

**4. PARTICULARS OF OUR IPO**

**4.1 DETAILS OF OUR IPO**

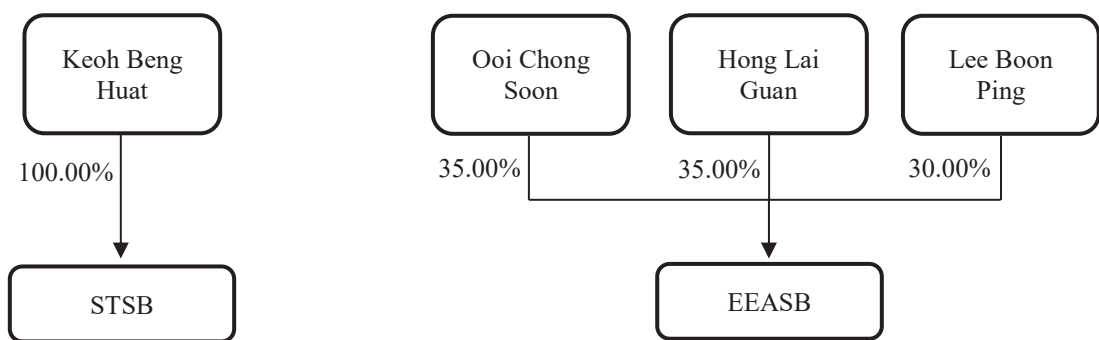
**4.1.1 Listing scheme**

Our Listing Scheme in conjunction with and as an integral part of the listing of and quotation for our entire enlarged issued share capital on the ACE Market involves the following:

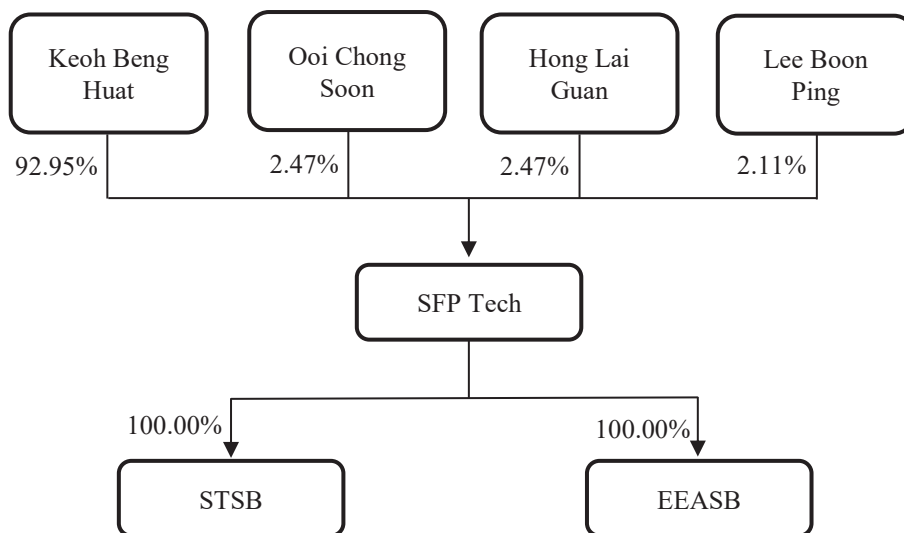
- (a) Acquisition of STSB;
- (b) Acquisition of EEASB;
- (c) Public Issue; and
- (d) Listing.

Our Group structure before and after the Acquisitions are as illustrated below:

**Before the Acquisitions**



**After the Acquisitions (before Public Issue)**



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

##### (a) Acquisition of STSB

On 3 August 2021, SFP Tech entered into a conditional share sale agreement to acquire the entire issued share capital of STSB of RM2,000,000 comprising 2,000,000 STSB Shares from the vendor of STSB for a purchase consideration of RM55,076,900. The said purchase consideration was entirely satisfied by the issuance of 550,769,000 new Shares at an issue price of RM0.10 per Share, which were issued to the vendor of STSB as follows:

Vendor of STSB	No. of STSB Shares acquired	Shareholdings held in STSB (%)	Purchase consideration (RM)	No. of Shares issued
Keoh Beng Huat	2,000,000	100.00	55,076,900	550,769,000
<b>Total</b>	<b>2,000,000</b>	<b>100.00</b>	<b>55,076,900</b>	<b>550,769,000</b>

The purchase consideration of RM55,076,900 was arrived at on a willing buyer-willing seller basis and after taking into consideration the audited NA of STSB as at 31 December 2020 of RM55,077,253. The Acquisition of STSB was completed on [●] and STSB became a wholly-owned subsidiary of our Company.

