

## 4. DETAILS OF OUR IPO

### 4.1 PARTICULARS OF OUR IPO

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, our IPO Shares are expected to be allocated or transferred in the manner described below, subject to clawback and reallocation provisions as set out in Section 4.1.4 of this Prospectus.

#### 4.1.1 Public Issue

Our Public Issue of 147,873,000 Issue Shares, representing 17.50% of the enlarged total number of 844,972,480 Shares, are offered at the IPO Price, and will be allocated in the following manner:

##### (i) Malaysian Public (via balloting)

42,250,000 Issue Shares, representing 5.00% of the enlarged total number of 844,972,480 Shares, will be made available for application by the Malaysian Public by way of balloting, of which 50.00% will be set aside for Bumiputera investors.

##### (ii) Eligible Persons

25,350,000 Issue Shares, representing 3.00% of the enlarged total number of 844,972,480 Shares will be made available for application by Eligible Persons under the Pink Form Allocation.

A summary of the allocation of 25,350,000 Issue Shares to Eligible Persons is set out below:

<b>Eligibility</b>	<b>No. of persons</b>	<b>Aggregate number of Issue Shares allocated</b>
Eligible Directors <sup>(1)</sup>	4	4,000,000
Eligible employees <sup>(2)</sup>	459	20,550,000
Person who have contributed to the success of our Group <sup>(3)</sup>	1	800,000
<b>Total</b>	<b>464</b>	<b>25,350,000</b>

#### Notes:

##### (1) Eligible Directors

The criteria for allocation to our eligible Directors is based on their respective roles, responsibilities and anticipated contributions to our Group. Our eligible Directors will collectively be allocated a total of 4,000,000 Issue Shares as follows:

<b>Name</b>	<b>Designation</b>	<b>Number of Issue Shares allocated</b>
Ng Weng Choi	Executive Director	2,500,000
Shireen Iqbal Binti Mohamed Iqbal	Senior Independent Non-Executive Director	500,000
Tan Kok Yang	Independent Non-Executive Director	500,000

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Name	Designation	Number of Issue Shares allocated
Low Siew Yen	Independent Non-Executive Director	500,000
<b>Total</b>		<b>4,000,000</b>

(2) Eligible employees

The criteria of allocation to our eligible employees is based on, among others, the following factors:

- (i) confirmed full-time employee and on the payroll of our Group; and
- (ii) seniority, position, length of service, past performance and past contribution to our Group.

Our Eligible Employees will collectively be allocated 20,550,000 Issue Shares as follows:

- (i) 5,200,000 Issue Shares to be allocated to our Key Senior Management as follows:

Name	Designation	Number of Issue Shares allocated
Sim Li Huang	Group Chief Finance Officer	1,800,000
Ng Foong Yuon	Compliance Director	1,800,000
Jason Francis White	Group Chief Operating Officer	1,600,000
<b>Total</b>		<b>5,200,000</b>

- (ii) 15,350,000 Issue Shares to be allocated to our other eligible employees (save for our Key Senior Management).

(3) Person who have contributed to the success of our Group

The criteria of allocation to person who have contributed to the success of our Group is based on his length of business relationship (he was a previous director of Mega Fortris Europe and a current director of our customer, namely MFIB), and level of support and contribution to our Group, and he will be allocated 800,000 Issue Shares.

**(iii) Bumiputera investors approved by the MITI via private placement**

38,024,000 Issue Shares, representing 4.50% of the enlarged total number of 844,972,480 Shares, will be made available by way of private placement to identified Bumiputera investors approved by the MITI.

**(iv) Institutional and selected investors via private placement**

42,249,000 Issue Shares, representing 5.00% of the enlarged total number of 844,972,480 Shares, will be made available by way of private placement to institutional and selected investors.

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##### 4.1.2 Offer for Sale

The Selling Shareholder will offer up to 147,871,000 Offer Shares, representing 17.50% of the enlarged total number of 844,972,480 Shares, at the IPO Price by way of private placement to institutional and selected investors, and identified Bumiputera investors approved by the MITI in the following manner:

- (i) up to 80,273,000 Offer Shares, representing 9.50% of the enlarged total number of 844,972,480 Shares, to institutional and selected investors; and
- (ii) up to 67,598,000 Offer Shares, representing 8.00% of the enlarged total number of 844,972,480 Shares, to identified Bumiputera investors approved by the MITI.

