

#### 4. DETAILS OF OUR IPO

##### 4.1 OPENING AND CLOSING OF APPLICATION PERIOD

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

##### 4.2 INDICATIVE TIMETABLE

Events	Indicative date
Issuance of this Prospectus/ Opening of Application	[•]
Closing Date/Closing of Application	[•]
Balloting of Application	[•]
Allotment/Transfer of IPO Shares to successful applicants	[•]
Date of Listing	[•]

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

#### 4.3 DETAILS OF OUR IPO

##### 4.3.1 Listing scheme

###### (a) Public Issue

A total of 117,791,000 Issue Shares, representing approximately 27.5% of our enlarged share capital are offered at our IPO Price. The Issue Shares shall be allocated in the following manner:

###### (i) Malaysian Public

21,416,550 Shares, representing approximately 5.0% of our enlarged share capital, are reserved for application by the Malaysian Public, to be allocated via balloting process as follows:

- (aa) 10,708,275 Shares made available to public investors; and
- (bb) 10,708,275 Shares made available to Bumiputera public investors.

###### (ii) Eligible Directors, employees and persons who have contributed to the success of our Group

21,416,550 Shares, representing approximately 5.0% of our enlarged share capital, are reserved for our eligible Directors, employees and 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 4.3.2.

###### (iii) Private placement to selected investors

74,957,900 Shares, representing approximately 17.5% of our enlarged share capital, are reserved for private placement to selected investors.

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

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The basis of allocation of 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.

Upon completion of our Public Issue, our share capital will increase from RM29.3 million comprising 310,540,001 Shares to RM[●] million comprising 428,331,001 Shares. There is no over-allotment or 'greenshoe' option that will increase the number of our IPO Shares.

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

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

**(b) Offer for Sale**

A total of 21,416,600 Offer Shares, representing 5.0% of our enlarged share capital, are offered by our Selling Shareholders to selected investors by way of private placement at our IPO Price. Our Offer for Sale is subject to the terms and conditions of this Prospectus.

The details of our Selling Shareholders and their relationship with our Group are as follows:

Name / Address	Relationship with our Group	<sup>(1)</sup> Before IPO		Offer Shares offered		After IPO	
		No. of Shares	%	No. of Shares	<sup>(2)</sup> %	No. of Shares	<sup>(3)</sup> %
Paul Heng Weng Seng / 29, Jalan PUJ/3A Taman Puchong Utama 47140 Puchong Selangor	Promoter, substantial shareholder and Non-Independent Non-Executive Director	217,378,000	70.0	10,708,300	3.4	206,669,700	48.3
Liew Sow Ying / 44, Changkat Delima Satu Island Glades 11700 Gelugor Pulau Pinang	Promoter and substantial shareholder	93,162,001	30.0	10,708,300	3.4	82,453,701	19.3

**Notes:**

(1) As at LPD, after completion of the Acquisition but before IPO.

(2) Based on the share capital of 310,540,001 Shares before IPO.

(3) Based on our enlarged share capital of 428,331,001 Shares after IPO.

Further details of our Selling Shareholders, who are also our Promoters and substantial shareholders can be found in Section 5.1.

**4. DETAILS OF OUR IPO (Cont'd)****(c) Listing**

Upon completion of our IPO, our Company's entire enlarged share capital of RM[●] million comprising 428,331,001 Shares shall be listed on the ACE Market.

**4.3.2 Pink Form Allocations**

We have allocated 21,416,550 Issue Shares under the Pink Form Allocations to our eligible Directors, employees and persons who have contributed to the success of our Group as follows:

<b>Category</b>	<b>No. of eligible persons</b>	<b>Aggregate no. of Issue Shares allocated</b>
Eligible Directors	4	4,208,500
Eligible employees	565	9,017,000
Persons who have contributed to the success of our Group	30	8,191,050
	<b>599</b>	<b>21,416,550</b>

Entitlements which are not accepted by certain eligible Directors, employees and persons who have contributed to the success of our Group will be re-allocated to the other eligible Directors as set out in the table below and other eligible employees and persons who have contributed to the success of our Group at the discretion of our Board.