##### (b) Acquisition of EEASB

On 3 August 2021, SFP Tech entered into a conditional share sale agreement to acquire the entire issued share capital of EEASB of RM500,000 comprising 500,000 EEASB Shares from the vendors of EEASB for a purchase consideration of RM4,179,000. The said purchase consideration was entirely satisfied by the issuance of 41,790,000 new Shares at an issue price of RM0.10 per Share, which were issued to the vendors of EEASB as follows:

Vendors of EEASB	No. of EEASB Shares acquired	Shareholdings held in EEASB (%)	Purchase consideration (RM)	No. of Shares issued
Ooi Chong Soon	175,000	35.00	1,462,650	14,626,500
Hong Lai Guan	175,000	35.00	1,462,650	14,626,500
Lee Boon Ping	150,000	30.00	1,253,700	12,537,000
<b>Total</b>	<b>500,000</b>	<b>100.00</b>	<b>4,179,000</b>	<b>41,790,000</b>

The purchase consideration of RM4,179,000 was arrived at on a willing buyer-willing seller basis and after taking into consideration the audited NA of EEASB as at 31 December 2020 of RM4,179,390. The Acquisition of EEASB was completed on [●] and EEASB became a wholly-owned subsidiary of our Company.

The Acquisition of EEASB was part of STSB's business expansion plan in providing additional services to complement its existing engineering supporting services. EEASB which specialises in the provision of automation equipment solutions, will allow the Group to become an integrated equipment solution provider by providing designing, conceptualisation and automation solutions which are upstream services in comparison to STSB's current engineering supporting services.

##### (c) Public Issue

The Public Issue of 207,440,000 new Shares, representing approximately 25.93% of our enlarged issued share capital upon Listing, at the IPO Price will be allocated and allotted in the following manner:

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

##### (i) Malaysian Public

40,000,000 new Shares, representing 5.00% of our enlarged issued share capital, will be made available for application by the Malaysian Public via balloting, of which 50.00% is to be set aside for the Bumiputera Public.

Any IPO Shares under the Malaysian Public balloting portion which are not fully subscribed for by the Malaysian Public will be made available for subscription as follows:

- (aa) firstly, by the Eligible Persons under the Pink Form Allocation as described in Section 4.1.1(c)(ii) of this Prospectus;
- (bb) secondly, by our selected investors as described in Section 4.1.1(c)(iii) of this Prospectus; and
- (cc) lastly, by our Sole Underwriter based on the terms of the Underwriting Agreement.

##### (ii) Eligible Person(s)

24,000,000 new Shares, representing 3.00% of our enlarged issued share capital, will be made available for application by our Eligible Persons under the Pink Form Allocation.

We will allocate the IPO Shares to the Eligible Persons in the following manner:

Eligibility	No. of persons	Aggregate no. of IPO Shares allocated
Directors of SFP Tech <sup>(a)</sup>	5	2,900,000
Employees of our Group <sup>(b)</sup>	189	12,000,000
Persons who have contributed to the success of our Group <sup>(c)</sup>	30	9,100,000
<b>Total</b>	<b>224</b>	<b>24,000,000</b>

Notes:

- (a) The criteria of allocation to our eligible Directors are based on, among others, their respective roles and responsibilities in our Group. The number of IPO Shares to be allocated to our Directors are as follows:

Name	Designation	No. of IPO Shares allocated
Dato' Hamzah Bin Mohd Salleh	Independent Non-Executive Chairman	300,000
Chang Chee Jia	Executive Director cum Chief Executive Officer	1,700,000
Dato' Cheok Lay Leng	Independent Non-Executive Director	300,000
Chan Foong Ping	Independent Non-Executive Director	300,000
Yeoh Su Hui	Independent Non-Executive Director	300,000
<b>Total</b>		<b>2,900,000</b>

