

## 4. PARTICULARS OF OUR IPO

### 4.1 INDICATIVE TIMETABLE

The following events are intended to take place on the following indicative times and/or dates:

Event	Time and/or date
Opening of the Institutional Offering	[●]
Issuance of this Prospectus/ Opening of the Retail Offering	10.00 a.m., [●]
Closing of the Retail Offering	5.00 p.m., [●]
Closing of the Institutional Offering	[●]
Price Determination Date	[●]
Balloting of applications for our IPO Shares under the Retail Offering	[●]
Allotment/ Transfer of our IPO Shares to successful applicants	[●]
Listing	[●]

In the event there is any change to the indicative timetable above, we will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspapers in Malaysia and will make the relevant announcements through Bursa Securities.

### 4.2 DETAILS OF OUR IPO

Our IPO is subject to the terms and conditions of this Prospectus. 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 4.2.3** of this Prospectus. Our IPO consists of the Institutional Offering and the Retail Offering for a total of 259,700,000 IPO Shares, representing approximately 28.1% of our enlarged issued Shares.

#### 4.2.1 Institutional Offering

*Institutional Offering at the Institutional Price payable in full upon allocation and determined by way of bookbuilding.*

The Institutional Offering involves the offering of 205,500,000 IPO Shares, representing approximately 22.3% of our enlarged issued Shares, subject to the clawback and reallocation provisions as set out in **Section 4.2.3** of this Prospectus, at the Institutional Price in the following manner:

- (i) 115,500,000 IPO Shares, representing approximately 12.5% of our enlarged issued Shares to Bumiputera investors approved by the MITI; and
- (ii) 90,000,000 IPO Shares, representing approximately 9.8% of our enlarged issued Shares to institutional and selected investors (other than Bumiputera investors approved by the MITI).

**4. PARTICULARS OF OUR IPO (Cont'd)****4.2.2 Retail Offering**

*Retail Offering at the Retail Price of RM[●] per IPO Share, payable in full upon application. If the Final Retail Price is less than the Retail Price, the difference will be refunded to the investors.*

The Retail Offering involves the offering of 54,200,000 IPO Shares, representing approximately 5.8% of our enlarged issued Shares, subject to the clawback and reallocation provisions as set out in **Section 4.2.3** of this Prospectus, at the Retail Price in the following manner:

**(i) Allocation to Eligible Persons**

8,000,000 IPO Shares, representing approximately 0.8% of our enlarged issued Shares, are reserved for application by the Eligible Persons in the following manner:

Eligible Persons	No. of eligible persons	Aggregate no. of IPO Shares allocated
Our Directors	7	2,000,000
Eligible employees of our Group	462	2,000,000
Persons who have contributed to the success of our Group	39	4,000,000
<b>Total</b>	<b>508</b>	<b>8,000,000</b>

*Allocation to our Directors*

The criteria for the allocation to our Directors are based on, among others, their respective roles, responsibilities, seniority and length of service in our Group.

Save for Tee Kim Chin, Tee Kim Yok and Alex Miranda Juntado who have indicated that they will not be subscribing for our IPO Shares, the details of allocation of our IPO Shares to our Directors are as follows:

Directors	Designation	No. of IPO Shares allocated
Datuk Mohd Rabin Bin Basir (M)	Independent Non-Executive Chairman	280,000
Lim Chue Wan (F)	Non-Independent Executive Director	320,000
Geoffrey Ng Ching Fung (M)	Non-Independent Non-Executive Director	280,000
Tan Sik Hui (F)	Senior Independent Non-Executive Director	280,000
Yau Yin Wee (M)	Independent Non-Executive Director	280,000
Chen Kok Seng (M)	Independent Non-Executive Director	280,000
Koh Beng San (M)	Independent Non-Executive Director	280,000

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

(M) Male.

(F) Female.

**Allocation to eligible employees of our Group**

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

- (a) is employed on full time basis and who has been confirmed in service;
- (b) full time employee of at least 18 years of age; and
- (c) the seniority, job grading and/or their respective contribution made to our Group as well as other factors deemed relevant to our Board.

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

The criteria for the allocation to persons who have contributed to the success of our Group are based on, amongst others, their level of contribution, length of business relationship and support to the growth of our Group.

**(ii) Allocation via balloting to the Malaysian Public**

46,200,000 IPO Shares, representing approximately 5.0% of our enlarged issued Shares, are reserved for application by the Malaysian Public by way of balloting, of which 23,100,000 IPO Shares shall be set aside for application by Bumiputera citizens, companies, co-operatives, societies and institutions.

As at the LPD, save as disclosed in **Section 4.2.2** of this Prospectus:

- (i) there are no substantial shareholders, Directors or Key Senior Management who have indicated to us that they intend to subscribe for our IPO Shares, save for the IPO Shares made available for application under the Pink Form Allocation; and
- (ii) there is no person that intends to subscribe for more than 5.0% of our IPO Shares allocated for the Malaysian Public.

