

4. DETAILS OF OUR IPO

4.1 PARTICULARS OF OUR IPO AND PLAN OF DISTRIBUTION

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, subject to the clawback and reallocation provisions as set out in Section 4.1.4 of this Prospectus.

Our IPO comprises the Institutional Offering and the Retail Offering, totaling up to 365,364,000 IPO Shares, representing 25.5% of our enlarged total number of issued Shares.

4.1.1 Institutional Offering

The Institutional Offering involves the offering of up to 322,380,000 IPO Shares (comprising 100,296,000 Issue Shares and up to 222,084,000 Offer Shares), representing up to 22.5% of our enlarged total number of issued Shares, subject to the clawback and reallocation provisions as set out in Section 4.1.4 of this Prospectus, at the Institutional Price to be allocated in the following manner:

- (i) up to 179,100,000 Offer Shares, representing up to 12.5% of our enlarged total number of issued Shares to Bumiputera investors approved by the MITI; and
- (ii) 100,296,000 Issue Shares and up to 42,984,000 Offer Shares, representing up to 10.0% of our enlarged total number of issued Shares to the following persons:
 - (a) Malaysian institutional and selected investors (other than Bumiputera investors approved by the MITI); and
 - (b) foreign institutional and selected investors outside the United States in reliance on Regulation S.

[As part of the Institutional Offering, on [●], our Company, the Selling Shareholders, the Joint Global Coordinators, the Joint Bookrunners and the Cornerstone Investors have entered into the Master Cornerstone Placement Agreement where the Cornerstone Investors have agreed to acquire and/or subscribe for an aggregate of [●] IPO Shares, representing approximately [●]% of our enlarged total number of issued Shares, at the Institutional Price, subject to the terms of the Master Cornerstone Placement Agreement and the individual cornerstone placement agreements. None of the Cornerstone Investors will individually acquire or subscribe for 5.0% or more of our enlarged total number of issued Shares under the individual cornerstone placement agreements.

The cornerstone placement agreements are conditional upon, among others, the Retail Underwriting Agreement and the Placement Agreement being entered into and not having been terminated pursuant to their respective terms.]

4.1.2 Retail Offering

The Retail Offering involves the offering of 42,984,000 Issue Shares, representing approximately 3.0% of our enlarged total number of issued Shares, subject to the clawback and reallocation provisions as set out in Section 4.1.4 of this Prospectus, at the Retail Price to be allocated in the following manner:

(i) Malaysian Public

28,656,000 Issue Shares, representing 2.0% of our enlarged total number of issued Shares, will be made available for application by the Malaysian Public through balloting, of which at least 50.0% shall be set aside for Bumiputera investors, including individuals, companies, societies, co-operatives and/or institutions.

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(ii) Eligible Persons

14,328,000 Issue Shares, representing 1.0% of our enlarged total number of issued Shares, will be made available for application by the Eligible Persons as follows:

Eligible Persons ⁽¹⁾	No. of persons	Aggregate number of Issue Shares allocated
Eligible employees of our Group ⁽²⁾	1,120	8,596,800
Persons who have contributed to the success of our Group ⁽³⁾	3,295	5,731,200
Total	4,415	14,328,000

Notes:

(1) Subject to the clawback and reallocation provisions as set out in Section 4.1.4 of this Prospectus, all the Eligible Persons are eligible to apply for any amount of Excess Shares (as defined below) over and above their pre-determined allocation.

(2) The criteria for allocation to our eligible employees is based on, amongst others, the following factors:

- (i) for our permanent employees, the length of employment with our Company, seniority and position; and
- (ii) for our contract employees, the seniority and position.

The number of Issue Shares allocated to our Key Senior Management, namely Yeong Kian Peng, is 1,000,000 Issue Shares.

(3) The criteria for allocation to persons who have contributed to the success of our Group (i.e. our independent contractors) is based on their years of contribution to our Group.