**(a) Allocation to eligible Directors**

The criteria for allocation to our eligible Directors are based on amongst others their anticipated contribution to our Group. Lim Teik Hoe (our Managing Director) and Paul Heng Weng Seng (our Non-Independent Non-Executive Director) have opted not to participate in the Pink Form Allocations as they are already our substantial shareholders.

Details of the proposed allocation to our other Directors are as follows:

<b>Name</b>	<b>Designation</b>	<b>No. of Issue Shares allocated</b>
Ng Fook San	Executive Chairman	2,083,400
Sazali Bin Mohd Nor	Independent Non-Executive Deputy Chairman	416,700
Ng Hong Kiat @ Ng Han Kiat	Independent Non-Executive Director	1,500,000
Rusmin Alwani Binti Shukery	Independent Non-Executive Director	208,400
		<b>4,208,500</b>

**(b) Allocation to our eligible employees**

The criteria of allocation to our eligible employees (as approved by our Board) are based on, inter-alia, the following factors:

- (i) Our employees must be an eligible and confirmed employee and on the payroll of our Group;
- (ii) The number of shares allocated to our eligible employees are based on their seniority, position, length of service and respective contribution made to our Group as well as other factors deemed relevant to our Board; and

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

(iii) Full time employee of at least 18 years of age.

Included in the allocation to our eligible employees are the proposed allocations to our key management:

<b>Name</b>	<b>Designation</b>	<b>No. of Issue Shares allocated</b>
Kor Han Chin	Head of Operations	208,400
Tan Hooi Siam	Head of Finance	208,400
Bathumavathy A/P Suppiah	Head of Planning	208,400
Tan Guit See	Head of Engineering	208,400
Yeesperan A/L Jagesperan	Head of Quality Assurance	208,400
		<b>1,042,000</b>

**(c) Allocation to persons who have contributed to the success of our Group**

Persons who have contributed to the success of our Group include business associates, subcontractors, customers and suppliers.

The number of Issue Shares to be allotted to those persons who have contributed to the success of our Group are 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.

**4.3.3 Placement and underwriting arrangement**

Our Underwriter will underwrite 42,833,100 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. The balance 74,957,900 Issue Shares and 21,416,600 Offer Shares available for selected investors have been placed out by our Placement Agent and will not be underwritten.

Any of our Issue Shares not subscribed by the Malaysian Public or Pink Form Allocations will be made available to selected investors via private placement.

However, if all 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. Our Board will ensure that any excess IPO Shares will be allocated on a fair and equitable manner.

**4.3.4 Minimum and over-subscription**

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 IPO Shares will be the number of IPO 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 Directors.

#### 4. DETAILS OF OUR IPO (*Cont'd*)

Under 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 of 200 public shareholders, each holding not less than 100 Shares upon our admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, 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.

#### 4.4 SHARE CAPITAL, CLASSES OF SHARES AND RANKINGS

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

Details	No. of Shares	RM
<b>Share capital</b>		
As at the date of this Prospectus	310,540,001	29,252,869
To be issued under our Public Issue	117,791,000	[•]
<b>Enlarged share capital upon our Listing</b>	<b>428,331,001</b>	<b>[•]</b>

Our Offer for Sale will not have any effect on our share capital.

As at the date of this Prospectus, we have only one class of shares, being ordinary shares, all of which rank equally amongst one another.

Our Issue Shares will, upon allotment and issuance, 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 our Issue Shares.

Our Offer Shares 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 transfer of the Offer 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 paid-up on the 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 if our Company is liquidated in accordance with our Constitution.

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

#### 4.5 PURPOSES OF OUR IPO

The purposes of our IPO are as follows:

- (a) To enable our Group to raise funds for the purposes specified in Section 4.9 herein;
- (b) To gain recognition through our listing status to enhance our reputation and to retain and attract new, skilled employees from the engineering industry;

#### 4. DETAILS OF OUR IPO (*Cont'd*)

- (c) To provide an opportunity for the Malaysian Public, including our eligible Directors, employees and persons who have contributed to the success of our Group to participate in our equity; and
- (d) 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.