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

In summary, our IPO Shares will be allocated subject to the clawback and reallocation provisions as set out in **Section 4.2.3** of this Prospectus, in the following manner:

Category	Offer for Sale		Public Issue		Total	
	No. of Shares	% of our enlarged issued Shares	No. of Shares	% of our enlarged issued Shares	No. of Shares	% of our enlarged issued Shares
<b>Retail Offering:</b>						
Eligible Persons:						
- Our Directors	-	-	2,000,000	0.2	2,000,000	0.2
- Eligible employees of our Group	-	-	2,000,000	0.2	2,000,000	0.2
- Persons who have contributed to the success of our Group	-	-	4,000,000	0.4	4,000,000	0.4
	-	-				
Malaysian Public (via balloting):						
- Bumiputera	-	-	23,100,000	2.5	23,100,000	2.5
- Non-Bumiputera	-	-	23,100,000	2.5	23,100,000	2.5
<b>Sub-total</b>	-	-	<b>54,200,000</b>	<b>5.8</b>	<b>54,200,000</b>	<b>5.8</b>
<b>Institutional Offering:</b>						
Bumiputera investors approved by the MITI	86,700,000	9.4	28,800,000	3.1	115,500,000	12.5
Other institutional and selected investors	-	-	90,000,000	9.8	90,000,000	9.8
<b>Sub-total</b>	<b>86,700,000</b>	<b>9.4</b>	<b>118,800,000</b>	<b>12.9</b>	<b>205,500,000</b>	<b>22.3</b>
<b>Total</b>	<b>86,700,000</b>	<b>9.4</b>	<b>173,000,000</b>	<b>18.7</b>	<b>259,700,000</b>	<b>28.1</b>

The completion of the Retail Offering and Institutional Offering are inter-conditional. Our IPO is also subject to the public shareholding spread requirement, as approved by Bursa Securities as set out in **Section 4.2.4** of this Prospectus. Our Public Issue and Offer for Sale will raise gross proceeds of RM[●] and RM[●] respectively.

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

##### 4.2.3 Clawback and reallocation

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

- (i) if our IPO Shares allocated to the Eligible Persons are under-subscribed, such IPO Shares may be allocated to the 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 Principal Adviser and us;
- (ii) if our IPO Shares allocated to Bumiputera investors approved by MITI ("**MITI Tranche**") are under-subscribed, such IPO Shares may be allocated to institutional investors under the Institutional Offering and/or the Malaysian Public under the Retail Offering. Any allocation to the Malaysian Public will firstly be allocated to the Bumiputera public investors under the Retail Offering via balloting process, and thereafter to the other Malaysian Public under the Retail Offering;
- (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;
- (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 IPO Shares may be clawed back from the Retail Offering and allocated to the Institutional Offering;
- (v) there will be no clawback and reallocation if there is an over-subscription or under-subscription in both the Institutional Offering and the Retail Offering or an under-subscription in either the Institutional Offering or Retail Offering but no over-subscription in the other;
- (vi) any IPO Shares not taken up by the Eligible Persons ("**Excess Shares**") will be made available for application by the other Eligible Persons who have applied for excess on top of their pre-determined allocation and allocated on a fair and equitable basis and in the following priority:
  - (a) firstly, allocation on a pro-rata basis to our Directors and eligible employees of our Group (including directors of our subsidiaries) who have applied for the Excess Shares based on the number of Excess Shares applied for;
  - (b) secondly, allocation of any surplus Excess Shares after (a) above on a pro-rata basis to persons who have contributed to the success of our Group who have applied for the Excess Shares based on the number of Excess Shares applied for; and
  - (c) thirdly, to minimise odd lots.

Our Board reserves the right to allot 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) to (c) above is achieved. Our Board also reserves the right to accept or reject any Excess Shares application, in full or in part, without assigning any reason.

Once completed, the steps involving items (a) to (c) above will not be repeated. Should there be any balance of Excess Shares thereafter, such balance will be made available for clawback and reallocation in item (i) above. Any IPO Shares under the Retail Offering not applied for after being subject to the clawback and reallocation provisions above shall be underwritten by the Joint Underwriters.

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

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**4.2.4 Minimum subscription level**

There is no minimum subscription amount to be raised from our IPO. All IPO Shares pursuant to **Section 4.2.2** of this Prospectus will be fully underwritten by our Joint Underwriters pursuant to the salient terms of the Underwriting Agreement as set out in **Section 4.8.1** of this Prospectus.

In order to comply with the public shareholding spread requirements under 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 to comply with the public spread requirement under the Listing Requirements or as approved by Bursa Securities.

Under the Listing Requirements, we are required to have at least 25.0% of our Shares held by at least 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.

