
4. PARTICULARS OF OUR IPO

4.1 INTRODUCTION

This Prospectus is dated [•]. Our IPO is subject to the terms and conditions of this Prospectus.

We have registered a copy of this Prospectus with the SC. We have also lodged a copy of this Prospectus, together with the Application Forms with the ROC. Neither the SC nor the ROC takes any responsibility for its contents.

We have obtained the approval from Bursa Securities vide its letter dated [•], for, amongst others, our admission to the Official List of the ACE Market and for the listing of and quotation for our entire enlarged share capital on the ACE Market.

Our Shares will be admitted to the Official List of the ACE Market and an official quotation will commence after, amongst others, the receipt of confirmation from Bursa Depository that all of our IPO Shares have been duly credited into the respective CDS Accounts of the successful applicants and the notices of allotment have been issued and despatched to all the successful applicants.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as securities to be deposited into the CDS. Following this, we will deposit our Shares directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the SICDA and Depository Rules. We will not issue any share certificates to successful applicants.

Pursuant to the Listing Requirements, at least 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum number of 200 public shareholders, each holding not less than 100 Shares each upon admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. In the event we fail to meet the said requirement pursuant to our IPO, we may not be allowed to proceed with our Listing on the ACE Market. In such an event, we will return in full, without interest, all monies paid in respect of all applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

You should rely only on the information contained in this Prospectus or any applicable supplemental Prospectus. Neither we nor our advisers have authorised anyone to provide you with information that is different and not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus. Nonetheless, should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of our Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMSA.

We are not making any invitation to subscribe for our IPO Shares in any jurisdiction and in any circumstances in which such offer or invitation are not authorised or unlawful, or to any person to whom it is unlawful to make such an offer or invitation. As the distribution of this Prospectus and the sale of our IPO Shares in certain other jurisdictions may be restricted by law, persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions. The distribution of this Prospectus and the making of our IPO in certain jurisdictions outside Malaysia may be restricted by law. The distribution of this Prospectus and the sale of any part of our IPO Shares are subject to the Malaysian laws and we, together with M&A Securities as our Adviser, Sponsor, Underwriter and Placement Agent, take no responsibility for the distribution of this Prospectus and the offer of any part of our IPO Shares outside Malaysia, which may be restricted by law in certain other jurisdictions.

4. PARTICULARS OF OUR IPO (*Cont'd*)

Applications for the Issue Shares may be made using either of the following:

<u>Type of application form</u>	<u>Category of Investor</u>
White Application Form or Electronic Share Application or Internet Share Application	Malaysian Public (for individuals)
White Application Form	Malaysian Public (for non-individuals, e.g. corporations, institutions etc)
Pink Form Applications	Our eligible Directors and employees as well as persons who have contributed to the success of our Group

You must have a CDS Account when applying for our IPO Shares. In the case of an application by way of Application Form, you must state your CDS Account number in the space provided in the Application Form. If you do not presently have a CDS Account, you should open a CDS Account at an ADA prior to making an application for our IPO Shares.

Please refer to Section 15 for further details on the procedures for application for our IPO Shares. Details of the ADAs that you may open a CDS Account can be obtained at the following link:

<http://www.bursamalaysia.com/market/securities/equities/brokers>

If you are an individual with a CDS Account, you may make an Application by way of Electronic Share Application. You are required to furnish your CDS Account number to the Participating Financial Institution by keying in your CDS Account number if the instructions on the ATM screen at which you enter your Electronic Share Application require you to do so. A corporation or institution cannot apply for our IPO Shares by way of Electronic Share Application.

If you have a CDS Account and an existing account to their internet financial services of an Internet Participating Financial Institutions, you can make an Internet Share Application. You shall furnish your CDS Account number to the Internet Participating Financial Institutions by keying your CDS Account number into the online application form. A corporation or institution cannot apply for our IPO Shares by way of Internet Share Application.

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, our IPO Shares are expected to be allocated in the manner described below.

