjaPay*, *Apple Pay*, *Google Pay* and *Samsung Pay*.

### Routine maintenance

We conduct routine maintenance, including daily and periodic tasks, for our buses. The frequency of these tasks adheres to the bus manufacturers' specifications and is adjusted as necessary based on operational needs.

Some regular maintenance tasks performed by our drivers include:

- Conducting visual inspection of the bus to identify leaks, loose parts, tyre conditions, and any damage to lights, windows, doors, and wiper blades;
- Checking engine oil and coolant before starting the bus;
- Performing a basic operational check of the brakes to ensure proper engagement and detect any unusual sounds or vibrations; and
- Cleaning the interior and exterior of the bus at the end of each day.

Periodic maintenance carried out in the bus workshop includes:

- Cleaning and replacing air filter, engine oil and oil filter elements to maintain optimal engine performance and longevity;
- Tyre inspection including checking of tread condition, wear and tear, as well as pressure check, wheel alignment and balancing;
- Checking of air conditioning system to ensure an efficient, reliable and well-functioned system to provide comfort for passengers;
- Lubricating all designated grease points on the chassis and suspension components to minimise friction and wear;
- Conducting a comprehensive inspection of the entire brake system, and replacing any worn or damaged components including battery; and
- Performing a thorough inspection of all major systems, including the engine, transmission, brake, steering, suspension, axles, wheels, and electrical system.

### Performance monitoring

#### *Operations Control Centre*

All our buses are connected to our OCC via fleet management system including routing management and tracking systems, electronic ticketing system and sensors using a third-party mobile cellular system. Through this system, we gather a variety of data including the following:

- Ridership data: Tracks the number of passengers using our bus services;
- Trip-related data: Monitors the completion status of trips and identifies any missed trips; and

## 7. BUSINESS OVERVIEW (Cont'd)

- Punctuality data: Measures driver adherence to the schedules, specifically focusing on on-time arrivals at designated stops.

We collect this data internally to conduct reviews and identify areas for improvement.

### Customer service

Additionally, we monitor our performance through customer service channels to gather feedback from passengers. We handle passenger inquiries and address complaints received via phone, email, or in-person support.

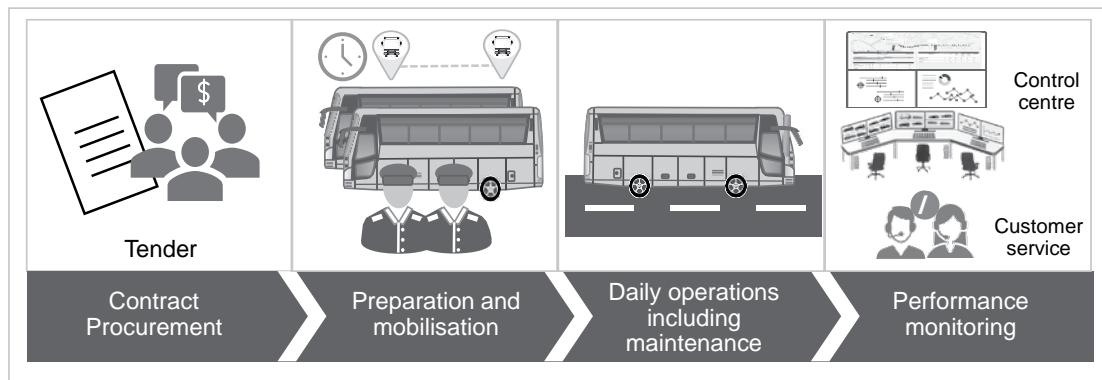
### Regular adjustment

We routinely review our bus route and schedule every six months to ensure ongoing optimisation in response to evolving needs and data.

### 7.11.2 Government-contracted intracity bus services

We provide government-contracted intracity bus services in selected areas in Johor, Melaka and the Klang Valley. The routes and schedules are outlined in our contracts with the respective government bodies.

The general process flow for the provision of government-contracted intracity bus services are as follows:



### Contract procurement

Our government-contracted bus services are secured through tendering processes with various government bodies. Contracts are mainly for 1 to 5 years, after which new tenders are called or subsisting contracts are renewed for subsequent years.

Our decision to participate in the tendering process is based on preliminary assessments conducted by our team to evaluate, among others, contract terms, customer requirements, and alignment with our service capabilities. Once we have decided to bid, we will commence the preparation of our tender documents which include a commercial proposal focusing on pricing, payment terms and other relevant commercial aspects, and a technical proposal focusing on our deployment of buses, bus specifications, bus routes, schedules, operational performance history, company experience profile, and bus maintenance records. During the course of preparation for the tender documents, we also carry out the following which form part of the proposal for the tender:

- Designing bus routes based on resident and transient population density, travel patterns, and existing infrastructure and facilities including schools, railway stations, shopping centres, community amenities and workplaces; and

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

- Developing schedules tailored to passenger demand, traffic conditions, and desired service frequency.

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

**Preparation and mobilisation**

The contract is considered secured upon receipt of the letter of award, at which point we proceed to prepare for bus operations. Some of the procedures involved include the following:

- Procuring new buses or ensuring regular inspection, maintenance, and cleaning of existing buses to ensure safety and reliability.
- Providing training for new drivers in safe driving practices, route familiarity, customer service, emergency protocols, and the use of on-board technologies.

In some situations, when we face a shortage of buses to meet our contractual obligations, we will rent buses from third-party to continue our operations.

**Daily operations and maintenance**

This process is similar to daily operations and routine maintenance described in Section 7.11.1 of this Prospectus.

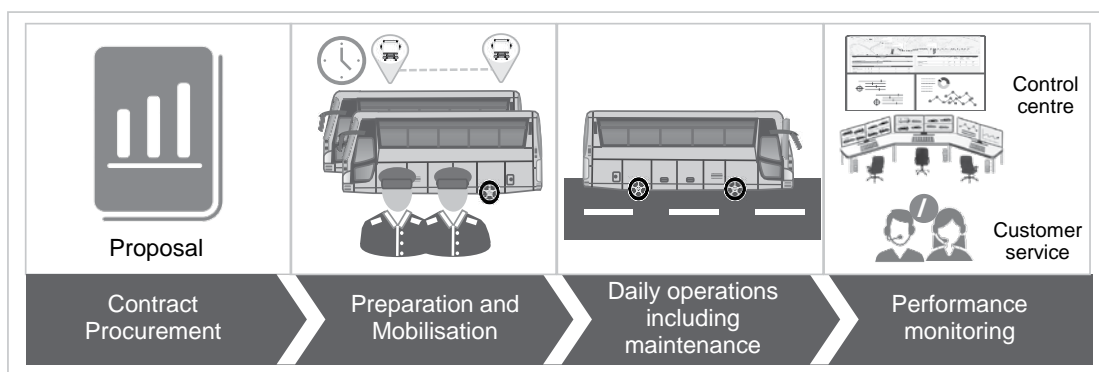
**Performance monitoring**

This process is similar to performance monitoring described in Section 7.11.1 of this Prospectus, except that the data that we collect will be regularly reported to our customers. Our performance is measured against agreed targets as specified in the contract, and failure to meet these targets will result in penalties as specified in our contracts.

**7.11.3 Corporation-chartered bus services**

We typically offer chartered bus services to corporations through contractual agreements. The routes and schedules are determined based on customers' specifications and outlined in the contract or purchase orders.

The general process flow for the provision of corporation-chartered bus services is as follows:



This process is similar to government-contracted bus services described in Section 7.11.2, except for the following:

- Our contracts are secured through submission of proposals to prospective customers;
- Bus routes and schedules are determined by the customers; and

## 7. BUSINESS OVERVIEW (Cont'd)

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- Failure to meet the agreed targets will result in written warnings, show cause letters, contractual deductions, driver replacement, or contract termination depending on the severity and frequency of the issue.

### 7.12 R&D

We do not carry out any research and development activity as it is not relevant to our business, and as such, we have not recognised any research and development expenditure during the Financial Years/Period Under Review.

### 7.13 TECHNOLOGIES USED

The main technologies that we use in our operations are ICT. They are mainly used in the following areas:

- Our Operations Control Centre;
- Onboard our buses; and
- Online facilities.

#### **Operations Control Centre**

Our OCC uses the following ICT to facilitate the effective, efficient and safe operations of our bus services, and effective management and administration. They incorporate the following technologies:

- hardware such as servers, network equipment, storage devices and display monitors;
- application software incorporating the following systems:
  - . real-time tracking and monitoring of our fleet of buses using GPS;
  - . traffic monitoring involving tracking real-time traffic conditions;
  - . real-time updates of bus arrival and departure information;
  - . incident management system to identify events and issue alerts;
  - . electric bus monitoring system; and
  - . data integration platform to collect data and perform data analytics;
- mobile cellular communication system between the OCC and drivers, transmission of real-time tracking and monitoring data from buses (including ICE and electric buses) to the OCC, and connection to the internet; and
- data analytics and reporting system where data collected are aggregated and analysed to provide insights to improve operation efficiency and driver safety, as well as for reporting and management purposes.

## 7. BUSINESS OVERVIEW (Cont'd)

### Our buses

Our buses including ICE and electric buses are also equipped with ICT facilities as follows:

- hardware such as computers, networking equipment, sensors, CCTV and GPS equipment;
- application software including tracking and monitoring system, payment system, ridership and bus information system; and
- communications system between the OCC and drivers, transmission of real-time tracking and monitoring data from buses to the OCC, and connection to the internet for the provision of Wi-Fi services on-board the bus and to link to our online facilities.

### Online facilities

We operate the following online facilities:

- our website to provide, among others:
  - . bus routes and timetable information;
  - . real-time information on all deployed buses (including ICE and electric buses);
  - . purchases of tickets;
  - . payment system via our bank transfer, and partner's gateway facilities;
  - . our contactless payment and ticketing including *ManjaLink* card;
  - . loyalty programme;
  - . application to our various programmes and our partners' programmes; and
  - . other general information.
- mobile phone application, *LUGO*, to access our website.

### 7.14 SEASONALITY

We generally experience higher revenue in the second half of the financial year mainly attributed to various festive and holiday seasons including school holidays in Malaysia and Singapore. This was reflected in our financial performance as follows:

	First half (H1) - February to July RM'000	Second half (H2) - August to January RM'000
FYE 2023	43,264	76,368
FYE 2024	92,271	115,442

### 7.15 MATERIAL INTERRUPTIONS IN OUR BUSINESS

The World Health Organisation declared COVID-19 a pandemic on 11 March 2020. As a result, we experienced some temporary interruptions to our business operations due to the MCO imposed by the Government and Circuit Breaker Measures by the Singapore government to contain the COVID-19 pandemic.

Apart from the impact of the COVID-19 pandemic, we have not experienced any material interruptions in our business during the Financial Years/Period Under Review.

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

### **7.15.1 COVID-19 conditions in Malaysia**

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

The first phase of the MCO was implemented from 18 March 2020 to 3 May 2020 which saw the closure of all businesses except for those classified as "essential services" during that period, or those that have received written approval from MITI. Subsequently, as the number of daily and active COVID-19 cases came down, the Government relaxed the country's restrictions and allowed the nation's economy to reopen in a controlled manner. From 18 March 2020 up to June 2021, the MCO went through various phases throughout the country where restrictions were either relaxed and/or tightened for certain states, districts and/or locations based on the number of daily and active COVID-19 cases in the respective areas. On 15 June 2021, the Government announced the National Recovery Plan, a phased exit strategy from the COVID-19 crisis consisting of 4 phases where the restrictions gradually eased in each phase.

Malaysia's borders including the land borders with all neighbouring countries such as Singapore were closed since 18 March 2020 and only fully reopened from 1 April 2022 onwards. Before the reopening of borders, the Malaysia and Singapore governments launched the VTL by land on 29 November 2021, allowing fully vaccinated individuals to travel across the borders on designated VTL buses, subject to pre-departure requirements and procedures such as valid vaccination certificate, vaccinated travel pass application as well as pre-departure negative test result.

### **7.15.2 Impact on our business operations and financial performance**

Since the commencement of MCO on 18 March 2020, our business operation has been impacted as our cross-border bus services were temporarily suspended due to the closure of the land borders between Singapore and Malaysia. In addition, our intercity and intracity bus services were impacted due to the containment measures implemented including interstate and inter-district travel restrictions during the various MCO periods.

Following the relaxation of restrictions in Malaysia, we gradually recommenced our operations including scheduled and chartered bus services within Malaysia. Our cross-border services remained suspended as the land borders were still closed throughout 2020 and 2021.

In November 2021, we recommenced our cross-border bus services as we were one of the two bus operators to provide the bus services under the land VTL scheme. Subsequently, in April 2022, the border fully reopened and we resumed our cross-border bus services for all fully vaccinated individuals.

### **7.15.3 Impact on our financial performance**

As our business operations were affected due to various COVID-19 pandemic containment measures as mentioned above, this has impacted our financial performance as reflected in the low revenue contribution and GL condition for the FYE 2022. This has also affected our operating cash flow position where we recorded a negative operating cash flow of RM1.6 million in the FYE 2022. This was because our operation of cross-border and intracity bus services was affected by the border closure between Malaysia and Singapore as well as low ridership for the intracity bus services due to the containment measures implemented during the period.

## 7. BUSINESS OVERVIEW (Cont'd)

To help investors better understand the impact of the MCO on our Group's financial condition and result of operations, the chronology of events is set out below:

- a) The imposed lockdown measures (including movement restriction orders to mitigate the spread of the COVID-19 virus) effectively limited public travel. This led to a sharp decline in ridership for bus services, as evidenced by the ridership data for the JB-SG cross-border bus services set out below:

Ridership volume ('000)	Pre COVID-19 pandemic period		COVID-19 pandemic period		Post COVID-19 pandemic period	
	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
JB-SG cross-border	7,131	9,229	1,188	71	5,890	15,672

The decline in ridership had a direct impact on our Group's financial performance. In particular, the scheduled bus services, being the largest revenue contributor and accounting for over 90.0% of total revenue for the FYE 2023 and FYE 2024. Within this segment, the Causeway Link servicing the JB-SG cross-border bus services predominates other routes in terms of revenue contribution.

During the MCO period commencing on 16 March 2020, cross-border buses were not allowed to operate due to the closure of the MY-SG land borders. Following the launch of the MY-SG VTL, our Group was permitted to operate the JB-SG cross-border bus services for just 64 days (from 29 November 2021 to 31 January 2022) during the FYE 2022. However, this was at a scaled-down capacity, with only one out of 7 routes were allowed to operate before fully resuming operations on 1 May 2022 after the re-opening of the MY-SG land borders.

Accordingly, the contribution from the JB-SG cross-border bus services was significantly lower in the FYE 2022, as our Group only recognised revenue of RM4.0 million, compared to the revenue recognised in the FYE 2023 and FYE 2024 (post COVID-19 pandemic period) of RM63.6 million and RM122.4 million, respectively, from our cross-border operations. The ridership from our JB-SG cross-border bus services in FYE 2024 was approximately 15.7 million passengers, which were higher compared to 7.1 million and 9.2 million passengers in FYE 2019 and FYE 2020 (pre COVID-19 pandemic period). This was mainly due to the increase in demand for our JB-SG cross-border bus services on the back of increased service frequencies post COVID-19 pandemic period.

- b) The sharp decline in revenue stream arising from the lockdown measures consequently led to us recording a GL of RM4.7 million in the FYE 2022, as shown below:

RM'million	FYE 2022*	FYE 2023	FYE 2024
Revenue	31.5	119.6	207.7
Cost of sales	(36.2)	(86.6)	(144.3)
<b>(GL) / GP</b>	<b>(4.7)</b>	<b>33.0</b>	<b>63.4</b>
<b>(GL) / GP margin (%)</b>	<b>(14.9)</b>	<b>27.5</b>	<b>30.5</b>

\* MCO period

Despite the low ridership due to travel restrictions imposed to curb the COVID-19 pandemic, our Group continued to incur fixed operating costs, mainly comprising depreciation, amortisation, direct labour costs, rental, insurance, utility and security expenses, which aggregated to a total of RM22.6 million. This constituted 62.7% of the total RM36.2 million costs incurred for the FYE 2022, while the remaining 37.3% (i.e. fuel, spare parts and consumables, toll and related expenses, and performance-based incentives) were mainly incurred in relation to the chartered bus services, which were allowed to operate during the MCO period.



## 7. BUSINESS OVERVIEW (Cont'd)

During the FYE 2023 and FYE 2024, we had been consistently recording GP margin of at least 20.0% (pre-COVID normal), except for the FYE 2022, where cost of sales exceeded total revenue, thereby setting the underlying cause for the LAT recorded in the FYE 2022.

- c) For the FYE 2022, our Group recorded negative operating cash flow of RM1.6 million, which comprised:

RM'million	FYE 2022
LBT from operations	(34.8)
Adjustment for non-cash and non-operating items	37.1
<b>Operating profit before changes in working capital</b>	<b>2.3</b>
Adjustment for working capital changes	(1.8)
<b>Net cash generated from operations</b>	<b>0.5</b>
Tax paid	(2.1)
<b>Net cash (used in) operating activities</b>	<b>(1.6)</b>

As depicted above, despite registering a LBT of RM34.8 million for the FYE 2022, our Group generated net cash of approximately RM0.5 million from our operations after adjusting for non-cash items and working capital changes. Nevertheless, we paid total tax expenses of RM2.1 million in the current year, resulting in a net cash used in operating activities.

The total taxes paid in the FYE 2022 were brought forward from prior years. Under usual circumstances, our Group is required to pay taxes in Singapore for bus fares collected in SGD, to be settled in the respective year in which they arise. However, as part of its support measures to help businesses alleviate their cash flow issues during the pandemic, the Inland Revenue Authority of Singapore ("IRAS") allowed for longer instalment plans for tax payments.

Our Group took advantage of the flexibility provided by the IRAS to pay taxes in longer instalments, which impacted the operating cash flow for the FYE 2022. The said RM2.1 million comprised SGD0.2 million (approximately RM0.6 million) and SGD0.5 million (approximately RM1.5 million) paid for taxes incurred during the FYE 2019 and FYE 2020, respectively.

Following the relaxation of containment measures, revenue contribution from our scheduled bus service operations improved. This was reflected in the increase in revenue since the 4<sup>th</sup> quarter of the FYE 2022 following the recommencement of cross-border bus services under the land VTL scheme and further increased in the FYE 2023 as we gradually resumed our cross-border bus services in April 2022 after the border fully reopened. In addition, the increase in our revenue in the FYE 2023 was contributed by the commencement of *myBAS* bus services under the SBST programme in Johor Bahru and surrounding areas in March 2022.

	1 <sup>st</sup> quarter (Q1) FYE 2022 (Feb 2021 – Apr 2021)	2 <sup>nd</sup> quarter (Q2) FYE 2022 (May 2021 – July 2021)	3 <sup>rd</sup> quarter (Q3) FYE 2022 (Aug 2021 – Oct 2021)	4 <sup>th</sup> quarter (Q4) FYE 2022 (Nov 2021 – Jan 2022)
Revenue (RM'000)	5,772	5,231	5,039	15,426
Quarter-on-quarter change (%)	-	(9.4%)	(3.7%)	206.1%

	Q1 FYE 2023 (Feb 2022 – Apr 2022)	Q2 FYE 2023 (May 2022 – July 2022)	Q3 FYE 2023 (Aug 2022 – Oct 2022)	Q4 FYE 2023 (Nov 2022 – Jan 2023)
Revenue (RM'000)	17,547	25,717	34,840	41,528
Quarter-on-quarter change (%)	13.8%	46.6%	35.5%	19.2%

## 7. BUSINESS OVERVIEW (Cont'd)

Overall, our revenue increased by 280.2% to RM119.6 million in the FYE 2023 (FYE 2022: RM31.5 million) and continued to grow by 73.6% to RM207.7 million in the FYE 2024 (FYE 2023: RM119.6 million). Our operating cash flow position improved to RM35.7 million in the FYE 2023 and RM73.3 million in the FYE 2024.

### 7.16 SALES AND MARKETING ACTIVITIES

We are an operator of cross-border, intracity, intercity and chartered bus services, and our market positioning and strategies are focused on the following:

- **Brand equity**

Our cross-border and intercity bus services, as well as certain intracity bus services, operate under our main brand '*Causeway Link*'. Our branding is supported by our distinct yellow-coloured buses for our JB-SG cross-border services, and multi-coloured design for our intercity services to create high brand visibility.

We have been operating under our brand name since the commencement of our JB-SG cross-border bus services in 2003, giving us brand visibility for at least 20 years. Our high brand visibility is further supported by our ridership of approximately 15.7 million passengers and 150,000 trips for our JB-SG cross-border service in the FYE 2024.

Our brand equity is further supported by our marketing programmes and activities including the following:

- Digital marketing

We utilise digital media including our website and mobile application, *LUGO*, as well as third-party social media platforms such as Facebook and Instagram to promote our brand, announce new routes, provide travel tips, engage with our customers and respond to customers' inquiries.

- Educational programme

We conduct educational sessions on public transportation where the students will be taken on a tour of our buses. As part of this programme, the students will be taught how to ride a bus safely, precautions to be taken when using public transportation, as well as basic information about road safety. In addition, we organise competitions such as art competition and video competition centred around the theme of public transportation. These initiatives are mainly to create awareness and educate students about the importance of public transportation.

- Third-party online platforms

We also use third-party platforms to sell our tickets including BusOnlineTicket.com, redBus.my and Easybook.com, which provide us with brand visibility to potential customers.

- Participation in exhibitions/events

For the Financial Years/Period Under Review, we have participated in the following exhibitions and events:

## 7. BUSINESS OVERVIEW (Cont'd)

Events	Date	Location
"Safe Centro" Exhibition in Iskandar Puteri	11 August 2022	Iskandar Puteri, Johor
Exhibiting Net Zero Carbon Initiative in Medini Iskandar with various players in the industry	26 June 2023	Iskandar Puteri, Johor
Asia Pacific Climate Change Week Conference by United Nations	13 – 17 November 2023	Johor Bahru, Johor
CFS Open Day in Pengerang	23 November 2023	Pengerang, Johor
Temasya Bandaraya Pasir Gudang Event organised by Majlis Bandaraya Pasir Gudang	24 – 26 November 2023	Pasir Gudang, Johor
APAC on Clean Buses Conference around Asia Pacific Market	21 – 22 March 2024	Singapore
Academic Carnival at Taman Tasek School Event	19 May 2024	Johor Bahru, Johor
Cashless Payments Solution Exhibition to support SBST Melaka Operation	18 – 24 June 2024	Melaka

- **Route coverage and frequency**

Our sales and market activities also include increasing accessibility of our services, as well as providing convenience to use our services. This is particularly pertinent for our JB-SG cross-border services which represented our largest revenue contribution segment for the FYE 2023, FYE 2024 and FPE 2025. As such, as at the LPD, our JB-SG cross-border bus services cover 6 pick-up and drop-off points in Singapore, and 2 pick-up and drop-off points at Larkin Sentral Bus Terminal and Mall of Medini, which are also connected to our other intracity bus services in Johor Bahru. Our JB-SG cross-border bus services are supported by a fleet of 150 buses. We increase our frequencies to cater to peak hours and also operate one 24-hour route to cater to commuters who need to travel past midnight.

Our routes and timetables are designed to provide convenience to the following target customer groups for our JB-SG cross-border services:

- Johor Bahru residents working or studying in Singapore;
- business travellers between Johor Bahru and Singapore;
- tourists travelling between Johor Bahru and Singapore; and
- shoppers and diners from Singapore patronising JB's retail outlets.

