NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF CAPE EMS BERHAD *(FORMERLY KNOWN AS CAPE EMS MANUFACTURING (M) BERHAD)* ("CAPE EMS" OR THE "COMPANY") DATED 16 FEBRUARY 2023 ("ELECTRONIC PROSPECTUS")

(Unless otherwise indicated, specified or defined in this notice, the definitions in the Prospectus shall apply throughout this notice)

Website

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad's ("**Bursa Securities**") website at www.bursamalaysia.com ("**Website**").

Availability and Location of Paper/Printed Prospectus

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Company, Hong Leong Investment Bank Berhad or Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Forms are not available in electronic format.

Jurisdictional Disclaimer

The IPO and the distribution of the Electronic Prospectus are subject to the laws of Malaysia. Bursa Securities, the Company, Directors, Promoters, Principal Adviser, Joint Bookrunners and Joint Underwriters have not authorised anyone and take no responsibility for the distribution of the Electronic Prospectus outside Malaysia. No action has been taken to permit any offering of the IPO Shares based on the Electronic Prospectus in any jurisdiction other than Malaysia. The Electronic Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase, any of our IPO Shares in any jurisdiction or in any circumstances in which such an offer is not authorised or is unlawful or to any person to whom it is unlawful to make such offer or invitation. Prospective applicants who may be in possession of the Electronic Prospectus are required to take note, to inform themselves and to observe such restrictions.

Close of Application

Applications for the IPO Shares will be accepted from **10.00 a.m.** on **16 February 2023** and will close at **5.00 p.m.** on **24 February 2023**. Any change to the timetable will be advertised by Cape EMS in a widely circulated Bahasa Malaysia and English daily newspapers within Malaysia.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users' access to the website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus as provided by the Company to Bursa Securities are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.

www.cape-group.com.my

icApe

CAPE EMS BERHAD

(formerly known as Cape EMS Manufacturing (M) Bhd)
Reg No.:199901026859 (501759-M)

PLO 227A, Jalan Cyber 1A, Kawasan Perindustrian Senai III
81400 Senai, Johor Darul Ta'zim, Malaysia

T (07) 213 3333 **E** admin@cape-group.com.my

CAPE EMS BERHAD (Registration No. 199901026859 (501759-M))

PROSPECTUS

PROSPECTUS

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CAPE EMS BERHAD
(formerly known as Cape EMS Manufacturing (M) Berhad)
(Registration No. 199901026859 (501759-M))
(Incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016)

INITIAL PUBLIC OFFERING ("**IPO**") OF 259,700,000 ORDINARY SHARES IN CAPE EMS BERHAD ("**CAPE EMS**") ("**IPO SHARES**") IN CONJUNCTION WITH THE LISTING OF AND QUOTATION FOR THE ENTIRE ENLARGED ISSUED ORDINARY SHARES IN CAPE EMS ("**SHARES**") ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING A PUBLIC ISSUE OF 173,000,000 NEW SHARES AND AN OFFER FOR SALE OF 86,700,000 EXISTING SHARES INVOLVING:

(I) INSTITUTIONAL OFFERING OF 205,500,000 IPO SHARES TO INSTITUTIONAL AND SELECTED INVESTORS, INCLUDING BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY, MALAYSIA AT THE INSTITUTIONAL PRICE TO BE DETERMINED BY WAY OF BOOKBUILDING ("**INSTITUTIONAL PRICE**"); AND

(II) RETAIL OFFERING OF 54,200,000 IPO SHARES TO THE MALAYSIAN PUBLIC, THE DIRECTORS, ELIGIBLE EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF CAPE EMS AND ITS SUBSIDIARIES, AT THE RETAIL PRICE OF RM0.90 PER IPO SHARE ("**RETAIL PRICE**"), PAYABLE IN FULL UPON APPLICATION AND SUBJECT TO REFUND OF THE DIFFERENCE BETWEEN THE RETAIL PRICE AND THE FINAL RETAIL PRICE (AS DEFINED IN THIS PROSPECTUS) IN THE EVENT THAT THE FINAL RETAIL PRICE IS LESS THAN THE RETAIL PRICE,

SUBJECT TO THE CLAWBACK AND REALLOCATION PROVISIONS. THE FINAL RETAIL PRICE WILL BE EQUAL TO THE LOWER OF:

(I) THE RETAIL PRICE OF RM0.90 PER IPO SHARE; OR

(II) THE INSTITUTIONAL PRICE

Principal Adviser, Joint Bookrunner and Joint Underwriter

HongLeong Investment Bank
Hong Leong Investment Bank Berhad
(Registration No. 197001000928 (10209-W))

(A Participating Organisation of Bursa Malaysia Securities Berhad)
(A Trading Participant of Bursa Malaysia Derivatives Berhad)

Joint Bookrunner and Joint Underwriter

AmInvestment Bank
AMINVESTMENT BANK BERHAD
(Registration No. 197501002220 (23742-V))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER 6 MONTHS FROM THE DATE OF THIS PROSPECTUS.

THE SECURITIES COMMISSION MALAYSIA ("**SC**") HAS APPROVED THE ISSUE, OFFER OR INVITATION FOR OFFERING UNDER SECTION 214(1) OF THE CAPITAL MARKETS AND SERVICES ACT 2007. THIS PROSPECTUS HAS BEEN REGISTERED BY THE SC. THE APPROVAL AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF OUR SHARES BEING OFFERED FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF CAPE EMS AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 215.

THIS PROSPECTUS IS DATED 16 FEBRUARY 2023

All defined terms used in this Prospectus are defined under "Presentation of Financial and Other Information", "Definitions" and "Glossary of Technical Terms" commencing on pages vii, ix and xvi of this Prospectus respectively.

RESPONSIBILITY STATEMENTS

Our Directors, Promoters and Selling Shareholders have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

HLIB, being our Principal Adviser, Joint Bookrunner and Joint Underwriter in relation to our IPO, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

It is to be noted that the role of AmInvestment Bank in our IPO is limited to being a Joint Bookrunner for the Institutional Offering and Joint Underwriter for the Retail Offering.

STATEMENTS OF DISCLAIMER

Our Company has obtained the approval of Bursa Securities for our Listing. Admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

This Prospectus, together with the Application Form, have also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

OTHER STATEMENTS

You should note that you may seek recourse under Sections 248, 249 and 357 of the CMSA for breaches of securities laws including any statement in this Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to our Prospectus or the conduct of any other person in relation to our Company.

Our Shares are offered to the public on the premise of full and accurate disclosure of all material information concerning our IPO, for which any person set out in Section 236 of the CMSA, is responsible.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

Investors should note that any agreement by the Joint Underwriters named in this Prospectus to underwrite our Shares is not to be taken as an indication of the merits of our Shares being offered.

This Prospectus has been prepared and published solely for our IPO under the laws of Malaysia. This Prospectus does not comply with the laws of jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or with or by any regulatory authority of any jurisdiction other than Malaysia.

Our Shares being offered in our IPO are offered solely based on the contents of this Prospectus. Our Company, Directors, Promoters, Selling Shareholders, Principal Adviser, Joint Bookrunners and Joint Underwriters take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia. Our Company, Directors, Promoters, Selling Shareholders, Principal Adviser, Joint Bookrunners and Joint Underwriters have not authorised anyone to provide you with information which is not contained in this Prospectus.

It shall be your sole responsibility, if you are or may be subject to the laws of any countries or jurisdictions other than Malaysia, to consult your legal and/or professional advisers as to whether your application for our IPO would result in the contravention of any laws of such countries or jurisdictions. Neither we nor our Principal Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any such country or jurisdiction.

Further, it shall be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you had accepted our IPO in Malaysia and will be subject only to the laws of Malaysia in connection therewith.

However, we reserve the right, in our absolute discretion, to treat any acceptances as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

ELECTRONIC PROSPECTUS

This Prospectus can also be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus are as per the contents of this Prospectus registered by the SC.

You are advised that the internet is not a fully secured medium, and that your Internet Share Application may be subject to the risk of problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions. These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt as to the validity or integrity of the Electronic Prospectus, you should immediately request from us or the Issuing House, a paper/printed copy of this Prospectus.

In the event of any discrepancies arising between the contents of the Electronic Prospectus and the paper/printed copy of this Prospectus for any reason whatsoever, the contents of the paper/printed copy of this Prospectus, which is identical to this Prospectus registered by the SC, shall prevail.

In relation to any reference in this Prospectus to third party internet sites ("**Third-Party Internet Sites**"), whether by way of hyperlinks or by way of description of the Third-Party Internet Sites, you acknowledge and agree that:

(i) we and our Principal Adviser do not endorse and are not affiliated in any way with the Third-Party Internet Sites and are not responsible for the availability of, or the contents or any data, information, files or other material provided on the Third-Party Internet Sites. You shall bear all risks associated with the access to or use of the Third-Party Internet Sites;

(ii) we and our Principal Adviser are not responsible for the quality of products or services in the Third-Party Internet Sites, for fulfilling any of the terms of your agreements with the Third-Party Internet Sites. We and our Principal Adviser are also not responsible for any loss, damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third-Party Internet Sites or the use of or reliance on any data, information, files or other material provided by such parties; and

(iii) any data, information, files or other material downloaded from the Third-Party Internet Sites is done at your own discretion and risk. We and our Principal Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

(i) the Internet Participating Financial Institutions are liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institutions shall not be responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions and thereafter communicated or disseminated in any manner to you or other parties;

(ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium; and

(iii) the Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or cost, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institutions, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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	16 February 2023
Issuance of this Prospectus/ Opening of the Retail Offering	10.00 a.m., 16 February 2023
Closing of the Retail Offering	5.00 p.m., 24 February 2023
Closing of Institutional Offering	27 February 2023
Price Determination Date	27 February 2023
Balloting of Applications for our IPO Shares under the Retail Offering	1 March 2023
Allotment/ Transfer of our IPO Shares to successful Applicants	8 March 2023
Listing	10 March 2023

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

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to the "**Company**" or "**Cape EMS**" in this Prospectus are to Cape EMS Berhad. All references to the "**Group**" are to our Company and our Subsidiaries taken as a whole. References to "**we**", "**us**", "**our**" and "**ourselves**" are to our Company or our Group or any member of our Group, as the context requires.

Unless the context otherwise requires, references to "**Management**" are to our Directors and our Key Senior Management personnel as disclosed in this Prospectus and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

Certain abbreviations, acronyms and technical terms used are defined in the "Definitions" and "Glossary of Technical Terms" sections of this Prospectus. Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. References to persons shall include companies and corporations, unless otherwise specified.

In this Prospectus, references to the "**Government**" are to the Government of Malaysia; and references to "**RM**" and "**sen**" are to the lawful currency of Malaysia. The word "**approximately**" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest thousand or 1 decimal place. Any discrepancies in the tables included in this Prospectus between the amounts listed and the total thereof are due to rounding.

Unless otherwise stated, any reference to dates and times in this Prospectus shall be a reference to dates and times in Malaysia.

Any reference to any enactment in this Prospectus shall be a reference to that enactment as for the time being or amended or re-enacted.

Certain amounts and percentage figures included in this Prospectus have been subject to rounding adjustments. As a result, any discrepancies in the tables or charts between the amounts listed and the totals in this Prospectus are due to rounding. Where information is presented in thousands or millions of units, amounts may have been rounded up or down.

This Prospectus includes statistical data provided by our Management and various third parties and cites third party projections regarding growth and performance of the market and industry in which our Group operates or is exposed to. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus. Where no source is stated, it can be assumed that the information originates from our Management.

In particular, certain information in this Prospectus is extracted or derived from the Independent Assessment of the Electronics Manufacturing Services Industry of Malaysia prepared by Vital Factor Consulting Sdn Bhd ("**Vital Factor**"), an independent business and market research consulting company. We have appointed Vital Factor to provide an independent market and industry review. In compiling their data for the review, Vital Factor had relied on research methodology, industry sources, published materials, their own private databases and direct contacts within the industry. We believe that the information on the industry and the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate.

The information on our website, or any website directly and indirectly linked to such website does not form part of this Prospectus and should not be relied upon.

FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements, which include all statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, prospects, plans and objectives of our Management for future operations. Some of these statements can be identified by words that have a bias towards or are forward-looking such as "**may**", "**will**", "**would**", "**could**", "**believe**", "**expect**", "**anticipate**", "**estimate**", "**aim**", "**plan**", "**forecast**", "**project**" or similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other important factors beyond our Group's control that could cause our actual results, performances or achievements to be materially different from future results, performances or achievements expressed or implied by such forward-looking statements. Such forward-looking statements include, without limitation, statements relating to:

(i) demand of our services;

(ii) our business strategies;

(iii) our plans and objectives for future operations;

(iv) our future financial position, earnings, cash flows and liquidity; and

(v) our ability to pay future dividends.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

(i) COVID-19 and possible similar future outbreak;

(ii) the economic, political and investment environment in Malaysia; and

(iii) government policy, legislation or regulation.

Such forward-looking statements are based on numerous assumptions regarding our Group's present and future business strategies and the environment in which we operate. Additional factors that could cause our actual results, performances or achievements to differ materially include, but are not limited to those discussed in **Section 9** – Risk Factors and **Section 12.3** – Management's Discussion and Analysis of Financial Condition and Results of Operations of this Prospectus. We cannot assure you that the forward-looking statements in this Prospectus will be realised.

These forward-looking statements are based on information available to us as at the LPD and are made available only as at the LPD. Should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment/transfer of the IPO Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provision of Section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part II (Division 6) of the Prospectus Guidelines (Supplementary and Replacement Prospectus).

DEFINITIONS

The following definitions shall apply throughout this Prospectus unless the definitions are defined otherwise or the context requires otherwise:

COMPANIES WITHIN OUR GROUP

Cape EMS or the **Company**	:	Cape EMS Berhad *(formerly known as Cape EMS Manufacturing (M) Berhad)* (199901026859 (501759-M))
Cape Group or the **Group**	:	Collectively, Cape EMS and its Subsidiaries
Cape Manufacturing	:	Cape Manufacturing (M) Sdn Bhd (201001010428 (895065-A))
Cape Singapore	:	Cape Holdings (S) Pte Ltd (200509673M)

GENERAL

Act	:	Companies Act 2016
AGM	:	Annual General Meeting
Airspan Communications	:	Airspan Communications Limited (03501881)
Airspan group of companies	:	Collectively, Airspan Communications and Mimosa Networks
AmInvestment Bank	:	AmInvestment Bank Berhad (197501002220 (23742-V))
AOF	:	Advance Opportunities Fund (CT-168559)
Applicants	:	Applicants for the subscription of our IPO Shares by way of Application Forms or by way of Electronic Share Application or by way of Internet Share Application
Application(s)	:	The application(s) for the IPO Shares by way of Application Form, Electronic Share Application and/or Internet Share Application
Application Form	:	The printed application forms for the application of the IPO Shares accompanying this Prospectus
ATM	:	Automated Teller Machine
BBPOS	:	BBPOS International Limited (1738018)
BM Nagano	:	B.M. Nagano Industries Sdn Bhd (199501019760 (348963-M))
Board	:	Board of Directors of our Company
Bumiputera	:	In the context of: (i) individuals, Malays and the aborigines and the natives of Sabah and Sarawak as specified in the Federal Constitution of Malaysia; (ii) companies, a company which fulfils, among others, the following criteria or such other criteria as may be imposed by the MITI: (a) registered under the Act as a private company; (b) its shareholders are 100.0% Bumiputera; and

		(c) its board of directors (including its staff) are at least 51.0% Bumiputera; and
		(iii) cooperatives, a cooperative whose shareholders or cooperative members are at least 95.0% Bumiputera or such other criteria as may be imposed by the MITI
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (200301033577 (635998-W))
CAGR	:	Compound annual growth rate
Camwell	:	Camwell Sdn Bhd (199301026732 (281470-V))
CCC or **CF**	:	Certificate of completion and compliance or Certificate of fitness for occupation or such certificate by any other name issued by the relevant authority or person under the Street, Drainage and Building Act 1974 and any by-laws made under it or such relevant legislation applicable at the material time
CCM	:	Companies Commission of Malaysia
CDS	:	Central Depository System
CDS Account(s)	:	Account(s) established for a Depositor by Bursa Depository for the recording of deposits or withdrawals of securities and for dealings in such securities by the Depositor
Changhuat Plastic	:	Changhuat Plastic Industries (Senai) Sdn Bhd (198801001906 (169263-W))
CMSA	:	Capital Markets and Services Act 2007
Constitution	:	The constitution of our Company
Conversion of ICPS	:	Conversion of all ICPS by Fortress and AOF into new Shares which had involved the conversion of 60,000,000 ICPS to 10,000,000 Shares on 20 April 2022
COVID-19	:	Novel coronavirus disease 2019, an infectious respiratory disease which first broke out in 2019
Depositor	:	A holder of a CDS Account
Director(s)	:	Director(s) of our Company and within the meaning given in Section 2 of the CMSA
E&E	:	Electrical & electronics
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
EIS	:	Employment Insurance System
Electronic Prospectus	:	A copy of this Prospectus that is issued, circulated or disseminated via the Internet, and/or an electronic storage medium, including but not limited to CD-ROMs (compact disc read-only memory)
Electronic Share Application	:	An application for the IPO Shares through Participating Financial Institutions' ATM

Eligible Persons	:	Eligible Directors, employees, customers and suppliers who have contributed to the success of our Group, as further detailed in **Section 4.2.2** of this Prospectus
EPF	:	Employees' Provident Fund Board
EPS	:	Earnings per Share
Equity Guidelines	:	Equity Guidelines issued by the SC
ESG	:	Environmental, social and governance
Excess Share(s)	:	IPO Share(s) not taken up by the Eligible Persons under the Pink Form Allocation, which will be subject to clawback and reallocation provisions as detailed in **Section 4.2.3** of this Prospectus
Final Retail Price	:	Final price per IPO Share to be paid by the investors under the Retail Offering, equivalent to the Retail Price or the Institutional Price, whichever is lower, to be determined on the Price Determination Date
FMCO	:	Full Movement Control Order
Fortress	:	Fortress Capital Asset Management (M) Sdn Bhd (200201031372 (599035-W))
FPE(s)	:	Financial period(s) ended/ending 30 September, as the case may be
FYE(s)	:	Financial year(s) ended/ending 31 December, as the case may be
GP	:	Gross profit
HLIB or the **Principal Adviser**	:	Hong Leong Investment Bank Berhad (197001000928 (10209-W))
Huizhou Sanhua	:	Huizhou Sanhua Industrial Co., Ltd (441300400005784)
ICPS	:	Irredeemable convertible preference shares in our Company
IFRS	:	International Financial Reporting Standards as issued by the International Accounting Standards Board
Institutional Offering	:	Institutional offering of 205,500,000 IPO Shares comprising: (i) 115,500,000 IPO Shares made available to identified Bumiputera investors approved by MITI; and (ii) 90,000,000 IPO Shares made available to institutional and selected investors, at the Institutional Price, subject to the clawback and reallocation provisions as detailed in **Section 4.2.3** of this Prospectus
Institutional Price	:	Price per IPO Share to be paid by investors under the Institutional Offering which will be determined on the Price Determination Date by way of bookbuilding
Internet Participating Financial Institutions	:	Participating financial institutions for the Internet Share Application, as listed in **Section 15** of this Prospectus

Internet Share Application	:	Application for the IPO Shares through an online share application service provided by the Internet Participating Financial Institutions
IC	:	Integrated circuit chip
IPO	:	Initial public offering of our IPO Shares comprising the Public Issue and Offer for Sale, in conjunction with our Listing
IPO Share(s)	:	Collectively, the Issue Share(s) and Offer Share(s)
Issue Share(s)	:	New Share(s) to be issued by our Company under the Public Issue
Issuing House	:	Tricor Investor & Issuing House Services Sdn Bhd (197101000970 (11324-H))
IT	:	Information technology
Jiangsu Midea	:	Jiangsu Midea Cleaning Appliances Co Ltd (320000000010153)
Joint Bookrunners	:	Collectively, HLIB and AmInvestment Bank
Joint Underwriters	:	Collectively, HLIB and AmInvestment Bank
K & Q	:	K&Q Pte Ltd (201900928Z)
Kempas 6 Factory	:	A piece of freehold land held under Geran 74497, Lot 37585, Mukim of Tebrau, District of Johor Bahru, State of Johor together with a 1 ½ storey detached factory erected thereon with a postal address of No. 6, Jalan Belati, Taman Perindustrian Maju Jaya, 81300 Johor Bahru, Johor Darul Ta'zim
Key Senior Management	:	The key senior management of our Company as set out in **Section 5.3** of this Prospectus
Listing	:	The admission of our Company to the Official List and the listing of and quotation for our entire enlarged Shares on the Main Market of Bursa Securities
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
Listing Scheme	:	Collectively, the Public Issue, Offer for Sale and Listing
LPD	:	4 January 2023, being the latest practicable date prior to the issuance of this Prospectus
Malaysian Public	:	Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Market Day(s)	:	Any day(s) between Monday to Friday (both days inclusive) which (i) is not a public holiday, or (ii) is a surprise holiday, being a public holiday declared in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the start of the calendar year, and on which Bursa Securities is open for trading of securities
MCCG	:	Malaysian Code on Corporate Governance which came into effect on 28 April 2021
MCO	:	The nationwide Movement Control Order imposed by the Government of Malaysia under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 as a measure to contain the outbreak of COVID-19

DEFINITIONS *(Cont'd)*

MFRS	:	Malaysian Financial Reporting Standards
MIA	:	Malaysian Institute of Accountants
MIDA	:	Malaysian Investment Development Authority
Mimosa Networks	:	Mimosa Networks, Inc (0001607581)
MITI	:	Ministry of International Trade and Industry of Malaysia
MOF	:	Ministry of Finance Malaysia
MyIPO	:	Intellectual Property Corporation of Malaysia
N/A	:	Not applicable
NA	:	Net assets attributable to owners of our Company
NBV	:	Net book value
New PLO 227B Factory	:	An industrial building to be built on PLO 227B
New Senai 226 Warehouse	:	A new warehouse to be built on PLO 226B
NRP	:	National Recovery Plan
NextCentury	:	NextCentury Submetering Systems, LLC (2013-000646698)
OFCL	:	Onshore foreign currency loan
Offer for Sale	:	Offer for sale of 86,700,000 IPO Shares by the Selling Shareholders to Bumiputera investors approved by MITI under the Institutional Offering
Offer Share(s)	:	Existing Share(s) to be offered by the Selling Shareholders pursuant to the Offer for Sale
Official List	:	A list specifying all securities listed on the Main Market of Bursa Securities
Participating Financial Institutions	:	Participating financial institutions for the Electronic Share Application, as listed in **Section 15** of this Prospectus
PAT	:	Profit after taxation
PBT	:	Profit before taxation
Period Under Review	:	Collectively, FYE 2019, FYE 2020, FYE 2021 and FPE 2022
Pink Form Allocation	:	The allocation of 8,000,000 IPO Shares to the Eligible Persons pursuant to the Public Issue
Placement Agreement	:	The placement agreement to be entered into by our Company, the Selling Shareholders, and the Joint Bookrunners in respect of such number of IPO Shares to be offered under the Institutional Offering
PLO 103 Factory	:	A piece of leasehold land held under HS(D) 50668 PTD 8857, Mukim Senai, Daerah Kulai, Johor Darul Ta'zim
PLO 226B	:	A piece of leasehold land held under HS(D) 71181, PTD 112657, Mukim Senai, Daerah Kulai, Johor Darul Ta'zim

DEFINITIONS *(Cont'd)*

PLO 227B	:	A piece of leasehold land held under HS(D) 71069, PTD 87572, Mukim Senai, Daerah Kulai, Johor Darul Ta'zim
Pre-IPO Restructuring Exercise	:	Pre-IPO restructuring exercise involving the Conversion of ICPS, Share Split, and Shareholding Restructuring with Fortress and AOF
Price Determination Date	:	The date on which the Institutional Price and the Final Retail Price will be determined
Promoter(s)	:	Tee Kim Chin and Tee Kim Yok
Prospectus	:	This Prospectus dated 16 February 2023 in relation to our IPO
Prospectus Guidelines	:	Prospectus Guidelines issued by the SC
Public Issue	:	Public issue of 173,000,000 IPO Shares comprising the Retail Offering and Institutional Offering
Record of Depositors	:	A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
Retail Offering	:	Retail offering of 54,200,000 new IPO Shares comprising: (i) 8,000,000 new IPO Shares made available for application by the Eligible Persons; and (ii) 46,200,000 new IPO Shares made available for application by the Malaysian Public, at the Retail Price per IPO Share, payable in full upon application and subject to refund of the difference between the Retail Price and the Final Retail Price in the event that the Final Retail Price is less than the Retail Price, subject to the clawback and reallocation provisions as set out in **Section 4.2.3** of this Prospectus
Retail Price	:	Initial price of RM0.90 per IPO Share to be fully paid upon application under the Retail Offering, subject to adjustment as detailed in **Section 4.4** of this Prospectus
RMCD	:	Royal Malaysian Customs Department
Rules of Bursa Depository	:	The rules of Bursa Depository as issued pursuant to the SICDA
SC	:	Securities Commission Malaysia
Senai 227 Factory	:	A piece of land held under HS(D) 71183, PTD 112659 and HS(D) 53987, PTD 87571, both in Mukim Senai, Daerah Kulai, Johor together with a 3-storey detached factory erected thereon with a postal address of PLO 227A, Jalan Cyber 1A, Kawasan Perindustrian Senai III, 81400 Senai, Johor Darul Ta'zim
Selling Shareholder(s)	:	Tee Kim Chin and Tee Kim Yok
Share Split	:	Subdivision of every 1 Share into 15 Shares
Share(s)	:	Ordinary share(s) in Cape EMS
Shareholding Restructuring with Fortress and AOF	:	The transfer by Tee Kim Yok of 10,687,500 Shares (representing 1.4% of the issued capital of 750,000,000 Shares prior to our IPO) to Fortress and 562,500 Shares (representing 0.1% of the issued capital of 750,000,000 Shares prior to our IPO) to AOF

SICDA	:	Securities Industry (Central Depositories) Act 1991
SOP	:	Standard operating procedure
SOQ	:	SOQ Sourcing, LLC (8459087-0160)
sq ft	:	Square feet
sq m	:	Square metres
Subsidiaries	:	Collectively, Cape Manufacturing and Cape Singapore
Tastar Electronics	:	Tastar Electronics Pte Ltd (201219876G)
Tebrau 6 Factory	:	The lease over three pieces of land held under PTD 53893, PTD 53894 and PTD 53895, all in the Mukim of Tebrau, District of Johor Bahru, State of Johor together with a detached factory erected thereon with a postal address of No. 6, Jalan Firma 1/5, Kawasan Perindustrian Tebrau, 81100 Johor Bahru, Johor Darul Ta'zim
Temenggong 22 Factory	:	A piece of freehold land held under Geran 128424, Lot 1582, Mukim of Tebrau, District of Johor, State of Johor together with a single storey detached factory erected thereon with a postal address of No. 22, Jalan Temenggong 2, Kawasan Perindustrian Temenggong, 81100 Johor Bahru, Johor Darul Ta'zim
Underwriting Agreement	:	The underwriting agreement dated 18 January 2023 entered into between our Company and the Joint Underwriters for the underwriting of 54,200,000 IPO Shares
UK	:	United Kingdom
USA	:	United States of America
Vital Factor or **IMR**	:	Vital Factor Consulting Sdn Bhd (199301012059 (266797-T)), an independent business and market research consulting company

<u>**CURRENCIES**</u>

RM and **sen**	:	Ringgit Malaysia and sen, the lawful currency of Malaysia
RMB	:	Renminbi, currency of the People's Republic of China
SGD	:	Singapore Dollar, the lawful currency of Singapore
USD	:	United States Dollar, the lawful currency of the USA

GLOSSARY OF TECHNICAL TERMS

Technical terms used in this Prospectus shall have the same meanings as set out below unless the term is defined otherwise or the context requires otherwise:

aluminium	:	A chemical element which is a relatively soft metal compared to some common metals such as iron or steel, and having atomic number 13 on the periodic table
bill of materials or **BOM**	:	A complete list of parts, components and materials incorporating quantity and specifications used in the assembly or manufacture of a semi-finished or finished product
box build	:	The assembly or manufacture of a finished product
computer numerical control machine or **CNC machine**	:	A computerised machine that can be pre-programmed to carry out specific functions such as rotating a cutting tool to remove some part of an object, or conversely rotating the object and placing it against a cutting tool to remove some part of the object. CNC machine carries out functions including grinding, cutting, milling, turning, drilling and tapping
consumer electronic products	:	Electronic products used mainly by consumers or households
DFM	:	A specific application software used in the design of a die cast parts
die	:	A die is the corresponding protrusion for a mould such that when the die is placed in a mould, a small gap is formed in which the liquid, slurry or molten material can seep into the gap to become the walls of the desired product
die cast parts	:	Parts made through a process of pouring or injecting a liquid, slurry or molten substance into a mould or a mould and die set to obtain a three-dimensional object once the substance cools and hardens
direct distribution channel	:	A marketing term to describe marketing and sales targeted at end-users or end-consumers. In the context of this Prospectus, it also refers to the brand or product owner
electrical discharge machine or **EDM**	:	A machine designed to remove unwanted parts from an object using continuous electronic sparks form from electrodes. In the context of this Prospectus, EDM is used to fabricate moulds and dies used in the aluminium die casting process
electromechanical assembly	:	The assembly of E&E parts and components together with other non-electrical parts and components such as plastic and metal parts to form a semi-finished or finished product
electronic cigarette	:	A device used for inhaling vapour
electronics manufacturing service or **EMS**	:	Manufacturing of electronic parts, products or devices
ex-factory	:	Refers to the method of pricing finished products where all costs relating to delivery to the customer’s specified destination is borne by the customer
grinding	:	The use of a rotating wheel with abrasive substance on its surface to remove unwanted parts of an object

GLOSSARY OF TECHNICAL TERMS *(Cont'd)*

high efficiency particulate air or **HEPA**	:	A type of highly efficient filter designed to remove air-borne particles which can be customised to maintain a maximum number of air-borne particles within an enclosed area. An example would be ISO Class 8 cleanroom that uses HEPA filters
household appliances	:	An E&E device used in households. In the context of this Prospectus, it refers to vacuum cleaner
indirect distribution channel	:	A marketing term to describe marketing and sales targeted at intermediaries or resellers, who would subsequently resell the purchased item without transformation to another party. Commonly these intermediaries are trading or procurement companies
industrial electronic products	:	Electronic products used in industries commonly to manufacture products or perform services for third parties as opposed to products used directly by consumers or households
ISO Class 8 cleanroom	:	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 based on ISO 14644 standard. ISO Class 8 cleanrooms are also known as Class 100,000 cleanrooms based on Federal Standard 209E where Federal Standard 209E was replaced by ISO 14644 standard in 2001
lathe machine	:	A machine used for shaping an object by rotating the object against a cutting tool to remove the unwanted parts to obtain the desired shape
light emitting diode or **LED**	:	A semiconductor device which emits light when electricity is applied to it
milling	:	The process of removing unwanted parts from an object by using a rotating cutting tool where the tool is placed against the object to remove the unwanted parts to obtain the desired shape or design
mould	:	A hollow out section or cavity from a block of material where the cavity will give shape to a liquid, slurry or molten substance poured or injected into it when the substance cools and hardens
point of sales terminal or **POS terminal**	:	An electronic device to record sales as well as to facilitate sales transactions. In the context of this Prospectus, it is a card reader and a payment gateway to facilitate sales transactions
printed circuit board	:	A non-conductive board or some other flexible materials with electrical circuits commonly made of copper printed on it to serve as electrical pathways
printed circuit board assembly or **PCBA**	:	A printed circuit board with all the required parts and components embedded onto the board. A PCBA is designed to perform one or more functions such as processing data
smart utility data collection equipment	:	An electronic device used for monitoring other devices or electrical items as well as measure usage of utilities such as water, gas or electricity and having data storage and communication capabilities to receive or send data to a designated location or device
subassembly	:	A semi-finished electronic product. Refers to the combination of various parts and components to form a module as part of the overall final product. In the context of this Prospectus, an example of a subassembly process is to assemble the power supply board, PCBA, heat sink, fan, input and output interfaces, and display panels

GLOSSARY OF TECHNICAL TERMS *(Cont'd)*

surface mount technology or **SMT**	:	A method of mounting or placing semiconductor components such as resistors, transistors, capacitors and integrated circuits onto the surface of a printed circuit board
tapping	:	A process where screw threads are formed in a hole
turning	:	The process of rotating an object where a cutting tool is placed against it to remove unwanted parts of the object
wireless communications equipment	:	A device used to receive or transmit data through the air without the use of wires or fibre optics

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1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name/ (Designation)	Address	Nationality
Datuk Mohd Rabin Bin Basir (M) *(Independent Non-Executive Chairman)*	No. 5 Jalan Enggang Timur 9 Taman Keramat 54200 Kuala Lumpur Wilayah Persekutuan Malaysia	Malaysian
Tee Kim Chin (F) *(Non-Independent Managing Director/Group Chief Executive Officer)*	A1003, Block A, Stulang View Condo Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Ta'zim Malaysia	Malaysian
Tee Kim Yok (F) *(Non-Independent Executive Director)*	A1001, Block A, Stulang View Condo Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Ta'zim Malaysia	Malaysian
Alex Miranda Juntado (M) *(Non-Independent Executive Director)*	1735 Grey Seal Road Santa Cruz CA 95062 United States of America	American
Lim Chue Wan (F) *(Non-Independent Executive Director)*	Maisson Residence Block 3-21-02A, Jalan PJU 1A/3 Ara Damansara 47301 Petaling Jaya Selangor Darul Ehsan Malaysia	Malaysian
Tan Sik Hui (F) *(Senior Independent Non-Executive Director)*	No. 52, Taman Bunga Raya 08000 Sungai Petani Kedah Darul Aman Malaysia	Malaysian
Yau Yin Wee (M) *(Independent Non-Executive Director)*	27 Jalan Baiduri Taman Kolam Air 80100 Johor Bahru Johor Darul Ta'zim Malaysia	Malaysian
Koh Beng San (M) *(Independent Non-Executive Director)*	26, Jalan Setia Tropika 9/15 Taman Setia Tropika 81200 Johor Bahru Johor Darul Ta'zim Malaysia	Malaysian
Chen Kok Seng (M) *(Independent Non-Executive Director)*	A-18-03, The Greens Condo TTDI Jalan Wan Kadir 5 Taman Tun Dr Ismail 60000 Kuala Lumpur Wilayah Persekutuan Malaysia	Malaysian

M = Male

F = Female

1. CORPORATE DIRECTORY *(Cont'd)*

AUDIT COMMITTEE

Name	Designation	Directorship
Koh Beng San	Chairman	Independent Non-Executive Director
Yau Yin Wee	Member	Independent Non-Executive Director
Chen Kok Seng	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Yau Yin Wee	Chairman	Independent Non-Executive Director
Koh Beng San	Member	Independent Non-Executive Director
Chen Kok Seng	Member	Independent Non-Executive Director

RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Chen Kok Seng	Chairman	Independent Non-Executive Director
Tee Kim Chin	Member	Managing Director/ Group Chief Executive Officer
Koh Beng San	Member	Independent Non-Executive Director

NOMINATING COMMITTEE

Name	Designation	Directorship
Tan Sik Hui	Chairperson	Senior Independent Non-Executive Director
Koh Beng San	Member	Independent Non-Executive Director
Yau Yin Wee	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY *(Cont'd)*

COMPANY SECRETARIES	:	**Teo Soon Mei** Amerits Corporate Sdn Bhd No. 7-1, Jalan 109F Plaza Danau 2 Taman Danau Desa 58100 Kuala Lumpur Wilayah Persekutuan Malaysia		
		Telephone No.	:	(03) 7982 2010
		Professional qualification	:	Chartered Secretary and Chartered Governance Professional Malaysian Institute of Chartered Secretaries and Administrators ("**MAICSA**") (Membership No.: MAICSA 7018590) (SSM PC No.: 201908000235)
		Lim Jia Huey Amerits Corporate Sdn Bhd No. 7-1, Jalan 109F Plaza Danau 2 Taman Danau Desa 58100 Kuala Lumpur Wilayah Persekutuan Malaysia		
		Telephone No.	:	(03) 7982 2010
		Professional qualification	:	Chartered Secretary and Chartered Governance Professional MAICSA (Membership No.: MAICSA 7073258) (SSM PC No.: 201908000929)
REGISTERED OFFICE	:	No. 7-1, Jalan 109F Plaza Danau 2 Taman Danau Desa 58100 Kuala Lumpur Wilayah Persekutuan Malaysia		
		Telephone No.	:	(03) 7982 2010
		Facsimile No.	:	(03) 7980 1242
HEAD OFFICE	:	PLO 227A Jalan Cyber 1A Kawasan Perindustrian Senai III 81400 Senai Johor Darul Ta'zim Malaysia		
		Telephone No.	:	(07) 213 3333
		Email	:	admin@cape-group.com.my
		Website	:	www.cape-group.com.my
SELLING SHAREHOLDERS	:	**Tee Kim Chin** A1003, Block A, Stulang View Condo Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Ta'zim Malaysia		

1. CORPORATE DIRECTORY *(Cont'd)*

SELLING SHAREHOLDERS (*Cont'd*)		**Tee Kim Yok** A1001, Block A, Stulang View Condo Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Ta'zim Malaysia
AUDITORS AND REPORTING ACCOUNTANTS	:	**Grant Thornton Malaysia PLT** Suite 28.01, 28th Floor Menara Zurich No. 15, Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Ta'zim Malaysia Telephone No. : (07) 332 8335 Partner-in- charge : Wong Wen Tak Approval No. : 3043/04/2023 J Professional qualification : Chartered Accountant Member of MIA (MIA Membership No.: 27513)
PRINCIPAL ADVISER, JOINT BOOKRUNNER AND JOINT UNDERWRITER	:	**Hong Leong Investment Bank Berhad** Level 30, Menara Hong Leong No. 6, Jalan Damanlela Bukit Damansara 50490 Kuala Lumpur Malaysia Telephone No. : (03) 2083 1800
JOINT BOOKRUNNER AND JOINT UNDERWRITER	:	**AmInvestment Bank Berhad** 22nd Floor, Bangunan Ambank Group No. 55, Jalan Raja Chulan 50200 Kuala Lumpur Malaysia Telephone No. : (03) 2036 2633
FINANCIAL ADVISER	:	**3p Capital Advisers Sdn Bhd** Unit C2-2-1, Block C2, Solaris Dutamas Jalan Dutamas 1, Hartamas Heights 50480 Kuala Lumpur Malaysia Telephone No. : (03) 6207 8026
LEGAL ADVISERS	:	*To our Company as to laws of Malaysia* **Jeff Leong, Poon & Wong** B-11-8, Level 11 Megan Avenue II Jalan Yap Kwan Seng 50450 Kuala Lumpur Malaysia Telephone No. : (03) 2203 3388 *To our Company as to laws of Singapore* **Withers KhattarWong LLP** 80 Raffles Place #25-01 UOB Plaza 1 Singapore 048624 Telephone No. : (+65) 6535 6844

1. CORPORATE DIRECTORY *(Cont'd)*

		To the Joint Bookrunners and Joint Underwriters **Mah-Kamariyah & Philip Koh** 3A07, Block B, Phileo Damansara II 15, Jalan 16/11, Off Jalan Damansara 46350 Petaling Jaya Selangor Darul Ehsan Malaysia Telephone No. : (03) 7956 8686
INDEPENDENT BUSINESS AND MARKET RESEARCH CONSULTANTS	:	**Vital Factor Consulting Sdn Bhd** V Square @ PJ City Centre (VSQ) Block 6, Level 6, Jalan Utara 46200 Petaling Jaya Selangor Darul Ehsan Malaysia Telephone No. : (03) 7931 3188 Person-in- charge : Wooi Tan Qualification : Master of Business Administration from The New South Wales Institute of Technology (now known as University of Technology Sydney), Australia Bachelor of Science from The University of New South Wales, Australia Fellow of the Australia Marketing Institute and Institute of Managers and Leaders, Australia (formerly known as Australian Institute of Management) *(Please refer to **Section 8** of this Prospectus for the profile of the firm and signing director)*
SHARE REGISTRAR AND ISSUING HOUSE	:	Tricor Investor & Issuing House Services Sdn Bhd Unit 32-01, Level 32, Tower A Vertical Business Suite Avenue 3, Bangsar South No 8, Jalan Kerinchi 59200 Kuala Lumpur Malaysia Telephone No. : (03) 2783 9299
LISTING SOUGHT	:	Main Market of Bursa Securities

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2. INTRODUCTION

2.1 APPROVALS AND CONDITIONS

2.1.1 SC

(i) The SC had, vide its letter dated 9 November 2022, approved our IPO and Listing under Section 214(1) of the CMSA and the equity requirements for public listed companies, subject to compliance with the following conditions:

Details of conditions imposed	**Status of compliance**
HLIB and Cape EMS to fully comply with the requirements of the SC's Equity Guidelines and Prospectus Guidelines pertaining to the implementation of the Listing.	To be complied

The SC had, vide the same letter dated 9 November 2022, approved our Listing under the Bumiputera equity requirement for public listed companies in relation to the resultant equity structure of our Company pursuant to the Proposed Listing. The effects of our Listing on the equity structure of our Company are as follows:

	As at 30 May 2022		**After our Listing**	
Category of shareholders	**No. of Shares**	**% of issued Shares**	**No. of Shares**	**% of enlarged issued Shares**
Bumiputera				
- Bumiputera investors to be approved by MITI	-	-	[(1)]115,500,000	12.5
- Bumiputera public investors via balloting	-	-	[(1)]23,100,000	2.5
Total Bumiputera	-	-	138,600,000	15.0
Non-Bumiputera	741,937,500	98.9	776,337,500	84.1
Total Malaysian	**741,937,500**	**98.9**	**914,937,500**	**99.1**
Foreigners	8,062,500	1.1	8,062,500	0.9
Total	**750,000,000**	**100.0**	**923,000,000**	**100.0**

Note:

(1) Assuming that all Shares allocated to Bumiputera investors to be approved by MITI under the Institutional Offering and Bumiputera public investors via balloting under the Retail Offering are fully subscribed.

(ii) Waiver

The SC had, vide its letter dated 6 July 2022, approved the relief application submitted by HLIB on behalf of our Company from having to comply with certain requirements of the Prospectus Guidelines. Details of the relief sought and the conditions imposed by the SC are as follows:

Reference	Guidelines/Details of relief sought	Conditions imposed (if any)
Paragraph 4.01(d), Division 1 of Part II of the Prospectus Guidelines	Relief from disclosing details on the ultimate beneficial owners of the Shares held by Fortress	-

2.1.2 Bursa Securities

Bursa Securities had, vide its letter dated 5 January 2023, approved our admission to the Official List and the listing of and quotation for our entire enlarged issued Shares on the Main Market of Bursa Securities. The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(i)	Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Practice Note 21 of the Listing Requirements; and	To be complied
(i)	Furnish Bursa Securities on the first day of Listing a copy of the schedule of distribution showing compliance to public share spread requirements based on the entire issued shares of Cape EMS.	To be complied

2.1.3 MITI

The MITI had, vide its letter dated 18 October 2022, taken note of and has no objection to our Listing.

2.2 MORATORIUM ON OUR SHARES

In accordance with Paragraph 5.29(a), Part II of the Equity Guidelines, Tee Kim Chin and Tee Kim Yok will not be allowed to sell, transfer or assign their shareholdings in our Company involving 502,050,000 Shares, representing 54.4% of our enlarged issued Shares as at the date of our Listing for a period of 6 months from the date of our Listing.

In addition, Fortress and AOF have voluntarily undertaken to not sell, transfer or assign their entire shareholdings in our Company involving 161,250,000 Shares, representing 17.5% of our enlarged issued Shares as at the date of our Listing for a period of 6 months from the date of our Listing.

2. INTRODUCTION *(Cont'd)*

The details of our Shares which will be held under moratorium are set out below:

	Direct		Indirect	
Name	**No. of Shares to be held under the moratorium**	**(1)%**	**No. of Shares to be held under the moratorium**	**(1)%**
Promoters, Directors and Substantial Shareholders				
Tee Kim Chin	374,500,000	40.6	-	-
Tee Kim Yok	127,550,000	13.8	-	-
Substantial Shareholder				
Fortress	153,187,500	16.6	-	-
Shareholder				
AOF	8,062,500	0.9	-	-
Total	**663,300,000**	**71.9**	**-**	**-**

Note:

(1) Based on our enlarged issued Shares after our IPO of 923,000,000 Shares.

The moratorium has been fully accepted by Tee Kim Chin, Tee Kim Yok, Fortress and AOF, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the moratorium period.

The moratorium restrictions are specially endorsed on the share certificates representing the Shares under moratorium held by Tee Kim Chin, Tee Kim Yok, Fortress and AOF to ensure that our Share Registrar does not register any transfer that contravenes with such restrictions. In compliance with the restrictions, the Share Registrar will issue share certificates representing the moratorium block of shares with the moratorium clause endorsed on them together with a letter providing details of the moratorium to Bursa Depository.

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3. PROSPECTUS SUMMARY

THIS PROSPECTUS SUMMARY ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE PROSPECTUS PRIOR TO DECIDING ON WHETHER TO INVEST IN OUR SHARES.

3.1 PRINCIPAL DETAILS OF OUR IPO

Subject to the terms and conditions of this Prospectus, our Public Issue of 173,000,000 new Shares and Offer for Sale of 86,700,000 existing Shares shall be allocated and allotted in the following manner:

		No. of Shares	[(1)]%
Public Issue			
Retail Offering:	- Malaysian Public[(2)]	46,200,000	5.0
	- Eligible Persons	8,000,000	0.8
		54,200,000	5.8
Institutional Offering:	- Bumiputera investors approved by MITI	28,800,000	3.1
	- Other institutional and selected investors	90,000,000	9.8
Total		**173,000,000**	**18.7**
Offer for Sale			
Institutional Offering:	- Bumiputera investors approved by MITI	**86,700,000**	**9.4**

Enlarged share capital upon Listing: [(3)]**RM251,314,177 comprising 923,000,000 Shares**
Retail Price: **RM0.90**
Market capitalisation upon Listing[(4)]: **RM830,700,000**

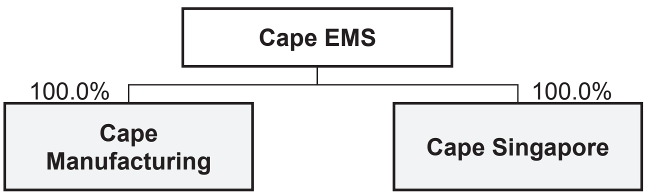
Notes:

(1) Calculated based on our enlarged issued Shares after our IPO of 923,000,000 Shares.
(2) Including 23,100,000 Shares made available to Bumiputera public investors.
(3) Calculated based on the issued share capital as at the LPD, the Retail Price multiplied by the number of new Shares to be issued under the Public Issue and after deducting the estimated listing expenses of approximately RM4,385,823 which is directly attributable to the Public Issue and allowed to be debited against the share capital of our Company.
(4) Calculated based on the Retail Price and the enlarged issued share capital of 923,000,000 Shares upon Listing.

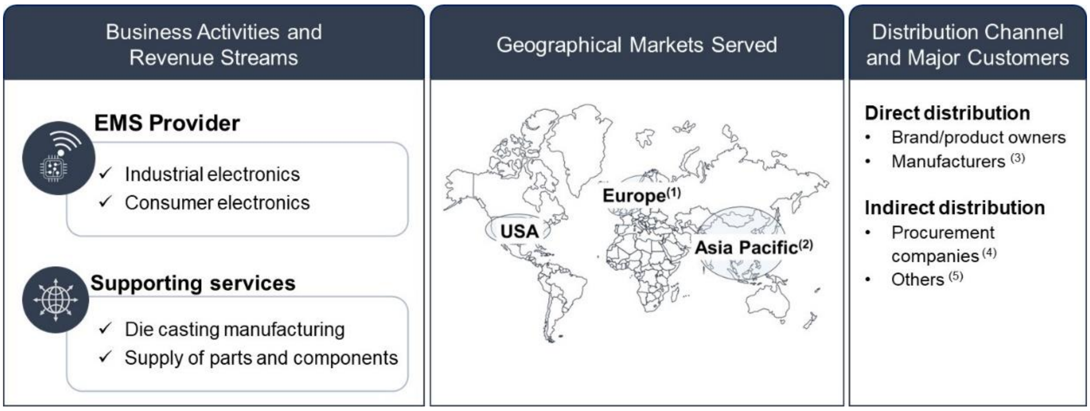
Please refer to **Section 4** of this Prospectus for further details of our IPO. The entire shareholdings of Tee Kim Chin, Tee Kim Yok, Fortress and AOF will be held under moratorium for a period of 6 months from the date of our Listing. Please refer to **Section 2.2** of this Prospectus for further details of the moratorium on our Shares.

3.2 BACKGROUND AND OVERVIEW

Our Company was incorporated in Malaysia under the Companies Act 1965 on 21 December 1999 as a private limited company under the name of Imptec Electronics Sdn Bhd and is deemed registered under the Act. Our Company changed its name to Seksun Electronics Sdn Bhd (14 July 2000), Seksun Array Sdn Bhd (3 March 2005), Toyoplas EMS Manufacturing (M) Sdn Bhd (14 March 2011) and Cape EMS Manufacturing (M) Sdn Bhd (16 July 2013). On 9 May 2022, our Company was converted into a public limited company under the name of Cape EMS Manufacturing (M) Berhad. Our Company assumed its present name on 27 May 2022. Our Company is principally an investment holding company and is involved in electronics manufacturing services. Through our Subsidiaries, we are also involved in aluminium die casting and electronics manufacturing services, and supply of electronic products and related activities. As at the LPD, our Group structure including our Subsidiaries is as follows:



Our business model is as follows:



Notes:

(1) Includes UK and Sweden.

(2) Includes Singapore, Malaysia, Hong Kong, Japan, China, Taiwan and India.

(3) Includes E&E, plastic injection moulding and metal stamping manufacturers who purchase aluminium die cast parts for their own use.

(4) The procurement companies and their end users are set out as follows:
  - (i) SOQ, being the procurement company for a single brand of smart utility data collection equipment, namely the NextCentury brand. Since October 2021, there were no orders for the provision of EMS from SOQ due to the product end of life of NextCentury older models. The Group have been working directly with the brand owner, NextCentury from the USA since 2020 for the EMS of the new models of smart utility data collection equipment;
  - (ii) Tastar Electronics, being the procurement company for a single brand of POS terminal, namely the BBPOS brand; and
  - (iii) K & Q, being the procurement company for a single brand of vacuum cleaner, namely the Eureka brand.

(5) Includes sales to EMS company as well as equipment manufacturer who purchase wireless modules from our Group for resale purposes.

Further details of our business activities are set out in **Section 7.1.2** and **Section 7.1.3** of this Prospectus.

3.3 COMPETITIVE ADVANTAGES AND KEY STRENGTHS

Our Group's competitive advantages and key strengths include the following:

(i) We serve customers in industrial and consumer sectors which provides us with 2 pillars for business growth as well as diversity to mitigate against sector dependency and seasonal factors

The provision of EMS in the 2 industry sectors namely industrial electronic products and consumer electronic products provides us with an overall larger addressable market to sustain and grow our business compared to serving only 1 industry sector. In addition, serving 2 industry sectors enable us to mitigate, to a certain extent, against unfavourable business conditions in 1 industry sector.

(ii) Our growth in revenue and profit for the Period Under Review will provide us with the financial platform to grow our business

We recorded a strong financial performance where our revenue grew from RM43.2 million in FYE 2019 to RM344.3 million in FYE 2021, representing a CAGR of 182.5%, and our revenue increased by 31.3% in FPE 2022 as compared to FPE 2021, mainly attributed to the increase in revenue from the provision of EMS comprising industrial and consumer electronic products contributed by securing more purchase orders from existing customers arose from our ability in meeting their specifications, requirements and delivery schedules as well as securing new customers for both industrial and consumer electronics sectors arising from our marketing efforts to expand our EMS business which started in 2019. Our strong revenue growth combined with a CAGR of 162.3% in PAT performance between

FYE 2019 and FYE 2021, and our PAT which increased by 23.6% in FPE 2022 as compared to FPE 2021 provides us with the financial platform to expand our business operations.

(iii) We provide customised operations and dedicated manufacturing areas for our EMS customers to create customer loyalty and secure new contracts

Our ability to provide customised EMS and dedicated areas is one of the key factors that have enabled us to grow our EMS business segment at a CAGR of 314.5% between FYE 2019 and FYE 2021. This is further supported by the repeat purchase orders issued by our major customers during the Period Under Review and up to the LPD, including wireless communication equipment, smart utility data collection equipment, POS terminals, household appliances and electronic cigarettes. Our dedicated area which includes dedicated space, tools and equipment for the production of the said customer's products enable us to better meet customer's demand in production volume, especially for higher volume output within a short period of time. Our ability to provide dedicated area serve as an appealing consideration to attract new customers to help grow our business.

Further details of our competitive advantages and key strengths are set out in **Section 7.3** of this Prospectus.

3.4 BUSINESS STRATEGIES AND PLANS

Our Group's business strategies are summarised as below:

(i) Setting-up of Tebrau 6 Factory for aluminium die cast manufacturing

In September 2022, we acquired a new production facility, namely Tebrau 6 Factory with the intention to incorporate our new aluminium die cast facilities for a cash consideration of RM16.8 million. We plan to purchase and install 10 new production lines comprising furnaces and die casting machines which are expected to be installed progressively, commencing installation in the first quarter of 2023 and complete installation by second quarter of 2023. We also plan to purchase related machinery and equipment such as 9 units of robotic pick and spray equipment, 2 units of CNC lathe machines and 3 units of rotary screw air compressors, and complete such installation by the second quarter of 2023.

The total cost for setting up of Tebrau 6 Factory for aluminium die cast manufacturing including the acquisition of Tebrau 6 Factory, renovation cost, purchase and installation of aluminium die cast production lines and related machinery and equipment is estimated at RM39.7 million and will be funded through internally generated funds and/or bank borrowings and our IPO proceeds. Subject to the completion of the change of express condition as set out in Note (4) in **Section 7.21.2** of this Prospectus and upon completion of the installation of the 10 production lines by the second quarter of 2023, we will commence the aluminium die cast manufacturing operations at the new Tebrau 6 Factory.

(ii) Construction of New Senai 226 Warehouse and installation of automated storage facilities

We plan to construct the new Senai 226 Warehouse on our existing vacant land, PLO 226B adjacent to our Senai 227 Factory in Johor which was acquired in 2021. The said new warehouse will have a total built-up area of approximately 166,917 sq ft, which is envisaged to mainly house our finished goods for our EMS operations. Currently, our Senai 227 Factory stores both our finished goods for our EMS operations and input materials. We plan to enhance our operational facilities by installing automated storage facilities to enable us to automate the management, storage and retrieval of goods in our warehouse. The total cost for the construction of the New Senai 226 Warehouse and setting-up of the automated storage facilities is estimated at approximately RM53.1 million and will be fully funded by our IPO proceeds. The New Senai 226 Warehouse including installation of the first phase of automated storage facilities is expected to complete and commence operations by the third quarter of 2026, while the installation of the second phase of the automated storage facilities is expected to complete and commence operations by first quarter of 2027.

(iii) New production facilities for EMS operations

We intend to further expand our production facilities and invest in 4 new automated production lines for refill pods at our Senai 227 Factory to cater to the expected expansion of our EMS for electronic cigarettes. With the new production lines, our expected capacity will increase by approximately 133% to 7.7 million pieces per month compared to 3.3 million pieces per month by the end of 2024. As at LPD, we have 2 cleanrooms as set out below:

- an ISO Class 8 cleanroom which houses 8 automated production lines and 2 automated blister packaging lines for the refill pods; and
- an ISO Class 8 cleanroom which houses 4 production lines for disposable cigarette sticks.

We plan to set up a new cleanroom at our Senai 227 Factory which is a new ISO Class 8 cleanroom designed to be an enclosed zone where airborne particles and pollutants are maintained at specific parameters which is the maximum allowable concentration of particles inside the room. The total cost for the new automated production facilities includes 4 new automated production lines and the setting-up of the new cleanroom facility, and the purchase and installation of the related equipment for Senai 227 Factory is estimated at approximately RM66.5 million which will be fully funded by our IPO proceeds. The new automated production facilities are expected to complete by the fourth quarter of 2024.

(iv) Additional factory floor space for our EMS operations

Part of our plans is to expand our factory floor space via the New PLO 227B Factory to accommodate business expansion for our existing as well as potential customers. In September 2022, Cape Manufacturing commenced EMS operations at Kempas 6 Factory, increasing our factory floor space for EMS operations to 332,771 sq ft. We expect to commence the leasing of the New PLO 227B Factory and commence EMS operations at the said factory in the first half of 2024. Our factory floor space for EMS operations will increase from 332,771 sq ft as at the LPD to 463,471 sq ft by the first half of 2024. There is no capital expenditure for the construction of the New PLO 227B Factory as this arrangement is under the proposed sale, build and leaseback.

Further details of our business strategies and plans are set out in **Section 7.22** of this Prospectus.

3.5 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, certain risks and investment considerations (which may occur either individually or in combination, at the same time or around the same time) that may have a significant impact on our future financial performance. The following are the key risks and investment considerations that we are currently facing or that may develop in the future:

(i) We are dependent on imported input materials and any disruption in global supply chain may affect our EMS business and result in delay of operations

The input materials needed for our Group's operations include E&E parts and components such as PCBA, mechanical parts, packaging and related materials, as well as aluminium ingots for die casting manufacturing. We source input materials from Malaysia as well as foreign countries but are reliant on imported materials as there are no local alternatives for most of the input materials which are currently imported by our Group, such as batteries. For all of our EMS products, there are both local and foreign sources for input materials, such as E&E parts and components from approved and appointed suppliers by our customers. Imported materials accounted for 34.7%, 27.6%, 49.8% and 59.9% of our total purchases of input materials and services for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022 respectively. As such, we are reliant on the supply of the imported materials and any disruptions in the global supply chain would affect our EMS business.

As for the proprietary or critical input materials namely the semiconductors, these are mainly supplied by our customers. Any serious and prolonged global shortage of input materials may lead to delay in our production. The delay in production could result in a delay in delivery to our customers which may in turn affect our business operations and financial performance.