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4.1.3 Summary of our IPO Shares to be allocated

In summary, our IPO Shares will be allocated under the Retail Offering and Institutional Offering (subject to the clawback and reallocation provisions as set out in Section 4.1.4 of this Prospectus) in the following manner:

Category	Public Issue		Offer for Sale		Total	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Retail Offering:						
Eligible Persons						
- Eligible employees of our Group	8,596,800	0.6	-	-	8,596,800	0.6
- Persons who have contributed to the success of our Group	5,731,200	0.4	-	-	5,731,200	0.4
Malaysian Public (via balloting)						
- Bumiputera investors	14,328,000	1.0	-	-	14,328,000	1.0
- Non-Bumiputera investors	14,328,000	1.0	-	-	14,328,000	1.0
Sub-total	42,984,000	3.0	-	-	42,984,000	3.0
Institutional Offering:						
Bumiputera investors approved by the MITI	-	-	179,100,000	12.5	179,100,000	12.5
Malaysian and foreign institutional and selected investors	100,296,000	7.0	42,984,000	3.0	143,280,000	10.0
Sub-total	100,296,000	7.0	222,084,000	15.5	322,380,000	22.5
Total	143,280,000	10.0	222,084,000	15.5	365,364,000	25.5

Note:

(1) Based on our enlarged total number of 1,432,800,000 Shares.

The completion of the Retail Offering and the Institutional Offering are inter-conditional. Our IPO is also subject to the public shareholding spread requirement under the Listing Requirements as set out in Section 4.1.5 of this Prospectus.

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

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4.1.4 Clawback and reallocation

Our IPO shall be subject to the minimum subscription as detailed in Section 4.1.5 below and the following clawback and reallocation provisions:

- (i) if our Offer Shares allocated to the identified Bumiputera investors approved by the MITI ("**MITI Tranche**") are under-subscribed, and there is an over-subscription for our Issue Shares by the Bumiputera public investors under the Retail Offering, such Offer Shares will be clawed back from the remaining MITI Tranche and allocated to the Bumiputera public investors under the Retail Offering.

If after the above reallocation, the MITI Tranche is still under-subscribed, the Offer Shares will be clawed back from the remaining MITI Tranche and allocated in the following manner:

- (a) firstly, to the Malaysian institutional investors under the Institutional Offering; and
 - (b) secondly, if there is a corresponding over-subscription for our Issue Shares by the Malaysian Public under the Retail Offering, to the Malaysian Public under the Retail Offering;
- (ii) if our Issue Shares allocated to the Eligible Persons are under-subscribed following the allocation procedures of the Excess Shares (as defined below) set out below, such Issue Shares may be allocated to the Malaysian and foreign institutional and selected investors under the Institutional Offering or the Malaysian Public under the Retail Offering or a combination of both, at the discretion of the Joint Global Coordinators and us;
- (iii) subject to items (i) and (ii) above, if there is an over-subscription in the Retail Offering and there is a corresponding under-subscription in the Institutional Offering, our IPO Shares may be clawed back from the Institutional Offering and allocated to the Retail Offering; and
- (iv) subject to items (i) and (ii) above, if there is an over-subscription in the Institutional Offering and there is a corresponding under-subscription in the Retail Offering, our Issue Shares may be clawed back from the Retail Offering and allocated to the Institutional Offering.

The clawback and reallocation provisions will not apply in the event there is an over-subscription or under-subscription in both the Retail Offering and Institutional Offering.

Any Issue Shares allocated to Eligible Persons but not taken up by them ("**Excess Shares**") 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 Issue Shares. The Excess Shares will be allocated to these other Eligible Persons in the following priority:

- (a) firstly, allocation on a proportionate basis to Eligible Persons who have applied for the Excess Shares based on the number of Excess Shares applied for; and
- (b) secondly, to minimise odd lots.

Our Board reserves the right to allot the Excess Shares applied in such manner as it may deem fit and expedient in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in items (a) and (b) above are achieved. Our Board also reserves the right to accept or reject any Excess Shares application, in full or in part, without assigning any reason.

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Once completed, the steps involving items (a) and (b) above will not be repeated. Should there be any Excess Shares thereafter, such balance will be made available for clawback and reallocation as described in (ii) above. Any Issue Shares under the Retail Offering not applied for after being subject to the clawback and reallocation provisions above shall be underwritten by our Joint Underwriters in accordance with the terms and conditions of the Retail Underwriting Agreement.

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; and
- (ii) there is no person who intends to subscribe for more than 5.0% of our IPO Shares.

The demand for our IPO Shares shall be firstly satisfied with the Issue Shares, and following that, any excess demand will be satisfied with the Offer Shares.

4.1.5 Minimum subscription

There is no minimum subscription in terms of the amount of proceeds to be raised from our IPO. However, in order to comply with the public shareholding spread requirement of the Listing Requirements, the minimum subscription level in terms of the number of Shares will be the number of Shares required to be held by public shareholders. Under the Listing Requirements, we are required to have at least 25.0% 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 our 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 9.3.8 of this Prospectus for details on the risk of delay or failure of our Listing.

4.1.6 Classes of shares and ranking

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

Our Issue Shares will, upon allotment and issue, rank equally in all respects with our 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 the Issue Shares, subject to any applicable Rules of Bursa Depository.