Our service accessibility and convenience to target customers will help to create brand loyalty to obtain repeat business to sustain our business.

- **Safety and reliability**

We prioritise the safety and reliability of our bus services, ensuring efficient transportation of passengers to their destinations within scheduled timetables. Emphasising safety and reliability not only enhances our brand image and fosters customer loyalty but also generates positive word-of-mouth, attracting new customers to our services.

## 7. BUSINESS OVERVIEW (Cont'd)

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Our dedication to safety and reliability is underscored by our repair and maintenance services, encompassing both scheduled and on-demand repair and maintenance to ensure uninterrupted and safe operations for all our buses. Additionally, we offer comprehensive driver training and enforce stringent safety protocols. Throughout operations, all buses remain connected to our OCC, enabling us to monitor trips and driving behaviours closely to uphold safety standards. Furthermore, we facilitate real-time, two-way communication between drivers, dispatchers and OCC. This ensures drivers receive up-to-date information about route conditions and enables prompt reporting of emergencies, allowing dispatchers or the OCC to take immediate action when required.

- **Creating a positive passenger experience**

Our buses are designed to offer a clean and comfortable environment, enhancing the passenger experience. They feature air-conditioning, along with Wi-Fi and USB ports for charging convenience. We uphold cleanliness standards by regularly cleaning both the bus interior and exterior, ensuring a comfortable journey for all our passengers.

The positive passenger experience will enhance our brand image to encourage repeat business and create customer loyalty.

- **Customer service**

We emphasise customer service to ensure end-to-end customer satisfaction to encourage repeat business and promote word-of-mouth recommendations. Our customer services include the following:

- ease of customer enquiries through our website and general service phone line available for 24 hours daily;
- ticketing and travel information through our physical ticketing counters, our website, and third-party and related party online platforms;
- ease of payment including cash, passes, contactless payment including *ManjaLink* card provided by our related party, credit and debit cards, as well as mobile payment including *ManjaPay*, *Apple Pay*, *Google Pay* and *Samsung Pay*;
- available channel for handling customers' complaints and feedback through our ticketing counters, bus drivers as well as on our online website; and
- courteous and helpful drivers to assist passengers reach their destination comfortably and safely.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.17 MAJOR CUSTOMERS

As an operator of bus services, our customers are mainly the general public who are paying passengers for our cross-border, intracity and intercity bus services. The revenue derived from the general public accounted for 14.7% (RM4.6 million), 61.0% (RM72.9 million), 64.2% (RM133.2 million) and 66.5% (RM135.8 million) of our total revenue for the FYE 2022, FYE 2023, FYE 2024 and FPE 2025 respectively.

In addition, we serve other customers including government bodies that contract our services to provide intracity bus services to the general public, as well as corporations that charter our buses and use our other services.

Our top 5 major customers and their contribution to our revenue for the FYE 2022, FYE 2023, FYE 2024 and FPE 2025 are as follows:

#### FYE 2022

Customer name	Location	Main services	RM'000	%	Length of relationship <sup>(1)</sup> (years)
PAJ	Malaysia	Contracted intracity bus services	9,569	30.4	7
APAD	Malaysia	Contracted intracity bus services	6,332	20.1	11
Seagate	Malaysia	Chartered bus services	1,838	5.8	4
Petronas Refinery	Malaysia	Chartered bus services	1,733	5.5	7
Majlis Perbandaran Sepang	Malaysia	Contracted intracity bus services	1,514	4.8	3
<b>Subtotal of top 5</b>			<b>20,986</b>	<b>66.6</b>	
<b>Group Revenue</b>			<b>31,468</b>		

#### FYE 2023

Customer name	Location	Main services	RM'000	%	Length of relationship <sup>(1)</sup> (years)
APAD	Malaysia	Contracted intracity bus services	22,330	18.7	11
PAJ	Malaysia	Contracted intracity bus services	10,561	8.8	7
Majlis Perbandaran Sepang	Malaysia	Contracted intracity bus services	2,561	2.1	3
Petronas Refinery	Malaysia	Chartered bus services	1,731	1.4	7
Seagate	Malaysia	Chartered bus services	1,669	1.4	4
<b>Subtotal of top 5</b>			<b>38,852</b>	<b>32.4</b>	
<b>Group Revenue</b>			<b>119,632</b>		

**7. BUSINESS OVERVIEW (Cont'd)****FYE 2024**

Customer name	Location	Main services	RM'000	%	Length of relationship <sup>(1)</sup> (years)
APAD	Malaysia	Contracted intracity bus services	43,111	20.8	11
PAJ	Malaysia	Contracted intracity bus services	10,698	5.2	7
Customer A	Singapore	Chartered bus services	3,613	1.7	5
Majlis Perbandaran Sepang	Malaysia	Contracted intracity bus services	2,760	1.3	3
Seagate	Malaysia	Chartered bus services	1,807	0.9	4
<b>Subtotal of top 5</b>			<b>61,989</b>	<b>29.9</b>	
<b>Group Revenue</b>			<b>207,713</b>		

**FPE 2025**

Customer name	Location	Main services	RM'000	%	Length of relationship <sup>(1)</sup> (years)
APAD	Malaysia	Contracted intracity bus services	42,127	20.6	11
PAJ	Malaysia	Contracted intracity bus services	8,192	4.0	7
Customer A	Singapore	Chartered bus services	3,284	1.6	5
Rapid Bus Sdn Bhd	Malaysia	Contracted intracity bus services	2,661	1.3	Less than 1 year
Majlis Perbandaran Sepang	Malaysia	Contracted intracity bus services	2,091	1.0	3
<b>Subtotal of top 5</b>			<b>58,355</b>	<b>28.5</b>	
<b>Group Revenue</b>			<b>204,267</b>		

**Note:**

(1) Length of relationship as at the LPD.

Our top 5 major customers, in aggregate, contributed between 28.5% to 66.6% of our total revenue during the Financial Years/Period Under Review. However, there is no concentration risk in respect of our major customers as our customers mainly comprised the general public who are paying passengers for the cross-border, intracity and intercity bus services.

We are dependent on APAD as the revenue from APAD accounted for RM6.3 million (20.1%), RM22.3 million (18.7%), RM43.1 million (20.8%) and RM42.1 million (20.6%) of our total revenue for the FYE 2022, FYE 2023, FYE 2024 and FPE 2025 respectively. As at the LPD, we have two ongoing contracts with APAD as follows:

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

	Contract period	Contract value (RM million)	Unbilled order book as at the LPD (RM million)
Intracity bus services (SBST) in Johor Bahru	March 2022 to March 2025 <sup>(1)</sup>	147.6	8.2
Intracity bus services (SBST) in Melaka	May 2024 to April 2029	83.8	71.2
<b>Total</b>		<b>231.4</b>	<b>79.4</b>

**Note:**

(1) As at the LPD, we are in the midst of discussion with our customer for the extension of service.

Nevertheless, the nature of our business as a stage bus operator necessitates contracting with APAD because for the provision of the public bus transportation in Malaysia, APAD is the sole authority that awards contracts. We have been dealing with the Land Public Transport Commission Malaysia (the predecessor of APAD) since 2013. Our dependence on APAD is mitigated due to the following factors:

- (i) Our customers mainly comprised the general public who are paying passengers for the cross-border, intracity and intercity bus services. The revenue derived from the general public accounted for 14.7% (RM4.6 million), 61.0% (RM72.9 million), 64.1% (RM133.2 million) and 66.5% (RM135.8 million) of our total revenue for the FYE 2022, FYE 2023, FYE 2024 and FPE 2025, respectively;
- (ii) The APAD contracts were awarded through a tender process. As at the LPD, our Group has two on-going contracts with APAD for intracity bus services in Johor and Melaka, respectively. These contracts are not conditional upon each other as they have different tenures, contract sums, service levels and obligations. The renewal of these contracts is contingent upon fulfilling the various service performance criteria set by APAD; and
- (iii) The contribution from APAD will reduce in the FYE 2025 because subsequent to FYE 2024, our Group was awarded with a RM83.5 million contract by Rapid Bus Sdn Bhd to serve as the bus operator for selected routes in Kuala Lumpur for a period of two years commencing in June 2024, with an option for Rapid Bus Sdn Bhd to extend the contract by an additional year. Furthermore, the GP contribution from the SBST programme accounted for less than 10.0% of our GP for the FPE 2025.

Moving forward, we will continue to submit tenders for intracity bus services in other states, cities or towns, or extend/renew our subsisting contracts with APAD.

Below are some of our key strengths and advantages that not only demonstrate our reliability, capabilities, and financial stability, but also help mitigate our dependency on APAD. These factors will further increase APAD's confidence in our ability to consistently perform and meet their requirements.

- (i) Providing operational stability is critical for bus services operations where our operational stability is backed by our established track record of 23 years in providing bus services since the commencement of our business in operating intracity bus services in Johor in 2002;
- (ii) Our investment in technology including fleet management systems to improve efficiency and customer satisfaction as well as to ensure compliance with relevant regulatory requirements, safety and documentation. This will help in our efforts to meet key performance indicators set by APAD;



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

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- (iii) We can easily scale our operations to provide bus services where required, either to bid for new routes or to take over from other bus services providers. Our scalability is largely facilitated by our digital infrastructure, including the OCC, on-board ICT systems installed in our buses, and various online applications such as our websites, mobile applications, and third-party digital systems. The OCC plays a critical role by providing centralised connectivity, management, and technical support for our buses, depots, drivers and ticketing operations.
- (iv) One of our core strengths lies in our strong asset base, which includes our fleet of buses, depots, and digital infrastructure which are connected to our OCC. Since the commencement of our business and up to the FPE 2025, we have invested a total of RM270.3 million for our buses, depots and OCC.

As at the LPD, we have 630 ICE buses and 53 electric buses. Our extensive fleet of buses enables us to offer wide route coverage across selected geographic areas and increased frequencies for scheduled bus services. Our extensive bus fleet will provide us with the platform to providing operational stability.

- (v) Our operational efficiency and stability are supported by depots that are equipped with workshops for routine and ad hoc maintenance, repair and upkeep of buses. Furthermore, our Bika Bus Depot is equipped with fueling stations for ICE buses, while our EV Bus Depot is equipped with charging stations which is dedicated to our electric buses.

While the revenue contribution from PAJ accounted for 30.4% of our total revenue for the FYE 2022, we are not dependent on them as the revenue contribution of more than 10.0% was only for one of the Financial Years/Period Under Review. For the FYE 2023, FYE 2024 and FPE 2025, revenue contribution from PAJ accounted for RM10.6 million (8.8%), RM10.7 million (5.2%) and RM8.2 million (4.0%) of our total revenue respectively. The higher revenue contribution of 30.4% from this customer in the FYE 2022 was mainly due to the low base where our revenue for the FYE 2022 was affected by various containment measures implemented due to the COVID-19 pandemic.

We are not dependent on the remaining top 5 customers for the Financial Years/Period Under Review as each of them accounted for less than 10.0% of our total revenue in each financial year/period.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.18 TYPES AND SOURCES OF INPUT MATERIALS AND SERVICES

The following are the major types of input materials and services that we purchased for the Financial Years/Period Under Review:

	FYE 2022		FYE 2023		FYE 2024		FPE 2025	
	RM '000	%	RM '000	%	RM '000	%	RM '000	%
Fuel	9,069	59.4	15,516	42.9	21,683	39.7	25,169	43.4
Subcontracted bus services	-	-	5,308	14.7	9,550	17.5	11,339	19.5
Spare parts and consumables	2,255	14.8	5,018	13.9	6,423	11.7	6,602	11.4
Rental of buses	621	4.1	4,036	11.2	5,823	10.7	2,117	3.6
Repair and maintenance services	1,889	12.4	1,879	5.2	3,812	7.0	3,245	5.6
Others <sup>(1)</sup>	1,421	9.3	4,402	12.1	7,334	13.4	9,574	16.5
<b>TOTAL PURCHASES</b>	<b>15,255</b>	<b>100.0</b>	<b>36,159</b>	<b>100.0</b>	<b>54,625</b>	<b>100.0</b>	<b>58,046</b>	<b>100.0</b>

**Note:**

(1) *Mainly consist of insurance, IT related services such as the contactless payment system including ManjaLink card, ManjaPay and LUGO mobile application provided by our related parties, purchases of cellular network plans for the transmission of data from buses to OCC, as well as toll expenses.*

For our bus service operations, fuel represents the largest proportion of our total purchases which accounted for 59.4%, 42.9%, 39.7% and 43.4% of our total purchases for the FYE 2022, FYE 2023, FYE 2024 and FPE 2025 respectively. For our bus service operations, we are eligible for subsidised diesel under the subsidised diesel control system (SKDS) 1.0 scheme for land public transport to purchase diesel at a subsidised rate. In the respect, our business is subject to changes in government policy relating to removing or reducing subsidies for fuel prices for public land transportation. Please refer to Section 9.1.8 of this Prospectus for further details on the risk relating to the movements in fuel prices.

We engage third party bus service operators for some of our intracity bus service routes under the SBST programme in Johor. During the Financial Years/Period Under Review, we had 5 route operators including our related parties, operating 9 routes. The subcontracted bus services accounted for 14.7%, 17.5% and 19.5% of our total purchases for the FYE 2023, FYE 2024 and FPE 2025 respectively.

The purchases of spare parts and consumables accounted for 14.8%, 13.9%, 11.7% and 11.4% of our total purchases for the FYE 2022, FYE 2023, FYE 2024 and FPE 2025 respectively. The spare parts and consumables are mainly for the repair and maintenance of our buses which are carried out at our workshop located at the Mutiara ICE Bus Depot.

We also engage third parties to carry out the repair and maintenance services of our buses and this accounted for 12.4%, 5.2%, 7.0% and 5.6% of our total purchases for the FYE 2022, FYE 2023, FYE 2024 and FPE 2025 respectively.

During the Financial Years/Period Under Review, we rent buses from related parties, namely Handal Ceria Sdn Bhd and Causeway Link Holidays Sdn Bhd, and third-parties for our bus service operations. This accounted for 4.1%, 11.2%, 10.7% and 3.6% of our total purchases for the FYE 2022, FYE 2023, FYE 2024 and FPE 2025 respectively.

## 7. BUSINESS OVERVIEW (Cont'd)

Our other purchases accounted for 9.3%, 12.1%, 13.4% and 16.5% of our total purchases for the FYE 2022, FYE 2023, FYE 2024 and FPE 2025 respectively. The other purchases mainly consist of insurance for the buses, IT related services such as the contactless payment system including *ManjaLink* card, *ManjaPay* and *LUGO* mobile application provided by our related parties, purchases of cellular network plans for the transmission of data from buses to OCC, as well as toll expenses.

During the Financial Years/Period Under Review, our purchases of materials and services were mainly sourced from suppliers in Malaysia which accounted for 99.8%, 99.1%, 99.0% and 99.0% of our total purchases for the FYE 2022, FYE 2023, FYE 2024 and FPE 2025 respectively. The remaining 0.2%, 0.9%, 1.0% and 1.0% of our total purchases for the FYE 2022, FYE 2023, FYE 2024 and FPE 2025 respectively were sourced from suppliers in other countries, and these were mainly relating to the IT related services provided by our related parties in Singapore.

### 7.19 MAJOR SUPPLIERS

Our top 5 major suppliers for the FYE 2022, FYE 2023, FYE 2024 and FPE 2025 are as follows:

#### FYE 2022

Supplier name	Location	Main input materials/services purchased	RM'000	%	Length of relationship <sup>(1)</sup> (years)
Chevron Malaysia Limited	Malaysia	Fuel supply	5,276	34.6	9
Shell Malaysia Trading Sdn Bhd	Malaysia	Fuel supply	2,297	15.1	9
Desa Milenia Sdn Bhd	Malaysia	Repair and maintenance service	1,560	10.2	7
Petronas Dagangan Berhad	Malaysia	Fuel supply	741	4.9	9
Policies Aegis Sdn Bhd <sup>(3)</sup>	Malaysia	Insurance	673	4.4	1
<b>Subtotal of top 5</b>			<b>10,547</b>	<b>69.2</b>	
<b>Group purchases</b>			<b>15,255</b>		

#### FYE 2023

Supplier name	Location	Main input materials/services purchased	RM'000	%	Length of relationship <sup>(1)</sup> (years)
Chevron Malaysia Limited	Malaysia	Fuel supply	7,810	21.6	9
Shell Malaysia Trading Sdn Bhd	Malaysia	Fuel supply	6,066	16.8	9
Handal Ceria Sdn Bhd <sup>(2)</sup>	Malaysia	Subcontracted bus services and rental of buses	3,060	8.5	9
Syarikat Pengangkutan Maju Berhad	Malaysia	Subcontracted bus services	2,828	7.8	6
Transit Link (Johor Bahru) Sdn Bhd	Malaysia	Subcontracted bus services and rental of buses	2,522	7.0	5
<b>Subtotal of top 5</b>			<b>22,286</b>	<b>61.7</b>	
<b>Group purchases</b>			<b>36,159</b>		

**7. BUSINESS OVERVIEW (Cont'd)****FYE 2024**

Supplier name	Location	Main input materials/services purchased	RM'000	%	Length of relationship <sup>(1)</sup> (years)
Chevron Malaysia Limited	Malaysia	Fuel supply	9,739	17.8	9
Shell Malaysia Trading Sdn Bhd	Malaysia	Fuel supply	8,361	15.3	9
Transit Link (Johor Bahru) Sdn Bhd	Malaysia	Subcontracted bus services and rental of buses	5,446	10.0	5
Handal Ceria Sdn Bhd <sup>(2)</sup>	Malaysia	Subcontracted bus services and rental of buses	3,600	6.6	9
Syarikat Pengangkutan Maju Berhad	Malaysia	Subcontracted bus services	3,408	6.2	6
<b>Subtotal of top 5</b>			<b>30,554</b>	<b>55.9</b>	
<b>Group purchases</b>			<b>54,625</b>		

**FPE 2025**

Supplier name	Location	Main input materials/services purchased	RM'000	%	Length of relationship <sup>(1)</sup> (years)
Chevron Malaysia Limited	Malaysia	Fuel supply	16,040	27.6	9
Transit Link (Johor Bahru) Sdn Bhd	Malaysia	Subcontracted bus services and rental of buses	5,886	10.1	5
Shell Malaysia Trading Sdn Bhd	Malaysia	Fuel supply	5,553	9.6	9
TBB Enterprise Sdn Bhd	Malaysia	Insurance	4,820	8.3	2
Petronas Dagangan Berhad	Malaysia	Fuel supply	2,492	4.3	9
<b>Subtotal of top 5</b>			<b>34,791</b>	<b>59.9</b>	
<b>Group purchases</b>			<b>58,046</b>		

**Notes:**

- (1) Length of relationship as at the LPD.
- (2) Handal Ceria Sdn Bhd is a related party and was previously involved in the provision of bus transportation services, which ceased on 1 May 2024.
- (3) There were winding-up petitions filed in August 2024 against Policies Aegis Sdn Bhd ("Policies Aegis") who was our insurance broker in the FYE 2022. However, this has no material adverse impact to our Group as our Group is not dependent on Policies Aegis and is able to source for similar services from alternative insurance brokers. As at the LPD, our Group has no subsisting insurance policies with Policies Aegis and has ceased renewing our insurance policies with Policies Aegis for the FYE 2023 onwards. Our Group currently procures our insurance policies from alternative insurance brokers such as TBB Enterprise Sdn Bhd.

During the Financial Years/Period Under Review, the suppliers that accounted for 10.0% or more of our total purchases of materials and services in any one or more financial year/period were Chevron Malaysia Limited and Shell Malaysia Trading Sdn Bhd for the purchases of fuels, Transit Link (Johor Bahru) Sdn Bhd mainly for the subcontracted bus services, and Desa Milenia Sdn Bhd for repair and maintenance services.

## 7. BUSINESS OVERVIEW (Cont'd)

We are not dependent on any of the major suppliers as we are able to source for these materials or services from alternative suppliers. For the Financial Years/Period Under Review, we purchased fuel from 5 suppliers including Chevron Malaysia Limited and Shell Malaysia Trading Sdn Bhd and we engaged 5 bus operators for the subcontracted bus services including Transit Link (Johor Bahru) Sdn Bhd. As for repair and maintenance services, we have engaged 15 suppliers including Desa Milenia Sdn Bhd during the Financial Years/Period Under Review.

### 7.20 EMPLOYEES

As at the LPD, we employ a total of 1,705 employees, out of which permanent employees accounted for 86.3% of our total workforce while the remaining 13.7% were contractual employees. The breakdown of our employees by division is as follows:

Designation / Department	As at the LPD		Total
	Permanent employee	Contract employee	
Executive Director	1	-	1
Key Senior Management	8	2	10
Corporate Services	4	1	5
Admin, Human Resource, Finance and IT	79	5	84
Operations	1,208	195	1,403
Technical and Supervisory	149	29	178
Sales and Marketing	23	1	24
<b>Total</b>	<b>1,472</b>	<b>233</b>	<b>1,705</b>

As at the LPD, local employees of each respective country accounted for 92.7% of our total workforce while the remaining 7.3% are foreign employees. The breakdown of our employees by country is as follows:

Country	As at the LPD				Total
	Permanent employee		Contract employee		
	Local	Foreign	Local	Foreign	
Malaysia	1,292	101	223	2	1,618
Singapore	58	21	8	-	87
<b>Total</b>	<b>1,350</b>	<b>122</b>	<b>231</b>	<b>2</b>	<b>1,705</b>

All of our foreign employees possess valid working permits and/or documentations. As at the LPD, none of our employees in Malaysia and Singapore belong to any trade union and are not parties to any collective agreements.

During the Financial Years/Period Under Review and up to the LPD, there was no major industrial dispute involving our employees. During the same period, we did not face any labour shortage that led to any disruption to our business operations.

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

### **7.21 MATERIAL DEPENDENCY ON COMMERCIAL CONTRACTS, AGREEMENTS AND OTHER ARRANGEMENTS**

As at the LPD, there are no commercial contracts, agreements, other arrangements or other matters entered into by or issued to us which we are materially dependent on, and which are material to our business and profitability.

In this respect, we wish to highlight that although we are (as disclosed in Sections 7.17 and 9.1.3 of this Prospectus) dependent on a major government customer, namely APAD, by virtue of historical revenue contribution recorded with such major customer, we do not deem any particular contract that we have entered into with such major customer (in particular, for intracity bus services (SBST) in Johor Bahru, which expires in March 2025, and intracity bus services (SBST) in Melaka, which expires in April 2029) to be a contract on which we are materially dependent.

As explained in Section 7.17 of this Prospectus, the nature of our business as a stage bus operator necessitates us contracting with APAD as the umbrella entity with the authority to award bus service contracts in Peninsular Malaysia, as the function of APAD is to coordinate, plan and regulate land transportation services in Peninsular Malaysia. However, while revenue derived from our bus services is recorded under the abovementioned contracts with APAD, our customers actually mainly comprise of the general public who are paying passengers for our cross-border, intracity and intercity bus services. Furthermore, the contracts that we enter into with APAD (i) are not conditional upon one another, (ii) have different tenures, contract sums and service levels and (iii) are subject to various service performance criteria applicable to their renewals. In addition to this, as further explained in Section 7.17 of this Prospectus, the percentage contribution from APAD and each of the bus services contracts that we have entered into with APAD will reduce going forward in FYE 2025 due to award of a contract by Rapid Bus Sdn Bhd to serve as the bus operator for selected routes in Kuala Lumpur. The GP contribution from the SBST programme under APAD also accounted for less than 10.0% of our GP for the FPE 2025. As such, we do not deem that we are materially dependent on any particular contract with APAD.