(ii) We are dependent on purchase orders from and/or agreements with a few major customers who contribute substantially to our revenue

We are dependent on the following major customers whose sales collectively contribute a significant portion of our revenue for any one or more years during the Period Under Review:

	FYE 2019		FYE 2020		FYE 2021		FPE 2022		Length of Relationship[(1)]
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(Years)
Changhuat Plastic	25,288	58.6	19,071	11.3	*	*	*	*	5
Airspan group of companies	17,801	41.2	72,278	43.0	78,193	22.7	58,797	18.4	4
K & Q	26	0.1	17,213	10.2	49,350	14.3	34,983	10.9	4
Customer A	-	-	36,406	21.6	42,279	12.3	86,594	27.1	3
Tastar Electronics	-	-	*	*	62,862	18.3	63,222	19.8	3
SOQ and NextCentury	-	-	10,510	6.2	62,769	18.3	40,205	12.6	3
Total sales	**43,115**	**99.9**	**155,478**	**92.3**	**295,453**	**85.9**	**283,801**	**88.8**	
Our revenue (RM'000)	**43,157**		**168,261**		**344,334**		**319,750**		

Notes:
* Not a top 5 major customer for the respective financial year.
(1) Length of relationship as at the FPE 2022.

We have master supply agreements with most of our major customers above. The scope of these agreements includes the duration, governing law, dispute settlement, termination in the events of default, payment terms, late delivery obligations, product liability and obligations arising from Force Majeure events. Please refer to **Section 7.17** of this Prospectus for the salient terms of these agreements. Notwithstanding the above, our business is based on purchase orders issued by our customers. In the event there is a termination or non-renewal of master supply agreements, or a reduction of or no purchase orders, or the loss of any of these major customers and we are unable to obtain substitute orders of comparable sizes from other existing or new customers in a timely manner, our financial condition and results of our operation may be adversely affected.

(iii) We are dependent on our Directors, Key Senior Management, skilled engineers and technicians

Our Executive Directors and Key Senior Management play a pivotal role in our day-to-day operations as well as charting, formulating and implementing strategies to drive the future growth of our Group. We are also reliant on the technical expertise of our skilled engineers and technicians involved in the initial design and conceptualisation, assembly and configuration, integration and commissioning stages of our solutions, and provision of after-sales technical support and services to our customers. Any loss of these personnel, and our inability to find suitable replacements in a timely manner, may create an unfavourable or material impact on our operations, and may eventually affect our ability to maintain and/or improve our business performance. This in turn may adversely affect our financial performance.

(iv) We may not be able to sustain our growth rate and our financial performance in the future

Our revenue grew from RM43.2 million in FYE 2019 to RM344.3 million in FYE 2021, representing a CAGR of 182.5%. Our ability to provide customised EMS has enabled us to grow our EMS business segment from a revenue of RM17.8 million in FYE 2019 to RM306.3 million in FYE 2021, representing a CAGR of 314.5%. There is a risk that we may not be able to sustain our growth rate. If we are unable to maintain adequate revenue and profit growth, our financial position could also be adversely affected. If we are unable to manage our growth effectively, we may not be able to take advantage of market opportunities or execute our business plans.

(v) We are dependent on production workers for our business operations

As at the LPD, we have 129 production workers (representing 27.6% of our total workforce of 467 employees) working on our factory floor, out of which 86 are contractual foreign workers and 43 permanent local workers. In addition, as at the LPD, our production workers are supplemented by 657 production workers employed by our sub-contractor. We may experience shortage of production workers from time to time due to several factors which affect our supply of both local and foreign workers as well as our ability to obtain additional production workers from our subcontractor. Factors affecting the hiring of local production workers include salary and benefit package offered, and location. Factors affecting hiring of foreign production workers include (i) our ability to obtain or renew work permits for our foreign workers which is subject to the approval of the regulatory authorities; and (ii) the laws, regulations, and policies of the foreign workers' countries of origin. This may result in delays in project deliverables, which will consequently affect our business operations. In addition, we may experience cost overruns due to having to engage subcontractors at higher cost.

(vi) We require licences, permits, approvals and certificates from relevant government authorities and regulatory agencies for our business operations

We require certain licences, permits and approvals issued by various government authorities and regulatory agencies which are essential for the conduct of our business.

In relation to the past non-compliance of die-casting operations at the Temenggong 22 Factory, for the period of non-compliance from 30 June 2016 to 14 March 2022, the potential maximum penalties which may be imposed are approximately RM2.1 million which are approximately 8.2% of the Group's FYE 2021 PBT which would not have a material adverse impact on our business and financial results. Please refer to **Section 7.23(i)(aa)** of this Prospectus for further details.

In relation to the past non-compliance of EMS operations at the Temenggong 22 Factory, for the period of non-compliance from 30 June 2016 and up to 14 August 2022, the potential maximum penalties which may be imposed are approximately RM2.2 million, representing approximately 8.8% of the Group's FYE 2021 PBT which would not have a material adverse impact on our business and financial results. Please refer to **Section 7.23(i)(bb)** of this Prospectus for further details.

Additionally, if we are unable to fulfil any new or existing terms or conditions which may be imposed on the licences, permits and approvals we require and hold, we may not be able to renew or obtain the licences, permits and approvals required for our operations. Further, regulations of the issuing authorities may become more stringent, thus it may be costly for us to comply with the terms and conditions of these licences, permits and approvals, which therefore may adversely affect our profitability. Any breach or material non-compliance with such regulations may result in the suspension, withdrawal or termination of the relevant licences, permits and approvals, financial penalties or cessation of our operations.

(vii) We may face allegations of forced or unethical labour practices

We may face allegations of forced or unethical labour practices, even in the absence of any basis. Any allegations of forced or unethical labour practices may lead to negative publicity and affect our customers' willingness to engage our services. Foreign governments may also restrict or ban the import of our products and this may adversely impact our business, financial conditions and prospects. Saved as disclosed in **Section 9.2.1** of this Prospectus, we have not been subject to any allegations or faced punitive actions on our products and services as at the LPD. There can be no assurance that such circumstances will not arise in the future.

(viii) We are subject to the demand of our customers' end-user markets

Our business is dependent on our customers' end-user markets. Any negative performance in their end-user markets could result in less purchase orders for our products and services. Some of the factors that may affect our customers' end-user markets include political, economic, social and regulatory factors; changes in technology; changes in market trends and consumer preferences; and new or enhanced products and services replacing existing products and services. Any material changes in regional and global demand from our customers' end-user markets may subsequently affect our business and financial performance.

(ix) We face competition from other EMS operators in Malaysia and foreign countries

We generally compete on a variety of factors including, among others, price competitiveness, financial strengths in terms of working capital, availability or willingness to invest in machinery and equipment, adequate production capacity, availability of skilled resources, quality of products and services, customer service, reliable and competent third-party suppliers, promptness in delivery, track record and market reputation. Failure to remain competitive will have an adverse effect on our future business and financial performance.

Please refer to **Section 9** of this Prospectus for further details and the full list of risk factors which should be considered before investing in our Shares.

3.6 IMPACT OF COVID-19 ON OUR BUSINESS

FYE 2020: As a result of the implementation of MCO by the Government during the MCO period, the business operation of our Group was temporarily suspended. This has impacted the financial performance of our Group on the monthly revenue of April 2020 where our revenue declined by 89.0% from RM6.8 million in March 2020 to RM0.8 million in April 2020. Subsequently as our Group resumed operations, our revenue increased by 2,428.3% to RM18.8 million in May 2020.

FYE 2021: Our Group continued to fulfill customers' orders during the NRP period which has not materially affected our product shipments where we continued to record revenue of RM28.4 million in June 2021 and RM25.5 million in July 2021 and RM45.8 million in August 2021. Our Group resumed full workforce capacity on 8 October 2021.

Impact on the supply chain of the Group

Our EMS customers provide us with a 6 to 12 months rolling forecast and confirmed purchase orders mainly on a weekly or quarterly basis. We are responsible for the procurement of input materials, while proprietary or critical input materials namely the semiconductors are mainly supplied by our customers. Any delays in supplying semiconductors to us will consequently delay our manufacturing process and delivery. The shortage of semiconductors does not directly affect our procurement as the semiconductors are mainly supplied by our customers as mentioned above. However, this has resulted in the delay in the supply of semiconductors by our customers to us which consequently delayed our manufacturing process and delivery. There was no cancellation of orders a result of COVID-19 and MCO or variations thereof. The impact of MCO and variations thereof did not materially affect our Group's liquidity, including collectability of trade receivables and cash flow, and profitability.

Notwithstanding the above, in the event of a prolonged COVID-19 pandemic or any other outbreaks of contagious or virulent diseases in the future, the business operation and financial performance of our Group would be materially affected. Save as disclosed above, our Group did not encounter any material supply disruptions of input materials during the MCO periods and up to the LPD. Further details of the impact of COVID-19 on our business are set out in **Section 7.13** of this Prospectus.

3.7 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors are as follows:

Name	Designation
Datuk Mohd Rabin Bin Basir	Independent Non-Executive Chairman
Tee Kim Chin	Non-Independent Managing Director/ Group Chief Executive Officer
Tee Kim Yok	Non-Independent Executive Director
Lim Chue Wan	Non-Independent Executive Director
Alex Miranda Juntado	Non-Independent Executive Director
Tan Sik Hui	Senior Independent Non-Executive Director
Yau Yin Wee	Independent Non-Executive Director
Chen Kok Seng	Independent Non-Executive Director
Koh Beng San	Independent Non-Executive Director

Our Key Senior Management is as follows:

Name	Designation
Tan Zong Yuan	Group Chief Financial Officer
Salehaldin Bin Nasron	Vice President of Corporate Affairs
Teo Hui Seng	Vice President of Operations
Yew Seow Kuen	Vice President of Supply Chain

Please see **Section 5** of this Prospectus for details on our Directors and Key Senior Management

3.8 DIVIDEND POLICY

For the FYE 2019, FYE 2020 and FYE 2021, there was no dividend declared, made or paid by us or our Subsidiaries to shareholders. For the FPE 2022, we declared and paid a dividend of RM12,964,667 to our then existing shareholders, being Tee Kim Chin, Tee Kim Yok, Fortress and AOF. It is the intention of our Board to recommend and distribute a dividend of up to 30.0% of our audited PAT of each financial year on a consolidated basis after taking into consideration anticipated future operating conditions, operating cash flow requirements, financing commitments, subject to any applicable law and contractual obligations and provided that such distribution will not be detrimental to our Group's cash requirements or any plans approved by our Board. Our Company has no intention to declare any further dividends up to the completion of the Listing. Further details on our dividend policy are disclosed in **Section 12.7** of this Prospectus.

3.9 USE OF PROCEEDS FROM OUR IPO

The gross proceeds from the Public Issue amounting to approximately RM155.7 million[(1)] will be used in the following manner:

Details of use of proceeds	Estimated timeframe for use from the date of our Listing	RM'000	%
Construction of New Senai 226 Warehouse and installation of automated storage facilities	Within 48 months	53,105	34.1
Setting-up of new cleanroom facility and purchase of new automated production lines for EMS operations	Within 24 months	62,810	40.3
Installation of energy saving cooling system	Within 24 months	3,688	2.4
Purchase of new machinery and equipment for die cast manufacturing related services	Within 12 months	4,599	3.0
Working capital	Within 12 months	20,498	13.2
Estimated listing expenses	Within 3 months	11,000	7.0
Total		**155,700**	**100.0**

Note:

(1) We have assumed the Institutional Price and Final Retail Price will be equal to the Retail Price.

The gross proceeds from the Offer for Sale of up to approximately RM78.0 million will accrue entirely to the Selling Shareholders. Further details on the use of proceeds are set out in **Section 4.6** of this Prospectus.

3.10 FINANCIAL HIGHLIGHTS

The key financial highlights based on our historical financial information of our Group for the FYE 2019 to FYE 2021, as well as for the FPE 2021 and FPE 2022 are as set out below:

Consolidated Statements of Profit and Loss and Other Comprehensive Income

	Audited			Unaudited	Audited
	FYE 2019	**FYE 2020**	**FYE 2021**	**FPE 2021**	**FPE 2022**
	(RM'000)	**(RM'000)**	**(RM'000)**	**(RM'000)**	**(RM'000)**
Revenue	43,157	168,261	344,334	243,597	319,750
GP	3,395	32,421	41,891	27,939	41,551
Other income	1,023	2,149	984	1,206	5,992
PBT	1,123	22,697	25,355	17,372	30,940
PAT attributable to owners of the Company	3,818	20,232	26,264	19,903	24,607

	Audited			Unaudited	Audited
	FYE 2019	**FYE 2020**	**FYE 2021**	**FPE 2021**	**FPE 2022**
	(RM'000)	**(RM'000)**	**(RM'000)**	**(RM'000)**	**(RM'000)**
GP margin[(1)] (%)	7.9	19.3	12.2	11.5	13.0
PBT margin[(2)] (%)	2.6	13.5	7.4	7.1	9.7
PAT margin[(3)] (%)	8.8	12.0	7.6	8.2	7.7

Notes:

(1) Computed based on GP divided by revenue.
(2) Computed based on PBT divided by revenue.
(3) Computed based on PAT divided by revenue.

Consolidated Statements of Financial Position

	Audited as at			
	31 December			30 September
	2019	**2020**	**2021**	**2022**
	(RM'000)	**(RM'000)**	**(RM'000)**	**(RM'000)**
Total non-current assets	26,085	99,807	218,883	230,614
Total current assets	74,898	157,359	183,257	233,004
Total assets	**100,983**	**257,166**	**402,140**	**463,618**
Total non-current liabilities	12,797	59,879	112,136	129,849
Total current liabilities	67,177	115,919	120,442	152,245
Total liabilities	**79,974**	**175,798**	**232,578**	**282,094**
Net assets	**21,009**	**81,368**	**169,562**	**181,524**
Total equity	**21,009**	**81,368**	**169,562**	**181,524**
Total bank borrowings[(1)] (RM'000)	14,488	87,521	156,264	203,487
Total borrowings[(2)] (RM'000)	20,697	94,219	156,327	203,512
Gearing ratio[(3)] (times)	1.0	1.2	0.9	1.1
Net borrowings[(4)] (RM'000)	19,571	81,032	115,959	171,197
Net gearing ratio[(5)] (times)	0.9	1.0	0.7	0.9
Current ratio[(6)] (times)	1.1	1.4	1.5	1.5

Notes:

(1) Computed based on total bank borrowings including lease liabilities under the hire purchase contracts owing to financial institutions.
(2) Computed based on total borrowings including lease liabilities and interest-bearing advances from third parties, including a supplier, Changhuat Plastic and our engineering consultant, Wu Jung Wai. For more information, see Note 34 of the Accountants' Report included in **Section 13** of this Prospectus.
(3) Computed based on total borrowings including lease liabilities and interest-bearing advances from third parties divided by total equity.
(4) Computed based on total borrowings (including overdraft) less (i) cash and bank balances; and (ii) fixed deposit not pledged to bank.
(5) Computed based on net borrowings (total borrowings (including overdraft) less (i) cash and bank balances; and (ii) fixed deposits not pledged to bank) divided by total equity.
(6) Computed based on current assets over current liabilities.

Consolidated Statements of Cash Flows

	Audited			
	FYE 2019	**FYE 2020**	**FYE 2021**	**FPE 2022**
	(RM'000)	**(RM'000)**	**(RM'000)**	**(RM'000)**
Net cash from/(used in) operating activities	4,549	[(1)](1,957)	33,069	2,783
Net cash (used in) investing activities	(4,540)	(6,438)	(46,131)	(11,877)
Net cash (used in)/from financing activities	(155)	17,708	40,461	(6,143)
Cash and cash equivalents at beginning of the financial year	1,113	1,112	10,640	37,810
Cash and cash equivalents at end of the financial year	1,112	10,640	37,810	24,517

Note:

(1) We recorded a net cash flow used in operating activities of approximately RM2.0 million in FYE 2020, mainly due to an outstanding amount of RM25.1 million from Changhuat Plastic. On 31 December 2020, Cape EMS entered into an agreement with Changhuat Plastic to extend the repayment term for the outstanding amount of RM25.1 million to December 2021. Subsequently in December 2021, the repayment term for the outstanding amount of RM7.6 million was further extended to December 2022. As at the LPD, the outstanding receivables has been settled.

Please refer to **Section 12** and **Section 13** of this Prospectus for our detailed financial information.

3.11 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The details of our Promoters and substantial shareholders, and their respective shareholdings in our Company before and after our IPO are as follows:

		Before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
Promoters and Substantial Shareholders	**Nationality/ Country of Incorporation**	**No. of Shares ('000)**	**(1)(%)**	**No. of Shares ('000)**	**(1)(%)**	**No. of Shares ('000)**	**(2)(%)**	**No. of Shares ('000)**	**(2)(%)**
Promoters and Substantial Shareholders									
Tee Kim Chin	Malaysian	(3)450,000	60.0	-	-	(3)374,500	40.6	-	-
Tee Kim Yok	Malaysian	(4)138,750	18.5	-	-	(4)127,550	13.8	-	-
Substantial Shareholder									
Fortress	Malaysia	(5)153,187	20.4	-	-	(5)153,187	16.6	-	-

Notes:

(1) Based on our issued Shares before our IPO of 750,000,000 Shares following the Pre-IPO Restructuring Exercise, details of which are set out in **Section 6.1.1** of this Prospectus.

(2) Based on our enlarged issued Shares after our IPO of 923,000,000 Shares.

(3) Tee Kim Chin has provided 2 pledges over her 450,000,000 Shares in favour of (i) Ambank Islamic Berhad ("**AmIslamic Bank**") for a Murabahah Tawarruq Term Financing-i ("**AmIslamic Facility**") she obtained and (ii) Ambank (M) Berhad ("**Ambank**") for a term loan obtained by Tee Kim Yok ("**Ambank Facility**") as described in Note (4) below, which ranks after the pledge over her entire shareholding of 450,000,000 Shares in favour of AmIslamic Bank for the AmIslamic Facility she obtained. The pledged Shares will be held in separate accounts in the name of Amsec Nominees (Tempatan) Sdn Bhd. 75,500,000 Shares of Tee Kim Chin's entire shareholding has been released to facilitate the Offer for Sale. The remaining 374,500,000 Shares will continue to be pledged to AmIslamic Bank and Ambank. The pledge in favour of AmIslamic Bank will be uplifted upon settlement of the AmIslamic Facility by Tee Kim Chin using part of the proceeds from the Offer for Sale. The pledge in favour of Ambank will be uplifted upon full settlement of the Ambank Facility by Tee Kim Yok using the gross proceeds raised from the Offer for Sale after the Proposed Listing. Tee Kim Chin's pledges will not impact the moratorium.

(4) Tee Kim Yok has provided a pledge over her entire shareholding of 138,750,000 Shares in favour of Ambank for the Ambank Facility, of which 11,200,000 Shares has been released to facilitate the Offer for Sale. The remaining 127,550,000 Shares will continue to be pledged to Ambank and held in separate accounts in the name of Amsec Nominees (Tempatan) Sdn Bhd. The said pledge will be uplifted upon full settlement of the Ambank Facility by Tee Kim Yok using the gross proceeds raised from the Offer for Sale after the Proposed Listing. Tee Kim Yok's pledge will not impact the moratorium.

(5) Held by Fortress on trust for its clients who are the beneficial owners of the Shares.

Further details on our Promoters and substantial shareholders are disclosed in **Section 5.1** of this Prospectus.

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	16 February 2023
Issuance of this Prospectus/ Opening of the Retail Offering	10.00 a.m., 16 February 2023
Closing of the Retail Offering	5.00 p.m., 24 February 2023
Closing of the Institutional Offering	27 February 2023
Price Determination Date	27 February 2023
Balloting of applications for our IPO Shares under the Retail Offering	1 March 2023
Allotment/ Transfer of our IPO Shares to successful applicants	8 March 2023
Listing	10 March 2023

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).

4.2.2 Retail Offering

Retail Offering at the Retail Price of RM0.90 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	6	2,000,000
Eligible employees of our Group	369	2,000,000
Persons who have contributed to the success of our Group	4	4,000,000
Total	**379**	**8,000,000**

<u>*Allocation to our Directors*</u>

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.

Tee Kim Chin, Tee Kim Yok and Alex Miranda Juntado have indicated that they will not be subscribing for our IPO Shares due to the following:

(a) Tee Kim Chin and Tee Kim Yok

Tee Kim Chin and Tee Kim Yok, being the Selling Shareholders, will be offering 75,500,000 Shares and 11,200,000 Shares respectively, under the Offer for Sale.

(b) Alex Miranda Juntado

Alex Miranda Juntado, who currently resides in the USA, has indicated his preference to maintain his equity investment portfolio in the USA.

Save for Tee Kim Chin, Tee Kim Yok and Alex Miranda Juntado, 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	320,000
Lim Chue Wan (F)	Non-Independent Executive Director	(1)400,000
Tan Sik Hui (F)	Senior Independent Non-Executive Director	320,000

Directors	Designation	No. of IPO Shares allocated
Yau Yin Wee (M)	Independent Non-Executive Director	320,000
Chen Kok Seng (M)	Independent Non-Executive Director	320,000
Koh Beng San (M)	Independent Non-Executive Director	320,000

Notes:

(M) Male.

(F) Female.

(1) Lim Chue Wan has been allocated 400,000 IPO Shares due to her executive role and responsibility in our Group.

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.

The details of the allocation of our IPO Shares to our Key Senior Management are as follows:

Key Senior Management	Designation	No. of IPO Shares allocated
Tan Zong Yuan (M)	Group Chief Financial Officer	100,000
Teo Hui Seng (M)	Vice President of Operations	100,000
Yew Seow Kuen (F)	Vice President of Supply Chain	100,000
Salehaldin Bin Nasron (M)	Vice President of Corporate Affairs	100,000

Notes:

(M) Male.

(F) Female.

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.

In the event of an under-subscription by Bumiputera citizens, companies, co-operatives, societies and institutions, our IPO Shares may be clawed back from Bumiputera citizens, companies, co-operatives, societies and institutions and allocated to other Malaysian Public. In the event of an under-subscription by other Malaysian Public, our IPO Shares may be clawed back from such other Malaysian Public and allocated to Bumiputera citizens, companies, co-operatives, societies and institutions. In the event of an under-subscription in the Malaysian Public, our IPO Shares may be clawed back from the Malaysian Public and allocated to the Institutional Offering.

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.

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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**
Retail Offering:						
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
Sub-total	**-**	**-**	**54,200,000**	**5.8**	**54,200,000**	**5.8**
Institutional Offering:						
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
Sub-total	**86,700,000**	**9.4**	**118,800,000**	**12.9**	**205,500,000**	**22.3**
Total	**86,700,000**	**9.4**	**173,000,000**	**18.7**	**259,700,000**	**28.1**

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 RM155,700,000 and RM78,030,000 respectively.

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 will:

(a) firstly, be allocated to Malaysian institutional investors under the Institutional Offering;

(b) secondly, be allocated to 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; and

(c) thereafter, any remaining shares from the MITI Tranche which are not subscribed will be made available to selected investors under the Institutional Offering;

(iii) if our IPO Shares allocated via balloting to Bumiputera citizens, companies, co-operatives, societies and institutions under our Retail Offering is under-subscribed, our IPO Shares may be clawed back from Bumiputera citizens, companies, co-operatives, societies and institutions and allocated to other Malaysian Public. Conversely, if our IPO Shares allocated via balloting to the other Malaysian Public under the Retail Offering is under-subscribed, our IPO Shares may be clawed back from such other Malaysian Public and allocated to Bumiputera citizens, companies, co-operatives, societies and institutions;

(iv) subject to items (i), (ii) and (iii) 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;

(v) subject to items (i), (ii) and (iii) 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;

(vi) 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;

(vii) any Excess Shares not taken up by the Eligible Persons under the Pink Form Allocation 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.

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.

4.2.6 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 LPD	750,000,000	100,000,000
New Shares to be issued under the Public Issue	173,000,000	(1)155,700,000
	923,000,000	255,700,000
Estimated listing expenses attributable to the Public Issue	-	(2)(4,385,823)
Total upon Listing	**923,000,000**	**251,314,177**

Notes:

(1) Calculated based on the Retail Price multiplied by the number of new Shares to be issued under the Public Issue.

(2) Being the estimated listing expenses 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:

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

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

4.4.1 Retail Price

This Retail Price of RM0.90 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 PAT at a CAGR of 182.5% and 162.3% respectively from FYE 2019 to FYE 2021, while our Group's revenue and PAT increased by 31.3% and 23.6% respectively in FPE 2022 as compared to FPE 2021. Our EBITDA grew at a CAGR of 185.6% from FYE 2019 to FYE 2021, and increased by 82.4% from FPE 2021 to FPE 2022. During this period of growth, our EBITDA margins were at 11.7%, 19.4%, 12.0% and 15.8% for FYE 2019, FYE 2020, FYE 2021 and FPE 2022 respectively;

(ii) price-to-earnings ratio (PER) of approximately 31.6 times based on our Group's diluted EPS of 2.85 sen after taking into account our PAT of RM26.3 million for the FYE 2021 and 923.0 million Shares upon Listing;

(iii) our pro forma NA per Share of about RM0.35 as at 30 September 2022, based on our enlarged issued Shares of 923.0 million Shares upon Listing and after adjusting for the expenses relating to our IPO and intended use of proceeds from our Public Issue, representing a price-to-book ratio of about 2.6 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 2 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 experienced Managing Director/ Group Chief Executive Officer, Executive Directors, Key Senior Management team to sustain and continue developing our business.

(vi) our plans and strategies are as follows:

(a) setting-up of Tebrau 6 Factory for aluminium die cast manufacturing;

(b) construction of New Senai 226 Warehouse and installation of automated storage 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, including but not limited to market performance of key regional indices and companies involved in similar businesses listed on Bursa Securities as set out in **Section 8** of this Prospectus, current market trends and investors' sentiments.

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 16 February 2023 and will end on 27 February 2023, 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 at the successful applicants' own risk (if you have not provided your bank account information to Bursa Depository) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) for applications made via the Application Form, within 10 Market Days from the date of final ballot of applications; 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.

4.4.4 Expected market capitalisation

Based on the Retail Price, the total market capitalisation of our Company upon our Listing would be RM830.7 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 30 September 2022 is RM0.24, 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, 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 30 September 2022 would be RM0.35. This represents an immediate increase in NA per Share of RM0.11 to our existing shareholders and an immediate dilution in the NA per Share of RM0.55 (representing 61.1% 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:

	RM
Institutional Price/ Final Retail Price	0.90
Pro forma consolidated NA per Share as at 30 September 2022 before the IPO	0.24
Pro forma consolidated NA per Share as at 30 September 2022 after the IPO and use of proceeds from our Public Issue	0.35
Increase in the pro forma consolidated NA per Share to our existing shareholders	0.11
Dilution in the pro forma consolidated NA per Share to institutional/retail and selected investors	0.55
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	61.1%

Further details of our pro forma consolidated NA per Share as at 30 September 2022 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 the LPD:

Name	No. of Shares before Share Split	No. of Shares after Share Split	No. of Shares from our IPO	Total consideration	Average price per Share
				(RM)	(RM)
Promoters, Directors and substantial shareholders					
Tee Kim Chin	(1)18,000,000	(1)270,000,000	-	(1)18,000,000	0.07
Tee Kim Yok	(2)10,000,000	(2)138,750,000	-	(2)7,456,572	0.05
Director					
Alex Miranda Juntado	(3)2,000,000	-	-	(3)2,000,000	1.00
Substantial shareholder					
Fortress	(4)9,500,000	(4)153,187,500	-	57,000,000	0.37

Notes:

(1) 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. Pursuant to the Share Split which was completed on 27 April 2022, the 18,000,000 Shares acquired by Tee Kim Chin adjusted to 270,000,000 Shares.

(2) On 6 July 2021, 10,000,000 Shares were transferred from Alex Miranda Juntado to Tee Kim Yok for a cash consideration of RM10,000,000. Pursuant to the Share Split which was completed on 27 April 2022, the 10,000,000 Shares acquired by Tee Kim Yok adjusted to 150,000,000 Shares. On 28 June 2022, pursuant to the Shareholding Restructuring with Fortress and AOF, Tee Kim Yok transferred 11,250,000 Shares which had been valued at RM2,543,428 to Fortress and AOF. As at the LPD, Tee Kim Yok holds 138,750,000 Shares.

(3) On 16 March 2020, Alex Miranda Juntado was allotted 2,000,000 Shares for consideration otherwise than cash of RM2,000,000. On 6 July 2021, Alex Miranda Juntado transferred his entire 10,000,000 Shares to Tee Kim Yok for a cash consideration of RM10,000,000.

(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, pursuant to the Conversion of ICPS, Fortress converted all of its 57,000,000 ICPS into 9,500,000 Shares. Pursuant to the Share Split which was completed on 27 April 2022, the 9,500,000 Shares acquired by Fortress were adjusted to 142,500,000 Shares. On 28 June 2022, Tee Kim Yok transferred 10,687,500 Shares which had been valued at RM2,416,257 to Fortress as part of the Shareholding Restructuring with Fortress and AOF. As at the LPD, Fortress holds 153,187,500 Shares.

4.6 USE OF PROCEEDS

We expect to use the gross proceeds from the Public Issue amounting to approximately RM155.7 million(1) in the following manner:

Details of use of proceeds	Estimated timeframe for use from the date of our Listing	RM'000	%
Construction of New Senai 226 Warehouse and installation of automated storage facilities	Within 48 months	53,105	34.1
Setting-up of new cleanroom facility and purchase of new automated production lines for EMS operations	Within 24 months	62,810	40.3
Installation of energy saving cooling system	Within 24 months	3,688	2.4
Purchase of new machinery and equipment for die cast manufacturing related services	Within 12 months	4,599	3.0
Working capital	Within 12 months	20,498	13.2
Estimated listing expenses	Within 3 months	11,000	7.0
Total		**155,700**	**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.

Upon completion of our Listing, in the event of a change of 25% or more of the total proceeds raised from our IPO, our Group must seek our shareholders' approval, in accordance with the Listing Requirements.

To support these strategies, the gross proceeds from the Public Issue of approximately RM155.7 million are expected to be utilised for the following purposes:

4.6.1 Construction of New Senai 226 Warehouse and installation of automated storage facilities

As at the LPD, our Group has 2 factories that are dedicated to our EMS operations, namely Senai 227 Factory and Kempas 6 Factory with a total built-up area of 332,771 sq ft. The said factories have also been used to house our machinery and equipment as well as storage facilities.

Our Group intends to construct the New Senai 226 Warehouse and install automated storage facilities in the new warehouse. The New Senai 226 Warehouse is intended to be constructed on PLO 226B which was purchased by our Group in 2021 for a purchase consideration of approximately RM7.8 million. 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 Senai 226 Warehouse and installation of automated storage facilities is expected to cost approximately RM53.1 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
Estimated built-up area	:	166,917 sq ft
Proposed usage	:	Warehouse functions

The New Senai 226 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. The remaining land area of 111,545 sq ft will comprise the landscape area, car park area and access road, guard house and electric supply substation. Currently, our existing storage floor space at Senai 227 Factory has been fully utilised for the storage of both finished goods and input materials for our EMS operations. 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 Senai 226 Warehouse, this will free up the storage floor space at Senai 227 Factory, which will be made available for expansion of our EMS operations including transitional storage of input materials and finished goods.

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 Senai 226 Warehouse and installation of automated storage facilities, it is expected that our Group's storage capabilities would be able to increase by approximately 32,400 pallets, representing an increase of more than 2,000%. The set-up of the automated storage facilities at the New Senai 226 Warehouse will be carried out in 2 phases.

The New Senai 226 Warehouse will provide our 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 Senai 226 Warehouse has not commenced. Based on the indicative timeline, we expect to submit the building plan to the Kulai Municipal Council for approval by third quarter of 2023. We expect to complete the construction of the New Senai 226 Warehouse and to commence operations by first quarter of 2026.

The construction of the New Senai 226 Warehouse and installation of automated storage facilities is expected to cost a total of approximately RM53.1 million, the breakdown of which is as follows:

Description	**Total estimated costs**		**Expected timing to commence**	**Expected completion timeframe**
	(RM'000)	**(%)**		
Construction costs for New Senai 226 Warehouse	25,937	48.8	Q1 2024	Q1 2026
Purchase and installation of automated storage facilities	27,168	51.2		
- *Phase 1*	*13,516*	*25.5*	*Q1 2026*	*Q3 2026*
- *Phase 2*	*13,652*	*25.7*	*Q4 2026*	*Q1 2027*
Total	**53,105**	**100.0**		

Upon completion of the construction of the New Senai 226 Warehouse, our Group will then purchase and install automated storage facilities in 2 phases in order to allow our customers the usage of part of the said warehouse (Phase 1) pending completion of Phase 2. We expect to complete the installation of Phase 1 and Phase 2 of the automated storage facilities and commence operations by the third quarter of 2026 and first quarter of 2027 respectively.

We do not foresee any material adverse impact on our Group in the event of any delay in the completion of the construction of the New Senai 226 Warehouse as well as the purchase and installation of the automated storage facilities as our Group will be able to outsource the storage requirement through the renting of storage space from warehouse and fulfilment parties.

As mentioned above, we have earmarked approximately RM53.1 million or 34.1% of the proceeds raised from our Public Issue to construct the New Senai 226 Warehouse together with the installation of the automated storage facilities.

Please refer to **Section 7.22.2** of this Prospectus for further details on the construction of New Senai 226 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, internally generated funds and/or bank borrowings. However, if the actual cost of the above planned utilisation is lower than earmarked amount, the surplus will be used for working capital purposes.

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

Our Group has earmarked approximately RM62.8 million or 40.3% of the proceeds raised from our Public Issue to fully fund the setting-up of a new ISO Class 8 cleanroom facility and purchase of 4 new automated production lines for our EMS operations for the electronic cigarette for Customer A(1). The rationale of our expansion is to increase our Group's capacity to meet the expected increasing demand from the said customer. The expected increase in demand is premised on the rolling forecast provided to our Group as well as discussions with the said customer. The setting-up of a new cleanroom facility and purchase of automated production lines for our EMS operations is for our Senai 227 Factory.

Note:

(1) Customer A is principally involved in electronic cigarette manufacturing and distribution in the USA. The name of Customer A has not been disclosed due to a confidentiality requirement in our Manufacturing and Supply Agreement with Customer A. Consent was sought for disclosure of the identity of Customer A but was not obtained. As such, the identity of Customer A is not disclosed in this Prospectus.

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, we expect our Group's monthly production capacity for the refill pods for the electronic cigarettes to increase by approximately 133.3% 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 RM62.8 million as follows:

Description	**No. of unit**	**Estimated cost (RM'000)**
Setting-up costs for new cleanroom facility	1	1,298
Automated production lines(1)	4	61,512
Total		**62,810**

Note:

(1) The cost of each of the 4 automated production lines is estimated at approximately RM15.4 million.

Setting-up costs for new cleanroom facility

As part of the on-going and future expansion plans, our Group would be adding a new ISO Class 8 cleanroom facility to house the new automated production lines to support our future business. The new cleanroom of ISO Class 8 is an existing technology adopted by our Group in our EMS operations. The ISO Class 8 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 based on ISO 14644 standard. The specification of the cleanrooms is based on the minimum requirement to manufacture the products based on the product specifications as required by our customers. The setting-up of a new cleanroom facility does not require any licence or approval from regulatory authorities. However, our Group opts to obtain an annual certificate to be issued by an independent external laboratory company to confirm that the new cleanroom is an ISO Class 8 cleanroom.

As part of our practice, we have implemented continuous monitoring of the cleanrooms' specifications via regular preventative maintenance and daily inspection, such as daily checking of high-efficiency particulate air (HEPA) filter and weekly inspection of the parts for the cleanrooms' facility and the automated production lines. Further, our Company has set up auto notification to designated technical personnel on cleanroom temperature and humidity for continuous monitoring. Any problems or potential problems are rectified immediately. Therefore, our Group does not expect material issues in relation to the obtaining of the annual certificates for our cleanrooms.

For the avoidance of doubt, one of the specifications set out by Customer A are to ensure that the products (mainly for the disposable cigarette sticks and refill pods) are manufactured in an ISO Class 8 cleanroom. The annual certification for the cleanrooms however, which is not requested by our customers, is a voluntary measure adopted by our Group to showcase our quality standards and provide reassurance to our customers in relation to our EMS facilities. In this regard, our Group does not foresee any implications arising from the Manufacturing and Supply Agreement with Customer A in the unlikely event that our Group does not obtain the said annual certificate for the new cleanroom facility or our existing cleanrooms. For the Period Under Review and up to the LPD, our Group has not failed to obtain the annual certificate for our cleanrooms.

Our Group expects to obtain the annual certificate for the new cleanroom facility in the fourth quarter of 2023. As at the LPD, our Group has not appointed the independent external laboratory company for the issuance of the said annual certificate.

As at the LPD, we have 2 existing cleanrooms comprising an ISO Class 8 cleanroom which houses 8 existing automated production lines and 2 automated blister packaging lines for the refill pods and another ISO Class 8 cleanroom which houses 4 semi-automated production lines for disposable cigarette sticks, being production lines which involve automation of certain assembly and filling process as well as manual handling for the in-process inspection and packing. The installation of semi-automated production lines has taken into consideration the output requirements for the production of disposable cigarette sticks.

We have earmarked approximately RM1.3 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 ISO Class 8 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 operations in the fourth quarter of 2023.

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 additional automated production lines is to increase our Group's capacity to meet the expected increasing demand from Customer A, 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 commence the purchase and installation of the 4 new automated production lines in the third quarter of 2023, and we expect that our Group would be able to commence operations of the new automated production lines upon completion of the installation of the 4 new automated production lines (after the necessary acceptance tests and trial runs) in the fourth quarter 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, internally generated funds and/or bank borrowings. However, 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 Installation of energy saving cooling system

Our Group has allocated approximately RM3.7 million or 2.4% 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 and be operational by the second quarter of 2023.

The energy saving cooling system is a heating, ventilation and air conditioning ("**HVAC**") energy saving system which comprises of 21 sets of new air-handling units (AHU); 3 sets of new cooling towers (CT); 2 sets of new high efficiency chillers; 3 sets of new chilled water pump; 3 sets of new condenser water pump; the installation of a new control panel with high efficiency variable speed drive (VSD) and the installation of an energy management system for the chiller plant room as well as wiring and programming works including wiring connection with existing air conditioning equipment.

It is anticipated that the total energy savings from the HVAC will see an improvement from our current estimated total consumption of approximately 457,000 kilowatt-hours ("**kWh**") to approximately 260,000 kWh per month, representing savings of approximately 40%. The installation of the energy saving cooling system is aimed at achieving cost saving measures by reducing overall electricity costs, resulting in estimated energy 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.

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, internally generated funds and/or bank borrowings. However, 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 Purchase of new machinery and equipment for die cast manufacturing related services

Our Group has allocated approximately RM4.6 million or 3.0% 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. Cape Manufacturing acquired the Tebrau 6 Factory, which refers to the lease over 3 pieces of land held under PTD 53893, PTD 53894 and PTD 53895, together with a detached factory erected thereon, in September 2022. Please refer to **Section 7.21.2** of this Prospectus for further information on the status of Tebrau 6 Factory.

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	3,734
Computer numerical control ("**CNC**") lathe machines	2	500
Rotary screw air compressors	3	365
Total		**4,599**

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 RM3.7 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 the spraying of the aforementioned formed die cast parts. Currently, the spraying of formed die cast parts is manually carried out by production workers, of which, the rejection percentage is at an estimated range of 5% to 10%. The robotic pick and spray equipment is expected to reduce the rejection rate to an estimated 3%.

Additionally, the estimated cycle time is expected to improve from approximately 35 seconds to 70 seconds under the manual spray process to approximately 25 seconds to 50 seconds using the new robotic pick and spray equipment, i.e., by a range of approximately 22% to 33%, depending on the casting tonnage worked on.

The purchase of such robotic pick and spray equipment is also expected to reduce reliance on production workers. It is expected that we are able to improve efficiency and reduce our requirement for labour of 1 worker per shift instead of 2 workers per shift for each die casting production line resulting in cost savings of approximately RM62,000 per month.

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 and be fully operational in the second quarter of 2023.

CNC lathe machines

Our Group intends to increase its precision machining operations through the purchase of 2 new units CNC lathe 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. Given that our Group currently does not own any such machines, we have therefore outsourced the specific processes relating to precision machining operations using CNC lathe machines to third parties.

We have identified approximately RM0.5 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. Based on the existing estimated orders from our Group's customers as at the LPD, the average estimated outsourcing costs is approximately RM0.9 million per annum. The purchase of the CNC lathe machines will enable full cost savings in the event our Group purchases the 2 new units of CNC lathe machines. Such estimated cost savings had been arrived at based on the assumption that our customers do not require all the various works requiring lathe machining to be undertaken simultaneously. If such works are required to be undertaken and completed at the same time, the use of 2 new CNC lathe machines may not be sufficient to carry out the processing works required by Cape Manufacturing. As such, our Group may still be required to outsource such process.

As at the LPD, our Group has not incurred any costs for the said purchase of the 2 new CNC lathe machines. We expect to commence the acquisition of the new CNC lathe machines and be fully operational in the second quarter of 2023. The new CNC lathe machines are 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 RM0.4 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 production area of the 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 air power using air pressure. The said rotary screw air compressors allow compressed air power (being air that is pressurised to greater than atmospheric pressure into a smaller space) for use in our production process such as screw assembly equipment.

It is expected that the energy consumption cost savings from using the 3 new rotary screw air compressors is approximately 24% higher as compared to the energy consumption cost savings from using 3 piston air compressors and the estimated energy consumption cost savings is approximately RM13,100 per annum.

As at the LPD, our Group has not incurred any costs for the purchase of the said 3 new rotary screw air compressors. We expect to commence the acquisition of the new rotary screw air compressors and be operational 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, internally generated funds and/or bank borrowings. However, 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 RM20.5 million or 13.2% of our Public Issue proceeds.

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

Details	RM'000	%
Purchase of input materials for our EMS operations	15,000	73.2
General working capital	5,498	26.8
Total	**20,498**	**100.0**

A total of approximately RM15.0 million out of working capital will be used to finance purchase of input materials for our EMS operations. The input materials used by us for our EMS operations include (i) E&E parts and components such as PCBA and electronic components such as components for portable credit card readers and wireless data gathering systems; (ii) mechanical parts; (iii) packaging and related materials; and (iv) others which mainly include magnets, shielding materials, equipment such as sealer, laser printer, laser marking machine and calibration equipment, forklift rental as well as hardware. Please refer to **Section 7.14** of this Prospectus for the list of input materials utilised by our Group. The allocation of the purchase of each category of input material cannot be determined at this juncture. We have budgeted the input material purchase with reference to the average historical cost of input material purchase during the FYE 2021 that we require for our operations with the expected growth in our business.

Our Group plans to utilise the balance RM5.5 million working capital for its day-to-day operations, which include, among others, defrayment of administrative expenses, and our distribution costs consisting mainly of freight and handling related costs. With the working capital of RM20.5 million, our 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, internally generated funds and/or bank borrowings. However, 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 RM11.0 million or 7.0% of the proceeds from the Public Issue, details of which are as follows:

	RM'000
Professional fees	4,673
Fees payable to authorities	604
Brokerage, underwriting and placement fees	3,522
Fees and expenses for printing, advertising and roadshow	1,100
Miscellaneous expenses and contingencies	1,101
Total	**11,000**

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/or internally generated funds. However, if the actual cost of the above planned utilisation is lower than earmarked amount, the surplus will be used for working capital purposes.

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 RM78.0 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 RM1.6 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 Consolidated Statements of Financial Position as at 30 September 2022 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 2.0% (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 2.0% (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.

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4.8 DETAILS OF THE UNDERWRITING AND PLACEMENT

4.8.1 Underwriting

We have entered into the Underwriting Agreement with the Joint Underwriters to severally, i.e. not (i) jointly or (ii) jointly and severally, underwrite 54,200,000 IPO Shares ("**Underwritten Shares**") under the Retail Offering as set out in **Section 4.2.2** of this Prospectus, subject to the clawback and reallocation provisions as set out in **Section 4.2.3** of this Prospectus and 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:

The obligations of the Joint Underwriters under the Underwriting Agreement shall be conditional upon the fulfilment and/or satisfaction of the following:

(a) all approvals, authorisations, orders, consents, exemptions and waiver required in relation to the IPO, the Listing having been obtained and being in full force and effect effect up to the last date and time for the receipt of applications and payment for the Retail Offering in accordance with the Prospectus and the Application Form(s) or any such date as may be extended from time to time by our Company together with the mutual agreement of the Joint Underwriters in writing, subject to the prior written approval of the relevant authorities, if required ("**Closing Date**"), the date of delivery of the Applications Form(s) together with the remittance of subscription monies payable on the application of the unsubscribed Shares by the Joint Underwriters ("**Settlement Date**") and Listing date and that all conditions of the approvals have been complied with;

(b) the offer and issuance of the IPO Shares having been approved by the shareholders of our Company;

(c) the lodging with the Registrar of Companies of Malaysia of a copy of the Prospectus for lodgement in accordance with the requirements of Section 234 of the CMSA together with copies of all documents required under the CMSA;

(d) the registration with the SC of the Prospectus and the submission to the SC of accompanying documents on or before their issue, circulation or distribution to the public;

(e) the Prospectus being issued not later than 16 February 2023 or such later date as may be agreed by the Joint Underwriters;

(f) the Joint Underwriters being satisfied that our Company will be admitted to the Official List and its issued and paid-up share capital will be listed and quoted on the Main Market of Bursa Securities without undue delay;

(g) the delivery of the signed legal opinion addressed to the Joint Underwriters to be issued by the legal adviser to the Joint Underwriters in a form and substance satisfactory to the Joint Underwriters on the Closing Date;

(h) the execution of the letters of undertaking provided by AOF, Fortress, Tee Kim Chin and Tee Kim Yok, dated 27 June 2022 and 29 June 2022 respectively, undertaking that they will not sell, transfer or assign their entire shareholdings in our Company for a period of six (6) months from the Listing Date ("**Letters of Undertaking**") and none of the Letter of Undertaking having been terminated or rescinded pursuant to the provisions thereof and each remaining in full force and effect and no breach in respect of any of such Letters of Undertaking has occurred;

(i) the IPO and the offering and subscription of the IPO Shares in accordance with the provisions hereof not being prohibited or impeded by any statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities) or any jurisdiction within which such IPO Shares are offered;

(j) there not being, on or prior to the Closing Date and/or Settlement Date, any change or any development involving a prospective event, change, development or occurrence, or series of events, changes, development or occurrences, which in the Joint Underwriters' reasonable opinion, that will or is likely to prejudice or would have or can reasonably be expected to have a material adverse effect or change, whether individually or in the aggregate and whether or not arising in the ordinary course of business: (i) on the condition (financial or otherwise) general affairs, management, shareholders' equity, business, assets, liquidity, liabilities, prospects, properties or results of operations of our Company or our Group; (ii) on the ability of our Company, the Group and/or the Selling Shareholders to perform in any respect its obligations under or with respect to, or to consummate the transactions contemplated by, The Prospectus and/or the Application Forms and any supplement or amendment thereto, the Placement Agreement or the Underwriting Agreement; or (iii) on the IPO ("**Material Adverse Effect**");

(k) there not having occurred on or prior to the Closing Date and/or Settlement Date, any event or discovery of fact or circumstances rendering untrue, inaccurate or incorrect any of the representations, warranties and undertakings of our Company under the Underwriting Agreement;

(l) there not having occurred on or prior to the Closing Date and/or Settlement Date, any breach of and/or failure to perform any of the representations, warranties and undertakings by our Company contained in the Underwriting Agreement; and

(m) the delivery to the Joint Underwriters on the Closing Date and Settlement Date, respectively a certificate in the agreed form of our Company set out in the Underwriting Agreement, signed by a duly authorised officer of our Company, dated the Closing Date and the Settlement Date, to the effect that the person who provides such certificate has carefully examined the Underwriting Agreement and that: (i) the representations, warranties and undertakings of our Company are true, accurate and correct and not misleading in all respects on and as of the Closing Date and Settlement Date (as the case may be), as though they had been given and made on the Closing Date and the Settlement Date (as the case may be), and our Company has complied with all the terms of the Underwriting Agreement and satisfied all the conditions on its part under the Underwriting Agreement to be performed and satisfied on or prior to the Closing Date and the Settlement Date (as the case may be); (ii) since the date of the Underwriting Agreement, there has been no change or development that may have a Material Adverse Effect; and (iii) the allotment and issuance of the Retail Offering under the IPO are not being prohibited by any statutes or regulations promulgated or issued by any legislative or regulatory body in Malaysia.

Notwithstanding anything contained in the Underwriting Agreement, the Joint Underwriters, may by notice in writing to our Company given at any time before the Listing Date, terminate, cancel and withdraw the commitment of each Joint Underwriter to subscribe and/or procure subscribers for the Underwritten Shares which are not taken up or not duly applied for on the Closing Date ("**Underwriting Commitment**") if in the opinion of the Joint Underwriters:

(a) there is any breach by our Company of any of the representations, warranties or undertakings set out in the Underwriting Agreement or which is contained in any certificate under or in connection with the Underwriting Agreement in any respect; and in either event, where such misrepresentation or breach is capable of remedy, the same not being remedied within five (5) Market Days or on such other day which the parties to the Underwriting Agreement may mutually agree in writing, but in any event no later than the Closing Date from the provision of a written notice to our Company, as the case may be, by the Joint Underwriters;

(b) without prejudice to the sub-clause above, there is failure on the part of our Company to perform any of its obligations contained in the Underwriting Agreement;

(c) there is withholding of information from the Joint Underwriters which would have or is likely to give rise to a Material Adverse Effect;

(d) there shall have occurred, or happened any other event in which Material Adverse Effect having occurred or are likely to occur;

(e) any statement contained in the Prospectus and/or the Application Form and any supplement or amendment thereto has become or been discovered to be untrue, inaccurate or misleading in any respect;

(f) matters have arisen or have been discovered which would, if the Prospectus and/or the Application Form and any supplement or amendment thereto were to be issued at that time, constitute a material omission therefrom;

(g) there shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of the Joint Underwriters by reason of Force Majeure which would have or can reasonably be expected to have, a Material Adverse Effect or which is reasonably likely to have the effect of making any obligation under the Underwriting Agreement incapable of performance in accordance with its terms or Group and/or our Company shall sustain any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labour disturbance or dispute or any action, order or decree of any court or arbitrator or governmental or regulatory authority, in each case, that has had or could reasonably be expected to have a Material Adverse Effect.

"**Force Majeure**" means causes which are unpredictable and beyond the reasonable control of the party or parties to the Underwriting Agreement claiming force majeure which could not have been avoided or prevented by reasonable foresight, planning and implementation including but not limited to (i) introduction of or public announcement to introduce any new law or regulation or policy or any change in existing laws or regulations or policies (or the judicial interpretation thereof) or any other similar event which has or is likely to have a Material Adverse Effect; and (ii) any act or acts of God, national disorder, armed conflict or serious threat of the same, hostilities, embargo, revolution, riot, looting or other labour disputes, natural catastrophe, earthquake, typhoon, acts of warfare, sabotages, outbreak of war, outbreak of disease, epidemics, pandemic, the imposition of lockdowns or similar measures to control the spread of any epidemic which results in the closure of banks or government or regulatory offices or any other authorities which are required for the Joint Underwriters to perform their obligations under the Underwriting Agreement, acts of terrorism or the declaration of a state of national emergency;

(h) any government requisition or other occurrence of any nature whatsoever which would have or is likely to have a Material Adverse Effect;

(i) any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), economic conditions or exchange control or currency exchange rates which is likely to have a Material Adverse Effect (whether in the primary market or in respect of dealings in the secondary market). For the avoidance of doubt, if the FTSE Bursa Malaysia KLCI ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day (i) on or after the date of the Underwriting Agreement; and (ii) prior to the Listing date, lower than 80%, of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least three (3) consecutive Market Days, it shall be deemed a material adverse change in the stock market condition;

(j) trading of all securities on Bursa Securities has been suspended or other material form of general restriction in trading for three (3) consecutive Market Days or more;

(k) any new law or regulation or change in law, regulation, directive, policy or ruling in any applicable jurisdiction which is reasonably likely to prejudice the success of the Listing or which is likely to have the effect of making any obligation under the Underwriting Agreement incapable of performance in accordance with its terms;

(l) any part of the IPO is stopped or delayed by our Group/Company, the Selling Shareholders or the regulatory authorities for any reason whatsoever;

(m) any commencement of legal proceedings, formal investigations, enquiries or action against any member of our Group or any of their directors or associates, which causes, or is likely to give rise to, a Material Adverse Effect or makes it impracticable to market the IPO or to enforce contracts to allot and/or transfer the IPO Shares;

(n) the Listing does not take place on or before 10 March 2023 or such other extended date as may be agreed by the Joint Underwriters;

(o) the execution of the Placement Agreement has not taken place by 27 February 2023 or such other extended date as may be agreed by the Joint Underwriters;

(p) the Placement Agreement not having been terminated or rescinded in accordance with the terms thereof or any of the conditions precedent set forth in the Placement Agreement not having been satisfied in full or to the extent not satisfied as such, waived by the Placement Agents therein in accordance with its terms;

(q) approval for the IPO is withdrawn, modified and/or subject to terms and conditions not acceptable to the Joint Underwriters; or

(r) the Closing Date does not take place on or before 24 February 2023 or any later date which is approved by the Joint Underwriters in writing.

4.8.2 Placement

We and the Selling Shareholders expect to enter into the Placement Agreement with the Joint Bookrunners in relation to the placement of 205,500,000 IPO Shares under the Institutional Offering, subject to the clawback and reallocation provisions as set out in **Section 4.2.3** of this Prospectus. We and the Selling Shareholders will be requested to give various representations, warranties and undertakings, and to indemnify the Joint Bookrunners against certain liabilities in connection with our IPO. The terms of the Placement Agreement are subject to negotiations and may include termination events that are different from those under the Underwriting Agreement as set out in **Section 4.8.1** of this Prospectus.

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 second 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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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Promoters' and substantial shareholders' shareholdings

The details of our Promoters and substantial shareholders, and their respective shareholdings in our Company before and after our IPO are as follows:

Promoters and Substantial Shareholders	Nationality / Country of Incorporation	Before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	[1](%)	No. of Shares	[1](%)	No. of Shares	[2](%)	No. of Shares	[2](%)
Promoters and Substantial Shareholders									
Tee Kim Chin	Malaysian	[3]450,000,000	60.0	-	-	[3]374,500,000	40.6	-	-
Tee Kim Yok	Malaysian	[4]138,750,000	18.5	-	-	[4]127,550,000	13.8	-	-
Substantial Shareholder									
Fortress	Malaysia	[5]153,187,500	20.4	-	-	[5]153,187,500	16.6	-	-

Notes:

(1) Based on our issued Shares before our IPO of 750,000,000 Shares following the Pre-IPO Restructuring Exercise, details of which are set out in **Section 6.1.1** of this Prospectus.

(2) Based on our enlarged issued Shares after our IPO of 923,000,000 Shares.

(3) Tee Kim Chin has provided 2 pledges over her entire shareholding of 450,000,000 Shares in favour of (i) Ambank Islamic Berhad ("**AmIslamic Bank**") for a Murabahah Tawarruq Term Financing-i ("**AmIslamic Facility**") she obtained and (ii) Ambank (M) Berhad ("**Ambank**") for a term loan obtained by Tee Kim Yok ("**Ambank Facility**") as described in Note (4) below and in Note (3) of **Section 5.2.3(iii)** of this Prospectus. The pledge to Ambank ranks after the pledge over her entire shareholding of 450,000,000 Shares in favour of AmIslamic Bank for the AmIslamic Facility she obtained. The pledged Shares will be held in separate accounts in the name of Amsec Nominees (Tempatan) Sdn Bhd. 75,500,000 Shares of Tee Kim Chin's entire shareholding has been released to facilitate the Offer for Sale. The remaining 374,500,000 Shares will continue to be pledged to AmIslamic Bank and Ambank. The pledge in favour of AmIslamic Bank will be uplifted upon settlement of the AmIslamic Facility by Tee Kim Chin using part of the proceeds from the Offer for Sale. The pledge in favour of Ambank will be uplifted upon full settlement of the Ambank Facility by Tee Kim Yok using the gross proceeds raised from the Offer for Sale after the Proposed Listing. Tee Kim Chin's pledges will not impact the moratorium.

(4) Tee Kim Yok has provided a pledge over her entire shareholding of 138,750,000 Shares in favour of Ambank for the Ambank Facility, of which, 11,200,000 Shares has been released to facilitate the Offer for Sale. The remaining 127,550,000 Shares will continue to be pledged to Ambank. The said pledge will be uplifted upon full settlement of the Ambank Facility by Tee Kim Yok using the gross proceeds raised from the Offer for Sale after the Proposed Listing. Tee Kim Yok's pledge will not impact the moratorium.

(5) Held by Fortress on trust for its clients who are the beneficial owners of the Shares.

The Shares held by our Promoters and substantial shareholders do not have different voting rights from our other shareholders. Save for the above, there are no other persons who is able to, directly or indirectly, jointly or severally, exercise control over our Company. As at the LPD, there is no arrangement between our Company and the Promoters and our substantial shareholders with any third party which may result in a change in control of our Company at a date subsequent to our IPO and our Listing.

5.1.2 Profiles of Promoters and substantial shareholders

(i) Tee Kim Chin
Promoter, substantial shareholder and Non-Independent Managing Director/Group Chief Executive Officer

Tee Kim Chin, female, a Malaysian aged 55, is our Promoter, substantial shareholder and a member of the Risk Management Committee. She was appointed to our Board on 31 May 2013. She is our Managing Director/Group Chief Executive Officer and is primarily responsible for the overall strategy and corporate direction of our Group.

She obtained a Malaysian Higher School Certificate (STPM) in 1987. She also attended the Research and Advanced Study on Leadership at the School of Continuing Education, Tsinghua University, China in 2014.

She began her career in A&W (M) Sdn Bhd in 1988 as a management trainee and was later promoted to Marketing Assistant (1989), Personal Assistant to General Manager (1991) and finally as Ipoh Outlet Assistant Manager (1991).

In 1992, she left A&W (M) Sdn Bhd and joined Jangta Electronics (M) Sdn Bhd as a Storekeeper. She rose up the ranks to be the General Manager in 1999 where she was responsible for, amongst others, overseeing production planning, manpower planning, manufacturing management, business forecasts, company performance review and business development.

In 2002, she resigned from Jangta Electronics (M) Sdn Bhd and joined Crestar Printer (M) Sdn Bhd in the same year as General Manager where she was responsible for overseeing the company's operations which included reviewing the company's performance, business development, preparing business forecast and budgetary summary as well as reporting to the board of directors.

In 2004, she left Crestar Printer (M) Sdn Bhd and joined P.T Ultrakindo Crestec Indonesia, Indonesia as Managing Director responsible for the management of the factory and its manufacturing process as well as reporting to the board of directors. P.T Ultrakindo Crestec Indonesia, Indonesia was principally involved in printing of instruction manuals, warranty books and carton boxes.

