

## 2. PROSPECTUS SUMMARY (CONT'D)

This Prospectus Summary only highlights the key information from other parts of this Prospectus. It does not contain all of the information that may be important to you. You should read and understand the contents of the whole Prospectus prior to deciding whether to invest in our Shares.

### 2.1 PRINCIPAL DETAILS OF OUR IPO

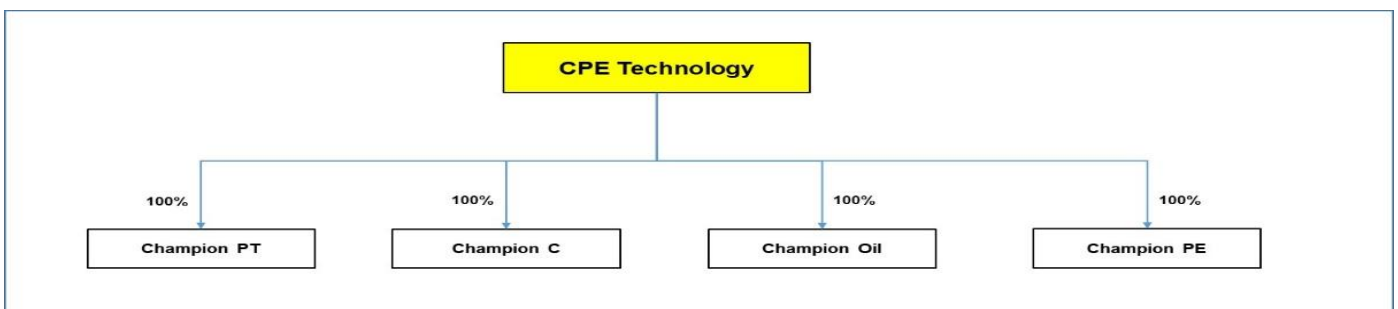
The details of our IPO are as summarised in the table below.

No.	Items	Description
1.	Public Issue	<p>Our Public Issue involves the offering of 167,828,700 Issue Shares, representing approximately 25.00% of the enlarged number of issued Shares, at the IPO Price of RM[XXXX] per IPO Share and will be allocated in the following manner:-</p> <ul style="list-style-type: none"> <li>(i) 33,566,000 Issue Shares, representing approximately 5.00% of the enlarged number of issued Shares, will be made available for application by the Malaysian Public through a balloting process, of which 16,783,000 Issue Shares will be set aside for application by Bumiputera investors including individuals, companies, cooperatives, societies and institutions.</li> <li>(ii) 83,915,000 Issue Shares, representing approximately 12.50% of the enlarged number of issued Shares, will be made available for application by way of private placement to identified Bumiputera investors approved by the MITI.</li> <li>(iii) 50,347,700 Issue Shares, representing up to approximately 7.50% of the enlarged number of issued Shares, will be made available for application by way of private placement to the institutional and selected investors, other than identified Bumiputera investors approved by the MITI.</li> </ul> <p>There is no minimum subscription amount to be raised from our Public Issue. The number of Issue Shares offered under our Public Issue will not increase via any over-allotment or 'greenshoe' option.</p>
2.	Offer for Sale	The Offerors are offering up to 67,131,000 Offer Shares, representing up to approximately 10.00% of the enlarged number of issued Shares, at the IPO Price of RM[XXXX] per IPO Share and by way of private placement to the institutional and selected investors, other than identified Bumiputera investors approved by the MITI.

The entire shareholding of our Promoters are subject to a moratorium for a period of 6 months from the date of our Listing. Our Public Issue and Offer for Sale will raise gross proceeds of approximately RM[XXXX] million and approximately RM[XXXX] million, respectively. Please refer to Sections 1.2 and 3.2 of this Prospectus for information relating to our IPO and moratorium on our Shares.

### 2.2 OUR HISTORY AND BUSINESS

Our Company was incorporated on 26 April 2021 in Malaysia under the Act as a private limited company under the name of CPE Technology Sdn. Bhd. On 13 April 2022, our Company was converted into a public limited company and assumed its present name. Our Company is a holding company based in Malaysia and our Subsidiary Companies are based in Malaysia and Singapore. Our Group structure is as illustrated in the diagram below.