### **7.22 GOVERNING LAWS AND REGULATIONS RELATING TO OUR INDUSTRY**

Our Group's business is regulated by, and in some instances required to be licensed under specific laws of Malaysia and Singapore. The relevant laws and regulations governing our Group and which are material to our operations are summarised in Annexure A of this Prospectus.

The relevant governing laws and regulations set out in Annexure A of this Prospectus do not purport to be an exhaustive description of all relevant laws and regulations of which our business is subject to and are only intended to provide general information to investors. It is not intended to be a substitute for independent professional advice.

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

**7.23 NON-COMPLIANCES WITH THE RELEVANT LAWS, REGULATIONS, RULES AND REQUIREMENTS GOVERNING THE CONDUCT OF THE OPERATIONS OF OUR GROUP**

Save for the non-compliances as disclosed below which do not have a material impact to the business operations and financial condition of our Group, as at the date of this Prospectus, our Group is in compliance with the relevant laws, regulations, rules and requirements governing the conduct of the business of our Group:

**7.23.1 Non-compliances in respect of land and buildings utilised for our Group’s operations**

**(a) Erection of structures without temporary permits**

Section 79 of the Street, Drainage and Building Act 1974 (“**SDBA**”) provides that any person who erects or causes or permits to be erected in any building any partition, compartment, gallery, loft, roof, ceiling or other structure without having the prior written permission of the local authority shall be liable on conviction to a fine not exceeding RM500 and shall also be liable for a further fine not exceeding RM100 for every day during which the offence is continued after conviction.

In addition, Section 80 of the SDBA provides that any person who erects or causes or permits to be erected, keeps or permits to be kept on his land or the land which he occupies any movable shed or movable structure intended to act as a roof without prior written permission of the local authority shall be guilty of an offence and shall on conviction be liable to a fine of RM1,000 and the Magistrate Court shall on application of the local authority, make a mandatory order requiring such person to remove such movable shed or structure.

No.	Nature of non-compliance	Current status and rectification measures taken or to be taken	Estimated time for rectification	Estimated cost of rectification	Potential maximum penalty	Impact to business operations or financial condition
1.	<p><b>EV Bus Depot</b></p> <p>As at the LPD, our Group has erected or installed the following structures at the EV Bus Depot, which require temporary permit to be issued by MBBJ:</p> <p>(a) Guard house (b) Diesel tank shed</p> <p>(collectively, “<b>EV Bus Depot’s Structures</b>”)</p>	<p>As a temporary permit is required for the EV Bus Depot’s Structures, our Group had on 27 September 2024, through IPM Professional Services Sdn Bhd (“<b>IPM</b>”) submitted an application to the relevant authorities to obtain the temporary permit.</p>	<p>We expect to obtain the temporary permit for the EV Bus Depot’s Structures by March 2025.</p>	<p>Approximately RM20,000, including professional fees and application fees.</p>	<p>The potential maximum financial penalty which may be imposed, on conviction, for this non-compliance is approximately RM2,000, representing approximately 0.01% of our Group’s PAT for the FYE 2024.</p>	<p>The impact to the business operations or financial condition of our Group is not expected to have a material adverse impact due to the following:</p>



7. BUSINESS OVERVIEW (Cont'd)

No.	Nature of non-compliance	Current status and rectification measures taken or to be taken	Estimated time for rectification	Estimated cost of rectification	Potential maximum penalty	Impact to business operations or financial condition
		<p>The temporary permit application for the EV Bus Depot's Structures were approved with prescribed conditions on 28 November 2024 ("<b>Conditional Approval Letter</b>"). According to the Conditional Approval Letter, our Group is required to pay the prescribed fees and comply with the requirements determined by the technical departments.</p> <p>We are currently awaiting notification from MBBJ on the payment instructions for the prescribed fees and any requirements that may be imposed by the technical departments, if applicable.</p>	<p>Should the temporary permit not be obtained by March 2025, our Group will actively engage with the relevant authorities and address any requirements imposed by the relevant authorities to ensure compliance for the issuance of the temporary permit.</p>			<p>(i) the estimated rectification cost and the potential maximum financial penalty applicable are not material as compared to our Group's PAT;</p> <p>(ii) steps are being taken by our Group towards obtaining the temporary permit for the EV Bus Depot's Structures; and</p> <p>(iii) our Group has not received any notices, penalties, or compounds from the relevant authorities for the absence of the temporary permit.</p>

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

**(b) Occupation of buildings without CCC**

Section 70(27)(f) of the SDBA provides that any person who occupies or permits to be occupied any building or any part thereof without a CCC shall be liable, on conviction, to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding 10 years or to both. In addition, the relevant local authority may also order for any such buildings without CCC to be demolished pursuant to Section 72 of the SDBA.

No.	Nature of non-compliance	Current status and rectification measures taken or to be taken	Estimated time for rectification	Estimated cost of rectification	Potential maximum penalty	Impact to business operations or financial condition
1.	<p><b>HQ</b></p> <p>A CF dated 14 September 2005 was issued by MJB for the office building and bus workshop building, as stipulated in the approved building plan no. PL/PB 58/2003 and PL/PB 58/2003(1) on 28 November 2002 and 3 February 2005, respectively.</p> <p>Subsequent to the issuance of the abovementioned CF, our Group carried out extension works to the office building at the HQ by erecting a three-storey office building at the front of the office building and a two-storey office building at the back of the office building (collectively, “<b>Extension Building</b>” or “<b>Extension Works</b>”), and erected the following additional structures at the HQ:</p> <p>(a) guard house;                      (b) rest shelter;                      (c) awning for the drop-off bay;                      (d) awning for the workshop area;</p>	<p>As the new CCC is required for the Extension Works, the Proposed Staircase and the HQ’s Additional Structures (“<b>New CCC</b>”), the process to obtain the New CCC are summarised as follows:</p> <p>(i) Our Group has appointed IPM to make the necessary applications to the relevant authorities to revise the New Building Plan and for the issuance of the New CCC;</p>	<p>We expect to obtain the New CCC, by December 2025.</p>	<p>Professional fees and application costs of approximately RM15,000 (excluding any cost to be incurred for any rectification/repair works in order to comply with any condition or requirement that may be imposed by the relevant authorities in obtaining the New CCC, which could not be determined at this juncture).</p>	<p>The potential maximum financial penalty which may be imposed, on conviction, for this non-compliance is approximately RM250,000, representing approximately 0.75% of our Group’s PAT for the FYE 2024.</p>	<p>The impact to the business operations or financial condition of our Group is not expected to have a material adverse impact due to the following:</p> <p>(i) the estimated rectification cost and the potential maximum financial penalty applicable are not material as compared to our Group’s PAT;</p> <p>(ii) remedial steps are being taken by our Group to obtain the New CCC;</p>

7. BUSINESS OVERVIEW (Cont'd)

No.	Nature of non-compliance	Current status and rectification measures taken or to be taken	Estimated time for rectification	Estimated cost of rectification	Potential maximum penalty	Impact to business operations or financial condition
	<p>(e) additional trench at the existing warehouse building;</p> <p>(f) storage shed;</p> <p>(g) awning for the storage area; and</p> <p>(h) awning for the bus charging station</p> <p>(collectively, “<b>HQ’s Additional Structures</b>”, without obtaining prior approval from the relevant authorities.</p> <p>On 27 May 2024, our Group, through IPM, submitted a revised building plan to MBBJ for the Extension Works, which included (i) the proposed construction of a new lobby and discussion room at the front of the office building (“<b>Proposed New Lobby</b>” and (ii) an emergency exit staircase at the side of the office building (“<b>Proposed Staircase</b>” (the “<b>New Building Plan</b>”).</p> <p>The New Building Plan was approved by the relevant authority on 16 July 2024. For illustrative purposes only, the Extension Works are circled below and the Proposed New Lobby and Proposed Staircase are indicated in black below on the New Building Plan below:</p>	<p>(ii) The application for the removal of the Proposed New Lobby from the New Building Plan was submitted to MBBJ on 2 October 2024 for approval. The approval is expected to be obtained from the relevant authorities by March 2025.</p> <p>(iii) Following the issuance of the temporary permit for the HQ’s Additional Structures, the application to incorporate the HQ’s Additional Structures into the New Building Plan is expected to be submitted to the relevant authorities for approval, which is tentatively set by June 2025.</p>				<p>(iii) our Group has not received any notices, penalties, or compounds from the relevant authorities for the absence of the New CCC; and</p> <p>(iv) if any notices, penalties or compounds are issued by the relevant authorities requiring the cessation of occupancy of the affected structures due to the absence of the New CCC, our Group will either demolish the affected structures and continue to operate in the unaffected areas of the HQ or to relocate to an alternative location.</p>

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

<u>No.</u>	<u>Nature of non-compliance</u>	<u>Current status and rectification measures taken or to be taken</u>	<u>Estimated time for rectification</u>	<u>Estimated cost of rectification</u>	<u>Potential maximum penalty</u>	<u>Impact to business operations or financial condition</u>
	 <p>On 14 August 2024, our Group, through IPM, submitted an application to the relevant authorities to obtain the temporary permit for the HQ's Additional Structures.</p> <p>The new CCC can be issued upon (i) the completion of inspections of the Extension Works by the relevant authorities; and (ii) the obtainment of the temporary permit for the HQ's Additional Structures.</p> <p>However, as our Group does not intend to proceed with the construction of the Proposed New Lobby, it will submit an application to revise the New Building Plan by (i) removing the Proposed New Lobby and (ii) including the HQ's Additional Structures in the New Building Plan.</p>	<p>(iv) In the event that rectification/repair works are required by the relevant authorities to obtain approval for the revised New Building Plan, these works are expected to commence in September 2025.</p> <p>(v) Upon completion of the relevant rectification/ repair works and inspection by the relevant authorities, we expect to obtain the necessary letter of clearance for the issuance of the New CCC by October 2025.</p> <p>(vi) Pending the issuance of the New CCC, our Group intends to continue operating at the Extension Building.</p>				<p>For avoidance of doubt, the unaffected areas of the HQ have been issued with a CF dated 14 September 2005 by MBBJ.</p> <p>(v) In view of the above, Maybank IB is of the view that continued occupation of the Extension Building is not expected to have a material adverse impact on our Group's business operations and financial condition as there is a clear action plan and timeframe to remedy the non-compliance, and it is to a large extent an administrative process before our Group obtains the New CCC by progressively implementing the identified rectification measures.</p>

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

(c) **Building without fire certificate**

Pursuant to Section 28 of the Fire Services Act 1988 (“FSA”), every designated premises (as stipulated in the Fire Services (Designated Premises) (Amendment) Order 2020) shall require a fire certificate. Pursuant to Section 33 of the FSA, the owner of the designated premises shall be guilty of an offence and shall on conviction, be liable to a fine not exceeding RM50,000 or imprisonment for a term not exceeding 5 years, or to both.

No.	Nature of non-compliance	Current status and rectification measures taken or to be taken	Estimated time for rectification	Estimated cost of rectification	Potential maximum penalty	Impact to business operations or financial condition
1.	<p><b>HQ</b> Handal Indah commenced business operations at the HQ in September 2005, and the fire certificate for the HQ has not yet been obtained from September 2005 up to the LPD.</p>	<p>Upon obtainment of the New CCC by December 2025, our Group will submit an application for the fire certificate to the Fire Rescue Department of Malaysia by the fourth quarter of 2025.</p>	<p>We expect to obtain the fire certificate by first quarter of 2026.</p> <p>Should the fire certificate not be obtained by first quarter of 2026, our Group will actively engage with the relevant authorities and address any requirements imposed by the relevant authorities to ensure compliance for the issuance of the fire certificate.</p>	<p>Professional fees and application costs of approximately RM30,000.</p> <p>Although the HQ currently has some fire infrastructure in place, additional costs could be incurred for any rectification/repair works necessary to comply with any conditions or requirements imposed by the relevant authorities to obtain the fire certificate. These additional costs could not be determined at this juncture.</p>	<p>The potential maximum financial penalty which may be imposed, on conviction, for this non-compliance is RM50,000, representing approximately 0.15% of our Group's PAT for the FYE 2024.</p>	<p>The impact to the business operations or financial condition of our Group is not expected to have a material adverse impact due to the following:</p> <p>(i) the estimated rectification cost and the potential maximum financial penalty applicable are not material as compared to our Group's PAT;</p> <p>(ii) remedial action has been identified to rectify this non-compliance;</p>

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

<b>No.</b>	<b>Nature of non-compliance</b>	<b>Current status and rectification measures taken or to be taken</b>	<b>Estimated time for rectification</b>	<b>Estimated cost of rectification</b>	<b>Potential maximum penalty</b>	<b>Impact to business operations or financial condition</b>
						<p>(iii) our Group has not received any notices, penalties, or compounds from the relevant authorities for the absence of the fire certificate; and</p> <p>(iv) in addition, our Group has obtained fire insurance for the HQ with coverage extending to, among others, all building (excluding foundation), fixtures, fittings, improvement, renovations and electrical installations. The claim amount will be determined based on the adjuster's assessment of the situation.</p>

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

No.	Nature of non-compliance	Current status and rectification measures taken or to be taken	Estimated time for rectification	Estimated cost of rectification	Potential maximum penalty	Impact to business operations or financial condition
						(v) In view of the above, Maybank IB is of the view that continued occupation of the HQ without fire certificate is not expected to have a material adverse impact on our Group's business operations and financial condition as there is a clear action plan and timeframe to remedy the non-compliance, and it is to a large extent an administrative process before our Group obtains the fire certificate by progressively implementing the identified rectification measures.

## 7. BUSINESS OVERVIEW (Cont'd)

### (d) Breach of the condition of land use

Pursuant to the National Land Code (Revised 2020) (“**NLC**”), all land must be used in accordance with the category of land use and express condition stipulated in the issue document of title, failing which:

- (i) the proprietor may be liable under Section 127(1A) of the NLC to show cause why a fine should not be imposed and upon failure by the proprietor to show cause to the satisfaction of the land administrator, the land administrator may make an order for the payment of a fine of not less than RM500, and in the case of a continuing breach, a further fine of not less than RM100 for each day during which the breach continues; or
- (ii) the proprietor may be served a notice under Section 128(1) of the NLC to remedy the breach within the time therein specified; or
- (iii) the land may become liable to forfeiture to the state authority under Section 129(1) of the NLC.

No.	Nature of non-compliance	Current status and rectification measures taken or to be taken	Estimated time for rectification	Estimated cost of rectification	Potential maximum penalty	Impact to business operations or financial condition
1.	<b>Mutiara ICE Bus Depot</b> Perbadanan Johor, the registered owner of the Mutiara ICE Bus Depot land, has leased a land held under title no. HSD 281312, PTD 83701, Mukim Tebrau, Daerah Johor Bahru, Negeri Johor (“ <b>Affected Land</b> ”) to us for 60 years, commencing from 1 February 2012 until 31 January 2072.	Our Group has identified a double storey detached factory annexed with a double storey office building with a mezzanine floor held under title no. HS(D) 177877, PTD No. 53701, Mukim of Tebrau, District of Johor Bahru, Negeri Johor (“ <b>Tebrau Property</b> ”). The sale and purchase agreement (“ <b>SPA</b> ”) was executed on 27 September 2024.	The SPA is expected to be completed by March 2025.	Approximately RM27.5 million, including costs arising from the acquisition of the Tebrau Property, renovation works and relocation expenses.	The Affected Land may be subject to forfeiture by the state authority, or our Group may be liable to a fine of not less than RM500 for the Affected Land. In the case of continuing breach, a further fine of not less than RM100 for each day during which the breach continues for the Affected Land.	The impact to the business operations or financial condition of our Group is not expected to have a material adverse impact due to the following: <ul style="list-style-type: none"> <li>(i) the acquisition cost, renovation works and relocation expenses are not expected to have any material impact on our Group’s earnings, as they will be capitalised as PPE;</li> <li>(ii) the potential maximum financial penalty is not material as compared to our Group’s PAT for the FYE 2024;</li> </ul>



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

<b>No.</b>	<b>Nature of non-compliance</b>	<b>Current status and rectification measures taken or to be taken</b>	<b>Estimated time for rectification</b>	<b>Estimated cost of rectification</b>	<b>Potential maximum penalty</b>	<b>Impact to business operations or financial condition</b>			
	<p>The Affected Land was used by Handal Indah for the temporary lay-up of buses (which did not contravene the land use condition) prior to May 2023 until we began occupying and operating our business at the Mutiara ICE Bus Depot in May 2023.</p> <p>As at the LPD, the current use of the Affected Land by our Group (as a bus depot and workshop) does not comply with the land use category and express condition set out in the issue document of title of the Affected Land, which states:</p>	<p>Upon completion of the SPA, we will relocate our operations at the Mutiara ICE Bus Depot to the Tebrau Property.</p> <p>Our Group intends to continue occupying the Mutiara ICE Bus Depot until the Tebrau Property is available for relocation.</p>	<p>Upon completion of the SPA, we are required to obtain approvals from the relevant authorities, such as the local authority, for the building plan approval, renovation permits and other approvals related to the renovation works to be carried out at the Tebrau Property.</p>	<p>For avoidance of doubt, our Group has secured the necessary funding to finance the acquisition of the Tebrau Property.</p>	<p>The potential maximum financial penalty which may be imposed for this non-compliance is approximately RM500, representing less than 0.01% of our Group's PAT for the FYE 2024.</p>	<p>(iii) remedial actions have been identified to rectify these non-compliances;</p> <p>(iv) in the event the relevant authority were to seek forfeiture of the Affected Land or otherwise required to vacate the Affected Land, our Group will shut down the Mutiara ICE Bus Depot and relocate part or all of the limited operations being carried out on the Affected Land back to the HQ and/or to other alternative location on a short-term rental basis, pending the availability of the Tebrau Property. For information, prior to our Group using the Affected Land for the present limited operations, the relevant operational activities were carried out at the HQ. We anticipate that the HQ will be able to accommodate the relocation of the activities back to the HQ without materially adversely affecting our ongoing operations;</p>			
<table border="1"> <tr> <td data-bbox="282 997 416 1077"><b>Category of land use</b></td> <td data-bbox="427 997 651 1077">Agriculture</td> </tr> <tr> <td data-bbox="282 1085 416 1141"><b>Express condition</b></td> <td data-bbox="427 1085 651 1141">(i) The land should be planted with rubber / orchard.</td> </tr> </table>	<b>Category of land use</b>	Agriculture	<b>Express condition</b>	(i) The land should be planted with rubber / orchard.		<p>We expect to obtain the necessary approvals from the relevant authorities for the renovation works by the second quarter of 2025 and to commence and complete the renovation of the Tebrau Property by fourth quarter of 2025.</p>			
<b>Category of land use</b>	Agriculture								
<b>Express condition</b>	(i) The land should be planted with rubber / orchard.								

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

No.	Nature of non-compliance	Current status and rectification measures taken or to be taken	Estimated time for rectification	Estimated cost of rectification	Potential maximum penalty	Impact to business operations or financial condition
	(ii) The land owner must at all times take steps pursuant to the order of the land administrator to protect this land from erosion.		We aim to relocate its operation from the Mutiara ICE Bus Depot to the Tebrau Property by second quarter of 2026.			<p>(v) given the limited nature of operations carried out at the Mutiara ICE Bus Depot, which do not require equipment or machinery affixed to the property, our Group does not anticipate facing any unsurmountable issues in relocating its operations to an alternative location on a short-term basis;</p> <p>(vi) our Group does not currently have any plans for the Affected Land following completion of the relocation to the Tebrau Property by the second quarter of 2026 and we anticipate at this juncture that the Affected Land will be left vacant; and</p>

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

No.	Nature of non-compliance	Current status and rectification measures taken or to be taken	Estimated time for rectification	Estimated cost of rectification	Potential maximum penalty	Impact to business operations or financial condition
						(vii) In view of the above, Maybank IB is of the view that continued occupation of the Mutiara ICE Bus Depot is not expected to have a material adverse impact on our Group's business operations and financial condition as there is a clear action plan and timeframe to remedy the non-compliance. In addition, the relocation of part or all of the limited operations being carried out on the Affected Land back to the HQ is not expected to have a material adverse impact on our ongoing operations as the bus workshop at the HQ has been issued with a CF in September 2005.

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

7.23.2 **Non-compliance in respect of operational licences**

**Operational facilities without business licence**

By-Law 3 of the Licensing of Trades, Business and Industries (Johor Bahru City Council) By-Laws 2016 provides that no person shall operate any activity of trade, business and industry or use any place or premise in the local area of the MBBJ for any activity of trade, business and industry without a licence issued by the MBBJ, shall on conviction be liable to a fine not exceeding RM2,000 or to imprisonment for a term not exceeding one year or to both.

No.	Nature of non-compliances	Current status and rectification measures taken or to be taken	Estimated time for rectification	Estimated cost of rectification	Potential maximum penalty	Impact to business operations or financial condition
1.	<p><b>Bika Bus Depot</b></p> <p>Handal Indah has rented the Bika Bus Depot from PAJ and commenced business operations since May 2019.</p> <p>Handal Indah has operated its business at the Bika Bus Depot without a business licence since May 2019.</p>	<p>Following the obtainment of the temporary permit for structures erected at the Bika Bus Depot on 4 December 2024, our Group submitted an application to MBBJ for a temporary business licence for the Bika Bus Depot on 6 February 2025.</p>	<p>We expect to obtain the temporary business licence by March 2025.<sup>(1)</sup></p> <p>Should the temporary business licence not be obtained by March 2025, our Group will actively engage with the relevant authorities and address any requirements imposed by the relevant authorities to ensure compliance for the issuance of the temporary business licence.</p>	<p>The application fee for the business licence is approximately RM1,000.</p>	<p>The potential maximum financial penalty which may be imposed, on conviction, for this non-compliance is approximately RM2,000, representing approximately 0.01% of our Group's PAT for the FYE 2024.</p>	<p>The impact to the business operations or financial condition of our Group is not expected to have a material adverse impact due to the following:</p> <p>(i) the estimated cost to rectify and the potential maximum financial penalty are not material as compared to our Group's PAT for the FYE 2024;</p> <p>(ii) remedial actions have been identified to rectify these non-compliances; and</p>

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

No.	Nature of non-compliances	Current status and rectification measures taken or to be taken	Estimated time for rectification	Estimated cost of rectification	Potential maximum penalty	Impact to business operations or financial condition
2.	<p><b>Mutiara ICE Bus Depot</b></p> <p>Handal Indah has leased the Mutiara ICE Bus Depot from Perbadanan Johor and commenced business operations since May 2023.</p> <p>Handal Indah has operated its business at the Mutiara ICE Bus Depot without a business licence since May 2023.</p>	<p>Following the obtainment of the temporary permit for structures erected at the Mutiara ICE Bus Depot on 4 December 2024, our Group submitted an application to MBBJ for a temporary business licence for the Mutiara ICE Bus Depot on 6 February 2025.</p>	<p>We expect to obtain the temporary business licence by March 2025.<sup>(1)</sup></p> <p>Should the temporary business licence not be obtained by March 2025, our Group will actively engage with the relevant authorities and address any requirements imposed by the relevant authorities to ensure compliance for the issuance of the temporary business licence.</p>	<p>The application fee for the business licence is approximately RM1,000.</p>	<p>The potential maximum financial penalty which may be imposed, on conviction, for this non-compliance is approximately RM2,000, representing approximately 0.01% of our Group's PAT for the FYE 2024.</p>	<p>(iii) our Group has not received any notices, penalties, or compounds from the relevant authorities for the absence of the business licences.</p>

**Note:**

(1) Upon obtaining the temporary business licence, we will proceed with the application for a permanent business licence. We anticipate to obtain the permanent business licence by the third quarter of 2025, subject, among others, to receiving the letters of support from the relevant authorities.