#### 4.6 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:

- (a) Our pro forma NA per Share as at 31 December 2020 after IPO and utilisation of proceeds of RM[●], calculated based on our pro forma NA after IPO and utilisation of proceeds as at 31 December 2020 of approximately RM[●] million and enlarged share capital of 428,331,001 Shares upon Listing;
- (b) The PE Multiple of our IPO Price of approximately [●] times based on our adjusted EPS of approximately 1.47 sen for FYE 2020, calculated based on our adjusted PAT for FYE 2020 of RM6.3 million (after adjusting for one off gain from disposal of property of RM1.9 million) and enlarged share capital of 428,331,001 Shares upon Listing;
- (c) Our historical financial track record as follows:

	<b>FYE 2018</b>	<b>FYE 2019</b>	<b>FYE 2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	56,023	58,594	83,686
GP	13,542	14,719	21,322
Adjusted PAT <sup>(1)</sup>	3,451	3,417	6,305

**Note:**

- (1) Included in our other income in FYE 2020 is a gain from disposal of property, which is non-recurring. Our adjusted PAT for FYE 2020 exclude the said other income net of real property gains tax.

- (d) Our competitive strengths as set out in Section 7.16; and
- (e) Our business strategies and prospects as set out in Section 7.19.

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 9 before deciding to invest in our Shares.

#### 4.7 TOTAL MARKET CAPITALISATION UPON LISTING

Based on our IPO Price and enlarged share capital of 428,331,001 Shares upon Listing, our total market capitalisation will be RM[●] million.

**4. DETAILS OF OUR IPO (Cont'd)****4.8 DILUTION**

Dilution is the amount by which our IPO Price exceeds our pro forma NA per Share immediately after our IPO. The following table illustrates such dilution on a per Share basis:

	<b>RM</b>
IPO Price	[•]
Pro forma NA per Share as at 31 December 2020 before IPO	0.09
Pro forma NA per Share as at 31 December 2020 after IPO and utilisation of proceeds	[•]
Increase in pro forma NA per Share attributable to existing shareholders	[•]
Dilution in pro forma NA per Share to our new public investors	[•]
Dilution in pro forma NA per Share as a percentage of our IPO Price	[•]

Further details of our pro forma NA per Share as at 31 December 2020 is set out in Section 14.

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

<b>Shareholders</b>	<b>No. of Shares received</b>	<b>Total consideration</b>	<b>Average effective cost per Share</b>
		<b>RM</b>	<b>RM</b>
Liew Sow Ying	<sup>(1)</sup> <sup>(2)</sup> 93,162,001	8,775,861	0.09
Paul Heng Weng Seng	<sup>(1)</sup> 217,378,000	20,477,008	0.09
	<b>310,540,001</b>	<b>29,252,869</b>	

**Notes:**

- (1) Issued under the Acquisition.
- (2) Including 1 Share which was acquired from Lim Teik Hoe after the Acquisition.

Save as disclosed above and the Pink Form Allocations to our eligible Directors and key management, there has been no acquisitions or subscription of any of our Shares by our Directors or key management, substantial shareholders or persons connected with 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 LPD.

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**4. DETAILS OF OUR IPO (Cont'd)****4.9 UTILISATION OF PROCEEDS****4.9.1 Public Issue**

The estimated gross proceeds from our Public Issue of RM[●] million will accrue entirely to us and are planned to be utilised in the following manner:

<b>Utilisation of proceeds</b>	<b>Notes</b>	<b>RM'000</b>	<b>%</b>	<b><sup>(1)</sup>Estimated timeframe for utilisation</b>
Purchase of new machinery	(a)	[●]	[●]	Within 36 months
Construction of factory	(b)	[●]	[●]	Within 36 months
Implementation of ERP system	(c)	[●]	[●]	Within 12 months
Extension of existing building	(d)	[●]	[●]	Within 12 months
Repayment of bank borrowings	(e)	[●]	[●]	Within 12 months
Estimated listing expenses	(f)	[●]	[●]	Within 1 month
<b>Total</b>		<b>[●]</b>	<b>100.0</b>	

Pending the deployment of the proceeds raised from our Public Issue as aforementioned, the funds will be placed in short-term deposits with financial institutions.