In the event the above public shareholding spread requirements are not met, we may not be able to proceed with our Listing. Please refer to **Section 9.3.6** of this Prospectus for more details in the event there is a delay in or termination of our Listing.

**4.2.5 Classes of shares and ranking**

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

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

The Issue Shares rank equally in all respects with our other existing issued Shares including voting rights will be entitled to all rights, dividends and other distributions that may be declared subsequent to the date of transfer 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 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 our Company is 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 every general meeting of our Company, each of our shareholders shall be entitled to vote in person, by proxy or by attorney or by other duly authorised representative. Any resolution set out in the notice of any general meeting or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. On a poll, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative shall have one vote for each Share held or represented. A proxy may but need not be a member of our Company.

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**4. PARTICULARS OF OUR IPO (Cont'd)****4.2.6 Share capital**

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

	<u>No. of Shares</u>	<u>Share capital (RM)</u>
Issued share capital as at the LPD	750,000,000	100,000,000
New Shares to be issued under the Public Issue	173,000,000	[•]
	<u>923,000,000</u>	<u>[•]</u>
Estimated listing expenses attributable to the Public Issue <sup>(1)</sup>	-	[•]
<b>Total upon Listing</b>	<b><u>923,000,000</u></b>	<b><u>[•]</u></b>

**Note:**

- (1) Calculated based on the Retail Price and after deducting the estimated listing expenses of RM[•] which is directly attributable to the Public Issue and allowed to be debited against the share capital of our Company.

**4.2.7 Priority of the offering**

In the event the demand for our IPO Shares is less than 259,700,000 IPO Shares, our Public Issue shall take precedence over the Offer for Sale. The demand for our IPO Shares shall be firstly satisfied with the Issue Shares under our Public Issue, and following that, any excess demand will be satisfied with the Offer Shares under the Offer for Sale.

**4.3 SELLING SHAREHOLDERS**

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

<u>Name</u>	<u>Nature of relationship</u>	<u>Before our IPO</u>		<u>Offer for Sale</u>		<u>After our IPO</u>	
		<u>No. of Shares</u>	<u>(1)%</u>	<u>No. of Shares</u>	<u>(1)(2)%</u>	<u>No. of Shares</u>	<u>(2)%</u>
Tee Kim Chin	Our Promoter, Director and substantial shareholder	450,000,000	60.0	75,500,000	<sup>(1)</sup> 10.1/ <sup>(2)</sup> 8.2	374,500,000	40.6
Tee Kim Yok	Our Promoter, Director and substantial shareholder	138,750,000	18.5	11,200,000	<sup>(1)</sup> 1.5/ <sup>(2)</sup> 1.2	127,550,000	13.8

**Notes:**

- (1) Based on our existing issued Shares of 750,000,000 Shares as at LPD.
- (2) Based on our enlarged issued Shares of 923,000,000 Shares after our IPO.

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

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

##### 4.4.1 Retail Price

This Retail Price of RM[●] per Share was determined and agreed upon between our Directors and the Selling Shareholders in consultation with the Principal Adviser, Joint Bookrunner and Joint Underwriters, after taking into consideration the following factors:

- (i) our Group's growth in revenue and net profit for the FYE 2019 to FYE 2021, at a CAGR of 182.1% and 162.3% respectively. Our EBITDA grew at a CAGR of 185.6% over the same period and during this period of growth, our EBITDA margins were at 11.7%, 19.4% and 12.0% for FYE 2019, FYE 2020 and FYE 2021 respectively;
- (ii) Price-to-earnings ratio (PER) of approximately [●] times based on our Group's diluted EPS of 2.85 sen after taking into account our net profit of RM26.3 million for the FYE 2021 and 923.0 million Shares upon Listing;
- (iii) our pro forma NA per Share of about RM[●] as at 31 December 2021 based on our enlarged issued Shares of 923.0 million Shares upon Listing, representing a price-to-book ratio of about [●] times based on the Retail Price;
- (iv) our financial performance and operating history as outlined in **Section 12** and **Section 6.1** of this Prospectus respectively;
- (v) our competitive advantages and key strengths, as outlined in **Section 7.3** of this Prospectus, which are summarised as follows:
  - (a) we serve customers in industrial and consumer sectors which provides us with two pillars for business growth as well as diversity to mitigate against sector dependency and seasonal factors;
  - (b) our growth in revenue and profit for the Period Under Review will provide us with the financial platform to grow our business;
  - (c) we provide customised operations and dedicated manufacturing areas for our EMS customers to create customer loyalty and secure new contracts;
  - (d) we have factory floor space to accommodate the business expansion of our existing customers as well as potential customers;
  - (e) we invest in dedicated machinery and equipment, and procure materials and services to create long term business relationships with our customers;
  - (f) we have both direct and indirect distribution channels to optimise our market access and coverage;
  - (g) we have an in-house aluminium die cast manufacturing facility to support our EMS operations which also serves as an additional source of revenue; and
  - (h) we have an experienced Managing Director/ Group Chief Executive Officer and management team to sustain and continue developing our business.