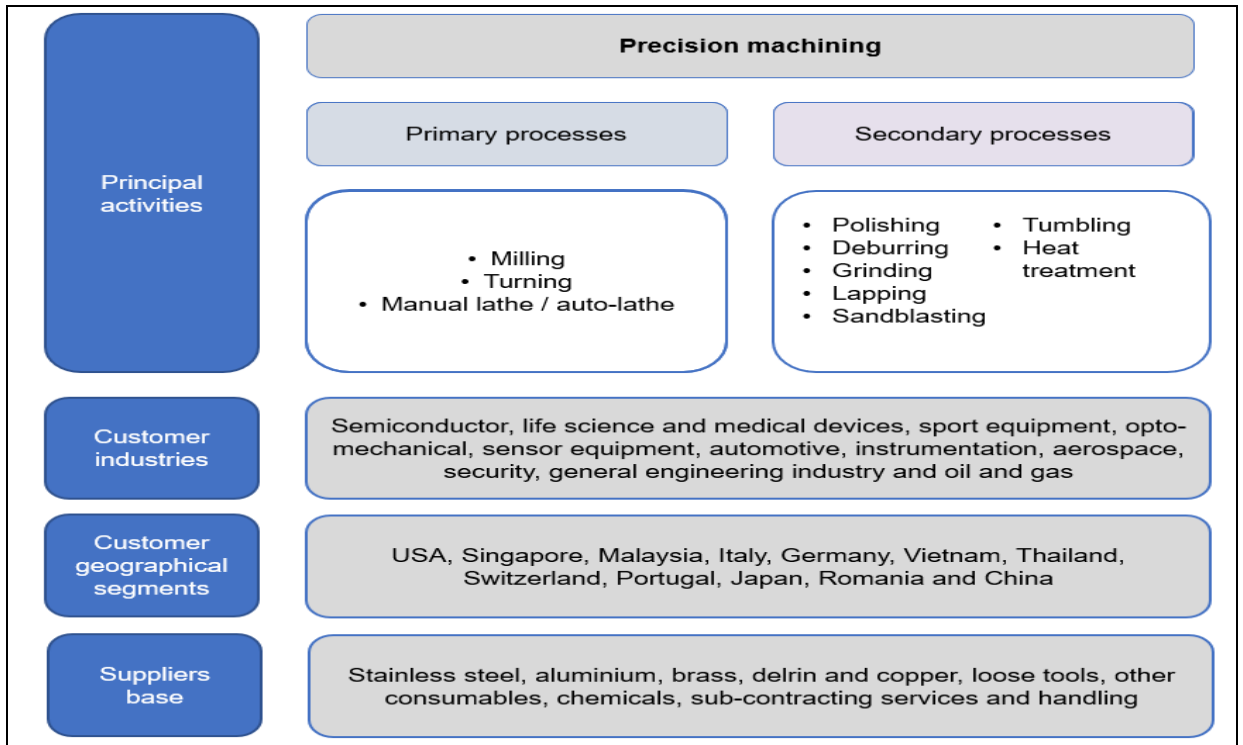


Please refer to Section 5.3 of this Prospectus for the details of our Subsidiary Companies.

Our Group is an engineering supporting services provider principally involved in manufacturing of precision-machined parts and components and provision of CNC machining services. Our main customer industries include semiconductor, life science and medical devices, and sport

## 2. PROSPECTUS SUMMARY (CONT'D)

equipment while the main geographical segments of our customers include the USA, Singapore, and Malaysia. Further information on the revenue breakdown by customer industry and customer geographical segment can be found in Sections 6.2.2 and 6.2.3 of this Prospectus. Our principal activities, customer industries, customer geographical segments and suppliers base are as summarised in the diagram below.



Please refer to Sections 5 and 6 of this Prospectus for further details on our history, Group structure and business.

### 2.3 OUR COMPETITIVE STRENGTHS

Our competitive strengths are as summarised in the table below.

No.	Items	Description																
1.	Long-standing relationship with our customers	Our Group has grown into a leading engineering supporting services provider in Malaysia and Singapore with more than 30 years of history. As at the LPD, we have had business relationships of more than 10 years with several of our major customers.																
2.	Experienced and knowledgeable key management team	<p>We are led by a team of experienced and knowledgeable personnel. Our Executive Director and Group Chief Executive Officer, Mr. Lee has approximately 34 years of experience in the precision engineering industry, and our Executive Director, Mr. Mu also has approximately 38 years of experience in the precision engineering industry. They are supported by our Key Senior Management as stated in the table below.</p> <table border="1"> <thead> <tr> <th>No</th> <th>Name</th> <th>Position</th> <th>Experience</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Hun Jiang Yann</td> <td>Group Chief Financial Officer</td> <td>Approximately 31 years of experience in auditing, accounting and financial management.</td> </tr> <tr> <td>2.</td> <td>Akira Nakashima</td> <td>Chief Operating Officer for International Business Development for Champion PE</td> <td>Approximately 24 years of experience in various types of international trading business, particularly approximately 17 years of his experience in the semiconductor industry.</td> </tr> <tr> <td>3.</td> <td>Khern Yeng Kar</td> <td>General Manager of Champion PT</td> <td>Approximately 32 years of experience in the area of engineering.</td> </tr> </tbody> </table>	No	Name	Position	Experience	1.	Hun Jiang Yann	Group Chief Financial Officer	Approximately 31 years of experience in auditing, accounting and financial management.	2.	Akira Nakashima	Chief Operating Officer for International Business Development for Champion PE	Approximately 24 years of experience in various types of international trading business, particularly approximately 17 years of his experience in the semiconductor industry.	3.	Khern Yeng Kar	General Manager of Champion PT	Approximately 32 years of experience in the area of engineering.
No	Name	Position	Experience															
1.	Hun Jiang Yann	Group Chief Financial Officer	Approximately 31 years of experience in auditing, accounting and financial management.															
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3.	Khern Yeng Kar	General Manager of Champion PT	Approximately 32 years of experience in the area of engineering.															