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

- (b) The criteria of allocation to the eligible employees of our Group (as approved by our Board) are based on, among others, the following factors:
- (aa) the employee must be a full time employee of at least 18 years of age and on the payroll of our Group;
  - (bb) the employee is not an undischarged bankrupt nor subject to any bankruptcy proceedings; and
  - (cc) the number of IPO Shares allocated to the eligible employees are based on their position, their length of service and their past performance / contribution as well as other factors deemed relevant by our Board.

The number of IPO Shares to be allocated to the Key Senior Management of our Group are as follows:

Name	Designation	No. of IPO Shares allocated
Thiang Koe Tat	Chief Financial Officer	1,200,000
Hong Lai Guan	Chief Technical Officer	-
Ooi Chong Soon	Head of Sales and Marketing	-
Foo Yee Chung	Head of Engineering	800,000
<b>Total</b>		<b>2,000,000</b>

- (c) The IPO Shares to be allocated to the persons who have contributed to the success of our Group, comprising our business associates, suppliers and customers, shall be based on their contribution to our Group and as approved by our Board.

Any IPO Shares reserved under the Pink Form Allocation which are not taken up will be made available for subscription by the following persons as follows:

- (aa) Firstly, by the Eligible Persons;
- (bb) Secondly, by the Malaysian Public and our selected investors as described in Sections 4.1.1(c)(i) and 4.1.1(c)(iii) of this Prospectus, respectively; and
- (cc) Lastly, by our Sole Underwriter based on the terms of the Underwriting Agreement.

As at the LPD, save as disclosed in Section 4.1.1(c)(ii) of this Prospectus, to the extent known to our Company:

- (aa) there are no substantial shareholders, Directors or Key Senior Management of our Company who have indicated to us that they intend to subscribe for the IPO Shares; and
- (bb) there are no person(s) who have indicated to us that they intend to subscribe for more than 5.00% of the IPO Shares.

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

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

43,440,000 new Shares, representing 5.43% of our enlarged issued share capital, will be made available by way of private placement to selected investors.

The IPO Shares reserved under the private placement to selected investors are not underwritten as written irrevocable undertakings to subscribe for these IPO Shares have been / will be obtained from the respective selected investors.

**(iv) Private placement to selected Bumiputera Investors approved by MITI**

100,000,000 new Shares, representing 12.50% of our enlarged issued share capital, will be allocated by way of private placement to selected Bumiputera Investors approved by MITI (“**MITI Tranche**”).

Any IPO Shares allocated to, but unsubscribed by, the selected Bumiputera Investors approved by the MITI will be made available for application by Bumiputera public investors as part of the balloting process under Section 4.1.1(c)(i) of this Prospectus on a fair and equitable manner. Subsequently, any such IPO Shares unsubscribed by Bumiputera public investors will be made available for application by the Malaysian Public as part of the balloting process on a fair and equitable manner, by the eligible persons under Section 4.1.1(c)(ii) of this Prospectus and / or by way of placement to selected investors under Section 4.1.1(c)(iii) of this Prospectus.

The IPO Shares under the MITI Tranche will not be underwritten by the Sole Underwriter.

The basis of allocation of our IPO Shares shall take into account the desirability of distributing our IPO Shares to a reasonable number of applicants with a view to broadening the shareholding base of our Company to meet the public spread requirements and to establish a liquid and adequate market for our Shares. Applicants will be selected on a fair and equitable manner.

There is no over-allotment or “greenshoe” option that will result in an increase in the amount of IPO Shares.

The salient terms of the Underwriting Agreement are set out in Section 4.6 of this Prospectus.

**(d) Listing**

Upon completion of our IPO, our Company’s entire enlarged issued share capital of RM[●] comprising 800,000,000 Shares shall be listed on the ACE Market.

#### 4.1.2 Minimum and over-subscription

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

In the event of an over-subscription, acceptance of Applications by the Malaysian Public shall be subject to the ballot to be conducted in a manner approved by our Directors.