The SC and Bursa Securities assume no responsibility for the correctness of any statement made or of any opinion or report expressed in this Prospectus. Our admission to the Official List of the ACE Market shall not be taken as an indication of the merits of our Group, our Shares and/or our IPO exercise. This Prospectus can also be viewed or downloaded from the website of Bursa Securities at www.bursamalaysia.com.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR ANY OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

4. PARTICULARS OF OUR IPO (Cont'd)

4.2 OPENING AND CLOSING OF APPLICATION

The period for Application will open at 10.00 a.m. on [•] and will remain open until at 5.00 p.m. on [•]. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

4.3 IMPORTANT TENTATIVE DATES

Events	Tentative Dates
Issuance of this Prospectus/Opening of Application for our IPO	[•]
Closing Date	[•]
Balloting of the Application for our IPO Shares	[•]
Allotment of our IPO Shares to successful applicants	[•]
Date of Listing	[•]

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

4.4 DETAILS OF OUR IPO

4.4.1 Public Issue

A total of 96,668,000 Issue Shares, representing 39.00% of our enlarged share capital are offered at our IPO Price. The Issue Shares shall be allocated in the following manner:

(i) Malaysian Public

12,393,400 Issue Shares, representing 5.00% of our enlarged share capital, will be made available for application by the Malaysian Public, to be allocated via balloting process as follows:

- (a) 6,196,700 Issue Shares made available to public investors; and
- (b) 6,196,700 Issue Shares made available to Bumiputera public investors.

(ii) Our eligible Directors and employees as well as persons who have contributed to the success of our Group

6,196,700 Issue Shares, representing 2.50% of our enlarged share capital, will be reserved for our eligible Directors and employees as well as persons who have contributed to the success of our Group under the Pink Form Allocations. Further details of our Pink Form Allocations are set out in Section 4.4.2.

(iii) Private placement to selected Bumiputera investors approved by MITI and selected investors

78,077,900 Issue Shares, representing 31.50% of our enlarged share capital, have been reserved for private placement in the following manner:

- (a) 30,983,500 Issue Shares made available for selected Bumiputera investors approved by MITI;
- (b) 16,110,900 Issue Shares made available for selected investors; and
- (c) 30,983,500 Issue Shares made available to the Cornerstone Investor.

4. PARTICULARS OF OUR IPO (Cont'd)

On 22 March 2021, our Company entered into the Cornerstone Investment Agreement with Hai-O Enterprise Berhad, the Cornerstone Investor where Hai-O Enterprise Berhad has agreed to subscribe for 30,983,500 Issue Shares, representing 12.50% of our enlarged share capital at the IPO Price, subject to terms of the Cornerstone Investment Agreement, as set out in Section 6.16(iv).

In the event the Cornerstone Investment Agreement is terminated for whatsoever reason, the 30,983,500 Issue Shares, representing 12.50% of our enlarged share capital shall be made available for private placement to selected investors.

The basis of allocation for the Issue Shares shall take into account our Board's intention to distribute the Issue Shares to a reasonable number of applicants to broaden our Company's shareholding base to meet the public spread requirements, and to establish a liquid and adequate market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Directors.

The allocation of Issue Shares to selected Bumiputera investors shall be subject to the allocation as approved by MITI. Any unsubscribed Issue Shares under this allocation shall be offered to Bumiputera institutional investors. Issue Shares unsubscribed by Bumiputera institutional investors shall then be offered to Bumiputera public investors via balloting.

There is no over-allotment or "greenshoe" option that will result in an increase in the number of our IPO Shares.

Our Public Issue is subject to the terms and conditions of this Prospectus.

Save for the 30,983,500 Issue Shares (representing approximately 32% of the Public Issue) to be issued to Hai-O Enterprise Berhad under the Cornerstone Investment Agreement, we are not aware of any other person who intends to subscribe for more than 5% of the Public Issue.

4.4.2 Pink Form Allocations

We have allocated 6,196,700 Issue Shares to our eligible Directors and employees as well as persons who have contributed to the success of our Group under the Pink Form Allocations as follows:

Category	No. of eligible persons	Aggregate no. of Issue Shares allocated
Our eligible Directors	7	1,400,000
Our eligible employees	39	3,540,000
Persons who have contributed to the success of our Group	31	1,356,700
	76	6,196,700

The criteria for allocation to our eligible Directors are based on their anticipated contribution to our Group.