## 2. PROSPECTUS SUMMARY (CONT'D)

No.	Items	Description								
		<table border="1"> <tr> <td>4.</td> <td>Tan Lay Choon</td> <td>General Manager of Champion PE</td> <td>Approximately 36 years of experience in QA.</td> </tr> <tr> <td>5.</td> <td>Ngein Liong Fatt</td> <td>Business Development Manager of Champion PE</td> <td>Approximately 40 years of experience in the manufacturing industry, particularly approximately 27 years of his experience in the sales in manufacturing and engineering industry.</td> </tr> </table>	4.	Tan Lay Choon	General Manager of Champion PE	Approximately 36 years of experience in QA.	5.	Ngein Liong Fatt	Business Development Manager of Champion PE	Approximately 40 years of experience in the manufacturing industry, particularly approximately 27 years of his experience in the sales in manufacturing and engineering industry.
4.	Tan Lay Choon	General Manager of Champion PE	Approximately 36 years of experience in QA.							
5.	Ngein Liong Fatt	Business Development Manager of Champion PE	Approximately 40 years of experience in the manufacturing industry, particularly approximately 27 years of his experience in the sales in manufacturing and engineering industry.							
3.	Availability of an ISO Class 5 cleanroom (Class 100) and an ISO Class 6 cleanroom (Class 1,000)	Our Group operates an ISO Class 5 cleanroom (also known as Class 100) and an ISO Class 6 cleanroom (also known as Class 1,000) in Plant 4. We believe that by having a cleanroom environment, we are able to meet and maintain the high-quality standards required by our customers. We would also be capable of attracting potential customers who require their products to be packaged under ISO Class 5 & 6 cleanroom conditions as a pre-requisite, such as those from semiconductor industry.								
4.	Geographical coverage of our Group and wide range of industry segments	Our Group offers precision machining services to customers from a range of countries including, but not limited to, the USA, Singapore, Malaysia, Germany, Italy and Vietnam. Additionally, the precision-machined parts and components that we manufacture are used across a range of industry segments including, but not limited to, semiconductor, life science and medical devices, sport equipment, opto-mechanical, and instrumentation. Our diversified customer base in terms of geographical locations and industry segments helps us to mitigate the risk of over-reliance on customers from a single country or any single industry.								
5.	Continuous investment in machinery and equipment	In order to expand our range of precision-machined parts and components as well as to serve and support our customers better, we continuously invest in machinery and equipment. As at the LPD, we utilise CNC milling machines, CNC turning machines and auto-lathe machines. Our continuous investment in machinery and equipment enables us to increase our production capacity and efficiency as well as our manufacturing capabilities.								

Please refer to Section 6.3 of this Prospectus for further details on our competitive strengths.

### 2.4 IMPACT OF COVID-19

The impact of COVID-19 on our supply chain and our manufacturing activities are as summarised in the table below.

No.	Item	Impact of COVID-19
1.	Our supply chain	<p>As a result of the COVID-19 which resulted in global logistics issues such as shortage of shipping containers and congestion at ports, our Group experienced longer lead times for our raw materials namely stainless steel in the FYE 30 June 2020 (average lead time increased by 8 days from 29 days in the FYE 30 June 2019 to 37 days in the FYE 30 June 2020), FYE 30 June 2021 (average lead time increased by 16 days from 37 days in the FYE 30 June 2020 to 53 days in the FYE 30 June 2021), and FYE 30 June 2022 (average lead time increased by 44 days from 53 days in FYE 30 June 2021 to 97 days in the FYE 30 June 2022). Kindly refer to Section 6.17.4 of this Prospectus for further details on the lead times for our raw materials namely stainless steel for the Period Under Review.</p> <p>Notwithstanding longer lead times for our raw materials, we have not experienced a disruption in supply of raw materials which has materially affected our financial performance during the Period Under Review as we were able to procure our raw materials from multiple suppliers as well as we were able to reschedule the deliveries with our customers if there is a delay in obtaining the required raw materials. We have experienced slight delays in delivery of our precision-machined parts and components to our customers and recognition of the corresponding revenue for the said deliveries during the FYE 30 June 2020, FYE 30 June 2021 and the FYE 30 June 2022 due mainly to the global logistic issues as mentioned above and shutdown of our manufacturing operations during the period from 18 March 2020 to 27 March 2020, 10 February 2021 to 14 February 2021 and 7 March 2022 to 13 March 2022. Our revenue recognition for the said delayed deliveries were based on our accounting policies as stated in Section 2.2.20 of Section 12 of this Prospectus. We have informed our customers of any delays in delivery and as at the LPD, we have not experienced any penalties imposed by our customers due to increased delivery times as our Group and our customers have mutually agreed to alter the delivery timeline as needed. As at the LPD, the said delayed deliveries have been fulfilled. In addition, there was no cancellation of orders as a result of COVID-19 and MCO or any variations thereof.</p>
2.	Our manufacturing activities	Aside from the initial period from 18 March 2020 to 27 March 2020, we were permitted to operate during the various lockdown stages, albeit under different operating capacities based on which lockdown stage was in effect, and we were able to continue manufacturing the precision-machined parts and components for our customers. During the lockdown stages where we are not able to operate and/or operate in full capacity, we have informed our customers on the lockdown situation in Malaysia and had rescheduled the delivery of our precision-machined parts and components. In