## 7. BUSINESS OVERVIEW (Cont'd)

The table below summarises the total estimated costs (being the estimated rectification costs and potential maximum penalties applicable) relating to the abovementioned non-compliances that are pending rectification as at the date of this Prospectus:

Summary description of non-compliances	Estimated cost to rectify non-compliances (A) (RM'000)	Potential maximum penalty (B) (RM'000)	Total estimated costs (A+B) (RM'000)	% of our Group's PAT for the FYE 2024 (%)
Non-compliances in respect of:				
(1) land and buildings utilised for our Group's operations	65.0*	302.5	367.5	1.1
(2) operational licences	2.0	4.0	6.0	neg.
<b>Total</b>	<b>67.0</b>	<b>306.5</b>	<b>373.5</b>	<b>1.1</b>

**Note:**

\* *Exclusive of RM27.5 million pertaining to costs associated with the acquisition of the Tebrau Property, renovation works and relocation expenses as they are not expected to have any material impact to our Group's earnings, as they will be capitalised as PPE.*

Notwithstanding that the outstanding non-compliances may remain unresolved at the time of our Listing, we will continue to make the necessary applications and/or engage with the relevant authorities even after our Listing to resolve and address the outstanding non-compliance incidents in accordance with the directions of the relevant authorities. Our management is following up closely and liaising with relevant authorities to resolve the said non-compliances in the best interest of our Company. We will update our shareholders on the status of the outstanding non-compliance incidents in our annual reports.

To mitigate the recurrence of such non-compliances, we have taken the following measures to enhance our internal control system:

- (a) established a centralised compliance/legal register to monitor our Group's compliance with the relevant laws and regulations by the respective stakeholders/departments. The register outlines various laws and regulations, including but not limited to the NLC, FSA and Local Government Act 1976 ("LGA"), in addition to Quality Environment Health and Safety manual procedures; and
- (b) sought professional advice and assistance from independent internal control consultants regarding our Group's internal controls and compliance, as well as for updates on applicable laws related to the business operations of our Group, as and when required.

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

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### **7.24 MAJOR LICENSES, PERMITS AND APPROVALS**

We have various licences and permits for our operations in Malaysia and Singapore. Details of our major licences, permits and approvals are set out in Annexure B of this Prospectus.

### **7.25 BRAND NAMES, TRADEMARKS, PATENTS AND OTHER INTELLECTUAL PROPERTY RIGHTS**

Details of our material brand names, trademarks, patents and other intellectual property rights, as at the LPD, are set out in Annexure C of this Prospectus.

### **7.26 MATERIAL PROPERTIES**

Details of our material properties, whether owned or leased or tenanted, are set out in Annexure D of this Prospectus.

### **7.27 ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES**

We are committed to adopting a high standard of environmental, social and governance practices within our business. The roles and responsibilities of our governance structure for environmental sustainability matters are as below:

#### **Board**

- (i) Oversees environmental policies and strategies;
- (ii) Reviews environmental performance metrics on a quarterly basis;
- (iii) Sets the tone for corporate culture and social responsibility;
- (iv) Reviews community engagement strategies;
- (v) Reviews and approves governance policies; and
- (vi) Ensures board diversity and adoption of ethical standards.

#### **Senior Management**

- (i) Implements environmental initiatives;
- (ii) Monitors and reports on environmental performance;
- (iii) Executes social initiatives;
- (iv) Promotes a diverse and inclusive workplace;
- (v) Reports on social performance metrics;
- (vi) Manages compliance with regulations;
- (vii) Oversees governance training programs; and
- (viii) Reports governance metrics to our Board.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.27.1 Environmental

We recognise that our business activities have environmental impacts and thus, we are committed to reducing our carbon footprint and promoting sustainable transportation by implementing the following:

#### (i) Introducing electric buses

In 2023, we introduced 4 units of electric buses on our JB-SG cross border routes as part of our Group's initiative to transition our operations to be more environmentally sustainable. These electric buses operate with zero tailpipe emissions and offers a cleaner and more peaceful travel experience. As at the LPD, we operate 53 electric buses out of our total bus fleet of 683 buses. We intend to allocate RM15.0 million of the gross proceeds from our Public Issue for the expansion of our EV charging infrastructure to accommodate the growth of our electric bus fleet to advance our commitment to eco-friendly public transportation in our cross-border operations. Please refer to Section 4.6.2 of this Prospectus for further details.

In 2023, we earned ISO 14001:2015 certification for our Environmental Management System from Transpacific Certifications Limited. This certification confirms that our Group meets the standards for minimising the environmental impact of our business operations.

#### (ii) Introducing electronic tickets

In 2016, our Group introduced the *LUGO* mobile application, provided by a related party, as part of our digitalisation effort. Through *LUGO*, our customers can access various services such as planning their bus journey in Johor Bahru, checking the fixed bus timetable and estimating bus fares. Customers will also have the option to purchase bus tickets through *LUGO*, which provides convenience and enhances our business efficiency. Our Group aims to minimise the use of paper tickets by encouraging customers to purchase tickets through *LUGO*.

#### (iii) Reducing fuel consumption

In addition to introducing electric buses to reduce carbon emission, we are committed to implement a fleet management system via our OCC and on-board ICT systems installed in our buses to optimise routes and reduce fuel consumption. We aim towards achieving a 20% reduction in carbon emissions per passenger-kilometer by 2026.

Moving forward, our Group plans to continue investing in sustainable practices such as installing solar panels, establishing a recycling program across all operations and enhance our waste management practices.

#### (iv) Responsible disposal of emissions and environmental wastes

We adhere to the Environmental Quality (Scheduled Wastes) Regulations 2005, by controlling waste handling, ensuring proper storage, and designating specific areas for waste materials. Additionally, we have established a set of standard operating procedures that outline the proper practices for waste handling, storage, and disposal to ensure regulatory compliance.

For each type of scheduled waste, we engage licensed waste disposal contractors registered with the Department of Environment to ensure the safe handling and disposal of waste. Examples of scheduled waste handled by these licensed contractors include used batteries, used lubricant oil, oil residue, waste-contaminated containers, used oil filters, contaminated rags and gloves.



## 7. BUSINESS OVERVIEW (Cont'd)

### (v) Battery repurposing

Generally, our electric buses have a useful life of 15 years. During the mid-life refurbishment of the electric buses, there will be a battery replacement. The replaced batteries will be repurposed for Battery Energy Storage Systems (“BESS”) – a technology already available and in use in Malaysia. These batteries will be used at charging stations and depots which currently rely on grid power supply, as part of our peak shaving strategy to counter rising energy demand and corresponding costs.

These batteries typically have enough capacity to be used for less-demanding applications, such as the BESS mentioned above, instead of being dismantled for recycling. As such, they will be repurposed to extend their lifespan beyond their original intended use, thus reducing our Group’s carbon footprint.

### 7.27.2 Social

Our Group acknowledge that our employees are valuable assets and the key to the success of our Group. As such, we are committed to empower our workforce by fostering a positive workplace culture that values inclusivity and promotes continuous improvement. We have initiated the following practices as part of our Group’s value:

#### (i) Providing and maintaining a safe and conducive workplace

The safety, health and welfare of our employees in our workplace is one of our Group’s top priorities. We recently launched an advanced training program, focusing on enhancing safety measures during battery handling and replacement procedures. The training was led by our safety and health team. The team provided comprehensive guidance on the correct procedures for inspecting and replacing batteries. With this initiative, our Group has taken a proactive approach to safeguard our employees against workplace hazards. Furthermore, in July 2024, our Group hosted a comprehensive emergency response team training programme aimed at equipping selected staff with the necessary skills to manage emergencies effectively. The programme includes briefing on the safe operating of a fire extinguisher, fire hydrant and hose reel. The training is aimed to ensure a well-prepared team is ready to handle various types of emergencies and disasters, thereby enhancing the overall safety and reducing the risk of injuries or casualties of our employees.

As at the LPD, approximately RM143,900 has been incurred as training cost. We plan to launch more trainings focusing on technical knowledge, leadership and management, soft skills, safety, customer service, and sustainability practices in the future for continuous improvement of our employees.

In 2023, we achieved ISO 45001:2018 certification for our Occupational Health and Safety Management System from Transpacific Certifications Limited. This certification confirms that our Group effectively assesses hazards and implements risk control measures, resulting in fewer workplace injuries, illnesses, and incidents.

#### (ii) Embracing diversity

As at the LPD, our workforce comprises of 91.0% male employees and 9.0% female employees, which 92.7% are local employees and 7.3% are foreign employees. Due to the physically demanding nature of their work, most of our bus drivers are men. However, we remain committed to encouraging more female bus drivers to join our Group. Our Group’s recruitment, development and advancement are based solely on an individual’s qualifications, job performance, and their skills and experience. This approach allows all employees, regardless of their background, to have equal opportunities within our Group. Furthermore, we have special benefits such as maternity leaves and child-care leaves for the wellbeing of our female employees. We have a goal to increase the representation of women and underrepresented groups in managerial positions to 35% by 2025.

## 7. BUSINESS OVERVIEW (Cont'd)

In addition, our Group believes in supporting and giving back to our surrounding communities by partnering with local charities and investing at least RM100,000 annually in community projects, with a goal to invest up to RM250,000 annually by 2026. Our Group has taken various corporate social responsibility initiatives, as set out as below:

**(i) Supporting orphanage with transportation services for buka puasa celebration**

In conjunction with the ramadan season of 2023, our Group participated to the advocacy of 1Third Media Movement, a Singapore-based non-government organisation, as they organise a buka puasa event at Persada International Convention Center for two homes in Johor Bahru. Our Group provided transportation for a total of 66 underprivileged children aged 5 to 17, along with their guardians from Rumah Anak Yatim Baitul Magfirah and Pertubuhan Kebajikan & Rumah Anak Yatim Shafar.

**(ii) Supporting “Back to School 2023 Programme”**

In February 2023, our Group rendered free bus ride to a total of 192 underprivileged students under the “Back to School 2023 Programme” of Sunway City Iskandar Puteri held at Sunway Iskandar, Iskandar Puteri, Johor. Our Group has been with this programme since 2019 where we also rendered free shuttle service to children and their parents to get to the event.

**(iii) Educating public safety on public transport**

In August 2022, our Group showcased the importance of safety in public transport during the “Safe Centro” Handover Ceremony at Iskandar Puteri. Safety elements in public transport were shared by Our Group’s safety committee team to strengthen public awareness about the different safety equipment available in the bus. We also shared some basic demonstrations on how the equipment is used to ensure the public understand their functions.

**(iv) My BASKonsesi programme**

Our Group is part of the myBASKonsesi programme introduced by the Transportation Department of Malaysia in August 2023. The aim of this programme is to provide additional assistance to individuals who may require extra support. Complimentary bus rides are given to students age 7-17, disabled individuals, and senior citizens aged 60 or older. Through this programme, these individuals can travel on myBAS buses in Johor Bahru at no cost.

### 7.27.3 Governance

Our Group is dedicated to attaining and maintaining a high standard of corporate governance. We believe that a strong and effective corporate governance helps to cultivate a company culture of integrity, leading to positive performance and a sustainable business. To achieve this goal, we have adopted the recommendations under the MCCG, focusing on enhancing board leadership and effectiveness, strengthening audit and risk management practices, ensuring integrity in corporate reporting, and fostering meaningful engagement with our stakeholders. As at the LPD, 3 out of 6 of our Board members are women, achieving the MCCG’s recommendation to have at least 30% women directors.

To ensure strong governance and effective practices, we have implemented the following policies:

- (i) **Fit and proper policy.** This policy ensures that individuals appointed to key positions within our Group are both fit and proper to direct and manage our core business activities and functions.

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

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- (ii) Related party transaction policy. This policy is to ensure that all related party transactions and recurring related party transactions in the course of business are made at on arm's length and at a normal commercial term which are not more favorable to the related party. Additionally, this policy safeguards the interests of other shareholders by preventing any potential conflicts of interest or harm resulting from these transactions. Please refer to Section 10.2.2 of this Prospectus for further details of our related party transaction policy.
- (iii) Whistleblowing policy. This policy ensures adherence to the Whistleblower Protection Act 2010 and allows stakeholders to report any credible suspicious or allegations of fraud, unethical behavior, or improper business practices within our Group.
- (iv) Anti-bribery and corruption policy. This policy ensures compliance with the Malaysian Anti-Corruption Commission Act 2009. We have also established fundamental standards and a framework aimed at preventing and detecting bribery and corruption within our Group's operations.
- (v) Data Protection Policy. This policy complies with the Personal Data Protection Act 2010, ensuring that data is handled, stored, transmitted and accessed in a way that maintains its confidentiality, integrity, and availability.

We have a goal to achieve 100% compliance rate with all regulatory requirements with quarterly internal audits and annual disclosures of audit results as well as to increase shareholder engagement activities by 50% over the next two years, including regular feedback sessions and transparent communication channels.

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**8. INDUSTRY OVERVIEW**

15 February 2025

The Board of Directors  
 HI Mobility Berhad  
 No. 23, Jalan Firma 2  
 Kawasan Perindustrian Tebrau IV  
 81100 Johor Bahru  
 Johor

**Vital Factor Consulting Sdn Bhd**  
 Company No.: 199301012059 (266797-T)  
 V Square @ PJ City Centre (VSQ)  
 Block 6 Level 6, Jalan Utara  
 46200 Petaling Jaya  
 Selangor Darul Ehsan, Malaysia  
 Tel: (603) 7931-3188  
 Fax: (603) 7931-2188  
 Email: enquiries@vitalfactor.com  
 Website: www.vitalfactor.com

Dear Sirs and Madams

**Independent Assessment of the Bus Service Industry in Malaysia**

We are an independent business consulting and market research company based in Malaysia. Established in 1993, we offer services such as business plans, opportunity evaluations, commercial due diligence, feasibility studies, financial and industry assessments, and market research. Since 1996, we have been involved in corporate exercises, including initial public offerings, reverse takeovers, chain listings, transfers to the Main Market, and business regularisations for public listed companies on Bursa Malaysia Securities Berhad (Bursa Securities). Our corporate exercise services include business overviews, independent industry assessments, management discussions and analyses, and business and industry risk assessments for incorporation into prospectuses and shareholders' circulars.

We have been engaged to provide an independent assessment of the industry for inclusion in the prospectus of HI Mobility Berhad for its listing on the Main Market of Bursa Securities. This report has been prepared independently and objectively, with all reasonable care taken to ensure its accuracy and completeness.

In our opinion, the report provides a true and fair assessment of the industry, considering the limitations of timely information and analyses based on secondary and primary market research as of the report date. Please note that our assessment pertains to the overall industry and may not reflect the performance of any specific company.

We accept no responsibility for the decisions or actions of the readers of this document. This report should not be interpreted as a recommendation to buy or not buy the securities of any company.

Our report may contain information, assessments, opinions, and forward-looking statements subject to uncertainties and contingencies. These statements are based on secondary information and primary market research, and, despite careful analysis, the industry is influenced by various known and unforeseen factors that could cause actual events and future results to differ materially.

Yours sincerely

Wooi Tan  
 Managing Director

Wooi Tan has a degree in Bachelor of Science from the University of New South Wales, Australia and a degree in Master of Business Administration from the New South Wales Institute of Technology (now known as the University of Technology, Sydney), Australia. He is a Fellow of the Australian Marketing Institute and the Institute of Managers and Leaders. He has more than 20 years of experience in business consulting and market research, as well as assisting companies in their initial public offerings and listing of their shares on Bursa Malaysia Securities Berhad.

8. INDUSTRY OVERVIEW (Cont'd)



Date of Report: 15 February 2025

INDEPENDENT ASSESSMENT OF THE BUS SERVICE INDUSTRY IN MALAYSIA

1. OVERVIEW OF HI MOBILITY GROUP’S BUSINESS AND REPORT PARAMETERS

- HI Mobility Berhad together with its subsidiary (HI Mobility Group) is a private sector operator of cross-border and local bus services. HI Mobility Group’s largest revenue contribution comes from providing Johor Bahru-Singapore (JB-SG) cross border followed by intracity bus services mainly in Johor, which shall form the focus of this report. As HI Mobility Group also operates in Singapore and the Klang Valley comprising Kuala Lumpur and some areas of metropolitan Selangor, this report will also include some discussions on these markets.
- In the context of this report, gross domestic product (GDP) is nominal GDP unless stated otherwise. Public transportation refers to the carriage of passengers by rewards. Intracity buses are also referred to as stage buses, and intercity buses are also referred to as express buses. All information relates to Malaysia unless stated otherwise.

2. OVERVIEW OF THE BUS SERVICE INDUSTRY

- Bus services are classified as part of mass transit and are broadly categorised into scheduled and non-scheduled bus services.
- Scheduled bus services operate on fixed time schedules and routes with specific stops. These services cater to the general public and encompass the following categories:

Types of Bus Services	
Scheduled	Non-Scheduled
Intracity	Chartered
Intercity	Employee
Cross-border	School
Shuttle	Tourism
Feeder	

HI Mobility Group provides these bus services

- **Intracity**, also known as stage bus services, operates within specific areas such as cities, towns, or suburbs. It typically includes multiple stops along designated routes.
- **Intercity**, also known as express bus services, facilitates long-distance travel between cities or towns with fewer intermediate stops, often only stopping at the destinations.
- **Cross-border**, which offers bus services between two countries.
- **Shuttle**, providing short-distance bus services typically between major points such as airport terminals, hotels, parking lots, and shopping centres.
- **Feeder**, which serves to connect passengers with other modes of transportation such as trains.
- Non-scheduled bus services offer flexibility and do not adhere to fixed routes. Examples include:
  - **Chartered**, which are private coach services hired to transport specific groups to destinations determined by the passengers or the group organisers.
  - **Employee**, provided by companies or in partnership with bus operators, to facilitate the daily commute of their employees.
  - **School**, transporting students or school staff between homes and schools.
  - **Tourism**, organised by travel agencies offering escorted sightseeing tours and other leisure activities.

2.1 Classification and Operating Bus Licences

- In Malaysia, buses are differentiated into two main categories based on intended functions and licensing requirements:
  - **Public service buses** are intended for general public transportation, typically transporting large numbers of passengers within cities and regions. Examples include stage buses, chartered buses, express buses, feeder buses, employee buses, school buses, and mini buses.

## 8. INDUSTRY OVERVIEW (Cont'd)



- **Tourism buses** are exclusively used for transporting tourists for sightseeing and leisure purposes without charging fares to individual passengers. Examples include excursion buses, and applicants must hold a valid domestic tour operating business licence.

### 2.2 Regulations Relating to Permits and Licences

- In Peninsular Malaysia, the bus service industry is governed by the Land Public Transport Agency (Agensi Pengangkutan Awam Darat, APAD) except for excursion buses, which are also regulated by the Ministry of Tourism, Arts and Culture (MOTAC). Bus operators must secure operators' licences, route licences, and vehicle permits from APAD to operate bus services in Peninsular Malaysia. Additionally, buses must also be registered with the Road Transport Department (Jabatan Pengangkutan Jalan, JPJ) and undergo periodic inspections at the Computerised Vehicle Inspection Centre (Pusat Pemeriksaan Kenderaan Berkomputer, PUSPAKOM) or other licensed vehicle inspection service providers, as mandated by the Road Transport Act 1987.
- According to the Land Public Transport Act 2010, operators can renew their operating licences every 7 years at most, with the duration determined by the Director General of Land Public Transport. APAD's guidelines specify that stage (intracity), chartered, and feeder buses must be replaced after 15 years, while express (intercity) buses have a 10-year limit. School buses can operate for up to 30 years, and excursion buses have a limit of 12 years. Employee buses are exempt from these restrictions but must pass regular inspections from licensed vehicle inspection service providers. For bus journeys exceeding 300km or 4 hours, a second driver is required and a driving logbook must be maintained.
- According to the Road Transport Act 1987, a vocational driving licence is required to drive public service vehicles. To obtain this licence, drivers must pass the medical examination as required by JPJ, and renew their licence annually. Licences not renewed within 3 years of expiration are automatically terminated.
- Operators of JB-SG cross-border bus services must obtain omnibus licences, as well as permits and approvals from the Land Transport Authority (LTA) of Singapore.

## 3. OVERVIEW OF GOVERNMENT INITIATIVES AND PROGRAMMES

### 3.1 Federal Expenditures and Budget

- The government plays a crucial role in allocating resources for infrastructure that supports economic and social activities. In 2023, being the latest available statistics, Malaysia's government spent RM17.8 billion on the transport subsector, representing 18.5% of the total expenditure. Between 2021 and 2023, the federal government's actual development expenditure grew at a compound annual growth rate (CAGR) of 22.3%, with transport subsector spending increasing at a CAGR of 16.9%. (Source: Bank Negara Malaysia (BNM))
- In the revised Budget 2024, funding for the transport sector was reduced to RM16.3 billion. However, in Budget 2025, the government increased the allocation, projecting a growth of 8.0% to RM17.6 billion. This allocation constituted 20.4% of the total development expenditure, underscoring the government's commitment to enhancing and constructing infrastructure such as roads, highways, and public transportation services for the benefit of the community. (Source: Ministry of Finance (MOF))

### 3.2 Stage Bus Service Transformation (SBST) Programme

- The SBST programme was launched to improve the use of stage bus services and transition the business model towards financial self-sustainability. Since its inception in 2015, its myBas services have been introduced in Kangar, Ipoh, Seremban, Kuala Terengganu, Johor Bahru, and Malacca, expanding stage bus services to these regions, and were further rebranded as BAS.MY in 2024 (Source: Ministry of Transport (MOT)). In Budget 2024, RM150 million was allocated to further support the SBST programme by introducing stage bus services in new locations. (Source: MOF)

## 8. INDUSTRY OVERVIEW (Cont'd)



### 3.3 MyPSV Programme

- In Budget 2023, the MyPSV programme was launched, allocating RM2 million to cover the costs of obtaining a Vocational Public Service Vehicle (PSV) licence for the bottom 40% income earner (B40 group). This initiative supported 4,000 candidates, including 500 for public bus services, potentially creating opportunities for bus operators in the industry. (Source: JPJ)

### 3.4 Major Developments in Johor to Drive Demand

Some of the major developments in Johor that will drive demand for JB-SG cross-border, intercity, intracity and chartered bus services in Johor include the following:

- **Johor-Singapore Special Economic Zone (JS-SEZ)** is a collaborative initiative between Malaysia and Singapore aimed at enhancing economic connectivity between both countries. The Memorandum of Understanding (MOU) was signed in January 2024 to facilitate cross-border economic activities such as labour and goods flow, thereby creating opportunities to strengthen the business ecosystem in the Iskandar Malaysia region and Singapore. Following the signing of the JS-SEZ agreement in January 2025, the initiative aims to attract high-value investments to key flagship areas in Johor, including regions served by HI Mobility Group, such as Johor Bahru, Iskandar Puteri, Kulai, and Desaru. (Source: Ministry of Economy Malaysia (MOE) and Ministry of Trade and Industry Singapore, and MOF)
- **Forest City Special Financial Zone (FCSFZ)** was announced by the government in August 2023 to stimulate economic growth and regional competitiveness by attracting foreign investments and knowledge workers, focusing on establishing a financial hub leveraging Singapore's proximity. On 20 September 2024, a special tax incentive was announced to attract family offices, enhancing the zone's appeal to high-net-worth investors. (Source: MOF)
- **Pengerang Integrated Petroleum Complex (PIPC)** is an industrial development launched in 2013 to promote the downstream oil and gas industry in Johor. Designed as a world-class integrated refinery and petrochemical hub, PIPC includes facilities such as refinery plants and deepwater terminals. A key component, the Pengerang Integrated Complex (PIC) by Petroliaam Nasional Berhad (PETRONAS), comprising refineries and petrochemical facilities, was completed in December 2019. (Source: Johor Petroleum Development Corporation)
- **Rapid Transit System Link (RTS Link)** is a cross-border rail project aimed at significantly enhancing connectivity between Malaysia and Singapore. Scheduled for operation by the end of 2026 or early 2027, the RTS Link will feature two stations: one at Bukit Chagar, adjacent to Johor Bahru Sentral, and the other at Woodlands North in Singapore, integrated with the Thomson-East Coast MRT Line. This project is expected to catalyse regional economic growth by offering an alternative land transportation route through the causeway. (Source: MOT)
- **Desaru Coast Destination Resort** is a rejuvenation project initiated by Khazanah Nasional Berhad (Khazanah) in 2015. With an investment of RM4.5 billion, Khazanah developed infrastructure and hospitality facilities which was completed between 2017 and 2022 to establish a premium integrated destination at Desaru Coast. (Source: Khazanah)

## 4. GOVERNMENT INCENTIVES FOR THE BUS SERVICE INDUSTRY

- Since January 2022, the federal government has started subsidising the monthly unlimited travel pass (My50) offered by RapidKL, a public transportation service in Klang Valley. My50 enables passengers to enjoy public transportation services, including RapidKL's bus and rail services. Budget 2025 allocated RM216 million to support the My50 programme (Source: MOF). For Penang, the unlimited travel pass for bus services is known as the My50 Mutiara Pass, which is subsidised by the state government (Source: Penang State Government).
- Bas Muafakat Johor (BMJ) is a free intracity bus service provided by the Johor State Government for Malaysian citizens since April 2016. In the Johor Budget 2025, RM28.5 million was allocated to fund

8. INDUSTRY OVERVIEW (Cont'd)



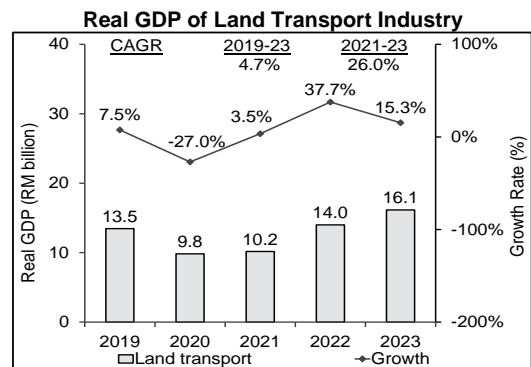
BMJ services (Source: Johor State Government). HI Mobility Group operates BMJ routes in Johor Bahru, Iskandar Puteri, Kulai, Pengerang, and Mersing. Similar free bus services in Malaysia include PJ City Bus, Smart Selangor Bus, Go KL City Bus in Kuala Lumpur, and Rapid Penang Central Area Transit (CAT), all managed by local authorities.