Subject to any special rights attaching to any Shares we may issue in the future, our shareholders shall, in proportion to the amount paid or credited as paid on our 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, our shareholders shall be entitled to the surplus (if any), in accordance with our Constitution, after the satisfaction of any preferential payments in accordance with the Act and our liabilities.

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

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4.1.7 Share capital

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

Details	No. of Shares	RM
As at the LPD	1,289,520,000	186,427,633
To be issued pursuant to the Public Issue	143,280,000	⁽¹⁾ [●]
Enlarged issued share capital upon Listing	1,432,800,000	[●]
Retail Price (RM)		[●]
Market capitalisation upon Listing (based on the Retail Price and the enlarged number of issued Shares after our IPO)		[●]

Note:

- (1) Calculated based on the Retail Price and after deducting the estimated listing expenses of approximately RM[●] million which is directly attributable to the Public Issue and offset against our share capital.

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4.2 SELLING SHAREHOLDERS

The Offer Shares to be offered by each Selling Shareholder and their respective direct shareholdings in our Company before and after our IPO, and their material relationship with our Group within the past three years are as follows:

Name / Address	Material relationship with our Group	As at the LPD / Before our IPO		Offer Shares Offered			After our IPO	
		No. of Shares	% ⁽⁴⁾	No. of Shares	% ⁽⁴⁾	% ⁽⁵⁾	No. of Shares	% ⁽⁵⁾
CKH / 349, Emtibeuibuk-ro, Siheung-si, Gyeonggi-do 15117, Republic of Korea	Promoter and substantial shareholder	806,424,244	62.5	61,368,244	4.8	4.3	745,056,000	52.0
Koo Bon Hak / 1104-2204, 206 Seolleung-ro, Gangnam-gu, Seoul 06281, Republic of Korea	Promoter, substantial shareholder and Director	256,422,997	19.9	98,814,997	7.7	6.9	157,608,000	11.0
Hoe Kian Choon / Unit 17, Villa Yarl, No. 1 Jalan Awan Selimpat, Taman Yarl, 58200 Kuala Lumpur, Malaysia	Promoter, substantial shareholder, Director and Chief Executive Officer	147,363,326	11.4	4,083,326	0.3	0.3	143,280,000	10.0
Mak Foong Ling ⁽¹⁾ / Unit 17, Villa Yarl, No. 1 Jalan Awan Selimpat, Taman Yarl, 58200 Kuala Lumpur, Malaysia	Shareholder and our former employee	36,364,146	2.8	36,364,146	2.8	2.5	-	-
Toh Seng Lee / No. 38, Garden Manor, Jalan Sierramas Utama, 47000 Sungai Buloh, Selangor Darul Ehsan, Malaysia	Shareholder and Chief Operating Officer	8,589,058	0.7	4,290,657	0.3	0.3	4,298,401	0.3
Goh Hui Teng ⁽²⁾ / No. 38, Garden Manor, Jalan Sierramas Utama, 47000 Sungai Buloh, Selangor Darul Ehsan, Malaysia	Shareholder and Chief Marketing Officer	8,589,058	0.7	4,290,657	0.3	0.3	4,298,401	0.3

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Name / Address	Material relationship with our Group	As at the LPD / Before our IPO		Offer Shares Offered			After our IPO	
		No. of Shares	% ⁽⁴⁾	No. of Shares	% ⁽⁴⁾	% ⁽⁵⁾	No. of Shares	% ⁽⁵⁾
Lye Siew Lay / No. 196, Jalan SS9A/6, Seri Setia, 47300 Petaling Jaya, Selangor Darul Ehsan, Malaysia	Shareholder and Senior Manager of Quality Control and Restoration Division	8,589,057	0.7	4,290,657	0.3	0.3	4,298,400	0.3
Tan Yu Liang / C-38-01, Nidoz Residence, Desa Petaling, No. 22, Jalan 2/125, Taman Desa Petaling, 57100 Kuala Lumpur, Malaysia	Shareholder and former Chief Strategy Officer	8,589,057	0.7	4,290,658	0.3	0.3	4,298,399	0.3
Mak Wai Hoong ⁽³⁾ / Unit 3, Villa Yarl, No. 1, Jalan Awan Selimpat, Taman Yarl, 58200 Kuala Lumpur, Malaysia	Shareholder and former Chief Revenue Officer	8,589,057	0.7	4,290,658	0.3	0.3	4,298,399	0.3
Total		1,289,520,000	100.0	222,084,000	17.2	15.5	1,067,436,000	74.5

Notes:

- (1) Mak Foong Ling is the spouse of Hoe Kian Choon and the sister of Mak Wai Hoong.
- (2) Goh Hui Teng is the spouse of Toh Seng Lee.
- (3) Mak Wai Hoong is the brother of Mak Foong Ling and the brother-in-law of Hoe Kian Choon.
- (4) Based on the total number of 1,289,520,000 Shares before our IPO.
- (5) Based on our enlarged total number of 1,432,800,000 Shares after our IPO.