## 2. PROSPECTUS SUMMARY (CONT'D)

No.	Item	Impact of COVID-19												
		addition, the measures imposed during the various lockdown stages have prevented us from travelling internationally as well as meeting potential customers face-to-face. During the shutdown periods from 10 February 2021 to 14 February 2021 and from 7 March 2022 to 13 March 2022, pursuant to the shutdown notices by the MOH, due to positive COVID-19 cases amongst our employees, we were unable to carry out our manufacturing activities in Malaysia. We had informed our customers regarding our shutdown and had rescheduled the delivery of our precision-machined parts and components. We have not incurred any penalties from our customers related to delivery delays. However, during the time when we were unable to operate, we continued to incur fixed costs which include, but not limited to, depreciation cost and staff costs. Such costs amounted to approximately RM0.67 million for the period from 18 March 2020 to 27 March 2020, RM0.28 million for the period from 10 February 2021 to 14 February 2021, and RM0.60 million for the period from 7 March 2022 to 13 March 2022.												
3.	Our Group's liquidity and profitability	<p>There is no material impact to our Group's liquidity, including the collectability of our trade receivables and cash flows, and our profitability, from the impact of the COVID-19 and/or the MCO and variations thereof. You may refer to the relevant sections as stated in the table below for further details in regard to the above.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>No.</th> <th>Item</th> <th>Reference to Section in this Prospectus</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Our financial performance and financial position during the Period Under Review</td> <td>Section 11.1 of this Prospectus</td> </tr> <tr> <td>2.</td> <td>Our cash flows during the Period Under Review</td> <td>Section 11.4.2 of this Prospectus</td> </tr> <tr> <td>3.</td> <td>Our trade receivables turnover periods and current ratios for the Period Under Review</td> <td>Section 11.4.8 of this Prospectus</td> </tr> </tbody> </table>	No.	Item	Reference to Section in this Prospectus	1.	Our financial performance and financial position during the Period Under Review	Section 11.1 of this Prospectus	2.	Our cash flows during the Period Under Review	Section 11.4.2 of this Prospectus	3.	Our trade receivables turnover periods and current ratios for the Period Under Review	Section 11.4.8 of this Prospectus
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3.	Our trade receivables turnover periods and current ratios for the Period Under Review	Section 11.4.8 of this Prospectus												

Please refer to Section 6.17 of this Prospectus for further details on the impact of COVID-19 on our business.

## 2.5 OUR FUTURE PLANS AND STRATEGIES

Our future plans and strategies are as shown in the table below.

No.	Items	Description	Source of Funds	Estimated Timeline
1.	Construction of New Plants	The construction of New Plants is part of the business expansion plans of our Group and efforts to increase the production capacity of our Group to cater to the increasing demand for our products and services. We intend to use approximately RM[XXXX] million to fund the building construction costs, installation costs, fixture and fitting costs, legal fee and stamp duty costs and purchase of furniture and equipment for the New Plants. The new machinery and equipment as stated in Section 3.7.2 of this Prospectus are intended to be installed in the New Plants and are expected to further increase our estimated annual production capacity of our machines as explained in Section 6.4.2 of this Prospectus. The total built-up area of New Plants is estimated to be 236,948 sq ft with each measuring approximately 118,474 sq ft. Upon completion of construction of New Plants and assuming we do not rent any other factories and dispose of our Plant 1, the total built-up area of all of our Plants (excluding Plant 5) is estimated to increase by approximately 245.32% or 236,948 sq ft from 96,586 sq ft as at the LPD to 333,534 sq ft. Additionally, we do not intend to continue renting Plant 5 when we are able to use the New Plants for our manufacturing activities.	Proceeds from our Public Issue.	Within 36 months from the date of our Listing.
2.	Purchase of new machinery and equipment and relocation of existing machinery and equipment	<p>We intend to purchase new machinery and equipment to increase our production capacity and service offerings to our customers, in anticipation of increased demand from our customers based on our order book as stated in Section 11.5 of this Prospectus as well as the feedback gathered from our major customers, particularly those from the semiconductor industry.</p> <p>From the LPD up to and including the date of our Listing, we intend to purchase additional machines in order to meet the orders in hand and to be obtained. The costs for the purchase of the said machines will be funded through our internally generated funds and/or hire purchase facilities. In addition, we also intend to allocate approximately RM[XXXX] million of the gross proceeds from our Public Issue for the purchase of new machinery and equipment and relocation of existing machinery and equipment within 36 months from the date of our Listing. Kindly refer to Section 6.4.2 of this Prospectus for</p>	Internally generated funds, hire purchase facilities and proceeds from our Public Issue.	Within 36 months from the date of our Listing.

## 2. PROSPECTUS SUMMARY (CONT'D)

No.	Items	Description	Source of Funds	Estimated Timeline
		further details on both the intended purchase of the machines after LPD up to and including the date of our Listing, the intended purchase using the gross proceeds from our Public Issue and the estimated increased production capacity pursuant to the said intended purchases.		
3.	Purchase of raw materials	As part of our business strategy, we aim to maintain ample stock for our main raw materials such as stainless steel and aluminium, which are mainly sourced from overseas suppliers. We have allocated RM[XXXX] million of the proceeds from our Public Issue to procure and stock our main raw materials.	Proceeds from our Public Issue.	Within 24 months from the date of our Listing.

Please refer to Section 6.4 of this Prospectus for further details on our future plans and strategies.

### 2.6 RISK FACTORS

An investment in our Shares involves a number of risks, many of which are beyond our control. You should carefully consider all of the information in this Prospectus, including all the risk factors, before deciding to invest in our Shares. The risk factors that may affect our future profitability are not limited to financial and industry risks, and include, but not limited to, those as summarised in the table below.