Under the Listing Requirements, at least 25.00% of our enlarged issued share capital for which listing is sought must be in the hands of a minimum of 200 public shareholders, each holding not less than 100 Shares upon our admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing on the ACE Market. In such an event, we will return in full, without interest, all monies paid in respect of all Applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

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

##### 4.1.3 Share capital

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

	No. of Shares	Share capital (RM)
Issued share capital as at the date of this Prospectus	592,560,000	59,256,000
New Shares to be issued pursuant to the Public Issue	207,440,000	[●]
<b>Enlarged issued share capital upon Listing</b>	<b>800,000,000</b>	<b>[●]</b>
<b>IPO Price</b>		<b>RM[●]</b>
- <b>Pro forma consolidated NA per Share</b> (based on our enlarged issued share capital after the IPO)		<b>RM[●]</b>
- <b>Market capitalisation upon Listing</b> (based on the IPO Price and our enlarged issued share capital after the IPO)		<b>RM[●]</b>

We have only 1 class of shares, being ordinary shares, all of which rank equally with each other. Our IPO Shares will, upon allotment and issue, rank equally in all respects with our existing Shares in issue, including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment of our IPO Shares.

Subject to special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions, and the whole of any surplus in the event of our liquidation, such surplus is to be distributed among the shareholders in proportion to the issued share capital at the commencement of the liquidation, in accordance with our Constitution and provisions of the Act.

At any general meeting of our Company, each shareholder shall be entitled to vote in person, or by proxy, or by his / its representative under the instrument of proxy or certificate of appointment of corporate or power of attorney (“**Representative**”). On a vote by a show of hands, each shareholder present (either in person, or by proxy, or by Representative) shall have 1 vote. On a vote by way of poll, each shareholder present (either in person, or by proxy, or by Representative) shall have 1 vote for each Share held. A proxy may but need not be a shareholder of our Company.

#### 4.2 BASIS OF ARRIVING AT THE IPO PRICE

Our Directors and PIVB, as the Principal Adviser, Sponsor, Sole Underwriter and Placement Agent, had determined and agreed upon the IPO Price after taking into consideration the following factors:

##### (a) Financial and operating history

Based on the historical audited combined statements of profit or loss and other comprehensive income of our Group for the FYE 31 December 2020, we recorded a PAT of RM17.65 million, representing an EPS of 2.21 sen based on the enlarged issued share capital of 800,000,000 Shares upon Listing. The EPS translates into PE Multiple of [●] times based on the IPO Price.

Our detailed operating and financial history is set out in Sections 6 and 11 of this Prospectus, respectively.

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

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**(b) Pro forma consolidated EPS**

Our pro forma EPS for the FYE 31 December 2020 of approximately [●] sen based on our enlarged issued share capital of 800,000,000 Shares in our Company and the proforma PAT of RM16.85 million of our Group. The pro forma EPS translates into PE Multiple of [●] times based on the IPO Price.

Kindly refer to the Reporting Accountants' Report on the Pro Forma Consolidated Financial Statements as set out in Section 11.5 of this Prospectus for details of the pro forma PAT.

**(c) Pro forma consolidated NA**

Our pro forma consolidated NA per Share as at 31 December 2020 of RM[●] based on our enlarged issued share capital of 800,000,000 Shares in our Company upon Listing and after use of proceeds raised from our Public Issue.

**(d) Future plans, strategies and prospects**

Our future plans, strategies and prospects are as set out below:

- (i) Expansion of product and service offerings;
- (ii) Expansion of our production capacity and capabilities;
- (iii) Local market expansion; and
- (iv) In-house D&D expansion.

Kindly refer to Section 6.25 of this Prospectus for further details of our future plans, strategies and prospects.

**(e) Competitive advantages and key strengths and industry overview**

Our competitive advantages and key strengths, and the industry overview, are as set out below:

- (i) Integration capabilities to provide engineering supporting services and automated equipment solutions;
- (ii) Established track record and business relationship with customers;
- (iii) Continuous investment in advanced machinery and equipment; and
- (iv) Experienced management and technical team.