**Notes:**

<sup>(1)</sup> From the date of Listing.

**(a) Purchase of new machinery**

Over the course of the next 3 years following our Listing, we have allocated RM[●] million to gradually increase our capacity and improve our service offerings to meet the increasing demand from our customers.

To this end, we have as at LPD placed orders and drawn down our trade lines amounting to RM[●] million for 2 bending machines (RM[●] million), a sanding machine (RM[●] million) and design software specific for this machine (RM[●] million). These machinery is expected to be installed in our existing factory and will be ready for commissioning by the third quarter of 2021. These will increase our capacity by approximately 22.0%.

For the aforementioned acquisitions totalling RM[●] million, the proceeds raised from our Public Issue will be used to repay the bank borrowings undertaken to finance their purchase, and will save us annual interests of approximately RM[●] based on an interest rate of 2.54% per annum.

The balance RM[●] million worth of machinery will be acquired progressively over the next 3 years following our Listing, in accordance with our plans to construct our new factory over 3 phases. These machinery comprise the following:

<b>Machinery</b>	<b>No. of units</b>	<b>Cost (RM'000)</b>	<b>Location</b>
Laser and turret punching machine	1	[●]	Existing factory
Laser machine	1	[●]	Existing factory
Bending machine	3	[●]	Existing factory
Finishing line	1	[●]	Phase 3 of new factory
		<b>[●]</b>	

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

These additional machinery will further increase our capacity by approximately 27.0%. As at LPD, our finishing for aerospace parts are outsourced. The new finishing line will enable us to provide such process in-house.

**(b) Construction of factory**

We have earmarked RM[●] million towards the construction of a new factory on Lot 2773 & 2776 located in Nibong Tebal, Pulau Pinang, which measures a land area of 8,374 square metres. The factory is expected to cost a total of RM[●] million, comprising the construction costs (structural works and electrical), fittings and professional fees. The balance RM[●] million of these costs not funded from our Public Issue will be funded via bank borrowings which we have obtained from Malaysian Industrial Development Finance Berhad. The details of each phase of our new factory are as follows:

<b>Phase</b>	<b>Description</b>	<b>Built-up area (sq ft)</b>	<b>Construction cost (RM'000)</b>	<b>Activities</b>
Phase 1	3-storey office and a 2-storey factory	40,101.0	6,624	Precision machining segment (new and existing machinery relocated from existing factory)
Phase 2	2-storey factory	25,858.1	3,879	Sheet metal fabrication involving frames and structures
Phase 3	2-storey factory	25,151.0	3,773	Finishing services
		<b>91,110.1</b>	<b>14,276</b>	

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

<b>Timeframe</b>			<b>Milestones</b>
<b>Phase 1</b>	<b>Phase 2</b>	<b>Phase 3</b>	
July 2021	October 2021	January 2022	Submit building plan
October 2021	January 2022	April 2022	Commencement of construction
November 2022	December 2022	June 2023	Completion of construction Certificate of Completion and Compliance obtained
December 2022	January 2023	July 2023	Installation / Relocation of machinery and equipment to new facility and commencement of operations

Please refer to Section 7.19.1 for details of our future expansion plans.

**4. DETAILS OF OUR IPO (Cont'd)****(c) Implementation of ERP system**

We are currently in the process of implementing a new ERP system to streamline and automate our processes for more efficient operations. This system is expected to cost RM[•] million in total which comprises system integration, infrastructure and requisite licenses. It is expected to be fully integrated by January 2022. For this purpose, we have drawn down bank borrowings to finance the purchase of the ERP system, and the proceeds from our Public Issue will be used to repay these borrowings, which will save us annual interests of approximately RM[•] based on an interest rate of 2.54% per annum.