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

- (vi) our plans and strategies are as follows:
  - (a) setting-up of Tebrau 6 Factory for aluminium die cast manufacturing;
  - (b) new warehouse building and automation facility;
  - (c) new production facilities for EMS operations; and
  - (d) additional factory floor space for our EMS operations.
- (vii) the overview and future outlook of the electronics manufacturing industry in Malaysia, as described in **Section 8** of this Prospectus; and
- (viii) the prevailing market conditions.

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

In the event that 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 4.4.3** of this Prospectus for details of the refund mechanism.

The Institutional Price and Final Retail Price will be announced within 2 Market Days from the Price Determination Date via Bursa Listing Information Network. In addition, all successful applicants will be given written notice of the Institutional Price and Final Retail Price, together with the notices of allotment for our IPO Shares.

##### 4.4.2 Institutional Price

The Institutional Price will be determined by way of a bookbuilding process where the prospective institutional and selected investors will be invited to bid for the portion of the Institutional Offering by specifying the number of IPO Shares that they would be prepared to acquire and the price that they would be prepared to pay for our IPO Shares in respect of the Institutional Offering. This bookbuilding process will commence on [●] and will end on [●], or such other date or dates as our Directors and Selling Shareholders in consultation with the Joint Bookrunners in their absolute discretion may decide. Upon the completion of the bookbuilding process, the Institutional Price will be fixed by our Board and Selling Shareholders in consultation with the Joint Bookrunners on the Price Determination Date.

##### 4.4.3 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. 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 Institutions for applications made via the Electronic Share Application or by crediting into the accounts of the successful applicants with the Internet Participating Financial Institutions 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, please refer to **Section 15.9** of this Prospectus.

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

##### 4.4.4 Expected market capitalisation

Based on the Retail Price, the total market capitalisation of our Company upon our Listing would be approximately RM[●] million.

**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 OF THIS PROSPECTUS BEFORE DECIDING TO INVEST IN OUR SHARES.**

##### 4.5 DILUTION

Dilution is the amount by which our pro forma consolidated NA per Share after our IPO is less than the price paid by the retail, institutional and selected investors for our IPO Shares. Our pro forma consolidated NA per Share as at 31 December 2021 after the Pre-IPO Restructuring is RM0.21, based on the total number of issued shares of 750,000,000 Shares before our IPO.

After taking into account our enlarged issued Shares from the issuance of 173,000,000 Issue Shares and after the Pre-IPO Restructuring, adjusting for the expenses relating to our IPO and intended use of proceeds from our Public Issue, our pro forma NA per Share as at 31 December 2021 would be RM[●]. This represents an immediate increase in NA per Share of RM[●] to our existing shareholders and an immediate dilution in the NA per Share of RM[●] (representing [●]% of the Institutional Price and the Retail Price (assuming the Institutional Price and the Final Retail Price will equal the Retail Price), to the retail, institutional and selected investors.

The following table illustrates such dilution on a per Share basis assuming the Retail Price is equal to the Institutional Price and the Final Retail Price:

	<u>RM</u>
IPO Price	[●]
Pro forma consolidated NA per Share as at 31 December 2021 after the Pre-IPO Restructuring Exercise but before the IPO	0.21
Pro forma consolidated NA per Share as at 31 December 2021 after the Pre-IPO Restructuring Exercise, IPO and use of proceeds from our Public Issue	[●]
Increase in the pro forma consolidated NA per Share to our existing shareholders	[●]
Dilution in the pro forma consolidated NA per Share to institutional / retail and selected investors	[●]
Dilution in the pro forma consolidated NA per Share to institutional / retail and selected investors as a percentage of Institutional Price and the Final Retail Price	[●]%

Further details of our pro forma consolidated NA per Share as at 31 December 2021 is set out in **Section 12.8** of this Prospectus.

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

Save as disclosed below, none of our Promoters, substantial shareholders, Directors, Key Senior Management or persons connected to them had acquired or obtained the rights to acquire and/or subscribe for our Shares in the past 3 years up to 28 June 2022:

<u>Name</u>	<u>(1)No. of Shares</u>	<u>No of Shares from our IPO</u>	<u>Total consideration (RM)</u>	<u>Average price per Share (RM)</u>
<b><u>Promoters and substantial shareholders</u></b>				
Tee Kim Chin	<sup>(2)</sup> 270,000,000	-	18,000,000	0.07
Tee Kim Yok	<sup>(3)</sup> 138,750,000	-	7,456,572	0.05
<b><u>Substantial shareholders</u></b>				
Fortress	<sup>(4)(5)</sup> 153,187,500	-	57,000,000	0.37
Alex Miranda Juntado	<sup>(6)</sup> 2,000,000	-	2,000,000	1.00