- The Interim Stage Bus Support Fund (ISBSF) was introduced to enhance bus service quality, increase bus ridership, and prevent termination of bus services, especially in unprofitable rural routes since January 2012 (Source: MOT). Budget 2024 allocated RM96 million to ISBSF to cover daily operating costs for operators. (Source: MOF)
- The Subsidised Diesel Control System (Sistem Kawalan Diesel Bersubsidi, SKDS) is a government initiative to regulate targeted diesel subsidies in Peninsular Malaysia. On 10 June 2024, the retail price of diesel under the SKDS was set at RM3.35 per litre, up from RM2.15 per litre on 9 June 2024. Despite this price adjustment, public bus transportation, including stage (intracity), express (intercity), school, mini and feeder buses, will continue to receive subsidised diesel priced at RM1.88 per litre under SKDS1.0. (Source: MOF) HI Mobility Group enjoys subsidised diesel for its bus services.

5. BUS SERVICE INDUSTRY'S PERFORMANCE

5.1 Real GDP of the Land Transport Industry

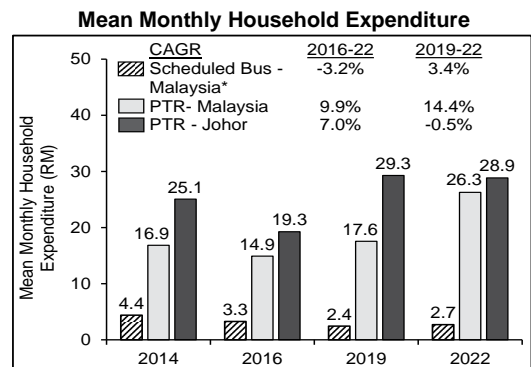
- GDP is an approach to measure the gross value added to the outputs of economic activities during a period, such as a year. Real GDP measures the value of goods and services by factoring out the impact of price inflation or deflation. Land transportation encompasses the carriage of people and goods.
- In 2023, the land transport industry grew by 15.3% to RM16.1 billion. Between 2021 and 2023, the sector's real GDP grew at a CAGR of 26.0%, reflecting the recovery of economic activities post-COVID-19 pandemic.
- For Johor, the real GDP of the utilities, transportation, storage, and information and communications sectors grew by 6.6% in 2023, with the transportation and storage subsector accounting for RM6.8 billion. Out of the total RM6.8 billion, the land transport industry contributed 26.8%, which amounted to RM1.8 billion. (Source: DOSM)



Note: Latest available statistics. (Source: Department of Statistics Malaysia (DOSM))

5.2 Household Expenditure

- Malaysia saw a CAGR of 14.4% in mean monthly household expenditure on passenger transport by road (such as buses, taxis, e-hailing, and car hire) between 2019 and 2022. In contrast, Johor experienced an average annual decline of 0.5% over the same period.
- Between 2019 and 2022, the mean monthly household expenditure on intracity and intercity bus services in Malaysia grew at a CAGR of 3.4%, rising from RM2.40 to RM2.70.



Note: Based on survey carried out for that year and above are the latest available statistics. \* Include only intracity and intercity bus services; PTR = passenger transport by road. (Source: DOSM)



8. INDUSTRY OVERVIEW (Cont'd)



5.3 Gross Output Value

- Gross output value represents the total value of products or services produced or rendered within a specified period. Between 2015 and 2022, the gross output value of bus services in Malaysia and Johor recorded an average annual decline of 4.0% and 6.9%, respectively. This decline may be attributable to the negative impact of the COVID-19 pandemic from 2020 to 2022, which affected overall economic activities, including transportation.

Gross Output Value of Bus Services

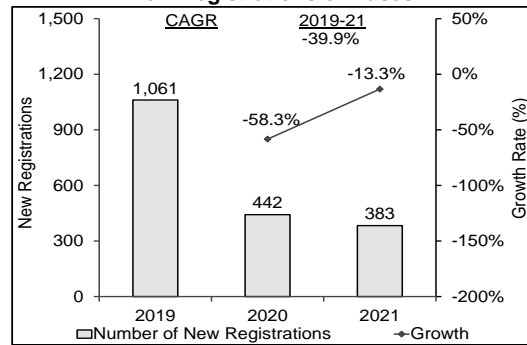
RM million	Malaysia	Johor
2010	2,074.7	285.3
2015	2,835.7	695.0
2022	2,124.1	422.4
CAGR 2010-22	0.2%	3.3%
CAGR 2015-22	-4.0%	-6.9%

Note: Latest available statistics. (Source: DOSM)

5.4 New Registrations of Buses in Malaysia

- Between 2019 and 2021, new bus registrations in Malaysia declined at an average annual rate of 39.9% from 1,061 in 2019 to 383 in 2021. This decline was attributed to the adverse impact of the COVID-19 pandemic on the nation's economy.
- As COVID-19 restrictions eased in 2022, Malaysia's economy began to recover, leading to a rise in new public transport registrations (such as buses, taxis as well as hire and drive cars). Based on the latest available statistics, the registrations increased from 3,793 in 2022 to 6,413 in 2023, highlighting the growing demand for public transportation. (Source: DOSM)

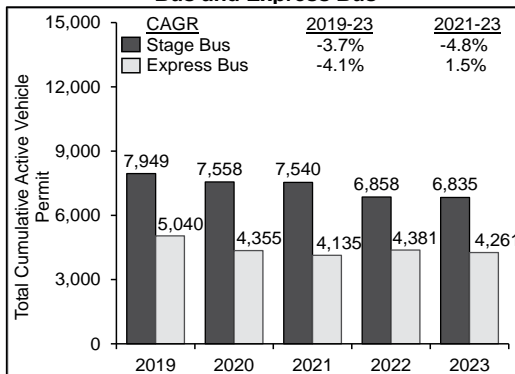
New Registrations of Buses



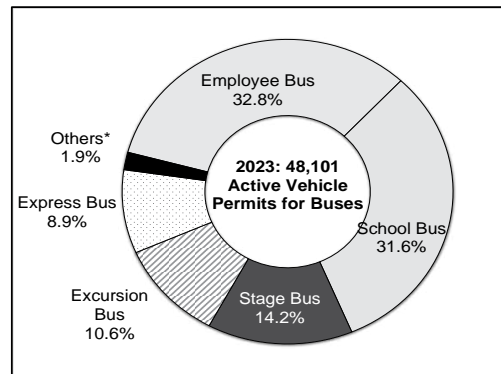
Note: Latest available statistics. (Source: MOT)

5.5 Bus Permits

Total Cumulative Active Vehicle Permit for Stage Bus and Express Bus



Total Cumulative Active Vehicle Permit for Buses in 2023



Note: Latest available statistics. \* Include mini bus, feeder bus and chartered bus. (Source: MOT)

- In Peninsular Malaysia, APAD issues 7 types of bus permits. In 2023, the number of active vehicle permits for buses in Malaysia decreased by 0.6% to 48,101 permits, which is lower than pre-COVID-19 pandemic levels. Between 2021 and 2023, the total number of active vehicle permits for buses in Malaysia grew at a CAGR of 1.6%. For the same period, the total number of active vehicle permits for stage buses declined at an average annual rate of 4.8%, while permits for express buses grew by 1.5%. (Source: MOT)

6. DEMAND DEPENDENCIES

6.1 Tourism

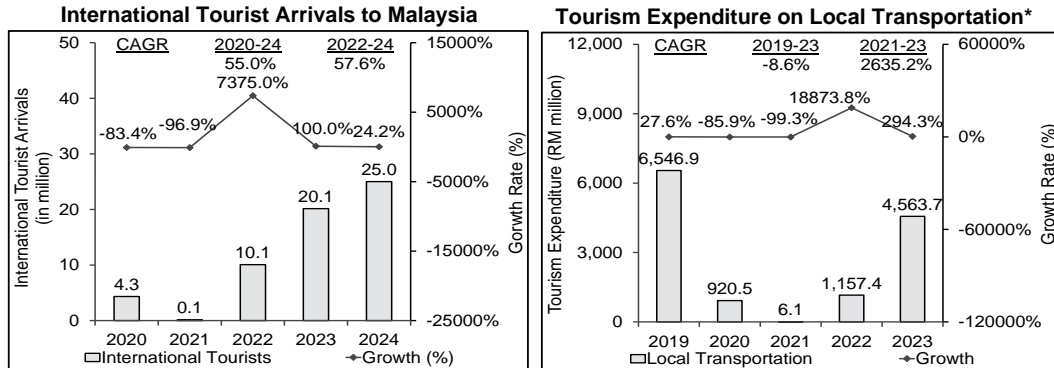
- The full reopening of Malaysia's international borders on 1<sup>st</sup> April 2022 resulted in an increase in tourism receipts from RM238.7 million in 2021 to RM28.2 billion in 2022. In 2024, tourism receipts

8. INDUSTRY OVERVIEW (Cont'd)



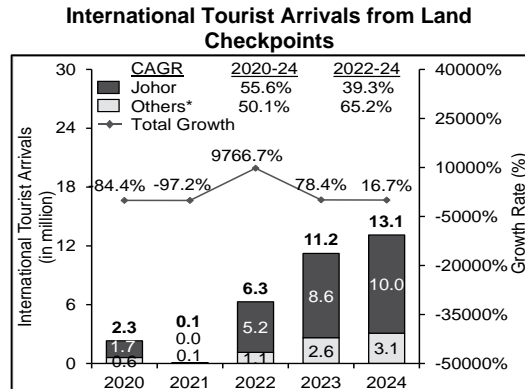
further grew by 43.3% to RM102.2 billion, and the number of international tourist arrivals to Malaysia increased to 25.0 million. (Source: Tourism Malaysia)

- Between 2021 and 2023, in line with the rise in international tourist arrivals, the tourism expenditure on local transportation grew at a CAGR of 2635.2%. The ongoing increase in tourist spending on local transportation could lead to increased demand for services such as bus transportation.



\* Note: Latest available statistics. Local transportation excludes international and domestic airfares, and fuels. (Source: Tourism Malaysia)

- In 2024, 13.1 million tourists arrived in Malaysia by land. Between 2020 and 2024, the number of tourists arriving in Malaysia by land grew at a CAGR of 54.2%. This illustrates the recovery of Malaysia's tourism industry from the impact of the COVID-19 pandemic, but has yet to return to pre-pandemic level. (Source: Tourism Malaysia)



\* Include other states' land checkpoints. (Source: Tourism Malaysia)

- Most international travellers from Singapore prefer to use land transportation via the Johor-Singapore Causeway and Tuas Second Link, while some may choose to enter by ferry or railway. The land checkpoints in Johor handled 10.0 million of the 13.1 million land travellers to Malaysia in 2024. This high volume of cross-border activity underscores the importance of cross-border bus services for foreign travellers transiting to Malaysia.

- In 2024, Singapore attracted 16.5 million international tourists, excluding those entering via land from Malaysia (Source: Singapore Department of Statistics (SDOS)). As a major airline hub, Singapore often serves as a transit point for international travellers. The Johor-Singapore Causeway and Tuas Second Link provide alternative routes for those heading to Malaysia. The Immigration and Checkpoints Authority of Singapore (ICA) recorded an average of 440,000 daily travellers crossing land checkpoints during school and public holidays in 2023, surpassing the pre-COVID-19 pandemic level of 400,000. In 2024, over 172.8 million travellers passed through the land checkpoints between Johor and Singapore. (Source: ICA)

6.2 Excursionist Arrivals in Malaysia

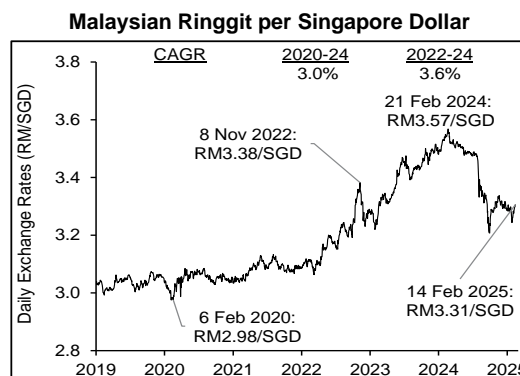
- Excursionists are temporary visitors who travel to a country for leisure purposes without staying overnight outside their usual residence. In 2024, excursionist arrivals reached 12.9 million, representing a 46.7% growth from 2023. Out of the total 12.9 million excursionists, those from Singapore, Thailand, Brunei and Indonesia represented 75.4%, 4.9%, 4.6%, and 3.8%, respectively. In 2024, there were a total of 9.8 million excursionists from Singapore. The substantial number of visitors from Singapore suggests a growing demand for cross-border bus services as these visitors often travel by private cars, taxis and public buses. (Source: Tourism Malaysia)

## 8. INDUSTRY OVERVIEW (Cont'd)



### 6.3 Appreciation of Singapore Dollar (SGD)

- Currency exchange rates play a pivotal role in shaping the demand for cross-border bus services between Singapore and Malaysia. A stronger SGD makes it more economical to spend on similar goods and services in Malaysia compared to Singapore. Between 2022 and 2024, the SGD appreciated against the Malaysian Ringgit (MYR) at a CAGR of 3.6%. However, on 14 February 2025, the SGD declined by 7.4% from its peak to RM3.31 per SGD.



Covering the period from 2 January 2019 to 14 February 2025. (Source: BNM)

- With the continued strengthening of the SGD, more Malaysians may seek employment in Singapore to benefit from the stronger currency, driving up demand for cross-border services and creating opportunities for bus operators.

## 7. COMPETITIVE LANDSCAPE

- The bus service industry is regulated and bus service operators in Peninsular Malaysia are required to obtain permits from APAD. As at January 2024, being the latest available statistics, 242 operators were providing intracity, intercity (including cross-border) and/or JB-SG cross-border bus services in Peninsular Malaysia, where some operators provided more than one type of bus service.

Number of Bus Operators	Total bus operators <sup>(1)</sup>	Intracity	Intercity <sup>(2)</sup>	JB-SG cross-border
Peninsular Malaysia	242	86	181	1
- Johor	38	17	27	1
- Malacca	8	3	5	-
- Klang Valley <sup>(3)</sup>	89	24	75	-
- Others <sup>(4)</sup>	107	42	74	-

(1) Some operators provide more than one type of bus service; (2) Includes cross-border services between Peninsular Malaysia and Singapore/Thailand, but excluding JB-SG cross-border; (3) Includes Selangor and Kuala Lumpur; (4) All other states and territories in Peninsular Malaysia. (Source: APAD)

- As part of government initiatives, additional public bus transportation services were introduced, such as the Bus-on-Demand (BOD) services offered by the Selangor state government through Selangor Mobiliti. BOD services provide flexible public transportation solutions using minibuses, coasters, or vans. They offer dynamically adjusted routes and schedules based on real-time passenger demand, contrasting with conventional public bus services.
- Selected scheduled bus service operators in Malaysia are as follows (not exhaustive):

Scheduled bus operators <sup>^</sup>	FYE <sup>(1)</sup>	Rev <sup>(2)</sup> (RM mil)	Rev <sup>(3)</sup> Growth	Seg Rev <sup>(4)</sup> (RM mil)	GP <sup>(2)</sup> (RM mil)	GP <sup>(3)</sup> Growth	GP Margin	NP/(NL) <sup>(2)</sup> (RM mil)	NP/(NL) Margin
<b>HI Mobility Group</b>	<b>Jan-24</b>	<b>207.7</b>	<b>73.6%</b>	<b>204.2</b>	<b>63.4</b>	<b>92.3%</b>	<b>30.5%</b>	<b>33.2</b>	<b>16.0%</b>
<b>Bus operators in Malaysia</b>									
Rapid Bus S/B <sup>(5)</sup>	Dec-23	162.0	25.7%	162.0	n.a.	n.a.	n.a.	(402.1)	(248.2%)
Combined Bus <sup>(6)</sup>	Dec-23	136.5	1.3%	25.8	n.a.	n.a.	n.a.	60.6	44.4%
SKS Coachbuilders S/B <sup>(7)</sup>	Dec-23	62.2	48.0%	33.7	12.8	2127.4%	20.5%	3.6	5.8%
Mara Liner S/B <sup>(8)</sup>	Dec-23	56.2	29.4%	35.6	22.3	42.2%	39.7%	3.7	6.6%
Konsortium E-Mutiara <sup>(9)</sup>	Dec-23	50.4	27.4%	49.9	24.7	28.3%	49.1%	0.7	1.4%
Tiara Pesona S/B <sup>(10)</sup>	Dec-23	37.6	8.1%	37.6	14.1	9.3%	37.5%	0.3	0.7%
<b>Weighted average: Malaysia operators</b>			<b>31.2%<sup>(a)</sup></b>			<b>68.7%<sup>(b)</sup></b>	<b>33.2%<sup>(c)</sup></b>		<b>(42.1%)<sup>(d)</sup></b>
<b>JB-SG cross-border bus operators in Singapore</b>									
SBS Transit Ltd <sup>(11, 12)</sup>	Dec-23	5,186.0	0.8%	n.a.	n.a.	n.a.	n.a.	234.6	4.5%
SMRT Buses Ltd <sup>(13)</sup>	Mar-24	853.7	(3.6%)	n.a.	n.a.	n.a.	n.a.	33.0	3.9%

## 8. INDUSTRY OVERVIEW (Cont'd)



Scheduled bus operators <sup>^</sup>	FYE <sup>(1)</sup>	Rev <sup>(2)</sup> (RM mil)	Rev <sup>(3)</sup> Growth	Seg Rev <sup>(4)</sup> (RM mil)	GP <sup>(2)</sup> (RM mil)	GP <sup>(3)</sup> Growth	GP Margin	NP/(NL) <sup>(2)</sup> (RM mil)	NP/(NL) Margin
Transtar Travel <sup>(11, 14)</sup>	Dec-23	32.7	1.4%	n.a.	n.a.	n.a.	n.a.	0.9	2.7%
<b>Weighted average: Singapore operators</b>			<b>0.1%<sup>(e)</sup></b>			<b>n.a.</b>	<b>n.a.</b>		<b>4.4%<sup>(f)</sup></b>

(a) Growth of the sum of all Malaysia companies' revenue of their respective latest financial year compared to the sum of the previous financial year; (b) Growth of the sum of 5 companies' (with data) GP of their respective latest financial year compared to the sum of the previous financial year; (c) (Sum of 5 companies' (with data) GP divided by the sum of their revenue) x 100%; (d) (Sum of all Malaysia companies' NP/NL divided by the sum of their revenue) x 100%; (e) Growth of the sum of all Singapore companies' revenue of their respective latest financial year compared to the sum of the previous financial year; (f) (Sum of all Singapore companies' NP divided by the sum of their revenue) x 100%; <sup>^</sup> The list is sorted in descending order of revenue within their respective categories; FYE = financial year end; Rev = revenue; Seg Rev = segment revenue; GP = gross profit; GL = gross loss; NP = net profit after tax; NL = net loss after tax; mil = million; S/B = Sendirian Berhad; Pte = Private; Ltd = Limited; n.a. = information not available;

- (1) Latest available audited financial information from the Companies Commission of Malaysia, Accounting and Corporate Regulatory Authority (ACRA) of Singapore, annual reports and HI Mobility Group.
- (2) May include other business activities, products or services in addition to bus services.
- (3) Compared to the previous financial year in their respective domestic currency.
- (4) Mainly bus service revenue including government grants recognised as revenue where applicable.
- (5) A subsidiary of Prasarana Malaysia Berhad, wholly owned by the Malaysian government. It is principally involved in intracity bus services in Klang Valley, Penang and Kuantan.
- (6) The Combined Bus Services S/B. A subsidiary of Perak Transit Bhd, a listed entity on Bursa Securities. Principally involved as operators of bus terminal, petrol station, and public transportation including intracity bus services in Ipoh.
- (7) Principally involved in manufacturing, marketing and hiring of automotive, and transportation buses including intracity bus services in Kuala Lumpur, and general trading.
- (8) A subsidiary of Majlis Amanah Rakyat (MARA), a corporation under the Ministry of Rural and Regional Development. It is involved in intracity and intercity bus services as well as other services.
- (9) Konsortium E-Mutiara Berhad. It provides intercity bus services.
- (10) Provides intercity bus services.
- (11) Financial figures in SGD and converted to RM based on BNM's exchange rate of SGD = RM3.3959 for 2023.
- (12) Listed on Singapore Exchange Securities Trading Ltd. A subsidiary of ComfortDelGro Corporation Ltd, a listed entity on Singapore Exchange Securities Trading Ltd. It provides bus services including JB-SG cross-border, and rail services in Singapore.
- (13) Financial figures in SGD and converted to RM based on BNM's exchange rate of SGD = RM3.3959 for 2023 as the financial year covers 9 months of 2023. It provides bus services including intracity, chartered and JB-SG cross-border.
- (14) Transtar Travel Pte Ltd. It provides coach travel and tours, JB-SG cross-border and other bus services.