The Offer Shares to be offered by the Selling Shareholder and its shareholding in our Company before and after our IPO are as follows:

Name / Address	Nature of relationship	As at the LPD and before our IPO				After our IPO					
		Direct		Indirect		Offer Shares Offered		Direct		Indirect	
		No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(2)</sup>
Mega Fortris Global / 16 Collyer Quay #17-00 Collyer Quay Centre Singapore 049318	Promoter and substantial shareholder	697,099,480	100.00	-	-	147,871,000	21.21	549,228,480	65.00	-	-

**Notes:**

- (1) Computed based on the total number of 697,099,480 Shares before our IPO.
- (2) Computed based on the enlarged total number of 844,972,480 Shares after our IPO.

Based on the IPO Price, the Offer for Sale will raise gross proceeds of RM[●] million, which will accrue entirely to our Selling Shareholder.

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##### 4.1.3 Summary of our IPO Shares to be allocated and underwriting

A summary of our IPO Shares offered under the Retail Offering and Institutional Offering (subject to clawback and reallocation provisions set out in Section 4.1.4 of this Prospectus) is as follows:

Category	Public Issue		Offer for Sale		IPO Shares	
	No. of Issue Shares	% <sup>(1)</sup>	No. of Offer Shares	% <sup>(1)</sup>	No. of IPO Shares	% <sup>(1)</sup>
<b>Retail Offering</b>						
Malaysian Public (via balloting)						
- Bumiputera investors	21,125,000	2.50	-	-	21,125,000	2.50
- Non-Bumiputera investors	21,125,000	2.50	-	-	21,125,000	2.50
Eligible Persons						
- Eligible Directors	4,000,000	0.47	-	-	4,000,000	0.47
- Eligible employees	20,550,000	2.44	-	-	20,550,000	2.44
- Person who have contributed to the success of our Group	800,000	0.09	-	-	800,000	0.09
<b>Institutional Offering</b>						
Institutional and selected investors	42,249,000	5.00	80,273,000	9.50	122,522,000	14.50
Identified Bumiputera investors approved by the MITI	38,024,000	4.50	67,598,000	8.00	105,622,000	12.50
<b>Total</b>	<b>147,873,000</b>	<b>17.50</b>	<b>147,871,000</b>	<b>17.50</b>	<b>295,744,000</b>	<b>35.00</b>

**Note:**

(1) Computed based on the enlarged total number of 844,972,480 Shares after our IPO.

The Retail Offering has been fully underwritten, while the Institutional Offering is not underwritten. Irrevocable undertakings will be obtained from investors who subscribe for our IPO Shares made available under the Institutional Offering.

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Our IPO is subject to the public shareholding spread requirement as stipulated under the Listing Requirements.

The Retail Offering will be allocated on a fair and equitable manner, and the basis of allocation for our Issue Shares shall take into account the desirability of distributing our Issue Shares to a reasonable number of applicants to broaden our shareholding base to meet the public shareholding spread requirements of Bursa Securities and to establish a liquid and adequate market in our Shares. Applicants for the Institutional Offering will be selected in such manner as may be determined by our Joint Placement Agents, in consultation with our Company, to be in the best interest of our Company. Our Joint Placement Agents, in consultation with our Company, has the absolute discretion to decide whether to accept or reject any placement application.

There is no over-allotment or “greenshoe” option which will increase the number of our IPO Shares.

##### 4.1.4 Clawback and reallocation

The Retail Offering and Institutional Offering shall be subject to the following clawback and reallocation provisions:

- (i) if any of our IPO Shares allocated to the identified Bumiputera investors approved by the MITI (“**MITI Tranche**”) is under-subscribed, such IPO Shares will be allocated to institutional investors under the Institutional Offering.

If after the above reallocation, the MITI Tranche is still under-subscribed under the Institutional Offering, and there is a corresponding over-subscription for our Issue Shares by the Bumiputera public investors under the Retail Offering, our IPO Shares will be clawed back from the remaining MITI Tranche and firstly allocated to the Bumiputera public investors under the Retail Offering, followed by the order of priority as specified under item (ii) below;

- (ii) subject to item (i) above, if there is an under-subscription in the Institutional Offering and there is an over-subscription in the Retail Offering, our IPO Shares not taken up may be clawed back from the Institutional Offering and be reallocated to the Retail Offering in the following order of priority:
  - (a) firstly, to the Malaysian Public; and
  - (b) secondly, to the Eligible Persons allocated on a fair and equitable basis in the manner as set out in items (iv)(a) and (b) below.
- (iii) if that there is an under-subscription in the Retail Offering and there is an over-subscription in the Institutional Offering, our IPO Shares not taken up may be clawed back from the Retail Offering and reallocated to the Institutional Offering;
- (iv) any of our Issue Shares allocated to Eligible Persons but not taken up by them shall be made available to other Eligible Persons who have applied for excess Issue Shares (if any) in addition to their pre-determined allocation of our Issue Shares (“**Excess Shares**”). Such Excess Shares will be allocated to these other Eligible Persons on a fair and equitable basis in the following priority:
  - (a) firstly, allocation on a pro-rata basis to Eligible Persons who have applied for Excess Shares based on the number of Excess Shares applied for; and
  - (b) secondly, to minimise odd lots.