4. PARTICULARS OF OUR IPO (Cont'd)

The criteria for allocation to our eligible employees (as approved by our Board) are based on the following factors:

- (i) The employee must be at least 18 years of age;
- (ii) The employee must have his/her employment confirmed in writing; and
- (iii) The employees' seniority, position, length of service and contribution to our Group.

The number of IPO Shares to be allotted to those persons who have contributed to the success of our Group shall be based on amongst others, the nature and terms of their business relationship with us, length of their relationship with us and the level of contribution and support to our Group and shall be subject to the approval by our Board. Persons who have contributed to the success of our Group are our customers and suppliers.

Detail of the allocation to our Directors and key senior management are as follows:

Name	Designation	No. of Issue Shares allocated
Dr Teh Chee Ghee	Independent Non-Executive Chairman	100,000
Dato' Ean Yong Tin Sin	Executive Deputy Chairman	400,000
Ean Yong Hien Voon	Executive Director / Chief Executive Officer	300,000
Ean Yong Hen Loen	Executive Director	300,000
Phang Sze Fui	Independent Non-Executive Director	100,000
Dato' Magaret Ting Thien Hung	Independent Non-Executive Director	100,000
Dato' Chan Kong Yew	Independent Non-Executive Director	100,000
Ean Yong Hien Chal	Production Manager	300,000
Ngooi Sok Ling	Chief Financial Officer	150,000
Tok Ai Mei	Quality Assurance and Quality Control Manager	20,000
		1,870,000

Our Directors and key senior management intend to subscribe to their Issue Shares allocated under the Pink Form Allocations.

Dato' Ean Yong Tin Sin, Ean Yong Hien Voon, Ean Yong Hen Loen and Ean Yong Hien Chal are shareholders of our Ean Yong & Sons, our Promoter. Our Board has resolved to allocate Issue shares to them under the Pink Form Allocations premised on the following:

- (i) Dato' Ean Yong Tin Sin is the founding shareholder of our Group and has been instrumental in leading our Group and our business growth for the past 19 years. The allocation of Issue Shares under the Pink Form Allocations is to directly reward him for his past contributions as well as for his anticipated contribution to our Group; and
- (ii) Ean Yong Hien Voon, Ean Yong Hen Loen and Ean Yong Hien Chal's continued involvements in our Group is critical for us to implement our business strategies and to ensure the continued growth of our Group. The allocation of Issue Shares under the Pink Form Allocations directly to them is to secure their commitment to our Group as well as for their anticipated contributions to our Group.

4. PARTICULARS OF OUR IPO (Cont'd)

Pink Form Allocations which are not subscribed to, will be re-allocated to the other Directors/key senior management mentioned in the table above, employees and persons who have contributed to the success of our Group at the discretion of our Board.

4.5 BASIS OF ARRIVING AT OUR IPO PRICE

Our IPO Price was determined and agreed upon by us and M&A Securities, as our Adviser, Sponsor, Underwriter and Placement Agent, after taking into consideration the following factors:

- (i) The PE Multiple of approximately [•] times based on our EPS of 2.27 sen for the FYE 2020 calculated based on our PAT for the FYE 2020 of RM5.64 million and our enlarged share capital of 247,868,000 Shares upon Listing;
- (ii) Our pro forma combined NA per Share as at 30 June 2020 after our IPO of RM[•] based on our combined NA as at 30 June 2020 of RM[•] million (after the Public Issue and utilisation of IPO proceeds) and our enlarged share capital of 247,868,000 Shares upon Listing;
- (iii) Our historical financial track record for the past FYEs 2018 to 2020 summarised as follows:

	Audited		
	FYE 2018	FYE 2019	FYE 2020
	RM'000	RM'000	RM'000
Revenue	32,670	31,696	39,373
GP	11,809	8,124	12,415
PAT attributable to:			
- Owners of the Company	5,502	2,254	5,636
- Non-controlling interest	4	9	-
	5,506	2,263	5,636
EPS (sen) ⁽¹⁾	3.64	1.49	3.73

Note:

- (1) Calculated based on our PAT attributable to owners of the Company divided by the share capital of 151,200,000 Shares before our IPO.