In 2006, she left P.T Ultrakindo Crestec Indonesia, Indonesia to join Toyoplas Holdings Pte Ltd, Singapore as a director. She was tasked to oversee the entire management and operation of various Toyoplas' factories. Toyoplas Holdings Pte Ltd, Singapore, is principally involved in investment holding, commission agents and management services. In 2007, she was appointed as the director and Chief Executive Officer of Toyoplas

In 2007, she was appointed as the director and Chief Executive Officer of Toyoplas Manufacturing (M) Sdn Bhd, which was principally involved in manufacturing of plastic injection moulding, tooling and die-casting. In 2010, she was appointed as a director and Chief Executive Officer of Toyoplas EMS Manufacturing (M) Sdn Bhd (a company with common shareholder, namely Lim Lai An, as that of Toyoplas Manufacturing (M) Sdn Bhd in 2011[(1)]), which was principally involved in assembling and manufacturing of electronic components and printed circuit boards. In 2012, she resigned as director of Toyoplas Manufacturing (M) Sdn Bhd. In 2013, she resigned as director of Toyoplas Holdings Pte Ltd, as well as director and Chief Executive Officer of Toyoplas EMS Manufacturing (M) Sdn Bhd respectively.

Note:

(1) Tee Kim Chin was the Chief Executive Officer, a shareholder and a director during her employment with Toyoplas EMS Manufacturing (M) Sdn Bhd and Toyoplas Manufacturing (M) Sdn Bhd. Tee Kim Chin does not have any family relationship with Lim Lai An.

In 2013, she and Alex Miranda Juntado acquired the entire equity interest in Toyoplas EMS Manufacturing (M) Sdn Bhd (subsequently renamed as Cape EMS Manufacturing (M) Sdn Bhd). She then assumed the role as Chief Executive Officer of Cape EMS. In 2021, she assumed her present role as our Managing Director/Group Chief Executive Officer.

In 2013, when she was appointed as a director of Cape Manufacturing, she did not hold any equity interest therein. In July 2014, she acquired 23.1% equity interest in Cape Manufacturing and subsequently, up to 2019, increased her equity interest to 68.0% in Cape Manufacturing. She was appointed as a director of Cape Singapore in 2014 and acquired a 60.0% equity interest in Cape Singapore in 2015.

In September 2021, she was appointed as the President of the Malaysian International Chamber of Commerce and Industry ("**MICCI**"), a position which she still holds as at the LPD. She is the winner of the Star Outstanding Business Award (SOBA) 2021 for Meritorious Achievement under the Female Entrepreneur of the Year category organised by Star Media Group Bhd. She is also a winner of the World Chinese Outstanding Woman Business Leader Award at the 2022 Global Chinese Economic and Technology Summit.

(ii) Tee Kim Yok

Promoter, substantial shareholder and Non-Independent Executive Director

Tee Kim Yok, female, a Malaysian aged 45, is our Promoter and substantial shareholder. She was appointed to our Board on 23 November 2020. She is also our Executive Director and is primarily responsible for government liaison and corporate social responsibility (CSR), and environment, social and governance of our Group.

She obtained a Malaysian Certificate of Education (SPM) in 1995.

She began her career in 1995 as an Administrative and Sales Coordinator with Langkah Bersatu (M) Sdn Bhd. She left Langkah Bersatu (M) Sdn Bhd in 2000 and joined Ornapaper Industry (Perak) Sdn Bhd as a Sales Executive. She was involved in the sales and marketing functions and assisted in building a new customer base for the company.

Subsequently, in 2003, she left Ornapaper Industry (Perak) Sdn Bhd to join Astin Resources Sdn Bhd as an Assistant Manager responsible for, amongst others, sales and marketing and leading the sales team. She left the company in 2008 and took a career break for personal reasons.

In 2010, she joined Digital Innovation Technologies (M) Sdn Bhd as a Sales Representative responsible for sales and marketing. She left the company in 2012 to set up her own business Eyetech Solutions selling office equipment such as photocopiers and security devices. She closed her sole proprietorship business in 2021.

In 2016, she set up a kindergarten business under Good Hope Edu Sdn Bhd (formerly known as Cape Smart Edu Sdn Bhd) and was the director of the company. Good Hope Edu Sdn Bhd (formerly known as Cape Smart Edu Sdn Bhd) was principally involved in pre-primary education, tuition centre and child day-care services, trading in books and stationery and trading in educational toys. It was subsequently sold in 2022.
In 2019, she joined Diamond Star Biotechnology Sdn Bhd as Finance/Human Resource Manager responsible for salary/payroll. In the same year, she left Diamond Star Biotechnology Sdn Bhd and joined our Company as the Accounts Payable Manager.

In 2020, she was appointed as our Director and a director of our subsidiary, Cape Manufacturing.

(iii) Fortress Capital Asset Management (M) Sdn Bhd
Substantial shareholder

Fortress, a company incorporated on 19 November 2002 as a private limited company in Malaysia under the Act, is a substantial shareholder of our Company. The principal activity of Fortress is asset management.

Fortress holds a capital markets services licence granted by the SC to carry out fund management in relation to portfolio management. As at the LPD, there are 9 licensed representatives of Fortress who are responsible for the management of its investment portfolios.

As at the LPD, the issued share capital of Fortress is RM2,300,000.00 comprising of 2,030,000 ordinary shares.

The directors of Fortress as at the LPD are Datuk Yong Peng Tak, Loo Kok Yuen and Geoffrey Ng Ching Fung.

The shareholders of Fortress and its respective direct and indirect shareholdings in Fortress as at the LPD is as follows:

	Direct		**Indirect**	
Substantial shareholder	**No. of shares**	**(%)**	**No. of shares**	**(%)**
Fortress Capital Management (M) Sdn Bhd	2,030,000	100.0	-	-
Datuk Yong Peng Tak	-	-	(1)2,030,000	100.0
Loo Kok Yuen	-	-	(1)2,030,000	100.0

Note:

(1) Deemed interested pursuant to his/her substantial shareholdings in Fortress Capital Management (M) Sdn Bhd pursuant to Section 8 of the Act.

As at the LPD, Fortress does not have any subsidiary or associated company.

Fortress holds the Shares on trust for its clients, who are the beneficial owners of the Shares. Fortress has full authority, power and discretion to exercise, on behalf of its clients, all voting and other rights relating to the securities held as part of the investment portfolios. As at the LPD, there are a total of 61 clients that have invested in our Group via Fortress ("**Investors**"). The Investors are diversely owned by Malaysian, foreigners, local and foreign companies.

Fortress' participation in our Company, being one of their investee companies, is solely for financial investment purposes only. Fortress and the Investors are not involved in the day-to-day management and operations of our Group, and they do not have control on the direction, allocation and usage of our Group's financial resources.

The Investors do not have any family relationship with the Directors, Promoters, substantial shareholders and Key Senior Management. The Directors, Promoters, substantial shareholders and Key Senior Management do not have any interest in the Shares owned by the ultimate beneficial owner of the Investors, which are held via Fortress.

The Investors' respective shareholdings in Cape EMS via Fortress is relatively small, ranging from 0.03% to 2.63% before our Listing, and 0.02% to 2.14% upon our Listing. As such, none of them are/will be promoters or substantial shareholders of our Company on an individual basis.

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5.1.3 Changes in shareholdings

Save for the Pre-IPO Restructuring Exercise as detailed in **Section 6.1.1** of this Prospectus and as disclosed below, there has been no change in the Promoters' and our substantial shareholders' shareholdings in our Company for the past 3 years preceding the LPD:

Promoters and Substantial Shareholders	As at 31 December 2019				As at 31 December 2020				As at 31 December 2021			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	[(1)](%)	No. of Shares	[(1)](%)	No. of Shares	[(2)](%)	No. of Shares	[(2)](%)	No. of Shares	[(2)](%)	No. of Shares	[(2)](%)
Promoters and Substantial Shareholders												
Tee Kim Chin	12,000,000	60.0	-	-	30,000,000	75.0	-	-	30,000,000	75.0	-	-
Tee Kim Yok	-	-	-	-	-	-	-	-	10,000,000	25.0	-	-
Substantial Shareholders												
Alex Miranda Juntado	8,000,000	40.0	-	-	10,000,000	25.0	-	-	-	-	-	-
Fortress	-	-	-	-	-	-	-	-	-	-	-	-

Promoters and Substantial Shareholders	As at 31 December 2022				As at the LPD			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	[(3)](%)	No. of Shares	[(3)](%)	No. of Shares	[(3)](%)	No. of Shares	[(3)](%)
Promoters and Substantial Shareholders								
Tee Kim Chin	[(4)]450,000,000	60.0	-	-	[(4)]450,000,000	60.0	-	-
Tee Kim Yok	[(5)(6)]138,750,000	18.5	-	-	[(5)(6)]138,750,000	18.5	-	-
Substantial Shareholders								
Alex Miranda Juntado	-	-	-	-	-	-	-	-
Fortress	[(6)(7)]153,187,500	20.4	-	-	[(7)]153,187,500	20.4	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Notes:

(1) Based on our total issued Shares of 20,000,000 Shares.

(2) Based on our total issued Shares of 40,000,000 Shares.

(3) Based on our total issued Shares before our IPO of 750,000,000 Shares following the Pre-IPO Restructuring Exercise, the details of which are set out in **Section 6.1.1** of this Prospectus.

(4) Tee Kim Chin has provided 2 pledges over her entire shareholding of 450,000,000 Shares in favour of (i) Ambank Islamic Berhad ("**AmIslamic Bank**") for a Murabahah Tawarruq Term Financing-i ("**AmIslamic Facility**") she obtained and (ii) Ambank (M) Berhad ("**Ambank**") for a term loan obtained by Tee Kim Yok ("**Ambank Facility**") as described in Note (5) below and in Note (3) of **Section 5.2.3(iii)** of this Prospectus. The pledge to Ambank ranks after the pledge over her entire shareholding of 450,000,000 Shares in favour of AmIslamic Bank for the AmIslamic Facility she obtained. The pledged Shares will be held in separate accounts in the name of Amsec Nominees (Tempatan) Sdn Bhd. 75,500,000 Shares of Tee Kim Chin's entire shareholding has been released to facilitate the Offer for Sale. The remaining 374,500,000 Shares will continue to be pledged to AmIslamic Bank and Ambank. The pledge in favour of AmIslamic Bank will be uplifted upon settlement of the AmIslamic Facility by Tee Kim Chin using part of the proceeds from the Offer for Sale. The pledge in favour of Ambank will be uplifted upon full settlement of the Ambank Facility by Tee Kim Yok after the Proposed Listing. Tee Kim Chin's pledges will not impact the moratorium.

(5) Tee Kim Yok has provided a pledge over her entire shareholding of 138,750,000 Shares in favour of Ambank for the Ambank Facility, of which, 11,200,000 Shares has been released to facilitate the Offer for Sale. The remaining 127,550,000 Shares will continue to be pledged to Ambank and held in separate accounts in the name of Amsec Nominees (Tempatan) Sdn Bhd. The said pledge will be uplifted upon full settlement of the Ambank Facility by Tee Kim Yok using the gross proceeds raised from the Offer for Sale after the Proposed Listing. Tee Kim Yok's pledge will not impact the moratorium.

(6) 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 pursuant to the Shareholding Restructuring with Fortress and AOF.

(7) The changes in Fortress' holdings of ICPS in our Company for the past 3 years preceding the LPD are set out below:

Substantial Shareholder	As at 31 December 2019				As at 31 December 2020				As at 31 December 2021			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of ICPS	[(a)](%)	No. of ICPS	[(a)](%)	No. of ICPS	[(a)](%)	No. of ICPS	[(a)](%)	No. of ICPS	[(a)](%)	No. of ICPS	[(a)](%)
Fortress	-	-	-	-	-	-	-	-	57,000,000	95.0	-	-

Substantial Shareholder	As at 31 December 2022				As at the LPD			
	Direct		Indirect		Direct		Indirect	
	No. of ICPS	[(a)](%)	No. of ICPS	[(a)](%)	No. of ICPS	[(a)](%)	No. of ICPS	[(a)](%)
Fortress	-	-	-	-	-	-	-	-

Note:

(a) Based on our total issued ICPS of 60,000,000 ICPS.

5.1.4 Amounts or benefits paid or intended to be paid or given to our Promoters and substantial shareholders

Save for the dividends declared to our Promoters and substantial shareholders as set out in **Section 12.7** of this Prospectus and the aggregate amounts or benefits paid or intended to be paid or given to our Promoters and substantial shareholders for services rendered to our Group in all capacities as set out in **Section 5.2.4** of this Prospectus, there are no other amounts or benefits that have been paid or intended to be paid or given to our Promoters and substantial shareholders within the 2 years preceding the date of this Prospectus.

Our Company has no intention to declare any further dividends up to the completion of the Listing.

5.2 BOARD OF DIRECTORS

Our Board as at the LPD and the details of the date of expiration of the current term of office for each of our Directors and the period that each of our Directors has served in that office as at the LPD are as follows:

Name	Designation	Age (years)	Date of appointment	Date of expiration of the current term of office	Duration in office[(1)]
Datuk Mohd Rabin Bin Basir (M)	Independent Non-Executive Chairman	60	5 May 2022	At the AGM in the year of 2022[(2)]	7 months
Tee Kim Chin (F)	Non-Independent Managing Director/Group Chief Executive Officer	55	31 May 2013	At the AGM in the year of 2022[(3)(4)]	9 years 7 months
Tee Kim Yok[(5)] (F)	Non-Independent Executive Director	45	23 November 2020	At the AGM in the year of 2022[(2)] and 2023[(3)]	2 years 1 month
Lim Chue Wan[(5)] (F)	Non-Independent Executive Director	55	16 March 2022	At the AGM in the year of 2022[(2)] and 2023[(3)]	9 months
Alex Miranda Juntado (M)	Non-Independent Executive Director	59	31 May 2013	At the AGM in the year of 2023[(3)(4)]	9 years 7 months
Tan Sik Hui (F)	Senior Independent Non-Executive Director	49	5 May 2022	At the AGM in the year of 2022[(2)]	7 months

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Name	Designation	Age (years)	Date of appointment	Date of expiration of the current term of office	Duration in office(1)
Yau Yin Wee (M)	Independent Non-Executive Director	65	5 May 2022	At the AGM in the year of 2022(2)	7 months
Chen Kok Seng (M)	Independent Non-Executive Director	68	5 May 2022	At the AGM in the year of 2022(2)	7 months
Koh Beng San (M)	Independent Non-Executive Director	48	5 May 2022	At the AGM in the year of 2022(2)	7 months

Notes:

(M) Male.

(F) Female.

(1) As at the LPD.

(2) In accordance with our Constitution, the new Director duly appointed by the Directors shall hold office only until the next following annual general meeting, and he shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting. This is provided always that the new additional Directors shall retire from office at the next following annual general meeting. The new Directors shall hold their office until the close of the next following annual general meeting.

(3) In accordance with our Constitution, an election of Directors shall take place every year. At the first annual general meeting of the Company all the Directors shall retire from office, and at the annual general meeting in every subsequent year 1/3 of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to 1/3 shall retire from office PROVIDED ALWAYS that all the Directors shall retire from office once at least in each 3 years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he/she retires.

(4) For the avoidance of doubt, Tee Kim Chin's last re-election was on 30 June 2016 while Alex Miranda Juntado's last re-election was on 17 June 2017 in accordance with our Constitution which had been in effect at the time. After the amendment of our Constitution on 8 December 2017, between 2018 and 2021, Tee Kim Chin and Alex Miranda Juntado had not been subject to re-election as no Director was required to retire from our Board unless otherwise determined by our then shareholders. Subsequent to further amendment of our Constitution on 5 May 2022, Tee Kim Chin had been subjected to retirement and thereafter re-election by rotation at our AGM in year 2022, in view that her last re-election had been earlier than Alex Miranda Juntado, our other longest serving Director, in accordance to the provision of our current Constitution as set out in Note (3) above. In view that the 1/3 requirement as set out in Note (3) above had been met in 2022, through the retiring and re-election of Tee Kim Chin, the retirement and re-election of Alex Miranda Juntado will only be in 2023.

(5) Tee Kim Yok was appointed to our Board on 23 November 2020 after the amendment of our Constitution on 8 December 2017. Between 2020 to 2021, Tee Kim Yok had not been subject to re-election as no Director was required to retire from our Board unless otherwise determined by our then shareholders pursuant to our Constitution which had been in effect at the time. Lim Chue Wan was appointed to our Board on 16 March 2022. Both Tee Kim Yok and Lim Chue Wan were subject to re-election at our AGM in year 2022 in accordance to the provision of our Constitution as set out in Note (2) above.

In addition, both Tee Kim Yok and Lim Chue Wan will be subject to retirement by rotation at least once every 3 years at our AGM in year 2023, in accordance with another provision of our Constitution as set out in Note (3) above. In accordance with our Constitution, the Directors to retire by rotation in each year shall be those who have been longest in office since their last election. However, between Directors that are appointed on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by balloting.

Our Directors who are deemed as Independent Directors, as defined in the Listing Requirements, shall be subject to re-appointment in the manner described above. Our Group has adopted all the practices recommended by the MCCG.

None of our Directors represent any corporate shareholder on our Board. For details on the association of family relationship between our Promoters, Directors and Key Senior Management, please refer to **Section 5.6** of this Prospectus.

5.2.1 Profiles of Directors

Save for the profiles of Tee Kim Chin and Tee Kim Yok as set out in **Section 5.1.2** of this Prospectus, the profiles of our other Directors are as follows:

(i) Datuk Mohd Rabin Bin Basir
Independent Non-Executive Chairman

Datuk Mohd Rabin Bin Basir, male, a Malaysian aged 60, is our Independent Non-Executive Chairman. He was appointed to our Board on 5 May 2022.

He graduated with a Bachelor of Arts in Southeast Asia Studies from University of Malaya in 1985. He later obtained a Diploma in Public Service Training from the Public Service Administration Centre in 1988. He obtained his Master of Arts (Defence Studies) (Honours) at the Universiti Kebangsaan Malaysia in 2006.

In 1985, after completing his studies, he began his career in Asia Commercial Finance (M) Berhad in the Statistic Department where he was assigned to prepare the statistical reports for the management of Asia Commercial Finance and to government agencies. He left Asia Commercial Finance in 1986 to further his studies in diploma.

After completing his diploma in 1988, he joined the Research Division of the Prime Minister's Department ("**PMD**") as Assistant Director. He was responsible for social and security affairs. From 1991 to 1993, he was posted to the Embassy of Malaysia in Phnom Penh, Cambodia as the Second Secretary. He then returned to Malaysia and assumed his original designation as the Assistant Director of the Research Division, PMD from 1993 to 1997.

Subsequently, in 1997 he was posted to Embassy of Malaysia in Yangon, Myanmar as the First Secretary. He returned to Malaysia in 2003 and was promoted to Deputy Director of the Research Division, PMD. In 2004, he was once again posted to Sydney, Australia as a Special Officer to the Embassy of Malaysia in Sydney.

He took study leave in 2005 to pursue a Master degree as mentioned above. After completing his Master degree in 2006, he was posted to the High Commission of Malaysia in New Delhi, India as the Consular. He returned to Malaysia in 2011 and was promoted to Principal Assistant Director of the Research Division, PMD. Subsequently, in 2012, he was promoted to Director of the Research Division, PMD. His responsibilities as the Director of the Research Division, PMD includes overseeing the social and security affairs department.

In 2017, he was appointed as the Director of Strategic Communication Department under the Malaysian National Security Council, PMD. He was mainly responsible for overseeing national security affairs. Subsequently in 2018, he was promoted to Deputy Director General of the Malaysian National Security Council, PMD. In 2019, he was again promoted to Director General of the Malaysian National Security Council, PMD. He was tasked to oversee national security.

In 2021, he left the Malaysian National Security Council to join the Legal Affairs Department, PMD as the Director General. He was mainly responsible for overseeing national legal affairs.

Datuk Mohd Rabin Bin Basir retired from his position as the Director General of the Legal Affairs Department, PMD in April 2022 after over 34 years of governmental service.

(ii) Lim Chue Wan
Non-Independent Executive Director

Lim Chue Wan, female, a Malaysian aged 55, is our Non-Independent Executive Director. She was appointed to our Board on 16 March 2022 and is primarily responsible for overseeing our Group's corporate, finance, treasury and accounting matters.

She obtained a Malaysian Higher School Certificate (STPM) in 1988 and graduated with Bachelor of Arts (Economics) (Honours) from University of Malaya in 1994.

She began her career in 1994 as a Branch Officer with United Merchant Finance Berhad where she was responsible for the overall daily operation of the branch which included the opening of bank accounts for customers, monitoring loan documentation, preparing monthly reports and daily cash balancing reports.

In 1996, she left United Merchant Finance Berhad to join Bestwind Pte Ltd, Singapore, as an Accounts and Administrative Executive. She was responsible for the overall general administrative matters and the preparation of accounts for the company.

She left Bestwind Pte Ltd, Singapore in 1997 to join Romewell (M) Sdn Bhd as an Accounts and Administrative Executive responsible for general administrative and human resource matters, preparation of accounts for the company and liaising with the auditors and bankers. She left Romewell (M) Sdn Bhd in 2000 to join Aiwa IPC (M) Sdn Bhd as an Accounts and Administrative Assistant Manager responsible for accounts and administrative matters. In 2002, Aiwa IPC (M) Sdn Bhd was acquired by Sony Logistics (Malaysia) Sdn Bhd (now known as Sony Supply Chain Solutions (Malaysia) Sdn Bhd) and she assumed the position of Senior Officer with Sony Logistics (Malaysia) Sdn Bhd.

In 2003, she left Sony Logistics (Malaysia) Sdn Bhd to join Gapsoft Nonwoven (Malaysia) Sdn Bhd as the Finance Manager responsible for overseeing finance, accounts, human resource and administrative matters. She left Gapsoft Nonwoven (Malaysia) Sdn Bhd in 2004 and joined TN-Richland Logistics Services Sdn Bhd in 2005 as the Finance, Human Resource and Administrative Manager. She assumed similar responsibilities as her previous position in Gapsoft Nonwoven (Malaysia) Sdn Bhd. She was subsequently promoted to Senior Finance, Human Resource and Administrative Manager in 2006.

In 2008, she left TN-Richland Logistics Services Sdn Bhd and joined Toyoplas Manufacturing (Dongguan) Co. Ltd, China as the Deputy General Manager (Accounts, Finance, Administrative, Human Resource and Procurement Division) responsible for overseeing the company's finance and accounting matters as well as its human resource, administrative, procurement and environmental, safety and health functions.

In 2010, she left Toyoplas Manufacturing (Dongguan) Co. Ltd, China and in 2011 was appointed as a director of Pen-M (M) Sdn Bhd overseeing the accounting and administrative department.

In 2012, she resigned as a director of Pen-M (M) Sdn Bhd and joined Toyoplas Manufacturing (M) Sdn Bhd as the Deputy General Manager (Accounts, Finance, Administrative, Human Resource and Procurement Division). She resigned from Toyoplas Manufacturing (M) Sdn Bhd in 2014 and rejoined Pen-M (M) Sdn Bhd as an Accounts, Human Resource and Administrative Manager.

In 2020, she joined our Company as the Director of Corporate, Finance and Accounts. She assumed her present role as an Executive Director of the Company in 2022.

(iii) Alex Miranda Juntado
Non-Independent Executive Director

Alex Miranda Juntado, male, an American aged 59, is our Non-Independent Executive Director. He was appointed to our Board on 31 May 2013 and is primarily responsible for the business development of our Group.

He obtained a High School Equivalency Certificate in 1992.

He began his career in 1985 as a Quality Inspector with Seagate Technology Plc, USA where he was responsible for workmanship and product quality. He rose through the ranks as Quality Leader (1986), Production Supervisor (1987) and Purchasing Officer (1992). Subsequently in 1995, he was promoted to Production Manager responsible for manufacturing management. He became the Program Manager in 1997 responsible for managing product development and production schedule.

In 1999, he left Seagate Technology Plc, USA and joined GSS Array Technology Inc, USA as a Program Manager responsible for manufacturing management and customer service. In the same year, he resigned from GSS Array Technology Inc, USA and joined Flextronics Ltd (currently known as Flex Ltd) in USA as a Program Manager responsible for manufacturing management and customer service. In 2001, he left Flextronics Ltd, USA and joined 2Wire Inc, USA as a Purchasing Officer responsible for supply chain management.

In 2009, he left 2Wire Inc, USA to set up 2COZ Technology where he provided services to rework defective or outdated products to Toyoplas Manufacturing (M) Sdn Bhd and its customers in the USA. In 2010, he ceased his venture under 2COZ Technology and was appointed as the Director of Cape Manufacturing. In 2013, he was appointed as our Director. In 2021, he was appointed as the Senior Vice President of Business Development of our Company and is primarily responsible for the business development of our Group.

(iv) Tan Sik Hui
Senior Independent Non-Executive Director

Tan Sik Hui, a Malaysian, female, aged 49, is our Senior Independent Non-Executive Director. She was appointed to our Board on 5 May 2022. She is also our Chairperson of the Nominating Committee.

She obtained her Bachelor of Commerce from The University of Western Australia, Australia in 1995.

She began her career in 1995 in The Pacific Bank Berhad (now known as Malayan Banking Berhad) as a Credit and Risk Analyst in the "Privilege" Banking Division of the Gleneagles Branch which she was primarily responsible in preparing, analysing and proposing loan documentations for bank borrowers and the submission of credit or loan applications to the Executive Committee Board for approval as well as preparing and carrying out credit and risk analysis. She was then promoted to be the Assistant Branch Manager in 1996 and was responsible for overseeing the servicing of clients in the premier banking branch in Gleneagles.

In 1998, she left the company and joined HLG Securities Sdn Bhd (now known as Hong Leong Investment Bank Berhad) as an Analyst and was primarily involved in researching and analysing data in the oil and gas and timber sectors. After working as an Analyst for several months, she requested for an internal transfer to join the dealing team as a Dealer Representative for high net worth clients.

She left the company in 1999 to join PhileoAllied Bank (Malaysia) Berhad (now known as Malayan Banking Berhad) as a Manager where she assisted in the establishment of the new private banking department. She left the company in the same year.

Subsequently, from 1999 to 2001, she worked with Canadian Imperial Bank of Commerce, based in Singapore, as the Associate Director in the private banking department and was primarily responsible for product structuring and servicing of high net worth individuals in Malaysia, Singapore, Thailand, Hong Kong and Japan. She took a career break from 2001 to 2003.

In 2003, she joined Merrill Lynch (Asia Pacific) Limited (now known as Bank of America Corporation), based in Hong Kong and assumed the role of a Vice President in the Investment Advisory Department, Private/Institutional Clients in which she was primarily responsible for servicing investors, discussing and implementing investment strategies as well as leading trading activities. She was subsequently transferred to the Beijing branch in China in 2004 wherein she assumed the same role as Vice President in the Investment Advisory Department, Private/Institute Clients, where her role is mainly in advisory of equity investments and trading activities of Mainland China investors whose companies are listed in the United States of America or Hong Kong. She continued her role as Vice President until she left the company in 2015 and took a 2-month career break before she joined a boutique investment consulting firm in China named House of Qin Limited from 2016 to 2017 as the Executive Vice President for Equities. She was responsible for implementing investment funds' investment strategies and managing their portfolio trading activities.

In 2017, she co-founded M Academy China, an artist management company based in China and assumed the role of Chief Executive Officer. She was primarily responsible in planning and overseeing the business development of the company as well as handling the sourcing of artists and music ventures. She left M Academy China in 2020.

Upon returning to Malaysia in 2020, she joined Longhouse Films Sdn Bhd, a film investment and production company, as a Managing Director, a position she held until July 2022. She was primarily responsible for planning and overseeing the corporate, financial and business development of the company.

From August to October 2022, she worked at PTS Impression Sdn Bhd, a wholly-owned subsidiary of Yong Tai Berhad, a public company listed on the Main Market of the Bursa Securities, as its Chief Marketing Officer. PTS Impression Sdn Bhd is principally involved in development and operation of tourism stage performance, transportation and investment holding of a subsidiary principally involved in event organising management. She was primarily responsible for the marketing and event coordination of Encore Melaka, a performing arts theater located in the Impression City, Melaka. She took a career break in November 2022.

Since December 2022, she runs her own consulting company under MFG Entertainment Sdn Bhd which does consulting work in entertainment for events and music.

(v) Yau Yin Wee
Independent Non-Executive Director

Yau Yin Wee, male, a Malaysian aged 65, is our Independent Non-Executive Director. He was appointed to our Board on 5 May 2022. He is also the chairman of our Remuneration Committee and a member of our Nominating Committee and Audit Committee.

He graduated with a Bachelor of Science from the University of South Alabama, College of Business and Management Studies, USA, in 1983.

Upon graduation, he joined Hong Leong Finance Berhad in 1983 as a Marketing and Credit Executive. He was promoted to Branch Manager in 1987. In 1991, he was re-designated as Hire Purchase Centre Manager to set up the bank's automobile business in Perak. He was promoted to the position of Corporate and Commercial Manager (Senior Manager) in 1996.

In 2005, he left Hong Leong Bank Berhad to join AmBank (M) Berhad as Senior Manager responsible for business development and credit. In 2010, he was transferred to the Corporate and Institutional Banking department of AmInvestment Bank Berhad as an Associate Director. He was transferred to Ambank (M) Berhad as Vice President of Corporate Banking in 2014.

In 2015, he left Ambank (M) Berhad to rejoin Hong Leong Bank Berhad as the General Manager of Retail Community Business. In the same year, he was appointed as Senior Regional Head (Southern Region) of the bank, a position he held until his retirement in 2021.

He has more than 30 years of experience in the banking industry. He was a committee member of Institut Bank-bank Malaysia (IBBM) (Perak and Johor Chapter) from 1992 to 2014. For some of these years, he also served as the Chairman. In 2021, he was appointed as a general committee member for MICCI.

(vi) Chen Kok Seng
Independent Non-Executive Director

Chen Kok Seng, male, a Malaysian aged 68, is our Independent Non-Executive Director. He was appointed to our Board on 5 May 2022. He is also the chairman of our Risk Management Committee and a member of our Audit Committee and Remuneration Committee.

He completed his secondary education and joined his family's partnership business Syarikat Lee Huat Plastic Industries ("**Lee Huat Plastic**") as an apprentice in 1971. As an apprentice, he worked on the factory floor as an operator and technician, and he was later involved in sales and marketing before assuming the overall management of the company. He rose through the ranks until he became a director in March 1981, where Lee Huat Plastic was terminated and his family incorporated a private limited company known as Lee Huat Plastics Industries Sdn Bhd (which subsequently changed its name to LH Plus Sdn Bhd in 2011).

He is the chief executive officer of Lee Huat Plastics Industries Sdn Bhd from 1998 to date. As the chief executive officer, he is responsible for the company's expansion and progress from Original Equipment Manufacturing (OEM) to Original Design Manufacturing (ODM) and Original Brand Manufacturing (OBM) in the plastics industry.

He contributes to the plastics industry as the President of Malaysian Plastics Manufacturers Association ("**MPMA**") from 1998 to 2004, and as its Honorary President, an advisory position he holds since 2004. From 1998 to present, he is also the Chairman of the Malaysian Plastics Design Centre ("**MPDC**") where he championed MPDC's mission to promote a design culture for the plastics industry. He was also a Council Member/Director of the Human Resource Development Corporation from 1998-2006.

From 2000 to present, he is also the Secretary General of Asia Plastics Forum ("**APF**") which comprises 12-member countries – Bangladesh, China, India, Indonesia, Japan, Malaysia, Myanmar, Philippines, Singapore, Sri Lanka, Thailand and Vietnam. APF was established primarily to share and exchange information of the plastics industry concerning amongst others, the economics and issues related to the plastics industry. APF currently focuses on carbon footprint, carbon dioxide emission, sustainability, the 3R's concept (reduce, reuse and recycle), circular economy, environment, social and governance. As the Secretary General, he represents APF in the Global Plastics Alliance, engaging with various organisations such as the American Chemistry Council and Plastics Europe. He was also the Secretary-General of the ASEAN Federation of Plastics Industries from 1992 to 1994.

Since 2017, he is the President of Malaysian Consortium of Mid-Tier Companies. As a President of MCMTC, he represents the MCMTC in its dealings with outside parties such as the Ministries and its Agencies, Media and other Associations and Chamber of Commerce. He also provides leadership and mobilise the expertise and experience of members towards strategic alliance for sustainable growth and collaboration to increase business opportunities and transform Mid-Tier Companies (MTCs) to be regional and global champions.

(vii) Koh Beng San
Independent Non-Executive Director

Koh Beng San, male, a Malaysian aged 48, is our Independent Non-Executive Director. He was appointed to our Board on 5 May 2022. He is also the Chairman of our Audit Committee and a member of our Risk Management Committee, Nominating Committee and Remuneration Committee.

He was admitted as an Association of Chartered Certified Accountants (ACCA) Member in 2001 and Fellow Member in 2006. He was also admitted as a Malaysian Institute of Accountants (MIA) member in 2002 and an ASEAN Chartered Public Accountant (ASEAN CPA) member in 2021.

He began his career in 1998 as a Trainee Audit Assistant in JPL Wong & Co, Singapore. In 1999, he left JPL Wong & Co to join BDO Binder as an Audit Assistant. In 2002, he left BDO Binder to join Tru-Tech Engineering (M) Sdn Bhd as an Accountant responsible for finance and accounting.

He subsequently left the company and joined Southern Industrial Gas Sdn Bhd in 2003 as the Finance Manager (re-designated to Manager (Finance, Accounts, Strategies Management & Audits) in 2004). He was responsible for the group's treasury, accounting and finance functions. In 2015, he was promoted to Finance Director. In addition to his then current responsibilities, he was also put in charge of matters relating to the group's human resources, administration, procurement and information technology. While working for Southern Industrial Gas Sdn Bhd, he also sat on the board of Southern Nitrous Oxide Sdn Bhd, a related company of Southern Industrial Gas Sdn Bhd. He resigned from his position as a director of the company in 2019 and subsequently left Southern Industrial Gas Sdn Bhd in 2020.

In 2018, he founded Koh BS & Co, which provides company secretarial and accounting services. Koh BS & Co is registered with the Malaysian Institute of Accountants (MIA). In 2021, he also founded Elitnity Sdn Bhd which provides business advisory and consultancy services.

In 2020, he was appointed as a Non-Executive Independent Director and the Chairman of the Audit Committee of Renaissance United Limited, a public company listed on the Mainboard of the Singapore Exchange, a position he still holds as at the LPD.

5.2.2 Directors' shareholdings

The direct and indirect shareholdings of our Directors in our Company before and after our IPO are as follows:

	Before our IPO				After our IPO			
	Direct		Indirect		Direct		Indirect	
Name	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Datuk Mohd Rabin Bin Basir	-	-	-	-	(3)320,000	<0.1	-	-
Tee Kim Chin	450,000,000	60.0	-	-	374,500,000	40.5	-	-
Tee Kim Yok	138,750,000	18.5	-	-	127,550,000	13.8	-	-
Lim Chue Wan	-	-	-	-	(3)400,000	<0.1	-	-
Alex Miranda Juntado	-	-	-	-	-	-	-	-
Tan Sik Hui	-	-	-	-	(3)320,000	<0.1	-	-
Yau Yin Wee	-	-	-	-	(3)320,000	<0.1	-	-
Chen Kok Seng	-	-	-	-	(3)320,000	<0.1	-	-
Koh Beng San	-	-	-	-	(3)320,000	<0.1	-	-

Notes:

(1) Based on our issued Shares before our IPO of 750,000,000 Shares following the Pre-IPO Restructuring Exercise.

(2) Based on our enlarged issued Shares after our IPO of 923,000,000 Shares.

(3) Assuming he/she will fully subscribe for his/her respective allocations under the Pink Form Allocation and assuming he/she does not apply for any excess Shares.

Our eligible Directors are entitled to apply for any Excess Shares, on top of their pre-determined allocation under the Pink Form Allocation, as set out in **Section 4.2.3(vii)** of this Prospectus.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

5.2.3 Principal business activities and directorships in other corporations outside of our Group for the past 5 years

Save as disclosed below, our Board confirms that they do not have any other principal directorships and principal business activities outside our Group as at the LPD and in the past 5 years preceding the LPD:

(i) Datuk Mohd Rabin Bin Basir

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shareholdings held Direct	% of shareholdings held Indirect
Present involvement						
Aegis Security Services Sdn Bhd	Export and import of security systems, security systems service activities, and private security activities	Director and shareholder	12 October 2022	-	30.0	-
Past involvement						
Yayasan Bantuan Guaman Kebangsaan	This is a public company limited by guarantee. The nature of business of this company is to create and maintain a fund to be used for the purpose of funding the provision of legal aid in criminal proceedings to those needing legal aid and for other matters connected therewith, to provide the services of lawyers to represent those needing legal representation in criminal proceedings, to provide such assistance as may be necessary for the provision of legal representation to those needing legal aid.	Director	11 January 2022	17 June 2022	-	-
Maritime Institute of Malaysia	This is a public company limited by guarantee and does not have share capital. This company is a policy research institute set up by the Malaysian Government to deal specifically with national, regional and global maritime issues.	Director	21 October 2020	16 July 2021	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

(ii) Tee Kim Chin

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shareholdings held Direct	Indirect
Present involvement						
Christee Holding Sdn Bhd	Investment in properties, investment holding, hotel management and operation	Director and shareholder	25 October 2017	-	60.0	-
Christee Vacation Management Sdn Bhd	Hotel management and vacation club management, tourism, timesharing business management and marketing services, investment holding company	Director and shareholder	12 October 2017	-	40.0	-
Christee Vacation Club Berhad	Vacation club membership, time-sharing vacation club and management services	Director	29 November 2017	-	-	60.0[(1)]
MICCI	This is a public company limited by guarantee. The nature of business of this company is activities of business and employers' membership organizations, forwarding of freight, courier activities other than national post activities.	Director	6 November 2015	-	-	-
Palmeco Technology Berhad	Mixed farming, growing of oil palm (estate), investment holding company[(2)]	Shareholder	-	-	<0.1	-
Octopustech Global Berhad	Investment holding[(3)]	Shareholder	-	-	1.5	-
Restoran Helixuan Sdn Bhd	Restaurants	Shareholder	-	-	7.5	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Past involvement						
EZI Solutions Pte Ltd (previously known as Christee International Biz Vacation Pte Ltd)	Management consultancy services and wholesale trade of a variety of goods without a dominant product	Director and shareholder	4 June 2018	22 July 2022	40.0	-
Restoran Helixuan Sdn Bhd	Restaurants	Director	4 April 2019	30 June 2022	7.5	-
3C Innovation Sdn Bhd (previously known as Cape Innovative Manufacturing (M) Sdn Bhd)	Manufacturer and assembler of motorcycles, mopeds and cycle fitted with an electric/ auxiliary engine, scooters, parts and accessories for motorcycles, manufacturer of bicycles and invalid carriages	Director and shareholder	8 March 2017	5 January 2022	100.0	-
Ultimate Infratech Sdn Bhd (previously known as Cape Bsmart Solutions Sdn Bhd)	Dealing in activities of data processing and gathering system, wireless antenna and multimedia infrastructure equipment and products	Director and shareholder	17 July 2013	8 February 2022	60.0	-
GH Farming (M) Sdn Bhd (previously known as Cape Eco & Organic Farming (M) Sdn Bhd)	Research and development on biotechnology, fertilizers, manufacture of fertilizers, wholesale of fruits	Director and shareholder	14 April 2016	14 December 2021	60.0	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Good Hope Distribution Sdn Bhd (previously known as Cape Distribution Worldwide Sdn Bhd)	To carry on the business of distributors and dealers in food and beverages of all description and for that purpose to set up, install or service, lease or rent, or otherwise acquire all plant machinery and related equipment	Director	17 February 2017	30 September 2020	-	-
Good Hope Global Sdn Bhd (previously known as Cape Global (MMS) Sdn Bhd	Distributing and trading in cosmetic and skin care products, distributing and trading in personal care hygiene and chemical products. Distributing and trading personal protective equipment	Director	27 August 2013	23 July 2020	-	-
Good Hope Edu Sdn Bhd (previously known as Cape Smart Edu Sdn Bhd)	Pre-primary education, tuition centre and child day-care services. Trading in books and stationery. Trading in educational toys	Director	2 March 2016	23 July 2020	-	-
Diamond Star Global Sdn Bhd	Dormant[(4)]	Director	9 January 2019	23 September 2019	-	-
Diamond Star Biotechnology Sdn Bhd	Retail sale of any kind of product over the internet, manufacture of other general-purpose machinery not elsewhere classified, stores specialised in retail sale of perfumery, cosmetic and toilet articles	Director	9 January 2019	23 September 2019	-	-
GS Plus Mining (M) Sdn Bhd (Dissolved on 24 June 2021)	Mining of ores valued chiefly for iron content	Director and shareholder	4 July 2013	-	90.0	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Cape Integrated Sdn Bhd (Dissolved on 12 September 2022)	Activities of holding companies	Director and shareholder	24 November 2021	-	100.0	-

Notes:

(1) Deemed interested by virtue of her direct shareholding in Christee Holding Sdn Bhd pursuant to Section 8 of the Act.

(2) The principal activities of its subsidiaries include oil palm cultivation and investment holding, oil palm cultivator and also resort hotel operator, and investment holding.

(3) The principal activities of its subsidiaries include information communication technology and mobile application for food and beverages orders and deliveries, delivery platform, providing information communication technology ("**ICT**") services for food delivery platform and business proposal consultation for information technology ("**IT**") services.

(4) Diamond Star Global Sdn Bhd was intended to be involved in designing and researching that which involves natural wood vinegar as a key material for feminine hygiene personal care product.

(iii) Tee Kim Yok

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Present involvement						
Christee Vacation Club Berhad	Vacation club membership, time-sharing vacation club and management services	Director	31 December 2021	-	-	40.0[(1)]
Christee Vacation Management Sdn Bhd	Hotel management and vacation club management, tourism, timesharing business management and marketing services, investment holding company	Director and shareholder	31 December 2021	-	60.0	-
Christee Holding Sdn Bhd	Investment in properties, investment holding, hotel management and operation	Director and shareholder	31 December 2021	-	40.0	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Octopustech Global Berhad	Investment holding[(2)]	Shareholder	-	-	0.4	-
Christee Suites Hotel	Hotel / lodging with 46 family suites rooms	Sole proprietor	1 January 2022	-	-	-
Jotech Metal Fabrication Industries Sdn Bhd	Manufacturing and fabrication of tools and dies and stamped metal components for electrical and consumer electronic industries	Shareholder[(3)]	-	-	100.0[(3)]	-
Past involvement						
Good Hope Distribution Sdn Bhd (previously known as Cape Distribution Worldwide Sdn Bhd)	To carry on the business of distributors and dealers in food and beverages of all description and for that purpose to set up, install or service, lease or rent, or otherwise acquire all plant machinery and related equipment	Director and shareholder	8 August 2018	3 January 2022	80.0	-
Good Hope Global Sdn Bhd (previously known as Cape Global (MMS) Sdn Bhd)	Distributing and trading in cosmetic and skin care products, distributing and trading in personal care hygiene and chemical products. Distributing and trading personal protective equipment	Director and shareholder	4 May 2018	11 January 2022	80.0	-
Good Hope Edu Sdn Bhd (previously known as Cape Smart Edu Sdn Bhd)	Pre-primary education, tuition centre and child day-care services. Trading in books and stationery. Trading in educational toys	Director and shareholder	1 April 2016	31 December 2021	50.0	-
Eyetech Solutions	CCTV, office equipment supply, security products	Sole proprietor	6 November 2012	17 November 2021	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Irina Beauty Perfume House	Beauty saloon and perfume	Sole proprietor	29 March 2021	1 April 2022	-	-
Little Planet Tuition Centre	Tuition centre	Sole proprietor	27 April 2021	1 April 2022	-	-
Pusat Perkembangan Kanak Ceria Ideal	Children development centre	Sole proprietor	20 June 2016	1 April 2022	-	-
Protech Renovation & Services	Renovation works, electrical wiring services, build-in kitchen cabinet, plaster ceiling, air-conditioner installation and services, flooring works	Partner	26 August 2015	1 April 2022	-	-

Notes:

(1) Deemed interested by virtue of her direct shareholding in Christee Holding Sdn Bhd pursuant to Section 8 of the Act.

(2) The principal activities of its subsidiaries include information communication technology and mobile application for food and beverages orders and deliveries, delivery platform, providing ICT services for food delivery platform and business proposal consultation for IT services.

(3) Tee Kim Yok entered into a share sale agreement dated 2 December 2022 and a supplemental agreement dated 7 January 2023 (collectively, "**Jotech Agreements**") to purchase the entire share capital of Jotech Metal Fabrication Industries Sdn Bhd ("**Jotech**"). She had taken up the Ambank Facility to finance her acquisition of Jotech and has, in addition to the pledges of Tee Kim Chin and Tee Kim Yok's Shares, pledged all her shares in Jotech in favour of Ambank as security. Pursuant to the Jotech Agreements, the transfer of shares in Jotech was completed on 10 January 2023, prior to settlement of full payment of the purchase consideration. This was pursuant Ambank's requirement for the Jotech shares to be transferred to Tee Kim Yok and pledged in favour of Ambank as security prior to the drawdown of the Ambank Facility. On 19 January 2023, the purchase consideration for the acquisition of Jotech shares had been fully settled. The acquisition by Tee Kim Yok was pursuant to her intention to venture into the core metal stamping business, the pledge by Tee Kim Chin of her Shares is pursuant to a personal arrangement between them which is unrelated to the Group.

(iv) Lim Chue Wan

Lim Chue Wan does not have any principal business activities including principal directorships outside our Group as at the LPD and did not have any principal business activities including principal directorships outside our Group in the past 5 years preceding the LPD.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

(v) Alex Miranda Juntado

Alex Miranda Juntado does not have any principal business activities including principal directorships outside our Group as at the LPD and did not have any principal business activities including principal directorships outside our Group in the past 5 years preceding the LPD.

(vi) Tan Sik Hui

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Present involvement						
MFG Entertainment Sdn Bhd	Creative, arts and entertainment activities not elsewhere classified	Director and shareholder	30 November 2020	-	100.0	-
Past involvement						
Paragrene Land Berhad	Investment holding[(1)]	Director	3 August 2021	30 September 2022	-	-
Ideal View Sdn Bhd (Dissolved on 8 June 2018)	Management consultants	Director and shareholder	10 October 1991	-	10.0	-
Penarik Fishermen's Wharf Resorts Sdn Bhd (Dissolved on 18 January 2019)	Operating tourist resort	Director and shareholder	13 April 1993	-	2.5	

Note:

(1) The principal activities of its subsidiaries include property development, investment holding and sales gallery management.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

(vii) Yau Yin Wee

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Present involvement						
Business Legion Sdn Bhd	Property investment	Director and shareholder	8 July 2021	-	<0.1	-
I REIT Managers Sdn Bhd	Property Unit Trust (REITS)	Director	1 April 2022	-	-	-

Yau Yin Wee did not have any principal business activities including principal directorships outside our Group in the past 5 years preceding the LPD.

(viii) Chen Kok Seng

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Present involvement						
LH Plus Sdn Bhd	Manufacturer of plastic injection moulding goods for the food, healthcare & medical, electrical and automotive industries	Director	14 March 1981	-	-	-
Lambang Mesra Sdn Bhd	Letting of premises owned by the company	Director and shareholder	22 January 1987	-	25.0	-
Malaysian Plastic Design Centre	This is a public company limited by guarantee with principal activity in plastics products	Director	7 December 2007	-	-	-
Click Cap Tech Sdn Bhd	Engaged in research and development on bottle caps, metal and plastic closure and related products	Director and shareholder	13 May 2009	-	50.0	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shareholdings held Direct	Indirect
Lush Plus Sdn Bhd	General trading[(1)]	Director	14 November 2017	-	-	-
Kesan Pujaan Sdn Bhd	Investment holding company[(2)]	Shareholder	-	-	50.0	-
Columbus Calculus Sdn Bhd	Retail sale of household appliances, wholesale of household appliances	Director	15 October 2018	-	-	-
Past involvement						
Logic Foods Sdn Bhd	Wholesale of rice, other grains, flour and sugars, manufacture of sugar, and wholesale of other food stuffs	Director and shareholder	2 July 2019	24 May 2022	70.0	-
The Under Shop Sdn Bhd	Trading in men's underwear and garments	Director	25 May 1983	3 January 2018	-	-
MPMA Holdings Sdn Berhad (Dissolved on 17 April 2018)	Trading plastic raw materials and conduct of seminars for plastic raw material	Director and shareholder	28 March 1988	-	33.3	-
Novatree Sdn Bhd (Dissolved on 13 November 2020)	Trading plastics	Director and shareholder	3 October 1987	-	37.5	-
Laurus Comercium Sdn Bhd (Dissolved on 22 February 2018)	Dormant	Director and shareholder	23 August 2013	-	5.0	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shareholdings held Direct	% of shareholdings held Indirect
Kesan Pujaan Sdn Bhd	Investment holding company(2)	Director	20 November 1986	9 October 2019	-	-

Notes:

(1) Lush Plus Sdn Bhd does not carry out any trading and currently is an investment holding company. The principal activities of its subsidiaries include manufacturing of plastic injection moulding goods for the food, healthcare and medical, electrical and automotive industries and the sale of premium household wares and related products.

(2) The principal activity involves renting of real estate.

(ix) Koh Beng San

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shareholdings held Direct	% of shareholdings held Indirect
Present involvement						
Sing Hoh Realty Sdn Bhd	Real estate activities with own or leased property not elsewhere classified	Director and shareholder	27 July 2021	-	<0.1	-
Renaissance United Limited (Listed on the Mainboard of the Singapore Exchange)	Investment holding(1)	Non-Executive Independent Director	13 October 2020	-	-	-
SSB Cryogenic Equipment Sdn Bhd	Wholesale of other solid, liquid and gaseous fuels and related products not elsewhere classified and other service activities incidental to water transportation not elsewhere classified	Director	15 June 2020	-	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Renaissance United Group Sdn Bhd (An indirect subsidiary of Renaissance United Limited, which is listed on the Mainboard of the Singapore Exchange)	Civil engineering contractor	Director	30 November 2020	-	-	-
Elitnity Sdn Bhd	Business consulting services, internal auditing services, other advisory services and wholesale of a variety of goods without any particular specialization not elsewhere classified	Director and shareholder	23 March 2021	-	60.0	-
Chico Auto Supply Sdn Bhd	General dealers of motor vehicles parts	Shareholder	-	-	<0.1	-
Koh BS & Co	Providing company secretary and accounting services	Sole proprietor	22 November 2018	-	-	-
Past involvement						
Southern Industrial Gas Sdn Bhd	Manufacturers, wholesalers, refillers, traders, distributors, importers and exporters of all kinds of industrial gases, gas mixtures, speciality gases, refrigerants, welding and cutting equipment and other gas related products and provision of transportation	Director	20 January 2015	31 January 2020	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shareholdings held Direct	Indirect
Southern Nitrous Oxide Sdn Bhd (Dissolved on 14 April 2021)	Manufacture of liquefied or compressed inorganic industrial or medical gases	Director	2 November 2016	31 October 2019	-	-

Note:

(1) The principal activities of its subsidiaries include manufacturers, assemblers, installers, maintainers, repairers of and dealers in electronic components, residential estate development, providing management services, natural gas distribution, transportation of natural gas.

Our Board is of the view that the involvement of our Directors mentioned above in the other principal business activities outside our Group does not preclude them from allocating or committing their time and effort to our Group in their respective roles as our Directors, as:

(i) our Non-Executive Directors are not involved in the day-to-day operations of our Group; and

(ii) our Executive Directors are not involved in the management and day-to-day operations of these businesses outside our Group, other than attending meetings of the board of Directors on which they serve. These businesses outside our Group do not require their involvement on a daily basis as these businesses are managed by their respective management. Our Executive Directors are of the view that although they are involved in other businesses outside our Group, they are able to devote sufficient time and attention to the affairs of the Group to carry out their respective duties.

There is no conflict of interest or potential conflict of interest identified based on the present and past involvements of our Directors outside of our Group as set out above in view that their present and past involvements as directors and in other business activities outside our Company are not similar to our Group's business.

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5.2.4 Promoters, Substantial Shareholders and Directors' remuneration and material benefits in-kind

The details of the remuneration and material benefits in-kind paid and proposed to be paid to our Promoters, Substantial Shareholders and Directors for services rendered to our Group in all capacities for FYE 2022 and FYE 2023 are as follows:

(i) Directors

FYE 2022 (paid)	Salaries	Fees	Bonus	EPF and Social Security Organisation	Allowances	Benefits-in-kind	Total
	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)
Executive Directors							
Tee Kim Chin	1,229,000	-	-	149,000	-	-	[(4)]1,378,000
Tee Kim Yok	233,000	-	-	29,000	-	-	[(4)]262,000
Lim Chue Wan[(3)]	389,000	-	-	48,000	-	-	[(4)]437,000
Alex Miranda Juntado	-	[(2)]491,400	-	-	-	-	[(4)]491,400
Non-Executive Directors							
Datuk Mohd Rabin Bin Basir	-	[(5)]40,833	-	-	[(5)]10,000	-	50,833
Tan Sik Hui	-	[(5)]35,000	-	-	[(5)]10,000	-	45,000
Yau Yin Wee	-	[(5)]35,000	-	-	[(5)]10,000	-	45,000
Chen Kok Seng	-	[(5)]35,000	-	-	[(5)]10,000	-	45,000
Koh Beng San	-	[(5)]35,000	-	-	[(5)]8,000	-	43,000

Notes:

(1) Paid in her capacity as Director of Corporate, Finance and Accounts of Cape EMS, to which she was appointed in April 2020.

(2) Alex Miranda Juntado, our Executive Director, is based in USA and as agreed with our Company, for the period from January 2021 to June 2021, he was paid solely in terms of allowance. For the period from July 2021 to November 2021, our Board agreed to pay Alex Miranda Juntado in terms of Director's fee as well as the existing allowances being paid to him. In November 2021, our Board agreed to cease the payment of allowances to Alex Miranda Juntado, and therefore, only Director's fee is paid to Alex Miranda Juntado from December 2021.

(3) Appointed as Executive Director on 16 March 2022. Prior to her appointment as Executive Director of Cape EMS, she was the Director of Corporate, Finance and Accounts of Cape EMS.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

(4) Excludes bonuses which will be paid to our Executive Directors on a discretionary basis. The determination of bonus paid to our Executive Directors is based on our Company's and individual's annual performance.

(5) The fees and allowances are pro-rated from 1 June 2022.

FYE 2023 (proposed)	Salaries	Fees	Bonus	EPF and Social Security Organisation	Allowances	Benefits-in-kind	Total
	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)
Executive Directors							
Tee Kim Chin	2,116,500	-	400,000	304,297	-	-	2,820,797
Tee Kim Yok	337,500	-	60,000	48,859	-	-	446,359
Lim Chue Wan	556,500	-	100,000	79,939	-	-	736,439
Alex Miranda Juntado	-	510,526	85,087	-	-	-	595,613
Non-Executive Directors							
Datuk Mohd Rabin Bin Basir	-	80,490	-	-	27,000	-	107,490
Tan Sik Hui	-	70,800	-	-	27,000	-	97,800
Yau Yin Wee	-	70,800	-	-	27,000	-	97,800
Chen Kok Seng	-	70,800	-	-	27,000	-	97,800
Koh Beng San	-	70,800	-	-	27,000	-	97,800

The remuneration of our Directors, which includes our Directors' salaries, bonuses and allowances as well as other benefits of our Directors is based on individual contributions to our Group's overall performance and value. Such remuneration must be considered and recommended by our Remuneration Committee and subsequently be approved by our Board. Our Directors' fees and/or benefits must be further approved by our shareholders at a general meeting.

5.2.5 Board practices

Our Board is committed to inculcating good corporate governance practices in our Group from time to time in accordance with the practices and guidance based on the MCCG. Our Board believes that corporate governance is extremely important to the success of our Group's business. The members of our Board are as set out in **Section 5.2** of this Prospectus.

5.2.5.1 Responsibility of our Board

Subject to the limitations of our Constitution, our Board has adopted a charter ("**Board Charter**"), which sets out, among others the following principal responsibilities of our Board for effective discharge of its functions:

(i) adopting and reviewing a strategic plan, as developed by our Management, taking into account the sustainability and long-term value creation of our Group's business and strategic, with attention given to the economic, environmental, social considerations underpinning sustainability and governance aspects of the business;

(ii) setting and taking responsibility of our Group's sustainability policy to oversee, together with our Management, to meet the Group's sustainability goals to maintain the confidence of stakeholders;

(iii) reviewing, challenging and deciding on our Management's proposals on matters for the Company including, but not limited to, corporate strategy, business plan and budget, and monitor the implementation by our Management;

(iv) supervising and overseeing the conduct of the Company's business, including assessing and monitoring the performance of our Management to determine whether the business is being properly managed;

(v) identifying and assessing principal business risks faced by our Group and ensuring the implementation of appropriate internal controls and mitigating measures to manage such risks;

(vi) setting the risk appetite within which the Board expects our Management to operate and ensure that there is an appropriate annual review and periodic testing of our Company's internal control and risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks. The framework adopted by the internal auditors of our Group will be based on an internationally recognised risk management framework;

(vii) adopting a succession planning policy of our Board and the senior management and reviewing from time to time the succession plan of the group, including appointing, training, compensating and where appropriate, to provide for the orderly succession of senior management;

(viii) establishing a corporate disclosure policy and overseeing the implementation of the shareholders communication policy and an investor relations programme for our Company;

(ix) setting corporate values and promoting, together with our Management, good corporate governance culture within our Group, which reinforces the accountability, transparency, integrity and professional behaviour and ensuring that its obligations to shareholders and other stakeholders are met;

(x) ensure that our Company has in place procedures to enable effective communication with stakeholders;

(xi) ensure the integrity of our Company's financial and non-financial reporting. Courts have held that it is the duty of every director to read the financial statement of our company and carefully consider whether what they disclose is consistent with the director's own knowledge of the company's affairs; and

(xii) ensuring that governance in our Group is implemented holistically through a group governance framework and overseeing the Group's adherence to our Group's policies.

5.2.5.2 Audit Committee

Our Audit Committee comprises the following members:

Name	Designation	Directorship
Koh Beng San	Chairman	Independent Non-Executive Director
Chen Kok Seng	Member	Independent Non-Executive Director
Yau Yin Wee	Member	Independent Non-Executive Director

The main function of our Audit Committee is to assist our Board in fulfilling its responsibility on the oversight of the integrity of our Group's accounting and financial reporting matters. The Audit Committee's duties and responsibilities as stated in its terms of reference include, among others, the following:

(i) to review the following and report the same to our Board:

(a) with the external auditor, the audit plan;

(b) with the external auditor, his evaluation of the system of internal controls;

(c) with the external auditor, his audit report; and

(d) the assistance given by the employees of our Group to the external auditor.