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Any of our allocated Issue Shares not fully taken up by Eligible Persons will be made available for application by the Malaysian Public under the Retail Offering. Any of our Issue Shares under the Retail Offering not applied for after being subject to the clawback and reallocation provisions above shall be taken up by our Joint Underwriters based on the terms and conditions of the Underwriting Agreement.

The clawback and reallocation provisions will not apply if there is an over-subscription or under-subscription in both the Retail Offering and Institutional Offering at the closing date of our IPO.

As at the LPD, to the best of our knowledge and belief:

- (i) there is no substantial shareholder, Director or Key Senior Management who have indicated that they intend to subscribe for the IPO Shares, save for the IPO Shares made available for application under the Pink Form Allocation; and
- (ii) there is no person who intends to subscribe for more than 5.00% of our IPO Shares.

Notwithstanding the above, if there is an under-subscription for our IPO Shares (but in excess of 147,873,000 Issue Shares), the subscriptions received for our IPO Shares will first be applied towards subscribing in full the Issue Shares under the Public Issue. Thereafter, any additional subscription for our IPO Shares will be allocated from the Offer Shares and any remaining Offer Shares not subscribed for will be retained by the Selling Shareholder. For the avoidance of doubt, the Public Issue will take priority over the Offer for Sale if there is an undersubscription of our IPO Shares.

##### 4.1.5 Minimum subscription

There is no minimum subscription in terms of the proceeds to be raised from our IPO. However, the minimum subscription level in terms of the number of our IPO Shares will be the number of Shares required to be held by public shareholders for our Company to comply with the public shareholding spread requirements under the Listing Requirements or as approved by Bursa Securities. Under the Listing Requirements, we are required to have a minimum of 25.00% of the total number of our Shares in the hands of a minimum number of 1,000 public shareholders, each holding not less than 100 Shares at the point of Listing.

If the aforesaid public shareholding spread requirement is not met, we may not be able to proceed with our Listing. Please refer to Section 9.3.6 of this Prospectus for details on the risk of delay or failure of our Listing.

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##### 4.2 SHARE CAPITAL

Upon completion of our IPO, our enlarged issued share capital would be as follows:

Details	No. of Shares	RM
Total number of Shares as at the date of this Prospectus	697,099,480	34,854,974.00
New Shares to be issued pursuant to the Public Issue	147,873,000	[●] <sup>(1)</sup>
<b>Enlarged total number of Shares upon Listing</b>	<b>844,972,480</b>	<b>[●]</b>
Offer for Sale	147,871,000	[●]
IPO Price		[●]
<b>Market capitalisation upon Listing</b> based on the IPO Price and the enlarged total number of 844,972,480 Shares upon Listing		[●]
<b>Pro forma consolidated NA per Share</b> as at 30 June 2023 after adjusting for the Public Issue and the intended use of proceeds		[●] <sup>(2)</sup>

**Notes:**

- (1) After deducting the estimated listing expenses of approximately RM[●] million which is directly attributable to the issuance of our IPO Shares and offset against our share capital.
- (2) Computed based on the pro forma NA after our IPO and adjusting for the use of proceeds from our Public Issue, and the enlarged total number of 844,972,480 Shares after our IPO.

As at the date of this Prospectus, we have only one class of shares, being ordinary shares.

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

Subject to any special rights attached to any Shares which we may issue in the future, our shareholders shall, in proportion to the amount paid or credited on the Shares held by them, be entitled to share the profits paid out by us in the form of dividends and other distributions. Similarly, if we are liquidated, pursuant to our Constitution, our shareholders shall be entitled to the surplus (if any) after the satisfaction of any preferential payments based on the Act and our liabilities.

At any general meeting of our Company, each of our shareholders shall be entitled to vote in person, by proxy, by attorney or by duly authorised representative. Any resolution put to vote at the meeting shall be decided by way of poll. On a poll, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative shall have one vote for each Share held or represented. A proxy may but need not be a member of our Company.