- (iv) Our competitive strengths as set out in Section 6.8; and
- (v) Our Group's business strategies and prospects as further described in Section 6.19.

You should note that our market price upon Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares. You should form your own views on the valuation of our IPO Shares before deciding to invest in them. You are reminded to carefully consider the risk factors as set out in Section 8 before deciding to invest in our Shares.

4. PARTICULARS OF OUR IPO (Cont'd)**4.6 SHARE CAPITAL, CLASSES OF SHARES AND RANKING**

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

Details	No. of Shares	RM
Share capital		
As at the date of this Prospectus	151,200,000	15,120,001.80
To be issued pursuant to our Public Issue	96,668,000	[•]
Enlarged share capital upon our Listing	247,868,000	[•]
Market capitalisation⁽¹⁾		[•]

Note:

(1) Based on our IPO Price and our enlarged number of shares upon Listing. As at the date of this Prospectus, we have only 1 class of shares, being ordinary shares, all of which rank equally amongst one another.

The Issue Shares will, upon allotment and issue, rank equally in all respects with our existing ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of allotment of the Issue Shares.

Subject to any special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the amount of Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions and any surplus in the event of the liquidation of our Group, in accordance with our Constitution.

Each of our shareholders shall be entitled to vote at any of our general meeting in person, or by proxy or by attorney or by other duly authorised representative. Every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have 1 vote for each ordinary share held.

4.7 OBJECTIVES OF OUR IPO

The objectives of our IPO are as follows:

- (i) To provide an opportunity for the Malaysian Public, our eligible Directors and employees as well as persons who have contributed to the success of our Group to participate in our equity;
- (ii) To enable our Group to raise funds for the purposes specified in Section 4.10;
- (iii) To enable us to tap into the equity capital market for future fund raising and to provide us the financial flexibility to pursue future growth opportunities as and when they arise; and
- (iv) To gain recognition through our listing status which will enhance our Group's reputation in the marketing of our products and services and to retain and attract new, skilled employees in the industry.

4. PARTICULARS OF OUR IPO (Cont'd)

4.8 TOTAL MARKET CAPITALISATION UPON LISTING

Based on our IPO Price and our enlarged share capital of 247,868,000 Shares upon Listing, our total market capitalisation is estimated to be RM[•] upon Listing.

4.9 DILUTION

Dilution is the amount by which our IPO Price exceeds the pro forma combined NA per Share immediately after our IPO.

Our pro forma combined NA per Share as at 30 June 2020 after the Acquisition of Subsidiaries is RM0.09. After giving effect to the Public Issue (and utilisation of proceeds), our pro forma combined NA per Share as at 30 June 2020 is RM[•].

This represents an immediate increase in the pro forma combined NA per Share to our existing shareholders of RM[•], and an immediate dilution in the pro forma combined NA per Share of RM[•] to our new public investors. The following table illustrates such dilution on a per Share basis:

Pro forma combined NA per Share as at 30 June 2020 after taking into account the Acquisition of Subsidiaries	RM 0.09
Pro forma combined NA per Share as at 30 June 2020 after taking into account the Acquisition of Subsidiaries and Public Issue	[•]
IPO Price	[•]
Pro forma combined NA per Share as at 30 June 2020 after taking into account the Acquisition of Subsidiaries, Public Issue and utilisation of IPO proceeds	[•]
Dilution in the pro forma combined NA per Share to our new public investors	([•])
Dilution in the pro forma combined NA per Share as a percentage of our IPO Price	[•]%

Further details of our pro forma combined NA per Share as at 30 June 2020 are set out in Section 13.

The following table shows the average effective cost per Share paid by our existing shareholder for our Shares since our incorporation up to the date of this Prospectus:

Shareholder	⁽¹⁾No. of Shares	Total consideration	Average effective cost per Share
		RM	RM
Ean Yong & Sons	151,199,998	15,119,999.80	0.10

Note:

(1) Issued pursuant to the Acquisition of Subsidiaries.