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4.3 BASIS OF ARRIVING AT THE PRICE OF OUR IPO SHARES AND REFUND MECHANISM

4.3.1 Retail Price

The Retail Price was determined and agreed upon between our Directors and the Selling Shareholders, together with the Joint Global Coordinators, after taking into consideration the following factors:

- (i) price-to-earnings ratio of approximately [●] times based on our Group's EPS of approximately RM0.06 after taking into account our audited consolidated PAT attributable to owners of RM87.3 million for the FYE2023 and our enlarged total number of 1,432,800,000 Shares upon Listing;
- (ii) our pro forma consolidated NA per Share of RM[●] as at 31 December 2023 after adjusting for the use of proceeds from our Public Issue and based on our enlarged total number of 1,432,800,000 Shares upon Listing;
- (iii) our detailed financial performance and operating history as described in Sections 12.1 and 12.2 of this Prospectus respectively;
- (iv) our competitive strengths as well as our future plans and prospects of our Group as described in Sections 7.3 and 7.4 of this Prospectus;
- (v) overview and outlook of the rental industry for the home appliance and household goods industry in which our Group operates as well as the prevailing market conditions as described in Section 8 of this Prospectus;
- (vi) the prevailing market conditions, including market performance of key global indices and companies involved in similar businesses listed on the stock exchange, current market trends as well as investors' sentiments; and
- (vii) the market performance of Bursa Securities and anticipated demand for our IPO Shares.

The Final Retail Price will be determined after the Institutional Price is fixed, on the Price Determination Date and will be the lower of:

- (i) the Retail Price; or
- (ii) the Institutional Price.

If the Final Retail Price is lower than the Retail Price, the difference between the Retail Price and the Final Retail Price will be refunded to the successful applicants without any interest thereon. See Section 4.3.3 of this Prospectus for further details on the refund mechanism.

The Final Retail Price and the Institutional Price will be announced within two Market Days from the Price Determination Date via Bursa Listing Information Network. In addition, all successful applicants will be given written notice of the Final Retail Price and the Institutional Price, together with the notices of allotment of our IPO Shares.

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4.3.2 Institutional Price

The Institutional Price will be determined via a bookbuilding process where prospective institutional and selected investors will be invited to bid for portions of the Institutional Offering by specifying the number of our IPO Shares they would be prepared to acquire and the price they would be prepared to pay for our IPO Shares in respect of the Institutional Offering. Upon completion of the bookbuilding process, the Institutional Price will be fixed by our Directors and the Selling Shareholders in consultation with the Joint Global Coordinators on the Price Determination Date.

4.3.3 Refund mechanism

If the Final Retail Price is lower than the Retail Price, the difference between the Retail Price and the Final Retail Price will be refunded to the successful applicants without any interest thereon. The refund will be made:

- (i) in the form of cheques to be despatched by ordinary post to the address maintained with Bursa Depository for applications made via the Application Form; or
- (ii) by crediting into the accounts of the successful applicants with the Participating Financial Institution for applications made via the Electronic Share Application or by crediting into the accounts of the successful applicants with the Internet Participating Financial Institution for applications made via the Internet Share Application,

within 10 Market Days from the date of final ballot of applications, at the successful applicants' own risk. For further details on the refund mechanism, see Section 16.9 of this Prospectus.

4.3.4 Expected market capitalisation

Based on the Retail Price and our enlarged total number of 1,432,800,000 Shares after our IPO, our total market capitalisation upon our Listing would be approximately RM[●] billion.

4.4 DILUTION

Dilution is computed as the difference between our IPO Price paid by retail, institutional and selected investors for our 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, assuming the Retail Price is equal to the Final Retail Price/Institutional Price.