Kindly refer to Sections 6.1.4 and 7 of this Prospectus, respectively for further details on our competitive advantages and key strengths and the industry overview.

You should note that the market price of our Shares upon and subsequent to our Listing is subject to the vagaries of market forces and other uncertainties, which may affect the trading price of our Shares. You are reminded to consider the risk factors set out in Section 8 of this Prospectus before deciding to invest in our Shares.

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

**4.3 DILUTION**

Dilution is the amount by which the IPO Price to be paid by investors for our IPO Shares exceeds our pro forma consolidated NA per Share after our IPO and it is illustrated as follows:

	<b>(RM)</b>
IPO Price	[●]
Pro forma consolidated NA per Share as at 31 December 2020 before Public Issue	[●]
Pro forma consolidated NA per Share after Public Issue and use of proceeds	[●]
Increase in pro forma consolidated NA per Share attributable to existing shareholders	[●]
Dilution to our new investors	[●]
Dilution to our new investors as a percentage of the IPO Price	[●]%

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

	<b>No. of Shares held before IPO</b>	<b>No. of Shares held from IPO</b>	<b>Total consideration (RM)</b>	<b>Effective cash cost per Share (RM)</b>
<b><u>Promoter, substantial shareholder and Director</u></b>				
Keoh Beng Huat	550,770,000	-	55,077,000	0.10
<b><u>Key Senior Management</u></b>				
Hong Lai Guan	14,626,500	-	1,462,650	0.10
Ooi Chong Soon	14,626,500	-	1,462,650	0.10
<b><u>Other existing shareholder</u></b>				
Lee Boon Ping	12,537,000	-	1,253,700	0.10
<b>Total</b>	<b>592,560,000</b>	<b>-</b>	<b>59,256,000</b>	<b>0.10</b>

Save for the Shares received by our existing shareholders pursuant to the Acquisitions, there has been no acquisition of any of our Shares by our Promoter, substantial shareholder, Directors and / or Key Senior Management or persons connected with them, or any transaction entered into by them, which grants them the right to acquire any of our Shares from the date of our incorporation up to the date of this Prospectus.



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

##### 4.4 USE OF PROCEEDS FROM OUR IPO

The total gross proceeds from the Public Issue amounting to RM[●] million are intended to be used in the following manner:

Purposes	(RM'000)	(%)	Estimated time frame for use (from the Listing date)
Purchase of new machinery and equipment	[●]	[●]	Within 36 months
Construction of Manufacturing Plant 3	[●]	[●]	Within 24 months
Repayment of bank borrowings	[●]	[●]	Within 12 months
Working capital expenditure	[●]	[●]	Within 12 months
Estimated listing expenses	[●]	[●]	Within 3 months
D&D centre	[●]	[●]	Within 12 months
<b>Total</b>	<b>[●]</b>	<b>100.00</b>	

There is no minimum subscription level in terms of proceeds to be raised from our IPO.

##### 4.4.1 Purchase of new machinery and equipment

We intend to allocate RM[●] million of our gross proceeds from the Public Issue for the following:

Item	No. of units	Total estimated cost (RM'000)
<u>To support our sheet metal fabrication activities:</u>		
• Laser cut and punch machine	1	[●]
<u>To support our CNC machining activities:</u>		
• CNC milling machines	41	[●]
		[●]

The estimated cost for the purchase of machinery and equipment is inclusive of the installation cost and was derived based on suppliers' quotations. If the actual cost exceeds the amount budgeted above, the deficit will be funded out of the portion allocated for our general working capital requirements and / or our internally generated funds.

The new machines are expected to increase our estimated maximum manufacturing capacity from 366,795 hours per annum to 498,465 hours per annum, or approximately 35.90%, which is in line with our plan to grow our customer base and serve more local and international customers. Further, the additional capacity would allow us to cater for increasing orders from both existing and new customers.