- **Appraisal of HI Mobility Group compared to the industry:** Based on the above comparative list of companies, HI Mobility Group's revenue growth, GP growth and NP margin are higher than Malaysia and Singapore operators' weighted average. In contrast, the GP margin of HI Mobility Group is lower than Malaysia operators' weighted average.
- The type of bus services provided by the selected operators above are as follows:

Scheduled bus operators	Intracity	Intercity	JB-SG cross-border	Operating own brand	Operating third-party brands
<b>HI Mobility Group</b>	√	√	√	<b>Causeway Link</b>	<b>BMJ, BAS.MY, Smart Selangor Bus, RapidKL</b>
<b>Bus operators in Malaysia</b>					
Rapid Bus S/B	√	-	-	RapidKL, RapidKuantan, RapidPenang	PJ City Bus, Smart Selangor Bus, Nadiputra Putrajaya
The Combined Bus Services S/B	√	-	-		BAS.MY
SKS Coachbuilders S/B	√	-	-		Go KL City Bus
Mara Liner S/B	√	√	-	Maraliner	BAS.MY, Smart Selangor Bus, Negeri Sembilan Bus
Konsortium E-Mutiara Berhad	√	√	-	E-Mutiara	
Tiara Pesona S/B	-	√	-	Ekspres Perdana	
<b>JB-SG cross-border bus operators in Singapore</b>					
SBS Transit Ltd	√	-	√	SBS Transit	
SMRT Buses Ltd	√	-	√	SMRT	
Transtar Travel Pte Ltd	-	-	√	Transtar	

- The criteria for the selection of the above are as follows: (1) provides scheduled bus services in Malaysia or cross-border between Johor Bahru and Singapore; (2) revenue of RM30 million and above; and (3) availability of the latest available financial information.

## 8. INDUSTRY OVERVIEW (Cont'd)



### 8. BARRIERS TO ENTRY

- In Malaysia, one of the key barriers to entry into the bus service industry is regulatory including obtaining operator licences, route licences, vehicle permits, and passing vehicle inspection. Bus drivers must also obtain and maintain valid vocational licences and pass medical examinations. Bus operators wishing to participate in the SBST programme must undergo competitive tendering and obtain approval from the authorities. This ensures that only operators meeting stringent standards of service quality and operational capability are selected. Operators of JB-SG cross-border bus services must obtain omnibus licences, as well as permits and approvals from the LTA of Singapore.
- High capital expenditure presents another barrier to entry in the bus service industry, which relies on assets like buses. The mandated replacement of buses will also require substantial investment. While leasing these assets can reduce upfront costs for operators, it may lead to higher long-term expenses. Additionally, the repair, maintenance and upkeep of buses may be outsourced to third parties. The number of bus operators indicates the barriers to entry. As at January 2024, being the latest available statistics, Peninsular Malaysia has 10,917 public service bus operators, with 253 operating scheduled bus services, including 242 that provide intracity, intercity (including cross-border) and/or JB-SG cross-border bus services (Source: APAD).

### 9. INDUSTRY SIZE AND SHARE

- The industry size and market share of HI Mobility Group are estimated as below:

Household Expenditure – 2023 (RM million)	Industry Size <sup>(a)</sup>	HI Mobility Group	
		Revenue Size <sup>(b)</sup>	Market Share <sup>(c)</sup>
^Passenger Transport by Road - Malaysia	2,760 <sup>(1)</sup>	93 <sup>(2)</sup>	3%
^Passenger Transport by Road - Johor	376 <sup>(3)</sup>	89 <sup>(4)</sup>	24%
Intracity and Intercity Bus Services – Malaysia*	284 <sup>(5)</sup>	68 <sup>(6)</sup>	24%
Active Vehicle Permits for Bus – 2023	Industry Size <sup>(d)</sup>	Fleet Size <sup>(b)</sup>	Market Share (%) <sup>(e)</sup>
Malaysia	48,101 <sup>(7)</sup>	459 <sup>(8)</sup>	1%

^ Such as buses, taxis, e-hailing, and car hire; \* No statistics available for Johor. Sources: (a) DOSM, Tenaga Nasional Berhad, and Vital Factor analysis; (b) HI Mobility Group; (c) (b/a) x 100%; (d) MOT; (e) (e/d) x 100%;

(1) Extrapolated from Malaysia household expenditure in 2022 to 2023 based on the latest available data = (mean yearly household expenditure on passenger transport by road in 2022) x (1+ Malaysia's GDP growth (1.6%) in 2023) x (number of households in Malaysia in 2023 = (number of households in Malaysia in 2022) x (1+ household growth (2.7%) in Malaysia in 2023)).

(2) Based on HI Mobility Group's revenue from scheduled bus operations in Malaysia for the financial year ended 31 January 2024 taken as a proxy for calendar year 2023.

(3) Extrapolated from Johor household expenditure in 2022 to 2023 based on the latest available data = (mean yearly household expenditure on passenger transport by road in 2022) x (1+ Malaysia's GDP growth (1.6%) in 2023) x (number of households in Johor in 2023 = (number of households in Johor in 2022) x (1+ household growth (2.7%) in Malaysia in 2023)).

(4) Based on HI Mobility Group's revenue from scheduled bus operations in Johor for the financial year ended 31 January 2024 taken as a proxy for calendar year 2023.

(5) Extrapolated from Malaysia household expenditure in 2022 to 2023 based on the latest available data = (mean yearly household expenditure on intracity and intercity bus services in 2022) x (1+ Malaysia's GDP growth (1.6%) in 2023) x (number of households in Malaysia in 2023 = (number of households in Malaysia in 2022) x (1+ household growth (2.7%) in Malaysia in 2023)).

(6) Based on HI Mobility Group's revenue from intracity and intercity bus operations in Malaysia for the financial year ended 31 January 2024 taken as a proxy for calendar year 2023.

(7) Based on Malaysia's total active vehicle permits for buses in 2023.

(8) Based on HI Mobility Group's active permits as at 31 January 2024 taken as a proxy for calendar year 2023.

### 10. INDUSTRY OUTLOOK AND PROSPECTS

Consideration factors impacting the outlook and prospects of the bus service industry are as follows:

#### Opportunities and drivers of growth

- The prospects of the bus service industry hinge on government initiatives and incentives that bolster the industry ecosystem. Under Budget 2025, government expenditure on the transportation sector is projected at RM17.6 billion, which includes ongoing funding for initiatives like SBST and ISBSF

## 8. INDUSTRY OVERVIEW (Cont'd)



(RM273 million) and other incentives for bus services (*Source: MOF*). The introduction and expansion of programmes such as MyPSV and SBST will further catalyse industry growth. At the state level, major developments in Johor, such as the Johor-Singapore Special Economic Zone, Forest City Special Financial Zone, Pengerang Integrated Petroleum Complex, and Desaru Coast Destination Resort, are expected to stimulate increased economic activity, thereby boosting demand for intercity, intracity, and JB-SG cross-border bus services in Johor.

- Population changes in Malaysia will likely impact the demand for public transportation, including buses. In 2024, Malaysia's population reached 34.1 million, with Johor, Malacca, Selangor, and Kuala Lumpur accounting for 14.7 million. According to the National Transport Policy 2019-2030, Malaysia's population is projected to reach 41.5 million by 2040. This, along with rising affluence and mobility trends, is estimated to drive daily trips from 40 million in 2010 to 131 million by 2030 (*Source: MOT*). Additionally, population growth in Johor Bahru and Singapore may increase demand for cross-border bus services due to proximity. In 2024, Johor Bahru's population grew by 2.2% to 1.8 million, while Singapore's population rose by 2.0% to 6.0 million (*Source: DOSM and SDOS*).
- The increasing Malaysia-Singapore cross-border movement is likely to drive higher demand for cross-border bus services. In 2023, tourists from Singapore made up 41.2% of international arrivals, with 83.8% entering via Johor's land checkpoints according to the latest available statistics. Additionally, there were 9.8 million Singaporean excursionists to Malaysia in 2024, marking a 49.6% increase. The appreciation of the SGD against the MYR may also encourage more Malaysians to seek employment in Singapore, underscoring the importance of cross-border bus services for commuters. (*Source: Tourism Malaysia*)
- The recently introduced QR code system, MyBorderPass, will expedite immigration clearance for bus passengers at Malaysian customs. Accelerating the clearance process could reduce JB-SG border crossing times, potentially encouraging more travellers to use cross-border bus services.
- Additionally, the government's introduction of alternative transportation methods may raise public awareness about public transportation. The Bus Rapid Transit (BRT) system, a high-capacity bus-based transit network utilising dedicated busways, aims to offer efficient and cost-effective services. Expanding the BRT may boost public bus ridership and open avenues for bus operators. In the mid-term review of the 12th Malaysia Plan, there are proposals to extend the BRT system to Johor Bahru and the Klang Valley (*Source: MOE*).
- Upon completion, the RTS link will have the capacity to transport 10,000 passengers per hour in each direction (*Source: MOT*). However, transferring passengers to and from the Malaysian RTS terminal will require supplementary transportation, benefiting local bus operators including HI Mobility Group.

### Threats and challenges

- In contrast, the RTS link offers a faster and more efficient mode of transportation, likely encouraging passengers to prefer rail-based commuting over bus services. This shift in preference may affect the demand for traditional JB-SG cross-border bus routes. Nevertheless, rail transportation is less flexible than bus services because it operates on a point-to-point basis, while buses provide multipoint-to-multipoint transit.
- The increasing focus on sustainable development may alter public preferences towards green mobility options. Malaysia's National Energy Policy 2022-2040 aims to increase the share of electric vehicles to 38% by 2040, while the National Energy Transition Roadmap (NETR) targets a 40% public transport modal share by 2040 and 60% by 2050 (*Source: MOE*). Additionally, Singapore currently imposes fines on foreign commercial diesel vehicles that exceed 40 Hartridge Smoke Units (HSU) of smoke emissions and will enforce stricter limits by reducing the entry threshold from 60 to 50 HSU starting April 2026 (*Source: National Environment Agency Singapore*). These evolving preferences and regulations will impact operators using traditional diesel buses and benefit those adopting environmentally friendly vehicles, such as HI Mobility Group, which has introduced electric buses for BAS.MY operations in Johor Bahru and JB-SG cross-border services.
- The bus service industry could face challenges due to a shortage of bus drivers. The high initial fees required to obtain a Class E and PSV licence may deter prospective drivers from acquiring these licences. This barrier has also prevented drivers from participating in the MyPSV programme, as a Class E licence is a prerequisite for eligibility.

## 9. RISK FACTORS

Before investing in our Shares, you should pay particular attention to the fact that we and to a large extent, our business and operations are subject to the regulatory, industry and business risks. Our operations are also subject to a number of factors, many of which are outside our control. Before making an investment decision, you should carefully consider, along with other matters in this Prospectus, the risks and investment considerations set out below.

### 9.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

#### 9.1.1 We operate within a regulated passenger transportation industry and we are dependent on our ability to retain and renew operating licences from various government bodies in the countries in which we operate

We operate in a regulated industry for the provision of cross-border and local bus services, and therefore our operations are subject to several laws, regulations, and policies in the countries that we operate.

In Malaysia, our business is subject to the following licences and/or permits being maintained, and our ability to retain and renew them is important to ensure business continuity. These include, among others, the following:

- operator licence for public transportation services issued by APAD;
- service permits issued by APAD certifying the permissible routes for bus services;
- vehicle permits issued by APAD for buses deployed in public transportation services (including the number of seats and maximum number of passengers per bus);
- registration with the MOF under the relevant category for government tendering;
- compliance with periodic inspection requirements under the Road Transport Act 1987 and regulations made thereunder, as well as possessing a valid inspection certificate from licensed inspection centre (i.e. PUSPAKOM) for road-worthiness of all our buses;
- compliance with regulations and operational safety requirements of Jabatan Pengangkutan Jalan (“JPJ”) and APAD; and
- licence for supporting services such as business licences for bus ticketing counters, and workshops issued by local councils, and certificate for the registration of engineering workshop issued by JPJ.

As for our cross-border bus services including the JB-SG cross-border bus services and intercity bus services between Malaysia and Singapore, we must obtain the LTA’s approvals as well as omnibus licences to operate the specific routes in Singapore.

As at the LPD, we hold the relevant licences, permits and approvals to operate the relevant routes in Malaysia and Singapore. Please refer to Annexure B of this Prospectus for further details.

For the Financial Years/Period Under Review and up to the LPD, we have been able to renew or maintain our licenses, permits and approvals. However, there is no assurance that we will consistently be able to renew or maintain our licenses, permits and approvals in a timely manner, or acquire the necessary licenses, permits and approvals for new buses, new or modified routes or modified operating hours in the future. Any non-renewals of expiring licenses, permits or approvals, or failure to obtain the required new licences, permits or approvals could adversely affect our operations and financial performance.

## 9. RISK FACTORS (Cont'd)

### 9.1.2 We are dependent on the omnibus licences and approvals by LTA for the operation of our JB-SG cross-border bus services

For our JB-SG cross-border bus services, we must obtain the relevant licences and approvals from LTA in Singapore. The approvals from LTA comprise, among others, approved details, the route details, stopping places, operating hours and the registration number of buses that are permitted to provide bus services on such routes. The approved buses are required to have omnibus licenses that allow them to operate the specified routes. The omnibus licenses issued by the LTA are valid for approximately one year and are subject to renewal. As at the LPD, we have 150 buses with the required omnibus licences and approvals to carry out our JB-SG cross-border bus services.

For the FYE 2022, FYE 2023, FYE 2024 and FPE 2025, revenue from our JB-SG cross-border bus services accounted for 12.8% (RM4.0 million), 53.1% (RM63.5 million), 58.8% (RM122.2 million), and 59.8% (RM122.2 million) of our total revenue respectively, representing a CAGR of 450.3% between FYE 2022 and FYE 2024.

In this regard, our business and financial performance relies on our ability to maintain the approvals and renew of our licences, and any cancellation or termination of the approvals could adversely affect our operations and financial performance.

For the Financial Years/Period Under Review and up to the LPD, we have been able to renew our omnibus licences and obtain approvals by LTA for the operation of our JB-SG cross-border bus services. However, there is no assurance that we will consistently be able to maintain the approvals and renew of our licences. Any cancellation or termination of the approvals or non-renewals of our licences could adversely affect our operations and financial performance.

### 9.1.3 Our business and financial performance relies on our ability to secure contracts, maintain or renew our subsisting contracts with various government bodies for contracted intracity bus services, and we are dependent on a major government customer to provide intracity bus services

We have secured several contracts from various government bodies including APAD, PAJ, and Rapid Bus Sdn Bhd to provide intracity bus services in Johor, Malacca and the Klang Valley. Our revenue derived from government bodies for contracted services are as follows:

Revenue	FYE 2022		FYE 2023		FYE 2024		FPE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
APAD	6,332	20.1	22,330	18.7	43,111	20.8	42,127	20.6
PAJ	9,569	30.4	10,561	8.8	10,698	5.2	8,192	4.0
Rapid Bus Sdn Bhd	-	-	-	-	-	-	2,661	1.3
Majlis Perbandaran Sepang	1,514	4.8	2,561	2.1	2,760	1.3	2,091	1.0
Majlis Perbandaran Klang	-	-	-	-	832	0.4	904	0.5
Majlis Perbandaran Petaling Jaya	673	2.2	-	-	-	-	-	-
<b>Subtotal</b>	<b>18,088</b>	<b>57.5</b>	<b>35,452</b>	<b>29.6</b>	<b>57,401</b>	<b>27.7</b>	<b>55,975</b>	<b>27.4</b>



## 9. RISK FACTORS *(Cont'd)*

As at the LPD, we have multiple subsisting government contracts for the provision of intracity bus services in Johor, Malacca and the Klang Valley. The total contract value is RM383.0 million, with an unbilled portion of RM158.3 million as at the LPD, which will sustain our business until 2029. In this regard, our business and financial performance relies on our ability to maintain these subsisting contracts and renew them promptly upon expiry. Please refer to Section 7.7.1.1(ii) of this Prospectus for further details of our ongoing contracts with the government bodies as well as the status of our contracts that are expiring in March 2025.

There can be no assurance that we will be able to extend the contracts or be able to continuously secure new contracts, nor can we assure that the new contracts we secure will be commercially favourable to us in terms of profitability. If we are unable to secure new contracts from the government, our order book may be reduced over time and this will adversely affect our business sustainability and future financial performance.

In 2018, we secured a contract from APAD for the operations of intracity bus services under the SBST programme, however, the contract was not executed due to changes in Government direction.

Furthermore, we are dependent on one of our major customers, APAD which is a government body, by virtue of its revenue contribution, which accounted for RM6.3 million (20.1%), RM22.3 million (18.7%), RM43.1 million (20.8%) and RM42.1 million (20.6%) of our total revenue for the FYE 2022, FYE 2023, FYE 2024 and FPE 2025 respectively. As at the LPD, we have 2 ongoing contracts with APAD for the provision of intracity bus services in Johor and Malacca. Please refer to Section 7.7.1.1(ii) of this Prospectus for further details. In the event of any reduction of contracts or suspension/termination of contracts from APAD, if not replaced promptly, would adversely affect our results of operations and financial condition.

We receive fixed fee for each intracity route under our contract. However, we may face penalties if we fail to meet specified service performance criteria such as trip efficiency, punctuality, and bus age. Please refer to Section 7.6.1 of this Prospectus for more details. Our penalties arising from failure to meet specified service performance criteria was 4.0% (RM1.4 million), 3.3% (RM1.9 million), 3.4% (RM1.9 million) of our revenue from contracted intracity bus services for the FYE 2023, FYE 2024 and FPE 2025 respectively. There was no penalty incurred arising from failure to meet specified service performance criteria for the FYE 2022. There is no assurance that we will consistently meet the service level requirements in the future.

Therefore, there is no assurance that we will receive the full contract value or any unbilled portion by the LPD. If we fail to promptly secure new contracts to offset these reductions, it could impact our long-term sustainability, business growth, and future financial performance.

### 9.1.4 **Our JB-SG cross-border bus services may face risk associated with the introduction of the Rapid Transit System Link (RTS Link)**

The introduction and operation of the Rapid Transit System Link (RTS Link) could pose risks to our JB-SG cross-border bus services as riders may prefer to use the RTS Link instead of our bus services. This may lead to a decrease in demand for our JB-SG cross-border bus services, adversely impacting our business operations and financial performance.

For the FYE 2022, FYE 2023, FYE 2024 and FPE 2025, revenue from our JB-SG cross-border bus services accounted for 12.8% (RM4.0 million), 53.1% (RM63.5 million), 58.8% (RM122.2 million), and 59.8% (RM122.2 million) of our total revenue respectively, while the ridership was approximately 71,000 (FYE 2022), 5.9 million (FYE 2023), 15.7 million (FYE 2024) and 15.9 million (FPE 2025) passengers respectively.

## 9. RISK FACTORS (Cont'd)

The RTS Link is a cross-border rail project aimed at significantly enhancing connectivity between Malaysia and Singapore. Scheduled for operation by the end of 2026 or early 2027, the RTS Link will feature two stations: one at Bukit Chagar, adjacent to Johor Bahru Sentral, and the other at Woodlands North in Singapore, integrated with the Thomson-East Coast MRT Line. Upon completion by 2026, it will have the capacity to transport 10,000 passengers per hour in each direction. This project is expected to catalyse regional economic growth by offering an alternative land transportation route through the causeway between JB and SG (*Source: IMR Report*). The RTS Link offers an alternative which may affect demand for our JB-SG cross-border bus services.

A key differentiation is that the RTS Link offers point-to-point transportation, while our JB-SG cross-border bus services are multipoint-to-multipoint, having two pick-up and drop-off points in JB, and six pick-up and drop-off points in Singapore.

There is no assurance that the RTS Link, once operational, will not lead to a loss of ridership for our JB-SG cross-border services, which could negatively impact our business operations and financial performance.

### 9.1.5 We face risks relating to labour shortages including drivers for our day-to-day bus operations

We are dependent on our bus drivers for our day-to-day bus service operations. As at the LPD we have a pool of 1,123 drivers, comprising 1,014 fully licensed drivers and 109 trainee drivers. This group represents 65.9% of our total workforce count. All our bus drivers are required to hold valid Class E licences in Malaysia and those bus drivers who drive in Singapore must hold vocational licences in Singapore, unless otherwise exempted.

From time to time, we face shortages of bus drivers due to various factors including:

- the initial high entry costs for drivers to obtain vocational licences in Malaysia, involving theoretical and practical training, as well as passing medical and driving examinations;
- preference of drivers to work in Singapore where higher remuneration packages and a stronger currency are offered compared to Malaysia; and
- challenges associated with the job such as navigating traffic congestions, maintaining alertness while driving, and enduring long hours on the road.

To address these challenges, we have implemented driver enhancement and training programmes, along with financial assistance to cover the cost of obtaining or renewing necessary bus driver licenses. However, any shortfall and our inability to swiftly replace or recruit new drivers could adversely impact our business operations and financial performance. Non-compliance with our bus service contracts due to driver shortages may also lead to penalties. Moreover, these shortages could hinder our ability to effectively and promptly execute expansion plans, potentially impacting our future business growth and financial outlook.

Under Singapore's Road Traffic (Vocational Licence for Bus Conductors and Drivers – Exemption) Order 2017, which came into operation on 20 June 2017, the drivers of our Company's JB-SG cross-border bus services and KL-SG and Melaka-SG intercity express bus services are exempted from the requirement to obtain vocational licenses in Singapore so long as such drivers hold a license under the laws of Malaysia that is equivalent to such vocational license. There is no assurance that this exemption will not be retracted or amended, or that our Company's drivers will always qualify for this exemption. Should the exemption cease to apply to our Company's drivers, our Company will face an increase in compliance costs which may adversely impact its financial performance.

## 9. RISK FACTORS (Cont'd)

In addition to drivers who are crucial for our day-to-day bus operations, we are dependent on technicians at our workshop in Johor Bahru to carry out the repair and maintenance services which is primarily to support our bus service operations. As at the LPD, we have a total of 138 workers including technicians and general workers to carry out the repair and maintenance and related works at our workshop of which, 42 are local workers and 96 are foreign workers.

We may experience labour shortages from time to time due to various factors including higher salaries offered by companies in Singapore, and shortage of skilled technicians in the domestic market, changes in government policies relating to the supply of foreign labour all of which are beyond our control.

For the Financial Years/Period Under Review and up to the LPD, we have not experienced significant labour shortages including drivers which have materially affected our business operations. In the event of any inability to hire new or replacement employees in a timely manner, our business operations and financial performance may be adversely affected.

### 9.1.6 Our profitability may be affected by unforeseen circumstances, as our ticket prices, which are subject to authority approval, and fixed fee from long-term contracts, may prove inadequate

Our mode of operations regarding sources of revenue comprises the following:

Sources of revenue for the provision of bus services	Approved ticket price	Fixed-minimum payment long-term <sup>(1)</sup> contracts	Short-term <sup>(2)</sup> contracts/purchase orders
Ticket sales for JB-SG cross-border bus services	√		
Ticket sales for other intracity bus services in Johor (non-contracted)	√		
Ticket sales for intercity bus services	√		
Government contracted intracity bus services		√	
Chartered bus services to corporations		√	√

#### Notes:

(1) Refers to contracts of 1 year or more.