		RM
Final Retail Price/Institutional Price	(A)	[●]
Pro forma consolidated NA per Share as at 31 December 2023 after our Bonus Issue and Pre-IPO Dividend but before our IPO	(B)	0.56
Pro forma consolidated NA per Share as at 31 December 2023 after our Bonus Issue and Pre-IPO Dividend, and after the use of proceeds from our Public Issue	(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 Final Retail Price/Institutional Price	(A – C) / (A)	[●]%

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Save as disclosed below, there is no substantial disparity between our Retail 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	Date	Allotted / Transferred	No. of Shares	Total consideration (RM)	Average price per Share (RM)
CKH	10 July 2024 ⁽¹⁾	Transferred	1,669,690	1,669,690	*
	11 July 2024 ⁽²⁾	Allotted	775,832,249	-	-
Total			777,501,939	1,669,690	*
Koo Bon Hak	10 July 2024 ⁽¹⁾	Transferred	530,920	530,920	*
	11 July 2024 ⁽²⁾	Allotted	246,695,498	-	-
Total			247,226,418	530,920	*
Hoe Kian Choon	6 April 2023 ⁽³⁾	Allotted	3,258,292	3,258,292	1.00
	11 July 2024 ⁽²⁾	Allotted	141,773,045	-	-
Total			145,031,337	3,258,292	0.02
Goh Hui Teng	6 April 2023 ⁽³⁾	Allotted	325,829	325,829	1.00
	11 July 2024 ⁽²⁾	Allotted	8,263,229	-	-
Total			8,589,058	325,829	1.00
Toh Seng Lee	6 April 2023 ⁽³⁾	Allotted	325,829	325,829	1.00
	11 July 2024 ⁽²⁾	Allotted	8,263,229	-	-
Total			8,589,058	325,829	0.04
Mak Foong Ling	11 July 2024 ⁽²⁾	Allotted	34,984,659	-	-
Total			34,984,659	-	-

Notes:

* Negligible

(1) Pursuant to a transfer of shares from Hoe Kian Choon to CKH and Koo Bok Hak on 10 July 2024.

(2) Pursuant to the Bonus Issue which was undertaken to facilitate our IPO. Please refer to Section 6.1.2 of this Prospectus for further details.

(3) Pursuant to the exercise of options granted under an employee share option scheme which has been fully exercised on 6 April 2023.

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4.5 UTILISATION OF PROCEEDS

We expect to utilise the gross proceeds of approximately RM[●] million from our Public Issue in the following manner:

Utilisation of proceeds	Amount of proceeds ⁽¹⁾		Estimated timeframe for utilisation from the date of our Listing
	(RM'mil)	%	
Capital to fund product purchases for expansion of rental business	[●]	[●]	Within 12 months
Repayment of bank borrowings	[●]	[●]	Within 9 months
Capital expenditure:	[●]	[●]	
(a) Opening of 'Brandshops'	[●]	[●]	Within 24 months
(b) Upgrading of IT systems	[●]	[●]	Within 24 months
Expansion of CUCKOO Singapore	[●]	[●]	Within 24 months
Estimated Listing expenses	[●]	[●]	Immediate
Total	[●]	[●]	

Note:

- (1) Based on the assumption that the Institutional Price and Final Retail Price will be equal to the Retail Price.

If the actual proceeds are lower than budgeted above, the proceeds shall be allocated in accordance with the following order of priority:

- (i) firstly, for our listing expenses as disclosed in Section 4.5.5 of this Prospectus;
- (ii) secondly, to repay our bank borrowings as disclosed in Section 4.5.2 of this Prospectus;
- (iii) thirdly, for our capital expenditure as disclosed in Section 4.5.3 of this Prospectus; and
- (iv) fourthly, for our capital to fund product purchases for expansion of rental business as disclosed in Section 4.5.1 of this Prospectus; and
- (v) lastly, for our expansion of CUCKOO Singapore as disclosed in Section 4.5.4 of this Prospectus.

If the actual proceeds are higher than budgeted above, the excess will be used for capital to fund product purchases for expansion of rental business.

Any shortfall to any of the above allocated proceeds will be funded through internally generated funds and/or external financing. Pending the eventual use of the gross proceeds from the Public Issue for the above intended purposes, the funds will be placed in short-term deposits with licensed Islamic financial institutions or Islamic short-term money market instruments.

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Our Company will not receive any proceeds from the Offer for Sale. The Offer for Sale will raise gross proceeds of approximately RM[●] million based on the Retail Price, which will accrue entirely to the Selling Shareholders. The Selling Shareholders will bear their own placement fee in respect of the IPO.

Further details on the use of proceeds from our Public Issue are as follows:

4.5.1 Capital to fund product purchases for expansion of rental business

We intend to allocate approximately RM[●] million or [●]% of the total gross proceeds from the Public Issue to fund product purchases for the expansion of our Group's rental business.