No.	Risks	Description
<b>Risks relating to our business</b>		
1.	We are subject to regulatory requirements for our business operations	<p>Our business is subject to various laws and regulations. The approvals, licences, and certificates that we have obtained are subject to conditions and requirements imposed by the various issuing bodies. In the event of non-compliance by our Group, the approval, licences and certificates we have obtained may be terminated, revoked, or may not be renewed upon its expiry. Our Group and/or our Directors may be subject to penalties, fines or prosecution in the event of our non-compliance. Notwithstanding our internal process to monitor compliance and track the validity of our approvals, licences, and certificates, there can be no assurance that we will be able to renew our approvals, licences, and certificates in a timely manner or be able to comply with any new conditions imposed. This may adversely affect our business operations and our future financial performance.</p> <p>As disclosed in Section 6.19 of this Prospectus, our Group operated without MITI Licences/approvals from MIDA for certain period in the past. As at the LPD, we have not been imposed any penalty by the MITI with regard to the non-compliances in relation to our Existing Plants being unlicensed for the period before we obtain the MITI Licences for the respective Existing Plants. Pursuant to Section 3(2) of the ICA 1975, any person who engages in any manufacturing activity without a manufacturing licence is guilty of an offence and such person shall be liable on conviction to a fine not exceeding RM2,000.00 or to a term of imprisonment not exceeding 6 months and to a further fine not exceeding RM1,000.00 for every day the business continues to operate without a licence. The MITI may take action by issuing warnings, imposing penalties or additional conditions or restrictions, suspending and/or revoke the licence for any breach or non-compliance of the conditions. In addition, as at the LPD, Champion PT has yet to comply with the conditions of MITI Licence for Plant 1, Plant 2 and Plant 4 in regard to the total workforce of Champion PT which shall consist at least 80.00% Malaysian citizen by 31 December 2020 for Plant 1 and 31 December 2022 for Plant 2 and Plant 4 in accordance with the condition stipulated in their respective MITI Licence. MITI has further extended the requirement to comply with the said condition until 31 December 2024. Our Company and Champion PT have made various efforts as stated in Section 6.19 of this Prospectus in order to comply with the above-mentioned conditions by 31 December 2024. Notwithstanding the various efforts taken by our Company and Champion PT, there is no assurance that Champion PT is able to meet such conditions by 31 December 2024. In the event such conditions are not met by 31 December 2024 and there is no further extension of time granted by the MIDA, the MIDA may take action by issuing warnings, imposing penalties or additional conditions or restrictions, suspending and/or revoke our MITI Licences for any breach or non-compliance of the conditions. Under the event of the revocation of MITI Licence, our Group's operations and financial performance will be materially affected.</p> <p>As disclosed in Section 6.17.2, Section 6.19, Section 6.22.1 and Section 6.23 of this Prospectus, our Group was not in compliance with certain laws and regulations but which have since been rectified as at the LPD. The said past non-compliances are not expected to have any material impact to our Group's business operations and</p>