(2) Refers to contracts or purchase orders of less than 1 year.

Our main sources of revenue for the provision of bus services include ticket sales where fares require approvals from authorities, and contracted services based on long-term contracts and fixed fee for services rendered. A proportion of our revenue is from contracts or purchase orders that are short term of less than 1 year.

For the FYE 2023, FYE 2024 and FPE 2025, ticket sales represented our highest revenue contribution segment. Our ticket prices are fixed and approved by APAD for cross-border, intracity and intercity routes in Malaysia, and by way of notification to LTA for the JB-SG cross-border routes. For the FYE 2023, FYE 2024 and FPE 2025, our long-term contracted services represented between 29.4% and 33.3% of our total revenue. Our long-term contracted services are based on fixed fee for services rendered for periods between 1 to 7 years.

Our collections from sales of bus tickets and fixed fee for our contracted services will need to cover all our capital-related expenses such as depreciation, and all operating expenses such as fuel, electricity, consumables, repair and maintenance, insurance, labour and others, and also provide us with profits.

## 9. RISK FACTORS (Cont'd)

There are risks that the approved ticket prices may not be adequate for us to be commercially profitable, maximise our profits, pass on unforeseen increases in operational costs to riders, or drop in ridership due to unforeseen events such as the COVID-19 pandemic.

There is also a risk that when we are tendering for long-term contracts from various government bodies and corporations, we may not have adequately accounted for all capital-related and operating costs, cost increases or other unforeseen circumstances for the duration of the contracts. During the performance of our contracts, we are subjected to penalties or otherwise incur costs for failure to comply with certain terms of our contracts. For the FYE 2023, FYE 2024 and FPE 2025, we incurred penalties of RM1.4 million, RM1.9 million and RM1.9 million respectively. There was no penalty incurred arising from failure to meet specified service performance criteria for the FYE 2022.

While we may request increases in ticket prices or increases in fixed fee, there is no assurance that the relevant government authorities or corporations will grant our requests in full, part or at all, which may adversely affect our profitability as well as our financial conditions and results of operations. For the Financial Years/Period Under Review and up to the LPD, we have not requested for increases in ticket prices or fixed fee.

### 9.1.7 We may be negatively affected by accidents and other operational incidents

As a bus service provider, we face risks related to operational incidents, such as accidents causing property damage, injuries, or loss of life. These incidents which may or may not be attributable to our drivers, could lead to negative publicity, erode public confidence, and reduce demand for our services, thereby hindering our ability to secure and retain contracts.

Furthermore, such operational incidents expose us to financial risks arising from legal proceedings and potential suspension of operations. Additionally, as a provider of cross-border and local bus services to the general public, misconduct or criminal behaviour by our employees may harm our reputation. We have engaged consultants to review the robustness of our Group's internal controls to minimise the risk of operational incidents. Nevertheless, any material operational incidents could materially impact our financial condition and operational results. For the Financial Years/Period Under Review and up to the LPD, we have not experienced operational incidents which have materially affected our business operations.

### 9.1.8 We may be exposed to increase in operating costs arising from movements in fuel prices and electricity costs

As at the LPD, we operate 683 buses of which 630 of them are ICE buses and 53 are electric buses. For our bus service operations, we are eligible for subsidised diesel under the subsidised diesel control system (SKDS) 1.0 scheme for land public transport to purchase diesel at a subsidised rate. Under the SKDS, effective 10 June 2024, the government has set the retail price of diesel fuel at RM3.35 per litre, which may be revised from time to time, to align with market rates. SKDS aims to regulate and manage the distribution of subsidised diesel fuel. Land public bus transportation, including stage (intracity) buses, express (intercity) buses, school buses, and feeder buses, continues to benefit from subsidised diesel priced at RM1.88 per litre under SKDS1.0 (Source: IMR Report).

For the Financial Years/Period Under Review, fuel costs were the major cost of our operations, which accounted for 59.4%, 42.9%, 39.7%, and 43.4% of our total purchases for the FYE 2022, FYE 2023, FYE 2024 and FPE 2025 respectively. In this respect, our business is subject to risks arising from changes in government policy relating to removing or reducing subsidies for fuel prices for public land transportation. If we are unable to pass on any increases in fuel prices to customers either through increased ticket prices or increases in fixed fees, this would adversely affect our financial performance and results of operations.

## 9. RISK FACTORS (Cont'd)

Furthermore, we also operate electric buses where we have 20 charging stations at our depot and workshop in Johor Bahru as at the LPD. We also planned to expand our EV facilities to cater to our planned electric bus fleet expansion. As such, there is a risk that we may not be able to recover any increases in electricity costs which may affect our financial performance in the future.

### 9.1.9 We may be exposed to foreign exchange risks relating to unfavourable fluctuations in foreign exchange especially against the Singapore Dollar

We are exposed to foreign currency fluctuations mainly SGD arising from our cross-border bus services where the ticket sales from Singapore are transacted in SGD. In addition, we also operate a ticket counter on a rental basis in Singapore. Any unfavourable movement in exchange rates between RM and SGD would harm our financial performance.

For the Financial Years/Period Under Review, our revenue in SGD was 9.0%, 41.0%, 49.0%, and 50.4% of our total revenue for the FYE 2022, FYE 2023, FYE 2024 and FPE 2025 respectively, while our purchases of materials and services transacted in other foreign currencies mainly SGD, accounted for 0.2%, 0.9%, 1.0% and 1.0% of our total purchases of materials and services for the FYE 2022, FYE 2023, FYE 2024 and FPE 2025 respectively.

We maintain bank accounts in foreign currencies mainly SGD for working capital purposes. To a certain extent, this provides a natural hedge against fluctuations in foreign exchange and reduces our exposure to foreign exchange risk. As at the LPD, we have foreign currency forward hedging facility amounting to RM17.0 million which have yet to be utilised.

### 9.1.10 We face financial risks relating to liquidity and interest rates, which could lead to financial distress if we fail to meet our obligations

We are exposed to certain financial risks relating to the following:

#### Increasing outstanding bank borrowings and interest rate

- Our outstanding bank borrowings increased from RM57.7 million as at 31 January 2022 to RM86.8 million as at 31 January 2023, and RM100.9 million as at 31 January 2024 and RM151.8 million as at 31 October 2024. The bank borrowings were primarily used for expanding our bus fleets for the newly contracted intracity bus services in Johor Bahru and Malacca, as well as working capital purposes. Our gearing ratio was above 1.0 times for the Financial Years/Period Under Review, which were recorded at 1.6 times, 1.5 times, 1.4 times and 1.2 times as at 31 January 2022, 31 January 2023, 31 January 2024 and 31 October 2024 respectively.

As at 31 October 2024, our total bank borrowings owing to financial institutions was RM151.8 million, of which all were interest bearing, where RM109.3 million are based on floating interest rates and the remaining RM42.5 million are based on fixed rates. Our finance costs increased by 80.5% to RM3.0 million in FYE 2023 (FYE 2022: RM1.7 million), and further increased by 56.7% to RM4.7 million in FYE 2024 due to higher utilisation of bank borrowings for capital expenditures and working capital purposes.

Part of our strategies is to expand our operational facilities including bus fleets, depot-related facilities, and digital infrastructure, which will be funded using a combination of IPO proceeds, internally generated funds and/or bank borrowings. In this respect, this may increase our gearing ratio in future as and when the borrowings are drawn down.

There is no assurance that we will not take on more loans in future. If we fail or encounter difficulties in meeting our financial obligations when they fall due, this will result in financial distress condition which will affect our operations and financial performance. For the Financial Years/Period Under Review, we have not defaulted on any payments of either principal and/or interests in relation to our bank borrowings.

## 9. RISK FACTORS (Cont'd)

### Liquidity in working capital and cash flow

- We experienced net current liabilities position for the Financial Years Under Review at RM43.6 million (as at 31 January 2022), RM31.4 million (as at 31 January 2023) and RM51.9 million (as at 31 January 2024). This was mainly attributed to the expansion of our bus fleets and related facilities during the Financial Years Under Review where we have been using bank borrowings mainly short-term borrowings to fund our expansion. In addition, this was also partly attributed to low trade receivables as at 31 January 2022 as our business was affected by the COVID-19 condition that affected our cross-border bus services. Subsequent to FYE 2024, this has been rectified as we have drawn down a new long-term facility to refinance the existing revolving credit facilities, followed by a capital injection pursuant to the Subscription of New Shares completed on 23 July 2024.

Nonetheless, there can be no assurance that we would not experience liquidity conditions which may affect our results of operations and financial performance.

- For the FYE 2022, we recorded a negative operating cash flow of RM1.6 million which was attributed to the loss from operations as our business was affected by various containment measures including restricted movement and border closures in Malaysia which negatively impacted our ticket sales from the cross-border bus services. Our operating cash flow position improved to RM35.7 million in FYE 2023 and RM73.3 million in FYE 2024 upon the relaxation of containment measures as well as the commencement of the operations of *MyBas* bus services in Johor Bahru and its surrounding areas in March 2022 (during the FYE 2023).

### Impairment loss on trade and other receivables

- We are exposed to certain financial risks arising from impairment loss on trade and other receivables concerning customers' failure to pay their outstanding invoices which may affect our financial condition and performance. We have in place a credit control policy to closely monitor our ageing report and regularly access the collectability of the trade receivables for customers. Nonetheless, there can be no assurance that we will be able to receive the full payment of our outstanding invoices. In the FYE 2022, an impairment loss was recorded on other receivables owing by Manja Technologies Pte Ltd and Hugo Mobility Pte Ltd to our Group amounting to RM22.5 million. Please refer to Section 10.1.3(i) of this Prospectus for further details on the impairment loss of other receivables.

### Availability of funding for capital expenditure to maintain the safety, reliability and efficiency of our services and for future expansion

- Furthermore, our business is exposed to high investment and operating costs to maintain our fixed assets such as bus fleets, depots and related facilities including digital infrastructure to support our network of bus routes as well as to fulfil government-contracted services.

For instance, we were required to have 164 buses to provide intracity bus services in the Klang Valley. As at 31 October 2024, we have invested RM270.3 million in our operational facilities including buses, depot facilities and digital infrastructure. Moving forward, part of our strategies and plans are to increase our investment in our operational facilities including expanding our bus fleet, depot facilities and digital infrastructure to cater for our geographical network expansion.

## 9. RISK FACTORS *(Cont'd)*

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In the event we fail to obtain the necessary funding for capital expenditure and expenses to maintain the reliability and efficiency of our bus services or limitation in funds to execute our strategies and plans, this would negatively affect our business and results of operations as well as expected financial prospects.

Notwithstanding the above, there can be no assurance that we would not experience liquidity conditions which may affect our results of operations and financial performance, or our ability to access funds for capital expenditure to maintain the reliability and efficiency of our bus services.

### 9.1.11 **Our business operations performance may be affected by virulent diseases, epidemics or pandemics**

The spread or outbreak of COVID-19 or any other contagious or virulent diseases may potentially affect our business operations. Our business operations were affected due to various COVID-19 pandemic containment measures including the restrictive movement control and border closure between 2020 and 2021. This was reflected in the low revenue contribution of RM31.5 million and GL of RM4.7 million for the FYE 2022 and this also affected our operating cash flow position where we recorded a negative operating cash flow of RM1.6 million in FYE 2022. This was mainly due to our operation being affected by the border closure between Malaysia and Singapore arising from the impact of the COVID-19 pandemic.

Following the relaxation of containment measures, revenue contribution from our scheduled bus service operations improved. This was reflected in our revenue growth which increased by 280.2% to RM119.6 million in FYE 2023 (FYE 2022: RM31.5 million) and continued to grow by 73.6% to RM207.7 million in FYE 2024 (FYE 2023: RM119.6 million). Our operating cash flow position improved to RM35.7 million in FYE 2023 and RM73.3 million in FYE 2024.

Notwithstanding the above, there is no assurance that similar future virulent outbreaks, epidemics or pandemics with containment and restrictive measures such as movement control orders would not adversely affect our business operations, results of operations and financial performance.

### 9.1.12 **Our growth prospects may be limited if we are unable to effectively execute some of our business strategies and plans effectively**

Our business strategies and plans are focused on leveraging our key strengths and capitalising on our core competencies in the operation of cross-border and local bus services. Part of our strategies and plans is to expand our operational facilities progressively to cater for business growth and expansion. Please refer to Section 7.5 of this Prospectus for further details on our business strategies and plans.

There can be no assurance that we will be successful in executing our business strategies and plans nor can we provide the assurance that we will be able to anticipate all the business and operational risks arising from our business strategies and plans. Some of the factors that may affect the timing of executing our business strategies and plans include, among others, the ability to secure sufficient funding and/or bank borrowings, limitations in human resources especially bus drivers, regulatory changes and other unanticipated delays. These factors are often beyond our control and may impact our operational capabilities.

For instance, securing sufficient funding and/or bank borrowings is subject to market conditions which can fluctuate unpredictably. Economic downturns or shifts in financial markets may hinder our ability to raise capital, thereby delaying our business strategies and plans. The shortages of labour including drivers could hinder our ability to effectively and promptly execute expansion plans. Regulatory changes can impose additional compliance costs and operational constraints, forcing us to adapt our business strategies and plans.

## 9. RISK FACTORS *(Cont'd)*

In the event of any delays or failures in executing our business strategies and plans effectively, our future business growth or expected financial prospects or returns may be adversely affected.

### 9.1.13 We may not be able to sustain our growth rate and financial performance of our business in future

Our revenue grew from RM31.5 million in FYE 2022 to RM207.7 million in FYE 2024, representing a CAGR of 156.9%. Our profitability improved significantly from LAT of RM32.0 million to PAT of RM19.5 million in FYE 2023 and RM33.2 million in FYE 2024. Our high revenue and PAT growth were mainly attributed to the low financial performance for the FYE 2022 arising from the impact of the COVID-19 pandemic.

Hence, the ability to achieve high growth of financial performance is subject to operating environment and conditions, as well as the ability to anticipate and manage risks and uncertainties.

Notwithstanding the above, there is no assurance that we will be able to achieve a similar growth rate and financial performance in future due to internal and/or external factors such as any adverse changes in economic and social conditions and/or regulatory conditions and policies, and competition as well as any delays or failures in executing our business strategies and plans effectively.

### 9.1.14 Our operations may be exposed to risks relating to the stability, security and availability of ICT systems and facilities

We rely on ICT in various aspects of our business in the provision of cross-border and local bus services. Our ICT systems and facilities are used for the following operations:

- OCC to provide the following key functions and features:
  - . real-time tracking and monitoring of our fleet of buses using GPS;
  - . traffic monitoring involving tracking real-time traffic conditions;
  - . real-time updates of bus arrival and departure information;
  - . incident management system to identify events and issue alerts;
  - . two-way communications with our bus drivers;
  - . electric bus monitoring system; and
  - . data integration platform to collect data and perform data analytics;
- ticketing system including online and counter ticketing;
- payment system including “tap-and-go” and “tap-on-tap-off” contactless system;
- online facilities including our website and mobile application, LUGO; and
- buses equipped with onboard ICT systems.

Please refer to Section 7.13 of this Prospectus for more information on our ICT systems and facilities.



## 9. RISK FACTORS (Cont'd)

Revenue contribution from scheduled and chartered bus services accounted for 93.3%, 97.4%, 98.3% and 99.2% of our total revenue for the FYE 2022, FYE 2023, FYE 2024 and FPE 2025 respectively. Potential disruptions to our ICT systems and facilities include, among others, the following:

- failures in systems, including hardware, software, network and communications;
- power outages;
- natural disasters such as fire, floods and lightning strikes;
- accidents involving property and equipment;
- security breaches such as computer viruses, malware, distributed denial-of-service, spam, espionage, information theft, and unauthorised intrusions;
- unauthorised access to restricted information by our employees; and
- human errors.

Any material failure or disruption to our ICT systems, even for brief periods, could significantly impact our business operations, financial performance, and reputation. Moreover, such incidents may expose us to legal actions or other liabilities that could further harm our business operations and financial performance.

For the Financial Years/Period Under Review and up to the LPD, there has been no occurrence of any material ICT failures, disruptions or security breaches.

### 9.1.15 We face risks such as theft, robbery and vandalism

Our operations are exposed to risks involving theft, robbery, and vandalism, which include:

- fare evasion or internal fare theft by employees and passengers, leading to revenue loss;
- robbery incidents onboard affecting passengers and drivers, posing safety risks and financial losses; and
- vandalism that damages buses, resulting in increased repair costs and operational downtime.

Occurrences of these incidents could impact our business and financial performance. To address these risks, we have implemented various operational procedures and measures aimed at enhancing safety and security for both passengers and employees. These measures include:

- implementation of "tap-and-go" and "tap-on-tap-off" contactless ticketing systems and an online ticketing platform to minimise cash handling and enhance fare collection security and transparency;
- installation of close circuit television (CCTV) cameras in buses and ticketing booths to monitor and deter theft and vandalism; and
- onboard emergency communication systems enabling drivers to quickly contact authorities in case of robbery.

## 9. RISK FACTORS *(Cont'd)*

Additionally, we carry insurance to cover theft and robbery related to our bus service operations. However, the adequacy of our insurance coverage to compensate for all losses cannot be guaranteed. Multiple insurance claims may also lead to increased premiums, impacting our financial performance.

For the Financial Years/Period Under Review and up to the LPD, we have not experienced theft, robbery, or vandalism incidents which have materially affected our bus service operations.

### 9.1.16 **There is no assurance that our insurance coverage will be sufficient, and we are exposed to public liability risks related to bus service operations**

We maintain general insurance policies that are relevant to our business operations, covering our assets, employees, and business operations with specified policy terms and insured amounts we consider reasonable. As at the LPD, our insurance coverage includes fire and consequential losses as well as public liability.

Should claims exceed the coverage provided by our general insurance policies, we may be liable for the shortfall, potentially impacting us financially. Additionally, frequent or large insurance claims could lead to higher premiums, adversely affecting our financial performance. For the Financial Years/Period Under Review and up to the LPD, no material claims have exceeded the limits of our general insurance policies. While we have taken steps to adequately insure our assets, employees, and operations, there is no guarantee that our insurance will fully cover replacement costs, employee or public claims, or consequential losses.

As our Group is engaged in the bus transportation business, we inherently carry the risk of accidents occurring during operations. This includes exposure to the public liability risks arising from our services, vehicles, and premises. This includes potential legal actions stemming from factors such as driver negligence during passenger transport or vehicle conditions causing accidents that harm passengers. Normal accidents, which typically involve minor injuries or property damage, may still result in insurance claims and legal actions. During the Financial Years/Period Under Review, insurance claims arising from such incidents amounted to approximately RM12,000, RM159,000 and RM97,000 for the FYE 2023, FYE 2024 and FPE 2025 respectively, which accounted for 0.1%, 0.5% and 0.3% of our PAT for the FYE 2023, FYE 2024 and FPE 2025 respectively. In addition to normal accidents, the Group may also face claims related to more severe incidents, such as fatal accidents. For example, in November 2024, a claim was initiated against our Group related to a fatal accident arising from a collision between one of our buses and a motorcyclist, and the case is scheduled for hearing in May 2025. However, we are insured against such liabilities and claims arising from accidents, and in line with the terms of our insurance policies, our insurers will handle and resolve such claims. We do not expect such accidents and related claims (including the aforementioned unfortunate fatal accident) to have a material and adverse impact on our Group, as our insurance policies provide coverage for death and bodily injury, as well as property damage.

Furthermore, from time to time, we may face various legal and other disputes arising from our business operations. Resolving these disputes can be costly and time-consuming. The uncertainties of dispute resolution processes mean we cannot guarantee favourable outcomes. Adverse resolutions could harm our market reputation, erode consumer trust in our services, and affect our financial performance negatively. We cannot assure that such incidents will not occur in the future or that they will not significantly impact our reputation, business operations, and financial performance. Additionally, there is no assurance that insurance compensation will suffice to cover all potential claims. Furthermore, claims may result in increased insurance premiums, further affecting our financial performance.

### 9.1.17 **Our business and financial performance may be adversely affected by the failure or non-performance of our subcontracted bus operators**

## 9. RISK FACTORS *(Cont'd)*

We engage external bus operators to provide passenger transportation services primarily for intracity bus services according to our predefined requirements and routes. Subcontracted bus services costs represented 14.7%, 17.5%, and 17.5% of our total purchases for the FYE 2023, FYE 2024, and FPE 2025 respectively.

As such, we are exposed to risks associated with the potential non-performance or inadequate performance of our subcontracted service providers, including bus operators. Failure to meet minimum service levels may result in penalties imposed by our customers, negatively impacting our business, reputation, and financial results.

We actively pursue compensation from subcontracted service providers for any performance failures outlined in our contracts. However, if we are unable to recover the full amount or any compensation at all, it may necessitate us bearing some or all of the associated costs, potentially impacting our profitability and financial performance. Moreover, underperformance by subcontracted providers could also harm our reputation with customers.

For the Financial Years/Period Under Review and up to the LPD, we have not encountered material customer claims related to services provided by subcontracted bus operators. Nevertheless, we cannot guarantee that we will not face claims from customers in the future due to poor performance or non-performance by our subcontracted service providers.

### 9.1.18 **We are dependent on our Executive Director and Key Senior Management as well as our ability to retain them or attract competent and experienced personnel for our business operations, continued success and future growth**

Our business operations are dependent on the experience, knowledge and skills of our Executive Director and Key Senior Management of operations. Our Executive Director cum Chief Executive Officer, Lim Chern Chuen has contributed to the growth and development of our Group. He is supported by our Chief Marketing Officer, Lim Chern Fang and Key Senior Management who have relevant experience ranging between 14 years and 45 years in their respective fields.

The loss of services of any one or more of our Executive Director cum Chief Executive Officer, Chief Marketing Officer or Key Senior Management without any suitable and timely replacement may adversely affect our business operations and financial performance.

## 9.2 RISKS RELATING TO OUR INDUSTRY

### 9.2.1 **We face competition from other bus service providers and other modes of transport**

Passenger bus service operators face competition from both existing players and new entrants in the industry, all vying to offer similar transportation services. Barriers to entry in this sector include:

- government-regulated business registration through APAD under the Land Public Transport Act 2010; and
- service quality, reputation, and financial stability, including funding for bus procurement.

According to the IMR Report, the number of active vehicle permits for buses decreased by 0.6% to 48,101 permits in 2023. As at the LPD, we hold valid vehicle permits for our bus service operation. Competition also arises from alternative modes of transportation, such as private cars and other forms of public transport such as rail, taxis, and e-hailing services. Additionally, competitive bidding for contracted services may result in us losing tenders. To retain existing and to secure new contracts, we may need to lower prices to match our competitors.

## 9. RISK FACTORS *(Cont'd)*

If we fail to sustain competitiveness or build on our strengths effectively, our prospects and financial performance could be adversely affected.

### 9.2.2 We are subject to economic, social, political and regulatory risks in the countries which we operate including Malaysia and Singapore

Our business is vulnerable to adverse changes in the economic, social, political and regulatory conditions in Malaysia and Singapore that could negatively impact our business operations and financial performance. These changes may include:

- changes in domestic and global political landscapes, geopolitical events, expropriation or nationalisation, deterioration of international bilateral relationships, trade sanctions, boycotts, terrorism, riots and conflicts;
- changes in domestic fiscal and monetary policies affecting interest rates, foreign investments, taxation methods, and consumer disposable income;
- emergence of new epidemics or pandemics;
- changes in consumer trends and behaviour;
- changes in social conditions such as inflation, unemployment rate and minimum wage; and
- other factors such as foreign worker levies, unemployment trends, inflation and other issues influencing consumer and business confidence and spending.