4. PARTICULARS OF OUR IPO (Cont'd)

Save for the Shares received by our Promoter pursuant to the Acquisition of Subsidiaries, our Directors and key senior management pursuant to the Pink Form Allocations and our Cornerstone Investor pursuant to the Cornerstone Investment Agreement, there has been no acquisition or subscription of any of our Shares by our Directors or key senior management, substantial shareholders or persons connected to them, or any transaction entered into by them which grants them the right to acquire any of our existing Shares, in the past 3 years up to the LPD.

4.10 UTILISATION OF PROCEEDS**4.10.1 Public Issue**

The estimated gross proceeds arising from the Public Issue of approximately RM[•] million shall accrue entirely to us and will be utilised in the following manner:

Utilisation of proceeds	Reference	Estimated timeframe for utilisation	RM'000	%
Construction of new factory including:	(i)	March 2023 ⁽¹⁾		
- Repayment of bank borrowings drawn	(i)		[•]	[•]
- Remaining construction cost	(i)		[•]	[•]
Acquisition of machinery	(ii)	4 months ⁽²⁾	[•]	[•]
Working capital	(iii)	12 months ⁽³⁾	[•]	[•]
Estimated listing expenses	(iv)	1 month ⁽³⁾	[•]	[•]
			[•]	100.00

Notes:

- (1) Kindly refer to Sections 4.10.1(i) and 6.19.1(iv) for the detailed timeline.
(2) From the estimated completion of the construction of our new factory.
(3) From the date of listing of our Shares.

Pending the utilisation of the proceeds to be raised from our Public Issue, the funds will be placed with licenced financial institutions as deposits.

(i) Construction of new factory

In October 2017, we completed the acquisition of a parcel of freehold industrial land, namely the Semenyih Land. We intend to set up a new factory to increase our manufacturing capacity and enhance the efficiency of our manufacturing through the construction of a new factory.

In the past 3 FYEs 2018 to 2020, our Beranang Factory operated at utilisation rates of 83.18%, 70.04% and 70.44%, respectively. Notwithstanding the decrease in our utilisation rates in the past FYEs, this planned increase in manufacturing capacity is to cater for our future business growth where the increased capacity will enable our Group to take on new customers and more large orders arising from our plans to grow our customer base in the direct selling segment, expanding our export sales and expanding the range of product offerings and market presence of our house

4. PARTICULARS OF OUR IPO (Cont'd)

brands. Kindly refer to Section 6.19 for further details on our business strategies and prospects.

By constructing a new factory, we will be able to customise the design for our manufacturing area which, in turn, will allow us to optimise the configuration of our existing machinery and new machinery to be purchased in order to enhance our manufacturing workflow and efficiency. This will allow our manufacturing workflow to be more linear and continuous as compared to our current manufacturing workflow.

Our new factory will have a built-up area of approximately 76,770.26 sq ft. A floor space of approximately 35,899.15 sq ft will be allocated for manufacturing activities, 24,005.57 sq ft for warehousing purposes, 6,510.01 sq ft for loading bays and 10,355.53 sq ft for office space.

The breakdown of the construction cost for our new factory is estimated as follows:

Description	Total estimated cost (RM'000)
Construction works	[•]
Mechanical and engineering works	[•]
Infrastructural works	[•]
Professional fees ⁽¹⁾	[•]
Authority and utilities	[•]
Interior fit-out and loose furniture	[•]
Contingencies	[•]
	<u>[•]</u>

Note:

(1) Comprising project consultation and legal fees.

The total construction cost of our new factory is estimated at RM[•] million. On 20 January 2021, we had obtained bank borrowings amounting to RM[•] million to part finance the construction of our new factory. The loan carries an effective interest rate of 5.95% per annum and is for a term of 15 years. As at LPD, we have yet to draw the loan for the construction of the new factory. We will drawdown the loan progressively, based on the construction milestone of the new factory. We target to complete the construction by March 2023. The remaining construction cost of RM[•] million shall be funded by IPO proceeds.

We target to complete our Listing during the [first half of 2022]. In such event, we will not draw the full loan amount as we will utilise our IPO proceeds of up to RM[•] million to fund the cost of construction. There are no penalties if we do not fully draw the said loan and the undrawn loan amount will be automatically cancelled.

However, if our Listing is completed after the construction of the new factory, the full loan amount of RM[•] million shall be drawn and the remaining construction cost of RM[•] million shall be funded via internally generated funds. Thereafter, we plan to utilise RM[•] million from our IPO proceeds to repay bank borrowings. The remaining RM[•] million shall then be allocated for working capital purposes.