**Notes:**

- (1) After the Share Split.
- (2) On 16 March 2020, Tee Kim Chin was allotted 3,000,000 Shares for consideration otherwise than cash of RM3,000,000. On 7 September 2020, Tee Kim Chin was allotted 15,000,000 Shares by way of capitalisation of cash advances of RM15,000,000. On 27 April 2022, our Company completed the Share Split.
- (3) On 6 July 2021, 10,000,000 Shares were transferred to Tee Kim Yok for a cash consideration of RM10,000,000. On 27 April 2022, our Company completed the Share Split. On 28 June 2022, Tee Kim Yok had transferred 11,250,000 Shares which had been valued at RM2,543,428 to Fortress and AOF.
- (4) On 31 December 2021, Fortress was allotted 57,000,000 ICPS for a cash consideration of RM57,000,000. Subsequently, on 20 April 2022, Fortress was allotted 9,500,000 Shares pursuant to the Conversion of ICPS. On 27 April 2022, our Company completed the Share Split. On 28 June 2022, Fortress acquired 10,687,500 Shares from Tee Kim Yok which had been valued at RM2,416,257 from Tee Kim Yok.
- (5) As at 28 June 2022, Geoffrey Ng Ching Fung, our Non-Independent Non-Executive Director, indirectly owns 2,701,679 Shares in our Company via Fortress.
- (6) On 16 March 2020, Alex Miranda Juntado was allotted 2,000,000 Shares for consideration otherwise than cash of RM2,000,000.

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**4. PARTICULARS OF OUR IPO (Cont'd)****4.6 USE OF PROCEEDS**

We expect to use the gross proceeds from the Public Issue amounting to approximately RM[●] million<sup>(1)</sup> in the following manner:

Details of use of proceeds	Estimated timeframe for use from the date of our Listing	RM'000	%
Construction of new warehouse and installation of automated storage facilities	Within 48 months	[●]	[●]
Setting-up of new cleanroom facility and purchase of new automated production lines for EMS operations	Within 24 months	[●]	[●]
Purchase of new machinery and equipment for die cast manufacturing related services	Within 24 months	[●]	[●]
Installation of energy saving cooling system	Within 24 months	[●]	[●]
Working capital	Within 12 months	[●]	[●]
Estimated listing expenses	Within 3 months	[●]	[●]
<b>Total</b>		[●]	100.0

**Note:**

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

Moving forward, our strategic business growth is focused on future expansion of our operational facilities and to grow our business. From that perspective, our business strategies and plans will be based on expanding and enhancing our operational facilities including warehousing, automated storage facility and new production facilities. Further details of our Group's business strategies and plans are set out in **Section 7.22** of this Prospectus.

To support these strategies, the gross proceeds from the Public Issue of approximately RM[●] million are expected to be utilised for the following purposes:

**4.6.1 Construction of new warehouse and installation of automated storage facilities**

As at the LPD, our Group has 1 factory that is dedicated to its EMS operations, namely Senai 227 Factory with a total built-up area 313,963.3 sq ft, which has been used to house our machinery and equipment as well as storage facilities

Our Group intends to construct a new warehouse and install automated storage facilities on PLO 226B which was purchased by our Group in 2021. The purchase of PLO 226B had been funded by the proceeds from the issuance of the ICPS as well as bank borrowings. The construction of the new warehouse and installation of automated storage facilities is expected to cost approximately RM[●] million.

**Address** : PLO 226B, Jalan Cyber 1, Kawasan Perindustrian Senai Fasa III, 81400 Senai, Johor

**Description of the proposed warehouse** : Single storey warehouse

**Land area** : 278,462 sq ft

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

<b>Estimated built-up area</b>	: 166,917 sq ft
<b>Proposed usage</b>	: Warehouse functions

The new warehouse will have a new built-up area of approximately 166,917 sq ft which will provide additional storage floor space to mainly house our finished goods for our EMS operations. Currently, our existing storage floor space at Senai 227 Factory has been fully utilised. This is in line with our strategies and plan to expand our operational facilities and facilitate our EMS business expansion. Upon completion of the construction of the new warehouse, this will free up the storage floor space at Senai 227 Factory which will be made available for our EMS expansion.

Based on the current capacity, the number of pallets which is able to be handled in Senai 227 Factory is approximately 1,428 pallets. With the construction of the new warehouse and installation of automated storage facilities, it is expected our Group's storage capabilities would be able to increase by approximately 32,400 pallets. The set-up of the new warehouse automated storage facilities will be carried out in 2 phases.