(ii) to do the following and report the same to our Board, in relation to the internal audit function:

(a) review the adequacy of the scope, functions, competency, resources and budget of the internal audit function, and that it has the necessary authority to carry out its work;

(b) review the internal audit plan, processes and results of the internal audit plan, the effectiveness of the internal audit function, processes or investigation undertaken and, where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;

(c) review any appraisal or assessment of the internal audit personnel on their independence, qualification, experience, and competency, performance, audit fees and continuous professional development.

(d) approve any appointment or termination of senior staff members of the internal audit function; and

(e) take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

(iii) to review the quarterly results and annual financial statements of our Group with both the external auditors and Management prior to the approval by our Board, focusing particularly on:

  (a) any changes in or implementation of accounting policies and practices;

  (b) any significant adjustments arising from the audit;

  (c) any significant matters highlighted including financial reporting issues, significant judgements made by Management and how these matters are addressed;

  (d) significant and unusual events or transactions;

  (e) the going concern assumption; and

  (f) compliance with applicable accounting standards and other legal requirements.

(iv) to consider and review any related-party transactions and potential conflict of interest situations that may arise within our Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(v) to ensure that they are fully informed about significant matters related to the Company's audit and its financial statements;

(vi) to discuss problems and reservations arising from the interim and final audits and any matter the auditor may wish to discuss (in the absence of Management where necessary);

(vii) to communicate their insights, views and concerns about relevant transactions and events to internal and external auditors;

(viii) to ensure there is co-ordination between internal and external auditors;

(ix) to consider and report the same to our Board the appointment, nomination, resignation and dismissal of external auditors based on the policies and procedures for assessment of suitability, objectivity and independence of external auditors and their respective audit fees;

(x) to consider the report, major findings and Management's response thereto on any internal investigations carried out by the internal auditors;

(xi) to review the allocation of options / shares granted pursuant to the employees' share Option scheme / employee share grant plan and make such statement to be included in the annual report of our Company in relation to a share scheme for employees; and

(xii) any such other functions as may be agreed by the Committee and our Board as may be required under the Listing Requirements or other regulatory requirements.

5.2.5.3 Risk Management Committee

Our Risk Management Committee currently comprises the following members, of which the majority are Independent Non-Executive Directors:

Name	Designation	Directorship
Chen Kok Seng	Chairman	Independent Non-Executive Director
Koh Beng San	Member	Independent Non-Executive Director
Tee Kim Chin	Member	Non-Independent Managing Director/ Group Chief Executive Officer

The current composition of our Risk Management Committee comprises a majority of Independent Directors to enable objective oversight of risk matters. Given that our Non-Independent Managing Director/Group Chief Executive Officer has more in-depth knowledge on the business and sustainability risks that our Company is exposed to, it is widely held that our Non-Independent Managing Director/Group Chief Executive Officer is in a better position to evaluate such risks to be presented to our Risk Management Committee for the same to oversee and recommend risk management strategies and policies and risk tolerance levels.

Our Board together with Management takes responsibility for the governance of sustainability in our Company including setting the Company's sustainability strategies, priorities and targets. Our Board has the overall responsibility for risk oversight and risk management within our Group. However, as a committee of our Board, our Risk Management Committee shall lead our strategic direction in the management of our business and sustainability risks and opportunity, including oversight on the establishment and implementation of a risk management framework and reviewing the effectiveness of the risk management framework in identifying and managing risks and internal processes which include but are not limited to ensuring the adequacy of risk management policy and infrastructure to facilitate the implementation of action plans for risk management.

The Risk Management Committee's duties and responsibilities as stated in its terms of reference include, among others, the following:

(i) to oversee and recommend the risk management strategies and policies and risk tolerance levels for our Board's approval;

(ii) to ensure that the risk management framework and policy are embedded in and functions effectively throughout our Group and is within the parameters established by our Board and to ensure that the risk management framework is based on an internationally recognised risk management framework;

(iii) to conduct a periodic review and testing of the risk management framework;

(iv) to identify and measure the potential risks and to formulate mitigation action plan(s) to manage and monitor the risks identified within the risk appetite of our Group, and to ensure that corrective measures are undertaken to remedy failings and/or weaknesses;

(v) to review the adequacy and effectiveness of the enterprise risk management of our Group to ensure that the key risk registers and the risk dashboard of the Group compiled therefrom remains relevant taking into consideration any changes in internal business processes, business strategies or external environment;

(vi) to provide awareness and education on risk management to all level of the Group;

(vii) to ensure infrastructure, resources and systems are in place for risk management i.e. ensuring that the staff responsible for implementing risk management systems perform those duties independently of our Group's risk taking activities;

(viii) to report the risk management activities and updated key risk registers and the risk dashboard of our Group compiled therefrom to our Board on periodical basis (at least annually) or on a timely manner (if there are substantial changes in internal business processes, business strategies or external environment) for their independent review;

(ix) to perform risk identification and assessment in relation to major asset/business acquisition or divestment or business diversification or business consolidation and to report the results of the assessment to the Board for strategic decision making;

(x) to perform risk identification and assessment in relation to the environmental, social and governance issues, sustainability issues relevant to our Company including health and safety, data governance and privacy as well as climate-related risks;

(xi) to perform a regular review, to monitor and conduct an assessment on the performance, efficiency and effectiveness of the anti-bribery programme of our Group to ensure the programme is monitored and enforced. Such reviews may take the form of an internal audit, or an audit carried out by an external party. The reviews shall form the basis for any efforts to improve existing anti-bribery anti-corruption controls;

(xii) to review the statements to be included in the Annual Report concerning internal controls and risk management;

(xiii) to review the effectiveness of our Group's risk management systems; and recommend, as appropriate, for the Board's endorsement of the Statement on Risk Management and Internal Control to be included in our Company's annual report; and

(xiv) to consider and examine such other matters as the Committee considers appropriate or as defined by or Board.

5.2.5.4 Nominating Committee

Our Nominating Committee comprises the following members:

Name	Designation	Directorship
Tan Sik Hui	Chairperson	Senior Independent Non-Executive Director
Koh Beng San	Member	Independent Non-Executive Director
Yau Yin Wee	Member	Independent Non-Executive Director

The Nominating Committee's duties and responsibilities as stated in its terms of reference include, among others, the following:

(i) to establish an appropriate (fit and proper) selection criteria and processes, recruitment process and to recommend to the Board, candidates for all directorships of our Company and members of the relevant Board Committees;

(ii) to oversee and shape our Group's governance policies and practices to put in place the succession planning of our Directors and senior management and to achieve the board effectiveness and governance;

(iii) to integrate ESG considerations into nomination processes such as training criteria and ESG experience in order to recruit directors that will bring ESG expertise to our Board;

(iv) to ensure sufficient diversity and independence in our Board in order to achieve greater depth and breadth in the decision-making process;

(v) the Chairperson of the Nominating Committee shall refer the succession planning policy duly approved by our Board to lead the succession planning for Directors and senior management and appointment of members of our Board and senior management and oversee the development of a diverse pipeline for our Board and management succession, including the future Chairperson and the Managing Director;

(vi) to establish the mechanisms for the formal assessment on an annual basis on the effectiveness of the Board as a whole, the effectiveness of each Directors; the effectiveness of our Board of Committees and senior management; the performance of our Directors and senior management and the need to bring new skills and perspective to our Board and the senior management. Performance evaluations of our Board and senior management include a review of the performance of our Board and senior management in addressing our Company's material sustainability risks and opportunities;

(vii) to utilise the annual evaluation forms duly approved by our Board to assess the effectiveness of our Board, our Board Committees and the contribution and performance of each individual Director and the Chairperson and to disclose the annual evaluation methodology and results in the Corporate Governance Report of our Company;

(viii) to review on annual basis, the term of office and performance of our Audit Committee and each of its members to determine whether our Audit Committee and members have carried out their duties in accordance with the terms of reference of our Audit Committee;

(ix) to assess our Independent Non-Executive Directors in terms of their independence and ability to discharge their responsibilities or functions as well as the exercise of their independent judgment or their ability to act in the best interest of our Company;

(x) to review on an annual basis, the length of service of each Independent Non-Executive Director. The tenure of an independent director does not exceed a term limit of nine (9) years;

(xi) to review and recommend on an annual basis to our Board the appropriate size, structure, balance and composition of our Board, required mix of skills, experience, boardroom diversity and other qualities, including core competencies in order for the Board to function effectively and efficiency and to ensure that the contribution of our Directors and Key Senior Management are in line with our Group's requirements and in compliance with the Listing Requirements;

(xii) to assess annually the effectiveness and the contribution of each Independent Non-Executive Director, based on the processes and procedures laid out by our Board;

(xiii) to recommend to our Board the removal of a Director including the Managing Director and senior management if he is ineffective, errant or negligent in discharging his responsibilities;

(xiv) to develop and continually review an appropriate framework and oversee the succession planning for the Chairperson, the Board, including the Managing Director, Executive Directors, and senior management;

(xv) to assist our Board to assess and evaluate circumstances where Director's involvement outside our Group may give rise to a potential conflict of interest with our Group's businesses, upon receiving the declaration of the same. After deliberation with our Audit Committee, to recommend to our Board on the necessary actions to be taken in the circumstances where there is a conflict of interest. To ensure that the individual candidate standing for election should be transparent and make the necessary declaration of the potential conflict of interest to our Board and shareholders;

(xvi) to provide shareholders of our Company the information they require to make an informed decision on the appointment and/or re-appointment of a director. The information should be included in the notes accompanying the notice of the general meeting;

(xvii) to report summary activities of our Nominating Committee for the year which include the application of Fit and Proper Policy in compliance with the Malaysian Code on Corporate Governance, Listing Requirements and any relevant regulations; and

(xviii) to carry out such other functions or assignments as may be delegated by our Board from time to time within the scope of our Nominating Committee or as may be required under the Listing Requirements.

5.2.5.5 Remuneration Committee

Our Remuneration Committee comprises the following members:

Name	Designation	Directorship
Yau Yin Wee	Chairman	Independent Non-Executive Director
Koh Beng San	Member	Independent Non-Executive Director
Chen Kok Seng	Member	Independent Non-Executive Director

The main function of our Remuneration Committee is to support our Board in actively overseeing the design and operation of the Group's remuneration system to ensure corporate accountability and governance. The Remuneration Committee's duties and responsibilities as stated in its terms of reference include, among others, the following:

(i) to assist our Board in discharging its responsibilities for, among others, its compensation strategy, management development and other compensation arrangements;

(ii) to develop and administer a fair and transparent remuneration policy and procedure, including the fee structure and level of remuneration for Directors and senior management, taking into account the demands, complexities and performance of our Company in managing material sustainability risks and opportunities as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of each Directors and senior management and the basis of our Directors' and senior management's merit, qualification and competence, while having regard to our Company's operating results, individual performance and comparable market statistics. Our Board determines who makes up senior management and if any other group of employees should be covered by the remuneration policy and procedures. The policy and procedure shall be reviewed periodically to ensure relevance to our Group and made available on our Company's website;

(iii) to implement the remuneration policies and procedures including reviewing and recommending to our Board on the total individual remuneration package for Directors and senior management personnel including, where appropriate, salaries, bonuses, directors' fee, allowances, incentive payments, options or benefit-in-kinds within the terms of agreed remuneration policy and based on individual contributions to our Company's overall performance and value instead of dependent on short term performance to avoid any incentives for excessive risk-taking, with reference to the Company's remuneration policy and procedure;

(iv) to ensure the establishment of a formal and transparent procedure for developing policies, strategies and framework for the remuneration of our Executive Directors and senior management that is aligned with the business strategy and long-term objectives of our Company;

(v) when recommending the fee and other benefits for our Independent Directors, our Remuneration Committee shall ensure it does not conflict with our Independent Directors' obligation to bring objectivity and independent judgment on matters discussed at Board meetings;

(vi) to consider and examine such other matters as the Remuneration Committee considers appropriate;

(vii) to establish frequent communication with other board committees, namely Nominating Committee, to align remuneration policies and procedures to succession plans and talent management of executives, and Risk Management Committee to ensure risk outcomes are adequately considered in the design of remuneration policies and procedures;

(viii) to table separate resolutions on the approval of the fees of each Non-Executive Directors of our Company and to provide clarification to shareholders during general meetings on matters pertaining to remuneration of directors and senior management as well as the overall remuneration framework of our Company; and

(ix) to carry out such other functions or assignments as may be delegated by our Board from time to time in the area of remuneration of Directors and/or senior management.

5.3 KEY SENIOR MANAGEMENT

Our Key Senior Management comprises the following:

Name	Age	Nationality	Designation
Tan Zong Yuan (M)	35	Malaysian	Group Chief Financial Officer
Teo Hui Seng (M)	51	Malaysian	Vice President of Operations
Yew Seow Kuen (F)	51	Malaysian	Vice President of Supply Chain
Salehaldin Bin Nasron (M)	60	Malaysian	Vice President of Corporate Affairs

Notes:

(M) Male.

(F) Female.

None of our Key Senior Management represent any corporate shareholder. For details on the association of family relationship between our Promoters, Directors and Key Senior Management, please refer to **Section 5.6** of this Prospectus.

5.3.1 Key Senior Management's shareholdings

The direct and indirect shareholdings of our Key Senior Management before and after our IPO are as follows:

	Before our IPO				After our IPO			
	Direct		Indirect		Direct		Indirect	
Name	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Tan Zong Yuan (M)	-	-	-	-	(3)100,000	<0.1	-	-
Teo Hui Seng (M)	-	-	-	-	(3)100,000	<0.1	-	-
Yew Seow Kuen (F)	-	-	-	-	(3)100,000	<0.1	-	-
Salehaldin Bin Nasron (M)	-	-	-	-	(3)100,000	<0.1	-	-

Notes:

(1) Based on our issued Shares before our IPO of 750,000,000 Shares following the Pre-IPO Restructuring Exercise, details of which are set out in **Section 6.1.1** of this Prospectus.

(2) Based on our enlarged issued Shares after our IPO of 923,000,000 Shares.

(3) Assuming he/she will fully subscribe for his/her respective allocations under the Pink Form Allocation and assuming he/she does not apply for any excess Shares.

Our Key Senior Management, as eligible employees, are entitled to apply for any Excess Shares, on top of their pre-determined allocation under the Pink Form Allocation, as set out in **Section 4.2.3(vii)** of this Prospectus.

5.3.2 Profiles of Key Senior Management

The profiles of our Key Senior Management are as follows:

(i) Tan Zong Yuan
Group Chief Financial Officer

Tan Zong Yuan, male, a Malaysian aged 35 is our Group Chief Financial Officer. He heads the Accounting and Finance Department of our Group and is responsible for managing the finance functions of our Group, which include financial planning and review, cash flow management and financial reporting.

He graduated with a Bachelor of Science in Applied Accounting from Oxford Brookes University, United Kingdom in 2012, and was admitted as a member of the Association of Chartered Certified Accountants (ACCA) in 2015. In 2020, he was admitted as a fellow of the ACCA (FCCA). He has been a member of the Malaysian Institute of Accountants (MIA) as a Chartered Accountant since 2021.

He began his career as an Account Assistant at Crescendo Corporation Berhad in 2008. He left Crescendo Corporation Berhad and joined Deloitte KassimChan in 2012 as an Audit Assistant responsible for undertaking auditing of various companies. He left Deloitte KassimChan as Audit Senior in 2014 to join PricewaterhouseCoopers LLP, Singapore as Senior Associate. His role in PricewaterhouseCoopers LLP, Singapore included managing a portfolio of multinational groups and local companies in industries such as property investment, manufacturing, trading and construction. His last position at PricewaterhouseCoopers LLP, Singapore was Manager with the Assurance and Advisory Business Services in 2017.

He then joined IFFCO (Malaysia) Sdn Bhd in 2018 as an associate manager, and subsequently joined MJK Group Sdn Bhd in 2019 as a financial controller. During his tenure with the aforementioned companies, he was responsible for the preparation and monitoring of annual budget and forecast, preparation of management reports, as well as the review and improvement of internal controls and procedures. In 2020, he took up the position of financial controller in Versa Manufacturing Sdn Bhd, which is in the electronics manufacturing services industry and was responsible for directing the management of the finance and accounting teams, treasury management, and overseeing human resources and IT related processes.

He joined our Company as Chief Financial Officer in 2021 and assumed his present role as our Group Chief Financial Officer in 2022.

(ii) Teo Hui Seng
Vice President of Operations

Teo Hui Seng, male, a Malaysian aged 51, is our Vice President of Operations and is primarily responsible for the operation functions of our Group.

He graduated from the Malaysian Institute of Management with a Diploma in Management in 2007.

He began his career in Matsushita Audio Video (M) Sdn Bhd in 1993 as a Purchasing Assistant at the Purchasing Department and was promoted to Supervisor (1996) at the Sourcing and Development Section of the Purchasing Department and Junior Officer (1998) at the Sourcing and Development Section of the Purchasing Department. He was involved in the sourcing and development of projects and strategic planning for annual purchases.

He left Matsushita Audio Video (M) Sdn Bhd and joined Winsheng Plastic Industry Sdn Bhd as an Assistant Engineer at the Engineering Department in 2001. In 2001, he was promoted to Assistant Manager at the Material Control Department. In 2002, he was promoted to Senior Manager at the same department where he was responsible for handling project management contracts, production planning, material control, purchasing, shipping and sales support.

He left Winsheng Plastic Industry Sdn Bhd and joined DTP Manufacturing (HK) Co. Ltd as the Deputy General Manager in 2005. He was responsible for overseeing the operations of 3 factories. Subsequently he resigned from DTP Manufacturing (HK) Co. Ltd and joined Toyoplas Manufacturing (Malaysia) Sdn Bhd as the Senior Manager, Program Management in 2008. He was responsible for sales, business development and project management.

He left the company and joined Cape Manufacturing (M) Sdn Bhd in 2013 as General Manager and was promoted to Vice President of Management and Business Development in 2019 and was redesignated as Vice President of Operation in 2021.

(iii) Yew Seow Kuen
Vice President of Supply Chain

Yew Seow Kuen, female, a Malaysian aged 51, is our Vice President of Supply Chain and is primarily responsible for planning the supply chain, supplier selection, purchasing, material inventory and management and logistics.

She obtained several Certificates in Electronic Servicing from the Institute of Technical Education, Singapore from 1991 to 1993. In 2019, she obtained her International Executive Master of Business Administration from the Mantissa College, in collaboration with Paris Graduate School of Management.

She began her career in 1991 with Conner Peripheral Pte Ltd, Singapore as a Technician in the Engineering department. She was responsible for samples inspection from vendors and failures analysing with suppliers. She left Conner Peripheral Pte Ltd, Singapore and joined Cam Precision Components (Johor) Sdn Bhd as Quality Engineer in 1993. She was responsible for maintaining and improving supplier qualification process, evaluating and recommending quality assurance sampling plans, and controlling of inspections and materials.

In 1996, she left Cam Precision Components (Johor) Sdn Bhd and joined SPI Plastic Industries (M) Sdn Bhd as Engineer in the Engineering Department. She was responsible for leading new project, analysing and ensuring compliance of customer requirement, supervising all material and cost engineering activities, providing training of inspection criteria to all internal in- process quality control and quality assurance department. In 2001, she left SPI Plastic Industries (M) Sdn Bhd and joined Kyotech (M) Sdn Bhd as Assistant Manager of the Customer Service Department. She was responsible for developing new plans to build business with specific target customers, coordinating with internal and external customers, leading and managing projects, and maintaining high level contact with customers.

In 2002, she left Kyotech (M) Sdn Bhd and joined MTP Engineering (M) Sdn Bhd (now known as Toyoplas Manufacturing (M) Sdn Bhd) as Quality Assurance and Engineering Manager. She was responsible for the management of the quality assurance department and ensuring that the project timelines were complied with.

She left Toyoplas Manufacturing (M) Sdn Bhd and joined Flextronics Technology (M) Sdn Bhd as an Assistant Manager, Procurement in 2006. She was responsible for the sourcing of material supplies, material price comparison and the management of material costs.

Subsequently, she left Flextronics Technology (M) Sdn Bhd in 2009 and joined Lucas Automotive Sdn Bhd as the Supply Chain Manager in 2010. She was responsible for inventory and warehouse management, overseeing supply chain and fulfilment of customers' orders. She was promoted as the Supply Chain Senior Manager in 2014.

In 2017, she left Lucas Automotive Sdn Bhd and joined Flextronics Shah Alam Sdn Bhd as Senior Materials Manager at the Material Department. She was responsible for leading the respective global material teams in Malaysia and India on material supplies, qualifying suppliers and overseeing the materials planning process.

In 2018, she joined our Company as a Vice President of Management. In 2021, she assumed her present role as the Vice President of Supply Chain of our Company.

(iv) Salehaldin Bin Nasron
Vice President of Corporate Affairs

Salehaldin Bin Nasron, male, a Malaysian aged 60 is our Vice President of Corporate Affairs and is primarily responsible for corporate communications, government liaison and corporate governance of our Group.

He obtained his Diploma in Banking Studies from MARA Institute of Technology (now University of Technology MARA) in 1983 and Bachelor of Business Administration from the Ohio University, United States in 1985. In 2012, he graduated with a Master of Business Administration from the University of Manchester, United Kingdom.

He started his career in 1985 as Accountant in the Finance Division of Goodyear Malaysia Berhad and was promoted to Manager, Treasury Operations (1992), Accounting Manager (1995), Corporate Accounting Manager (1997), Comptroller (2000) and General Manager Finance and Information System Development (2002). During his tenure in Goodyear Malaysia Berhad, he was primarily responsible for accounting, financial and company secretarial matters.

From 2003 to 2006, he was the Financial Advisor and Controller for PT Goodyear Indonesia Terbuka, Indonesia, a subsidiary of The Goodyear Tire and Rubber Company, USA. He was primarily responsible for financial accounting, costing, credit control and budgeting.

From 2006 to 2008, he was the Chief Financial Officer for the Asia Pacific region based in Kuala Lumpur for Cognis Oleochemicals (M) Sdn Bhd, a joint venture company between Cognis GmbH Germany and Malaysia's Golden Hope Plantations Berhad. He was responsible for the overall finance, purchasing and information technology matters in the company.

He left Cognis Oleochemicals (M) Sdn Bhd, Indonesia and joined PT Titan Kimia Nusantara Tbk (now known as PT Lotte Chemical Titan Nusantara), Indonesia as the Finance Director in 2008, where he was responsible for finance matters.

He joined Titan Petchem (M) Sdn Bhd (currently known as Lotte Chemical Titan (M) Sdn Bhd) as Treasurer in 2009, where he was primarily responsible for treasury and credit control. He was later redesignated as the Vice President of Corporate Affairs in 2010, where he was primarily responsible for government relation, corporate communication and public relations. He was redesignated as Treasurer and Vice President of Corporate Affairs (2012), Treasurer and Vice President of Government Affairs (2014), Treasurer and Vice President of Corporate Affairs (2015).

He joined Lotte Chemical Titan Corporation Sdn Bhd as the Vice President of Corporate Affair and Chief Information officer in 2017 and was redesignated as Vice President, Human Resources, Admin, IT, and Plant Government Affairs in 2018. He was primarily responsible for human resources, admin, IT, and plant government affairs.

In 2020, he joined our Company as Group Corporate Affairs Director and was redesignated as the Vice President of Corporate Affairs in 2021.

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5.3.3 Involvement of our Key Senior Management in other businesses/ corporations

Save as disclosed below, our Key Senior Management confirm that they do not have any other principal directorships and principal business activities outside our Group as at the LPD and in the past 5 years preceding the LPD:

(i) Tan Zong Yuan

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Present involvement						
Golt Properties Sdn Bhd	To carry on the business of property investment, property management and other related business	Director and shareholder	9 December 2019	-	25.0	-
Past involvement						
Tang Tang Food & Beverage Enterprise	Food stalls/ hawkers	Sole proprietor(1)	17 August 2020	17 April 2022	-	-

Note:

(1) The business was transferred to Tan Zong Yuan's spouse on 17 April 2022, who has always been involved in its day-to-day operations. Tang Zong Yuan's involvement only limits to the initial set-up capital contribution and strategic decision on the business.

(ii) Teo Hui Seng

Teo Hui Seng does not have any principal business activities including principal directorships outside our Group as at the LPD and did not have any principal business activities including principal directorships outside our Group in the past 5 years preceding the LPD.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

(iii) Yew Seow Kuen

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shareholdings held Direct	% of shareholdings held Indirect
Present involvement						
Valsync Manufacturing (M) Sdn Bhd	Manufacturing of plastic tableware, kitchenware and toilet articles	Director and shareholder	7 November 2019	-	10.0	-
Infinite Supplies	Retail sale of souvenirs, craft works and religious articles	Partner	15 July 2018	-	-	-
Food in Garden Sdn Bhd	Food Restaurant	Shareholder	-	-	13.5	-
Past involvement						
Food in Garden Sdn Bhd	Food Restaurant	Director	5 April 2017	30 September 2019	13.5	-

(iv) Salehaldin Bin Nasron

Salehaldin Bin Nasron does not have any principal business activities including principal directorships outside our Group as at the LPD and did not have any principal business activities including principal directorships outside our Group in the past 5 years preceding the LPD.

Our Board is of the view that the involvement of our Key Senior Management mentioned above in the other principal business activities outside our Group does not preclude them from allocating or committing their time and effort to our Group in their respective roles as our Key Senior Management, as they are not involved in the management and day-to-day operations of these businesses outside our Group, other than attending meetings of the board of directors on which they serve. These businesses outside our Group do not require their involvement on a daily basis as these businesses are managed by their respective management.

There is no conflict of interest of potential conflict of interest identified based on the present and past involvement of our Key Senior Management outside our Group as set out above in view that their present and past involvements as directors and in other business activities outside our Company are not similar to our Group's business.

5.3.4 Key Senior Management's remuneration and material benefits in-kind

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred compensation) paid or proposed to be paid to our other Key Senior Management for services rendered in all capacities to our Group for the FYE 2022 and FYE 2023 are as follows:

	Remuneration band	
Key Senior Management	**FYE 2022 (paid)**	**FYE 2023 (proposed)**
	RM	**RM**
Tan Zong Yuan	250,000 – 300,000	350,000 – 400,000
Teo Hui Seng	200,000 – 250,000	300,000 – 350,000
Yew Seow Kuen	300,000 – 350,000	400,000 – 450,000
Salehaldin Bin Nasron	200,000 – 250,000	200,000 – 250,000

The remuneration of our Key Senior Management, which includes salaries, bonus, fees and allowances as well as other benefits, must be considered and recommended by our Nominating Committee, Remuneration Committee and subsequently approved by our Board.

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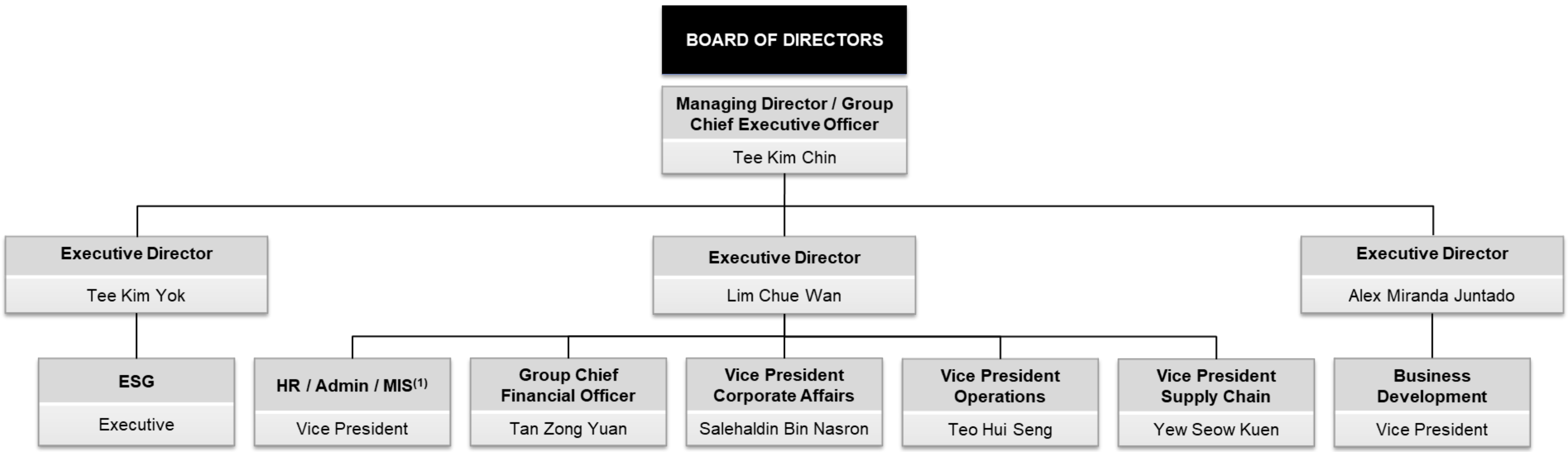
5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

5.4 MANAGEMENT REPORTING STRUCTURE

Our management reporting structure is as follows:



Note:

(1) Human Resource / Administrative / Management Information System Departments.

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5.5 DECLARATIONS BY OUR PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

None of our Promoters, Directors and Key Senior Management is or was involved in any of the following events, whether within or outside Malaysia:

(i) a petition under any bankruptcy or insolvency law was filed (and not struck out) against such person or any partnership in which he or she was a partner, or any corporation of which he or she was a director or member of key senior management in the last 10 years;

(ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;

(iii) charged or convicted in a criminal proceeding, or is a named subject of a pending criminal proceedings in the last 10 years;

(iv) any judgment was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his or her part, involving a breach of any law or regulatory requirement that relates to the capital market in the last 10 years;

(v) the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his or her part that relates to the capital market in the last 10 years;

(vi) the subject of any order, judgment or ruling of any court, government, or regulatory authority or body, temporarily enjoining him or her from engaging in any type of business practice or activity;

(vii) reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency in the last 10 years; and

(viii) any unsatisfied judgment against such person.

5.6 FAMILY RELATIONSHIPS AND ASSOCIATIONS

Tee Kim Chin and Tee Kim Yok, both of whom are our Promoters, substantial shareholders and Non-Independent Executive Directors, are sisters.

Save as disclosed above, there are no family relationships and associations among our Promoters, substantial shareholders, Directors and Key Senior Management as at the LPD.

5.7 SERVICE AGREEMENTS

As at the LPD, none of our Directors and/or Key Senior Management has any existing or proposed service agreement which provide for benefits upon termination of employment with our Group.

5.8 MANAGEMENT SUCCESSION PLAN

Our Group has implemented a management succession plan, where we have put in place a process to groom selected employees to gradually assume the responsibilities of senior management. Our Group's strategy for management continuity is driven by our Key Senior Management.

In summary, we have taken the following steps, in the event of any planned or unplanned changes in our Key Senior Management:

(i) identifying talented employees, where our Key Senior Management identifies middle management staff to gradually assume responsibilities of senior management by recognising the key competencies and requirements of these employees;

(ii) career development and progression, which is done through on-the-job training as well as mentoring, coaching and training programs. Our Key Senior Management will continue to groom middle management personnel to gradually assume greater responsibilities after reviewing each employee's capability, knowledge, skills, leadership and performance contribution; and

(iii) competitive remuneration and benefits to reward our performing employees and to retain their services with our Group.

In addition, we also ensure that our middle management personnel are constantly exposed to various aspects of our business activities. This enables our middle management personnel to acquire an understanding of the business so that they are adequately equipped with the necessary knowledge for them to advance to higher senior management positions.

If the need arises, we will recruit qualified and competent personnel with knowledge and expertise of our business to enhance our operations. By enhancing our corporate profile as a listed issuer, we expect to be able to attract more qualified personnel to play an active role in the growth and success of our Group.

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6. INFORMATION ON OUR GROUP

6.1 INFORMATION ON OUR COMPANY

Our Company was incorporated in Malaysia under the Companies Act 1965 on 21 December 1999 as a private limited company under the name of Imptec Electronics Sdn Bhd and is deemed registered under the Act. Our Company changed its name to Seksun Electronics Sdn Bhd (14 July 2000), Seksun Array Sdn Bhd (3 March 2005) and Toyoplas EMS Manufacturing (M) Sdn Bhd (14 March 2011).

For details in relation to our Company's historical business activities, directors and shareholders since its inception up to year 2013, please refer to **Annexure A** of this Prospectus.

In August 2011, Tee Kim Chin (who was the Chief Executive Officer and a director of Toyoplas EMS Manufacturing (M) Sdn Bhd from 2010 to 2013) acquired 4.0 million Shares, representing 20.0% equity interest in Toyoplas EMS Manufacturing (M) Sdn Bhd at the time, from Seksun Array Technology Pte Ltd for approximately RM0.5 million. Subsequently, in February 2013, she disposed the 4.0 million Shares, representing 20.0% equity interest in Toyoplas EMS Manufacturing (M) Sdn Bhd at the time, to Lim Lai An and Lim Hui Bian (who were both Directors of our Company at that time), for a consideration of RM3.0 million and RM1.0 million respectively, when she resigned as the Chief Executive Officer and director of Toyoplas EMS Manufacturing (M) Sdn Bhd in January 2013.

In May 2013, Tee Kim Chin acquired 12.0 million Shares, representing 60.0% equity interest in our Company (then known as Toyoplas EMS Manufacturing (M) Sdn Bhd) for a purchase consideration of RM12.0 million from Lim Lai An while Alex Miranda Juntado acquired the remaining 8.0 million Shares, representing 40.0% equity interest in our Company (then known as Toyoplas EMS Manufacturing (M) Sdn Bhd) for a purchase consideration of RM8.0 million from Lim Lai An and Lim Hui Bian. Following further allotments of 18.0 million Shares to Tee Kim Chin in March and September 2020, and the allotment of 2.0 million Shares to Alex Miranda Juntado in March 2020, Tee Kim Chin and Alex Miranda Juntado's equity interest in our Company were 75.0% and 25.0% respectively.

Thereafter, in July 2013, our Company changed its name to Cape EMS Manufacturing (M) Sdn Bhd. In January 2020, our Company acquired the beneficial interest of the entire share capital of (i) Cape Manufacturing from Tee Kim Chin and Alex Miranda Juntado for purchase consideration of approximately RM3.8 million and approximately RM1.8 million respectively; and (ii) Cape Singapore from Tee Kim Chin and Alex Miranda Juntado for purchase consideration of SGD0.3 million and SGD0.2 million respectively. In July 2021, Alex Miranda Juntado disposed all of his equity interest amounting to 25.0% of the equity interest in our Company to Tee Kim Yok for a sale consideration of RM10.0 million.

On 9 May 2022, our Company was converted into a public limited company under the name of Cape EMS Manufacturing (M) Berhad. Our Company assumed its present name on 27 May 2022.

Our Company is principally an investment holding company and is involved in electronics manufacturing services. Through our Subsidiaries, we are also involved in aluminium die casting and electronics manufacturing services and supply of electronic products and related activities.

Please refer to **Section 6.3** of this Prospectus for more details of the principal activities of our subsidiaries. We do not have any joint venture company and associated companies.

6.1.1 Pre-IPO Restructuring Exercise

(i) Conversion of ICPS

Our Company had, on 31 December 2021, undertaken an issuance of ICPS to identified investors. The details of the identified investors and their respective subscription price to the ICPS are as follows:

Date of allotment	Name of investor	Number of ICPS subscribed	Subscription price (per ICPS)	Total proceeds
			(RM)	(RM)
31 December 2021	Fortress	57,000,000	1.00	57,000,000
31 December 2021	AOF	3,000,000	1.00	3,000,000
Total		**60,000,000**		**60,000,000**

Subsequently, Fortress and AOF, had on 20 April 2022 converted all of the existing ICPS into new Shares. Upon completion of the conversion of all the ICPS, our Company's resultant issued share capital had increased from RM40,000,000 comprising 40,000,000 Shares to RM100,000,000 comprising 50,000,000 Shares.

(ii) Share Split

Our Company had on 27 April 2022 undertaken a subdivision of every 1 existing Share into 15 Shares.

Upon completion of the Share Split, the resultant number of Shares in the issued share capital of our Company was 750,000,000 Shares. The Share Split had not resulted in any change to our Company's cumulative value of issued share capital.

(iii) Shareholding Restructuring with Fortress and AOF

Fortress' ICPS Subscription before Shareholding Restructuring with Fortress

Pursuant to the share subscription agreement dated 28 June 2021 entered into between our Company, Tee Kim Chin, Tee Kim Yok, Alex Miranda Juntado and Fortress (as investor) ("**Fortress SSA**"), our Company issued 57,000,000 ICPS to Fortress at the subscription price of RM57,000,000 on 31 December 2021.

By virtue of the letter of undertaking dated 28 June 2021 from Tee Kim Chin to Fortress (given pursuant to the Fortress SSA) ("**LOU to Fortress**"), Tee Kim Chin provided a profit warranty to Fortress for herself and also on behalf of Tee Kim Yok.

Subsequently, by virtue of the addendum dated 16 May 2022 (i) to the LOU to Fortress and (ii) to the undertaking by Tee Kim Chin to purchase the ICPS held by Fortress, the parties clarified the calculation of the profit warranty and Tee Kim Chin agreed to purchase from Fortress 142,500,000 Shares(1) in the event the Company is not listed by 30 November 2024.

Note:

(1) Being 9,500,000 Shares which had been issued to Fortress on 20 April 2022 pursuant to the conversion of its ICPS, upon completion of the Share Split on 27 April 2022.

AOF's ICPS Subscription before the Shareholding Restructuring with AOF

Pursuant to the share subscription agreement (co-investor) dated 28 September 2021 entered into between AOF (as co-investor)[(1)], our Company, Tee Kim Chin, Tee Kim Yok, and Fortress (as lead investor)[(1)] ("**AOF SSA**"), our Company issued 3,000,000 ICPS to AOF at the subscription price of RM3,000,000 on 31 December 2021.

By virtue of the letter of undertaking dated 28 September 2021 from Tee Kim Chin to AOF (given pursuant to the AOF SSA) ("**LOU to AOF**"), Tee Kim Chin provided a profit warranty to AOF for herself and also on behalf of Tee Kim Yok.

Subsequently, by virtue of the addendum dated 16 May 2022 (i) to the LOU to AOF and (ii) to the undertaking by Tee Kim Chin to purchase the ICPS held by AOF, the parties clarified the calculation of the profit warranty and Tee Kim Chin agreed to purchase from AOF 7,500,000 Shares[(2)] in the event the Company is not listed by 30 November 2024.

Notes:

(1) Pursuant to the AOF SSA, AOF delegated authority to Fortress for the latter to act on its behalf in matters related to, among others, Board representation, Board approval matters and restrictions on transfers of Shares by Tee Kim Chin and Tee Kim Yok prior to a public listing of our Company. In this regard, AOF is considered as a co-investor whereas Fortress is the lead investor in our Company.

(2) Being 500,000 Shares which had been issued to AOF on 20 April 2022 pursuant to the conversion of its ICPS, upon completion of the Share Split on 27 April 2022.

Shareholding Restructuring with Fortress and AOF

Pursuant to (a) the supplementary agreement to the Fortress SSA dated 27 June 2022 between our Company, Tee Kim Chin, Tee Kim Yok, and Fortress; and (b) the supplementary agreement to the AOF SSA dated 27 June 2022 between our Company, Tee Kim Chin, Tee Kim Yok, and AOF, Fortress, AOF, Tee Kim Chin and Tee Kim Yok agreed to settle the said profit warranty through the transfer by Tee Kim Yok of 10,687,500 Shares (representing 1.4% of the issued share capital of 750,000,000 Shares prior to our IPO) to Fortress and 562,500 Shares (representing 0.1% of the issued share capital of 750,000,000 Shares prior to our IPO) to AOF. Upon the completion the Shareholding Restructuring with Fortress and AOF, the resultant shareholding of the existing shareholders of our Company are as follows:

Shareholder	No. of Shares held	[(1)]%
Tee Kim Chin	450,000,000	60.0
Tee Kim Yok	138,750,000	18.5
Fortress	153,187,500	20.4
AOF	8,062,500	1.1

Note:

(1) Based on the issued share capital of our Company of 750,000,000 Shares prior to our IPO.

6.1.2 Share capital and changes in share capital

As at the LPD, the issued share capital of our Company is RM100,000,000 comprising 750,000,000 Shares.

The changes in the issued share capital of our Company since its incorporation up to the LPD are as follows:

(i) ordinary shares

Date of allotment	No. of Shares allotted	Nature of transaction	No. of cumulative Shares	Cumulative issued share capital (RM)
21 December 1999	3	Subscriber's share	3	3
26 May 2000	2,499,997	Otherwise than cash	2,500,000	2,500,000
30 September 2002	302,109	Cash	2,802,109	2,802,109
30 September 2002	10,197,891	Otherwise than cash	13,000,000	13,000,000
28 May 2004	7,000,000	Otherwise than cash	20,000,000	20,000,000
16 March 2020	5,000,000	Otherwise than cash[(1)]	25,000,000	25,000,000
7 September 2020	15,000,000	Cash	40,000,000	40,000,000
20 April 2022	10,000,000	Conversion of ICPS	50,000,000	100,000,000
27 April 2022	700,000,000	Share Split	750,000,000	100,000,000

(ii) ICPS

Date of allotment	No. of ICPS allotted/ (Redeemed)	Nature of transaction	No. of cumulative ICPS	Cumulative issued share capital (RM)
31 December 2021	60,000,000 ICPS	Cash	60,000,000	60,000,000
20 April 2022	(60,000,000) ICPS	Conversion of ICPS	-	-

As at the LPD, our Company does not have any outstanding warrants, options, convertible securities or uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

Upon the completion of our IPO, our enlarged issued share capital will increase from RM100,000,000 comprising 750,000,000 Shares to RM251,314,177 comprising 923,000,000 Shares.

Note:

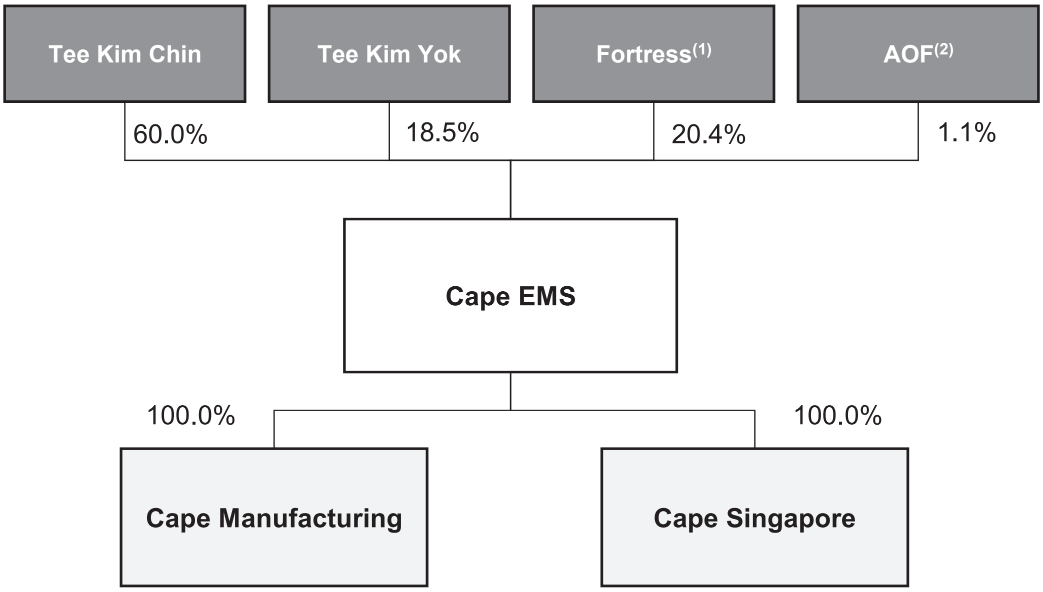
(1) The Shares were allotted by way of capitalising against credit balance in the amount owing to Tee Kim Chin, our Director.

6.2 OUR GROUP STRUCTURE

As at the LPD, our Group structure including our Subsidiaries is as follows:

After the Pre-IPO Restructuring and before our IPO

Our Group structure including our Subsidiaries after the Pre-IPO Restructuring and before our IPO is as follows:



Notes:

(1) Fortress, a company incorporated on 19 November 2002 as a private limited company in Malaysia under the Act, is a substantial shareholder of our Company. The principal activity of Fortress is asset management. Fortress holds the Shares on trust for its clients, being the Investors, who are the beneficial owners of the Shares. As such, the Investors have an individual right over the Shares held by Fortress. Notwithstanding the above, Fortress has full authority, power and discretion to exercise, on behalf of the Investors, all voting and other rights relating to the securities held as part of the investment portfolios. Please refer to **Section 5.1.2(iii)** of this Prospectus for the profile of Fortress.

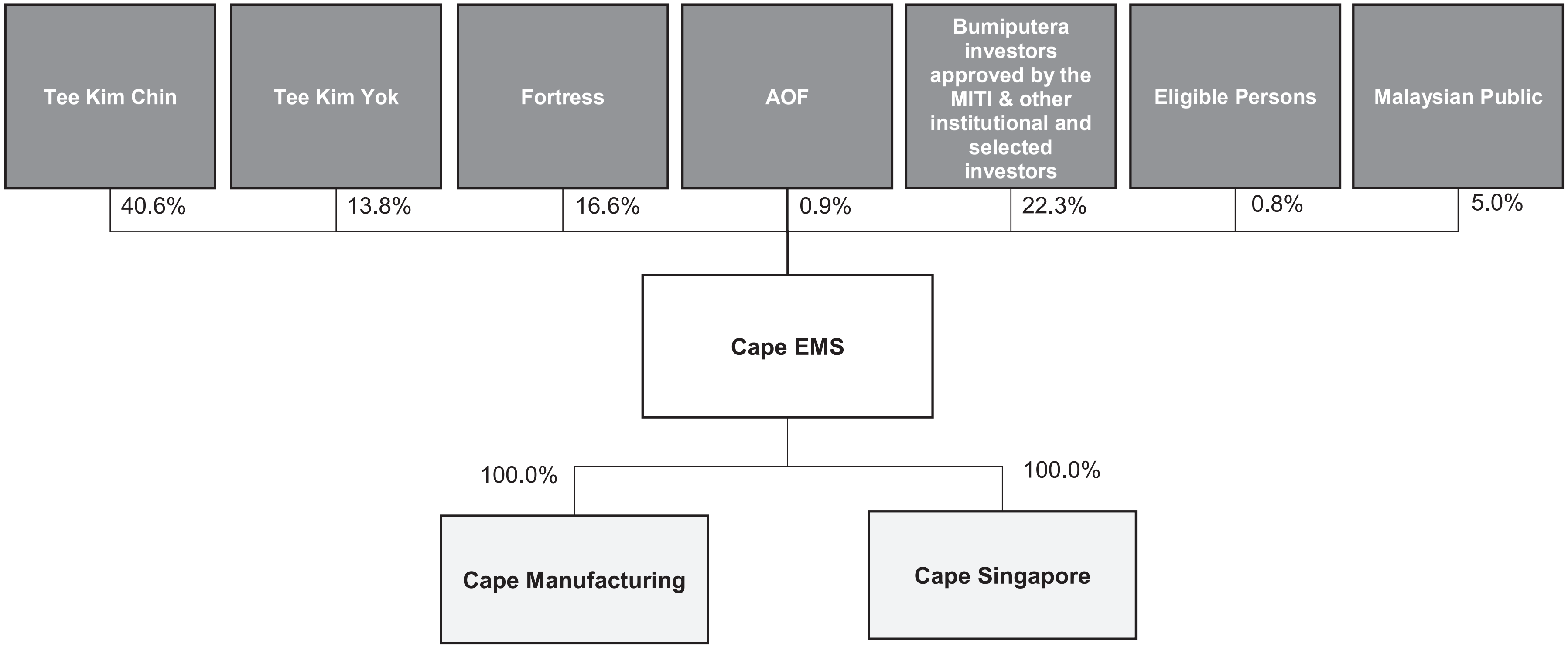
On 6 July 2022, the SC had, vide its letter on even date, approved the relief application submitted by HLIB, on behalf of our Company, from having to disclose the details on the ultimate beneficial owners of Shares held by Fortress. Please refer to **Section 2.1.1(ii)** of this Prospectus for more details on the relief application submitted to the SC.

(2) AOF is fund registered under the laws of Cayman Islands. It is a discretionary fund managed by its investment managers. AOF holds the Shares on trust for its members. AOF falls within the definition of a "**mutual fund**" in terms of the Mutual Funds Law (Revised) of the Cayman Islands and accordingly, is regulated under the Mutual Funds Law. As such, none of the ultimate beneficial owners of AOF have an individual right over the Shares held by AOF.

6. INFORMATION ON OUR GROUP *(Cont'd)*

After our IPO

Our Group structure including our Subsidiaries after our IPO is as follows:



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6.3 OUR SUBSIDIARIES

As at the LPD, our Company has 2 Subsidiaries and does not have any associates or joint venture company. Our Subsidiaries as at the LPD are as follows:

Name and Registration number	Date/ Country of incorporation	Share capital	Our equity interest (%)	Principal activities/ Principal place of business
Cape Manufacturing Registration No.: 201001010428 (895065-A)	25 March 2010/ Malaysia	RM10,000,000 comprising 10,000,000 ordinary shares	100.0	Aluminium die cast manufacturing and electronics manufacturing services/ No. 22 (Lot 1582), Jalan Temenggong 2, Kawasan Perindustrian Temenggong Mukim Tebrau 81100 Johor Bahru, Johor Darul Ta'zim, Malaysia No. 6, Jalan Belati, Taman Perindustrian Maju Jaya, 81300 Johor Bahru, Johor Darul Ta'zim
Cape Singapore Registration No.: 200509673M	14 July 2005/ Singapore	SGD10,000 comprising 10,000 ordinary shares	100.0	Supply of electronic products and related activities/ No 18, Sin Ming Lane, #08-17 Midview City, Singapore 573960

Further details of our Subsidiaries as at the LPD are set out below.

6.3.1 Cape Manufacturing

Cape Manufacturing was incorporated in Malaysia under the Companies Act, 1965 on 25 March 2010 as a private limited company under the name of Cape Evergreen Sdn Bhd and is deemed registered under the Act. It subsequently changed its name to Cape Manufacturing (M) Sdn Bhd on 5 September 2012.

Cape Manufacturing is principally involved in aluminium die cast manufacturing and electronics manufacturing services(1).

Note:

(1) Save for NextCentury and Next Meters, LLC, which are served by Cape Manufacturing, all the Group's EMS customers under our Group's EMS segment are served by Cape EMS. NextCentury and Next Meters have a common shareholder. Cape Manufacturing originally provided die casting services for the aluminium enclosure required for NextCentury's products, and eventually expanded to provide EMS for NextCentury's products. Cape Manufacturing worked with NextCentury, the brand and design owner, on the product design of NextCentury and Next Meters, LLC.

As at the LPD, the issued share capital of Cape Manufacturing is RM10,000,000 comprising 10,000,000 ordinary shares. Save as disclosed below, there has been no change in the issued share capital of Cape Manufacturing for the past 3 years preceding the LPD:

			Cumulative issued share capital	
Date of allotment	No. of ordinary shares allotted	Consideration	No. of ordinary shares	RM
5 August 2019	500,000	Cash	2,500,000	2,500,000
30 December 2022	(1)7,500,000	Otherwise than cash	10,000,000	10,000,000

Note:

(1) The allotment of the additional 7.5 million ordinary shares in Cape Manufacturing to Cape EMS was by way of capitalisation of the total amount owing to Cape EMS of RM7.5 million. The said capitalisation was to improve the gearing ratio and current ratio of Cape Manufacturing.

As at the LPD, Cape Manufacturing does not have any outstanding warrants, options, convertible securities or uncalled capital. Cape Manufacturing is our wholly-owned direct subsidiary. Cape Manufacturing does not have any subsidiary, associate company or joint venture as at LPD.

6.3.2 Cape Singapore

Cape Singapore was incorporated in Singapore on 14 July 2005 as a private limited company under the name of Aerocraft Pte Ltd and deemed registered under the laws of Singapore. Our company changed its name to APL Toyo Pte Ltd (with effect from 26 February 2007), Toyoplas UK Pte Ltd (with effect from 28 October 2010), Cape ACV Holdings Pte Ltd (with effect from 21 March 2014) and Cape Holding (S) Pte Ltd (with effect from 27 January 2016) before assuming its current name with effect from 24 February 2016.

Cape Singapore is principally involved in supply of electronic products and related activities. For the Period Under Review and up to the LPD, (i) the electronic products supplied by Cape Singapore referred to smart utility data collection equipment of NextCentury and Next Meters (the revenue of which is recognised under the provision of EMS segment); and (ii) related activities refer to testing services in Singapore (the revenue of which is recognised under the supporting services segment). There were no testing services carried out in Singapore during the Period Under Review.

As at the LPD, the issued share capital of Cape Singapore is SGD10,000 comprising 10,000 ordinary shares. There has been no change in the issued share capital of Cape Singapore for the past three years preceding the LPD.

As at the LPD, Cape Singapore does not have any outstanding warrants, options, convertible securities or uncalled capital. As at the LPD, Cape Singapore is our wholly-owned direct subsidiary. Cape Singapore does not have any subsidiary, associate company or joint venture as at LPD.

6.4 PUBLIC TAKE-OVERS

During the last financial year and the current financial year up to the LPD, there were:

(i) no public take-over offers by third parties in respect of our Shares; and

(ii) no public take-over offers by our Company in respect of other companies' shares.

6.5 CAPITAL EXPENDITURES AND DIVESTITURES

6.5.1 Capital expenditures

Save as disclosed below, there was no other material capital expenditures incurred by our Group for the Period Under Review and up to the LPD:

Description	FYE 2019	FYE 2020	FYE 2021	FPE 2022	Between 1 October 2022 up to the LPD
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Freehold land(1)	-	-	6,364	-	-
Leasehold land(1)	2,852	6,472	16,333	7,512	-
Factory buildings(1)	3,690	16,684	18,676	10,230	-
Plant and machinery(2)	719	20,000	76,271	6,755	165
Equipment, furniture and fittings(3)	1,927	1,876	2,565	2,701	68
Renovation and electrical installation(4)	1,537	3,004	2,627	2,460	38
Capital work in-progress(5)	-	105	4,769	6,604	562
Total	**10,725**	**48,141**	**127,605**	**36,262**	**833**

Notes:

(1) Relates to the purchase of the following for the respective FYE 2019, FYE 2020, FYE 2021 and FPE 2022:

FYE/ FPE	Factory	Freehold Land	Leasehold Land	Factory Buildings
		(RM'000)	(RM'000)	(RM'000)
2019	PLO 103 Factory	-	2,852	3,690
2020	Senai 227 Factory	-	6,472	16,684
2021	Extension of the Senai 227 Factory	-	-	12,504
2021	Kempas 6 Factory	2,700	-	3,555
2021	Temenggong 22 Factory	3,664	-	2,617
2021	PLO 226B and PLO 227B	-	16,333	-
2022	Extension of the Senai 227 Factory	-	-	197
2022	Tebrau 6 Factory	-	7,512	10,033
	Total	**6,364**	**33,169**	**49,280**

(2) Relates mainly to the purchase of the following:

(i) machinery and equipment for setting up of production lines for wireless communication equipment in FYE 2019;

(ii) plant and machinery mainly comprising 2 SMT lines and 2 CNC machines in FYE 2020;

(iii) 11 automation lines, 6 die casting machines, 6 melting and holding furnaces in FYE 2021;

(iv) 3 automation lines located in our Senai 227 Factory, 2 die casting machines located in our Temenggong 22 Factory in FPE 2022; and

(v) machinery and equipment for setting up of electronic cigarette production lines as at LPD.

Our increased investment in machinery and equipment during the Period Under Review have enabled us to expand our EMS business and increase our production capacity to meet increased orders from our customers. We do not foresee any unfavourable impact from our increased investment in machinery and equipment used in our EMS operations, including the production lines for wireless communication equipment, the automated production lines and the SMT lines for the Period Under Review as the production lines can be reconfigured for other customers with similar EMS processes, while the SMT lines can be used in our value-added service to support our clients in their new product introduction process.

In relation to our investment in machinery and equipment for our aluminium die cast manufacturing operations, including the CNC machines, the die casting machines as well as the furnaces, the machinery and equipment will increase our total production capacity and cater for our business expansion including to support the expansion of our business, as our in-house aluminium die cast manufacturing facility provides supporting services for our EMS operations.

Our investment in machinery and equipment are funded by a combination of internally generated funds and bank borrowings. For the Period Under Review and up to the LPD, we have not defaulted on any payments of either the principal or interests in relation to our bank borrowings.

(3) Relates mainly to the purchase of factory equipment, office equipment, computers and software, furniture, fittings and air conditioners at Senai 227 Factory and Temenggong 22 Factory.

(4) Relates mainly to renovation and electrical installation works for PLO 103 Factory, Senai 227 Factory and Temenggong 22 Factory.

(5) Relates mainly to capital work-in-progress comprising, among others, installation of automation lines at Senai 227 Factory in FYE 2021, installation of assembly line at Senai 227 Factory in FPE 2022 and renovation works at Senai 227 Factory in FPE 2022.

Our material capital expenditure was primarily funded via a combination of bank borrowings, proceeds from the issuance of the ICPS and internally generated funds.

6.5.2 Material capital divestitures

We do not have any material capital divestitures for the Period Under Review and as at the LPD.

7. BUSINESS OVERVIEW

7.1 OVERVIEW OF OUR BUSINESS

7.1.1 Business history and milestones

Our Company was incorporated in Malaysia under the Companies Act 1965 on 21 December 1999 as a private limited company, under the name of Imptec Electronics Sdn Bhd, by 3 unrelated third party individuals[(1)], with the principal activity of assembling and manufacturing of electronic components and printed circuit boards.

After our incorporation in 1999, there had been several changes to the shareholdings and Directors of our Company involving unrelated third parties[(1)]. For details in relation to our Company's historical business activities, Directors and shareholders since its inception up to year 2013, please refer to **Annexure A** of this Prospectus.

We changed our name to Seksun Electronics Sdn Bhd (14 July 2000) after Seksun Corporation Limited, a public company listed on the Main Board of the Singapore Exchange, acquired 56.0% equity interest at that time from one of the then shareholders of our Company[(1)] in July 2000. Thereafter, between September 2002 and January 2005, Seksun Corporation Limited increased its equity interest in our Company to 100.0% equity interest, making Seksun Electronics Sdn Bhd a wholly-owned subsidiary of Seksun Corporation Limited.