The growth of our rental business is dependent on the availability of cashflows to fund our upfront purchase of products from our suppliers and pay our sales commissions. This is as our business of offering rental plans provides our customers the ability to use and pay for our products through monthly rental payments over the tenure of the rental contracts without making full payment for such products upfront. We generally offer our customers rental contracts for our products with tenures ranging from 36 months to 84 months whilst the credit period granted to us by our suppliers ranges from 30 days to 90 days.

Further, our ability to grow our rental business is dependent on our ability to collect payments from our customers (see Section 7.6 of this Prospectus for further details on our credit assessment checks that we conduct on our customers and our payment collections). These result in a mismatch of cashflows due to the timing difference in which we pay our suppliers for the purchase of products and our collection of monthly rental payments from our customers.

In line with our plans to grow our market share in Malaysia, we intend to allocate the proceeds to fund upfront purchase of products to meet the growing demand for rental plans in Malaysia, as forecasted by Frost & Sullivan as set out in the IMR Report in Section 8 of this Prospectus. We expect to purchase products from our existing suppliers, and potentially from new suppliers for the launch of new products to expand and diversify our product offerings under all our business segments.

4.5.2 Repayment of bank borrowings

We intend to allocate RM[●] million or about [●]% of the total gross proceeds from the Public Issue towards part repayment of a term loan facility of RM220.0 million obtained from Bank of China (Malaysia) Berhad ("**BoC Facility**").

The BoC Facility was obtained for the purposes of partially repaying amounts owing by us to CKH which were outstanding for more than 90 days as at 31 July 2024, including any interest charges up to 31 December 2023 ("**2023 Interest**"). The amounts owing arose mainly from the purchase of CUCKOO-branded products from CKH. The 2023 Interest was at the range of 4.0% to 7.2% on outstanding amounts owing by us to CKH and determined on an arm's length basis with reference to the interest rates imposed by financial institutions on our then existing bank borrowings. As at the LPD, the interest rate on outstanding amounts owing by us to CKH for the FYE2024 is expected to be in the range of 4.0% to 4.9% and determined on an arm's length basis with reference to the interest rates imposed by financial institutions on our existing bank borrowings.

As at the LPD, the outstanding amount under the BoC Facility is RM220.0 million. The BoC Facility bears an interest rate of cost of funds (COF) plus 1.0% per annum (effective rate of approximately 4.8% per annum as at the LPD). The BoC Facility is to be repaid within 36 months starting from one month from 31 July 2024, being the date of first drawdown, subject to a mandatory prepayment of RM[●] million by 31 August 2025. The above repayment of the BoC Facility is expected to result in interest savings of approximately RM[●] million per annum.

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In addition to the BoC Facility, we had obtained financing facilities from AmBank(M) Berhad of RM55.0 million and Affin Islamic Bank Berhad of RM35.0 million, to partially repay the remaining amounts owing by us to CKH which were outstanding for more than 90 days, including any interest, and the remaining outstanding amount was settled through internally generated funds.

4.5.3 Capital expenditure

(a) Opening of 'Brandshops'

We intend to allocate approximately RM[●] million or [●]% of the total gross proceeds from the Public Issue towards the introduction and opening of 10 CUCKOO "cash and carry" Brandshops ("**CUCKOO Brandshops**") over the next two years, in line with our strategy to expand our omni-channel distribution network. We intend to directly operate and manage these CUCKOO Brandshops.

The CUCKOO Brandshops will allow us to cater for customers who wish to purchase and collect products immediately upon full payment. As at the LPD, none of our existing outlets provides for this method of sale and collection of CUCKOO-branded products. These Brandshops will be at least 1,000 square feet in size to eventually allow us to display the full range of our CUCKOO-branded and CUCKOO Co-Created products, and stock smaller products for sale. In addition, we intend to also carry out product demonstrations in the CUCKOO Brandshops. We will also provide repair and exchange services for CUCKOO-branded rice cookers in these Brandshops to enhance our customer experience. These Brandshops will be operated and managed by our permanent employees, as opposed to our existing CUCKOO Brandstores and CUCKOO Brandkiosks which are operated and managed by our Sales Managers which comprise our contract employees.

Please refer to Section 7.4.2 of this Prospectus for further details on our plans with respect to the expansion of our omni-channel distribution network, including the introduction of our CUCKOO Brandshops. We intend to open (i) three CUCKOO Brandshops in 2025 in Kuala Lumpur, Penang and Johor which set-up costs are estimated to amount to RM[●] million; and (ii) seven CUCKOO Brandshops in 2026 in Sabah, Selangor, Malacca, Perak, Kedah, Kelantan and Terengganu, which set-up costs are estimated to amount to RM[●] million. The locations of the Brandshops are subject to change pursuant to our continuous review based on the factors below.