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### 4.3 BASIS OF ARRIVING AT OUR IPO PRICE

The IPO Price of RM[●] per IPO Share was determined and agreed upon between our Directors and our Promoters, together with our Sole Principal Adviser, Joint Underwriters and Joint Placement Agents, after taking into consideration the following factors:

- (i) price-to-earnings ratio of approximately [●] times based on our Group's EPS of approximately RM0.015 after taking into account our audited combined PAT attributable to owners of RM12.5 million for the FYE 2023 and our enlarged total number of 844,972,480 Shares upon Listing;
- (ii) our pro forma combined NA per Share of RM[●] as at 30 June 2023 after adjusting for the use of proceeds from our Public Issue and based on our enlarged total number of 844,972,480 Shares upon Listing;
- (iii) our operating history and financial performance as described in Sections 7 and 12 of this Prospectus respectively;
- (iv) our competitive strengths as described in Section 7.5 of this Prospectus;
- (v) our business strategies and plans as set out in Section 7.19 of this Prospectus; and
- (vi) industry overview and future outlook of the security seal industry as set out in Section 8 of this Prospectus.

**YOU SHOULD ALSO NOTE THAT THE MARKET PRICE OF OUR SHARES UPON LISTING IS SUBJECT TO THE VAGARIES OF MARKET FORCES AND OTHER UNCERTAINTIES. YOU SHOULD FORM YOUR OWN VIEWS ON THE VALUATION OF OUR IPO SHARES BEFORE DECIDING TO INVEST IN OUR SHARES. YOU ARE ALSO REMINDED TO CONSIDER THE RISK FACTORS AS SET OUT IN SECTION 9 OF THIS PROSPECTUS BEFORE DECIDING TO INVEST IN OUR SHARES.**

### 4.4 DILUTION

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

		<u>RM</u>
IPO Price	(A)	[●]
Pro forma consolidated NA per Share as at 30 June 2023 but before our Public Issue	(B)	0.16
Pro forma consolidated NA per Share as at 30 June 2023 after the Public Issue and the intended use of proceeds	(C)	[●]
Increase in the pro forma consolidated NA per Share attributable to existing shareholders	(C - B)	[●]
Dilution in the pro forma consolidated NA per Share to new investors	(A - C)	[●]
Dilution in the pro forma consolidated NA per Share to new investors as a percentage of the IPO Price	(A - C) / (A)	[●]%



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Please refer to Section 14 of this Prospectus for further details of our Group's pro forma consolidated NA per Share as at 30 June 2023.

Save as disclosed below, there is no substantial disparity between our IPO Price and effective cash cost of our Shares acquired by our Promoters, Directors, substantial shareholders, Key Senior Management or persons connected with them, or any transaction entered into by them which grants them the right to acquire any of our Shares in the past three years and up to the LPD:

Name	No. of our Shares allotted before our IPO	Total consideration RM	Effective cash cost per Share RM
<b>Promoter and substantial shareholder</b>			
Mega Fortris Global	33,711,974 <sup>(1)</sup>	33,711,974	1.00

**Note:**

(1) Issued pursuant to the Acquisitions as part of the Pre-IPO Reorganisation. Please refer to Section 6.1.2.1 of this Prospectus for further details on the Acquisitions.

Further, there are arrangements for (i) LOCAH and OCBC to swap their shareholdings in Mega Fortris Global with our Shares held by Mega Fortris Global after the moratorium period and (ii) Dato' Nick Ng and Datuk Adrian Ng to exchange the redeemable preference shares in Ng Brothers Estate held by their holders with our Shares after the moratorium period (if the option is exercised by the holders). Please refer to Sections 5.1.2(iv) and 5.1.3 of this Prospectus for further details. However, there will be no dilution in the shareholdings of our IPO investors given that our Company will not be issuing new Shares for the share exchange.

#### 4.5 UTILISATION OF PROCEEDS

The total gross proceeds of approximately RM[•] million from the Public Issue will be utilised by our Group in the following manner:

Utilisation of proceeds	Note	Amount of proceeds		Estimated timeframe for utilisation from the date of our Listing
		(RM'000)	%	
Capital expenditures for:				
(i) new production facilities (including centralised warehouse) with automated production lines for security seals in UK	(1)(i)	[•]	[•]	Within 36 months
(ii) new business venture in providing total solution in supplying and handling of playing cards in sealed security boxes in Macao	(1)(ii)	[•]	[•]	Within 36 months
Working capital	(2)	[•]	[•]	Within six months

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Utilisation of proceeds	Note	Amount of proceeds		Estimated timeframe for utilisation from the date of our Listing
		(RM'000)	%	
Defray listing expenses	(3)	[•]	[•]	Immediate
		[•]	100.00	

#### Notes:

##### (1) Capital expenditure:

We intend to allocate a total of approximately RM[•] million or [•]% of the Public Issue proceeds to fund the capital expenditures relating to the establishment of a New UK Factory and new business venture in providing total solution in supplying and handling of playing cards in sealed security boxes in Macao.