Notwithstanding that we will incur a one-off loan redemption penalty cost of RM[•] million in the event we repay the bank borrowings within 3 years from the date of first drawdown, we will be able to reduce our annual interest cost by RM[•] million

4. PARTICULARS OF OUR IPO (Cont'd)

based on the effective interest rate of 5.95% per annum. The penalty cost of RM[•] million will be paid via internally generated funds.

The indicative timeline for the construction of our new factory is as follows:

Timeline	Details
29 January 2021	<ul style="list-style-type: none"> • Submission of planning permit to Majlis Perbandaran Kajang* • Submission of building plan to Majlis Perbandaran Kajang*
September 2021	<ul style="list-style-type: none"> • Receipt of approved planning permit • Receipt of approved building plan
October 2021	<ul style="list-style-type: none"> • Commencement of construction of new factory
March 2023	<ul style="list-style-type: none"> • Completion of construction of new factory • Purchase of new machinery
July 2023	<ul style="list-style-type: none"> • Certificate of Completion and Compliance obtained • Approval from MITI/MIDA for manufacturing licence obtained • Installation of new machinery • Partial relocation of machinery from Beranang Factory to new factory
August 2023	<ul style="list-style-type: none"> • Commencement of operations • Relocation of remaining machinery from Beranang Factory to the new factory

Note:

* The planning permit and building plan are currently being processed by the Majlis Perbandaran Kajang as at the LPD.

We expect to complete the construction of the new factory by March 2023 and to complete the relocation of all operations to the new factory by August 2023. In the event that the construction of the new factory is delayed, save for higher than anticipated construction costs, there is no material adverse impact on the Group. The delay in relocation from Beranang Factory to Semenyih Factory as a result of delay in completion of construction of Semenyih Factory will not have any material adverse impact to our Group as we can continue to operate at our Beranang Factory.

If the actual cost of construction is higher than the amount budgeted, the deficit will be funded via internally generated funds. Conversely, if the cost is lower than the amount budgeted, the excess will be utilised for our working capital requirements.

Further details of our new factory are set out in Section 6.19.1.

4. PARTICULARS OF OUR IPO (Cont'd)**(ii) Acquisition of machinery**

We intend to utilise RM[•] million of the proceeds to acquire the following machinery:

Details	No. of units	RM'000
Intermediate Bulk Containers blending system	1	[•]
Filling machines*	2	[•]
		<u>[•]</u>

* We intend to acquire 2 additional 10-lane filling machines, one of which is able to fill sachets of 20 gram serving size while the other is able to fill sachets of 2 gram serving size. Our annual manufacturing capacity is expected to increase by approximately 65.57% from 150.48 million sachets to 249.15 million sachets.

Additional details on the acquisition of machinery are set out in Section 6.19.2.

The machines will be installed in the new factory upon obtaining the Certificate of Completion and Compliance for the new factory.

(iii) Working capital

Approximately RM[•] million of the proceeds raised from our Public Issue has been earmarked to supplement the working capital requirements of our Group. The proceeds shall be used for the purchase of supplies to support our business.

The main supplies used by us for the manufacturing of our products include milk powder, creamer, colostrum powder, coffee powder, sugar and sachet foils. Kindly refer to Section 6.10 for the full list of supplies utilised by our Group.

At this juncture, we have not determined the exact sum to be utilised for each supplies to be purchased. The allocation to each supply to be purchased will depend on the types and quantity of supplies required as and when our orders are secured.

(iv) Estimated listing expenses

The amount of RM[•] million is allocated to meet the estimated cost for our Listing. If our actual listing expenses are higher than the amount budgeted, the deficit will be funded out of the portion allocated for our general working capital requirements. Conversely, if our actual listing expenses are lower than the amount budgeted, the excess will be utilised for our general working capital requirements. The following summarises the estimated expenses incidental to our Listing to be borne by us:

Details	RM'000
Professional fees ⁽¹⁾	[•]
Underwriting, placement and brokerage fees	[•]
Printing and advertising fees	[•]
Others ⁽²⁾	[•]
	<u>[•]</u>

4. PARTICULARS OF OUR IPO (Cont'd)

Notes:

- (1) Includes advisory fees for, amongst others, our Principal Adviser, Solicitors, Reporting Accountants, IMR and Issuing House.
- (2) Comprising fees payable to authorities (such as lodgement fees payable to the Companies Commission of Malaysia), other incidental or related expenses in connection with our IPO.