The factors that we will take into consideration when selecting the locations for our Brandshops include:

- (a) the rental terms of the outlet including the duration of the tenancy offered;
- (b) the visibility and accessibility of the outlet by existing and potential customers;
- (c) the set-up costs for the outlet; and
- (d) the strategic value of the location.

4. DETAILS OF OUR IPO

We have estimated the indicative costs for the opening of ten Brandshops to amount to approximately RM[●] million. The breakdown for the estimated set-up costs for one Brandshop of approximately 3,000 square feet is as follows:

Details	First Setup (RM'000)
Setup costs (renovation)	[●]
Utilities Deposit	[●]
Rental Deposit	[●]
Miscellaneous costs	[●]
Total	[●]

If the actual amount required for the opening of Brandshops is lower than estimated, the excess will be used as capital to fund product purchases for expansion of our rental business. Conversely, any excess amount required for the opening of Brandshops will be funded from the amount allocated for capital to fund product purchases for expansion of our rental business.

(b) Upgrading of IT systems

We intend to allocate approximately RM[●] million or [●]% of the total gross proceeds from the Public Issue to upgrade our current IT systems through (i) enhancing our internal warehouse management system; (ii) setting up a physical server; and (iii) enhancing the capabilities of our existing private cloud server by migrating our data to a public cloud server.

Our Group's current warehouse management system involves our warehouse team manually capturing the receipt of stock into our enterprise resource planning ("ERP") system. Please see Section 7.8.3 of this Prospectus for further details on our warehouse management system. We intend to enhance our internal warehouse management system through the introduction of a barcode system that is to be developed by our internal IT department and fully implemented by the end of 2025. The barcode system will automate the capture of the receipt of stock into our ERP system and tracing of products. The barcode system will be progressively implemented in all of our warehouses throughout Malaysia. This will streamline our operations and processes which is necessary to support the growth of our business.

Further, we intend to set up a physical server in addition to our existing cloud server to enhance our data security and to cater for our growing customer base. A physical server allows us to better manage the access and storage of data stored in the physical server, and reduces certain security vulnerabilities as the physical server is not shared by other users. In addition, the physical server acts as a backup for our data stored on the cloud server and should help to ensure business continuity in the event of any cyber-attack on the cloud server.

Additionally, as compared to our existing private cloud server, a public cloud server offers better scalability to meet our growing data processing and storage requirements. The public cloud server we plan to utilise will also have improved server's speed when adding new users to our CUCKOO+ mobile application, reduced energy consumption, and improved downtime recovery and server processing speed during sudden traffic surges.

Please refer to Section 7.4.3 of this Prospectus for further details on our plans with respect to improving our operational efficiency and capability to serve a larger market.

4. DETAILS OF OUR IPO

The estimated costs for the upgrading of IT systems, based on quotes obtained from vendors, are as follows:

Details	Estimated Costs (RM'000)
Warehouse management system enhancements (internally developed implementation of barcode system)	
- Set-up costs including hardware costs	[●]
- Software and manpower	[●]
Set-up and enhancement of servers	
- Set-up by the third quarter of 2025, and license subscription and maintenance of physical server up until the third quarter of 2027	[●]
- Set-up of public cloud server by a service provider by the second quarter of 2025, and license subscription and maintenance of cloud server up until the second quarter of 2027	[●]
Total	[●]

If the actual amount required for the upgrading of our IT systems is lower than estimated, the excess will be used as capital to fund product purchases for expansion of our rental business. Conversely, any excess amount required for the upgrading of our IT systems will be funded from the amount allocated for capital to fund product purchases for expansion of our rental business.

4.5.4 Expansion of CUCKOO Singapore

We intend to allocate approximately RM[●] million or [●]% of the total gross proceeds from the Public Issue to fund the expansion of our Singapore business. Such proceeds are expected to finance CUCKOO Singapore's day-to-day operations which include expansion of CUCKOO Singapore's sales distribution network and running more sales and promotional campaigns to build stronger brand affinity, as well as to diversify its product offerings to cater to the consumer demand in Singapore. Please see Section 7.4.2 of this Prospectus for our plans to increase customer touchpoints, including opening retail outlets and expanding our distribution channels in Singapore.