## 2. PROSPECTUS SUMMARY (CONT'D)

No.	Risks	Description																																																
		financial conditions. Kindly refer to Section 6.17.2, Section 6.19, Section 6.22.1 and Section 6.23 of this Prospectus for further details of the non-compliances of our Group.																																																
2.	We are dependent on our major customers	We are dependent on Healthcare Customer Group 1, Fujikin Group, Sport Equipment Customer 1, Semiconductor Customer 2 and Semiconductor Customer Group 1. Our Group does not enter into any long-term contracts with committed quantities and/or contract values in the form of legal agreement with our major customers. The absence of the said long-term contracts with our major customers may result in the fluctuation of our overall financial performance as the orders from our major customers are generally on a purchase order basis. Nevertheless, despite the absence of the said long-term contracts with our major customers, we have managed to develop long-standing business relationships with our major customers by providing products that meet their specifications in a timely and consistent manner, some for more than 10 years as at the LPD. However, there is no assurance that we will be able to retain these major customers or maintain a consistent level of business activities with them.																																																
3.	We are exposed to price fluctuation, availability and quality of our raw materials	The main raw materials we used in our manufacturing activities are stainless steel and aluminium. The price of the said raw materials may fluctuate due to factors including, but not limited to, market supply and demand conditions. The value of our purchases of stainless steel and aluminium amounted to approximately RM11.89 million, RM4.89 million, RM14.09 million and RM35.71 million respectively for the FYE 30 June 2019, FYE 30 June 2020, FYE 30 June 2021 and FYE 30 June 2022 (Period Under Review), which translated to approximately 49.58%, 24.47%, 46.54% and 55.15% of our total purchases respectively for the said period. Any unfavourable changes in the above-mentioned factors may result in an increase of the above said raw material prices, leading to higher manufacturing costs. The rising cost of the above said raw materials may adversely affect our profitability and our financial performance if we are unable to pass on the increase in raw material costs to our customers. Changes in global supply and demand conditions may also affect our ability to procure the necessary raw materials which are required in the manufacturing of precision-machined parts and components. We currently have not experienced disruptions in procuring raw materials as we are able to procure them from different suppliers. Nevertheless, there can be no assurance that we may not experience difficulties in obtaining raw materials from our suppliers in the future. Furthermore, if the raw materials we procure are lower in quality, the quality of our precision-machined parts and components may be affected.																																																
4.	We are dependent on our Directors and Key Senior Management	Our continued success and growth of our business largely depends on the efforts of our Directors and key management personnel, who have been instrumental in the development of our corporate strategy and the growth of our business thus far. The loss of our experienced key management personnel simultaneously or without timely replacements, may create an unfavourable impact on our Group's competitiveness, business operations and financial performance.																																																
5.	We are dependent on skilled workers and production workers and the availability of labour	<p>We are dependent on the supply of skilled workers and production workers. As at the LPD, we have a total of 322 skilled workers and 422 production workers, which represent approximately 43.28% and 56.72% respectively of the total workforce of our Group of 744 personnel which includes staff from other departments such as those assuming the accounting and finance functions. The table below illustrates the breakdown of our skilled workers and production workers for both our Malaysia and Singapore operations.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th rowspan="2">No.</th> <th rowspan="2">Jurisdiction</th> <th rowspan="2">Nationality</th> <th rowspan="2">Total</th> <th colspan="2">Skilled Workers</th> <th colspan="2">Production Workers</th> </tr> <tr> <th>Permanent</th> <th>Not permanent</th> <th>Permanent</th> <th>Not permanent</th> </tr> </thead> <tbody> <tr> <td rowspan="2">1.</td> <td rowspan="2">Malaysia operations</td> <td>Malaysian</td> <td style="text-align: center;">457</td> <td style="text-align: center;">179</td> <td style="text-align: center;">-</td> <td style="text-align: center;">219</td> <td style="text-align: center;">59</td> </tr> <tr> <td>Foreigner <sup>(1)</sup></td> <td style="text-align: center;">266</td> <td style="text-align: center;">122</td> <td style="text-align: center;">-</td> <td style="text-align: center;">144</td> <td style="text-align: center;">-</td> </tr> <tr> <td rowspan="2">2.</td> <td rowspan="2">Singapore operations</td> <td>Singaporean/ Permanent Resident <sup>(2)</sup></td> <td style="text-align: center;">15</td> <td style="text-align: center;">15</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Foreigner <sup>(3)</sup></td> <td style="text-align: center;">6</td> <td style="text-align: center;">6</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td colspan="3">Total</td> <td style="text-align: center;">744</td> <td style="text-align: center;">322</td> <td style="text-align: center;">-</td> <td style="text-align: center;">363</td> <td style="text-align: center;">59</td> </tr> </tbody> </table> <p><i>Notes:-</i>  <sup>(1)</sup> 'Foreigner' under our Malaysia operations denotes all our employees in Malaysia who are not Malaysian.  <sup>(2)</sup> Although Mr. Mu and another employee of our Group are under the employment of both Champion PT in Malaysia and Champion PE in Singapore, for the purpose of the table above, we have only categorised them as 'Singaporean/Permanent Resident' in their employment in Singapore (and not Malaysia) to avoid duplication.  <sup>(3)</sup> 'Foreigner' under our Singapore operations denotes all our employees in Singapore who do not hold either Singaporean or Permanent Residence status.</p> <p>Kindly refer to Section 8.1.5 of this Prospectus for further details on our skilled workers and production workers.</p>	No.	Jurisdiction	Nationality	Total	Skilled Workers		Production Workers		Permanent	Not permanent	Permanent	Not permanent	1.	Malaysia operations	Malaysian	457	179	-	219	59	Foreigner <sup>(1)</sup>	266	122	-	144	-	2.	Singapore operations	Singaporean/ Permanent Resident <sup>(2)</sup>	15	15	-	-	-	Foreigner <sup>(3)</sup>	6	6	-	-	-	Total			744	322	-	363	59
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## 2. PROSPECTUS SUMMARY (CONT'D)