In February 2005, Seksun Corporation Limited disposed its entire shareholding in Seksun Electronics Sdn Bhd to Seksun Array Technology Pte Ltd, a subsidiary of Seksun Corporation Limited, therefore our Company became an indirect subsidiary of Seksun Corporation Limited. Subsequently, our Company changed its name to Seksun Array Sdn Bhd (3 March 2005). In February 2008, Seksun Corporation Limited sold its assets and business undertakings, including Seksun Array Sdn Bhd, to Supernova Holdings (Singapore) Pte Ltd, a wholly owned-subsidiary of Supernova (Cayman) Limited.

Thereafter, in November 2010, Tee Kim Chin and Lim Lai An were appointed as Directors, upon the resignation of all of the then existing Directors, who were all unrelated third party individuals[(1)]. On 14 March 2011, Seksun Array Sdn Bhd changed its name to Toyoplas EMS Manufacturing (M) Sdn Bhd. In August 2011, Tee Kim Chin acquired 4.0 million Shares, representing 20.0% equity interest of our Company (then known as Toyoplas EMS Manufacturing (M) Sdn Bhd) at the time, from Seksun Array Technology Pte Ltd for approximately RM0.5 million. Tee Kim Chin was the Chief Executive Officer and a Director of our Company (then known as Toyoplas EMS Manufacturing (M) Sdn Bhd) until January 2013. Subsequently, in February 2013, Tee Kim Chin disposed her 4.0 million Shares, representing 20.0% equity interest in our Company (then known as Toyoplas EMS Manufacturing (M) Sdn Bhd) at the time, to Lim Lai An and Lim Hui Bian (who were both Directors of our Company[(1)] at that time), for a consideration of RM3.0 million and RM1.0 million respectively, when she resigned as the Chief Executive Officer and Director of our Company (then known as Toyoplas EMS Manufacturing (M) Sdn Bhd) in January 2013. After the said disposal by Tee Kim Chin, Lim Lai An and Lim Hui Bian held 95.0% and 5.0% equity interest in our Company (then known as Toyoplas EMS Manufacturing (M) Sdn Bhd) respectively.

The history of our business can be traced back to May 2013, when Tee Kim Chin acquired 12.0 million Shares, representing 60.0% equity interest in our Company (then known as Toyoplas EMS Manufacturing (M) Sdn Bhd) for a purchase consideration of RM12.0 million from Lim Lai An, and Alex Miranda Juntado acquired the remaining 8.0 million Shares, representing 40.0% equity interest in our Company (then known as Toyoplas EMS Manufacturing (M) Sdn Bhd) for a purchase consideration of RM8.0 million from Lim Lai An and Lim Hui Bian. Lim Lai An and Lim Hui Bian also ceased being the Directors of our Company in May 2013. The acquisitions by Tee Kim Chin and Alex Miranda Juntado was pursuant to their intention to venture into the EMS business. Tee Kim Chin and Alex Miranda Juntado became the Directors of our Company since May 2013. Following further allotments of 18.0 million Shares to Tee Kim Chin in March and September 2020, and the allotment of 2.0 million Shares to Alex Miranda Juntado in March 2020, Tee Kim Chin and Alex Miranda Juntado's equity interest in our Company were 75.0% and 25.0% respectively.

(1) Such third parties are not related to our existing Promoters, Directors, Key Senior Management and/or shareholders.

In July 2013, the Company changed its name from Toyoplas EMS Manufacturing (M) Sdn Bhd to Cape EMS Manufacturing (M) Sdn Bhd and continued with the provision of electronics manufacturing services (EMS) for industrial electronic products mainly wireless communication equipment as its principal activity.

In January 2020, our Company acquired the beneficial interest of the entire share capital of (i) Cape Manufacturing from Tee Kim Chin and Alex Miranda Juntado for purchase consideration of approximately RM3.8 million and approximately RM1.8 million respectively; and (ii) Cape Singapore from Tee Kim Chin and Alex Miranda Juntado for purchase consideration of SGD0.3 million and SGD0.2 million respectively.

In July 2021, Alex Miranda Juntado disposed all of his equity interest amounting to 25.0% of the equity interest in our Company to Tee Kim Yok for a sale consideration of RM10.0 million.

On 9 May 2022, our Company was converted into a public limited company under the name of Cape EMS Manufacturing (M) Berhad. Our Company assumed its present name on 27 May 2022.

The table below sets out the key events and milestones in the history and development of our business:

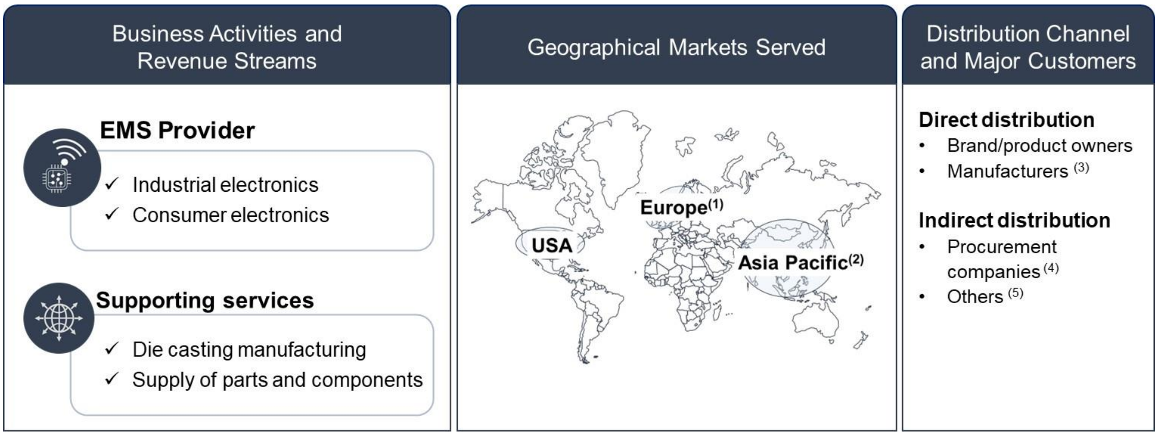
Year	Key Events and Milestones
2013 – 2018	• Our Promoter, Tee Kim Chin and Alex Miranda Juntado acquired the entire equity interest in Toyoplas EMS Manufacturing (M) Sdn Bhd and changed its name to Cape EMS Manufacturing (M) Sdn Bhd in July 2013. • Subsequent to the acquisition, our Company continued to provide EMS for industrial electronic products mainly wireless communication equipment for Ruckus Wireless Inc. ("**EMS for Ruckus Business Unit**") from a rented factory located in Johor. • In September 2017, our Company divested the EMS for Ruckus Business Unit to an unrelated third party, Kaifa Technology Malaysia Sdn Bhd ("**Kaifa**") for RM9.3 million arising from a proposal by Kaifa for the said acquisition. • In October 2018, our Company entered into a sale and purchase agreement with an unrelated third party, Flextronics Technology (Malaysia) Sdn Bhd, for the acquisition of Senai 227 Factory for RM22.0 million to provide EMS for Mimosa Networks, a wireless communication equipment manufacturer from the USA. The acquisition was completed in FYE 2020.
2019 - 2021	• Prior to the completion of the acquisition, we leased the Senai 227 Factory between 2019 and 2020 to commence our EMS for box build products. • Since September 2019, we have been providing EMS to Mimosa Networks for various models of products. We are qualified by Mimosa Networks as their EMS provider. • We continued to expand our customer portfolio to offer our EMS for new product applications and industries between 2019 and 2020 including the following: - expanded our industrial electronic products portfolio by securing various orders for provision of EMS for smart utility devices for a customer from Japan in 2019 with a minimal revenue of RM0.1 million from pilot assembled sample products, and POS terminals, digital vending machines and portable printer power desks in 2020; and

Year	Key Events and Milestones
	- expanded into consumer electronic products where we secured orders for provision of EMS for cordless vacuum cleaners and electronic cigarettes in 2019 and 2020 respectively. We were approached by K & Q from Singapore who was looking for a company in Johor with EMS in box build capabilities but with no existing customer who manufacture the same product. K & Q appointed us as their EMS provider upon completion of the qualification process on our production line, which was supported by our experienced technical team in EMS, including consumer appliances. In FYE 2019, we secured our first order for a pilot production run where we recorded revenue of approximately RM26,000 in FYE 2019. As for electronic cigarettes, we received purchase orders and recorded revenue of RM36.4 million in FYE 2020 from the commencement of EMS for electronic cigarettes. This was mainly derived from the value-added services for the initial development which included the customisation of automated production line to meet the customers' requirements. Please refer to Section **12.3.1(i)(c)** of this Prospectus for further details on the revenue analysis. We delivered our first shipment for the vacuum cleaners and electronic cigarettes to the USA in 2019 and 2020 respectively.
	• As part of our EMS expansion plans, we expanded our production facilities between 2020 and 2021 as follows:
	- in FYE 2021, we invested RM12.5 million to extend an additional 74,329 sq ft of floor space at our Senai 227 Factory to cater for product expansion;
	- in FYE 2021, we acquired the Kempas 6 Factory with a total built-up area of 18,808 sq ft which will be used for the EMS of smart utility data collection equipment;
	- between FYE 2020 and FYE 2021, we have invested RM65.0 million for the purchase and installation of machinery and equipment as well as cleanroom facilities for the EMS of electronic cigarettes including 8 automated production lines for the refill pods with production capacity of approximately 40 million pieces per year, 2 lines for the device and 1 line for the disposable cigarette sticks;
	- between FYE 2020 and FYE 2021, we invested RM17.3 million for the purchase and installation of 2 surface mount technology (SMT) lines to expand our capabilities to manufacture electronic products. These SMT lines are mainly used for new product development in supporting our clients in their new product introduction process. We commenced trial run and pilot production in September 2021.
	• In January 2020, our Company acquired the entire equity interest of the following companies as part of our group reorganisation exercise:
	- Cape Manufacturing, which is principally involved in aluminium die cast manufacturing which operates in the Temenggong 22 Factory; and providing EMS for smart utility data collection equipment which operates in the Kempas 6 Factory; and

Year	Key Events and Milestones
	- Cape Singapore, which is principally involved in supply of electronic products and related activities. For the Period Under Review and up to the LPD, (i) the electronic products supplied by Cape Singapore referred to smart utility data collection equipment of NextCentury and Next Meters (the revenue of which is recognised under the provision of EMS segment; where the product is manufactured by Cape Manufacturing); and (ii) related activities refer to testing services in Singapore (the revenue of which is recognised under the supporting services segment). There were no testing services carried out in Singapore during the Period Under Review. The main rationale for the acquisitions is to complement our EMS business to provide supporting products and services to our customers. • In March 2021, our Company entered into a sale and purchase agreement with an unrelated third party, Flextronics Shah Alam Sdn Bhd for the acquisition of 2 pieces of lands namely PLO 226B and PLO 227B for approximately RM15.7 million, which was completed in November 2021.
2022	• As part of our ongoing expansion plans, we completed the sale and purchase agreement for the acquisition of Tebrau 6 Factory in September 2022. Please refer to **Section 7.22.1** of this Prospectus for further details on the new Tebrau 6 Factory. • Cape Manufacturing commenced the EMS of smart utility data collection equipment at Kempas 6 Factory on 22 September 2022.

7.1.2 Our business model

Our business model is as follows:



Notes:

(1) Includes UK and Sweden.

(2) Includes Singapore, Malaysia, Hong Kong, Japan, China, Taiwan and India.

(3) Includes E&E, plastic injection moulding and metal stamping manufacturers who purchase aluminium die cast parts for their own use.

(4) The procurement companies and their end users are set out as follows:

(i) SOQ, being the procurement company for a single brand of smart utility data collection equipment, namely the NextCentury brand. Since October 2021, there were no orders for the provision of EMS from SOQ due to the product end of life of NextCentury older models. The Group have been working directly with the brand owner, NextCentury from the USA since 2020 for the EMS of the new models of smart utility data collection equipment;

(ii) Tastar Electronics, being the procurement company for a single brand of POS terminal, namely the BBPOS brand; and

(iii) K & Q, being the procurement company for a single brand of vacuum cleaner, namely the Eureka brand.

(5) Includes sales to EMS company as well as equipment manufacturer who purchase wireless modules from our Group for resale purposes.

7.1.3 Business activity and revenue streams

We are an EMS provider offering a range of contract manufacturing services for end-to-end manufacturing services which entail parts and components sourcing and procurement, production, assembly, testing, packaging up to direct shipment fulfilment. Our manufacturing contracts are typically turnkey contracts to provide complete box build products. The typical lead time from receipt of purchase order to completing the box build assembly process is 3 to 6 months.

We carry out EMS services for box build of industrial and consumer electronic products as follows:

Industrial Electronics
- ✓ Wireless communication equipment
- ✓ Smart utility data collection equipment
- ✓ POS terminals
- ✓ Others [(1)]

Consumer Electronics
- ✓ Household appliances
- ✓ Electronic cigarettes

Note:

(1) Includes digital vending machines, portable printer power desks and LED lighting products.

Moving forward, we will continue to market our EMS focusing on 2 industry sectors namely industrial electronic products and consumer electronic products to expand and grow our business.

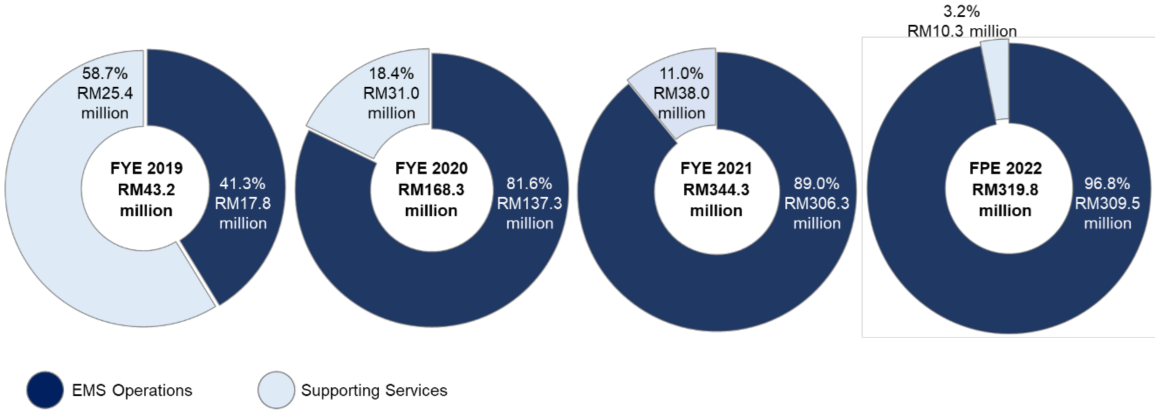
The manufacturing location for each category of EMS products manufactured by our Group are as follows:

	Senai 227 Factory	Kempas 6 Factory
Industrial electronics		
• Wireless communication equipment	√	
• Smart utility data collection equipment	√	√
• POS terminals	√	
• LED lighting products	√	
Consumer electronics		
• Household appliances	√	
• Electronic cigarettes	√	

We carry out supporting services for our EMS operations where we have in-house aluminium die cast manufacturing, as well as sourcing and procurement of parts and components for our box build consumer and industrial electronic products. In this respect, the revenue of EMS operations of our box-build products takes into account the aluminium die cast parts as well as parts and components for the abovementioned box build industrial and consumer electronic products. For the Period Under Review, the EMS of wireless communication equipment for our major customer, namely Airspan group of companies (including Mimosa Networks and Airspan Communications), requires aluminium die cast parts supplied by Cape Manufacturing.

In addition, we provide the said supporting services to customers who engage us only for the manufacturing of die cast parts and supply of parts and components. In this respect, the revenue derived from these said customers is categorised under the supporting services segment.

Our revenue contribution by business activities for the Period Under Review is set out below:



Our revenue contribution by business segments and by products for the Period Under Review is set out below:

	FYE 2019		FYE 2020		FYE 2021		FPE 2022	
	RM'000	(%)	RM'000	(%)	RM'000	(%)	RM'000	(%)
Provision of EMS								
• Industrial electronic products	17,801	41.2	83,641	49.7	214,658	62.3	187,874	58.8
- *Wireless communication equipment*	*17,801*	*41.2*	*71,324*	*42.4*	*79,282*	*23.0*	*58,823*	*18.4*
- *Smart utility data collection equipment*	-	-	*10,609*	*6.3*	*(3)67,924*	*19.7*	*(3)52,069*	*16.3*
- *POS terminals*	-	-	*1,610*	*1.0*	*62,862*	*18.3*	*63,222*	*19.8*
- *Others(1)*	-	-	*98*	*	*4,590*	*1.3*	*13,760*	*4.3*
• Consumer electronic products	26	0.1	53,619	31.9	91,629	26.6	121,577	38.0
- *Household appliances*	*26*	*0.1*	*17,213*	*10.2*	*49,350*	*14.3*	*34,983*	*10.9*
- *Electronic cigarettes*	-	-	*36,406*	*21.7*	*42,279*	*12.3*	*86,594*	*27.1*
	17,827	**41.3**	**137,260**	**81.6**	**306,287**	**(2)89.0**	**309,451**	**96.8**
Supporting services								
• Die casting manufacturing#	-	-	11,403	6.8	24,143	7.0	8,163	2.5
• Supply of parts and components	25,330	58.7	19,598	11.6	13,904	4.0	2,136	0.7
	25,330	**58.7**	**31,001**	**18.4**	**38,047**	**11.0**	**10,299**	**3.2**
Total	**43,157**	**100.0**	**168,261**	**100.0**	**344,334**	**100.0**	**319,750**	**100.0**

Notes:

* Less than 0.1%.

\# Cape Manufacturing was acquired by our Company in January 2020.

(1) Includes digital vending machines, portable printer power desks and LED lighting products.

(2) The percentage does not add up due to rounding issue.

(3) Includes temperature monitoring device amounting to RM1.5 million and RM4.2 million for FYE 2021 and FPE 2022 respectively.

Please refer to **Section 12.3.1(i)** of this Prospectus for further information on the discussion on our revenue.

Our transition from supporting services to provision of EMS being the major revenue contributor was mainly due to higher growth from the provision of EMS. Between FYE 2019 and FYE 2021, the CAGR of the revenue for provision of EMS and supporting services were 314.5% and 22.6% respectively. The higher growth for the provision of EMS was mainly contributed by securing more purchase orders from existing customers, as well as securing new customers for both industrial and consumer electronics sectors.

7.1.4 Principal markets

Our head office is located in Johor, Malaysia and we principally operate in Malaysia to serve customers in Malaysia and foreign countries. Our operational facilities comprising 2 factories for our EMS operations (Senai 227 Factory and Kempas 6 Factory) in Johor, 1 factory mainly for die cast manufacturing (Temenggong 22 Factory) in Johor, and 1 testing facility(1) in Singapore.

Note:

(1) The testing facility's purpose is to cater to requests by customers for testing to be carried out in Singapore, as and when required, as Singapore is the location specified by customers for our Group to carry out certain processes for example, radio frequency test, final functional test and/or final inspection on product packaging for wireless communication equipment. This testing facility will be made available at the potential request of existing customers as well as our new customers as and when required if Singapore is the location specified by our customers. We also provide similar testing as part of our EMS operations in Malaysia.

Our revenue contribution by geographical markets for the Period Under Review is as follows:

	FYE 2019		**FYE 2020**		**FYE 2021**		**FPE 2022**	
	(RM'000)	**(%)**	**(RM'000)**	**(%)**	**(RM'000)**	**(%)**	**(RM'000)**	**(%)**
Asia Pacific	**25,356**	**58.8**	**44,789**	**26.6**	**150,104**	**43.6**	**120,860**	**37.8**
Singapore	26	0.1	18,823	11.2	112,212	32.6	98,205	30.7
Malaysia	25,330	58.7	22,720	13.5	27,005	7.8	9,871	3.1
Hong Kong	-	-	1,835	1.1	4,835	1.4	25	*
Japan	-	-	100	0.1	5,155	1.5	11,864	3.7
China	-	-	898	0.5	570	0.2	617	0.2
Taiwan	-	-	382	0.2	308	0.1	252	0.1
India	-	-	31	*	19	*	26	*
Americas	**10,821**	**25.1**	**92,369**	**54.9**	**190,518**	**55.3**	**176,047**	**55.1**
USA	10,821	25.1	92,369	54.9	190,518	55.3	176,047	55.1
Europe	**6,980**	**16.1**	**31,103**	**18.5**	**3,712**	**1.1**	**22,843**	**7.1**
UK	6,980	16.1	30,599	18.2	3,712	1.1	22,706	7.1
Sweden	-	-	504	0.3	-	-	137	*
Total revenue	**43,157**	**100.0**	**168,261**	**100.0**	**344,334**	**100.0**	**319,750**	**100.0**

Note:

* Less than 0.1%.

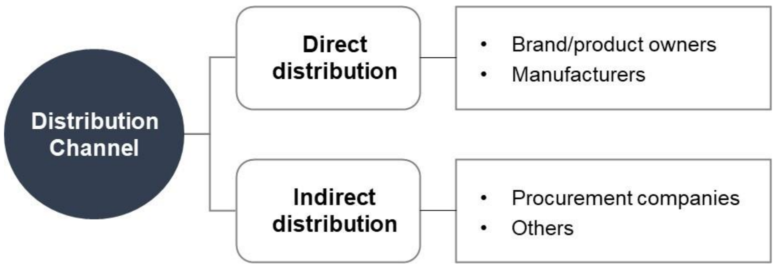
For the Period Under Review, the USA is one of our major revenue contributors which accounted for 25.1% (RM10.8 million), 54.9% (RM92.4 million), 55.3% (RM190.5 million) and 55.1% (RM176.0 million) of our total revenue for FYE 2019, FYE 2020, FYE 2021 and FPE 2022 respectively. The export sales to the USA were mainly derived from the provision of EMS for industrial electronic products comprising wireless communication equipment, smart utility data collection equipment and consumer electronic products namely electronic cigarettes.

This is followed by the increasing contribution from export sales to Singapore which accounted for 0.1% (less than RM0.1 million), 11.2% (RM18.8 million), 32.6% (RM112.2 million) and 30.7% (RM98.2 million) of our total revenue for FYE 2019, FYE 2020, FYE 2021 and FPE 2022 respectively. This was mainly contributed by our provision of EMS for POS terminals and household appliances to customers in Singapore, namely Tastar Electronics and K & Q on behalf of the brand owners from Hong Kong and China, namely BBPOS and Midea America Corp respectively.

Our domestic sales accounted for 58.7% (RM25.3 million), 13.5% (RM22.7 million), 7.8% (RM27.0 million) and 3.1% (RM9.9 million) of our total revenue for FYE 2019, FYE 2020, FYE 2021 and FPE 2022 respectively and were mainly derived from the supply of our in-house manufactured aluminium die cast products as well as supply of externally sourced parts and components to local manufacturers. Our die cast manufacturing operation is undertaken by our subsidiary, Cape Manufacturing which was acquired by our Company in January 2020.

7.1.5 Distribution channels and customer base

We utilise both direct and indirect distribution channels for our sales and marketing activities as follows:



We mainly use a direct distribution channel where we market our services directly to 2 types of customers as follows:

- brand and/or product owners where we provide EMS for box build products for the brand and/or product owners; and

- manufacturers where we source and supply parts and components, as well as our in-house manufactured aluminium die cast parts for them to carry out further manufacturing process.

Our direct distribution channel represented 99.8%, 84.1%, 55.0% and 69.0% of our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022 respectively. Under the direct distribution channel, the focus of our sales and marketing activities is directly with decision-makers who are the brand and/or product owners. Our EMS operations involve parts, components and products that are technical in nature, requiring a certain level of precision tolerance and quality, and in some cases, customisation to meet customers' technical specifications and requirements. Thus, our ability to work directly with such customers that are involved in product design and specification or usage of parts and components will help us attain a better understanding of their requirements to meet their technical needs. Additionally, by dealing directly with these customers, we also develop rapport to facilitate business continuity as well as to secure new businesses. Having had track record and experience with us, the decision makers are in a position to also consider us to provide EMS for new models or products.

We also utilise indirect distribution channels where our customers are mainly procurement companies who are intermediaries that purchase our services on behalf of brand/product owners. For our indirect distribution channel, we provide EMS for box build products. Our indirect distribution channel contributed 0.2%, 15.9%, 45.0% and 31.0% of our total revenue for FYE 2019, FYE 2020, FYE 2021 and FPE 2022 respectively.

The revenue contribution by distribution channels and customer types for the Period Under Review is as follows:

	FYE 2019		FYE 2020		FYE 2021		FPE 2022	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Direct distribution	**43,089**	**99.8**	**141,492**	**84.1**	**189,286**	**55.0**	**220,656**	**69.0**
Brand/product owners	17,801	41.2	116,720	69.4	160,311	46.6	213,179	66.7
Manufacturers[(1)]	25,288	58.6	24,772	14.7	28,975	8.4	7,477	2.3
Indirect distribution	**68**	**0.2**	**26,769**	**15.9**	**155,048**	**45.0**	**99,094**	**31.0**
Procurement companies[(2)]	68	0.2	26,459	15.7	150,209	43.6	246	0.1
Others[(3)]	-	-	310	0.2	4,839	1.4	98,848	30.9
Total revenue	**43,157**	**100.0**	**168,261**	**100.0**	**344,334**	**100.0**	**319,750**	**100.0**

Notes:

(1) Includes E&E, plastic injection moulding and metal stamping manufacturers who purchase aluminium die cast parts for their own use.

(2) The procurement companies and their end users are (i) SOQ Sourcing LLC ("**SOQ**"), being the procurement company for a single brand of smart utility data collection equipment, namely the NextCentury brand. Since October 2021, there were no orders for the provision of EMS from SOQ due to the product end of life of NextCentury older models. The Group have been working directly with the brand owner, NextCentury from the USA since 2020 for the EMS of the new models of smart utility data collection equipment, (ii) Tastar Electronics, being the procurement company for a single brand of POS terminal, namely the BBPOS brand and (iii) K & Q, being the procurement company for a single brand of vacuum cleaner, namely the Eureka brand.

(3) Includes sales to EMS company as well as equipment manufacturer who purchase wireless modules from our Group for resale purposes.

7.2 MODE OF OPERATION

7.2.1 Agreements with customers

For our EMS business segment, we mainly enter into agreements with our major customers. In August 2022, the Company has entered into a new agreement with a new EMS customer for the EMS of box build LED lighting products. As at the LPD, we have 9 subsisting agreements with our EMS customers. All 9 agreements with our EMS customers set out the general terms and conditions of our scope of services with validity periods, and the agreements do not oblige the customers to place orders. Accordingly, our Group's business and profitability is not dependent on these agreements but on the purchase orders placed by our customers. Our customers will place purchase orders periodically which serve as the agreements for the purchase of products and services. Typically, we do not collect deposit upon confirmation of purchase orders. Our pricing policy is based on cost plus mark-up and subject to negotiation and agreement with customers.

Generally, our prices are fixed based on the acceptance of our quotation. Once our quotation is accepted by our customers, our customers will issue purchase orders. In the event of unforeseen increases in costs of input materials and/or labour, we will negotiate to pass on such cost increases to our customers for their next purchase order. However, there is no assurance that our customers will agree to the cost increase. For Customer A which we provide EMS for electronic cigarettes, our pricing is reviewed every 6 months.

Some of our major customers including Mimosa Networks, Tastar Electronics, K & Q, Customer A and SOQ commonly provide us with 6 to 12 months rolling forecasts and purchase orders are mainly issued on a weekly or quarterly basis. Our customers' purchase orders typically include input materials where we are responsible for the sourcing and procurement of input materials. Some of the input materials are required to be procured from our customers' approved suppliers.

As for our supporting services segment, we primarily generate sales based on confirmed purchase orders for aluminium die cast parts and supply of other parts and components. In relation to the manufacturing of aluminium die cast parts, in the event of unforeseen increases in aluminium prices, we will negotiate to pass on such cost increases to our customers for their next purchase order. In ensuring the timely passing of such costs to our customers, we review the aluminium prices on a quarterly basis with our customers to address any material fluctuations in aluminium prices.

7.2.2 Warranty

For our EMS of box build products, we provide 12 to 24 months warranty against manufacturing defects based on a one-to-one replacement of defective products. In the event of any manufacturing defects, we will arrange for the defective items to be sent back to us. Upon reaching our premises, we will perform, where relevant, various checks on functionality, verifications against specifications and debugging of software to identify and verify the defects or problems.

All costs associated with the collection and replacement of defective items will be fully borne by us. In the event that the defects were not attributed to our manufacturing process, we will charge our customers for the number of items that we have sent as replacements including costs of delivery.

In addition, we also outsourced the assembly of the digital vending machines and portable power desks to Changhuat Plastic, which is under our supervision and control. In this respect, we provide a similar 12- to 24-month warranty mentioned above and there is no back-to-back arrangement with Changhuat Plastic, as the whole assembly process is carried out under the supervision and control of our technical personnel who are stationed at Changhuat Plastic's factory on a rotating basis. Our technical personnel monitor the assembly process as well as ensure the functionality of the finished products.

Our Group provides warranty for digital vending machines and portable power desks assembled by Changhuat Plastic as our Group is the EMS provider that secured the purchase order directly from the customers who are the brand owners of the said products. In this respect, as an EMS provider, we are responsible to ensure the final product is able to meet our customers' specifications. For the Period Under Review, the revenue contribution of the said products was relatively small which collectively accounted for 0.1% (RM0.1 million), 1.3% (RM4.5 million) and 2.7% (RM8.6 million) of our total revenue for the FYE 2020, FYE 2021 and FPE 2022 respectively.

Save as disclosed above, there are no other processes or products of our EMS operations that we outsourced for the Period Under Review and up to the LPD. For the avoidance of doubt, as at the LPD, under our manufacturing of aluminium die cast parts, we do outsource precision finishing process. Please refer to Note (5) in **Section 7.21.1** of the Prospectus.

For our aluminium die cast manufacturing operation, there is no product warranty given for the die cast parts as we will carry out mass production upon confirmation and approval from customer on the first sample products supplied to customer. Generally, product warranty is given to complete box build product. As such, product warranty is not applicable for the supply of parts and components. However, our Group practices one-for-one exchange policy in the event of any defects. The one-for-one exchange policy is practiced by our Group as a gesture of goodwill towards our customers and is not stipulated in our invoices to our customers. As the exchange policy is a voluntary practice, we are not bound by such policy, which differs from a product warranty. For the Period Under Review and up to the LPD, our Group has not encountered any such requests for product exchanges for supply of parts and components.

7.3 OUR COMPETITIVE ADVANTAGES AND KEY STRENGTHS

Our competitive advantages and key strengths that will provide us with the platform to sustain and grow our business are as follows:

7.3.1 We serve customers in industrial and consumer sectors which provides us with 2 pillars for business growth as well as diversity to mitigate against sector dependency and seasonal factors

We provide EMS of box build consumer products including household appliances and electronic cigarettes, as well as industrial electronic products such as wireless communications equipment, smart utility data collection equipment and POS terminals. For the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, revenue from EMS of industrial electronic products accounted for RM17.8 million (41.2%), RM83.6 million (49.7%), RM214.7 million (62.3%) and RM187.9 million (58.8%) of our total revenue respectively. Meanwhile revenue from EMS of consumer electronic products accounted for RM26,000 (0.1%), RM53.6 million (31.9%), RM91.6 million (26.6%) and RM121.6 million (38.0%) respectively.

The provision of EMS in the 2 industry sectors namely industrial electronic products and consumer electronic products provide us with an overall larger addressable market to sustain and grow our business compared to serving only 1 industry sector. In addition, serving 2 industry sectors enable us to mitigate, to a certain extent, against unfavourable business conditions in 1 industry sector.

7.3.2 Our growth in revenue and profit for the Period Under Review will provide us with the financial platform to grow our business

We recorded a strong financial performance where our revenue grew from RM43.2 million in FYE 2019 to RM344.3 million in FYE 2021, representing a CAGR of 182.5%, and our revenue increased by 31.3% in FPE 2022 as compared to FPE 2021, mainly attributed to the increase in revenue from the provision of EMS comprising industrial and consumer electronic products contributed by securing more purchase orders from existing customers arose from our ability in meeting their specifications, requirements and delivery schedules as well as securing new customers for both industrial and consumer electronics sectors arising from our marketing efforts to expand our EMS business which started in 2019. Our strong revenue growth combined with a CAGR of 162.3% in PAT performance between FYE 2019 and FYE 2021, and our PAT which increased by 23.6% in FPE 2022 as compared to FPE 2021, provides us with the financial platform to expand our business operations. Our financial strengths will facilitate our ability to invest in manufacturing facilities including factory space, production and assembly lines, machinery and equipment to take on more orders for new products from existing or new customers and grow our business.

7.3.3 We provide customised operations and dedicated manufacturing areas for our EMS customers to create customer loyalty and secure new contracts

One of our business strengths is to provide customised operations and dedicated areas for carrying out EMS for each of our customers as indicated below:

- As at the LPD, we carry out our EMS operations in 2 locations at Senai 227 Factory and Kempas 6 Factory with a total built-up area of 332,771 sq ft where we can configure our production lines to incorporate manual and automated processes that are customised and dedicated to each of our customer's products. From this perspective, we have customised production lines and dedicated areas for EMS of various products. As at the LPD, the EMS of our industrial electronic products comprise wireless communications equipment, smart utility data collection equipment, POS terminals and LED lighting products while our consumer electronic products comprise household appliances and electronic cigarettes.

- Our strengths in providing dedicated production lines and manufacturing areas also enable us to ring-fence some designated areas to restrict movements to authorised personnel only where such requirements are mandated by our customers. This is relevant for the EMS of smart utility data collection equipment, POS terminals and electronic cigarettes where restricted entry and controlled access to their respective production area is a requirement that is specified by our customers.

Smart utility data collection equipment are instruments that, among others, measure the usage of utilities such as water, gas and electricity which are subsequently charged to the users of the utility. As such, security is important to minimise tampering of the equipment. POS terminals serve as payment gateways to facilitate commercial transactions, therefore one part of the manufacturing areas involved in downloading of software has to be secured to minimise the risk of tampering. Meanwhile, electronic cigarettes deal with substances which is subject to Malaysia's Poisons Act 1952, requires security and accountability for the transportation, storage and manufacturing processes. The ability to provide dedicated and secured areas is an important requirement for our customers.

Our dedicated area which includes dedicated space, tools and equipment for the production of the said customer's products enable us to better meet customer's demand in production volume, especially for higher volume output within a short period of time. Our ability to provide dedicated area serve as an appealing consideration to attract new customers to help grow our business.

Our ability to provide customised EMS and dedicated areas is one of the key factors that have enabled us to grow our EMS business segment from revenue of RM17.8 million in FYE 2019 to RM306.3 million in FYE 2021, representing a CAGR of 314.5% between FYE 2019 and FYE 2021. This is further supported by the repeat purchase orders issued by our major customers during the Period Under Review and up to the LPD, including wireless communication equipment, smart utility data collection equipment, POS terminals, household appliances and electronic cigarettes.

While we are able to provide customised EMS and dedicated areas for each of our customers, these EMS processes, machine and equipment as well as the dedicated areas can be reconfigured for other customers with similar EMS processes. We are able to reconfigure many of our machinery and equipment for other products and/or new customers, such as the robotic arms, conveyor system and cleanrooms, in the event that our existing customers choose to terminate our EMS services.

7.3.4 We have factory floor space to accommodate the business expansion of our existing customers as well as potential customers

One of the key factors in securing EMS contracts is the availability of space particularly in carrying out the full box build product assembly including storage areas for input materials and finished goods before delivery to the customer. As we provide the final assembly, some of the finished products are relatively large which require substantial assembly and storage areas. In addition, we have dedicated assembly areas to cater to each of our customer's existing products as well as the required floor space for our customers' future product expansion.

During the Period Under Review and up to the LPD, we had, in 2021, completed the expansion of our existing Senai 227 Factory which has provided an additional factory floor space of 74,329 sq ft to cater for the EMS of electronic cigarettes. In addition, we acquired the Kempas 6 Factory in 2021 with a total built-up area of 18,808 sq ft and commenced EMS of smart utility data collection equipment in September 2022. Our total factory floor space for EMS operations increased from 240,334 sq ft in 2020 to 332,771 sq ft as at the LPD. The increase in our factory floor space will enable us to scale up our operations with a view of meeting the requirements of our customers.

Moving forward, we plan to expand our factory floor space by freeing up storage space from the Senai 227 Factory to cater to potential new products and expansion of our existing EMS business. We plan to construct a new warehouse building incorporating warehouse automation systems and the New Senai 226 Warehouse. Please refer to **Section 7.22** of this Prospectus for further details on our strategies and plans.

7.3.5 We invest in dedicated machinery and equipment, and procure materials and services to create long term business relationships with our customers

In some situations, we also invest in specialised machinery and equipment that are dedicated to our customers' products:

- We are able to provide specialised and dedicated production areas to meet our customers' requirements. This enables our customers to have minimal capital outlay and expenses. This is demonstrated by the fact that we have secured areas incorporating ISO Class 8 cleanroom facilities for the EMS of electronic cigarettes and the cleanroom facilities are subjected to annual inspection for the issuance of the annual certificate to confirm that the cleanroom facilities meet the specifications of ISO Class 8 cleanroom where, based on ISO 14644 standard, an ISO Class 8 cleanroom is an enclosed zone where airborne particulates and pollutants are maintained at a maximum of 3,520,000 particles of ≥0.5 micrometre per cubic meter of air inside the cleanroom through the use of HEPA filters. The electronic cigarettes are required to be manufactured in an environment consistent with those of an ISO Class 8 cleanroom to meet the customer's product specifications. The last inspection for the cleanroom facilities were conducted in August 2022. The annual inspection was conducted by an independent external laboratory company which was also the same party that issued the annual certificate for the cleanroom. As at the LPD, there has been no issue during the annual inspections which led to the delay or non-renewal of the ISO Class 8 cleanroom certifications. This is in addition to the investment in specialised and dedicated machinery and equipment to carry out EMS for our customers. As at the LPD, we have invested RM73.5 million on the purchase and installation of dedicated machinery and equipment as well as cleanroom facilities for the EMS of electronic cigarettes.

  These specialised machinery and equipment for our EMS of electronic cigarettes are focused on robotic arms to carry out pick and place functions to replace manual processes. In the event we no longer provide EMS for electronic cigarettes, these robotic arms can be reconfigured to carry out pick and place functions for EMS of other products that require pick and place functions. The main consideration factors for our investment in specialised machinery and equipment are customer commitment based on the duration and value of the agreement, customer's reputation and customer's financial strength for us to establish business sustainability and credit worthiness.

  Regardless of our practice to maintain dedicated production lines for each customer, we are able to reconfigure many of our machinery and equipment for other products and/or new customers, such as the robotic arms, conveyor system and cleanrooms, in the event that our existing customers choose to terminate our EMS services.

- We are able to source and procure parts, components and services as part of our end-to-end EMS. These are sourced from our suppliers including customers' approved suppliers as well as other suppliers. This ability provides convenience to our customers as they will only need to specify their requirements and technical specifications while we carry out all the necessary processes and bear the initial procurement costs before we bill the complete box build products to our customers. This represents an added advantage in facilitating business continuity from our existing customers and to serve as an appealing consideration to attract new customers.

7.3.6 We have both direct and indirect distribution channels to optimise our market access and coverage

We serve customers through 2 distribution channels, including securing contracts directly with brand/product owners, as well as securing contracts and working with intermediaries who are procurement companies for brand/product owners. While our direct distribution channel strategy enables us to access brand/product owners, our indirect channel strategy utilises intermediaries to sell our products and services to brand/product owners which we would otherwise not have any access to. Our EMS operations involve parts, components and products that are technical in nature, requiring a certain level of precision tolerance and quality, and in some cases customisation to meet customers' technical specifications and requirements. Thus, our ability to work directly with our customers who are brand/product owners will help us attain a better understanding of their requirements to meet their technical needs. Additionally, by dealing directly with these customers we also develop rapport to facilitate business continuity as well as to secure new businesses. As such, our strength in adopting a direct and indirect distribution channel approach will help us enlarge our market access and coverage.

This can be demonstrated by the increase in revenue contribution from both direct and indirect distribution channels. Our revenue from the direct distribution channel increased from RM43.1 million in FYE 2019 to RM141.5 million, RM189.3 million and RM220.7 million in FYE 2020, FYE 2021 and FPE 2022 respectively. At the same time, revenue contribution from indirect distribution channel where we mainly serve the procurement companies has been growing from less than RM0.1 million in FYE 2019 to RM26.8 million in FYE 2020, RM155.0 million in FYE 2021 and RM99.1 million in FPE 2022.

Our ability in working directly with the brand/product owners as well as through procurement companies will provide us with the platform to address opportunities, secure new contracts or new customers with a view of growing our business.

7.3.7 We have an in-house aluminium die cast manufacturing facility to support our EMS operations which also serves as an additional source of revenue

Aluminium die cast parts are commonly used in electronic products due to their strengths, lightweight and heat dissipating properties. While we source and procure parts and components from suppliers, we have in-house capabilities and facilities to manufacture aluminium die cast parts. Our aluminium die cast parts are used in the EMS of box build products and devices. Our in-house manufacturing of aluminium die cast parts provides us with flexibility in design and control on prioritising manufacturing to meet our EMS customers' delivery schedule.

We also derived external revenue for our aluminium die cast product which provides us with a second revenue stream to help sustain and grow our business. Revenue contribution from the manufacturing of aluminium die cast parts for customers accounted for 6.8% (RM11.4 million), 7.0% (RM24.1 million) and 2.5% (RM8.2 million) for FYE 2020, FYE 2021 and FPE 2022 of our total revenue respectively.

7.3.8 We have experienced Managing Director/Group Chief Executive Officer, Executive Directors and Key Senior Management team to sustain and continue developing our business

We have experienced Executive Directors and Key Senior Management team headed by our Managing Director/Group Chief Executive Officer, Tee Kim Chin, who has contributed significantly to the growth and development of our Group. She is responsible for developing the overall strategic direction of our Group. She brings with her approximately 30 years of experience in the EMS industry.

We are also supported by our Executive Directors and Key Senior Management team including:

- Alex Miranda Juntado, our Executive Director, is primarily responsible for business development and brings with him 37 years of experience in the EMS industry;

- Tee Kim Yok, our Executive Director, is primarily responsible for government liaison and CSR of our Group and brings with her 17 years of experience;

- Lim Chue Wan, our Executive Director, is primarily responsible for overseeing our Group's corporate, finance, treasury and accounting matters and brings with her 26 years of relevant experience. She is supported by Tan Zong Yuan, our Group Chief Financial Officer who brings with him 14 years of experience in accounting and finance related matters;

- Salehaldin Bin Nasron, our Vice President of Corporate Affairs, brings with him 37 years of working experience in various fields relating to corporate communications, government liaison and corporate governance matters;

- Teo Hui Seng, our Vice President of Operations, brings with him 28 years of experience in project management and planning and related operational matters; and

- Yew Seow Kuen, our Vice President of Supply Chain, brings with her 20 years of experience in the EMS industry.

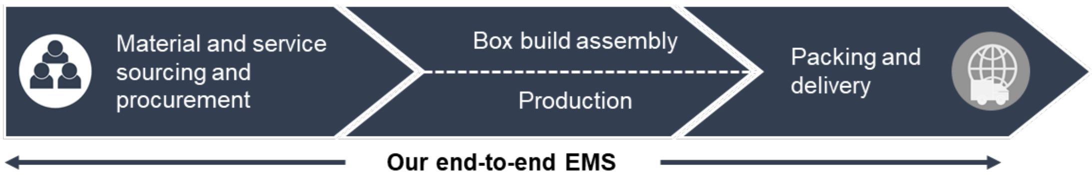
In addition, our Managing Director/Group Chief Executive Officer, Tee Kim Chin has known some of our Executive Directors and Key Senior Management team from her past employment between 2006 and 2011 including Alex Miranda Juntado (Executive Director), Lim Chue Wan (Executive Director), Teo Hui Seng (Vice President of Operations) and Yew Seow Kuen (Vice President of Supply Chain). The established relationship enables the Directors and Key Senior Management to work efficiently and effectively to grow our business.

Please refer to **Section 5** of this Prospectus for further details on the profile of our Executive Directors and Key Senior Management.

We believe our experienced Management team will help sustain our business and provide the platform to support future growth.

7.4 OUR EMS OPERATIONS

We are a provider of EMS to carry out end-to-end manufacturing of box build products.



Our EMS broadly incorporate the following main activities:

- We are responsible for the sourcing and procurement of all materials and services necessary for us to carry out EMS for full box build products. These materials and services are sourced from a combination of our suppliers, our customers' approved suppliers as well as other suppliers. We procure these materials and services at our expense. In some situations, our customers will provide us with the materials, mainly semiconductors such as integrated circuits to carry out EMS for box build products.

- We provide 2 main types of EMS for the following electronic products:

  - **All the procured materials, parts and components are delivered to our factory where we carry out full assembly to complete box build products.** As at the LPD, this applies to our EMS of wireless communication equipment, smart utility data collection equipment, POS terminals, LED lighting products and household appliances. As at the LPD, we have 24 dedicated production lines to cater for these 5 product categories. While the production lines are catered specifically to each product, our cleanrooms and many of our machinery and equipment such as the robotic arms and conveyor system can be reconfigured for other products with similar EMS processes.

    For the FYE 2020, FYE 2021 and FPE 2022, we outsourced the assembly of the digital vending machines and portable printer power desks to our major supplier namely Changhuat Plastic, which is a supplier, and the rationale for the outsourcing is the sales volume was relatively small. The revenue contribution for the digital vending machines and portable printer power desks was relatively small which accounted for 0.1% (RM0.1 million), 1.3% (RM4.5 million) and 2.7% (RM8.6 million) of our total revenue for the FYE 2020, FYE 2021 and FPE 2022 respectively. The EMS for both said products commenced in FYE 2020; or

  - **All the procured materials, parts and components are delivered to our factory where we have to carry out the production of some key components before assembly into the final box build product.** This process is for the EMS of electronic cigarettes where the liquid solution containing flavours is filled into pods or disposable cigarette sticks before final assembly into electronic cigarettes. As at the LPD, we have 14 automated production lines for the production of electronic cigarettes comprising 8 lines for refill pods, 2 lines for the device and 4 semi-automated lines for the disposable cigarette sticks.

- Packing and delivery entail labelling and packaging for shipping where we are responsible for the full logistics of delivering the finished products from our factories to our customers' specified destinations, including domestic and foreign destinations. Typically, our products are on ex-factory basis where our customers will bear the cost of delivery.

Please refer to **Section 7.8** of this Prospectus for further details on our process flow.

Prior to securing the first contract from a new customer, we are required to undergo a qualifying process by all potential EMS customers which commonly takes between 6 and 12 months. The qualifying process is for all potential EMS customers to be assured that we have the required capabilities, operational facilities, technical resources and knowledge and financial strengths to provide EMS that meets its needs and expectations. Please refer to **Section 7.19** of this Prospectus for further details on the qualifying process.

As at the LPD, we secured 2 new EMS customers as below:

- we have received a letter of award from 1 new EMS customer where we have been selected as an EMS provider. We will manufacture and supply first sample finished products for product acceptance prior to mass production. We expect to complete the first sample finished products namely thermal energy devices by March 2023 and the mass production is expected to commence in second quarter of 2023; and

- as for the other new EMS customer, we have received a letter of award where we have been selected as an EMS provider. We are currently carrying out the pilot production run as at the LPD. Please refer to **Section 7.8.1** of this Prospectus for further details on our process flow.

As at the LPD, there is no ongoing qualifying process for potential EMS customer.

As at the LPD, we have 2 factories for our EMS operations (Senai 227 Factory and Kempas 6 Factory) in Johor, 1 factory for aluminium die cast manufacturing (Temenggong 22 Factory) in Johor and 1 testing facility in Singapore.

Assembly line for POS terminal

Automated production lines for electronic cigarettes in cleanroom

7.4.1 Product categories and applications

We provide EMS for complete box build products for the following industrial and consumer electronic products:

Industrial electronic products
- wireless communication equipment including point-to-point/point-to-multiple-point antenna devices, interface and gateway devices, and microwave antenna devices;
- smart utility data collection equipment including gateway devices, repeaters, remote readers and transceivers, as well as temperature monitoring device;
- POS terminals; and
- others including LED lighting products*, digital vending machines and portable printer power desks.

Consumer electronic products
- household appliances mainly cordless vacuum cleaners; and
- electronic cigarettes including pod-based electronic cigarettes which comprise devices and refill pods, as well as disposable cigarette sticks.

Note:

* LED lighting products commenced production during FPE 2022.

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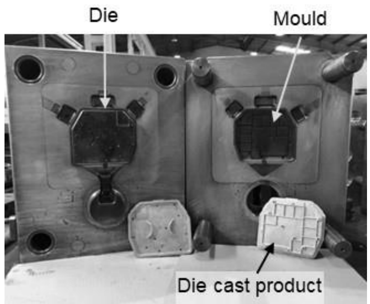
7.5 SUPPORTING SERVICES

7.5.1 Aluminium die cast manufacturing

Our aluminium die cast manufacturing which is undertaken by our subsidiary, Cape Manufacturing at our Temenggong 22 Factory in Johor is mainly to support our EMS of box build products, as we use the die cast parts including parts and enclosure for us to assembly into a finished product. We also manufacture aluminium die cast parts for our customers.

As at the LPD, our production facilities are equipped with 13 units of melting and holding furnaces and 13 units of die casting machines to produce die cast parts with rated machine clamping force capacity ranging between 125 tonnes and 500 tonnes. The die cast manufacturing process involves firstly melting the aluminium ingots and forcing the molten aluminium under high pressure into a mould and die set to cast the aluminium product into the geometrical shapes based on design specification.

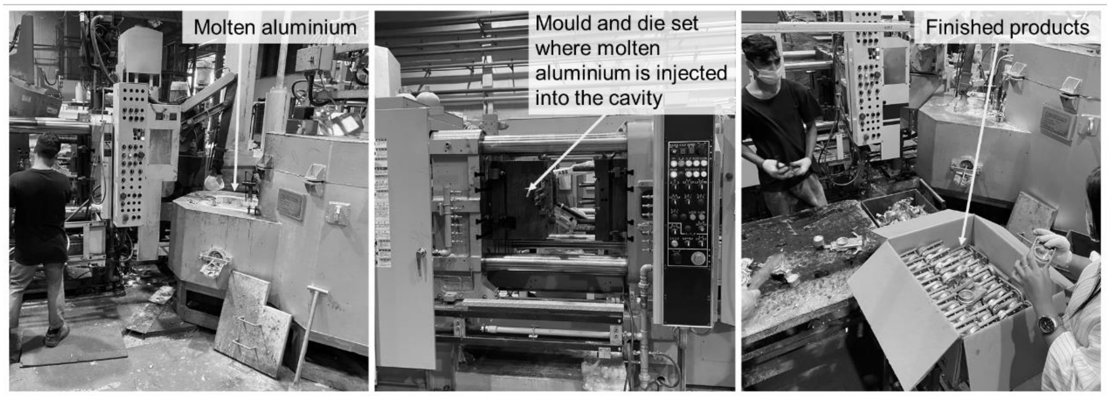


Each design of the aluminium part that we wish to mass manufacture will require a mould and die set. Where our customer does not provide us with mould and die, we engage suppliers to fabricate our mould and die, based on our tooling design and design for manufacturing specifications in accordance to customers' products design and specifications. The outsourcing of fabrication of mould and die to suppliers, which is classified as supply of mould and die under factory overheads, is because we do not have the necessary machinery and equipment to fabricate the same in-house. The percentage of cost relating to the supply of moulds and dies fabricated by suppliers calculated over the total cost of sales are approximately 0.5%, 1.0%, 0.5% and 1.9% for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022 respectively. During the preparation of quotation, we commonly take into account the cost incurred for the initial development process including the cost of prototypes. We are not dependent on these suppliers and we have 3 regular suppliers for the supply of mould and die. Typically, these suppliers are not required to be approved by customers.

We have the skills and facilities to carry out the tooling design. Prior to the fabrication of the mould and die, we utilise metal flow simulation software to determine precise dimensions where the software will simulate the flow of the molten metal into the mould cavity that will form the specified die cast part. We work closely with our customers to meet the requirements and specifications of die cast parts. These tooling designs are subsequently provided to suppliers to fabricate the moulds and dies.

We will also produce die cast prototypes for each new part design for approval by our customers prior to mass production. We mostly use 3-dimension printers for our prototyping process. In some situations, our customers may require a different method of creating prototypes where the die cast prototypes will be produced through CNC machining process to produce in small volume. In such situations, we outsource the prototyping of die cast parts to suppliers, which are different from the suppliers fabricating our mould and die, as these specialised prototyping requires special machinery, equipment and materials where we do not have sufficient volume for in-house prototyping to be economical.

Aluminium die cast manufacturing



Due to the normal process of wear and tear in continuously producing die cast parts, the dimension tolerance of the moulds and dies will deteriorate thus affecting the quality of the die cast parts. We are able to carry out repair and maintenance of our moulds and dies as and when required. We will typically check on the condition of the moulds and dies prior to the mass production of die cast parts. In general, the average lifespan of moulds and dies is expected to last about 100,000 castings.

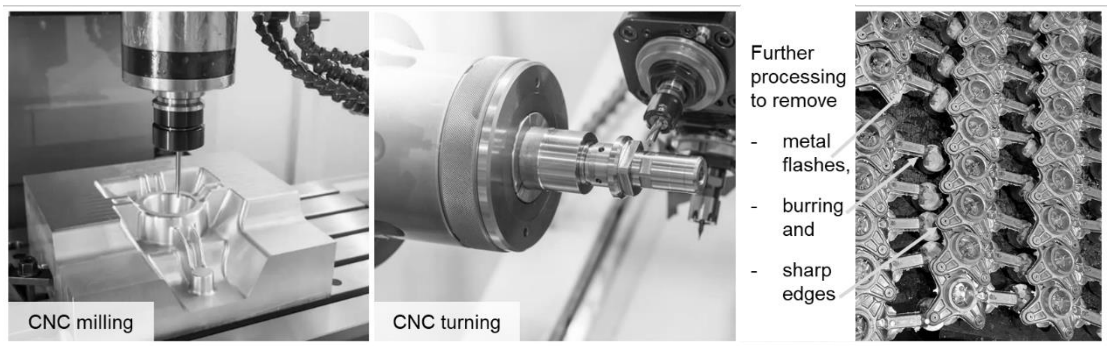
We also carry out the following post die casting activities:

- CNC machining where we perform precision machining to bring the die cast parts to their final specified dimension as the die casting process may not be able to provide the required dimension within the specified tolerance. We use up to 3-axle machining for cutting, grinding, milling and turning. We also carry out secondary processing using CNC machines to drill holes and carry out tapping. We outsource the CNC machining works to subcontractors.

- finishing including trimming and deburring to remove the metal flash and any burrs or sharp edges as well as sand blasting to remove debris and contaminants.

- surface treatment mainly for decorative or protective coating, which we outsource to subcontractors.

- subassembly of aluminium and other metal parts into semi-finished products based on customers' requirements.



7.5.2 Supply of parts and components

For our EMS of box build electronic products, our responsibilities include sourcing and procuring all the necessary input materials and services from suppliers prior to us carrying out the final assembly and testing. As such, we are able to leverage on our supply chain resources and capabilities to source and supply parts and components to customers. This segment of our business represents an added revenue stream which is synergistic with our business of providing EMS for electronic products. For the avoidance of doubt, the revenue from customers pertaining to sourcing and procuring of all necessary materials and services are classified under supporting services.

Some of the parts and components that we supplied to our customers during the Period Under Review include:
- electrical parts and components including lithium batteries, cables and wires;
- plastic parts such as enclosures and mechanical parts; and
- metal parts such as enclosures and antenna.

7.6 PRODUCT CAPACITY AND UTILISATION

7.6.1 EMS operations

Our production operations are based on dedicated main machinery and equipment for each customer's products. As at the LPD, we have 5 major customers with their respective 5 different product types for which the EMS is carried out in their respective 5 dedicated areas in our factories. As such, measurement of production capacity and utilisation rate will be based on their respective dedicated main machinery and equipment.

Major product categories[(1)]	No. of production lines	Annual Capacity[(2)(3)]	Annual Production Output	Utilisation Rate
		(pieces)	(pieces)	(%)
Wireless communication equipment				
FYE 2019	4	350,000	97,911	28
FYE 2020	9	1,100,000	489,690	45
FYE 2021	12	1,700,000	599,222	35
FPE 2022	12	1,300,000[(4)]	361,234	28
Smart utility data collection equipment				
FYE 2019	-	-	-	-
FYE 2020	3	400,000	173,070	43
FYE 2021	3	1,000,000[(5)]	641,742	64
FPE 2022	6	1,100,000[(4)]	850,566	77
POS terminals				
FYE 2019	-	-	-	-
FYE 2020	1	53,000[(6)]	2,981	6
FYE 2021	2	400,000[(7)]	147,629	37
FPE 2022	2	450,000[(4)]	169,481	38
Household appliances				
FYE 2019	-	-	-	-
FYE 2020	2	200,000[(8)]	74,421	37
FYE 2021	2	500,000	193,751	39
FPE 2022	2	400,000[(4)]	166,018	42
Electronic cigarettes				
FYE 2019	-	-	-	-
FYE 2020	-	-	-	-
FYE 2021	7	4,200,000[(9)]	780,900	19
FPE 2022	12[(10)]	35,500,000[(4)]	21,163,300	60

Notes:

(1) Major products based on revenue contributions of 10% or more in any of the Period Under Review.

(2) Annual capacity is calculated based on 6 days a week excluding public holidays, and 22 hours per operating day (2 shifts per day and 12 hours per shift with a 1-hour break time).

Save for electronic cigarettes, the EMS of our Company's box-build products is based on manual assembly using general tools, jigs and testing equipment. As such, it would not be meaningful to state the product capacity and utilisation rate based on the main machinery and equipment.

As for electronic cigarettes, the EMS process is based on automated production line where all machinery and equipment are integrated into one continuous line. As such, product capacity and utilisation rate are based on the entire line.

(3) Our typical operating hours for each of our major products are provided below:

EMS operations	Average number of working hours per shift (hours)	No. of shifts per day
Industrial Electronic Products		
Wireless communication equipment	12	1
Smart utility data collection equipment	12	1
POS terminals	12	2
Consumer Electronic Products		
Household appliances	12	1
Electronic cigarettes	12	2

(4) Based on 9-month pro-rated capacity.

(5) In FYE 2021, the increase in annual capacity for smart utility data collection equipment was mainly due to reconfiguration of the existing production lines to cater to new models which enables us to take on higher volume.

(6) Based on 5-month pro-rated capacity as the mass production of POS terminals commenced in the third quarter of 2020.