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

	As at the LPD		Estimated increase in production capacity	
	No. of units	Estimated maximum annual capacity (hour)	No. of units	Estimated maximum annual capacity (hour)
Laser cut and punch machine	4	12,540	5	15,675
CNC milling machines	47	147,345	88	275,880
<b>Total</b>	<b>51</b>	<b>159,885</b>	<b>93</b>	<b>291,555</b>

**4.4.2 Construction of Manufacturing Plant 3**

The total estimated construction cost for Manufacturing Plant 3 is approximately RM[●] million. As at the LPD, we have secured RM30.00 million of bank borrowings for the construction. For the remaining estimated construction cost of RM[●] million, we intend to allocate RM[●] million of our gross proceeds from the Public Issue for the construction of Manufacturing Plant 3 whilst the remaining balance of RM5.00 million will be funded via internally generated funds. The construction of Manufacturing Plant 3 is expected to be completed by the end of the second quarter of 2022 and fully operational by the fourth quarter of 2022.

The construction of Manufacturing Plant 3 is part of our business expansion plans and efforts to increase our production capacity to cater to the increasing demand of our engineering supporting services, mainly our CNC machining activities. Construction works has begun and will comprise a 3-storey factory and warehouse with 3-storey office building with a built-up area of approximately 319,173 sq ft.

Details of the estimated construction costs are as set out below:

<b>Details</b>	<b>(RM'000)</b>
Construction of factory building	[●]
Fixture and fitting	[●]
	[●]

If the actual construction expenses are higher than budgeted, the deficit will be funded by internally generated funds. Conversely, if the actual construction expenses are lower than budgeted, the excess will be used for working capital purposes.

Please refer to Sections 6.16.1, 6.25.2(a) and 6.25.2(b) of this Prospectus respectively, for further information on Plot 322, construction of Manufacturing Plant 3 and the types of machinery and equipment to be purchased, as well as the method of financing these activities.

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

##### 4.4.3 Repayment of bank borrowings

We intend to allocate RM[●] million of our gross proceeds from the Public Issue for the partial repayment of our borrowings as follows:

Banking facility	Purpose	Interest rate / Maturity date	Outstanding amount as at the LPD (RM'000)	Proposed repayment (RM'000)
Alliance Islamic Bank Berhad (Term loan)	Part finance the purchase of Plot 350(B)	BFR - 2.00% / 30 November 2036	1,420	[●]
Alliance Islamic Bank Berhad (Term loan)	Part finance the construction cost of Manufacturing Plant 1	BFR - 2.00% / 28 February 2038	2,815	[●]
Alliance Islamic Bank Berhad (Term loan)	Part finance the construction cost of Manufacturing Plant 1	BFR - 0.00% / 1 March 2039	559	[●]
Ambank Islamic Bank Berhad (Term loan)	Part finance the purchase of Plot 350(A)	BFR - 2.00% / 4 November 2037	2,601	[●]
Ambank Islamic Bank Berhad (Term loan)	Part finance the construction of Manufacturing Plant 2	BFR - 2.00% / 1 January 2039	7,595	[●]
<b>Total</b>			<b>14,990</b>	<b>[●]</b>

Based on the above, upon reducing our Group's total borrowing by the proposed repayment as set out above, we expect to achieve an annual interest savings of approximately RM[●] million. However, the actual interest savings amount may vary depending on the applicable interest rate at that point of time.

##### 4.4.4 Working capital expenditure

We intend to set aside RM[●] million of our gross proceeds from the Public Issue for our working capital purposes over 12 months from our Listing. Our working capital requirements are expected to increase in tandem with the expected growth in our business. The following is a breakdown of the expected utilisation for our working capital:

Details	(RM'000)
Purchase of raw materials <sup>(a)</sup>	[●]
General working capital <sup>(b)</sup>	[●]
	[●]

Notes:

- (a) Includes fabricated parts and components, aluminium, mild and stainless steel.
- (b) Includes staff costs and utility expenses.

Raw materials are one of the largest component of our cost of sales, consistently constituting more than 25.00% of our total cost of sales for the Financial Years Under Review. The purchase of raw materials for the Financial Years Under Review were made using bank borrowings (i.e., bankers' acceptances for imported raw materials) and internally generated funds.

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

With the additional working capital of RM[●] million, we intend to reduce our usage of bankers' acceptances to finance our purchase of aluminium, steel and fabricated parts, which in turn will reduce our interest expenses and improve our profitability.