A breakdown of the estimated costs of the expansion plans is as follows:

Item	Estimated costs (RM'mil)	Estimated timeframe for utilisation from the date of our Listing
Advertisement and promotion	[●]	Within 24 months
Store set-up and maintenance	[●]	Within 24 months
Operation expenses	[●]	Within 24 months
Total	[●]	

4. DETAILS OF OUR IPO

The allocated proceeds will be denominated in RM whilst the use of proceeds for such expansion plans in Singapore is in SGD. If the actual RM amount required is higher than the RM amount set out above due to movements in exchange rate, the deficit will be funded through internally generated funds. However, if the actual RM amount required as at the payment date is lower than the RM amount set out above due to movements in exchange rate, the excess will be used as capital to fund product purchases for expansion of our rental business.

If the actual amount required for the expansion of the Singapore business is lower than estimated, the excess will be used as capital to fund product purchases for expansion of our rental business. Conversely, any excess amount required for the expansion of the Singapore business will be funded from the amount allocated for capital to fund product purchases for expansion of our rental business.

4.5.5 Estimated listing expenses

We intend to allocate a total of approximately RM[●] million or [●]% of the Public Issue proceeds to defray the estimated listing expenses comprising the following:

Details	RM'mil
Professional fees ⁽¹⁾	[●]
Fees to authorities	[●]
Underwriting commission, brokerage fee and placement fee	[●]
Other fees and expenses relating to our Listing and contingencies ⁽²⁾	[●]
Total	[●]

Notes:

- (1) This includes advisory fees for, among others, our Sole Principal Adviser, legal advisers, Reporting Accountants and IMR.
- (2) This includes other incidental charges or related expenses in connection with the Public Issue.

If the actual amount required to defray the estimated listing expenses is lower than estimated, the excess will be used as capital to fund product purchases for expansion of our rental business. Conversely, any excess amount required to defray the estimated listing expenses will be funded from the amount allocated for capital to fund product purchases for expansion of our rental business.

4.6 UNDERWRITING COMMISSION, BROKERAGE AND PLACEMENT FEES

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 [●]% (exclusive of applicable tax) of the Final Retail Price in respect of 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.

4. DETAILS OF OUR IPO

The Joint Global Coordinators and Joint Bookrunners are entitled to charge brokerage commission to successful applicants under the Institutional Offering. For the avoidance of doubt, such brokerage commission under the Institutional Offering will not be payable by us or the Selling Shareholders.

4.6.2 Underwriting Commission

As stipulated in the Retail Underwriting Agreement, we will pay the Managing Underwriter and Joint Underwriters an underwriting commission of up to [●]% (exclusive of applicable tax) of the Retail Price multiplied by the total number of IPO Shares underwritten under the Retail Offering.

4.6.3 Placement Fee

We and the Selling Shareholders will pay the Joint Global Coordinators and Joint Bookrunners a placement fee of [●]% (exclusive of applicable tax) and may pay a discretionary fee of up to [●]% (exclusive of applicable tax) of the Institutional Price multiplied by the number of IPO Shares placed out to Malaysian and foreign institutional and selected investors in accordance with the terms of the Placement Agreement.

4.7 DETAILS OF UNDERWRITING, PLACEMENT AND LOCK-UP ARRANGEMENTS

4.7.1 Underwriting

We had on [●], entered into the Retail Underwriting Agreement with the Managing Underwriter and Joint Underwriters to severally and not jointly (nor jointly and severally) underwrite 42,984,000 Issue Shares under the Retail Offering, subject to the clawback and reallocation provisions as set out in Section 4.1.4 of this Prospectus and upon the terms and conditions of the Retail Underwriting Agreement.

Details of the underwriting commission are as set out in Section 4.6.2 of this Prospectus. The salient terms of the Retail Underwriting Agreement are as follows:

[●]

4.7.2 Placement

We and the Selling Shareholders expect to enter into the Placement Agreement with the Joint Global Coordinators and the Joint Bookrunners in relation to the placement of up to 322,380,000 IPO Shares under the Institutional Offering, subject to the clawback and reallocation provisions as set out in Section 4.1.4 of this Prospectus. We and the Selling Shareholders will be requested to give various representations, warranties and undertakings, and to indemnify the Joint Global Coordinators and the Joint Bookrunners against certain liabilities in connection with our IPO. The terms of the Placement Agreement are subject to negotiations and may include termination events that are different from those under the Retail Underwriting Agreement as set out in Section 4.7.1 of this Prospectus.

4.7.3 Lock-up arrangements

[●]

4. DETAILS OF OUR IPO

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 RM10.00 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.

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 ten 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.