The estimated gross proceeds to be utilised per annum for the capital expenditures are as follows:

	Estimated gross proceeds to be utilised per annum					
	2025		2026		2027	
	RM'000	%	RM'000	%	RM'000	%
Establishment of a New UK Factory	[•]	[•]	[•]	[•]	[•]	[•]
New business venture in Macao	[•]	[•]	[•]	[•]	[•]	[•]
<b>Total</b>	[•]	100.00	[•]	100.00	[•]	100.00

##### (i) New production facilities (including centralised warehouse) with automated production lines for security seals in UK

We intend to decentralise our manufacturing capacity and grow our business in foreign countries by setting up new production facilities for security seals including automated production lines (including centralised warehouse) in United Kingdom to service customers in the Europe, Americas, Middle East and Africa regions. The decentralisation of our manufacturing capacity will allow our Group to increase our number of production facilities from a single point in Malaysia to other geographically strategic location.

The rationale for setting up the New UK Factory includes the following:

- (a) to improve service to our customers in the European region by reducing delivery times due to the reduced shipping and logistics lead time;

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- (b) to enhance our Group's brand awareness and image in the European region as it demonstrates our long-term commitment to the European market and our continued dedication in servicing the requirements of the stakeholders in the European region; and
- (c) to optimise our Group's manufacturing operations, provide shorter lead-time and minimise logistics costs for the delivery of goods to customers. In addition, the New UK Factory will serve as a backup to our Group's existing manufacturing facilities in Selangor, Malaysia.

We intend to utilise approximately RM[●] million, representing approximately [●]% of the gross proceeds to be raised from the Public Issue to set up the New UK Factory.

The operations of the New UK Factory will be undertaken by our subsidiary, namely Mega Fortris UK, and is to be implemented in three phases as set out below:

<b>Purpose</b>	<b>Allocation of IPO proceeds (RM'000)</b>	<b>Expected timing for utilisation of proceeds</b>
<b>Phase 1</b>	[●]	By 1 <sup>st</sup> quarter of 2026
– To commence the set-up of the New UK Factory and also purchase additional laser marking machines, quality control equipment and related machines to be installed at the factory.		
<b>Phase 2</b>	[●]	By 1 <sup>st</sup> quarter of 2027
– To identify the specific machinery and equipment and finalising the purchase of major machinery including two automated lines and nine cable processing and related machines.		
<b>Phase 3</b>	[●]	By 3 <sup>rd</sup> quarter of 2027
– To purchase additional major machinery including three automated lines, one automated machine for twister and one injection moulding machine.		
<b>Total</b>	<u>[●]</u>	

As at the LPD, our Group is in the midst of finalising the tenancy agreement for the New UK Factory which is located opposite our Group's existing operations in United Kingdom. Please refer to Section 7.19.1.2 of this Prospectus for further details on the establishment of the New UK Factory.

We have carried out an internal technical assessment (including an assessment on the feasibility of expanding to the UK as compared to other countries taking into account amongst others, (i) labour requirements and costs, (ii) regulatory and political environments and (iii) commercial viability such as proximity of the manufacturing plant to our existing and future customers and suppliers, and the operational costs) to ensure the New UK Factory's operations aligns with the requirements of our Group and a financial feasibility assessment for the New UK Factory that arrived at a payback period of approximately seven years.

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If the actual cost of the above planned utilisation exceeds the earmarked amount, the shortfall will be funded from the amount allocated for working capital, internally generated funds and/or bank borrowings. However, if the actual cost of the above planned utilisation is lower than the earmarked amount, the surplus will be used for working capital purposes.

**(ii) New business in providing total solution in supplying and handling of playing cards in sealed security boxes in Macao**

Our Group intends to venture into a new business to provide a total solution in supplying and handling of playing cards in sealed security boxes. This new business venture:

- (a) is complementary to our Group's existing business of manufacturing of security boxes for playing cards and security seals for the security boxes; and
- (b) allows our Group to offer an end-to-end solution to our customers which are casino operators, from the manufacturing, storage and handling of playing cards until the destruction of used playing cards.