The new warehouse will provide the Group with a larger storage capacity compared to the existing storage floor space at Senai 227 Factory of approximately 30,700 sq ft and the automated storage facilities will enable our Group to enhance our operational facilities (as mentioned above) and enable our Group to serve our existing and potential customers better.

As at the LPD, the construction of the new warehouse has not commenced. Based on the indicative timeline, we expect to submit the building plan for approval by third quarter of 2023. We expect to complete the construction of the new warehouse and to commence operations by first quarter of 2026.

The construction of the new warehouse and installation of automated storage facilities is expected to cost a total of approximately RM[●] million, the breakdown of which is as follows:

<b>Description</b>	<b>Total estimated costs</b>	
	<b>(RM'000)</b>	<b>(%)</b>
Construction costs for new warehouse	[●]	[●]
Purchase and installation of warehouse automated storage facilities	[●]	[●]
- Phase 1	[●]	[●]
- Phase 2	[●]	[●]
<b>Total</b>	<b>[●]</b>	<b>100.0</b>

As mentioned above, we have earmarked approximately RM[●] million or [●]% of the proceeds raised from our Public Issue to construct the new warehouse together with the installation of a warehouse automated storage facilities.

Please refer to **Section 7.22.2** of this Prospectus for further details on the construction of new warehouse and installation of automated storage facilities.

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

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

##### 4.6.2 Setting-up of new cleanroom facility and purchase of automated production lines for Senai 227 Factory

Our Group has earmarked approximately RM[●] million or [●]% of the proceeds raised from our Public Issue to fully fund the setting-up of a new Class 100,000 cleanroom facility and purchase of 4 new automated production lines for our EMS operations for the electronic cigarette. The rationale of our expansion is to increase our Group's capacity to meet the increasing demand from a customer. The expected increase in demand is premised on the rolling forecast provided to our Group as well as discussions with our customer. The setting-up of a new cleanroom facility and purchase of automated production lines for our EMS operations located in Senai 227 Factory.

With the new cleanroom facility together with the 4 new automated production lines as well as its existing 8 automated production lines for refill pods, our Group expects its monthly production capacity for the refill pods for the electronic cigarettes to increase by approximately 133% from approximately 3.3 million pieces to approximately 7.7 million pieces (an additional production capacity of approximately 4.4 million pieces per month) by the end of 2024.

The total cost for setting-up of new cleanroom facility and purchase of automated production lines is estimated at RM[●] million as follows:

Description	No. of unit	Estimated cost (RM'000)
Setting-up costs for new cleanroom facility	1	[●]
Automated production lines	4	[●]
<b>Total</b>		<b>[●]</b>

##### Setting-up costs for new cleanroom facility

As part of the on-going and future expansion plans, our Group would be adding a new Class 100,000 cleanroom facility to house the new automated production lines to support our future business. The new cleanroom of Class 100,000 is an existing technology adopted by our Group in its EMS operations. The Class 100,000 cleanroom is an enclosed area designed to maintain no more than 3,520,000 particles of more than or equal to 0.5 micrometre per particle within a cubic metre of air. The specification of the cleanrooms is based on the minimum requirement to manufacture the products as required by our customers.

As at the LPD, we have 2 existing cleanrooms comprising a Class 100,000 cleanroom which houses 8 existing automated production lines and 2 automated blister packaging lines for the refill pods and another Class 100,000 cleanroom which houses 1 automated production line for disposal stick.

We have earmarked approximately RM[●] million from our proceeds raised from our Public Issue for the construction of the new cleanroom with a proposed size of approximately 14,680 sq ft. Same as with the other cleanrooms, the new Class 100,000 cleanroom is designed to be an enclosed zone where airborne particles and pollutants are maintained at specific parameters in compliance with the maximum allowable concentration of particles inside the cleanroom. The new cleanroom would be able house the 4 new automated production lines.

With the construction of the new cleanroom facility, our total cleanroom floor space for our EMS operations is expected to increase from 18,244 sq ft as at LPD to approximately 32,924 sq ft. As at the LPD, we have not commenced the construction of the new cleanroom facility. We will initiate the construction of the new cleanroom facility in the second quarter of 2023 and expect that the new cleanroom facility will begin operation in the fourth quarter of 2023.

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

Our Group would be expanding its automated production lines to address the expected demand from customer for our Group's EMS operations for the electronic cigarette segment. The new automated production lines are designed to be an enhanced model with an expected monthly capacity of 1.1 million pieces per line compared to our existing model with a monthly capacity of 0.4 million pieces per line. The rationale for the new automated production lines is to increase our Group's capacity to meet the increasing demand from a customer. The expected increase in demand is premised on the rolling forecast provided to our Group as well as discussions with our customer.

The new automated production line is a customised design that consists of a series of equipment and mechanism with built-in control system to carry out assembly, filling and final product assembly as well as final testing equipment on the finished goods. We plan to purchase and install the 4 new automated production lines progressively between the third quarter of 2023 and the end of 2024.