General working capital includes payment of administration and operating expenses for 12 months. This includes payment of wages and salaries of our employees, utility expenses, and office related expenses.

##### 4.4.5 Estimated listing expenses

Our listing expenses are estimated to be RM[●] million, details of which are as follows:

Details	(RM'000)
Professional fees <sup>(a)</sup>	[●]
Fees to authorities	[●]
Estimated underwriting, placement and brokerage fees	[●]
Printing and advertising	[●]
Contingencies <sup>(b)</sup>	[●]
	[●]

Notes:

- (a) Includes professional and advisory fees for, amongst others, Principal Adviser, Solicitors, Reporting Accountants and IMR.
- (b) Other incidental or related expenses in connection with the IPO, which include translators, media related expenses and IPO event expenses.

If the actual listing expenses are higher than budgeted, the deficit will be funded by internally generated funds. Conversely, if the actual listing expenses are lower than budgeted, the excess will be used for working capital purposes.

##### 4.4.6 D&D centre

We have earmarked RM[●] million of our gross proceeds from the Public Issue for setting up our D&D centre. Approximately 2,000 sq ft of built-up area in Manufacturing Plant 2 is intended to be allocated for the D&D centre. Details of setting up the D&D centre expenditure are as set out below:

Details	(RM'000)
Purchase of equipment and software <sup>(a)</sup>	[●]
Renovation, furnishing and electrical appliances <sup>(b)</sup>	[●]
	[●]

Notes:

- (a) The breakdown of the equipment and software are as follows:

Details	(RM'000)
Analytical tools	[●]
In-line curing machines and inspection systems	[●]
Lifters, carriers and pick and place machines	[●]
Vision station	[●]
	[●]

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

(b) The breakdown of the renovation, furnishing and electrical appliances are as follows:

Details	(RM'000)
In-line curing machines and inspection systems	[●]
Renovation and furnishing	[●]
	[●]

As the construction of the D&D centre was not part of Manufacturing Plant 2's building plan, renovations are required to enable the functionality of the D&D centre. The D&D centre is expected to be completed by the end of the second quarter of 2022.

If the actual D&D centre expenditure are higher than budgeted, the deficit will be funded by internally generated funds. Conversely, if the actual D&D centre expenditure are lower than budgeted, the excess will be used for working capital purposes.

Pending the eventual utilisation of proceeds from the Public Issue for the abovementioned purposes, the funds will be placed in short term deposits with licensed financial institutions or short term money market instruments.

#### 4.5 BROKERAGE FEE, UNDERWRITING COMMISSION AND PLACEMENT FEE

##### 4.5.1 Brokerage fee

We will bear the brokerage fees in respect of the IPO Shares under the Public Issue at the rate of 1.00% of the IPO Price in respect of successful Applications which bear the stamp of PIVB, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or the Issuing House.

##### 4.5.2 Underwriting commission

PIVB, as our Sole Underwriter, has agreed to underwrite 64,000,000 IPO Shares as set out in Sections 4.1.1(c)(i) and 4.1.1(c)(ii) of this Prospectus. We will pay our Sole Underwriter an underwriting commission at the rate of [●]% of the total value of the IPO Shares underwritten at the IPO Price.

Any IPO Shares which are not subscribed for by the Malaysian Public and Eligible Persons, will be made available to selected investors via private placement. Thereafter, any remaining IPO Shares which are not subscribed for, will be subscribed by our Sole Underwriter based on the terms of the Underwriting Agreement. However, in the event that all of our IPO Shares offered to the Malaysian Public are oversubscribed, any IPO Shares not subscribed for by the Eligible Persons, will be made available for the Malaysian Public.

##### 4.5.3 Placement fee

PIVB, as our Placement Agent, has agreed to place out 143,440,000 IPO Shares available under the placement to selected investors as well as selected Bumiputera Investors approved by MITI as set out in Sections 4.1.1(c)(iii) and 4.1.1(c)(iv) of this Prospectus respectively, at the rate of up to [●]% of the IPO Price for each IPO Share to be placed out by the Placement Agent.

#### 4.6 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

[The salient terms will be inserted after the Underwriting Agreement has been entered into and is available.]