4.11 UNDERWRITING AND PLACEMENT ARRANGEMENT, COMMISSION AND BROKERAGE

4.11.1 Underwriting arrangement and commission

Our Underwriter will underwrite 18,590,100 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. We are obliged to pay our Underwriter an underwriting commission of 3.0% of the total value of the underwritten Shares at our IPO Price.

Any of our Issue Shares which are not subscribed for by the Malaysian Public or Pink Form Allocations will be made available to selected investors via private placement. If all of our Issue Shares offered to the Malaysian Public are oversubscribed, shares not subscribed for under the Pink Form Allocations, if any, will be made available for application by the Malaysian Public. Thereafter, any remaining Issue Shares that are not subscribed for will be subscribed by our Underwriter based on the terms of the Underwriting Agreement.

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

In the event of an over-subscription, acceptance of Applications by the Malaysian Public shall be subject to ballot to be conducted in a manner approved by our Board. Our Board will ensure that any excess Issue Shares will be allocated on a fair and equitable manner.

4.11.2 Placement arrangement and commission

The balance 78,077,900 Issue Shares from the Public Issue available for application by selected Bumiputera investors approved by MITI and selected investors will not be underwritten and shall be placed out by our Placement Agent.

We are obliged to pay our Placement Agent a placement fee of 3.0% of the value of those Issue Shares to be placed out to selected Bumiputera investors approved by MITI and selected investors set out in Sections 4.4.1(iii)(a) and 4.4.1(iii)(b) as well as 1.0% of the value of those Issue Shares to be placed out to the Cornerstone Investor set out in Section 4.4.1(iii)(b).

4.11.3 Brokerage fees

Brokerage is payable in respect of the Issue Shares at the rate of 1.00% of our IPO Price in respect of successful applicants which bear the stamp of member companies of Bursa Securities, member of the Association of Banks in Malaysia, members of the Malaysia Investment Banking Association in Malaysia or Issuing House.

4. PARTICULARS OF OUR IPO (*Cont'd*)

4.12 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We have entered into the Underwriting Agreement with M&A Securities, to underwrite 18,590,100 Issue Shares ("Underwritten Shares").

The salient terms of the Underwriting Agreement are as follows:

Conditions precedent

- 1.1 The several obligations of the Underwriter under the Underwriting Agreement shall further be conditional upon ("Conditions Precedent"):
- (i) The acceptance of the listing proposal from Bursa Securities, the clearance of registrable Prospectus from the SC and the lodgement of registrable Prospectus with the ROC respectively together with copies of all documents required under Section 154 of the Act prior to the issuance of the Prospectus to the public;
 - (ii) The issuance of the Prospectus (including all procedures, requirements, letters and documents) required under Section 154 of the Act to the public within 3 months from the date thereof or such extension as consented by the Underwriter;
 - (iii) There having been, as at any time thereafter up to and including the Closing Date, no material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise of our Group (which in the reasonable opinion of the Underwriter is or will be material in the context of the issue of the Issue Shares) from that set forth in the Prospectus, nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect to an extent which is or will be material in any of the representations, warranties and undertakings contained in the Underwriting Agreement, if they are repeated on and as of the Closing Date;
 - (iv) The issue, offer and subscription of the Issue Shares in accordance with the provisions thereof and the Prospectus not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities);
 - (v) All necessary approvals and consents required in relation to the Public Issue including but not limited to governmental approvals having been obtained and are in full force and effect;
 - (vi) The Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in the Underwriting Agreement;
 - (vii) The delivery to the Underwriter prior to the date of registration of the Prospectus of (a) a copy certified as a true copy by an authorised officer of our Company of all the resolutions of our Directors and our shareholders in general meeting approving the Underwriting Agreement, the Prospectus, the Public Issue and authorising the execution of the Underwriting Agreement and the issuance of the Prospectus; (b) a certificate dated the date of the Prospectus signed by duly authorised officers of our Company stating that,