**(d) Extension of existing factory**

We have earmarked RM[•] million to extend our existing factory to add an additional area for capacity expansion. We have committed funds from our bank borrowings for the total cost of this extension of RM[•] million. As such, the proceeds from our Public Issue will be used to repay these borrowings, and will save us annual interests of approximately RM[•] based on an interest rate of 2.54% per annum. The extension is expected to complete in third quarter of 2021. The additional space measures 10,000 sq ft of space in our existing factory, and will accommodate the purchase of new machinery we have ordered, as detailed in (a) above.

**(e) Repayment of bank borrowings**

We have allocated RM[•] million to partially repay our term loans which were mainly drawn down to finance the purchase of our existing factory. We have decided to repay this term loan as it carries higher interest than our other bank borrowings. As at LPD, our outstanding bank borrowings amounted to RM17.7 million. However, we expect to drawdown further bank overdrafts to support our working capital requirements as our business continues to grow.

The early repayment of the term loan will attract a one-off early settlement fee of approximately RM126,672. Nonetheless, the expected annual interest savings from the repayment of the term loans are approximately RM[•] to RM[•] based on the interest rate of 2.45% to 3.37% per annum. However, the actual interest savings may vary depending on the then applicable interest rates.

**(f) Estimated listing expenses**

An amount of RM[•] million is allocated to meet the estimated cost of our Listing. The following summarises the estimated expenses incidental to our Listing to be borne by us:

<b>Estimated listing expenses</b>	<b>RM'000</b>
Professional fees <sup>(1)</sup>	[•]
Underwriting, placement and brokerage fees	[•]
Printing, advertising fees and contingencies <sup>(2)</sup>	[•]
	<b>[•]</b>

**Notes:**

- (1) Includes advisory fees for, amongst others, our Principal Adviser, solicitors, reporting accountants, IMR and Issuing House.
- (2) Other incidental or related expenses in connection with our IPO.

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#### **4. DETAILS OF OUR IPO (Cont'd)**

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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.

##### **4.9.2 Offer for Sale**

The Offer for Sale is expected to raise gross proceeds of approximately RM[●] million which will accrue entirely to our Selling Shareholders and we will not receive any of the proceeds.

The Selling Shareholders shall bear all of the expenses relating to the Offer Shares, the aggregate of which is estimated to be approximately RM[●] million.

#### **4.10 BROKERAGE FEES, PLACEMENT FEES AND UNDERWRITING COMMISSION**

##### **4.10.1 Brokerage fees**

Brokerage is payable in respect of the Issue Shares at the rate of 1.0% 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.

##### **4.10.2 Placement fees**

Our Placement Agent has placed out a total of 74,957,900 Issue Shares and 21,416,600 Offer Shares to selected investors.

We will pay our Placement Agent a placement fee of 2.5% of our IPO Price multiplied by the number of Issue Shares placed out by our Placement Agent.

The placement fee of 2.5% of the value of those Offer Shares placed out by our Placement Agent will be paid by our Selling Shareholders.

##### **4.10.3 Underwriting commission**

Our Underwriter has agreed to underwrite 42,833,100 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. We will pay our Underwriter an underwriting commission of 3.0% of our IPO Price multiplied by the number of Shares underwritten.

#### **4.11 SALIENT TERMS OF THE UNDERWRITING AGREEMENT**

We have entered into the Underwriting Agreement with M&A Securities, to underwrite 42,833,100 Issue Shares ("**Underwritten Shares**") as set out in Section 4.3.3.

The salient terms in the Underwriting Agreement are as follows:

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

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**4.12 TRADING AND SETTLEMENT IN SECONDARY MARKET**

Our Shares will be admitted to the Official List of the ACE Market and an official quotation will commence after, among 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.

Upon our Listing, 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.

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 will trade under the odd lot board. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the second Market Day following the transaction date, and payment for the securities is generally settled on the second Market Day following the transaction date.

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