Our Group intends to undertake the playing card business after taking into consideration that our Group currently serves 38 casino operators in Macao, Philippines, Vietnam, Cambodia and other countries for our security seals (including security boxes) during the FYE Under Review. The casino operators that we serviced include MGM Grand Paradise S.A., Galaxy Casino, S.A. and Bloomberry Resorts & Hotels Inc. We derive RM4.25 million (3.15%), RM5.75 million (3.70%) and RM7.54 million (4.67%) of our total revenue for the FYE 2021, FYE 2022 and FYE 2023 respectively from customers which are casino operators. As our Group already have business relationships with them, these customers will form our Group's initial target customers for the playing cards business. Subsequently, our Group will expand its customer base to other countries in the Asia Pacific region such as Australia, Thailand and Japan.

The playing card business will be undertaken in two phases as set out below:

Phase	Brief description
Phase 1 (2nd quarter of 2024 to 2nd quarter of 2025)	<ol style="list-style-type: none"> <li>1. To place orders for the first Playing Card Manufacturing Line from Heidelberg Malaysia Sdn Bhd</li> <li>2. The first Playing Card Manufacturing Line will be housed at our Group's No. 25 and No. 27 Property in Selangor.</li> <li>3. Our Group will also set up a team of 44 production floor personnel with experience within the printing industry for this new operation to carry out the manufacturing process for playing cards including sealing them in security boxes and handing of used playing cards. The production floor personnel will be required to have experience and skills relating to printing operations. In addition, they will also undergo training provided by the Playing Card Manufacturing Line supplier for the manufacturing operation.</li> <li>4. The cost for setting up the first manufacturing line and ancillary machines in Malaysia will be funded through internally generated funds and/or bank borrowings.</li> </ol>

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Phase	Brief description
Phase 2 (4th quarter of 2025 to 1st quarter of 2027)	<ol style="list-style-type: none"> <li>1. To place orders for the second Playing Card Manufacturing Line with the same supplier for the first Playing Card Manufacturing.</li> <li>2. Our Group intends to use a third-party subcontractor in Macao to carry out the manufacturing process for playing cards including sealing them in security boxes and handing of used playing cards. As such, our Group will consign the manufacturing line and place it at the subcontractor premises in Macao.</li> <li>3. The subcontractor will carry out the playing cards' production process and used card handling process based on the specifications of our Group while the relevant input materials will be supplied by our Group.</li> <li>4. The subcontractor will be responsible for providing all the necessary personnel to carry out the manufacturing process, and premises to house the second Playing Card Manufacturing Line in Macao and store input materials, work-in-progress materials and finished goods. Furthermore, the subcontractor will also be responsible for the renovation works of the premise, utilities, production costs, obtaining relevant insurance, and licenses and approvals to operate the second Playing Card Manufacturing Line, security of the premises and carrying out any relevant renovation on the premises to carry out the manufacturing process for playing cards based on our operation needs and requirements. Save for the input materials which we will provide to the subcontractor, the subcontractor will handle the manufacturing process from end-to-end.</li> <li>5. We intend to utilise approximately RM[●] million, representing approximately [●]% of the gross proceeds to be raised from the Public Issue to purchase, deliver, install and commission the second Playing Card Manufacturing Line in Macao.</li> </ol>

Please refer to Section 7.19.2 of this Prospectus for further details on our future plans in regards to the new business in providing total solution in supplying and handling of playing cards in sealed security boxes.

The new business in providing total solution in supplying and handling of playing cards in sealed security boxes will be carried out by our subsidiary, namely Mega Pandai. Mega Pandai will be responsible for overseeing (i) the operation of the first Playing Card Manufacturing Line in Malaysia and (ii) the second Playing Card Manufacturing Line to be operated by the subcontractor in Macao.

Our Group intends to use a subcontractor to operate the second Playing Card Manufacturing Line in Macao as it does not have prior direct experience of manufacturing in Macao, and as the subcontractor is familiar with local authorities in Macao and have resources to operate in Macao.

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On 18 January 2024, our Group entered into a memorandum of understanding with a subcontractor, namely V.S. International Group Limited ((i) a company incorporated in Cayman Islands and listed on Hong Kong Stock Exchange; and (ii) a subsidiary of V.S. Industry Berhad, a public listed company listed on the Main Market of Bursa Securities) for the production of playing cards and handling of used cards in Macao. V.S International Group Limited and its subsidiaries are principally engaged in the manufacturing and sale of plastic moulded products and parts, assembling of electronic products, and moulds designs and fabrication. The expected responsibilities of our Group and the subcontractor for our new business venture in Macao are set out below:

<b>No.</b>	<b>Responsibilities of our Group</b>	<b>Responsibilities of the subcontractor</b>
(a)	Consign the second Playing Card Manufacturing Line	Identify and provide premises to house the second Playing Card Manufacturing Line
(b)	Purchase the second Playing Card Manufacturing Line (which includes delivery, installation and commissioning of the second Playing Card Manufacturing Line by the supplier)	Carry out renovation on the premises to carry out the manufacturing process for playing cards based on our Group's requirements and needs
(c)	Purchase and supply of input materials (including bearing logistics costs)	Provide necessary personnel to carry out the playing cards' manufacturing process and premises to store input materials and finished goods
(d)	Invoicing to the end customers in Macao and collection of revenue to be undertaken by Mega Pandai in Malaysia	Bear costs related to maintenance, utilities, overheads, production costs and insurance, and to invoice our Group a contract fee <sup>(1)</sup>
(e)	-	Obtain all relevant licenses and approvals for the operations in Macao

**Note:**

- (1) The amount of the contract fee to be charged by the subcontractor is currently being negotiated. However, the contract fee is expected to be chargeable on per deck of casino cards manufactured and will be invoiced on a monthly basis.

We intend to enter into a definitive agreement with the subcontractor before the expiry of the memorandum of understanding, which is within six months from 18 January 2024 subject to any renewal or extension of the memorandum of understanding as may be agreed with the subcontractor. We expect to place the purchase order with the same supplier in Malaysia for the second Playing Card Manufacturing Line to be housed in Macao by the 4<sup>th</sup> quarter of 2025, with expected delivery by the 4<sup>th</sup> quarter of 2026. Following the delivery, we plan to complete the installation and commissioning of the Playing Card Manufacturing Line at the subcontractor's premises in Macao by the 1<sup>st</sup> quarter of 2027.

#### 4. DETAILS OF OUR IPO

We have carried out financial feasibility assessment for Phase 1 of the playing cards' business plan in Malaysia that arrived at a payback period of approximately four years to recover the original cost of investment. We expect our new business venture in Macao under Phase 2 to have a relatively similar payback period. This is because the Playing Card Manufacturing Line to be purchased for our new business venture in Macao is the same as the Playing Card Manufacturing Line to be purchased for the Malaysian playing cards' business plan under Phase 1. We intend to improve the execution of our new business venture in Macao by relying on our experience of manufacturing and handling of playing cards in Malaysia under Phase 1 which is expected to commence operations in March 2025.

If the actual cost of the above planned utilisation exceeds the earmarked amount, the shortfall will be funded from the amount allocated for working capital, internally generated funds and/or bank borrowings. However, if the actual cost of the above planned utilisation is lower than the earmarked amount, the surplus will be used for working capital purposes.

##### (2) Working capital

Our Group's working capital are expected to increase in tandem with the expected growth in our business and operations. We intend to allocate a total of approximately RM[•] million or [•]% of the IPO proceeds to finance our additional working capital in the following manner:

Details	RM'000	%
Purchase of input materials for our security seals operations <sup>(1)</sup>	[•]	[•]
General working capital	[•]	[•]
<b>Total</b>	<b>[•]</b>	<b>100.00</b>

**Note:**

- (1) Please refer to Section 7.16 of this Prospectus for further details on the input materials utilised by our Group.

If the actual cost of purchase of input materials (such as parts and components, plastic resins, and masterbatch and other additives) for our security seals operations exceeds the earmarked amount, the shortfall will be funded from the amount allocated for general working capital, internally generated funds and/or bank borrowings. However, if the actual cost of the above planned utilisation is lower than the earmarked amount, the surplus will be used for general working capital purposes.

##### (3) Defray listing expenses

The following estimated expenses and fees incidental to our Listing amounting to approximately RM[•] million or [•]% shall be borne by our Company:

Expenses	RM'000	%
Professional fees <sup>(1)</sup>	[•]	[•]
Underwriting commission, brokerage fee and placement fee <sup>(2)</sup>	[•]	[•]

#### 4. DETAILS OF OUR IPO

<u>Expenses</u>	<u>RM'000</u>	<u>%</u>
Other fees and expenses relating to our Listing and contingencies <sup>(3)</sup>	[•]	[•]
Regulatory fees	[•]	[•]
<b>Total</b>	<b>[•]</b>	<b>100.00</b>

**Notes:**

- (1) This includes advisory and/or professional fees for, among others, our Principal Adviser, legal advisers, Reporting Accountants and IMR.
- (2) Please refer to Section 4.6 of this Prospectus for further details on the computation of the underwriting commission, brokerage fee and placement fee.
- (3) This includes any other incidental charges or related expenses in connection with our IPO, such as printing and advertising fee, roadshow expenses, translation fees, public or investor relation consultant and funds reserved for contingency purposes.

If there is any shortfall or excess in the actual listing expenses as compared to the earmarked amount allocated, such amount will be adjusted accordingly against the portion allocated for working capital.