4. PARTICULARS OF OUR IPO (Cont'd)

after having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in paragraph 1.1(iii);

- (viii) The delivery to the Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from our Board as the Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of the Underwriting Agreement that will adversely affect the performance or financial position of our Group nor the occurrence of any event rendering, untrue or incorrect, to a material extent any representations and/or warranties contained in the Underwriting Agreement as though they have been given and/or made on such date; and
- (ix) The Underwriter being satisfied that our Company will, following completion of the Public Issue be admitted to the official list and its issued share capital listed and quoted on the ACE Market without undue delay.

- 1.2 In the event any of the Conditions Precedent are not satisfied by the Closing Date, the Underwriter shall thereupon be entitled but not bound to terminate the Underwriting Agreement by notice given to our Company not later than 3 Market Days after the Closing Date and upon such termination our Company and the Underwriter shall be released and discharged from their obligations save for our Company's obligations pursuant to the Underwriting Agreement and none of the parties shall have a claim against the other save for antecedent breaches by our Company and claims arising therefrom. Each party shall in such event return any and all monies paid to the other under the Underwriting Agreement within 72 hours of the receipt of such notice (except for monies paid by our Company for the payment of the expenses as provided in the Underwriting Agreement). The Underwriter reserves the right to waive or modify any of the conditions aforesaid and such waiver or modification shall not prejudice the Underwriter's rights under the Underwriting Agreement.

Termination

- 1.3 Notwithstanding anything herein contained, the Underwriter may by notice in writing to our Company given at any time on or before the allotment and issuance of the Issue Shares, terminate and cancel and withdraw its commitment to underwrite the Underwritten Shares if:
- (i) There is any breach by our Company of any of the representations, warranties or undertakings, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to our Company, or by the Closing Date, whichever is earlier, or withholding of information of a material nature from the Underwriter, which is required to be disclosed pursuant to the Underwriting Agreement which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group, the success of the Public Issue, or the distribution of the Issue Shares; or
 - (ii) There is withholding of information of a material nature from the Underwriter, which, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to our Company, which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group and the success of the Public Issue, or the distribution of the Issue Shares; or

4. PARTICULARS OF OUR IPO (Cont'd)

- (iii) There shall have occurred, happened or come into effect in the opinion of the Underwriter any material and/or adverse change to the business or financial condition of our Group; or
- (iv) There shall have occurred, happened or come into effect any of the following circumstances:
 - (a) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or
 - (b) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of our Company and/or the Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents); which, (in the reasonable opinion of the Underwriter), would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of our Group and the success of the Public Issue, or the distribution of our Issue Shares, or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or
 - (c) the FTSE Bursa Malaysia KLCI Index ("Index") is, at the close of normal trading on Bursa Securities, on any Market Day:
 - (aa) on or after the date of the Underwriting Agreement; and
 - (bb) prior to the allotment of the Issue Shares,

lower than 90% of the level of the Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to such date and remains at or below that level for at least 3 Market Days; or
 - (d) in the event of national disorder, outbreak of war or the declaration of a state of national emergency; or
- (v) There is failure on the part of our Company to perform any of their respective obligations herein contained; or
- (vi) Any matter which arose immediately before the date of the Prospectus would have constituted a material and adverse omission in the context of the Public Issue; or
- (vii) Any event, act or omission which gives or is likely to give rise to any liability which will have a material and adverse effect on our Company pursuant to the indemnities contained under the Underwriting Agreement.

4. PARTICULARS OF OUR IPO (Cont'd)

- 1.4 Upon such notice(s) being given, the Underwriter shall be released and discharged of its obligations without prejudice to its rights whereby the Underwriting Agreement shall be of no further force or effect and no Party shall be under any liability to any other in respect of the Underwriting Agreement, except that our Company shall remain liable in respect of our obligations and liabilities for the payment of the costs and expenses already incurred prior to or in connection with such termination, for the payment of any taxes, duties or levies or such outstanding fees, and for any antecedent breach, and our undertaking to indemnify the Underwriter.

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