(7) For FYE 2021, the capacity included the 5-month pro-rated capacity of one new production line which commenced in the third quarter of 2021.

(8) Based on 7-month and 3-month pro-rated capacity of the 2 production lines which commenced in the second quarter and fourth quarter of 2020 respectively. We started the pilot box build assembly of some samples of household appliances at the end of FYE 2019 and subsequently the mass production commenced in FYE 2020.

(9) Based on 1.5-month pro-rated capacity of the 7 production lines which commenced pilot production run for the production of refill pods within the fourth quarter of 2021. The utilisation rate for FYE 2021 was relatively low as we used 7 production lines to run the pilot production in the fourth quarter of 2021 to enable us to fine-tune the manufacturing processes. Our utilisation rate has increased from approximately 19% for FYE 2021 to 60% for the FPE 2022.

(10) Including 9-month pro-rated capacity for 8 lines for refill pods and 2 lines for the device as well as 6-month pro-rated capacity for 2 lines for the disposable cigarette sticks.

Our low utilisation rate is mainly due to our approach in dedicating manufacturing areas including space, machinery and equipment to each of our EMS customers. This is to better meet customers' varying demand in production volume, especially to cater for higher volume output within a short period of time. While this approach enables us to meet peak demand, the overall average annual utilisation would be low.

7.6.2 Die cast manufacturing

Our production capacity and utilisation of our die cast manufacturing are as follows:

	No. of Production Lines	Annual Capacity[1] (pieces)	Annual Production Output (pieces)	Utilisation Rate (%)
Die cast parts[2]				
FYE 2020	6	900,000[3]	587,501	65
FYE 2021	13	2,000,000[3]	1,423,073	71
FPE 2022	13	1,500,000	512,590	34

Notes:

(1) Annual capacity is calculated based on 6 days a week excluding public holidays, and 22 hours per operating day (2 shifts per day and 12 hours per shift with a 1-hour break time).

(2) Our die cast manufacturing operation is undertaken by our subsidiary, Cape Manufacturing which was acquired by our Company in January 2020.

(3) The increase in annual capacity for FYE 2021 was due to an increase in number of production lines.

7.7 OPERATIONAL FACILITIES

Our Group's operational facilities are located in Johor and Singapore as follows:

Company	Main Function	Location of Facilities	Approximate Built-up Area (sq ft)
Cape EMS	Head office and EMS[1]	PLO 227A, Jalan Cyber 1A Kawasan Perindustrian Senai III 81400 Senai, Johor Darul Ta'zim Malaysia ("**Senai 227 Factory**")	313,963
Cape Manufacturing	Aluminium die cast manufacturing	No.22, Jalan Temenggong 2 Kawasan Perindustrian Temenggong 81100 Johor Bahru, Johor Darul Ta'zim Malaysia ("**Temenggong 22 Factory**")	39,385
	EMS[1]	No. 6, Jalan Belati Taman Perindustrian Maju Jaya 81300 Johor Bahru, Johor Darul Ta'zim Malaysia ("**Kempas 6 Factory**")	18,808
Cape Singapore	Testing facility[2]	No. 18, Sin Ming Lane #08-17 Midview City, Singapore 573960	1,346

Notes:

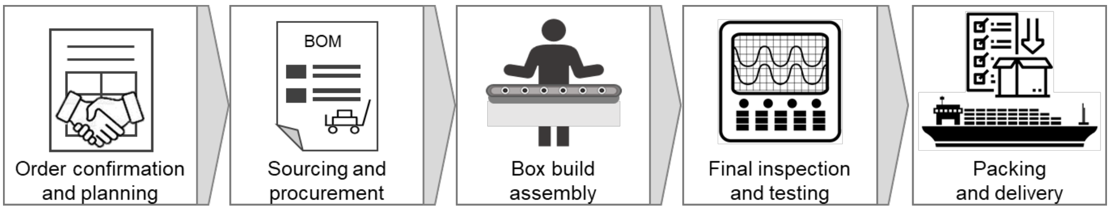
(1) The EMS activities for both Cape EMS and Cape Manufacturing are similar. The only difference is in relation to different customers serviced by the respective companies. Save for NextCentury and Next Meters, LLC ("**Next Meters**"), which are served by Cape Manufacturing, all the Group's EMS customers under the Group's EMS segment are served by Cape EMS. NextCentury and Next Meters have a common shareholder. Cape Manufacturing originally provided die casting services for the aluminium enclosure required for NextCentury's products, and eventually expanded to provide EMS for NextCentury's products. Cape Manufacturing worked with NextCentury, the brand and design owner, on the product design of NextCentury and Next Meters, LLC.

(2) The purpose of the testing facility, which is rented by Cape Singapore, is to cater to requests by customers for testing to be carried out in Singapore, as and when required, as Singapore is the location specified by customers for our Group to carry out certain processes for example, radio frequency test, final functional test and/or final inspection on product packaging for wireless communication equipment. This testing facility will be made available at the potential request of existing customers as well as our new customers as and when required if Singapore is the location specified by our customers. We also provide similar testing as part of our EMS operations in Malaysia.

7.8 PROCESS FLOW

7.8.1 EMS of box build assembly for wireless communication equipment, smart utility data collection equipment, POS terminals, household appliances and LED lighting products

Our EMS of box build assembly include wireless communication equipment, smart utility data collection equipment, POS terminals, household appliances and LED lighting products.



The general process flow for our EMS of box build assembly operations is as follows:

- **Order confirmation and planning**

  Upon securing the purchase order, our planning team will commence preparation works and liaise with our customer to plan for all input materials and services including materials supplied by the customers, as well as schedule for delivery of the final box build product. The planning process is when our procurement team will prepare and produce a bill of materials ("**BOM**") which lists the items, quantity and specifications of the required items for the box build assembly process. The BOM will be used for sourcing and procurement. The delivery schedule will be used to time delivery of all necessary input materials and services.

  During the planning process, our customers will also provide us with rolling forecasts of 6 to 12 months and confirmed purchase orders incorporating quantity and delivery schedule. This purchase order is confirmed on a weekly or quarterly basis to provide us with sufficient time to plan and carry out assembly and final delivery.

  The typical lead time from receipt of purchase order to completing the box build assembly process is 3 to 6 months before they are delivered to the customer's destination. However, such lead time may differ, depending on the order volume and product types.

- **Sourcing and procurement**

If our customers have approved suppliers[1], we would liaise with the approved suppliers on the purchase and timing of delivery of their parts, input materials. In some situations, especially for proprietary or critical input materials namely semiconductors, our customers will supply these materials to us.

Where such input materials are not supplied to us by our customers, we will then source input materials from our regular suppliers[1] including approved suppliers. Prior to sourcing from a new supplier, we would carry out assessments to determine, among others, their capabilities, facilities and capacity, product quality, financial strengths and reputation for timeliness of delivery.

Note:

(1) Approved suppliers refer to suppliers which are appointed and approved by our customers for us to source the input materials, while regular suppliers refer to our other suppliers who need not be appointed by our customers.

Purchases and timing of delivery of the items set out in the BOM will take into consideration our customers' confirmed purchase orders to meet the delivery schedule of the box build product to our customers.

With the exception of aluminium die cast parts that we manufacture in-house, all required parts, components and input materials are sourced externally. Some of these items we source from suppliers include PCBA, E&E components, electrical wiring and harnesses, as well as plastic, rubber and metal parts and casing. All input materials are inspected visually upon receipt to ensure there are no visible defects.

- **Box build assembly**

Our assembly process which are carried out manually commonly involves 2 main steps, the first step, subassembly and thereafter, final electromechanical assembly.

Our subassembly involves the combination of various parts and components to form a module as part of the overall final product. An example of a subassembly process is to assemble the power supply board, PCBA, heat sink, fan, input and output interfaces, and display panels. We carry out in-process E&E testing of various subassembly modules before the final electromechanical assembly of the box build product.

The next assembly process is the final electromechanical assembly involving the assembly of all E&E subassembly modules and other parts, followed by mechanical assembly to form the final box build product. The electrical assembly part is mainly focused on wiring to connect all the relevant parts and modules, including optimising the routing of all wire, cables and harnesses to optimally fit into the final assembly as well as taking into consideration safety issues. The next step is the mechanical assembly and installation of various subassembly modules, parts, components and outer casing to form the final box build product.

- **Final inspection and testing**

Once the final product is fully assembled, all the final products go through a series of visual inspection and testing including functional test and other tests depending on customer's requirements and specifications. Visual inspection is mainly to check that the final product is properly assembled and there are no visual imperfections including surface damages such as scratches or dents.

Testing mainly involves operating the devices to simulate normal usage by the end-user. Some of these testing procedures include, among others, the following:

- functional test to ensure all functions of the product is working according to specifications;

- radio frequency test for wireless communication devices and products in terms of strengths and quality of receiving and transmitting signals;
- other tests depending on customer's requirements and specifications.

Generally, the final inspection and testing are carried out at the operational facilities for our EMS operations namely Senai 227 Factory and Kempas 6 Factory. The testing facility in Singapore is to cater to requests by customers for testing to be carried out in Singapore, as and when required, as Singapore is the location specified by customers for our Group to carry out certain processes for example, radio frequency test, final functional test and/or final inspection on product packaging for wireless communication equipment. This testing facility will be made available at the potential request of existing customers as well as our new customers as and when required if Singapore is the location specified by our customers.

- **Packing and delivery**

The completed products are labelled and packed manually in-house, and sent to our warehouse for storage, before delivering to the customers.

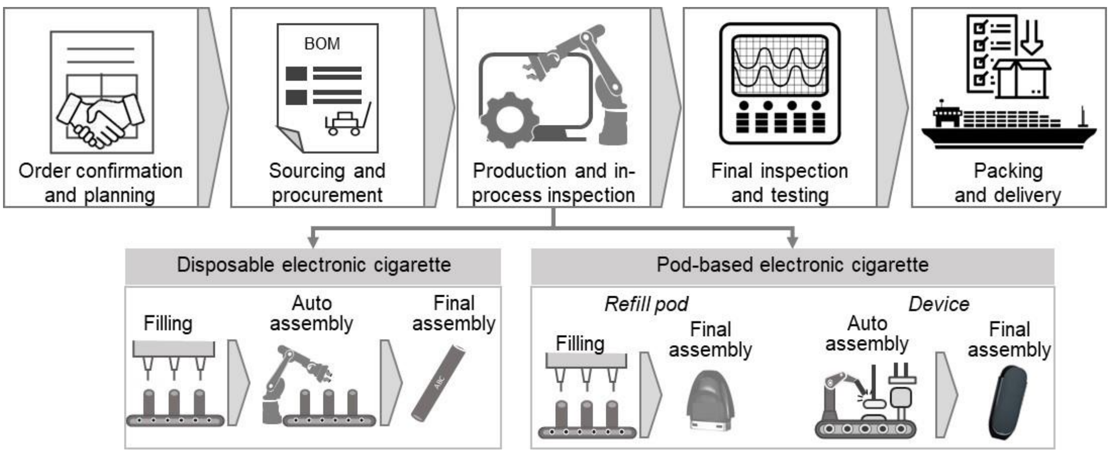
When arranging packaging of a new product, we have to discuss with packaging manufacturers to supply packaging materials such as corrugated cartons and internal protective packaging to ensure product security and protection during handling, storage and transportation. The products are packed into cartons.

We also provide product delivery to domestic and foreign destinations based on customers' requests as typically our products are on ex-factory basis. We would engage freight forwarders to provide end-to-end delivery, which includes transportation, custom clearance, and booking shipping space. In addition, for those new products, we will send the sample products from trial run and pilot production to customers for final buyoff on product acceptance prior to mass production. During the said final buyoff, our customers will carry out the necessary tests on the sample products to ensure that the said sample products meet their specifications and requirements. Upon the final buyoff on product acceptance, we will then proceed with mass production. In the event the sample products do not meet the customer's specifications and requirements during the said final buyoff, we will carry out rework on the sample products to ensure that the sample products meet customer's specifications and requirements. Invoices will be issued upon completion of the products including the sample products and the mass-produced finished goods.

7.8.2 EMS of box build assembly for electronic cigarettes

We carry out EMS for 2 types of electronic cigarettes, namely disposable cigarette sticks and pod-based electronic cigarettes.

The process flow of our EMS of electronic cigarettes is as follows:



- **Order confirmation and planning**

  Upon securing the purchase orders, our customers will send us instructions including, among others, the BOM, electrical schematic, assembly drawings, wire lists and test specifications for manufacturing the product. The BOM lists the items, quantity and specifications of the required items for the production process. The BOM will also be used for sourcing and procurement. We will carry out all the planning including procurement, production and delivery schedule.

  Our customer will also provide us with rolling forecasts of 6 months and confirmed purchase order incorporating quantity and delivery schedule. This purchase order is confirmed on a weekly or quarterly basis to provide us with sufficient time to plan and carry out assembly and final delivery.

  The typical lead time from receipt of purchase order to carry out the box build assembly process into a complete electronic cigarette ranges from 3 to 6 months before they are delivered to the customer's destination. However, such lead time may differ, depending on the order volume and product types.

- **Sourcing and procurement**

  Once we secure the purchase order, we will procure the required input materials based on the BOM from our suppliers including approved suppliers. Prior to sourcing from a new supplier, we and our customers would carry out assessments to determine, among others, their capabilities, facilities and capacity, product quality, financial strengths and reputation for timeliness of delivery.

  We source all input materials including PCBA, E&E components, LED panels, atomisers, cartridges, batteries, liquid solution containing flavours, as well as the enclosures from suppliers.

  All input materials are inspected visually upon receipt to ensure there are no visible defects.

- **Production and in-process inspection**

  The production of electronic cigarettes is carried out using our automated and semi-automated production lines. The automated in-process inspection is carried out for refill pod while for the disposable cigarette sticks, we require manual handling for the in-process inspection. The input materials are placed in their respective location throughout our automated production line. Our automated production operation is carried out in ISO Class 8 cleanroom facilities. All personnel are required to wear personal protective equipment including, among others, coveralls, face masks, gloves, sleeves and bouffant caps, and pass through a decontamination area to remove as much contamination as possible prior to entering the cleanroom.

  An electronic cigarette contains 3 main parts namely a cartridge, a vaporisation chamber and a battery. We produce 2 types of electronic cigarettes, namely disposable cigarette sticks and pod-based electronic cigarettes.

  Disposable cigarette sticks

  Our disposable cigarette sticks is a closed system vape device which consist of a cartridge, a vaporisation chamber and a battery. The production process includes the following:

  - filling process, where a cartridge is filled with a liquid solution containing flavours with or without nicotine. In mid-November 2022, our Company commenced the manufacturing of disposable cigarette sticks with nicotine. For cartridges containing nicotine, the filled cartridge is weighed to ensure the nicotine dosage does not exceed the standard requirement for each size;

  - assembly of the vaporising chamber, where an atomising device is connected to the microprocessor, sensor and heater; and

- final product assembly to connect the cartridge with the vaporisation chamber and the non-rechargeable battery, as well as the LED indicator to signal activation of the disposable cigarette sticks with each puff.

Pod-based electronic cigarette including the device and refill pod

Our pod-based electronic cigarette is an open system vape device including a cartridge, a vaporisation chamber and a battery.

The production process for the device includes the assembly of vaporisation chamber where the atomising device is connected to the microprocessor, sensor and heater, followed by the final assembly where it is connected to the battery, as well as the LED indicator to signal activation of the electronic cigarette with each puff.

As for the refill pods, the production process mainly comprises the automated filling process, where a cartridge is filled with a liquid solution containing flavours with or without nicotine. In mid-November 2022, our Company commenced the manufacturing of electronic cigarettes with nicotine. For those containing nicotine, the filled cartridge is weighed to ensure the nicotine dosage does not exceed the standard requirement for each size. This is followed by the final assembly of the enclosure and the cartridge into complete refill pod.

In-process inspection

We also carry out in-process automatic optical inspection to detect any visible defects such as misplaced or missing parts, and surface defects. In the event of any defects identified, the defective object will require to be reworked or discarded if it is not practical to rework.

- **Final inspection and testing**

Once the final product is fully assembled, all the final products go through a series of visual inspection and testing including functional test and other tests depending on customer's requirements and specifications. Visual inspection is mainly to check that the final product is properly assembled and there are no visual imperfections including surface damages such as scratches or dents.

Testing mainly involves operating the devices to simulate normal usage by the end-user. Some of these testing procedures include, among others, the following:
- functional test to ensure all functions of the product is working according to specifications;
- leak test to ensure that there is no leakage of liquids from the cartridge or pod;
- altitude test to ensure that the product is able to withstand high pressure environment;
- other tests depending on customer's requirements and specifications.

The final inspection and testing are carried out at the operational facilities for the EMS of electronic cigarettes namely Senai 227 Factory.

- **Packing and delivery**

The completed products are labelled and packed in-house manually, save for the refill pods where they are packed using the automated blister packaging lines, and sent to our warehouse for storage, before delivering to the customer.

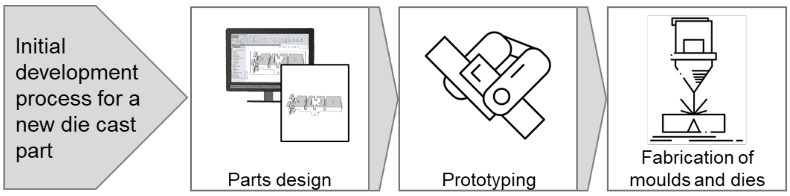
When arranging packaging of a new product, we have to discuss with packaging manufacturers to supply packaging materials such as corrugated cartons, user instruction manual and internal protective packaging to ensure product security and protection during handling, storage and transportation. The products are packed into cartons and ready for shipments. These products are based on ex-factory basis. In addition, for those new products, we will send the sample products from trial run and pilot production to customers for final buyoff on product acceptance prior to mass production. During the final buyoff, our customer will carry out the necessary tests on the sample products to ensure that the said sample products meet their specifications and requirements. Upon the final buyoff on product acceptance, we will then proceed with the mass production. In the event the sample products do not meet the customer's specifications and requirements during the said final buyoff, we will carry out rework on the sample products to ensure that the sample products meet customer's specifications and requirements. Invoices will be issued upon pick up of the products including the sample products and the mass-produced finished products by the customer.

7.8.3 Manufacturing of aluminium die cast parts

We manufacture aluminium die cast parts to support our EMS operations as well as for sales to customers.

The process flow of our manufacturing of aluminium die cast parts are segmented into 2 processes, namely the initial development process for a new part and mass production process as set out in the ensuing sections. Generally, the initial development process for a new die cast part takes between 2 to 3 months, while the mass production process of new die cast part takes about 1 month.

7.8.3.1 Initial development process for a new die cast part

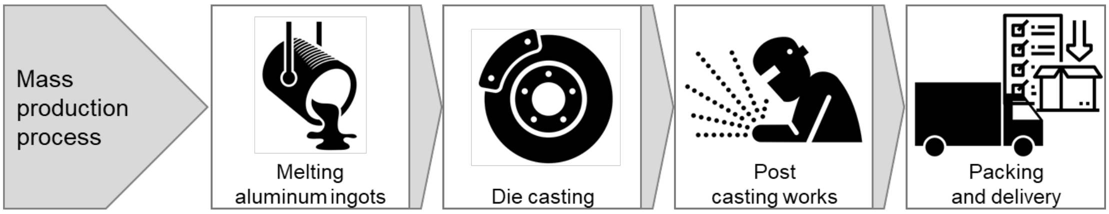


For each new part that we intend to mass produce, we have to firstly digitalise the design of the part, to facilitate various digital simulations taking into consideration the metal flow, structural strengths, applied mechanical forces and energy flow such as heat transfer, as well as physical testing of prototypes.

For the parts design, we use computer aided Design for Manufacture (DFM) software to perform geometric and formability analysis which analyses the molten aluminium when it solidifies and is formed into the desired shape and size without deformation and cracking and to virtually simulate on a computer the forming of a die cast part to achieve optimum casting. Upon completion of the design based on customer's specifications, we will use the digitalised design to produce prototypes using a 3-dimension printer. In some situations, our customers may require different methods of creating prototypes, where we will outsource the prototyping of die cast parts to suppliers as these specialised prototyping requires special machinery, equipment and materials where we do not have sufficient volume for in-house prototyping to be economical. The prototypes will be provided to our customer for their testing and final adjustments. This process of prototyping and fine tuning may take several iterations involving carrying out the casting process and examining the die cast parts to ensure that they comply to technical specifications until our customer accepts and signs off on the final parts design.

Using the customer accepted final die cast part design, we will engage suppliers to fabricate moulds and dies.

7.8.3.2 Mass production process



- **Melting aluminium ingots**

  The aluminium alloy ingots are first heated to achieve a molten state in our melting and holding furnace. We use piped in gas to melt the aluminium.

- **Die casting**

  The molten aluminium is then transported to the die casting machine where it is fed into the machine's chamber. The die casting machine uses a plunger to force the molten aluminium into the cavity of the mould under high pressure until the casted part solidifies. For parts of different designs, a new mould and die will be required to be fabricated. The mould and die set in the die casting machine will be changed for the production of die cast parts of different designs.

  Depending on the size of the part to be casted, the mould and die set may be able to cast one or several parts simultaneously.

- **Post casting works**

  After the aluminium parts are cast, post casting works need to be carried out to achieve the final dimension within the given tolerance commonly ±0.05 mm. We use our existing CNC machines to carry out machining works, such as grinding, milling and turning, as well as drilling of holes and tapping to incorporate screw threads in the holes. As at the LPD, we outsource machining works to a subcontractor. Moving forward, we will carry out the precision finishing process in a production room of Temenggong 22 Factory. Please refer to Note (5) in **Section 7.21.1** of the Prospectus for further details of the said production room. Other instances where we would outsource post casting works include where we do not have the necessary CNC machines such as CNC lathe machines, or in situations when we do not have the machine to handle certain sizes or dimensional precision required, or when we have conflicting delivery timelines due to surge of orders. As at the LPD, given that we do not have any CNC lathe machines and also that our existing CNC machines are not able to handle lathe machining works, as part of our immediate plans, we intend to acquire only the CNC lathe machines. In the event that we need other CNC machines such as a higher specification CNC milling machine, we will either engage subcontractors to carry out the machining works or to purchase the required machine subject to the availability of funds in future. Please refer to **Section 7.22** of this Prospectus for further details on our strategies and plans.

  We also carry out finishing including trimming and deburring to remove unwanted metal parts and flashes, and smoothening edges and sharp corners.

  For some die cast parts, we send them to subcontractors to carry out surface treatment such as powder coating, buffing, blasting, polishing, grinding or sanding for decorative or protective purposes as we do not have the facilities to carry out such surface treatment. The subcontracted services for surface treatment and coating accounted for 1.7%, 1.1% and 0.7% of our total purchases of input materials and services for the FYE 2020, FYE 2021 and FPE 2022 respectively. Moving forward, we expect to continue outsourcing surface treatment works to subcontractors as we do not have the capacity to perform such works using our existing machinery and equipment.

- **Packing and delivery**

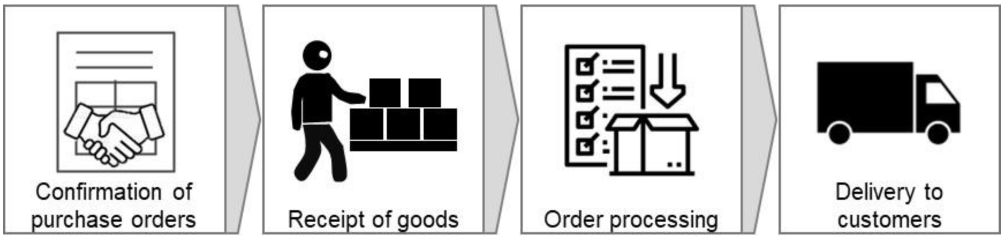
  The completed products are labelled and packed, and sent to our warehouse for storage, before delivering to the customers.

  When arranging for packaging of a new product, we have to discuss with packaging manufacturers to supply packaging materials such as corrugated cartons and internal protective packaging to ensure product security and protection during handling, storage and transportation. The packing of products into cartons are carried out by our in-house workers.

  As at the LPD, our die cast parts are mainly delivered to domestic destinations. We also deliver our die cast parts for use in our EMS operations at Senai 227 Factory and Kempas 6 Factory. Invoices will be issued upon delivery of such goods.

7.8.4 Supply of parts and components

The process flow of our supply of parts and components is as follows:



- **Confirmation of purchase orders**

  Upon receiving the purchase orders from our customers, we will first check if we have sufficient stocks for our customers. In the event where we do not have the required products or sufficient quantity of the products, we will place orders for them from our suppliers.

- **Receipt of goods**

  Upon the receipt of goods at our warehouse, we will conduct a quantity check on the products to ensure that the quantity received is equivalent to the amount that was raised in the purchase order as well as invoice issued by suppliers.

- **Order processing**

  We will generate a sales order with the itemised list of products ordered by the customers and our warehouse team will then pick and pack the orders in accordance to the sales orders.

- **Delivery to customers**

  Customers have the option of picking up their orders at our warehouse or have their orders delivered to their choice of locations. Upon receipt of goods, the customers will sign and stamp the sales order as proof of delivery.

7.9 MARKETING STRATEGIES AND ACTIVITIES

Market strategies and positioning

- We position ourselves as a box build EMS provider where we mainly provide the following facilities and benefits to our customers:
  - dedicated machine and equipment within a secured and dedicated manufacturing area;
  - invest in specialised machinery and equipment for specific customers for their sole use;
  - source and procure input materials and services for our EMS on behalf of customers such that customers only pay later for the finished box build product.

- We market our EMS to the consumer and industrial electronic product sectors.

- We adopt both direct and indirect distribution channel strategies to enlarge our market access and coverage.

- We promote our manufacturing space that can cater to customers' growth plans.

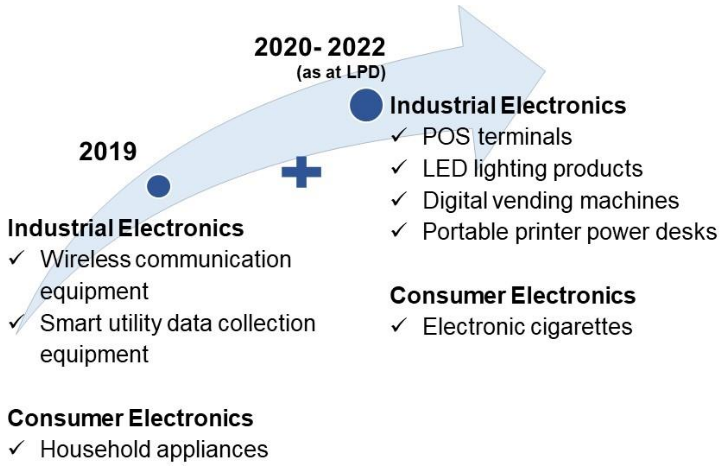
- We position ourselves as having the capabilities to service global brands as a reference of our reliability in delivering products that meet customers' requirements, specifications and timeliness.

Marketing activities

- We adopt a proactive sales and marketing approach where our business development and sales and marketing team follow up on business opportunities including referrals from business partners, suppliers and customers.

- The results of our marketing efforts include:
  - increasing the number of customers from 3 customers in FYE 2019 to 15 customers in FYE 2021 for our EMS operations; and
  - enlarging our product portfolio to include industrial and consumer electronic products as well as increasing the number of products within each sector.

Our product portfolio expansion through our marketing efforts[1]



Note:

(1) Please refer to **Section 7.1.1** of this Prospectus for further details on our key milestones.

7.10 RESEARCH AND DEVELOPMENT

We do not carry out research and development as our main business activity is in the provision of EMS which involves sourcing and procurement, production, assembly, testing, packaging up to direct shipment fulfilment where all the parts are specified by our customers and mainly procured from suppliers.

7.11 TECHNOLOGY USED

We primarily use the following technologies in our EMS and die cast manufacturing operations:
- DFM for fabrication of moulds and dies;
- aluminium die casting;
- CNC machining;
- automated and semi-automated production lines for electronic cigarettes; and
- inspection and testing systems.

7.11.1 DFM for fabrication of moulds and dies

We utilise computer-aided DFM software for the design of the aluminium die cast parts taking into consideration the metal flow, structural strengths, applied mechanical forces and energy flow. Once the design is finalised, we will then engage suppliers to proceed with the fabrication of moulds and dies using a range of machines, among others, electrical discharge machines (EDM), as mentioned below. The DFM software enables our technical team to perform geometric and formability analysis to virtually simulate on a computer the forming of a die cast part to achieve optimum casting.

Moulds and dies are required to provide the shape and design of products using the casting method. Casting is a process where a liquid substance is poured into a mould and when the liquid hardens, it will take on the shape of the mould.

Mould forms the cavity with the desired shape, while the die is the corresponding protrusion such that when the die is placed in a mould, a small gap is formed in which the liquid substance can seep into the gap to become the walls of the desired product.

Moulds and dies are formed out of harden steel block using EDM. The EDM uses high-frequency electrical sparks from an electrode to vaporise metals to remove unwanted parts. EDM is widely used in mould and die making because it works well on hard materials such as hardened steel and can be used to fabricate or cut out more complex shapes and designs compared to mechanical cutting machines.

7.11.2 Aluminium die-casting

Die casting is a process that involves forcing molten metal through the cavity of a pre-created mould and die set under high pressure. We create the mould and die set using our DFM software to determine the dimensional precision to provide the cavity to form a specified component.

We use cold chamber die casting machines to manufacture our aluminium die cast parts as aluminium has a high melting point to achieve a molten state.

The aluminium is first melted in a separate furnace until it achieves a molten state. The molten aluminium is then forced into the cavity of the mould under high pressures where it cools and hardens, thereby creating a high precision die cast product. The aluminium die casting process is fully automated from the melting furnace up to the casting of aluminium parts. The post casting works such as finishing are carried out manually.

7.11.3 CNC machining

CNC machining is a manufacturing technology and process in which pre-programmed instructions are sent to the CNC machine to control the removal of materials from a physical object. The application can be used to automate a range of manufacturing techniques such as our 3-axis cutting, grinding, milling and tapping processes.

3-axis cutting is a milling process where the cutting tool moves along the X, Y and Z axis for automatic operation, milling slots, drilling holes and cutting sharp edges. Milling is the mechanical machining process along with drilling, cutting, and other machining processes to make angle shapes, slot holes and curves, flat surfaces and channels. Tapping is the process of cutting threads on the inside surface of a drilled hole.

We use various types of CNC machines for cutting sharp or curve edges, drilling holes, as well as cutting threads on the inside surface of the drilled holes. We also use CNC machines to do the finishing, namely trimming and deburring to remove the unwanted edges and parts.

7.11.4 Automated production lines for electronic cigarettes

The automated and semi-automated production lines for refill pods and disposable cigarette sticks for electronic cigarettes are carried out in the ISO Class 8 cleanroom as the filling and assembly processes of the products are required to be manufactured under cleanroom environment to meet the customer's product specifications, while the production of the devices for the pod-based electronic cigarettes are not required to be carried out in a cleanroom environment. Based on ISO 14644 standard, an ISO Class 8 cleanroom is an enclosed zone where airborne particulates and pollutants are maintained at a maximum of 3,520,000 particles of ≥0.5 micrometre per cubic meter of air inside the cleanroom through the use of HEPA filters. In addition, a cleanroom system will also require pumps for the movement of air and a decontamination room to remove any contamination on the bodies of personnel or items prior to entering the cleanroom environment.

Cleanroom technology is a requirement for our electronic cigarettes as the liquid is inhaled and as such, any contaminants will need to be minimised during the production process.

7.11.5 Inspection and testing systems

We conduct various inspection and testing systems, some of which are customised and developed by our technical team to meet the specific requirements of our customers. Some of the tests carried out manually using appropriate testing equipment include:

- **Radio frequency test**, used to test devices that use wireless communication technologies ranging from low to high frequency band. Some of the parameters examined include transmitting power, receiving sensitivity, noise (unwanted background disturbances from various sources), phase noise (unwanted short and random fluctuation of a signal) and modulation quality. The tolerance level for acceptance is ±5% of the specified frequency band.

- **Leak test**, used to test the electronic cigarettes and the smart utility data collection equipment by performing air injection and water leak test. The tolerance level for acceptance is no leak of the electronic cigarette when subjected to pressure of 0.7 kilopascal (kPa) and 1.3 kPa.

- **Altitude test,** using altitude simulation tester to ensure that the product is able to withstand high pressure environment. The tolerance level for acceptance is no visible surface damage when the product is subjected to atmospheric pressure of 40kPa for 6 hours.

- **Composition test**, used to test the chemical composition and purity of the aluminium ingot using an optical emission spectrometer. The tolerance level for acceptance is between purity 77% to 87% of pure aluminium.

- **Salt spray test**, used to check the corrosion resistance of the aluminium die cast parts. The tolerance level for acceptance is no visible oxidation after 1,000 hours of exposure to salt water.

We also utilise in-process automatic optical inspection machine to check for visual defects including missing or misplaced parts, and surface damages and defects as well as weight test on final product to detect on any missing parts or components.

7.12 KEY MACHINERY AND EQUIPMENT

As at 30 September 2022, the key machinery and equipment for our manufacturing operations are as follows:

	Quantity	Net Carrying Amount as at 30 September 2022	Average useful lifespan	[(1)]Average age
		(RM'000)	(year)	(year)
EMS operations				
Assembly and production				
- Electromechanical assembly	25 lines	13,005	10	3
- Automated and semi-automated production lines	14* lines	58,099	10	2
- Automated blister packaging lines	2 lines	6,858	10	2
Surface mount technology	2 lines	12,312	10	3
Aluminium Die Cast Manufacturing and related activities				
Furnace	13 units	593	10	4
Die casting machines	13 units	5,121	10	4
CNC machines	14 units	271	10	6

Notes:

* Used for production of electronic cigarettes comprising 8 lines for refill pods, 2 lines for the device and 4 lines for the disposable cigarette sticks.

(1) None of the key machinery and equipment have exceeded the average useful lifespan.

The disposal policy for our key machinery and equipment typically takes into consideration the following factors:
- estimated useful life of the machinery and equipment;
- cost of maintenance and repair; and
- cost and benefits of replacement.

Based on our accounting policy, the estimated useful life of our machinery and equipment is 5 to 10 years. Please refer to Note 3.2 of **Section 13** of this Prospectus for further details on the estimated useful life of our machinery and equipment.

Our policy is to use our machinery and equipment for at least the duration of their estimated useful life. Thereafter, we would consider the ongoing cost of repair and maintenance relative to the costs and benefits of the new machinery and equipment.

7.13 MATERIAL INTERRUPTIONS TO THE BUSINESS

Saved as disclosed below, we did not experience any other material interruptions to our business and operations during the past 12 months prior to the LPD.

7.13.1 COVID-19 conditions in Malaysia

Commencing on 18 March 2020, the Government of Malaysia implemented several measures to contain the spread of COVID-19 in the country. These measures include restrictions on the movement of people within Malaysia and internationally, and restrictions on business, economic and social activities.

The first phase of the MCO was implemented from 18 March 2020 to 3 May 2020 which saw the closure of all businesses except for those classified as "essential services" during that period, or those that have received written approval from the MITI.

During the first phase of MCO, our business operations was temporarily suspended for 29 days from 18 March 2020 to 16 April 2020. Cape EMS resumed partial operations from 16 April 2020 at 50% workforce capacity based on letter of approvals from the MITI dated 16 April 2020. Cape Manufacturing resumed partial operations from 24 April 2020 based on the letter of approval from the MITI dated 24 April 2020.

Subsequently, as the number of daily and active COVID-19 cases came down, the Government relaxed the country's restrictions and allowed the nation's economy to reopen in a controlled manner. From 18 March 2020 up to June 2021, the MCO went through various phases throughout the country including Conditional MCO ("**CMCO**"), Recovery MCO ("**RMCO**") and Full MCO ("**FMCO**") where restrictions were either relaxed and/or tightened for certain states, districts and/or location based on the number of daily and active COVID-19 cases in the respective areas. On 15 June 2021, the Government announced the National Recovery Plan ("**NRP**"), a phased exit strategy from the COVID-19 crisis. The NRP consists of 4 phases where the restrictions are gradually eased in each phase.

During the various phases of MCO including CMCO, RMCO, FMCO and NRP between 4 May 2020 and up to the LPD, save as disclosed below, we continued to operate according to the specified guidelines and SOP including specified workforce capacity during the respective periods.

On 14 June 2021, Cape Manufacturing received an inspection form from MITI and was issued a compound of RM50,000 for operating above the permitted capacity, i.e. 10% of employees (9 employees). Cape Manufacturing had earlier obtained approval from MITI on 1 June 2021 to operate in the E&E sector. However, on the day of inspection, the inspection officer took the view that die-casting operation was not part of essential services despite Cape Manufacturing's explanation that die-cast components were required in the E&E operations. Notwithstanding this, on 17 June 2021, Cape Manufacturing had successfully appealed to reduce the compound to RM5,000. On 21 June 2021, Cape Manufacturing had fully paid the said compound.

Thereafter, our Company had implemented procedures such as daily headcount checks by each team head and human resource department to ensure compliance with the specified guidelines and SOP including specified workforce capacity.

7.13.2 Impact on our business operations and financial performance

FYE 2020

As a result of the implementation of MCO by the Government during the MCO period, our business operation was temporarily suspended for 29 days in FYE 2020 during the MCO period. This has impacted our financial performance on the monthly revenue of April 2020 where our revenue declined by 89.0% from RM6.8 million in March 2020 to RM0.8 million in April 2020. As we resume our operations, our revenue increased by 2,428.3% to RM18.8 million in May 2020.

FYE 2021

In FYE 2021, pursuant to the FMCO that started on 1 June 2021 followed by Phase 1 of the NRP, save as disclosed above, we continued to operate according to the specific guidelines and SOP.

We continued to fulfill customers' orders during the NRP period which has not materially affected our product shipments where we continued to record revenue of RM28.4 million in June 2021 and RM25.5 million in July 2021 and RM45.8 million in August 2021. Our Group resumed full workforce capacity on 8 October 2021. Pursuant to the COVID-19 pandemic and the disruptions in global shortage of semiconductors, we purchase the input materials ahead upon approvals by our customers for the supply.

Since March 2020 and up to the LPD, 218 of our employees had tested positive for COVID-19 and have since fully recovered. We did not experience any material impact on our operations as employees tested positive for COVID-19 were placed under self-quarantine while we continued our operations. Since March 2020 and up to the LPD, we incurred cost for testing of our employees and production floor workers as well as purchase of face masks of approximately RM65,000, approximately RM81,000 and approximately RM40,000 in FYE 2020, FYE 2021 and FPE 2022 respectively, which accounted for approximately 0.3%, 0.4% and 0.2% of our PAT for FYE 2020, FYE 2021 and FPE 2022 respectively. Premised on this, there was no material impact on our financial performance for the respective Period Under Review.

We have received wage subsidy of approximately RM0.5 million in FYE 2020 and approximately RM13,000 in FYE 2021 under the Wage Subsidy Program ("**PSU**") implemented by Malaysia Social Security Organisation ("**SOCSO**") as well as the Support Scheme implemented by Inland Revenue Authority Singapore ("**IRAS**") and Ministry of Manpower of Singapore ("**MOM**").

There was no cancellation of orders a result of COVID-19 and MCO or variations thereof. The impact of MCO and variations thereof did not materially affect our Group's liquidity, including collectability of trade receivables and cash flow, and profitability.

As at 30 September 2022, we have cash and cash equivalent of RM24.5 million and our total borrowings stood at RM203.5 million. As at 30 September 2022, our gearing ratio was 1.1 times and current ratio was 1.5 times. As at the LPD, our available banking facilities for working capital purposes amounted to RM294.2 million, of which RM137.3 million has yet to be utilised. After taking into consideration our cash and bank balances and existing banking facilities, we have adequate working capital to meet our present and foreseeable requirements for a period of 12 months from the date of this Prospectus.

7.13.3 Impact on our supply chain

According to the IMR, there is a global shortage of semiconductors that has affected the electronics industry. The shortage of semiconductors started approximately in the second quarter of 2020 and continued into 2022. This was mainly due to the increase in the demand for E&E products caused by the increased use of electronic devices as a result of the COVID-19 pandemic as well as the increased use of semiconductors in automobiles.

Our EMS customers provide us with a 6 to 12 months rolling forecast and confirmed purchase orders mainly on a weekly or quarterly basis. We are responsible for the procurement of input materials, while proprietary or critical input materials namely the semiconductors are mainly supplied by our customers. Any delays in supplying semiconductors to us will consequently delay our manufacturing process and delivery. The shortage of semiconductors does not directly affect our procurement as the semiconductors are mainly supplied by our customers as mentioned above. However, this has resulted in the delay in the supply of semiconductors by our customers to us, which consequently delayed our manufacturing process and delivery.

Notwithstanding the above, in the event of a prolonged COVID-19 pandemic or any other outbreaks of contagious or virulent diseases in the future, our business operation and financial performance would be materially affected. Please refer to **Section 9.1.7** of this Prospectus for further details on this risk factor.

Saved as disclosed above, we did not encounter any material supply disruptions of input materials during the MCO periods and up to the LPD.

7.14 TYPES AND SOURCES OF INPUT MATERIALS AND SERVICES

For the Period Under Review, the major types of input materials and services that we purchase for our business operations are as follows:

	FYE 2019		FYE 2020		FYE 2021		FPE 2022	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Input Materials for EMS operations	**33,352**	**100.0**	**122,130**	**94.0**	**246,940**	**96.8**	**179,683**	**97.0**
E&E parts and components	16,869	50.6	80,776	62.2	213,245	83.5	153,490	82.9
Mechanical parts	15,871	47.6	37,271	28.7	25,722	10.1	19,032	10.3
Packaging and related materials	609	1.8	3,683	2.8	7,243	2.9	7,004	3.7
Others(1)	3	*	400	0.3	730	0.3	157	0.1
Materials and services for die cast manufacturing#	**-**	**-**	**7,803**	**6.0**	**8,291**	**3.2**	**5,451**	**3.0**
Aluminium ingots	-	-	1,972	1.5	2,021	0.8	1,630	0.9
Subcontracted services	-	-	5,831	4.5	6,270	2.5	3,821	2.1
Total purchases of input materials and services	**33,352**	**100.0**	**129,933**	**100.0**	**255,231**	**100.0**	**185,134**	**100.0**

Notes:

\# Cape Manufacturing was acquired by our Company in January 2020.

* Less than 0.01%.

(1) Includes mainly magnets, shielding materials, equipment such as sealer, laser printer, laser marking machine and calibration equipment, forklift rental as well as hardware.

For the Period Under Review, our input materials for our EMS operations are, among others, as follows:

- **E&E parts and components**: The purchases of E&E parts and components accounted for 50.6%, 62.2%, 83.5% and 82.9% of our total purchases of input materials and services for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022 respectively.

  E&E parts and components that are used for our EMS operations mainly include the following:
  - Electronic components including components for portable credit card readers, wireless data gathering systems, cordless vacuum cleaners and antenna for wireless communication, as well as other electronic components which include chassis, gasket, atomiser, dust filter, nozzle and form-in-place gasket;
  - PCBA;
  - LED panels and related materials such as backlit panel, hub housing top/ LED tunnel and LED light intensifier;
  - Vending machine parts;
  - Battery parts and components including battery tubes and parts, and lithium batteries;
  - Electrical parts mainly include cables, metal cables, cable gland, solder bar, solder wire and socket converters.

  These input materials are mainly used during the assembly process, where all parts are then assembled together to produce the products.

- **Mechanical parts**: The purchases of mechanical parts accounted for 47.6%, 28.7%, 10.1% and 10.3% of our total purchases of input materials and services for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022 respectively.

Mechanical parts that we purchase are as follows:

- Plastic parts for enclosures including fees for the development of tooling, mould and tooling for the plastics parts;
- Metal parts including metal and aluminium parts;
- Gas meter parts;
- Silicon and rubber seals, plugs, caps and O-rings; and
- Fasteners, jigs, plug gauge and springs.

These input materials are mainly used during the assembly process, where all parts are then assembled together to produce the products.

- **Packaging and related materials**: The purchases of packaging and related materials accounted for 1.8%, 2.8%, 2.9% and 3.7% of our total purchases of input materials and services for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022 respectively.

  Packaging and related materials mainly includes labels, carton boxes, blister foils, tray packaging, plastic pallets, barrier bags, bottom covers, tapes, adhesive and rubber parts.

  These materials are mainly used during our packing process.

For the Period Under Review, our input materials and services for our die cast manufacturing operations are as follows:

- **Materials and services for die cast manufacturing**

  For the Period Under Review, our input materials and services purchased for our die cast manufacturing operations accounted for 6.0%, 3.2% and 3.0% of our total purchases of input materials and services for the FYE 2020, FYE 2021 and FPE 2022 respectively.

  Our main purchases were subcontracted services and aluminium ingots. Subcontracted services were mainly surface treatment and coating for our finished die cast parts, as well as machining works when required. Aluminium ingots are our input materials for the manufacture of aluminium die cast parts.

  We also engaged suppliers to manufacture die cast parts based on our specifications for some complex design. As these die cast parts are time consuming in the fabrication of the moulds and die set as well as post casting finishing works. We also outsource some of our die casting works when we have conflicting delivery timelines due to unexpected surge in work orders during the Period Under Review. We are currently outsourcing 100% of our precision finishing process to the sub-contractor. Moving forward, we will carry out the precision finishing process in a production room of Temenggong 22 Factory. Please refer to Note (5) in **Section 7.21.1** of the Prospectus for further details of the said production room.

  We also plan to carry out precision finishing process at our Tebrau 6 Factory upon the purchases of 2 units of CNC lathe machines in the second quarter of 2023.

Aluminium is a globally traded commodity and is subject to price fluctuations as a result of supply and demand conditions in the market. The average purchase price of our aluminium ingots increased by approximately 17.4%, 40.2% and 22.0% for the FYE 2020, FYE 2021 and FPE 2022 respectively. In addition, the Group's purchases are mainly denominated in USD and RM. In the event of any unfavourable fluctuations in the cost of these materials or in the relative strength of the USD against the RM, our margin will be affected to a certain extent. Please refer to **Section 9.2.6** of this Prospectus for further details on the risks relating to fluctuations in aluminium prices and **Section 12.3.2(iii)** of this Prospectus for further information on the impact of foreign exchange.

In FYE 2021, we were unable to pass on the increased cost resulting from the increase in aluminium prices to customers in a timely manner. This has impacted our GP and GP margin of our die cast manufacturing operations. In ensuring the timely passing of such costs to our customers, we began reviewing the aluminium prices on a quarterly basis with our customers to address any material fluctuations in aluminium prices. Please refer to **Section 12.3.1(iii)(b)** of this Prospectus for further details on the impact of the increase in aluminium prices to our GP and GP margin, and **Section 9.2.6** of this Prospectus for further details on the related risks.

In addition to aluminium materials, other input materials such as plastic and metal parts that we purchased for EMS operations are also subject to increase in prices of raw material, being polymer resins and metal prices. The impact to our Group was minimal as we were able to revise the product pricing in a timely manner to factor in the increased cost of the said materials following the review of price that was agreed by customers.

For the Period Under Review, imported materials accounted for 34.7%, 27.6%, 49.8% and 59.9% of our total purchases of input materials and services for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022 respectively.

The breakdown of purchases by countries is as follows:

	FYE 2019		**FYE 2020**		**FYE 2021**		**FPE 2022**	
	(RM'000)	**(%)**	**(RM'000)**	**(%)**	**(RM'000)**	**(%)**	**(RM'000)**	**(%)**
Input Materials for EMS operations	**33,352**	**100.0**	**122,130**	**94.0**	**246,940**	**96.8**	**179,683**	**97.0**
E&E parts and components	16,869	50.6	80,776	62.2	213,245	83.5	153,490	(2)82.9
Malaysia	*7,463*	*22.4*	*52,489*	*40.4*	*100,498*	*39.4*	*52,768*	*28.5*
Singapore	*4,234*	*12.7*	*6,254*	*4.8*	*55,728*	*21.8*	*57,633*	*31.1*
USA	*1,846*	*5.5*	*1,682*	*1.3*	*31,730*	*12.4*	*372*	*0.2*
China	*529*	*1.6*	*18,785*	*14.5*	*25,005*	*9.8*	*35,015*	*18.9*
UK	*1,634*	*4.9*	*752*	*0.6*	*284*	*0.1*	*55*	*
Taiwan	*1,163*	*3.5*	*814*	*0.6*	-	-	-	-
Japan	-	-	-	-	-	-	*7,647*	*4.1*
Mechanical parts	15,871	47.6	37,271	28.7	25,722	10.1	19,032	(2)10.3
Malaysia	*13,836*	*41.5*	*30,165*	*23.2*	*12,165*	*4.8*	*9,483*	*5.1*
China	*1,836*	*5.5*	*2,627*	*2.0*	*12,426*	*4.9*	*9,112*	*4.9*
USA	-	-	*1,045*	*0.8*	*658*	*0.2*	*38*	*
Singapore	*196*	*0.6*	*2,332*	*1.8*	*473*	*0.2*	*399*	*0.2*
Taiwan	-	-	*1,099*	*0.9*	-	-	-	-
UK	*3*	*	*3*	*	-	-	-	-
Packaging and related materials	609	1.8	3,683	2.8	7,243	2.9	7,004	3.7
Malaysia	*464*	*1.4*	*3,345*	*2.6*	*6,801*	*2.7*	*6,576*	*3.5*
China	*67*	*0.2*	*338*	*0.2*	*416*	*0.2*	*358*	*0.2*
Singapore	*78*	*0.2*	-	-	*26*	*	*70*	*
Others(1)	3	*	400	0.3	730	(2)0.3	157	0.1
Malaysia	*3*	*	*334*	*0.3*	*271*	*0.1*	*18*	*
China	-	-	*45*	*	*354*	*0.1*	*139*	*0.1*
USA	-	-	*21*	*	*105*	*	-	-

7. BUSINESS OVERVIEW *(Cont'd)*

	FYE 2019		FYE 2020		FYE 2021		FPE 2022	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Materials and services for die cast manufacturing#	**-**	**-**	**7,803**	**6.0**	**8,291**	**(2)3.2**	**5,451**	**3.0**
Aluminium ingots	-	-	1,972	1.5	2,021	0.8	1,630	0.9
Malaysia	-	-	*1,864*	*1.4*	*2,021*	*0.8*	*1,630*	*0.9*
China	-	-	*108*	*0.1*	-	-	-	-
Subcontracted services	-	-	5,831	4.5	6,270	2.5	3,821	2.1
Malaysia	-	-	*5,831*	*4.5*	*6,270*	*2.5*	*3,821*	*2.1*
Total purchases of input materials and services	**33,352**	**100.0**	**129,933**	**100.0**	**255,231**	**100.0**	**185,134**	**100.0**

Notes:

\# Cape Manufacturing was acquired by our Company in January 2020.

* Less than 0.01%.

(1) Includes mainly magnets, shielding materials, equipment such as sealer, laser printer, laser marking machine and calibration equipment, forklift rental as well as hardware.

(2) The percentage does not add up due to rounding issue.

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7.15 MAJOR APPROVALS, LICENCES AND PERMITS OBTAINED

Our Group is dependent on the following major approvals, licences and permits for our operations. As at the LPD, details of the major approvals, licences and permits, together with salient conditions imposed and status of compliance, are as follows:

No	Company	Approving authority/ issuer	Description of approval/ licence / approval	Licence/ Reference No.	Issuance Date/ Expiry Date	Equity and/or salient conditions imposed	Status of compliance
1.	Cape EMS	MITI	**Manufacturing Licence** for manufacturing of PCBA, home entertainment equipment, computer peripherals, telecommunication equipment and measuring instrument/device at Senai 227 Factory	Licence No: A022025 Serial No: A040977	28 September 2022/ Nil Effective Date: 30 August 2019	(a) MIDA shall be notified in writing of any change of Cape EMS' registered address.	Noted
						(b) MITI and MIDA shall be notified of any sale of shares in Cape EMS[(1)].	Complied
						(c) Cape EMS shall implement its projects as approved subject to the conditions of this licence[(2)] and in accordance with other laws and regulations in Malaysia.	Complied
2.	Cape EMS	MITI	**Manufacturing Licence** for manufacturing of vacuum cleaner, vending machine and scanner device at Senai 227 Factory	Licence No: A022025 Serial No: A040970	28 September 2022/ Nil Effective Date: 22 February 2021	(a) MITI and MIDA shall be notified of any sale of shares in Cape EMS[(1)].	Complied
						(b) The total full-time workforce of the Company shall comprise at least 80% Malaysians. Employment of foreign workers including outsourced workers is subject to current policies.	Complied[(3)]
						(c) Cape EMS shall implement its projects as approved subject to the conditions of this licence[(2)] and in accordance with other laws and regulations in Malaysia.	Complied

No	Company	Approving authority/ issuer	Description of approval/ licence / approval	Licence/ Reference No.	Issuance Date/ Expiry Date	Equity and/or salient conditions imposed	Status of compliance
3.	Cape EMS	MITI	**Manufacturing Licence** for manufacturing of electronic cigarette device including vape with nicotine liquid/gel at Senai 227 Factory	Licence No: A022025 Serial No: A040996	7 October 2022/ Nil Effective Date: 29 June 2021	(a) Cape EMS shall obtain Type B Licence under Poisons Act 1952 from the Ministry of Health Malaysia.	Noted and to be complied[(4)]
						(b) Cape EMS shall export 100% of the manufactured electronic cigarette device including vape with nicotine liquid/gel.	Complied
						(c) MITI and MIDA shall be notified of any sale of shares in Cape EMS[(1)].	Complied
						(d) The total full-time workforce of the Company shall comprise at least 80% Malaysians. Employment of foreign workers including outsourced workers is subject to current policies.	Complied[(3)]
						(e) Cape EMS shall implement its projects as approved subject to the conditions of this licence[(2)] and in accordance with other laws and regulations in Malaysia.	Complied
4.	Cape EMS	MITI	**Manufacturing Licence** for manufacturing of LED light, accessories and parts thereof at Senai 227 Factory	Licence No: A022025 Serial No: A040836	12 August 2022/ Nil Effective Date: 22 December 2021	(a) MITI and MIDA shall be notified of any sale of shares in Cape EMS[(1)].	Complied
						(b) The total full-time workforce of the Company shall comprise at least 80% Malaysians. Employment of foreign workers including outsourced workers is subject to current policies.	Complied[(3)]

7. BUSINESS OVERVIEW *(Cont'd)*

No	Company	Approving authority/ issuer	Description of approval/ licence / approval	Licence/ Reference No.	Issuance Date/ Expiry Date	Equity and/or salient conditions imposed	Status of compliance
						(c) Cape EMS shall implement its projects as approved subject to the conditions of this licence[2] and in accordance with other laws and regulations in Malaysia.	Complied
5.	Cape EMS	RMCD	Licensed Manufacturing Warehouse ("**LMW**") for telecommunication equipment, home entertainment equipment and measuring instrument / device, electronic cigarette and vape devices (non-nicotine)	Licence No: J10-GPB-0083/2022	Issuance date: 8 March 2022 Validity period: 1 April 2022 to 31 March 2023[6]	(a) Licence and LMW Plan approved by the State Director of Customs shall be displayed at a prominent place on the premise.	Complied
						(b) No taxable goods other than raw materials / components and machinery used directly in manufacturing and manufactured goods which have been approved by the State Director of Customs may be stored in the licensed manufacturing warehouse.	Complied
						(c) Changes to the structure of buildings and equipment in the licensed premises are not permitted except with the written approval of the State Director of Customs.	Noted
						(d) At least 80% finished product (by value) are to be exported, and not exceeding 20% of the finished product can be sold in the local market as approved. Goods sold in domestic market are subject to any prevailing duties / tax at the time.	Complied

7. BUSINESS OVERVIEW *(Cont'd)*

No	Company	Approving authority/ issuer	Description of approval/ licence / approval	Licence/ Reference No.	Issuance Date/ Expiry Date	Equity and/or salient conditions imposed	Status of compliance
						(e) Breach of any conditions of licence is an offence which the licence can be revoked or compounded under the Customs Act 1967 and the Customs Regulations 1977 or both.	Noted
						(f) Only 1 entity is allowed to operate within the premises of LMW. Any partnership with another entity within the same area is not allowed.	Complied
6.	Cape EMS	Kulai Municipal Council	**Risky Business Premise Licence**[7] for Senai 227 Factory: (i) Factory licence for assembly of electric component (ii) Factory licence for the business of electronic goods (iii) Office licence (iv) Warehouse / store licence (v) Advertisement	Serial No: MPKu B 018067	Validity Period: 1 January 2023 to 31 December 2023	-	-

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7. BUSINESS OVERVIEW *(Cont'd)*

No	Company	Approving authority/ issuer	Description of approval/ licence / approval	Licence/ Reference No.	Issuance Date/ Expiry Date	Equity and/or salient conditions imposed	Status of compliance
7.	Cape Manufacturing	RMCD	**Licensed Manufacturing Warehouse** for mechanical parts and electronic parts at Temenggong 22 Factory and Kempas 6 Factory(8)	Licence No: J10-GPB-0149/2022	Issuance date: 16 June 2022 Validity period: 1 July 2022 to 30 June 2023(9)	(a) Licence and LMW Plan approved by the State Director of Customs shall be displayed at a prominent place on the premise.	Complied
						(b) No taxable goods other than raw materials / components and machinery used directly in manufacturing and manufactured goods which have been approved by the State Director of Customs may be stored in the licensed manufacturing warehouse.	Complied
						(c) Changes to the structure of buildings and equipment in the licensed premises are not permitted except with the written approval of the State Director of Customs.	Noted
						(d) 100% finished product (by value) are to be exported, and not exceeding 0% of the finished product can be sold in the local market as approved. Goods sold in domestic market are subject to any prevailing duties / tax at the time.	Complied
						(e) Breach of any conditions of licence is an offence which the licence can be revoked or compounded under the Customs Act 1967 and the Customs Regulations 1977 or both.	Noted

7. BUSINESS OVERVIEW *(Cont'd)*

No	Company	Approving authority/ issuer	Description of approval/ licence / approval	Licence/ Reference No.	Issuance Date/ Expiry Date	Equity and/or salient conditions imposed	Status of compliance
						(f) Only 1 entity is allowed to operate within the premises of LMW. Any partnership with another entity within the same area is not allowed.	Complied
8.	Cape Manufacturing	Johor Bahru City Council	**Business Premise Licence** for manufacturing of electrical and aluminum goods at Temenggong 22 Factory	Account No: L2015LI01493	Validity period: 1 January 2023 to 31 December 2023	-	-
9.	Cape Manufacturing	Johor Bahru City Council	**Business Premise Licence** Office at Temenggong 22 Factory	Account No: L2015LI01494	Validity period: 1 January 2023 to 31 December 2023	-	-
10.	Cape Manufacturing	Johor Bahru City Council	**Business Premise Licence** for electronic and electrical component assembly at Kempas 6 Factory	Account No: L2022LI04282	Validity period: 1 January 2023 to 31 December 2023	-	-
11.	Cape Manufacturing	MITI	**Manufacturing Licence** for manufacturing of aluminium die cast parts at Temenggong 22 Factory	Licence No: A024491 Serial No: A040734	8 July 2022/ Nil Effective Date: 15 March 2022	(a) MITI and MIDA shall be notified of any sale of shares in Cape Manufacturing. (b) The total full-time workforce of Cape Manufacturing shall comprise at least 80% Malaysians. Employment of foreign workers including outsourced workers is subject to current policies.	Noted Complied[(5)]

7. BUSINESS OVERVIEW *(Cont'd)*

No	Company	Approving authority/ issuer	Description of approval/ licence / approval	Licence/ Reference No.	Issuance Date/ Expiry Date	Equity and/or salient conditions imposed	Status of compliance
						(c) Cape Manufacturing shall implement its project as approved and in accordance with the laws and regulations of Malaysia.	Complied
12.	Cape Manufacturing	MITI	**Manufacturing Licence** for manufacturing of data gathering system devices at Kempas 6 Factory	Licence No: A024662	26 October 2022/ Nil	(a) MITI and MIDA shall be notified of any sale of shares in Cape Manufacturing.	Noted
				Serial No: A041029	Effective Date: 19 September 2022	(b) The total full-time workforce of Cape Manufacturing shall comprise at least 80% Malaysians. Employment of foreign workers including outsourced workers is subject to current policies.	Complied(5)
						(c) Cape Manufacturing shall implement its project as approved and in accordance with the laws and regulations of Malaysia.	Complied
13.	Cape Manufacturing	MITI	**Manufacturing Licence** for manufacturing of data gathering system devices at Temenggong 22 Factory	Licence No: A024491	24 November 2022/ Nil	(a) MITI and MIDA shall be notified of any sale of shares in Cape Manufacturing.	Noted
				Serial No: A041077	Effective Date: 15 August 2022	(b) The total full-time workforce of Cape Manufacturing shall comprise at least 80% Malaysians. Employment of foreign workers including outsourced workers is subject to current policies.	Complied(5)
						(c) Cape Manufacturing shall implement its project as approved and in accordance with the laws and regulations of Malaysia.	Complied

7. BUSINESS OVERVIEW *(Cont'd)*

Notes:

(1) On 16 August 2022, MIDA informed Cape EMS that its application to amend or waive this condition can only be submitted once Cape EMS is listed on the Main Market of Bursa Securities. Upon the successful listing of Cape EMS on the Main Market of Bursa Securities, Cape EMS will resubmit its application to MIDA for MITI to amend or waive this condition.