Pending the eventual utilisation of the proceeds from the Public Issue for the above intended purposes, we intend to place the proceeds raised (including accrued interest, if any) or the balance thereof in interest-bearing accounts with licenced financial institutions in Malaysia and/or money market deposit instruments / funds.

Our Company will not receive any proceeds from the Offer for Sale. Based on the IPO Price of RM[•] per Offer Share, the gross proceeds from the Offer for Sale of RM[•] million will accrue entirely to the Selling Shareholder. The Selling Shareholder shall bear the entire incidental expenses and fees relating to the Offer for Sale, the aggregate of which is estimated to be approximately RM[•] million.

#### 4.6 BROKERAGE FEE, UNDERWRITING COMMISSION AND PLACEMENT FEE

##### 4.6.1 Brokerage Fee

We will pay the brokerage fee in respect of our Issue Shares under the Retail Offering at the rate of 1.00% (exclusive of any applicable tax) of the IPO Price for all successful applications which bear the stamp of either the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or the Issuing House.

Our Joint Placement Agents are entitled to charge brokerage commission of up to 1.00% to successful applicants under the Institutional Offering. For the avoidance of doubt, such brokerage commission will be paid by successful applicants under the Institutional Offering and will not be borne by us or the Selling Shareholder.

##### 4.6.2 Underwriting Commission

As stipulated in the Underwriting Agreement, the Joint Underwriters have agreed to underwrite [•] Issue Shares under the Retail Offering (“**Underwritten Shares**”) for an underwriting commission of 2.00% (exclusive of applicable tax) of the total value of the Underwritten Shares.



## **4. DETAILS OF OUR IPO**

### **4.6.3 Placement Fee**

Our Joint Placement Agents have agreed to place out 80,273,000 Issue Shares to institutional and selected investors, and identified Bumiputera investors approved by the MITI, and 147,871,000 Offer Shares to institutional and selected investors, and identified Bumiputera investors approved by the MITI. We and the Selling Shareholder will pay a placement fee of 2.00% (exclusive of applicable tax) and may pay a discretionary incentive fee of up to 0.50% (exclusive of applicable tax) of the total value of Issue Shares successfully placed out by our Joint Placement Agents.

### **4.7 SALIENT TERMS OF THE UNDERWRITING ARRANGEMENT**

We had on [●], entered into the Underwriting Agreement with the Joint Underwriters to underwrite the Underwritten Shares, subject to the clawback and reallocation provisions as set out in Section 4.1.4 of this Prospectus and upon the terms and subject to the conditions of the Underwriting Agreement.

The salient terms of the Underwriting Agreement are as follows:

[●]

### **4.8 TRADING AND SETTLEMENT IN SECONDARY MARKET**

Upon Listing, our Shares will be traded through Bursa Securities and settled by book-entry settlement through the CDS, which is operated by Bursa Depository. This will be effected based on the Rules of Bursa Depository and the provisions of the SICDA. Accordingly, we will not deliver share certificates to the subscribers or purchasers of our IPO Shares.

Beneficial owners of our Shares are required under the Rules of Bursa Depository to maintain our Shares in CDS Accounts, either directly in their names or through authorised nominees. Persons whose names appear in our Record of Depositors maintained by Bursa Depository will be treated as our shareholders in respect of the number of Shares credited to their respective CDS Accounts.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS Account being debited with the number of Shares sold and the buyer's CDS Account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for our Shares that are settled on a book-entry basis, although there is a nominal transfer fees of RM10 payable for each transfer not transacted on the market.

Shares held in CDS Accounts may not be withdrawn from the CDS except in the following instances:

- (i) to facilitate a share buy-back;
- (ii) to facilitate conversion of debt securities;
- (iii) to facilitate company restructuring process;
- (iv) where a body corporate is removed from the Official List;
- (v) to facilitate a rectification of any error; and
- (vi) in any other circumstances as determined by Bursa Depository from time to time, after consultation with the SC.

#### **4. DETAILS OF OUR IPO**

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Trading of shares of companies listed on Bursa Securities is normally done in “board lots” of 100 shares. Investors who desire to trade less than 100 shares are required to trade under the odd lot market. Settlement and payment of trades done on a “ready” basis on Bursa Securities generally takes place on the second Market Day following the transaction date.

It is expected that our Shares will commence trading on Bursa Securities approximately 10 Market Days after the close of our IPO. Subscribers of our Shares will not be able to sell or otherwise deal in our Shares (except by way of a book-entry transfer to other CDS Account in circumstances which do not involve a change in beneficial ownership) before the commencement of trading on Bursa Securities.