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

**4.6.3 Purchase of new machinery and equipment for die cast manufacturing related services**

Our Group has allocated approximately RM[●] million or [●]% from proceeds raised from our Public Issue to fully fund the following machinery and equipment for its die cast manufacturing related services to be located at our new Tebrau 6 Factory. The acquisition of the new Tebrau 6 Factory is to be funded via internally generated funds and/or borrowings and is targeted to be completed by third quarter of 2022.

The total cost for purchase of new machinery and equipment for die cast manufacturing related services are as follows:

Description	No. of unit	Estimated cost (RM'000)
Die casting automation using new robotic pick up and sprays	9	[●]
Computer numerical control ("CNC") lathe machines	2	[●]
Rotary screw air compressors	3	[●]
<b>Total</b>		<b>[●]</b>

Die casting automation of robotic pick and spray equipment

Apart from enhancing our Group's production capacity, our Group also intends to improve our production efficiency by automating part of its manufacturing process for its die casting operations. To achieve this, we have identified approximately RM[●] million of our proceeds from the Public Issue to fully fund the purchase of 9 units of robotic pick up and spraying equipment to be incorporated onto the die casting machine to enable automated handling of die cast parts after the parts are formed. The purchase of such robotic pick and spray equipment is expected to improve efficiency in terms of yield from an estimated range of 5% to 10% using manual spraying up to an estimated up to 3% using a robotic pick up and spraying equipment; and estimated cycle time is expected to improve by a range of approximately 22% to 33% depending casting tonnage worked on as well as having less workers for the production line.

As at the LPD, our Group has not incurred any costs for the said purchase of the said 9 units of robotic pick and spray equipment. We expect to commence the acquisition of the new robotic pick and spray equipment in the second quarter of 2023.

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

##### CNC lathe machines

Our Group intends to increase its precision machining operations through the purchase of 2 new units CNC lathe machines which presently, our Group does not own such machines. Product designs for die casting requires precision dimensions which needs the involvement of machining process, making the use of CNC lathe machines necessary as part of our manufacturing process.

We have identified approximately RM[●] million from the Public Issue for the purchase of 2 new units of CNC lathe machines to further enhance our precision production capacity. The 2 new CNC lathe machines are expected to have a machine output capacity estimated at 78,400 pieces per month which would reduce our Group's outsourcing cost.

As at the LPD, our Group has not incurred any costs for the said purchase of the purchase of the 2 new CNC machines. We expect to commence the acquisition of the new CNC lathe machines in the second quarter of 2023 and is to be fully funded through our IPO Proceeds.

##### Rotary screw air compressors

In line with enhancing our operational facilities, we have also identified the purchase of 3 new 100 horsepower rotary screw air compressors costing approximately RM[●] million to be wholly funded from proceeds raised from Public Issue. The new rotary screw air compressors are to be located in our Tebrau 6 Factory and will be expected to cater for the entire factory operating 24 hours a day in 2 shifts.

Generally, rotary screw air compressors are regarded as energy conservers which operates by trapping air between 2 meshed rotors and reducing the volume of that trapped air as it moves down through the rotors, which can be used to generate power using air pressure. The said rotary screw air compressors allow compressed air out of our production process.

As at the LPD, our Group has not incurred any costs for the said purchase of the purchase of the said 3 new rotary screw air compressors. We expect to commence the acquisition of the new rotary screw air compressors in the second quarter of 2023.

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

#### **4.6.4 Installation of energy saving cooling system**

Our Group has allocated approximately RM[●] million or [●]% of the proceeds from our Public Issue for the installation of the energy saving cooling system for our Senai 227 Factory in line with its cost saving efforts and potential 'green' contribution towards the environment.

The estimated cost for the installation of the energy saving cooling system will be fully funded from the proceeds raised from the Public Issue. The energy saving cooling system is expected to be fully commissioned by the second quarter of 2023.

It is anticipated that the total energy savings from the heating, ventilation and air conditioning ("HVAC") of our Company will see an improvement from our current estimated total consumption of approximately 457,000 kilowatt-hours ("kWh") to approximately 260,000 kWh per month. The installation of the energy saving cooling system is aimed at achieving cost saving measures by reducing overall electricity costs, resulting in estimated savings of approximately RM1.0 million per annum. In addition to the cost savings, with the lower energy consumption, we can expect lower carbon emissions which is in-line with our Company's sustainability policy.



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

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

**4.6.5 Working capital**

Our Group's working capital requirements are expected to increase in tandem with the expected growth in our business. We anticipate a working capital requirement of approximately RM[●] million which we intend to mainly fund it from the proceeds from our Public Issue using approximately RM[●] million or [●]% of our proceeds to fund the working capital requirement for our Group.