(2) Save as disclosed, there are no other salient conditions stated in this licence.

(3) On 23 July 2022, MITI announced that the obligation to comply with this condition has been deferred to 31 December 2024. As at the LPD, the total full-time workforce of Cape EMS comprises 81% Malaysians.

(4) As one of the conditions imposed under the Manufacturing Licence issued by MITI, Cape EMS is required to obtain a Type B Licence from the Ministry of Health under the Poisons Act 1952 in the event Cape EMS intends to import e-liquid with nicotine. On 5 November 2021, our Company applied for Type B Licence and as at the LPD, our application is pending approval. Pursuant to Poisons Act 1952, nicotine is categorised as a poison and hence Type B Licence is required to import, store and sell nicotine by wholesale. In mid-November 2022, our Company commenced the manufacturing of electronic cigarettes with nicotine based on purchase order received from Customer A. The e-liquid with nicotine required for the manufacturing of electronic cigarettes is consigned by Customer A via Customer A's agent who imports, stores and transports the e-liquid with nicotine to our Company for manufacturing of electronic cigarettes with nicotine. Notwithstanding the pending approval for a Type B Licence, Cape EMS is of the view that its implication on the operations of the Company is minimal in view of the current arrangement with Customer A.

Pursuant to the Industrial Co-Ordination Act 1975, the licensing officer may in his discretion revoke a manufacturing licence if a licence holder has not complied with any condition imposed in the manufacturing licence, or withhold or suspend the revocation of the manufacturing licence if he is satisfied that the act or omission of Cape EMS was due to some cause beyond its control and there is a reasonable prospect of such act or omission being remedied within such period as the licensing officer may direct.

Based on Cape EMS' verbal discussion with MIDA, Cape EMS is permitted to manufacture electronic cigarettes with nicotine under this manufacturing licence for 100% export market, as Customer A's agent imports, stores and transports the e-liquid with nicotine to Cape EMS. Pending the approval of our Type B Licence application, which we estimate to receive by the fourth quarter of 2023, we will continue manufacturing electronic cigarettes with nicotine imported by Customer A's agent.

Cape EMS has not received any notice of non-compliance from any licensing officer in relation to the above. Premised on the above verbal clarification with MIDA, Cape EMS is of the view that exposure to such penalty is minimal.

(5) On 23 July 2022, MITI announced that the obligation to comply with this condition has been deferred to 31 December 2024. As at the LPD, the total full-time workforce of Cape Manufacturing comprises 81% Malaysians.

(6) When this LMW approval was issued on 8 March 2022, our Company's previous LMW approval was still in force until 31 March 2022. Hence this approval's validity period commenced on 1 April 2022. Our Company's usual practice is that the application for renewal of LMW approval will be submitted approximately 1 month before the date of expiry. Based on our previous renewal applications, RMCD will issue the renewed LMW approval before the expiry of the LMW, provided all application documents are in order. Given that this LMW approval is expiring on 31 March 2023, we have not submitted the application for renewal of this LMW as at the LPD. We do not foresee any issues in renewing this LMW approval. As at the LPD, we have not experienced any non-approval for the renewal of our LMW licence.

(7) The Risky Business Premise Licence in essence is a business premise licence similar to licences No. 8, 9 and 10 above, where a person shall not use any premise for the operation of any business activity without obtaining a business premise licence from the relevant local authority. Whether a premise is classified as risky business premise or non-risky business premise is determined by the Kulai Municipal Council. Our Senai 227 Factory has been classified as a risky business premises by the Kulai Municipal Council. In an application for a Risky Business Premise Licence, the Kulai Municipal Council may refer the application to various departments such as Fire Department, Department of Environment, Department of Occupational Safety and Health, and other departments (as applicable) for comments; whereas in an application for non-risky business premise licence, the Kulai Municipal Council may refer the application to the Fire Department for comments.

(8) Cape Manufacturing received the amended manufacturing warehouse licence dated 3 October 2022 which included Kempas 6 Factory as its business premises. The amended manufacturing warehouse licence is valid until 30 June 2023.

(9) When this LMW approval was issued on 16 June 2022, Cape Manufacturing's previous LMW approval was still in force until 30 June 2022. Hence this approval's validity period commenced on 1 July 2022. Cape Manufacturing's usual practice is that the application for renewal of LMW approval will be submitted approximately 1 month before the date of expiry. Based on our previous renewal applications, RMCD will issue the renewed LMW approval before the expiry of the LMW approval, provided all application documents are in order. Given that this LMW approval is expiring on 30 June 2023, we have not submitted the application for renewal of this LMW as at the LPD. We do not foresee any issues in renewing this LMW approval. As at the LPD, we have not experienced any non-approval for the renewal of our LMW licence.

As at the LPD, save as disclosed in **Section 7.21.1** and **Section 7.23** of this Prospectus, our Group has the necessary government approvals, authorisations, licences or permits of any nature whatsoever which are required under any law, decree or regulation to carry on our business and operations and all such approvals, authorisations, licences or permits are still valid and the same has not been revoked or threatened to be revoked.

7.16 INTELLECTUAL PROPERTY RIGHTS, PATENTS, TRADEMARKS AND REGISTRATIONS

Our Group is not materially dependent on the trademarks as our existing business is not affected whether or not our trademark applications are approved because we are an EMS provider and the products are not marketed under our own brand. Please refer to **Section 7.9** of this Prospectus for further details on our Group's marketing strategies and activities.

As at the LPD and save as disclosed below, our Group does not have any other intellectual property rights, patents, trademarks and registrations.

No.	Trademark	Issuing authority	Registered owner/ Name of Applicant	Trademark number/ Application number	Description	Status/ Expiry date
1.		MyIPO	Our Company	TM2022009277	Class 35[(1)]	Registered/ 13 April 2032
2.		MyIPO	Our Company	TM2022009278	Class 40[(2)]	Registered/ 13 April 2032

7. BUSINESS OVERVIEW *(Cont'd)*

No.	Trademark	Issuing authority	Registered owner/ Name of Applicant	Trademark number/ Application number	Description	Status/ Expiry date
3.		MyIPO	Our Company	TM2022009279	Class 42[(3)]	Registered/ 13 April 2032
4.	icApe	MyIPO	Our Company	TM2022009280	Class 35[(1)]	Registered/ 13 April 2032
5.	icApe	MyIPO	Our Company	TM2022009281	Class 40[(2)]	Registered/ 13 April 2032
6.	icApe	MyIPO	Our Company	TM2022009282	Class 42[(3)]	Registered/ 13 April 2032

Notes:

(1) The bringing together, for the benefit of others, of a variety of goods, excluding the transport thereof, enabling customers to conveniently view and purchase those goods; advertising services relating to the sale of goods; business consultancy services; advertising; distribution of samples; import-export agency services; marketing; publicity; demonstration of goods; arranging and conducting of trade shows; arranging exhibitions for commercial or advertising purposes; business information; online advertising on a computer network; provision of an online marketplace for buyers and sellers of goods and services; presentation of goods on communication media, for retail purposes.

(2) Custom manufacture of goods; custom assembling of materials for others; custom manufacturing; processing of materials; treatment of materials.

(3) Design of tools; consumer product design services; design and development of new products; design of engineering products; design of industrial products; design of machines, apparatus and instruments; design of mechanical components; design of new products; design services; product design services; technical design services.

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7.17 MATERIAL DEPENDENCY ON COMMERCIAL CONTRACTS, AGREEMENTS AND OTHER ARRANGEMENTS

Save as disclosed below, as at the LPD, our Group is not dependent on any contracts or agreements including commercial and financial contracts which are material to our business or profitability:

(i) Customer A[(1)] – Manufacturing and Supply Agreement

Contracting Parties	Cape EMS and Customer A
Description	The Manufacturing and Supply Agreement sets out the general terms and conditions governing the purchases of products by Customer A on a non-exclusive basis from Cape EMS, and Cape EMS shall manufacture and sell the products to Customer A in accordance with the specifications provided by Customer A.
Exclusivity	Nil
Main Product	Electronic cigarette device
Term / Duration	18 May 2022 to 17 May 2027. The Manufacturing and Supply Agreement will automatically renew for an additional successive 2 years term, unless terminated pursuant to the terms of the agreement or applicable laws.
Governing Law	The laws of the state of New York, USA
Arbitration	Any dispute will be resolved by final and binding arbitration in New York City, New York, USA.
Termination / Events of Default	<u>Customer A's Right to Terminate for Cause</u> Customer A may terminate the Manufacturing and Supply Agreement, by providing written notice to Cape EMS: (i) if Cape EMS is in breach of the Manufacturing and Supply Agreement and the breach cannot be cured or is not cured by Cape EMS within a commercially reasonable period of time; (ii) if Cape EMS (a) becomes insolvent or is generally unable to pay, (b) becomes subject to any proceeding under any domestic or foreign bankruptcy or insolvency law, (c) makes or seeks a general assignment for the benefit of its creditors, or (d) applies for or has appointed a receiver, trustee, custodian or similar agent appointed by order of any court of competent jurisdiction to take charge of or sell any material portion of its property or business; (iii) if Cape EMS fails to provide Customer A (after Customer A's request) with adequate and reasonable assurance of Cape EMS's financial and operational capability to perform timely any of Cape EMS's obligations under this Manufacturing and Supply Agreement; or (iv) if, without obtaining Customer A's prior written consent, (a) Cape EMS sells, leases or exchanges a material portion of Cape EMS's assets, (b) Cape EMS merges or consolidates with or into another Person, or (c) a change in control of Cape EMS occurs. Such termination will be effective on Cape EMS' receipt of Customer A's written notice of termination or such later date (if any) set forth in such termination notice.

	Cape EMS' Right to Terminate for Cause Cape EMS may terminate this Manufacturing and Supply Agreement, by providing 15 days' written notice to Customer A, in the event that Customer A fails to pay any undisputed invoice for a period of longer than 20 days after the due date thereof and does not cure the failure by the end of such 15-day period.
Payment Terms	Except for any amounts disputed by Customer A in good faith and except as otherwise agreed by the parties, Cape EMS' accurate and correctly submitted invoices for products will be payable within 60 days following Customer A's receipt of Cape EMS' invoice. Customer A shall be given a discount for prompt payment of products invoices, which will be (unless otherwise agreed) a 0.2% discount if payment is made within 15 days from the date of receipt of Cape EMS' invoice and 0.15% if payment is made between 16-30 days from the date of receipt of Cape EMS' invoice. If any undisputed amounts payable by Customer A to Cape EMS shall remain unpaid after the same shall have become due then Customer A shall pay to Cape EMS interest at the rate of 10% per annum calculated on a daily basis on the amount remaining due and unpaid from the due date for payment until the date of actual payment. Prior to incurring any interest, Cape EMS shall provide Customer A with written notice and a 10-day opportunity to pay any such undisputed amounts.
Late Delivery	If Cape EMS does not comply with any of its delivery obligations under the Manufacturing and Supply Agreement, Customer A may, in its sole discretion and at Cape EMS' sole cost and expense, (i) approve a revised delivery date, (ii) require Cape EMS to deliver the products using priority air shipping at Cape EMS' expense, or (iii) cancel the applicable purchase order and obtain similar products from other sources. Unless otherwise expressly agreed to by the parties in writing, Cape EMS may not make partial shipments of products to Customer A.
Product Liability	Withdrawal or Recall of Products If Customer A, or any governmental authority determines that any products sold to Customer A are defective and a recall campaign is necessary, Customer A will have the right to implement such recall campaign and return the defective products to Cape EMS or destroy such products, as determined by Customer A in its reasonable discretion. If a recall campaign is implemented, at Customer A's option, Cape EMS shall promptly replace any defective products and provide such replacement products to Customer A or Customer A's designee. Cape EMS will be liable for all costs pursuant to this Manufacturing and Supply Agreement and all of Customer A's costs associated with any recall campaign if such recall campaign is based upon Customer A's reasonable determination that the products fail to conform to the specifications or warranties set forth in the Manufacturing and Supply Agreement. If Cape EMS does not agree with Customer A's determination that the products fail to conform to the specifications or warranties set forth in the Manufacturing and Supply Agreement, then Cape EMS shall provide Customer A with written notice thereof within 10 days' after Customer A's determination. In such event, the parties shall attempt, in good faith, to resolve such dispute. If Customer A and Cape EMS cannot resolve such dispute within 14 days, the parties shall submit the dispute for arbitration in accordance with this Manufacturing and Supply Agreement.

	<u>Indemnification</u> Subject to the terms and conditions of the Manufacturing and Supply Agreement, a party (as "**Indemnifying Party**") shall indemnify, defend and hold harmless the other party and, in the case of Cape EMS as the Indemnifying Party, indemnify, defend and hold harmless Customer A and its affiliates, customers, subcontractors and successors and assigns (collectively, "**Indemnified Parties**") against any and all losses, damages, liabilities, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs, or expenses of whatever kind, including reasonable attorney's fees (collectively, "**Losses**"), relating to, arising out of or resulting from: (i) a breach or non-fulfilment of any of Indemnifying Party's representations, warranties, or covenants in this *Manufacturing and Supply* Agreement; (ii) any negligent or more culpable act or omission of Indemnifying Party or any of its representatives (including any recklessness or willful misconduct); (iii) any bodily injury, death of any person or damage to real or tangible personal property caused by the acts or omissions of Indemnifying Party or any of its representatives; or (iv) any failure by Indemnifying Party or its personnel to comply with any applicable laws.
Force Majeure	In the event that either party is prevented from carrying out its obligations under this Manufacturing and Supply Agreement as a result of any cause beyond its reasonable control and could not have been reasonably prevented through ordinary prudence, including, but not limited to, war or hostilities, terrorism or the effects of terrorism, riot an civil commotion, pandemic, denial of public utilities or means of transport, fire, flood and other natural disasters ("**Force Majeure Event**"), the party affected by the Force Majeure Event shall have its obligations suspended for as long as such fulfilment is prevented by the Force Majeure Event. If the Force Majeure Event continues for or is expected to continue for a period of more than 30 consecutive calendar days, the parties shall enter into bona fide discussions with a view to alleviating its effects or to agreeing upon such alternative arrangements as may be fair and reasonable.

Note:

(1) The name of Customer A has not been disclosed due to a confidentiality requirement in our manufacturing and supply agreement with Customer A. Consent was sought for disclosure of the identity of Customer A but was not obtained. As such, the identity of Customer A is not disclosed in this Prospectus.

(ii) K & Q – Manufacturing Supply Agreement

Contracting Parties	Cape EMS and K & Q
Description	The Manufacturing Supply Agreement sets out the general terms and conditions governing the manufacturing of K & Q's products by Cape EMS.
Exclusivity	Nil
Main Product	Robotic vacuum cleaner

Term / Duration	24 February 2020 to 23 February 2022. The Manufacturing Supply Agreement shall automatically renew for renewal terms of 12 months unless either party provides a written termination notice to the other party.
Governing Law	English Law
Jurisdiction	Non-exclusive jurisdiction of the English courts.
Termination / Events of Default	Either party may terminate the Manufacturing Supply Agreement for convenience on 180 days prior written notice to the other. Either party may terminate the Manufacturing Supply Agreement with immediate effect on written notice to the other party, if, either Party defaults in making payment as required in the Manufacturing Supply Agreement and fails to remedy such default within 30 days following receipt of notice, commits an act of bankruptcy or winding up, enters into liquidation, becomes unable to pay its debts as they fall due, or if a receiver or administrator is appointed over all or any part of its assets (other than for the purpose of solvent reorganization) or suffers any similar action or event. If Cape EMS defaults, Cape EMS shall immediately notify K & Q of the above event in writing and grant K & Q unencumbered access to all documentation and K & Q-owned equipment during the Cape EMS' normal working hours or otherwise by appointment. If K & Q defaults, Cape EMS may cancel any further deliveries under the Manufacturing Supply Agreement or stop any products in transit and may terminate the Manufacturing Supply Agreement with immediate effect on written notice to K & Q. Cape EMS shall have the right to enter K & Q's premises and recover any product or components thereon for which K & Q has not paid and sell the same to the value of the outstanding debt, if any. If either party is in material breach of any of the provisions and the breaching party fails to remedy the breach within 28 days, or such other period as the parties may agree, or, in the case of a breach which is incapable of remedy within such time, fails to begin to remedy the breach within 28 days and to diligently pursue such remedy to completion thereafter, then the non-breaching party may terminate the Manufacturing Supply Agreement with immediate effect on written notice to the breaching party. If either party suffers an event of Force Majeure Event (as defined below) and the Force Majeure Event is expected to continue beyond the date review for a period in excess of 30 days and its effects cannot be alleviated through reasonable efforts or no suitable alternative arrangements can be made, then the other party may terminate the Manufacturing Supply Agreement with immediate effect on written notice.
Payment Terms	Invoices shall be paid 90 days from bill of lading date, except as otherwise agreed by both parties in writing.
Late Delivery	Cape EMS will notify K & Q of any potential delivery delay and the cause of the delay promptly on becoming aware of such potential delay. If the potential delivery delay is caused by the supply of components, then Cape EMS will undertake special actions with the supplier(s) to expedite deliveries so that Cape EMS can deliver products as near to the original delivery date as possible. Certain products delivery dates may be defined by K & Q, from time to time, as being critical products requiring additional assurance that delivery date will be met. Cape EMS will confirm that the delivery date will be met, and if there is risk of that delivery date being missed, then Cape EMS will outline what actions are being taken to mitigate that risk and to meet the required delivery date.

Product Liability	With respect to components, Cape EMS, to the extent reasonably possible, obtain from the component suppliers all available warranties for K & Q's benefit and will transfer to K & Q any transferable component warranties received from the component suppliers. If components are returned under supplier's warranty, Cape EMS will, on K & Q's behalf and without additional charge, manage the return of any such components to the supplier. Should a supplier seek to defend on grounds that Cape EMS committed error and K & Q can show such error was due to Cape EMS' faulty workmanship, this shall be considered a defect in workmanship under the Manufacturing Supply Agreement. Cape EMS will provide both in-warranty and out-of-warranty repair facilities as part of the services. Cape EMS will either, at its option and free of charge to K & Q, repair or replace products not conforming to the warranties provided in the Manufacturing Supply Agreement, provided such products are returned to Cape EMS within the warranty period of 12 months from the acceptance of the products, services or additional services by K & Q. Cape EMS' warranty for replacement or repaired products shall be the longer of (a) the duration of the warranty remaining on the original product returned under warranty, or (b) 180 days from the date of manufacturing of the replaced or repaired product. Cape EMS will return any products repaired or replaced to K & Q with freight prepaid. Any repair services requested of Cape EMS by K & Q not explicitly covered by the warranty, including, but not limited to, upgrade services, out-of-warranty services, diagnostic analysis, shall be performed by Cape EMS at its option and on a time and materials basis at terms to be agreed. Cape EMS shall not have any liability to repair or replace products under this warranty to the extent that products are defective because of: (1) K & Q's Specifications; (2) malfunctions, defect, or failures resulting from (a) misuse, (b) abuse, (c) accident, (d) neglect, (e) improper operation or maintenance, (f) acts of God, (g) alteration, modification, or repairs by any party other than Cape EMS; (3) any defect not made known by K & Q to Cape EMS as soon as practical after the defect first appears; (4) components incorporated into the product. If the parties are unable to agree as to whether damage to or defect in a product is properly the responsibility of Cape EMS or K & Q under the Manufacturing Supply Agreement, either party may send the product for analysis to an independent laboratory or testing house, whose decision on the cause of the damage or defect shall be final and binding; provided, however, that either party shall have the right to contest such decision in the event such party has a good faith belief that laboratory or testing house committed error. The foregoing constitutes K & Q's sole remedies against Cape EMS for breach of warranty claims. Except as provided in the Manufacturing Supply Agreement, Cape EMS makes no warranties with respect to the products, services or additional services under the Manufacturing Supply Agreement, express or implied, including any implied warranties in respect to non-infringement, or merchantability or fitness for a particular purpose or any implied warranties arising from a course of dealing, or trade usage. Cape EMS shall, at its expense, defend, indemnify and hold K & Q including its parent company, subsidiaries, affiliates, officers, directors, employees, agents and representatives harmless from and against any and all judgements, liabilities, claims, demands, actions, suits and proceedings expenses and costs (including reasonable attorneys' fees) to the extent arising from any third party bodily injuries, death, or damage of tangible property based on or arising out of:

	(i) any claims or demands relating to use of Cape EMS' intellectual proprietary information in relation to the manufacturing processes employed in the manufacture of the product / where such process was not specifically directed by K & Q; or (ii) any claims or demands arising out of a manufacturing defect to the extent solely caused by Cape EMS' negligence. K & Q shall give written notice of any claim to Cape EMS within a reasonable time. Cape EMS shall have control of any litigation and appointment of counsel in defence of any third party claims for which K & Q seeks indemnification under the Manufacturing Supply Agreement and K & Q shall provide reasonable assistance to Cape EMS, at Cape EMS' expense, in the defence of any such action. No suit or proceeding shall be settled or compromised without the prior written consent of K & Q.
Force Majeure	In the event that either party is prevented from carrying out its obligations under the Manufacturing Supply Agreement as a result of any cause beyond its reasonable control, including but not limited to, war or hostilities, terrorism or the effects of terrorism, riot and civil commotion, denial of public utilities or means of transport, fire, flood and other natural disasters ("**Force Majeure Event**"), the party affected by the Force Majeure Event shall have its obligations suspended for as long as such fulfilment is prevented by the Force Majeure Event. If the Force Majeure Event continues for or is expected to continue for a period of more than 30 consecutive calendar days, the parties shall enter into bona fide discussions with a view to alleviating its effects or to agreeing upon such alternative arrangements as may be fair and reasonable. In the event the parties are unable to reach agreement, either party may terminate the Manufacturing Supply Agreement on no less than 7 days written notice.

(iii) Tastar Electronics and Huizhou Sanhua – Contract Manufacturing Agreement

Contracting Parties	Cape EMS, Tastar Electronics and Huizhou Sanhua
Description	The Contract Manufacturing Agreement sets out the general terms and conditions governing the manufacturing of products for Tastar Electronics by Cape EMS based on Huizhou Sanhua's specifications and technology on a non-exclusive basis. Cape EMS shall manufacture and sell the products to Tastar Electronics based on the technology and specification approved by Huizhou Sanhua.
Exclusivity	Nil
Main Product	Portable credit card reader
Term / Duration	6 June 2022 to 5 June 2024 and will automatically renew for renewal terms of 2 years unless and until terminated or extended in accordance with the provisions mentioned in the Contract Manufacturing Agreement
Governing Law	Laws of Malaysia
Dispute Settlement	In the event of a dispute arising from the Contract Manufacturing Agreement or the operation thereof, the parties agree in the first instance to attempt to settle any differences using methods of alternative dispute resolution and/or mediation.

Termination / Events of Default	If either party is in breach of any obligation on its part hereunder and in the case of a breach capable of remedy, it shall not have been remedied by the defaulting party within 30 days of written notice, then that party not in breach of the obligation or condition may forthwith terminate the Contract Manufacturing Agreement by notice, without prejudice to the accrued rights of either party.
Payment Terms	30 days nett from the date of invoice.
Product Liability	Cape EMS warrants materials and workmanship supplied by Cape EMS for 1 year upon goods out from Cape EMS' factory.
Force Majeure	In case a party's performance of its obligations under the Contract Manufacturing Agreement is prevented, delayed or rendered impossible directly by circumstances or events such as fire, flood, storm, earthquake, explosion, epidemic or pandemic, or any act of God, war, export or import restriction, circumstances affecting the party's normal source of supply or manufacture of goods or of raw materials ("**Force Majeure Event**"), the party affected by such Force Majeure Events shall not be considered in breach of the Contract Manufacturing Agreement or be liable for any loss or damage due to the failure or delay in its obligations. If Force Majeure Event continues for a period over 30 days, either party may immediately terminate the affected purchase order / proforma invoice or the Contract Manufacturing Agreement without liability to the other party, upon giving written notice of termination to the other party. This clause shall not apply to the monetary obligation(s).
Late Delivery	Nil

(iv) Airspan Communications – Manufacturing Supply Agreement

Contracting Parties	Our Company and Airspan Communications Limited ("**Airspan Communications**")
Description	The Manufacturing Supply Agreement sets out the general terms and conditions governing the manufacturing of products for Airspan Communications by Cape EMS in accordance with forecasts and purchase orders to be issued from time to time by Airspan Communications
Exclusivity	Nil
Main Product	Wireless communications equipment
Term / Duration	From 31 May 2019 until 30 May 2021 and shall automatically renew for renewal terms of 12 months unless either party provides a written termination notice to the other party.
Governing Law	English Law
Jurisdiction	Non-exclusive jurisdiction of the English courts.
Termination / Events of Default	Either party may terminate the Manufacturing Supply Agreement for convenience on 180 days' prior written notice to the other. Either party may terminate the Manufacturing Supply Agreement with immediate effect on written notice to the other party, if, either party defaults in making payment as required in the Manufacturing Supply Agreement and fails to remedy such default, commits an act of bankruptcy or winding up, enters into liquidation, becomes unable to pay its debts as they fall due, or if a receiver or administrator is appointed over all or any part of its assets (other than for the purpose of solvent reorganization) or suffers any similar action or event. If Cape EMS defaults, Cape EMS shall immediately notify

	Airspan Communications of the above event in writing and grant Airspan Communications unencumbered access to all documentation and Airspan Communications-owned equipment during the Cape EMS' normal working hours or otherwise by appointment. If Airspan Communications defaults, Cape EMS shall have the right to enter Airspan Communications' premises and recover any product or components thereon for which Airspan Communications has not paid and sell the same to the value of the outstanding debt, if any. If either party is in material breach of any of the provisions and the breaching party fails to remedy the breach within the agreed period, or, in the case of a breach which is incapable of remedy within such time, fails to begin to remedy the breach within 28 days and to diligently pursue such remedy to completion thereafter, then the non-breaching party may terminate the Manufacturing Supply Agreement with immediate effect on written notice to the breaching party. If either party suffers a Force Majeure Event (as defined below) and the Force Majeure Event is expected to continue beyond the date review for a period in excess of 30 days and its effects cannot be alleviated through reasonable efforts or no suitable alternative arrangements can be made, then the other party may, without prejudice to any rights or remedies under the Manufacturing Supply Agreement, terminate the Manufacturing Supply Agreement with immediate effect on written notice.
Payment Terms	Invoices shall be paid 45 days from end of month, except as otherwise agreed by both parties in writing.
Late Delivery	Cape EMS will notify Airspan Communications of any potential delivery delay and the cause of the delay promptly on becoming aware of such potential delay. If the potential delivery delay is caused by the supply of components, then Cape EMS will undertake special actions with the supplier(s) to expedite deliveries so that Cape EMS can deliver products as near to the original delivery date as possible. Certain products delivery dates may be defined by Airspan Communications, from time to time, as being critical products requiring additional assurance that delivery date will be met. Cape EMS will confirm that the delivery date will be met, and if there is risk of that delivery date being missed, then Cape EMS will outline what actions are being taken to mitigate that risk and to meet the required delivery date.
Product Liability	With respect to components, Cape EMS, to the extent reasonably possible, obtain from the component suppliers all available warranties for Airspan Communications' benefit and will transfer to Airspan Communications any transferable component warranties received from the component suppliers. If components are returned under supplier's warranty, Cape EMS will, on Airspan Communications' behalf and without additional charge, manage the return of any such components to the supplier. Should a supplier seek to defend on grounds that Cape EMS committed error and Airspan Communications can show such error was due to Cape EMS' faulty workmanship, this shall be considered a defect in workmanship under the Manufacturing Supply Agreement. Cape EMS will provide both in-warranty and out-of-warranty repair facilities as part of the services. Cape EMS will either, at its option and free of charge to Airspan Communications, repair or replace products not conforming to the warranties provided in the Manufacturing Supply Agreement, provided such products are returned to Cape EMS within the warranty period of 24 months from the acceptance of the products, services or additional services by Airspan Communications.

Cape EMS' warranty for replacement or repaired products shall be the longer of (a) the duration of the warranty remaining on the original product returned under warranty, or (b) 180 days from the date of shipment of the replaced or repaired product. Cape EMS will return any products repaired or replaced to Airspan Communications with freight prepaid.

Any repair services requested of Cape EMS by Airspan Communications not explicitly covered by the warranty, including, but not limited to, upgrade services, out-of-warranty services, diagnostic analysis, shall be performed by Cape EMS at its option and on a time and materials basis at terms to be agreed.

Cape EMS shall not have any liability to repair or replace products under this warranty to the extent that products are defective because of: (1) Airspan Communications' specifications; (2) malfunctions, defect, or failures resulting from (a) misuse, (b) abuse, (c) accident, (d) neglect, (e) improper installation, operation or maintenance, (f) acts of God, (g) alteration, modification, or repairs by any party other than Cape EMS; (3) any defect not made known by Airspan Communications to Cape EMS as soon as practical after the defect first appears; (4) components incorporated into the product.

If the parties are unable to agree as to whether damage to or defect in a product is properly the responsibility of Cape EMS or Airspan Communications under the Manufacturing Supply Agreement, either party may send the product for analysis to an independent laboratory or testing house, whose decision on the cause of the damage or defect shall be final and binding; provided, however, that either party shall have the right to contest such decision in the event such party has a good faith belief that laboratory or testing house committed error.

The foregoing constitutes Airspan Communications' sole remedies against Cape EMS for breach of warranty claims. Except as provided in the Manufacturing Supply Agreement, Cape EMS makes no warranties with respect to the products, services or additional services under the Manufacturing Supply Agreement, express or implied, including any implied warranties in respect to non-infringement, or merchantability or fitness for a particular purpose or any implied warranties arising from a course of dealing, or trade usage.

Cape EMS shall, at its expense, defend, indemnify and hold Airspan Communications including its parent company, subsidiaries, affiliates, officers, directors, employees, agents and representatives harmless from and against any and all judgements, liabilities, claims, demands, actions, suits and proceedings expenses and costs (including reasonable attorneys' fees) to the extent arising from any third party bodily injuries, death, or damage of tangible property based on or arising out of:

(i) any claims or demands relating to use of Cape EMS' intellectual proprietary information in relation to the manufacturing processes employed in the manufacture of the product / where such process was not specifically directed by Airspan Communications; or

(ii) any claims or demands arising out of a manufacturing defect to the extent solely caused by Cape EMS' negligence.

Airspan Communications shall give written notice of any claim or potential claim to Cape EMS within a reasonable time. Cape EMS shall have control of any litigation and appointment of counsel in defence of any third party claims for which Airspan Communications seeks indemnification under the Manufacturing Supply Agreement and Airspan Communications shall provide reasonable assistance to Cape EMS, at Cape EMS' expense, in the defence of any such action. No suit or proceeding shall be settled or compromised without the prior written consent of Airspan Communications.

Force Majeure	In the event that either party is prevented from carrying out its obligations under the Manufacturing Supply Agreement as a result of any cause beyond its reasonable control, including but not limited to, war or hostilities, terrorism or the effects of terrorism, riot and civil commotion, denial of public utilities or means of transport, fire, flood and other natural disasters ("**Force Majeure Event**"), the party affected by the Force Majeure Event shall have its obligations suspended for as long as such fulfilment is prevented by the Force Majeure Event. If the Force Majeure Event continues for or is expected to continue for a period of more than 30 consecutive calendar days, the parties shall enter into bona fide discussions with a view to alleviating its effects or to agreeing upon such alternative arrangements as may be fair and reasonable. In the event the parties are unable to reach agreement, either party may terminate the Manufacturing Supply Agreement on no less than 7 days written notice.

(v) NextCentury – License Agreement

Contracting Parties	Cape Singapore and NextCentury Submetering Systems, LLC ("**NextCentury**")
Description	The License Agreement grants an exclusive right and license to Cape Singapore to market and sell NextCentury's data gathering system to customers in specified countries.
Exclusivity	Cape Singapore is the exclusive marketer, seller and distributor of NextCentury's data gathering system in (i) China / Hong Kong / Macau; (ii) Malaysia / Singapore / Indonesia; and (iii) Philippine / Taiwan / Japan.
Main Product	Data Gathering System
Term / Duration	15 July 2018 for an initial term of 5 years ("**Initial Term**"). For countries in which Cape Singapore meets minimum sales goals, the countries are (i) China / Hong Kong / Macau; (ii) Malaysia / Singapore / Indonesia; and (iii) Philippine / Taiwan / Japan. For countries in which Cape Singapore meets minimum sales goals, this License Agreement shall be renewed, upon the parties' mutual agreement, for 2 years, unless cancelled by either party upon 60 days' advanced written notice.
Governing Law	United States of America
Jurisdiction	Arbitration. Any dispute, controversy, or claim arising out of or relating to this contract shall be finally settled by binding arbitration administered by the International Centre for Dispute Resolution (the international division of the American Arbitration Association) in accordance with its international arbitration rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.
Termination / Events of Default	If Cape Singapore chooses to pull out of a market during the Initial Term and NextCentury chooses to stay active in that market, NextCentury will compensate Cape Singapore for its direct cost to certify NextCentury's Data Gathering System equipment for use in that country and any non-recurring engineering cost charged to Cape Singapore.

7. BUSINESS OVERVIEW *(Cont'd)*

Payment Terms	Cape Singapore shall pay to NextCentury the following fees: A license fee for each piece of Data Gathering System equipment sold: • TR201 Transceiver - \$10.00 • RE201 Repeater - \$25.00 • GW201 Gateway - \$50.00 • GW301 Gateway - \$50.00 • All license fees are in U.S. dollars
Late Delivery	Nil
Product Liability	Nil
Force Majeure	Nil

7.18 EMPLOYEES

As at the LPD, we have a total workforce of 467 employees located in Malaysia and Singapore. The following table sets out the breakdown of our employees in our Group based on job function as at FPE 2022 and as at the LPD:

	No. of employees					
	FPE 2022			As at the LPD		
Category	**Local**	**Foreign**	**Total**	**Local**	**Foreign**	**Total**
Management and Professionals	26[(1)]	-	26	29[(1)]	-	29
Clerical and administrative	112	-	112	116	-	116
Technical Professionals	197	-	197	192	1	193
Production Workers	42	81	123	43	86	129
Total	**377**	**81**	**458**	**380**	**87**	**467**

Note:

(1) Inclusive of 1 Malaysian employee employed by Cape Singapore.

The breakdown of our contractual employees are as follows:

	No. of employees	
Category	**FPE 2022**	**As at the LPD**
Management and professionals	1	1
Clerical and administrative	1	1
Technical professionals	3	4
Production workers	81	86
Total	**86**	**92**

As at the LPD, our Group has 129 production workers (representing 27.6% of our total workforce of 467 employees) working on our factory floor, out of which 86 are contractual foreign workers and 43 permanent local workers. On 12 August 2022 and 15 September 2022, our Group obtained approval from the Ministry of Human Resources to hire up to 200 additional foreign production workers for Cape Manufacturing and up to 500 additional foreign production workers for Cape EMS respectively. As at the LPD, our Group is in the midst of liaising with recruitment agencies in order to recruit additional foreign production workers provided that the total full-time workforce of each of Cape EMS and Cape Manufacturing will continue to comprise of at least 80% Malaysians. Notwithstanding that we have automated production lines, we are still reliant on production workers to meet our production requirements. Pending the said recruitment, our production workers are supplemented by 657 production workers employed by our sub-contractor as at the LPD.

Please refer to **Section 9.2.1** of this Prospectus in relation to our recent proposed recruitment of additional foreign production workers.

On 23 July 2022, MITI announced that the obligation to comply with one of the salient conditions imposed on manufacturing licences, which require the total full-time workforce of each of Cape EMS and Cape Manufacturing to comprise at least 80% Malaysians, has been deferred to 31 December 2024. As at the LPD, our Group complies with the abovementioned condition and intends to continue complying with the said salient condition. Hence, in complying with the abovementioned condition, the recruitment of the additional foreign workers is dependent on the number of full time Malaysian workers that our Group employs at any particular time.

As at the LPD, our Group has a total of 87 foreign workers in Malaysia, of which 77 of these foreign workers have valid work permits as contract workers. The remaining 10 foreign workers are under rehiring program which is an initiative launched by the Government to provide opportunities for illegal immigrants working illegally in Malaysia to be granted a valid work permit.

Among the conditions for rehiring program are (i) foreign workers had a valid permit to enter Malaysia; (ii) an employer that will pay the foreign worker's salary for more than 6 months; and (iii) foreign worker does not have any criminal record. As at the LPD, the said 10 foreign workers have been granted conditional approvals, subject to satisfactory results of medical examination undertaken by the foreign worker and valid insurance policies being obtained for the foreign workers. Thereafter, valid work permits will be issued.

Generally, a valid work permit has a validity period of 1 year. As the application and renewal of the work permits are an ongoing process, there will be foreign workers that are in the midst of applying or renewing their work permits at any one point in time.

As at the LPD, both Cape EMS and Cape Manufacturing comply with the requirements under Minimum Wages Order 2022. None of our employees belong to any union nor are they parties to any collective agreements and we have not experienced any strikes or other disruptions due to labour disputes.

Our Group had appointed 2 third party accommodation providers, Westlite Dormitory (Tampoi) Sdn Bhd and Westlite Dormitory (SNII) Sdn Bhd, to provide accommodation for our foreign workers. Please refer to **Section 7.23(vii)** of this Prospectus for further details.

7.19 MAJOR CUSTOMERS

The Group, for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, has 4, 22, 31 and 27 customers respectively.

Our top 5 major customers and their contribution to our revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022 are as follows:

FYE 2019

Customer Name#	Country of Origin	Main Product Categories	Revenue Contribution (RM'000)	Revenue Contribution (%)	Length of Relationship* (years)
Changhuat Plastic	Malaysia	Plastic and metal parts, electrical parts and components, and lithium batteries	25,288	58.6	2
Airspan group of companies	USA & UK	Wireless communication equipment	17,801	41.2	1(1)
Cape Manufacturing	Malaysia	Supply of components for wireless communication equipment	42	0.1	1(2)
K & Q	Singapore	Household appliances	26	0.1	1
Sub-total			**43,157**	**100.0**	
Total revenue			**43,157**		

Note:

\# There are only 4 customers for the FYE 2019.

FYE 2020

Customer Name	Country of Origin	Main Product Categories	Revenue Contribution (RM'000)	Revenue Contribution (%)	Length of Relationship* (years)
Airspan group of companies	USA & UK	Wireless communication equipment	72,278	43.0	2*(1)*
Customer A(4)	USA	Electronic cigarettes	36,406	21.6	1
Changhuat Plastic	Malaysia	Plastic and metal parts, electrical part and components, and lithium batteries	19,071	11.3	3
K & Q	Singapore	Household appliances	17,213	10.2	2
SOQ and NextCentury	USA	Smart utility data collection equipment	10,510	6.2	1(3)
Sub-total			**155,478**	**92.3**	
Total revenue			**168,261**		

FYE 2021

Customer Name	**Country of Origin**	**Main Product Categories**	**Revenue Contribution**		**Length of Relationship***
			(RM'000)	**(%)**	**(years)**
Airspan group of companies	USA & UK	Wireless communication equipment	78,193	22.7	3(1)
Tastar Electronics	Singapore	POS terminals	62,862	18.3	2
SOQ and NextCentury	USA	Smart utility data collection equipment	62,769	18.3	2(3)
K & Q	Singapore	Household appliances	49,350	14.3	3
Customer A(4)	USA	Electronic cigarettes	42,279	12.3	2
Sub-total			**295,453**	**85.9**	
Total revenue			**344,334**		

FPE 2022

Customer Name	**Country of Origin**	**Main Product Categories**	**Revenue Contribution**		**Length of Relationship***
			(RM'000)	**(%)**	**(years)**
Customer A(4)	USA	Electronic cigarettes	86,594	27.1	3
Tastar Electronics	Singapore	POS terminals	63,222	19.8	3
Airspan group of companies	USA & UK	Wireless communication equipment	58,797	18.4	4(1)
NextCentury	USA	Smart utility data collection equipment	40,205	12.6	3(3)
K & Q	Singapore	Household appliances	34,983	10.9	4
Sub-total			**283,801**	**88.8**	
Total revenue			**319,750**		

Notes:

* Length of the relationship as at the respective financial year. The length of relationship with our major customers range from 2 to 3 years as we placed emphasis on our marketing efforts to expand our EMS business which started in 2019 after our Company moved into our Senai 227 Factory.

(1) Our subsidiary, Cape Manufacturing which was acquired by our Company in January 2020, started dealing with Airspan group of companies in 2014.

(2) This was prior to our acquisition of Cape Manufacturing which was completed in January 2020. This was for the supply of components for wireless communication equipment for Airspan Communications.

(3) Our subsidiary, Cape Singapore started dealing with SOQ in 2015. SOQ is the procurement company for a single brand of smart utility data collection equipment, namely NextCentury brand. Since October 2021, there were no orders for the provision of EMS from SOQ due to end of life of older models. Our Group have been working with the brand owner, NextCentury from the USA since 2020.

(4) Customer A is principally involved in electronic cigarette manufacturing and distribution in the USA. The name of Customer A has not been disclosed due to a confidentiality requirement in our manufacturing and supply agreement with Customer A. Consent was sought for disclosure of the identity of Customer A but was not obtained. As such, the identity of Customer A is not disclosed in this Prospectus.

We were dependent on the following customers based on their historical revenue contribution and working arrangements during the Period Under Review:

(i) Mimosa Networks, USA and Airspan Communications, UK

We have been dealing with our customer, Mimosa Networks since 2019. However, Cape Manufacturing, prior to becoming our subsidiary in January 2020, has been dealing with Mimosa Networks since 2014. Cape Manufacturing supplies customised aluminium parts to this customer. In 2019, through our Company, we started to provide EMS for box build wireless communication equipment to Mimosa Networks. Mimosa Networks is incorporated in the USA and is involved in providing wireless broadband solutions.

We have been dealing with Airspan Communications since 2019 where we provide EMS for box build wireless communication equipment. Airspan Communications is incorporated in the UK and is mainly involved in wireless network equipment for 4th generation broadband cellular network ("**4G**") and 5th generation broadband cellular network ("**5G**").

Both companies are subsidiaries of Airspan Networks Holdings Inc., a provider of 4G and 5G networks densification solutions and end-to-end radio access network (RAN) solutions. Airspan Network Holdings Inc. is an entity listed on the New York Stock Exchange.

We were dependent on Airspan group of companies based on their collective revenue contribution as set out below:

Customer Name	**FYE 2019**		**FYE 2020**		**FYE 2021**		**FPE 2022**	
	(RM'000)	**(%)**	**(RM'000)**	**(%)**	**(RM'000)**	**(%)**	**(RM'000)**	**(%)**
Mimosa Networks	10,821	25.1	41,679	24.8	76,462	22.2	36,810	11.5
Airspan Communications	6,980	16.1	30,599	18.2	1,731	0.5	21,987	6.9
Sub-total	**17,801**	**41.2**	**72,278**	**43.0**	**78,193**	**22.7**	**58,797**	**18.4**
Group revenue	**43,157**		**168,261**		**344,334**		**319,750**	

In 2019, our Company entered into a manufacturing supply agreement with Airspan Communications for the provision of EMS. Airspan Communications commonly provides us with 12 months of rolling forecasts and purchase orders are confirmed on a quarterly basis. The revenue from Airspan Communications decreased to RM1.7 million in FYE 2021 mainly due to no sales orders of EMS from Airspan Communications as the customer stopped placing orders with us in FYE 2021. Subsequently there were increased sales orders from Airspan Communications in FPE 2022. We continue to provide EMS to Mimosa Networks and Airspan Communications.

(ii) Tastar Electronics, Singapore

We have been dealing with Tastar Electronics, a procurement company for POS terminal for the BBPOS brand since 2020 through our Company where we provide EMS for box build POS terminals. Tastar Electronics is an E&E component sourcing company.

In 2020, our Company entered into a tripartite agreement with Tastar Electronics and Huizhou Sanhua. Based on the contract manufacturing agreement dated 6 June 2022, Cape EMS shall manufacture and sell the products to Tastar Electronics based on the technology and specification approved by Huizhou Sanhua.

The end customer for the sales to Tastar Electronics is BBPOS, the brand owner of BBPOS point-of-sale terminals. Tastar Electronics is a components supplier which supplies electronic components to BBPOS. Huizhou Sanhua is an original design manufacturing service provider for BBPOS. Currently Cape EMS is manufacturing BBPOS products meant for the US market. Technical support is provided by Huizhou Sanhua, and product specification is provided by BBPOS via Huizhou Sanhua to Cape EMS.

Tastar Electronics commonly provides us with 6 months of rolling forecast and purchase orders are confirmed on a weekly basis.

Revenue contributions from Tastar Electronics for FYE 2020, FYE 2021 and FPE 2022 are set out below:

Customer Name	**FYE 2020**		**FYE 2021**		**FPE 2022**	
	(RM'000)	**(%)**	**(RM'000)**	**(%)**	**(RM'000)**	**(%)**
Tastar Electronics	1,610	1.0	62,862	18.3	63,222	19.8
Group revenue	**168,261**		**344,334**		**319,750**	

We have been dealing with Tastar Electronics where the company has been supplying us with electronic components including mechanical parts such as plastic and metal parts and casing for the Period Under Review. These input materials are solely used in the EMS of box build POS terminals for Tastar Electronics. The complete products will then be delivered to their final destinations based on the shipment request from Tastar Electronics. In this respect, Tastar Electronics is our supplier and customer for the Period Under Review.

(iii) K & Q, Singapore

We have been dealing with K & Q, a procurement company for vacuum cleaner for the Eureka brand since 2019 through our Company where we provide EMS of household appliances mainly cordless vacuum cleaners for K & Q's customer in the USA. Revenue from K & Q are set out below.

Customer Name	**FYE 2019**		**FYE 2020**		**FYE 2021**		**FPE 2022**	
	(RM'000)	**(%)**	**(RM'000)**	**(%)**	**(RM'000)**	**(%)**	**(RM'000)**	**(%)**
K & Q	26	0.1	17,213	10.2	49,350	14.3	34,983	10.9
Group revenue	**43,157**		**168,261**		**344,334**		**319,750**	

We manufacture box build products for K & Q, a distributor of Eureka brand vacuum cleaners in the USA market. Midea America Corp acquired the Eureka brand in 2016 and the Midea Group Co. Ltd is a company listed on the Shenzhen Stock Exchange.

In 2020, our Company entered into a manufacturing supply agreement with K & Q for the provision of EMS. K & Q commonly provides us with 12 months of rolling forecasts and the purchase orders are confirmed on a weekly basis.

(iv) Customer A, USA

We have been dealing with Customer A, which is principally involved in electronic cigarette manufacturing and distribution in the USA, since 2020 through our Company where we provide EMS of box build electronic cigarettes. Revenue contributions from Customer A for FYE 2020 and FYE 2021 are set out below:

Customer Name	**FYE 2020**		**FYE 2021**		**FPE 2022**	
	(RM'000)	**(%)**	**(RM'000)**	**(%)**	**(RM'000)**	**(%)**
Customer A	36,406	21.6	42,279	12.3	86,594	27.1
Group revenue	**168,261**		**344,334**		**319,750**	

In 2020, our Company entered into a manufacturing and supply agreement with Customer A for the provision of EMS. Customer A commonly provides us with 6 months of rolling forecasts and the purchase orders are confirmed on a weekly basis. The name of Customer A has not been disclosed due to confidentiality requirements in the manufacturing and supply agreement with Customer A dated 18 May 2022. As such, the identity of Customer A is not disclosed in this Prospectus.

(v) SOQ and NextCentury, USA

We have been dealing with SOQ, a procurement management company for the brand owner NextCentury which is based in the USA, since 2020 where we provide EMS of box build smart utility data collection equipment. However, Cape Singapore, prior to becoming our subsidiary in 2020, has been dealing with SOQ since 2015.

For the Period Under Review, we have been working with SOQ together with NextCentury where SOQ supplies us with the electronic components while we procure the PCBA, mechanical parts mainly plastic and metal parts as well as casing from domestic suppliers in Malaysia. We use these input materials to carry out the EMS of box build smart utility data collection equipment only for NextCentury. The complete products will then be delivered to the final destinations in the USA based on the shipment request from SOQ. In this respect, SOQ is our supplier and customer for the Period Under Review.

Since October 2021, there were no orders for the provision of EMS from SOQ due to end of life of older models. We have been working directly with the brand owner, NextCentury from the USA since 2020 for the EMS of smart utility data collection equipment. Since October 2021, there were no orders for the provision of EMS for SOQ due to end of life of older models. We continued to work directly with NextCentury. For the Period Under Review and as at the LPD, there is no agreement between our Group, SOQ and/or NextCentury. The provision of our EMS is based on purchase orders issued by SOQ and/or NextCentury. The collective revenue contribution from NextCentury and SOQ for FYE 2020, FYE 2021 and FPE 2022 are set out below:

Customer Name	**FYE 2020**		**FYE 2021**		**FPE 2022**	
	(RM'000)	**(%)**	**(RM'000)**	**(%)**	**(RM'000)**	**(%)**
SOQ	6,635	3.9	36,332	10.6	-	-
NextCentury	3,875	2.3	26,437	7.7	40,205	12.6
Subtotal	**10,510**	**6.2**	**62,769**	**18.3**	**40,205**	**12.6**
Group revenue	**168,261**		**344,334**		**319,750**	

(vi) Changhuat Plastic

We have been dealing with Changhuat Plastic since 2018 through our Company where we supply plastic and metal parts, electrical parts and components, and lithium batteries that we sourced from third parties. Revenue from Changhuat Plastic for the Period Under Review are set out below:

Customer Name	**FYE 2019**		**FYE 2020**		**FYE 2021**		**FPE 2022**	
	(RM'000)	**(%)**	**(RM'000)**	**(%)**	**(RM'000)**	**(%)**	**(RM'000)**	**(%)**
Changhuat Plastic	25,288	58.6	19,071	11.3	8,915	2.6	1,890	0.6
Group revenue	**43,157**		**168,261**		**344,334**		**319,750**	

Historically and for the Period Under Review, we supply the parts and components to Changhuat Plastic where Changhuat Plastic will then carry out further processing into assembled battery packs based on our requirements. We will then purchase the assembled battery packs from Changhuat Plastic as input materials which will then be used in our EMS of box build household appliances. In this respect, Changhuat Plastic is our customer and supplier during the Period Under Review.

In addition, Changhuat Plastic is our major supplier for plastic parts and casings. We work closely with Changhuat Plastic where we are involved in the development of tooling to manufacture prototypes for new parts for approval by our customers. Once we have obtained our customer's approval for the prototype parts, Changhuat Plastic will then carry out mass production of the approved parts. During the Period Under Review and up to the LPD, we have been sourcing the customised plastic parts and casings from Changhuat Plastic for our EMS operations mainly for wireless communication equipment, smart utility data collection equipment, household appliances and electronic cigarettes. As such, the customised plastic parts and casings can only be used by the Group for the customers of the abovementioned products. Please refer to **Section 7.20** of this Prospectus for further details on major suppliers.

Our Company entered into a tenancy agreement with Changhuat Plastic where we rented out PLO 103 Factory to them for a period of 3 years from 1 January 2021 to 31 December 2023. In this respect, we also collect rental income from Changhuat Plastic.

Our customers and us are mutually dependent on each other which strengthens our business relationships and facilitate customer retention and loyalty. This is based on the following common consideration factors:

- Prior to securing our first main contract from potential EMS customers, we are required to undergo a qualifying process with our customers that commonly takes between 6 and 12 months. Among others, our qualifying process covers our:
  - financial strength;
  - qualification and experience of our technical resources;
  - manufacturing capabilities, capacity and facilities;
  - references from past and existing customers;
  - qualifications of key supporting product and service providers; and
  - prototyping, where relevant, and pilot runs.

  Upon successful qualification as a supplier, our customers will commence providing us with purchase orders. Initial purchase orders are for small quantities and our customers will gradually increase the quantities once they have gained confidence in our ability to meet their requirements in a timely manner. We completed our qualifying process which is a pre-requisite to provide EMS to our major customers set out above including to Airspan group of companies, Tastar Electronics, K & Q, Customer A, SOQ and NextCentury.

- We also provide customised operations and dedicated manufacturing areas for each of our EMS customers. Where required, we are able to ring-fence certain designated areas to restrict movements to authorised personnel only to provide security for that part of the manufacturing process.

- We also invest in dedicated specialised machinery and equipment including customised production lines and dedicated areas as well as cleanroom environment for Customer A.

Our customers' dependency on us are mainly focused on the time and resources needed to qualify potential new suppliers and to gain sufficient confidence in the said supplier to reach optimum production. In addition, not all potential new suppliers are willing to invest in specialised machinery and equipment including construction of cleanroom environment, as well as allocate dedicated factory space for each customer. Since the commencement of EMS operations in 2019 up to the LPD, there has been no dispute with our customers.

Our Group continues to market our EMS business focusing on 2 industry sectors namely industrial electronic products and consumer electronic products to expand our customers from these sectors. We adopt a general approach in dedicating manufacturing areas including space, machinery and equipment to each of our EMS customers. However, in view that our current EMS processes and ability to provide end-to-end manufacturing services, machinery and equipment as well as the dedicated production areas can be reconfigured for other customers with similar EMS processes, we do not foresee any barriers to venture into other areas and products.

Where the opportunity arises, we will seek to increase our portfolio of EMS customers in order to reduce our dependency on our major customers' revenue contribution.

As at the LPD, we secured 2 new EMS customers below:

- we have received a letter of award from 1 new EMS customer where we have been selected as an EMS provider. We will manufacture and supply first sample finished products for product acceptance prior to mass production. We expect to complete the first sample finished products namely thermal energy devices by March 2023 and the mass production is expected to commence in second quarter of 2023; and

- as for the other potential EMS customer, we have received a letter of award where we have been selected as an EMS provider. We are currently carrying out the pilot production run as at the LPD. Please refer to **Section 7.8.1** of this Prospectus for further details on our process flow.

As at the LPD, there is no ongoing qualifying process for potential EMS customer.

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7.20 MAJOR SUPPLIERS

The Group, for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022 has 44, 130, 151 and 158 suppliers respectively.

Our top 5 major suppliers and their contribution to our purchases for the Period Under Review are as follows:

FYE 2019

Supplier Name	Country of Origin	Main Products Categories	Purchases		Length of Relationship*
			(RM'000)	(%)	(years)
Changhuat Plastic	Malaysia	Plastic parts and casings	12,159	36.5	2
BM Nagano	Malaysia	PCBA	7,432	22.3	5(2)
Qualcomm CDMA Technologies Asia-Pacific Pte Ltd ("**Qualcomm**")	Singapore	Electronic components	4,156	12.5	6(3)
Cape Manufacturing	Malaysia	Die cast parts	2,374	7.1	1(1)
Airspan Communications	UK	Components for wireless communication equipment	1,634	4.9	1
Sub-total			**27,755**	**83.3**	
Group purchases			**33,352**		

FYE 2020

Supplier Name	Country of Origin	Main Products Categories	Purchases		Length of Relationship*
			(RM'000)	(%)	(years)
Changhuat Plastic	Malaysia	Plastic parts and casings	38,169	29.4	3
BM Nagano	Malaysia	PCBA	38,110	29.3	6(2)
Jiangsu Midea	China	Components for household appliances	13,942	10.7	1
Tastar Electronics	Singapore	Components for POS terminals	5,115	3.9	1
Camwell	Malaysia	Metal parts	4,687	3.6	2
Sub-total			**100,023**	**76.9**	
Group purchases			**129,933**		

FYE 2021

Supplier Name	Country of Origin	Main Products Categories	Purchases		Length of Relationship[1]
			(RM'000)	(%)	(years)
BM Nagano	Malaysia	PCBA	54,222	21.2	7[2]
Tastar Electronics	Singapore	Components for POS terminals	53,590	21.0	2
SOQ	USA	Components for smart utility data collection equipment	31,337	12.3	2
Changhuat Plastic	Malaysia	Plastic parts	27,039	10.6	4
Jiangsu Midea	China	Components for household appliances	24,530	9.6	2
Sub-total			**190,718**	**74.7**	
Group purchases			**255,231**		

FPE 2022

Supplier Name	Country of Origin	Main Products Categories	Purchases		Length of Relationship[1]
			(RM'000)	(%)	(years)
Tastar Electronics	Singapore	Components for POS terminals	57,480	31.0	3
Changhuat Plastic	Malaysia	Plastic parts	28,199	15.2	5
Jiangsu Midea	China	Components for household appliances	23,323	12.6	3
BM Nagano	Malaysia	PCBA	18,486	10.0	8[2]
Senba Denki Kazai Co., Ltd	Japan	Components for smart utility data collection equipment	7,647	4.1	Less than 1
Sub-total			**135,135**	**72.9**	
Group purchases			**185,134**		

Notes:

* Length of relationship as at the respective financial year.