As such, there can be no assurance that any adverse economic, social, political and regulatory developments which are beyond our control, will not materially affect our business operations and financial performance.

## 9.3 RISKS RELATING TO OUR SHARES AND OUR LISTING

### 9.3.1 The offering of our Shares may not result in an active and liquid market for our Shares

There can be no assurance as to the liquidity of the market that may develop for our Shares, the ability of shareholders to sell our Shares or the prices at which shareholders would be able to sell our Shares. Neither we nor our Promoter have an obligation to make a market for our Shares or, if such a market does develop, to sustain it. In addition, there can be no assurance that the trading price of our Shares will reflect our operations and financial condition, our growth prospects or the growth prospects of the industry in which we operate.

### 9.3.2 Our Share price and trading volume may be volatile

The market price of our Shares could be affected by numerous factors, some of which may not be within our control and may be unrelated or disproportionate to our financial results, including the following:

- General market, political and economic conditions;
- Trading liquidity of our Shares;
- Differences in our actual financial and operating results and those expected by investors and analysts;
- Changes in earnings estimates, projections and recommendations by financial analysts;

## 9. RISK FACTORS *(Cont'd)*

- Changes in market valuations of listed shares in general or shares of companies comparable to ours;
- Perceived prospects of our business and the industry in which we operate;
- Adverse media reports regarding us or our shareholders;
- Changes in government policy, legislation or regulation; and
- General operational and business risks.

In addition, many of the risks described in this Section could materially and adversely affect the market price of our Shares. Accordingly, there can be no assurance that our Shares will not trade at prices lower than the IPO Price.

Over the past few years, the Malaysia, regional and global equity markets have experienced significant price and volume volatility that has affected the share prices of many companies. Share prices of many companies have experienced wide fluctuations that were not always related to the operating performance of such companies, including fluctuations as a result of developments in other markets. There can be no assurance that the price and trading of our Shares will not be subject to fluctuations.

### 9.3.3 The sale, or the possible sale, of a substantial number of our Shares in the public market following our Listing could adversely affect the price of our Shares

Following our Listing, we will have in issue 500,000,000 Shares, of which up to 130,000,000 Shares, representing up to 26.00% of our enlarged issued Shares, will be held by investors participating in our IPO, and not less than 60.23% will be held by our Promoter via his direct and indirect interests in our Company. Save for the restrictions pursuant to the moratorium as set out in Section 2.2 of this Prospectus, our Shares sold in our IPO will be tradeable on the Main Market of Bursa Securities without restriction following our Listing.

In addition, our Promoter and other shareholders could dispose of some or all of our Shares that they hold after the moratorium period pursuant to their own investment objectives. If our shareholders sell, or are perceived as intending to sell, a substantial amount of our Shares that they hold, the market price for our Shares could be adversely affected.

### 9.3.4 There may be a delay in, or termination of, our Listing

The occurrence of certain events, including the following, may cause a delay in, or termination of, our Listing:

- The Sole Underwriter's exercise of their rights under the Retail Underwriting Agreement, or the Sole Placement Agent's exercise of their rights under the Placement Agreement, to discharge themselves of their obligations under such agreements;
- Our inability to meet the minimum public shareholding spread requirement of having at least 25.00% of the total number of our Shares for which our Listing is sought being in the hands of at least 1,000 public shareholders holding at least 100 Shares each at the point of our Listing. Please refer to Section 4.2.7 of this Prospectus for details; or
- The revocation of the approvals from the relevant authorities for our Listing for whatever reason.

Where prior to the issuance and allotment or transfer of our IPO Shares:

## 9. RISK FACTORS *(Cont'd)*

- the SC issues a stop order under Section 245(1) of the CMSA, the applications shall be deemed to be withdrawn and cancelled and we shall repay all monies paid in respect of the applications for our IPO Shares within 14 days of the stop order, failing which we shall be liable to return such monies with interest at the rate of 10.00% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA; or
- our Listing is aborted other than pursuant to a stop order by the SC under Section 245(7)(a) of the CMSA, investors will not receive any IPO Shares, and all monies paid in respect of all applications for our IPO Shares will be refunded free of interest.

Where subsequent to the issuance and allotment of our IPO Shares and the proceeds from our Public Issue form part of our share capital:

- the SC issues a stop order under Section 245(1) of the CMSA, the issue of our Issue Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, we shall be liable to return such monies with interest at the rate of 10.0% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA; or
- our Listing is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders could only be achieved by way of a cancellation of our share capital as provided under the Act and its related rules. Such cancellation can be implemented by the sanction of our shareholders by special resolution in a general meeting and supported by either (a) consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances, or (b) a solvency statement from the Directors.

### 9.3.5 **Our ability to pay dividends in the future will depend upon our retained earnings, financial condition, cash flows, working capital requirements and covenants under our financing documents, and we may be affected by our payment of dividends**

Our Company is a holding company and substantially all of our operations are conducted through our subsidiary. Accordingly, dividends and other distributions received from our subsidiary are our Company's principal source of income. Our Company and its subsidiary may incur expenses or liabilities that would reduce or eliminate the cash or profit available for the distribution of dividends.

Dividend payments are not guaranteed and our Board may decide, in its sole and absolute discretion, at any time and for any reason, not to pay dividends.

Our ability to do so will depend on our future financial performance which, in turn, depends on the successful implementation of our future plans and strategies and on financial, competitive, regulatory and other factors. Further, if our Group incurs new borrowings subsequent to our Listing, we may be subject to additional covenants restricting our ability to pay dividends and we may incur expenses or liabilities that would reduce or eliminate the cash or profit available for the distribution of dividends. The payment of our dividends and the receipt of dividends from our subsidiary may also be affected by the passing of new laws, adoption of new regulations, changes in accounting standards and other events outside our control.

## 9. RISK FACTORS *(Cont'd)*

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Further, our payment of dividends may adversely affect our ability to fund unexpected capital expenditure as well as our ability to make interest and principal repayments on any borrowings that we may have outstanding at the time. As a result, we may be required to borrow additional money or raise capital by issuing equity securities, which may not be on favourable terms or available at all. Please refer to Section 12.5 of this Prospectus for further details of our dividend policy.

### 9.3.6 This Prospectus contains forward-looking statements which may not be accurate

This Prospectus contains forward-looking statements. All statements, other than statements of historical facts, included in this Prospectus, including without limitation to those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements are made based on assumptions that we believe to be reasonable as at the date of this Prospectus. Forward looking statements can be identified by the use of forward-looking terminologies, such as the words “may”, “will”, “would”, “could”, “believe”, “expect”, “anticipate”, “intend”, “estimate” “aim”, “plan”, “forecast” or similar expressions, and include all statements that are not historical facts. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance, achievements, or industry results expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such factors include, among others, general economic and business conditions, competition, the impact of new laws and regulations affecting our industry and government initiatives.

## 10. RELATED PARTY TRANSACTIONS

### 10.1 OUR GROUP'S RELATED PARTY TRANSACTIONS

#### 10.1.1 Material related party transactions

Save for the Preliminary Restructuring and as disclosed below, there are no other material related party transactions entered by our Group which involves the interest, direct or indirect, of our Directors, major shareholders and/or persons connected to them for the Financial Years/Period Under Review and up to the LPD:

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value				From 1 November 2024 up to the LPD (RM'000)
				FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FPE 2025 (RM'000)	
1.	Handal Indah and Liannex Corporation Sdn Bhd ("Liannex Corporation")	<b>Interested Director</b>	<ul style="list-style-type: none"> <li>Purchase of buses by our Group</li> </ul>	-	816 (0.4% of our total assets)	30,215 (13.1% of our total assets)	13,396 (4.0% of our total assets)	12,480 (3.5% of our total assets*)
		<b>Interested major shareholder:</b>	<ul style="list-style-type: none"> <li>Rental received by our Group for office and workshop spaces</li> </ul>	30 (N/A#)	30 (0.2% of our PAT)	30 (0.1% of our PAT)	-	-
		See Note (1) for further details of the relationship with our Director, major shareholder and/or persons connected to them						
2.	Handal Indah and Acacia Motor Services Sdn Bhd ("Acacia Motor")	<b>Interested Director</b>	<ul style="list-style-type: none"> <li>Disposal of PPE by our Group</li> </ul>	-	-	-	422 (0.1% of our total assets)	-
		<b>Interested major shareholder:</b>	<ul style="list-style-type: none"> <li>Bus assembly services provided by Acacia Motor</li> </ul>	-	-	-	3,000 (2.0% of our direct operating costs)	-
			<ul style="list-style-type: none"> <li>Purchase of spare parts by our Group</li> </ul>	-	-	66 (Negligible)	249 (0.2% of our direct operating costs)	-
		See Note (2) for further details of the relationship with our Director, major shareholder and/or persons connected to them						



**10. RELATED PARTY TRANSACTIONS (Cont'd)**

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value				From 1 November 2024 up to the LPD (RM'000)
				FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FPE 2025 (RM'000)	
3.	Handal Indah and Handal Ceria Sdn Bhd ("Handal Ceria")	<b>Interested Director</b> <ul style="list-style-type: none"> <li>Bah Kim Lian</li> </ul> <b>Interested major shareholder:</b> <ul style="list-style-type: none"> <li>Lim Han Weng</li> </ul> <b>Interested past director and major shareholder:</b> <ul style="list-style-type: none"> <li>Mat Sin Bin Bidin</li> </ul> See Note (3)(a) for further details of the relationship with our Director, major shareholder and/or persons connected to them	<ul style="list-style-type: none"> <li>Purchase of buses and ticketing machines by our Group</li> <li>See Note (3)(b) for the details of the transaction</li> <li>Disposal of PPE by our Group</li> <li>Sale of spare parts by our Group</li> <li>Bus rental and bus maintenance services provided by our Group</li> <li>See Note (3)(c) for the details of the transaction</li> <li>Subcontracted bus services and bus rental provided by Handal Ceria</li> <li>See Note (3)(d) for the details of the transaction</li> <li>Rental received by our Group for office and workshop spaces</li> <li>See Note (8) for details of the tenancy</li> </ul>	-	1,934 (1.0% of our total assets)	-	18,551 (5.6% of our total assets)	-
				-	-	-	20 (Negligible)	-
				202 (0.6% of our revenue)	216 (0.2% of our revenue)	177 (0.1% of our revenue)	25 (Negligible)	-
				1,667 (5.3% of our revenue)	1,613 (1.3% of our revenue)	1,507 (0.7% of our revenue)	352 (0.2% of our revenue)	-
				472 (1.3% of our direct operating costs)	3,060 (3.5% of our direct operating costs)	3,600 (2.5% of our direct operating costs)	770 (0.5% of our direct operating costs)	-
				402 (N/A#)	402 (2.1% of our PAT)	402 (1.2% of our PAT)	111 (0.3% of our PAT)	-

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value				From 1 November 2024 up to the LPD (RM'000)
				FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FPE 2025 (RM'000)	
			<ul style="list-style-type: none"> <li>Income received by our Group for advertising services</li> </ul>	40 (N/A#)	-	-	-	-
			<ul style="list-style-type: none"> <li>Income received by our Group for IT support services</li> </ul> <p>See Note (9) for details of the transaction</p>	60 (N/A#)	60 (0.3% of our PAT)	60 (0.2% of our PAT)	-	-
4.	Handal Indah and Mobiliti Mampan Sdn Bhd (formerly known as Triton Commuter Sdn Bhd) ("Mobiliti Mampan")	<b>Interested major shareholder:</b> <ul style="list-style-type: none"> <li>Mohd Azmir Bin Rahmani</li> </ul> <p>See Note (4)(a) for further details of the relationship with our major shareholder</p>	<ul style="list-style-type: none"> <li>Bus rental and bus maintenance services provided by our Group</li> </ul> <p>See Note (4)(b) for the details of the transaction</p>	-	305 (0.3% of our revenue)	651 (0.3% of our revenue)	686 (0.3% of our revenue)	271 (0.4% of our revenue*)
			<ul style="list-style-type: none"> <li>Subcontracted bus services and bus rental provided by Mobiliti Mampan</li> </ul> <p>See Note (4)(c) for the details of the transaction</p>	-	455 (0.5% of our direct operating costs)	1,813 (1.3% of our direct operating costs)	2,389 (1.6% of our direct operating costs)	934 (1.7% of our direct operating costs*)
			<ul style="list-style-type: none"> <li>Rental received by our Group for office and workshop spaces</li> </ul> <p>See Note (8) for details of the tenancy</p>	97 (N/A#)	97 (0.5% of our PAT)	97 (0.3% of our PAT)	-	-
			<ul style="list-style-type: none"> <li>Income received by our Group for IT support services</li> </ul> <p>See Note (9) for the details of the transaction</p>	60 (N/A#)	60 (0.3% of our PAT)	60 (0.2% of our PAT)	-	-

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value				From 1 November 2024 up to the LPD (RM'000)
				FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FPE 2025 (RM'000)	
5.	Handal Indah and Manja Technologies Sdn Bhd ("Manja Technologies MY")	<b>Interested Director</b> <ul style="list-style-type: none"> <li>Lim Chern Chuen</li> </ul> <p>See Note (5) for further details of the relationship with our Director and/or persons connected to him</p>	<ul style="list-style-type: none"> <li>Purchase of ticketing machines by our Group</li> <li>Rental received by our Group for office spaces</li> <li>Income received by our Group for administrative and management services</li> <li>Hardware maintenance services provided by Manja Technologies MY</li> </ul> <p>See Note (8) for the details of the tenancy</p> <p>See Note (9) for the details of the transaction</p>	41 (Negligible)	971 (0.5% of our total assets)	1,572 (0.7% of our total assets)	2,011 (0.6% of our total assets)	36 (Negligible)
				204 (N/A#)	204 (1.0% of our PAT)	204 (0.6% of our PAT)	-	-
				3 (N/A#)	7 (Negligible)	9 (Negligible)	-	-
				31 (N/A#)	6 (Negligible)	49 (0.1% of our PAT)	8 (Negligible)	-
6.	Handal Indah and Handal BCM Sdn Bhd ("Handal BCM")	<b>Interested Directors</b> <ul style="list-style-type: none"> <li>Bah Kim Lian</li> <li>Lim Chern Chuen</li> </ul> <p><b>Interested major shareholder:</b></p> <ul style="list-style-type: none"> <li>Lim Han Weng</li> </ul> <p>See Note (6) for further details of the relationship with our Directors, major shareholder and/or persons connected to them</p>	<ul style="list-style-type: none"> <li>Purchase of buses and vans by our Group</li> </ul>	-	-	144 (0.1% of our total assets)	183 (0.1% of our total assets)	11,922 (3.3% of our total assets*)

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value				
				FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FPE 2025 (RM'000)	From 1 November 2024 up to the LPD (RM'000)
7.	Handal Indah and Lim Han Weng and Lim Chern Chuen	<p><b>Interested Director:</b></p> <ul style="list-style-type: none"> <li>Lim Chern Chuen</li> </ul> <p><b>Interested major shareholder:</b></p> <ul style="list-style-type: none"> <li>Lim Han Weng</li> </ul> <p>See Note (7)(a) for further details of the relationship with our Director, major shareholder and/or persons connected to them</p>	<ul style="list-style-type: none"> <li>Disposal of shares held in PT Handal Bus Listrik by Handal Indah to Lim Han Weng and Lim Chern Chuen</li> </ul> <p>See Note (7)(b) for the details of the transaction</p>	-	-	2,817 (1.2% of our total assets)	-	-

**Notes:**

# Not applicable as we recorded LAT for the FYE 2022.

\* Computed based on the latest available unaudited financial information of our Group from 1 November 2024 to 31 January 2025.

(1) *Liannex Corporation*

*Bah Kim Lian is our Director, while Lim Han Weng is our major shareholder. Lim Han Weng and Bah Kim Lian are spouses to each other. Lim Han Weng and Bah Kim Lian are also the directors and shareholders of Liannex Corporation, indirectly holding 100.00% equity interest in Liannex Corporation via their shareholdings in Yinson Ventures Sdn Bhd pursuant to Section 8 of the Act.*

(2) *Acacia Motor*

*Bah Kim Lian is our Director, while Lim Han Weng is our major shareholder. Lim Han Weng and Bah Kim Lian are spouses to each other. Lim Han Weng and Bah Kim Lian are also the directors and shareholders of Acacia Motor, respectively holding 70.00% and 30.00% equity interest in Acacia Motor.*

**10. RELATED PARTY TRANSACTIONS (Cont'd)****(3) Handal Ceria**

- (a) *Bah Kim Lian is our Director, while Lim Han Weng is our major shareholder. Lim Han Weng and Bah Kim Lian are spouses to each other. Mat Sin Bin Bidin was previously Handal Indah's director who had resigned on 10 October 2024 and was its major shareholder until he had disposed his entire shareholdings in Handal Indah to Bumi Mampan on 18 July 2024. Lim Han Weng, Bah Kim Lian and Mat Sin Bin Bidin are also the directors and shareholders of Handal Ceria. The equity interest in Handal Ceria is 50.00% held by Lim Han Weng, 47.00% held by Bah Kim Lian and 3.00% held by Mat Sin Bin Bidin.*
- (b) *Handal Ceria ceased its bus operations effective 1 May 2024 and is venturing into new business avenues. In conjunction with this, the buses and ticketing machines owned by Handal Ceria have been transferred to our Group. Pursuant to a memorandum of agreement dated 1 May 2024 entered into between Handal Ceria (as vendor) and Handal Indah (as purchaser), Handal Indah has purchased 81 buses and 42 ticketing machines from Handal Ceria for a total consideration of RM18,550,505.07. As at the LPD, the transfer of registration for the buses is still on-going. In the event Handal Ceria fails to transfer the ownership of the buses to Handal Indah by 30 April 2025, Handal Indah may terminate the memorandum of agreement. Handal Ceria has irrevocably and unconditionally undertaken that it has shifted its business focus to the technology sector and will no longer engage in any similar trade or in competition with our Group.*
- (c) *During the Financial Years/Period Under Review, Handal Indah (as supplier) has rented buses and provide maintenance services for the rented buses to Handal Ceria (as renter) at a monthly fee of RM8,000 per bus. The bus rental arrangement ceased on 1 May 2024.*
- (d) *Handal Ceria (as the route operator) has been engaged by Handal Indah (as the network operator) to provide stage bus services on selected routes under the SBST Program in Johor Bahru from June 2022 to April 2024. Handal Indah pays Handal Ceria for its services according to the agreed rate. Additionally, since March 2022, Handal Ceria (as supplier) has rented buses and providing maintenance services for the rented buses to Handal Indah (as renter), at a monthly fee of RM8,000 per bus. The bus rental arrangement ceased on 1 May 2024.*

**(4) Mobiliti Mampan**

- (a) *Mohd Azmir Bin Rahmani is our major shareholder. Mohd Azmir Bin Rahmani is also the director and shareholder of Mobiliti Mampan, directly holding 50.00% equity interest in Mobiliti Mampan. Lim Han Weng and Bah Kim Lian were previously the directors and shareholders of Mobiliti Mampan until they had resigned on 20 February 2024, and subsequently disposed their entire collective shareholdings in Mobiliti Mampan of 70.00% on 17 May 2024.*
- (b) *Pursuant to a bus rental agreement dated 25 April 2022, Handal Indah (as supplier) has rented buses and provided maintenance services for the rented buses to Mobiliti Mampan (as renter) at a monthly fee of RM8,000 per bus. The term for each bus is three years, calculated from the date Mobiliti Mampan takes delivery of each bus. The bus rental arrangement may be terminated by Handal Indah if there is any default and breach of any terms by Mobiliti Mampan.*
- (c) *Pursuant to a route operation agreement dated 25 April 2022, Mobiliti Mampan (as the route operator) has been engaged by Handal Indah (as the network operator) to provide stage bus services on selected routes under the SBST Program in Johor Bahru from April 2022 to March 2025. Handal Indah pays Mobiliti Mampan for its services according to the agreed rate as set out in the route operation agreement. The route operation agreement may be terminated by Handal Indah if there is any default on the part of Mobiliti Mampan or if APAD terminates the appointment of Handal Indah as network operator of the SBST Program in Johor Bahru.*

**10. RELATED PARTY TRANSACTIONS (Cont'd)**(5) *Manja Technologies MY*

*Lim Chern Chuen is our Director. Lim Chern Chuen (the son of Lim Han Weng and Bah Kim Lian) is also the director and sole shareholder of Manja Technologies MY.*

(6) *Handal BCM*

*Bah Kim Lian and Lim Chern Chuen are our Directors, while Lim Han Weng is our major shareholder. Lim Han Weng and Bah Kim Lian are spouses to each other. Lim Chern Chuen, our Director, is the son of Lim Han Weng and Bah Kim Lian. Lim Chern Chuen is also the director of Handal BCM, while Lim Han Weng and Bah Kim Lian are the shareholders of Handal BCM, indirectly holding 55.00% equity interest in Handal BCM via their shareholdings in Handal Ventures Sdn Bhd pursuant to Section 8 of the Act.*

(7) *Lim Han Weng and Lim Chern Chuen*

(a) *Lim Han Weng is our major shareholder. He is the spouse of Bah Kim Lian. Lim Chern Chuen, our Director, is the son of Lim Han Weng and Bah Kim Lian.*

(b) *Handal Indah had, on 13 June 2023, disposed its entire 99.90% equity interest in PT Handal Bus Listrik at book value, comprising 99,900 shares in PT Handal Bus Listrik, to Lim Han Weng (49.90%) and Lim Chern Chuen (50.00%) respectively for a total cash consideration of Indonesian Rupiah 9,990,000,000 (equivalent to RM2,817,180). Upon completion of the share disposal transaction, Lim Han Weng and Lim Chern Chuen each hold 50.00% equity interest in PT Handal Bus Listrik. For information, PT Handal Bus Listrik was dormant prior to the completion of the share disposal transaction.*

(8) *During the Financial Years/Period Under Review, we entered into multiple tenancy arrangements with the related parties to rent out available office and workshop spaces at our HQ under a co-working space arrangement, where, among others, general expenses such as utilities were shared between our Group and the tenants, and the tenants had access to shared spaces like meeting rooms. Due to the lack of direct comparables, we are unable to determine whether these tenancies were carried out on an arm's length basis, as they are, by nature, co-working space arrangements rather than traditional rental arrangements. However, these tenancy arrangements were not detrimental to us, as higher rates were charged to the related parties due to the nature of co-working space arrangements, compared to the average market rate of similar properties in the vicinity under traditional rental agreements. The aggregate rental income from the related parties was deemed immaterial to our Group and as at the LPD, we have ceased the tenancy arrangements with the related parties.*

(9) *During the Financial Years/Period Under Review, we provided IT support services along with administrative and management services to the related parties. Due to the lack of direct comparables, we are unable to determine whether these services were carried out on an arm's length basis, as they are intragroup support services provided to the related parties due to the common interests of the directors and shareholders. However, these services were not detrimental to us as they provided an additional source of income for our Group. Additionally, these services were immaterial to us and were provided within our capacity without additional costs being incurred. As at the LPD, we have ceased to provide support services to the related parties.*

Save as disclosed in Notes (8) and (9) above, our Directors confirm that all the above related party transactions were transacted on an arm's length basis and on normal commercial terms which were not more favourable to the related parties than those generally available to third parties and were not detrimental to our non-interested shareholders. This is based on, among other, the benchmark against pricing provided by our related parties to third parties as well as comparable rates from other suppliers for similar services and products.