The following is the breakdown of the expected utilisation of proceeds for our working capital:

<b>Details</b>	<b>RM'000</b>	<b>%</b>
Purchase of input materials for our EMS operations	[●]	[●]
General working capital	[●]	[●]
<b>Total</b>	<b>[●]</b>	<b>100.0</b>

From the approximately RM[●] million that we allocated for working capital, a total of approximately RM[●] million will be used to finance purchase of input materials for our EMS operations. The main input materials used by us for our EMS operations are, amongst others, PCBA and electronic components, which include components for portable credit card readers, wireless data gathering systems. Please refer to **Section 7.14** of this Prospectus for the list of input materials utilised by our Group. We have budgeted the input material purchase with reference to historical cost of input material purchase that we require for our operations with the expected growth in our business.

The Group plans to utilise the balance RM[●] million working capital for its day-to-day operations, which include, among others, defrayment of administrative expenses and distribution costs. With the working capital of RM[●] million, the Group is able to reduce its reliance on internally generated funds as well as the use of bank borrowings.

If the actual cost of purchase of input materials for our EMS operations exceeds the earmarked amount, the shortfall will be funded from the amount allocated for general working capital and any further shortfall will be funded through internally generated funds and/or bank borrowings. Conversely, if the actual cost of the above planned utilisation is lower than earmarked amount, the surplus will be used for general working capital purposes.

**4.6.6 Estimated listing expenses**

Our listing expenses are estimated to be approximately RM[●] million or [●]% of the proceeds from the Public Issue, details of which are as follows:

	<b>RM'000</b>
Professional fees	[●]
Fees payable to authorities	[●]
Brokerage, underwriting and placement fees	[●]
Fees and expenses for printing, advertising and roadshow	[●]
Miscellaneous expenses and contingencies	[●]
<b>Total</b>	<b>[●]</b>

If the actual cost of the above planned utilisation exceeds the earmarked amount, the shortfall will be funded from the amount allocated for working capital and any further shortfall will be funded through internally generated funds. Conversely, if the actual cost of the above planned utilisation is lower than earmarked amount, the surplus will be used for working capital purposes.

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

Our Company will not receive any proceeds from the Offer for Sale. The total gross proceeds from the Offer for Sale of up to approximately RM[●] million will accrue entirely to the Selling Shareholders. The Selling Shareholders will bear their own expenses including, but not limited to, the placement fee in relation to the Offer for Sale which is estimated to be approximately RM[●] million.

Pending the eventual use of proceeds raised from the Public Issue, the proceeds will be placed in interest-bearing short-term deposits or money market instruments with licensed financial institutions.

The financial impact of the use of proceeds from our Public Issue is illustrated in the Pro Forma Statements of Financial Position as at 31 December 2021 set out in **Section 12.8** of this Prospectus.

#### **4.7 BROKERAGE FEE, UNDERWRITING COMMISSION AND PLACEMENT FEE**

##### **4.7.1 Brokerage fee**

We will pay brokerage fee in respect of our Issue Shares under the Retail Offering, at the rate of 1.0% (exclusive of applicable tax) of the Final Retail Price in respect of successful applicants 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 or the Issuing House.

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

##### **4.7.2 Underwriting commission**

Our Joint Underwriters have agreed to underwrite for a total of 54,200,000 IPO Shares made available for application by the Malaysian Public. We are obligated to pay our Joint Underwriters the underwriting commission at the rate of [●]% (exclusive of applicable tax) of the Retail Price multiplied by the total number of IPO Shares underwritten under the Retail Offering in accordance with the terms of the Underwriting Agreement.

##### **4.7.3 Placement fee**

The Selling Shareholders for the Offer Shares and us for the Issue Shares will pay the Joint Bookrunners a selling commission and placement fee of up to [●]% (exclusive of applicable tax) of the Institutional Price multiplied by the number of IPO Shares sold to institutional and selected investors in accordance with the terms of the Placement Agreement.

#### **4.8 DETAILS OF THE UNDERWRITING, PLACEMENT AND LOCK-UP ARRANGEMENTS**

##### **4.8.1 Underwriting**

We [have entered into] the Underwriting Agreement with the Joint Underwriters to underwrite 54,200,000 IPO Shares ("**Underwritten Shares**") as set out in **Section 4.2.2** of this Prospectus, upon the terms and subject to the conditions as set out in the Underwriting Agreement.

The following salient terms of the Underwriting Agreement are reproduced from the Underwriting Agreement. The terms and numbering references used herein shall have the respective meanings and numbering references as ascribed thereto in the Underwriting Agreement:

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

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**4.9 TRADING AND SETTLEMENT IN SECONDARY MARKET**

Upon our 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 in accordance with the Rules of Bursa Depository and the provisions of the SICDA. Accordingly, we will not deliver share certificates to 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 the 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 fee of RM10.00 payable for each transfer not transacted on the market.

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

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

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