No.	Risks	Description
		Although we utilise a number of automated machineries in our operations, we are still dependent on production workers in other operating procedures. In addition, we may also experience dependency on the supply of skilled workers such as engineers who are engaged in the process of product design and development and programming of CNC machinery. With increasing demand of skilled labour, there is no assurance that we can continue to attract workers or retain our existing workers at the current level of wages. If we are unable to attract or retain workers, we may not be able to fulfil orders in a timely manner and thereby adversely affecting our business operations and financial performance. In addition, in a tight skilled labour market, any increase in competition for skilled workers may result in higher wages, leading to higher manufacturing costs. Consequently, our business and financial performance will be affected if we are unable to pass on the increase in manufacturing costs to our customers.
6.	We may be exposed to disruptions in our operations, manufacturing activities, facilities, and inadequate insurance coverage	Our Group's business operations are reliant on our manufacturing activities running smoothly and efficiently. We schedule and conduct regular maintenance on the machineries to ensure performance efficiency and optimum utilisation. However, we may experience unexpected incidents such as power shortage, mechanical failure and operational failure which may lead to disruption to our manufacturing operations. Our business operations are also subject to risks outside of our control including, but not limited to, fire, flood, power failure, burglary, and disruptions in water supply. The insurance policies we have purchased are subject to limitations and exclusions of liability in terms of events that occur as well as the amount insured. As such, our Group's policies may be inadequate to cover all losses or liabilities suffered due to unexpected events such as those mentioned above.
<b>Risks relating to our industry</b>		
1.	We are reliant on the end-user markets of our customers	Our business performance largely depends on the end-user markets of our customers such as the semiconductor, life science and medical devices, and sport equipment industries. The semiconductor industry contributed approximately 10.26%, 25.97%, 40.32% and 57.10% of our revenue for the FYE 30 June 2019, FYE 30 June 2020, FYE 30 June 2021 and FYE 30 June 2022 (Period Under Review) respectively. The life science and medical devices industry contributed to approximately 25.92%, 28.66%, 26.00% and 20.34% of our revenue for the Period Under Review respectively while the sport equipment industry contributed to 15.35%, 17.13%, 17.20%, and 11.23% of our revenue for the same period respectively. A decline in performance of our customers' end-user markets may lead to a material adverse effect on our business operations and financial performance.
2.	We are subject to changes and advancements in technology	Our Group is principally engaged in the manufacturing of precision-machined parts and components that are used across multiple industries. As such, our business is susceptible to changes and advancements in technology in the different industries our customers operate in. If we fail to anticipate such changes in technology and develop new products and services in a timely manner, we may be unable to retain our existing customers or attract new customers. Furthermore, undertaking D&D activities to anticipate changes in technology will incur expenses that may not be recouped in the event that our D&D activities are unsuccessful. This may lead to an adverse effect on our profitability and overall financial performance.
3.	We operate in a highly competitive market	According to the IMR Report, the ESI in Malaysia is highly competitive, with around 2,000 market players. Generally, we compete with our competitors on a number of factors such as pricing, delivery times, reputation and customer service. There can be no assurance that we will be able to compete with our competitors effectively, and we may even experience more intense competition with the entry of new market players in the industry. If we fail to compete effectively with our competitors, our business operations and financial performance may be negatively affected.
4.	We are exposed to the risk of geopolitical tensions across the globe affecting economic activities	The Malaysian ESI is a part of the global supply chain and as such, the ESI in Malaysia may be subject to any geopolitical events that may occur. Our Group sources raw materials both from local and international suppliers. Should our suppliers be impacted by geopolitical tensions, the supply of our raw materials may be affected, which may affect our business operations. Further, our Group also supplies our products to both local and international customers who ultimately serve the global supply chain. While our customers supply products to various countries to diversify risk of overdependence on a single export destination, there can be no assurance that our customers would not be impacted by the geopolitical tensions, which may then affect our business operations and financial performance.
5.	We are exposed to the risk of rising minimum wages and changes to the Employment Act	Any further future increases in minimum wages are likely to lead to an increase in cost incurred by our Group. The changes in employment laws or regulations, such as a reduction in maximum working hours or an increase in the salary threshold for overtime eligibility, may increase our labour costs. This could potentially result in higher overtime costs, as well as the payment of overtime to a greater number of employees. If we are unable to pass on the increased cost to our customers, our financial performance may be adversely affected.
6.	We are exposed to inflation risk	We are exposed to inflation risk. Such inflationary pressures may lead to an increase in the price of raw materials that our Group purchases, which would lead to higher costs incurred leading to reduced profit margins. Inflation may also affect our customers' end-users and lead to decreases in consumer spending and demand for our

## 2. PROSPECTUS SUMMARY (CONT'D)

No.	Risks	Description
		customers' products. Should there be a prolonged decrease in demand for our customers' products, we may also experience reduce orders from our customers.

Please refer to Section 8 of this Prospectus for the full list of risk factors which should be considered before investing in our Shares.

### 2.7 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The details of our Promoters and substantial shareholders and their shareholdings in our Company before and after our IPO are as shown in the table below.

No	Name	Nationality	Before Our IPO				After Our IPO			
			Direct		Indirect		Direct		Indirect	
			Number of Shares	(1) %	Number of Shares	(1) %	Number of Shares	(2) %	Number of Shares	(2) %
1.	Mr. Lee	Malaysian	251,743,046	50.00	-	-	218,177,546	32.50	-	-
2.	Mr. Foo	Malaysian	151,045,828	30.00	-	-	130,906,528	19.50	-	-
3.	Mr. Mu	Singaporean	100,697,217	20.00	-	-	87,271,017	13.00	-	-
Total			503,486,091	100.00	-	-	436,355,091	65.00	-	-

Notes:-

(1) Based on the total number of 503,486,091 Shares before our IPO.

(2) Based on the enlarged total number of 671,314,791 Shares after our IPO.

Please refer to Section 4 of this Prospectus for further details of our Promoters and substantial shareholders.

### 2.8 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and Key Senior Management are as shown in the table below.

No.	Name	Designation
<b>Directors</b>		
1.	Ang Seng Wong	Independent Non-Executive Chairman
2.	Mr. Lee	Executive Director and Group Chief Executive Officer
3.	Mr. Foo	Non-independent Non-Executive Director
4.	Mr. Mu	Executive Director
5.	Lai Hooi Yim	Independent Non-Executive Director
6.	Liew Chee Kar	Independent Non-Executive Director
7.	Willham Siau	Independent Non-Executive Director
<b>Key Senior Management</b>		
1.	Hun Jiang Yann	Group Chief Financial Officer
2.	Akira Nakashima	Chief Operating Officer for International Business Development of Champion PE
3.	Khern Yeng Kar	General Manager of Champion PT
4.	Tan Lay Choon	General Manager of Champion PE
5.	Ngein Liong Fatt	Business Development Manager of Champion PE

Please refer to Section 4 of this Prospectus for further details of our Directors and Key Senior Management.



## 2. PROSPECTUS SUMMARY (CONT'D)

### 2.9 USE OF PROCEEDS

The total gross proceeds from our Public Issue amounting to approximately RM[XXXX] million are intended to be used in the manner as stated in the table below.

No.	Details	Amount	Percentage of Total Gross Proceeds	Estimated Timeframe for Use of Proceeds from the Date of Our Listing
		RM'000	%	
1.	Acquisition of the New Industrial Lands and construction of the New Plants	[XXXX]	[XXXX]	Within 36 months
2.	Purchase of new machinery and equipment and relocation of existing machinery and equipment	[XXXX]	[XXXX]	Within 36 months
3.	Repayment of bank borrowings	[XXXX]	[XXXX]	Within 36 months
4.	Part-financing working capital expenditure requirements	[XXXX]	[XXXX]	Within 24 months
5.	Part financing other capital expenditure requirements	[XXXX]	[XXXX]	Within 12 months
6.	Estimated listing expenses	[XXXX]	[XXXX]	Within 3 months
Total		[XXXX]	[XXXX]	N/A

There is no minimum subscription amount to be raised from our IPO. The Offer for Sale will raise gross proceeds of approximately RM[XXXX] million which will accrue entirely to our Offerors. Please refer to Section 3.7 of this Prospectus for further details on the use of proceeds arising from our Public Issue.

### 2.10 FINANCIAL AND OPERATIONAL HIGHLIGHTS

The tables below set out financial highlights based on our audited consolidated financial statements for the Period Under Review.

No.	Items	Audited			
		FYE 30 June 2019	FYE 30 June 2020	FYE 30 June 2021	FYE 30 June 2022
		RM'000	RM'000	RM'000	RM'000
1.	Revenue	78,352	79,013	93,444	138,846
2.	GP/(GL)	23,624	20,706	34,841	55,826
3.	Operating profit/(loss)	15,579	13,488	25,617	44,440
4.	PBT/(LBT)	14,163	12,414	24,880	43,415
5.	PAT/(LAT) <sup>(1)</sup>	11,115	10,170	18,675	33,914

Note:-

<sup>(1)</sup> The PAT/(LAT) are attributable to the owners of our Company only as there are no non-controlling interests as all our Subsidiary Companies are wholly-owned by us.

No.	Items <sup>(1)</sup>	Unit/ Measurements	FYE 30 June 2019	FYE 30 June 2020	FYE 30 June 2021	FYE 30 June 2022
1.	EBITDA/(LBITDA)	RM'000	19,715	19,484	32,324	51,907
2.	Adjusted PBT/(LBT)	RM'000	13,261	11,673	23,890	45,111
3.	Adjusted PAT/(LAT)	RM'000	10,411	9,504	17,815	35,745
4.	GP/(GL) margin	%	30.15	26.21	37.29	40.21
5.	EBITDA/(LBITDA) margin	%	25.16	24.66	34.59	37.38

## 2. PROSPECTUS SUMMARY (CONT'D)

No.	Items <sup>(1)</sup>	Unit/ Measurements	FYE 30 June 2019	FYE 30 June 2020	FYE 30 June 2021	FYE 30 June 2022
6.	PBT/(LBT) margin	%	18.08	15.71	26.63	31.27
7.	PAT/(LAT) margin	%	14.19	12.87	19.99	24.43
8.	Adjusted PBT/(LBT) margin	%	16.92	14.77	25.57	32.49
9.	Adjusted PAT/(LAT) margin	%	13.29	12.03	19.06	25.74
10.	Number of Shares in issue after our IPO	'000	671,315	671,315	671,315	671,315
11.	Basic and diluted EPS/(LPS)	sen	1.66	1.51	2.78	5.05
12.	Adjusted basic and diluted EPS/(LPS)	sen	1.55	1.42	2.65	5.32

Note:-

<sup>(1)</sup> Kindly refer to Section 11.1.1 of this Prospectus for the basis of computation of the items as stated in the table above.

The financial highlights presented above should be read in conjunction with the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” as set out in Section 11.3 of this Prospectus and the Accountants’ Report, together with its related notes, as set out in Section 12 of this Prospectus.

### 2.11 DIVIDENDS AND DIVIDEND POLICY

Our ability to pay dividends is dependent upon various factors including, but not limited to, our financial performance, cash flow requirements and capital expenditure plans. Our Board intends to recommend and distribute a dividend of at least 25.00% to 50.00% of our annual audited consolidated PAT attributable to our shareholders after deducting non-operating income. Any dividend declared will be at the discretion of our Board and any final dividends declared will be subject to the approval of our shareholders at our AGM. You should take note that this dividend policy merely describes our current intention and shall not constitute legally binding statements in respect of our future dividends that are subject to our Board’s discretion.

Apart from those dividends distributed and paid as disclosed in Section 11.7 of this Prospectus, we do not intend to distribute and pay any dividends prior to our Listing. The dividends distributed and paid by our Group to our Promoters for the Period Under Review are as summarised in the table below.

No.	Items	FYE 30 June 2019	FYE 30 June 2020	FYE 30 June 2021	FYE 30 June 2022
		RM'000	RM'000	RM'000	RM'000
1.	Dividends distributed	-	-	11,166	<sup>(1)</sup> 33,742
2.	Dividends paid	-	-	11,166	<sup>(1)</sup> 24,425

Note:-

<sup>(1)</sup> Out of approximately RM33.74 million for the FYE 30 June 2022, there was no actual payment of approximately RM9.32 million made by our Group as this dividend distribution was used to offset against the amounts due from our Promoters pursuant to HKEX IPO expenses paid previously by Champion PE on behalf of CPSM Holding.

Please refer to Section 11.7 of this Prospectus for further details of our dividends and dividend policy.

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