(1) The acquisition of Cape Manufacturing was completed in January 2020.

(2) Our Company started dealing with BM Nagano from 2014.

(3) We dealt with Qualcomm from 2013 up to 2020, where we ceased dealing with Qualcomm.

Our purchases and working arrangements with our major suppliers during the Period Under Review are as follows:

(i) BM Nagano

We have been dealing with BM Nagano since 2014 for the purchase of PCBA, which is one of the input materials for our EMS operations. Our Company has been dealing with BM Nagano since 2014. Subsequently, we continued to deal with BM Nagano in 2019 for the procurement of components and the assembly of the components onto the printed circuit board. We have been purchasing PCBA from BM Nagano for our smart utility data collection equipment and wireless communication equipment.

Our purchases from BM Nagano for the Period Under Review are set out below:

Supplier Name	FYE 2019		FYE 2020		FYE 2021		FPE 2022	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
BM Nagano	7,432	22.3	38,110	29.3	54,222	21.2	18,486	10.0
Group purchases	**33,352**		**129,933**		**255,231**		**185,134**	

In 2020, we entered into a contract manufacturing agreement with BM Nagano for the manufacture of PCBA. The purchases of PCBA are based on confirmed purchase orders.

In addition to BM Nagano, we have 3 other suppliers of PCBA during the Period Under Review including SMT Technologies Sdn Bhd and Channel Electronics (M) Sdn Bhd based in Malaysia, and New Era Electronics Co. Ltd based in China.

(ii) Tastar Electronics

We have been dealing with Tastar Electronics, Singapore since 2020 for the purchase of components for the POS terminals.

Our purchases from Tastar Electronics for FYE 2020, FYE 2021 and FPE 2022 are set out below:

Supplier Name	FYE 2020		FYE 2021		FPE 2022	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Tastar Electronics	5,115	3.9	53,590	21.0	57,480	31.0
Group purchases	**129,933**		**255,231**		**185,134**	

Tastar Electronics is our supplier and customer for the Period Under Review. For further details on Tastar Electronics, please refer to **Section 7.19** of this Prospectus on major customers.

In 2020, our Company entered into a tripartite agreement with Tastar Electronics from Singapore and Huizhou Sanhua. Based on the contract manufacturing agreement dated 6 June 2022, Cape EMS shall manufacture and sell the products to Tastar Electronics based on the technology and specification approved by Huizhou Sanhua.

The end customer for the sales to Tastar Electronics is BBPOS, the brand owner of BBPOS point-of-sale terminals. Tastar Electronics is a components supplier which supplies electronic components to BBPOS. Huizhou Sanhua is an original design manufacturing service provider for BBPOS. Currently Cape EMS is manufacturing BBPOS products meant for the US market. Technical support is provided by Huizhou Sanhua, and product specification is provided by BBPOS via Huizhou Sanhua to Cape EMS.

(iii) SOQ

We have been dealing with SOQ since 2020 for the purchase of components for smart utility data collection equipment. SOQ is a procurement management company. Our purchases from SOQ for FYE 2020 and FYE 2021 are set out below:

Supplier Name	FYE 2020		FYE 2021	
	(RM'000)	(%)	(RM'000)	(%)
SOQ	30	*	31,337	12.3
Group purchases	**129,933**		**255,231**	

Note:

* Negligible.

SOQ is our supplier and customer for the Period Under Review.

We have been working directly with the brand owner, NextCentury from the USA since 2020 for NextCentury's new models of smart utility data collection equipment. Since October 2021, there were no orders for the provision of EMS for SOQ due to end of life of older models. We continued to work directly with NextCentury. Since the cessation of dealing with SOQ, the brand owner NextCentury continues to supply us the electronic components, while we procure the mechanical parts such as plastic and metal parts and casing from domestic suppliers. Please refer to **Section 7.19** of this Prospectus for further details.

(iv) Changhuat Plastic

We have been dealing with Changhuat Plastic since 2018 for the purchase of plastic parts and casings.

We have been sourcing customised plastic parts and casings from Changhuat Plastic for our EMS operations for various product categories including wireless communication equipment, smart utility data collection equipment, household appliances and electronic cigarettes. In addition, we also outsource the assembly works of digital vending machines and portable printer power desks solely to Changhuat Plastic during the Period Under Review.

Our purchases from Changhuat Plastic for the Period Under Review are set out below:

Supplier Name	FYE 2019		FYE 2020		FYE 2021		FPE 2022	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Changhuat Plastic	12,159	36.5	38,169	29.4	27,039	10.6	28,199	15.2
Group purchases	**33,352**		**129,933**		**255,231**		**185,134**	

Changhuat Plastic is our supplier and customer for the Period Under Review. For further details on Changhuat Plastic, please refer to **Section 7.19** of this Prospectus on major customers.

In addition to Changhuat Plastic, we have been dealing with 1 other domestic supplier of plastic parts namely Global Tech Plastic Industry Sdn Bhd during the Period Under Review.

(v) Jiangsu Midea

We have been dealing with Jiangsu Midea from China since 2020 for the purchase of components for household appliances namely cordless vacuum cleaners. Our purchases from Jiangsu Midea for FYE 2020, FYE 2021 and FPE 2022 are set out below:

Supplier Name	**FYE 2020**		**FYE 2021**		**FPE 2022**	
	(RM'000)	**(%)**	**(RM'000)**	**(%)**	**(RM'000)**	**(%)**
Jiangsu Midea	13,942	10.7	24,530	9.6	23,323	12.6
Group purchases	**129,933**		**255,231**		**185,134**	

For the Period Under Review and up to the LPD, we have been dealing with Jiangsu Midea mainly for the supply of electronic components while we procure the mechanical parts such as plastic and metal parts and casing from domestic suppliers. These input materials are then used by us to carry out the EMS for box build household appliances only for K & Q. The products are then delivered to the final destinations in the USA based on shipment requests from our customer, K & Q.

Jiangsu Midea is a subsidiary of Midea Group Co Ltd, a company listed on the Shenzhen Stock Exchange, while K & Q is a distributor of Eureka brand vacuum cleaners in the USA market which was acquired by Midea America Corp (a subsidiary of Midea Group Co. Ltd) in 2016. In 2020, our Company entered into a supply agreement with Jiangsu Midea for the purchase of components for the assembly of cordless vacuum cleaner.

(vi) Qualcomm

We have been dealing with Qualcomm since 2013 to 2020 for the purchase of electronic components for wireless communication equipment. Our purchases from Qualcomm for FYE 2019 and FYE 2020 are set out below:

Supplier Name	**FYE 2019**		**FYE 2020**	
	(RM'000)	**(%)**	**(RM'000)**	**(%)**
Qualcomm	4,156	12.5	2,124	1.6
Group purchases	**33,352**		**129,933**	

Since 2021, we no longer purchase from Qualcomm as these electronic components had been either purchased by our major customer, Mimosa Networks to be supplied to our major supplier, BM Nagano and/or purchased directly by our major supplier, BM Nagano, from Qualcomm's distributor. Our major supplier, BM Nagano, purchased the said components to manufacture PCBA for our EMS of box-build wireless communication equipment. Mimosa Networks will supply the said components to BM Nagano to manufacture PCBA for our EMS of box-build wireless communication equipment. This has no impact on our EMS operations as these electronic components are used by BM Nagano to manufacture PCBA and BM Nagano continues to supply us the PCBA based on our purchase orders.

(vii) Camwell

We have been dealing with Camwell since 2018 for the purchase of metal parts. Our purchases from Camwell for FYE 2019, FYE 2020, FYE 2021 and FPE 2022 are set out below:

Supplier Name	**FYE 2019**		**FYE 2020**		**FYE 2021**		**FPE 2022**	
	(RM'000)	**(%)**	**(RM'000)**	**(%)**	**(RM'000)**	**(%)**	**(RM'000)**	**(%)**
Camwell	1,578	4.7	4,687	3.6	4,490	1.8	6,493	3.5
Group purchases	**33,352**		**129,933**		**255,231**		**185,134**	

(viii) Airspan Communications

We have been dealing with Airspan Communications since 2019 for the purchase of components for the wireless communication equipment in order to undertake its activities of EMS for box build wireless communication equipment to Airspan Communications. Our purchases from Airspan Communications was RM1.6 million which accounted for 4.9% of our total purchases for FYE 2019. Please refer to **Section 7.19(i)** of this Prospectus for information on the Airspan group of companies.

(ix) Senba Denki Kazai Co., Ltd

We have been dealing with Senba Denki Kazai Co., Ltd since 2022 for the purchase of components for the smart utility data collection equipment in order to undertake its activities of EMS for box build smart utility data collection equipment to Senba Denki Kazai Co., Ltd. Our purchases from Senba Denki Kazai Co., Ltd was RM7.6 million which accounted for 4.1% of our total purchases for FPE 2022.

We are not dependent on our major suppliers. As an EMS provider, we source some of our input materials from various suppliers as mentioned above. For example, in addition to BM Nagano for the supply of PCBA, we have 4 other approved suppliers of PCBA during the Period Under Review including SMT Technologies Sdn Bhd, Channel Electronics (M) Sdn Bhd and Eason Technology Resources Sdn Bhd based in Malaysia, and New Era Electronics Co. Ltd based in China as mentioned above. In addition to Changhuat Plastic for the supply of plastic parts, we have been dealing with 1 other domestic approved supplier of plastic parts namely Global Tech Plastic Industry Sdn Bhd during the Period Under Review. The major suppliers as set out herein are approved suppliers, which refer to suppliers which are appointed and approved by our customers for us to source the input materials.

In the event that the input materials are not available from these approved suppliers, we will source the materials from alternative suppliers in the industry. We need to obtain prior approval from our customers before purchasing from alternative suppliers, who have yet to be approved by our customers. We maintain a list of approved suppliers, apart from our major suppliers set out above, which have been approved by our customers. Hence, there is no dependency on any major supplier.

Typically, the selection of suppliers will also involve discussions between our major customers and us where we will propose various potential suppliers for our major customers to carry out their qualification process. Once the supplier is approved and appointed by our customers, we will procure the relevant input materials and services from the list of approved suppliers which have been approved and appointed by our customers. The arrangement for the purchase from approved suppliers is a typical business arrangement in the EMS industry which is adopted between our Group and our customers.

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7.21 PROPERTIES OF OUR GROUP

7.21.1 Properties owned

A summary of the material properties owned by our Group as at the LPD is as follows:

Property	**Senai 227 Factory**	**PLO 226B**	**PLO 227B**[1]	**Kempas 6 Factory**	**Temenggong 22 Factory**
Title details	HS(D) 71183, PTD 112659 ("**PLO 226D**") and HS(D) 53987, PTD 87571 ("**PLO 227A**") both in Mukim Senai, Daerah Kulai, Johor	HS(D) 71181, PTD 112657 ("**PLO 226B**") in Mukim Senai, Daerah Kulai, Johor	HSD(D) 71069, PTD 87572 ("**PLO 227B**") in Mukim Senai, Daerah Kulai, Johor	Geran 74497, Lot 37585 in the Mukim Tebrau, Daerah Johor Bahru, Johor	Geran 128424 Lot 1582 in the Mukim Tebrau, Daerah Johor Bahru, Johor
Registered owner	Cape EMS				Cape Manufacturing
Property address	PLO 227A, Jalan Cyber 1A, Kawasan Perindustrian Senai III, 81400 Senai, Johor Darul Ta'zim, Malaysia	PLO 226B, Jalan Cyber 1A, Kawasan Perindustrian Senai III, 81400 Senai, Johor Darul Ta'zim, Malaysia	PLO 227B, Jalan Cyber 1A, Kawasan Perindustrian Senai III, 81400 Senai, Johor Darul Ta'zim, Malaysia	No. 6, Jalan Belati, Taman Perindustrian Maju Jaya, 81300 Johor Bahru, Johor Darul Ta'zim, Malaysia	No. 22, Jalan Temenggong 2, Kawasan Perindustrian Temmengong, 81100 Johor Bahru, Johor Darul Ta'zim, Malaysia
Description/ Existing use of property	A 3-storey detached factory/ Headquarters of Cape EMS comprising office, factory and warehouse	Vacant land/ Nil	Vacant land/ Nil	A 1 ½ storey detached factory/ EMS of smart utility data collection equipment[3]	A single storey detached factory and a production room[5]/ Aluminium die cast manufacturing
Approximate age of building	20 years	Not applicable	Not applicable	25 years	26 years
Date of CCC or CF	25 February 2002 (original) / 28 October 2021 (extension)	Nil[2]	Nil[2]	28 August 1996	22 March 1996[5]

7. BUSINESS OVERVIEW *(Cont'd)*

Property	Senai 227 Factory	PLO 226B	PLO 227B[(1)]	Kempas 6 Factory	Temenggong 22 Factory
Category of land use/ Express conditions of land use	**PLO 226D:** Industrial/ This land shall be used as medium industrial area for electronics factory purposes and other related uses and be built in accordance with the plan approved by the local authority. **PLO 227A:** Industrial/ This land shall be used as medium industrial area for industrial purpose of 'Purpose of designing, developing and manufacturing of PCB assemblies for microprocessor applications, computers, computer peripherals, office automation equipment, control panels and testing/measuring equipment, medical equipment and telecommunication /multimedia equipment/system and other related uses and be built in accordance with the plan approved by the local authority.	Industrial/ This land shall be used as medium industrial area for electronics factory purposes and other related uses and be built in accordance with the plan approved by the local authority.	Industrial/ This land shall be used as medium industrial area for industrial purpose of 'Purpose of designing, developing and manufacturing of PCB assemblies for microprocessor applications, computers, computer peripherals, office automation equipment, control panels and testing/measuring equipment, medical equipment and telecommunication/ multimedia equipment/system and other related uses and be built in accordance with the plan approved by the local authority.	Industrial/ This land shall be used as light industrial area and other related uses and be built in accordance with the plan approved by the local authority.	Industrial/ This land shall be used as a light industrial area for the purpose of Electronics enterprise and other related uses, built in accordance with the plan approved by the relevant local authority.

7. BUSINESS OVERVIEW *(Cont'd)*

Property	Senai 227 Factory	PLO 226B	PLO 227B[1]	Kempas 6 Factory	Temenggong 22 Factory
Land area/ Built-up area (sq ft)	Land area for both PLO 226D and PLO 227A: 210,757.37 Built up area for both PLO 226D and PLO 227A: 313,963.28	Land area: 278,462.36 Built up area: -	Land area: 280,507.51 Built up area: -	Land area: 34,530.62 Built up area: 18,807.83	Land area: 46,995.23 Built up area: 39,385.37
Restrictions in interest/ Material encumbrance(s)	PLO 226D: The landlord after the name of Johor Corporation (formerly known as Johor State Economic Development Corporation) shall not transfer, charge, lease or release in any way, including by using letters of agreement intended to release or sell this land, without the permission of the state authority/ Charged to HSBC Bank Malaysia Berhad by Cape EMS vide Presentation No. 68298/2020.	The landlord after the name of Johor Corporation (formerly known as Johor State Economic Development Corporation) shall not transfer, charge, lease or release in any way, including by using letters of agreement intended to release or sell this land, without the permission of the state authority/ Charged to Hong Leong Bank Berhad by Cape EMS vide Presentation No. 67247/2021.	The land granted cannot be sold, leased, or transferred in any way, including by using all letters of agreement intended to release or sell this land without the permission of the state authority/ Charged to Hong Leong Bank Berhad by Cape EMS vide Presentation No. 67247/2021.	The landlord shall not sell or transfer ownership of this land in any way, to Non-Malaysians without the permission of the state authority/ Charged to HSBC Bank Malaysia Berhad by Tee Kim Chin vide Presentation Nos. 99271/2014, 99272/2014, 68362/2017, 58550/2018 and 68042/2020[4].	Nil/ 1. Charged to RHB Bank Berhad by Cape Manufacturing vide Presentation No. 59917/2021 2. Private caveat registered by RHB Bank Berhad on 16.08.2021 vide Presentation No. 21589/2021.

7. BUSINESS OVERVIEW *(Cont'd)*

Property	Senai 227 Factory	PLO 226B	PLO 227B[1]	Kempas 6 Factory	Temenggong 22 Factory
	PLO 227A: The land granted cannot be sold, leased, or transferred in any way, including by using all letters of agreement intended to release or sell this land without the permission of the state authority/ Charged to HSBC Bank Malaysia Berhad by Cape EMS vide Presentation No. 68298/2020.				
Tenure / Date of expiry of lease	PLO 226D: Leasehold for 60 year/ expiring 17 March 2068 PLO 227A: Leasehold for 60 years/ expiring 31 May 2069	Leasehold for 60 years/ expiring 17 March 2068	Leasehold for 60 years/ expiring 21 August 2077	Freehold	Freehold
Audited NBV as at 31 December 2021	Leasehold land: RM11,648,742 Factory building: RM47,068,067	Leasehold land: RM9,750,000	Leasehold land: RM8,980,000	Freehold land: RM2,700,373 Factory building: RM3,484,212	Freehold land: RM3,663,802 Factory building: RM2,617,001

Notes:

(1) We have signed a letter of intent with a construction company for the proposed sale, build and leaseback of PLO 227B. Please refer to **Section 7.22.3.3** of this Prospectus for further details.

(2) CF/CCC is not required for PLO 226B and PLO 227B as no building is erected on the land.

7. BUSINESS OVERVIEW *(Cont'd)*

(3) Pursuant to the tenancy agreement dated 24 June 2021, our Company has rented the property to Cape Manufacturing for 2 years for RM26,000 per month, commencing from 1 July 2021 and expiring on 30 June 2023 with an option to renew for 2 years subject to agreement by both parties on rental rate. Cape Manufacturing commenced EMS of smart utility data collection at Kempas 6 Factory in September 2022.

(4) These third party charges were given by Tee Kim Chin, as the registered owner of Kempas 6 Factory (prior to the sale of Kempas 6 Factory to Cape EMS pursuant to the sale and purchase agreement dated 1 July 2021), in favour of HSBC Bank Malaysia Bhd ("**HSBC**") as part of the securities for Cape EMS' banking facilities with HSBC. Thereafter, on 28 October 2021, Cape EMS was registered as the registered owner of Kempas 6 Factory pursuant to the completion of the abovementioned sale and purchase agreement in relation to Kempas 6 Factory. Cape EMS, Tee Kim Chin and HSBC have consented for the said charges to still subsist after the transfer of Kempas 6 Factory to Cape EMS. As at the LPD, Cape EMS' banking facilities with HSBC are still subsisting and these charges will only be discharged upon the full settlement of Cape EMS' banking facilities with HSBC.

(5) The Johor Bahru City Council has approved the amended building plan for Temenggong 22 Factory to include the production room housing the CNC machines in October 2022. Cape Manufacturing is constructing the open shed and sprinkler system as set out in the plan, which is expected to be completed by March 2023. Immediately upon completion of construction, Cape Manufacturing will arrange to present the certificate of completion of additional changes to the Johor Bahru City Council, the latter is also expected to be completed by March 2023.

The said production room in the Temenggong 22 Factory was already erected on the land at the time Cape Manufacturing purchased the Temenggong 22 Factory in 2021. As at the LPD, there are no activities undertaken at the said production room in the Temenggong 22 Factory. The production room is intended to carry out precision finishing process for the die casting products. This will be implemented upon presenting the certificate of completion of additional changes to the Johor Bahru City Council. Currently, the precision finishing process for the die casting products is outsourced to a sub-contractor, Evergrown Technology Sdn Bhd, at its premises.

The estimated capacity for the planned precision finishing process to be carried out in the production room, namely milling, is approximately 214,000 pieces per month (based on 14 CNC machines running 22 days a month and 22 hours per operating day). As at the LPD, the outsourced precision finishing process for the die casting products is approximately 90% of the estimated capacity for the planned precision finishing process to be carried out in our production room. This had been based on the assumption that our customers do not require all the various works requiring precision finishing process to be undertaken simultaneously. Moving forward, we will carry out the precision finishing process once we present the certificate of completion of additional changes to the Johor Bahru City Council. Our Group is of the view that in the event we are unable to use the production room, the above plan will not affect or impact our Group's operation as we will be able to outsource our precision finishing process to sub-contractors. We also plan to carry out precision finishing process at our Tebrau 6 Factory upon the purchases of 2 units of CNC lathe machines in the second quarter of 2023. We also outsource some of our die casting works when we have conflicting delivery timelines due to unexpected surge in work orders during the Period Under Review.

As at the LPD, save as disclosed above, the properties owned by our Group are not in breach of any land use conditions, current statutory requirements, land rules and/or building regulations/by-laws.

7.21.2 Properties leased by our Group

A summary of the material properties leased by our Group as at the LPD is as follows:

Property	**PLO 103 Factory**[1]	**Tebrau 6 Factory (consisting PTD 53893, PTD 53894 and PTD 53895)**
Title details/ Property address/ Date of issuance of CCC or CF	HS(D) 50668 PTD 8857, Mukim Senai, Daerah Kulai, in the State of Johor/ Lot No. PLO 103, Jalan Cyber 5, Kawasan Perindustrian Senai III, Senai Johor, Malaysia/ 11 May 2007	• PTD 53893 HS(D) 177898 PTD 53893, Mukim Tebrau, Daerah Johor Bahru, Johor ("**PTD 53893**")/ No. 6, Jalan Firma 1/5, Kawasan Perindustrian Tebrau, 81100 Johor Bahru, Johor, Malaysia/ 13 May 1993 • PTD 53894 HS(D) 177899 PTD 53894, Mukim Tebrau, Daerah Johor Bahru, Johor ("**PTD 53894**")/ No. 6, Jalan Firma 1/5, Kawasan Perindustrian Tebrau, 81100 Johor Bahru, Johor, Malaysia/ 13 May 1993 • PTD 53895 HS(D) 177900 PTD 53895, Mukim Tebrau, Daerah Johor Bahru, Johor ("**PTD 53895**")/ No. 6, Jalan Firma 1/5, Kawasan Perindustrian Tebrau, 81100 Johor Bahru, Johor, Malaysia/ 2 June 2000
Registered owner/ Lessor	Johor Corporation	Johor Corporation
Lessee	Cape EMS[2]	Cape Manufacturing[3]
Description/ Existing use	1 unit of a single storey detached factory annexed with a 2 storey office/ warehouse and manufacturing	1 unit of single storey factory/ not in use pending the completion of the change of express condition of land use[4]

7. BUSINESS OVERVIEW *(Cont'd)*

Property	**PLO 103 Factory**[(1)]	**Tebrau 6 Factory (consisting PTD 53893, PTD 53894 and PTD 53895)**
Approximate age of building	15 years	• Building erected on PTD 53893 and PTD 53894 29 years • Building erected on PTD 53895 22 years
Tenure	From 31 May 1996 to 30 May 2056.	• PTD 53893 and PTD 53894 From 6 September 1991 to 5 September 2051 • PTD 53895 From 18 June 1993 to 17 June 2053
Category of land use/ Express conditions of land use	Industrial/ This land shall be used for factory for medium industrial purpose and other related uses and be built in accordance with the plan approved by the relevant local authority.	• PTD 53893 and PTD 53894[(4)] Industrial/ The land shall be used exclusively as medium enterprise with the purpose as building site for enterprises in printing inks varnishes and related chemical and colorants, and be built in accordance to the plan approved by the relevant local authority. • PTD 53895 Industrial/ The land shall be used for medium enterprise and other related uses and be built in accordance with the plan approved by the relevant local authority.
Land area (sq ft)	87,123.09	• PTD 53893 65,340.2 • PTD 53894 65,340.2 • PTD 53895 88,571.0
Built-up area (sq ft)	60,450.62	• PTD 53893 and PTD 53894 89,317.7 • PTD 53895 11,323.6

Property	**PLO 103 Factory**[(1)]	**Tebrau 6 Factory (consisting PTD 53893, PTD 53894 and PTD 53895)**
Consideration (RM'000)	6,000	16,800
Restrictions in interest/ Material encumbrance(s)	The landlord after the name of developer shall not sell, lease or transfer ownership of this land in any way, including by using all letters of agreement intended to release or sell this land without the permission of the state authority/ Charged to Hong Leong Bank Berhad by our Company vide Presentation No. 103324/2019.	The land contained in this title shall not be transferred in any way unless the factory building referred to in condition above is built in accordance with the plan approved by the state authority. The landowner is only allowed to charge/pledge his land once to the Government or Statutory Body or any registered Bank in Malaysia or any other source of finance recognised by the Government./ Charged to Ambank Islamic Berhad by Cape Manufacturing vide Presentation No. 81425/2022.

Notes:

(1) Our Company had, via the sale and purchase agreement dated 27 March 2019 with Public Bank Berhad (as vendor), purchased the lease. The said purchase was completed in December 2019.

(2) Pursuant to the tenancy agreement dated 1 November 2019, our Company has rented the property to Changhuat Plastic for 3 years, commencing from 1 January 2021 and expiring on 31 December 2023, for RM96,000 per month.

(3) Cape Manufacturing had in September 2022 acquired the Tebrau 6 Factory, which refers to the lease over the 3 pieces of land held under PTD 53893, PTD 53894 and PTD 53895, together with a detached factory erected thereon.

(4) On 23 November 2022, Cape Manufacturing submitted an application to the Pejabat Tanah Johor Bahru to change this express condition for PTD 53893 and PTD 53894 to allow Cape Manufacturing to undertake aluminium die cast manufacturing and EMS activities in the Tebrau 6 Factory, and to amalgamate PTD 53893 and PTD 53894. On 2 February 2023, Cape Manufacturing has received the approval from Pejabat Tanah Johor Bahru for the said applications. Based on this approval, Cape Manufacturing will request Johor Corporation to provide the original land title for the submission to Pejabat Tanah Johor Bahru for the issuance of a new amalgamated land title. The EMS activities to be undertaken in the Tebrau 6 Factory, if any, has yet to be determined at this juncture. The issuance of the new land title is expected to take place by the second quarter of 2023.

Notwithstanding the foregoing, our operations and financial performance will not be materially impacted by any potential delays in completion of the change of express condition of land use for PTD 53893 and PTD 53894, as we will continue to utilise our existing aluminium die cast facilities in Temenggong 22 Factory to meet customers' orders and internal demand for aluminium die-cast parts. In addition, we can also outsource some of our die casting works when we have conflicting delivery timelines due to an unexpected surge in work orders.

As at the LPD, the property leased by our Group is not in breach of any land use conditions, current statutory requirements, land rules and/or building regulations/by-laws, which will have material adverse impact on our operations.

7.22 BUSINESS STRATEGIES AND PLANS

Our overall strategies are to continue to focus on our core competency in providing EMS of electronic products supported by our aluminium die cast manufacturing, sourcing and procurement capabilities.

As part of our strategies and plans, we plan to expand our operational facilities by increasing our factory floor space to facilitate our EMS business expansion and also to enhance our operational facilities including the setting-up of Tebrau 6 Factory for aluminium die cast manufacturing, the New Senai 226 Warehouse with the incorporation of automated storage facilities, and new automated production facilities in Senai 227 Factory.

A summary of our future expansion of operational facilities is as follows:

7.22.1 Setting-up of Tebrau 6 Factory for aluminium die cast manufacturing

As part of our ongoing expansion plans, we completed the sale and purchase agreement for the acquisition of Tebrau 6 Factory in September 2022.

The new Tebrau 6 Factory has a total built-up area of 100,641 sq ft. For the FYE 2021 and FPE 2022, our utilisation rate for our aluminium die cast production in Temenggong 22 Factory was 71% and 34% respectively. The low utilisation rate in FPE 2022 was mainly due to lower orders from Mimosa Networks during the FPE 2022 as this said customer was in the midst of changing model of the wireless communication equipment. As at the LPD, we secured orders for the new model for the said customer. Our main rationale for setting up the new aluminium die cast production facilities is to cater for our business expansion including to support our EMS business expansion.

We plan to purchase and install the following die cast manufacturing facilities at the new Tebrau 6 Factory:

(i) Purchase and installation of 10 new aluminium die cast production lines

The new 10 production lines comprise furnaces and die casting machines which are expected to be installed progressively, commencing installation in the first quarter of 2023. Upon the completion of the installation of the 10 production lines by the second quarter of 2023, we will commence the aluminium die cast manufacturing operations at the new Tebrau 6 Factory.

The total capacity of the 10 new production lines for the aluminium die cast manufacturing is approximately 1.8 million pieces per year, which is an increase of 90% of our capacity from our existing capacity of 2.0 million pieces per year, as set out in **Section 7.6.2** of this Prospectus, to 3.8 million pieces per year by 2023. The new 10 production lines will be equipped with rated machine capacity ranging from 250 tonnes up to 800 tonnes. Our investment in increasing our capacity is aimed at catering to potential future increases in demand for our aluminium die cast products. It is envisaged that the new increase in capacity will be able to meet our potential increase in our production process moving forward.

(ii) Purchase of related machinery and equipment

We also plan to purchase the following machinery and equipment for our die cast manufacturing operations at Tebrau 6 Factory:

- there will be an installation for the natural gas piping system to cater for the new 10 production lines;

- 9 units of robotic pick and spray equipment to be incorporated onto the die casting machines to enable automated handling of die cast parts after the parts are formed. Please refer to **Section 4.6.4** of this Prospectus for further details on this equipment;

- 2 units of CNC lathe machines to perform precision machining onto the die cast parts. Please refer to **Section 4.6.4** of this Prospectus for further details on this equipment; and

- 3 units of rotary screw air compressors to cater for the entire factory operating 24 hours a day in 2 shifts. Please refer to **Section 4.6.4** of this Prospectus for further details on this equipment.

The total cost for setting up of Tebrau 6 Factory for aluminium die cast manufacturing including the acquisition of Tebrau 6 Factory, renovation cost, purchase and installation of aluminium die cast production lines and related machinery and equipment is estimated at RM39.7 million and details are set out below:

	Estimated cost	Internal funds and/or borrowings	IPO Proceeds	Expected timing to commence	Expected timing to complete
	(RM'000)	(RM'000)	(RM'000)		
Acquisition of Tebrau 6 Factory	[(1)]18,000	18,000	-	[(1)]February 2022	Completed[(1)]
10 new aluminium die cast production lines	13,296	13,296	-		
- *10 units of new die casting machines*	*10,400*	*10,400*	-	*[(2)]Q1 2023*	*Q2 2023*
- *10 units of furnaces*	*2,896*	*2,896*	-	*[(2)]Q1 2023*	*Q2 2023*

	Estimated cost	Internal funds and/or borrowings	IPO Proceeds	Expected timing to commence	Expected timing to complete
	(RM'000)	(RM'000)	(RM'000)		
Related machinery and equipment	8,432	3,833	4,599		
• *Internal natural gas piping system*	*3,000*	*3,000*	-	*Q1 2023*	*Q2 2023*
• *9 sets of robotic pick and spray equipment*	*3,734*	-	*3,734*	*Q2 2023*	*Q2 2023*
• *Overhead crane*	*833*	*833*	-	*Q1 2023*	*Q2 2023*
• *2 units of CNC lathe machines*	*500*	-	*500*	*Q2 2023*	*Q2 2023*
• *3 units of rotary screw air compressors*	*365*	-	*365*	Q2 2023	Q2 2023
Total	**39,728**	**35,129**	**4,599**		

Notes:

(1) Including acquisition cost of RM16.8 million and renovation cost of RM1.2 million. The renovation work is expected to commence by the second quarter of 2023.

(2) In February 2022, we placed orders for the purchase of the 10 new die casting machines and subsequently in May 2022, we secured a letter of credit of RM8.9 million for the purchase of the new die casting machines. In addition, the purchase of furnaces has been financed through borrowings as at LPD.

Please refer to **Section 4.6** of this Prospectus for further details on the Use of Proceeds.

The use of the Tebrau 6 Factory is subject to the completion of the change of express condition as set out in Note (4) in **Section 7.21.2** of this Prospectus.

7.22.2 New Senai 226 Warehouse and automated storage facility

7.22.2.1 Construction of New Senai 226 Warehouse in Johor

Our existing Senai 227 Factory and planned New Senai 226 Warehouse

As at LPD, we have 2 factories that are dedicated to our EMS operations namely the Senai 227 Factory, with a total built-up area of 313,963 sq ft, and the Kempas 6 Factory, with a total built-up area of 18,808 sq ft, both of which have been used to house our machinery and equipment as well as storage facilities.

Part of our strategies and plans is to expand our facility floor space for our EMS business expansion where we plan to construct the New Senai 226 Warehouse on our existing vacant land, PLO 226B adjacent to our Senai 227 Factory in Johor which was acquired in 2021.

The New Senai 226 Warehouse will have a total built-up area of approximately 166,917 sq ft which is envisaged to mainly house our finished goods for our EMS operations. The remaining land area of 111,545 sq ft will comprise the landscape area, car park area and access road, guard house and electric supply substation. Currently, our Senai 227 Factory stores both our finished goods for our EMS operations and input materials. This will free up the storage floor space at Senai 227 Factory to be made available for our expansion including the set-up of a new cleanroom facility to house the 4 new automated production lines as disclosed in **Section 7.22.3.1** of this Prospectus.

The key milestones for the construction of our planned New Senai 226 Warehouse are as follows:

3rd quarter of 2023	:	Submission of building plan to the Kulai Municipal Council for approval
1st quarter of 2024	:	Expected approval of building plan
	:	Expected commencement of building construction
	:	Target submission of storage licence to local authority
1st quarter of 2026	:	Expected completion of physical building construction
	:	Target submission for the CCC
	:	Expected approval and issuance of CCC
	:	Expected approval and issuance of the storage licence
3rd quarter of 2026	:	Expected to commence operations upon completion of installation of Phase 1 of the automated storage facilities
1st quarter of 2027	:	Expected completion of installation of Phase 2 of the automated storage facilities

7.22.2.2 Setting-up automated storage facilities for New Senai 226 Warehouse

The material handling process at our storage space in Senai 227 Factory is mainly reliant on workers to move, retrieve, pack, store and move goods with the use of forklifts. Part of our strategies is to enhance our operational facilities by installing automated storage facilities to enable us to automate the management, storage and retrieval of goods in our New Senai 226 Warehouse. It is expected that this will also reduce labour requirements compared to manual material handling.

The automated storage facilities which will be installed at the New Senai 226 Warehouse comprises mainly the following:

- automatic storage and retrieval system (ASRS) including programmable logic controller, heavy duty shelving and storage racks as well as the rail mounted storage and retrieval mechanism which is placed in the aisle space between the storage racks.

- material transportation devices namely rail guided vehicles (RGV) which are used to transport goods within the New Senai 226 Warehouse.

- warehouse management and control system including customised application software for inventory management and control with tracking and monitoring features for the storage and retrieval of goods.

The set-up of the automated storage facilities will be implemented in 2 phases comprising the following:

	Phase 1 ***Pallets/units***	**Phase 2** ***Pallets/units***	**Total** ***Pallets/units***
Storage racks:			
• *Rated load of 500kg with storage capacity (pallets)*	*10,800*	*10,800*	*21,600*
• *Rated load of 1,000kg with storage capacity (pallets)*	-	*2,352*	*2,352*
Rail mounted storage and retrieval mechanism			
• *Rails*	*10*	*10*	*20*
• *Rail mounted stacker-extractor*	*4*	*5*	*9*
RGV	3	2	5
Warehouse management and control system			
• *Warehouse management system including customised solutions and ERP interface*	*1*	-	*1*
• *Warehouse control and scheduling system*	*1*	*1*	*2*
• *Hardware* [(1)]	*1*	**-**	*1*

Note:

(1) Include server, operating computer, bar code printers, display panels and related devices.

The total cost for the New Senai 226 Warehouse including the construction of the warehouse building and setting-up of the automated storage facilities is estimated at approximately RM53.1 million and details are set out below:

	Estimated cost	Internal funds/ borrowings	IPO proceeds	Expected timing to commence	Expected timing to complete
	(RM'000)	**(RM'000)**	**(RM'000)**		
Construction of New Senai 226 Warehouse	25,937	-	25,937	Q1 2024	Q1 2026
Purchase and installation of automated storage facilities	27,168	-	27,168		
• *Phase 1*	*13,516*		*13,516*	*Q1 2026*	*Q3 2026*
• *Phase 2*	*13,652*		*13,652*	*Q4 2026*	*Q1 2027*
Total	**53,105**	**-**	**53,105**		

Please refer to **Section 4.6** of this Prospectus for further details on the Use of Proceeds.

7.22.3 New production facilities for EMS operations

7.22.3.1 Purchase and installation of 4 new automated production lines

We intend to further expand our production facilities and invest in 4 new automated production lines for refill pods at our Senai 227 Factory to cater to the expected expansion of our EMS for the electronic cigarette. As at the LPD, we have a total of 8 automated production lines for refill pods with a monthly capacity of 3.3 million pieces. The utilisation rate for FYE 2021 was relatively low as we used 7 production lines to run the pilot production in the fourth quarter of 2021 to enable us to fine-tune the manufacturing processes. Our utilisation rate for the refill pods has been improving from approximately 19% for FYE 2021 to 66% for the FPE 2022. The rationale for the expansion of new production lines is to address the expected demand from a customer premised on mutual understanding in terms of the quantity they require and the rolling forecast provided.

In addition, the new automated production lines are designed to be an enhanced model with a 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. In this respect, we will have a total of 12 production lines for refill pods by the end of 2024. With the new production lines, our expected capacity will increase by approximately 133% to 7.7 million pieces per month compared to 3.3 million pieces per month by the end of 2024.

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 production lines progressively between the third quarter 2023 and the end of 2024.

7.22.3.2 Setting-up of new cleanroom facility and purchase of related equipment for Senai 227 Factory

In line with our expansion plans, we will set up a new cleanroom to house the new automated production lines mentioned above. As at LPD, we have 2 cleanrooms comprising:

- an ISO Class 8 cleanroom which houses 8 automated production lines and 2 automated blister packaging lines for the refill pods; and
- an ISO Class 8 cleanroom which houses 4 production lines for disposable cigarette sticks.

We plan to set up a new cleanroom at our Senai 227 Factory which is a new ISO Class 8 cleanroom designed to be an enclosed zone where airborne particles and pollutants are maintained at specific parameters which is the maximum allowable concentration of particles inside the room. This takes into consideration the requirements of filtration, air pressure, humidity or temperature control, static control requirements as well as the need for sanitation, lighting and electrical connectivity. The setting-up of a new cleanroom facility does not require any licence or approval from regulatory authorities. However, the Group opts to obtain an annual certificate to be issued by an independent external laboratory company to confirm that the new cleanroom is an ISO Class 8 cleanroom. For the avoidance of doubt, the annual certification for the cleanrooms is not requested by our customers and it is a voluntary measure adopted by our Group to showcase our quality standards and provide reassurance to our customers in relation to our EMS facilities. Please refer to **Section 4.6.2** of this Prospectus for further details on the annual certification for our cleanrooms. Our Group expects to obtain the annual certificate for the new cleanroom facility in the fourth quarter of 2023. As at the LPD, our Group has not appointed the independent external laboratory company for the issuance of the said annual certificate.

We intend to allocate approximately 14,680 sq ft of floor space for the new cleanroom.

In addition, we plan to purchase and install an energy saving cooling system to upgrade our existing centralised air-conditioning system for the Senai 227 Factory. Please refer to **Section 4.6.3** of this Prospectus for further details on this system.

The total cost for the new automated production facilities includes 4 new automated production lines and the setting-up of the cleanroom facility, and the purchase and installation of the related equipment for Senai 227 Factory is estimated at approximately RM66.5 million and details are set out below:

	Estimated Cost	**Internal funds/ borrowings**	**IPO Proceeds**	**Expected timing to commence**	**Expected timing to complete**
	(RM'000)	**(RM'000)**	**(RM'000)**		
4 new automated production lines (progressive installation)	61,512	-	61,512	Q3 2023	Q4 2024
Setting-up of new cleanroom	1,298	-	1,298	Q2 2023	Q4 2023
Purchase and installation of energy saving cooling system	3,688	-	3,688	Q2 2023	Q2 2023
Total	**66,498**	**-**	**66,498**		

Please refer to **Section 4.6** of this Prospectus for further details on the Use of Proceeds.

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7.22.3.3 Additional factory floor space for our EMS operations

Part of our plans is to expand our factory floor space to accommodate business expansion for our existing as well as potential customers. The planned additional factory floor space for our EMS operations includes the following:

(a) Kempas 6 Factory with a total built-up area of 18,808 sq ft which we acquired in 2021. This is planned for our EMS of smart utility data collection equipment. Cape Manufacturing has commenced EMS of smart utility data collection at Kempas 6 Factory on 22 September 2022.

(b) New PLO 227B Factory where we have signed a letter of intent in June 2022 and letters of extension in September and December 2022 with AME Construction Sdn Bhd for the proposed sale, build and leaseback of the New PLO 227B Factory.

PLO 227B land is adjacent to our existing Senai 227 Factory

Subject to terms to be negotiated and agreed upon, the proposed sale, build and leaseback arrangements entail the following 3 stages:

Stage 1: We will sell a piece of our land, namely PLO 227B with a total area of 280,526.4 sq ft to AME Construction Sdn Bhd or its affiliate ("**AME**"). We acquired PLO 227B in 2021 which is adjacent to our Senai 227 Factory in Johor. The sale of PLO 227B is expected to complete by the second half of 2023.

Stage 2: AME will then build an industrial building, based on our requirements, comprising production and storage space, office and a canteen with a total built-up area of approximately 150,000 sq ft. The construction is expected to commence by the second half of 2023 upon completion of the sale of said land, and complete by the first half of 2024.

Stage 3: We will enter into a long-term leasing arrangement with AME for the completed industrial building and the lease period will be around 10 years.

The duration of the letter of intent is initially for a period of 3 months up to September 2022 and has been extended to 20 December 2022 and 20 March 2023. We are currently awaiting for the finalisation of building plan to finalise the terms of the proposed sale, build and leaseback of the New PLO 227B Factory. We expect to complete the construction of the New PLO 227B Factory and commence the leasing of the completed building and commence EMS operations at the New PLO 227B Factory in the first half of 2024. In the event the letter of intent expired, we will seek a renewal or other suitable alternative.

The proposed sale-and-leaseback arrangement provides additional factory floor space to scale up our EMS operations while maintaining our borrowing capacity for other purposes such as working capital and capital expenditures.

The additional factory floor space from the New PLO 227B Factory will enable us to scale up our operations to accommodate business expansion. Our factory floor space for EMS operations will increase from 332,771 sq ft as at the LPD to 463,471 sq ft by the first half of 2024.

There is no capital expenditure for the construction of the New PLO 227B Factory as this arrangement is under the proposed sale, build and leaseback.

7.23 GOVERNING LAWS AND REGULATIONS

Our business is regulated by, and in some instances required to be licenced under specific laws of Malaysia and Singapore. The relevant laws and regulations governing our Group which do not purport to be an exhaustive description of all laws and regulations of which our business is subject to are summarised below. Non-compliance with the relevant laws and regulations below may result in monetary and/or custodial penalties and/or any other orders being made.

(i) Industrial Coordination Act 1975 ("ICA 1975")

Pursuant to the ICA 1975 and the Industrial Co-ordination (Exemption) Order 1976, manufacturing companies with shareholders' funds of RM2,500,000 and above or engaging 75 or more full-time paid employees are required to apply for a manufacturing licence. The ICA 1975 defines "manufacturing activity" as the "making, altering, blending, ornamenting, finishing or otherwise treating or adapting any articles or substance with a view to its use, sale, transport, delivery or disposal and includes the assembly parts and ship repairing but shall not include any activity normally associated with retail or wholesale trade".

The licensing officer may also in his discretion revoke a licence if the manufacturer to whom a licence is issued:

(a) has not complied with any condition imposed in the licence;

(b) is no longer engaged in the manufacturing activity in respect of which the licence is issued; or

(c) has made a false statement in his application for the licence.

The licensing officer may also withhold or suspend the revocation of the licence if he is satisfied that the act or omission on the part of the manufacturer under the above situations was due to some cause beyond his control and there is a reasonable prospect of such act or omission being remedied within such period as the licensing officer may direct.

(aa) Past non-compliance of die-casting operations at the Temenggong 22 Factory

Upon beginning its die-casting operations at the Temenggong 22 Factory in July 2013, Cape Manufacturing was not required to apply for a manufacturing licence as its shareholders' fund did not exceed RM2,500,000 and did not employ more than 75 full-time paid employees. In view that products manufactured by Cape Manufacturing are mainly exported out of Malaysia or sold to LMW holders, Cape Manufacturing had been operating under its LMW licence. Cape Manufacturing's shareholders' funds had, in June 2016, exceeded RM2,500,000 and is required to have a manufacturing licence.

The manufacturing licence, which has since been issued on 8 July 2022, is effective from 15 March 2022.

For the period of past non-compliance from 30 June 2016 to 14 March 2022, the potential maximum penalties which may be imposed for the non-compliance incident set out above is approximately RM2.1 million, representing approximately 8.2% of the Group's FYE 2021 PBT. The potential maximum penalties would not have a material adverse impact on our business and financial results. For clarity, the effective date of the manufacturing licence for die-casting operations of Temenggong 22 Factory is 15 March 2022. As such, the calculation of potential maximum penalties is up to 14 March 2022.

As at the LPD, Cape Manufacturing has not received any penalty for this past non-compliance. Notwithstanding that MITI has the right to impose penalties on Cape Manufacturing for its past non-compliance, we have obtained verbal confirmation from MIDA that it is unlikely for Cape Manufacturing to be subject to any repercussions/ retrospective sanctions from MITI as a result of operating without a valid manufacturing licence for aluminium die-casting operations at Temenggong 22 Factory.

(bb) Past non-compliance of EMS operations at Temenggong 22 Factory

Upon beginning its EMS operations at the Temenggong 22 Factory in January 2016, Cape Manufacturing was not required to apply for a manufacturing licence as its shareholders' fund did not exceed RM2,500,000 and it did not employ more than 75 full-time paid employees. In view that products manufactured by Cape Manufacturing are mainly exported out of Malaysia or sold to LMW holders, Cape Manufacturing had been operating under its LMW licence.

Since June 2016, Cape Manufacturing's shareholders' funds exceeded RM2,500,000 and is required to have a manufacturing licence. In July 2022, Cape Manufacturing obtained its manufacturing licence for die casting operations.

The manufacturing licence for EMS operations was obtained on 24 November 2022 and is effective from 15 August 2022. Cape Manufacturing has ceased its EMS operations at the Temenggong 22 Factory upon commencing its EMS operations at the Kempas 6 Factory in September 2022.

Section 3(1) of the ICA 1975 provides that no person shall engage in any manufacturing activity unless he is issued a licence in respect of such manufacturing activity. Failure to observe and adhere to the licensing requirements under the ICA will constitute an offence which is punishable on conviction by 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 during which the non-compliance continues.

For the period of past non-compliance from 30 June 2016 and up to 14 August 2022, the potential maximum penalties which may be imposed for the non-compliance incident set out in **Section 7.23(i)(bb)** of this Prospectus is approximately RM2.2 million, representing approximately 8.8% of the Group's FYE 2021 PBT. The potential maximum penalties would not have a material adverse impact on our business and financial results.

As at the LPD, Cape Manufacturing has not received any penalty for this past non-compliance. Notwithstanding that MITI has the right to impose penalties on Cape Manufacturing for its non-compliance, we have obtained verbal confirmation from MIDA that it is unlikely for Cape Manufacturing to be subject to any repercussions from MITI for the absence of manufacturing licence for EMS operations at Temenggong 22 Factory.

Save as disclosed above, as at the LPD, our Group holds and maintains valid manufacturing licences issued by MITI as disclosed in **Section 7.15** of this Prospectus.

(ii) Customs Act 1967 ("CA 1967")

The CA 1967 governs, among others, the levying of custom duties, port clearances, warehousing and other custom-related matters.

Pursuant to Sections 65 and 65A of the CA 1967, the Director General of Customs may on payment of such fees as may be fixed by him in each case, grant a licence to any person for warehousing and manufacturing goods liable to custom duties and any other goods in a place or places specified in the licence.

Our Company and Cape Manufacturing are both LMW companies whose licences were granted by the Director General of Customs for the warehousing and manufacturing of approved products on our premises at the Senai 227 Factory and the Temenggong 22 Factory respectively. Pursuant to Order 2 and Schedule I of Customs Duties (Exemption) Order 2017, with the issuance of the manufacturing warehouse licences, our raw materials and components used directly in the manufacturing process are exempted from custom duties.

Cape Manufacturing received the amended manufacturing warehouse licence dated 3 October 2022 which included Kempas 6 Factory as its business premises. The amended manufacturing warehouse licence is valid until 30 June 2023.

As at the LPD, our Company and Cape Manufacturing hold and maintain valid manufacturing warehouse licences issued by the RMCD.

(iii) Factory and Machinery Act 1967 ("FMA")

The FMA and the relevant regulations made thereunder, including the Factories and Machinery (Notification, Certificate of Fitness and Inspection) Regulations 1970 governs the control of factories with respect to matters relating to the safety, health and welfare of person, the registration and inspection of machinery and for matters connected therein.

The FMA provides that the occupier of the factory has a duty to maintain the standards of safety of appliances and machinery in his factory, and the health and welfare of his factory workers. These include provisions requiring the taking of precautions against fire, the proper maintenance of safety appliances and machinery, the keeping of a clean factory, and the mandatory reporting of accidents and dangerous occurrences to the inspector of factories and machineries.

Section 19(1) of the FMA further states that no person shall operate or cause or permit to be operated any machinery in respect of which a certificate of fitness is prescribed, unless there is in force in relation to the operation of the machinery a valid certificate of fitness issued under the FMA. In the case of any contravention, an inspector of factories and machineries appointed under the FMA shall forthwith serve upon the person aforesaid a notice in writing prohibiting the operation of the machinery or may render the machinery inoperative until such time a valid certificate of fitness is issued. The person who contravenes Section 19(1) shall be liable of an offence and shall. on conviction, be liable to a fine not exceeding RM150,000.

For the purposes of FMA 1967,

(a) the term "machinery" includes steam boilers, unfired pressure vessels, fired pressure vessels, pipelines, prime movers, gas cylinders, gas holders, hoisting machines and tackle, transmission machinery, driven machinery, materials handling equipment, amusement device or any other similar machinery and any equipment for the casting, cutting, welding or electro-deposition of materials and for the spraying by means of compressed gas or air of materials or other materials but does not include:

(aa) any machinery used for the propulsion of vehicles other than steam boilers or steam engines;

(bb) any machinery driven by manual power other than hoisting machines;

(cc) any machinery used solely for private and domestic purposes; or

(dd) office machines; and

(b) the term "material handling equipment" includes any power-driven equipment for handling materials, and includes forklift, conveyor, stacker, excavator, tractor, dumper or bulldozer but does not include hoisting machine.

The Factories and Machinery (Repeal) Act 2022 (the "**FM Repeal Act**"), which has been passed as law, has received the Royal Assent on 4 March 2022 and has been gazetted on 16 March 2022. However, the date on which the FM Repeal Act comes into operation has yet to be appointed and gazetted.

The FM Repeal Act, when comes into operation, will repeal the FMA 1967. However, any registration made, or order, notice, direction, written authority, approval, certificate of fitness, special scheme of inspection or certificate of competency given or issued, under the FMA 1967 shall, on the coming into operation of the FM Repeal Act, be dealt with under the Occupational Safety and Health Act 1994 and its subsidiary legislations, which will be the law of reference for all matters related to safety and welfare of persons at work.

As at the LPD, our Group holds valid certificates of fitness issued by Department of Occupational Safety and Health Malaysia for the relevant machineries we use.

(iv) Occupational Safety and Health Act 1994 ("OSHA 1994")

The OSHA 1994 provides the framework to secure the safety, health and welfare among workforce and to protect others against risks to safety or health in connection with the activities of persons at work.

Pursuant to OSHA 1994, it shall be the duty of every employer to formulate a written safety and health policy with respect to the safety and health at work of his employees. The employer shall also establish a safety and health committee at the place of work if there are 40 or more persons employed at the place of work. An occupier of a place of work is also required to employ a competent person to act as a safety and health officer at the place of work.

Failure to comply with the general duties of employers under Part IV of OSHA 1994 constitutes an offence and the employer is liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 2 years or to both.

Similar to the FM Repeal Act, the Occupational Safety and Health (Amendment) Act 2022 ("**OSH Amendment Act**") has been passed as law, has received the Royal Assent on 4 March 2022 and has been gazetted on 16 March 2022. However, the date on which the OSH Amendment Act comes into operation has yet to be appointed and gazetted.

The OSH Amendment Act, when comes into operation, will provide amongst others:

(a) a right to an employee to remove himself from the danger or the work if he has reasonable justification to believe there exist an imminent danger at his place of work, and the employer has failed to take any action to remove the danger;

(b) the obligation of an employer to conduct a risk assessment in respect of the safety and health risk posed to any person who may be affected by his undertaking at the place of work and the implementation of risk control to eliminate or reduce said safety and health risk; and

(c) provisions relating to notification of occupation of place of work, and installation and inspection of Plants, including the prescription of any Plant for which a certificate of fitness is required.

Upon the OSH Amendment Act comes into operation, failure to comply with the general duties of employers under Part IV of the amended OSHA 1994 constitutes an offence and the employer is liable to a fine not exceeding RM500,000 or to imprisonment for a term not exceeding 2 years or to both.

As at LPD, there has been no non-compliance by our Group in relation to the OSHA 1994. Our Group has formulated a documented standard operating policies and procedure on occupational safety, health and environmental plan. We have established safety and health committees and a certified safety and health officer has been appointed to monitor the safety and health related matter of our Group.

(v) Environmental Quality Act 1974 ("EQA 1974")

The EQA 1974 sets out provisions in respect of prevention, abatement, control of pollution and enhancement of the environment. It is an offence under the EQA 1974 for any person, unless licenced to do so, to among others:

(a) emit or discharge environmentally hazardous substances, pollutants or wastes into the atmosphere;

(b) emit or cause or permit to be emitted any noise greater in volume, intensity or quality;

(c) pollute or cause or permit to be polluted any soil or surface of any land; or

(d) emit, discharge or deposit any environmentally hazardous substances, pollutants or waste into any inland waters,

in contravention of the acceptable conditions specified in the EQA 1974.

The EQA 1974 also empowers the Minister charged with the responsibility for environment protection to make regulations specifying acceptable conditions for the emission, discharge or deposit of environmentally hazardous substances, pollutants or wastes or the emission of noise into the environment.

Among other regulations, the Environmental Quality (Scheduled Waste) Regulations 2005 ("**Regulations 2005**") specify the following requirements:

(a) any person who generates scheduled wastes ("**Waste Generators**") shall, within 30 days from the date of generation of scheduled wastes, notify the Director General of Environmental Quality ("**DGEQ**") of the new categories and quantities of scheduled wastes which are generated;

(b) scheduled wastes shall be disposed of at prescribed premises only and shall, as far as practicable, before disposal, be rendered innocuous;

(c) scheduled wastes be treated at prescribed premises or at on-site treatment facilities only and the residuals from treatment of scheduled wastes shall be treated and disposed of at prescribed premises.

(d) a Waste Generator may apply to the DGEQ in writing to have the scheduled wastes generated from their particular facility or process excluded from being treated, disposed of or recovered in premises or facilities other than at the prescribed premises, on-site treatment or recovery facilities. If the DGEQ is satisfied with the application made, the DGEQ may grant a written approval either with or without conditions; and

(e) a Waste Generator shall keep an accurate and up-to-date inventory of scheduled wastes generated, treated and disposed of in accordance with the fifth schedule of the Regulations 2005 and of materials or product recovered from such scheduled wastes for a period up to 3 years from the date of the scheduled wastes was generated.

Further, the Environmental Quality (Clean Air) Regulations 2014 ("**Clean Air Regulations**"), which is applicable to industrial plants, specify the following requirements:

(a) a written notification shall be submitted by the owner or occupier of a premises to the DGEQ not less than 30 days before the commencement of the following:

(aa) any change in operation of his premises;

(bb) any work on any premises that may result in a source of emission;

(cc) construction of any building or premises on any land designed or used for a purpose that may result in a new source of emission;

(dd) any change of, to, or in any plant, machine, or equipment used or installed at the premises that causes a material change in the quantity or quality of emission from an existing source; or

(ee) any changes or modifications to an existing facility designed and constructed for the purpose of preventing or reducing the potential emission that causes air pollution, and includes the extraction system, control equipment and chimney ("**Air Pollution Control System**").

(b) every premises shall be equipped with an Air Pollution Control System in accordance with the specifications as determined by the DGEQ;

(c) the owner or occupier of the premises must operate and maintain the Air Pollution Control System in accordance with sound engineering practice and ensure that all components of the Air Pollution Control System are in good working condition; and

(d) the owner or occupier of the premises and the professional engineer shall, within 30 days after the commencement of operations at the premises, submit a written declaration to the DGEQ certifying that the design and construction of the Air Pollution Control System have complied with the specifications as determined by the DGEQ.

Our Company has appointed a consultant, Prisma Laboratory (M) Sdn Bhd, which confirmed on 8 July 2022 that air pollution control system is not required for our chemical storage area and our production line due to the nature of our production process which does not generate excessive dust or solvent vapour.

Further, our Company has a standby generator set located at the Senai 227 Factory. We have on 19 May 2022 submitted written notification to the Department of Environment for approval for this generator set. This standby generator set serves as a backup generator in case of any sudden power supply disruption and is not required for our day-to-day operations. We will not use this standby generator until the approval is obtained.

On 30 June 2022, Cape Manufacturing has submitted the notification to the Department of Environment for its air pollution control system. Cape Manufacturing's emission of air particles are within the permissible parameters of the Clean Air Regulations.

The sewage discharge and effluent discharge of our Group at the Senai 227 Factory and Temenggong 22 Factory are within the permissible parameters of the Environmental Quality (Sewage) Regulations 2009 and Environmental Quality (Industrial Effluent) Regulations 2009.

Failure to comply with the provisions of the EQA 1974 where no penalty is expressly provided, the offender shall be liable to a fine not exceeding RM10,000.00 or imprisonment for a period not exceeding 2 years. As at the LPD, our Group has not received any notices, penalties or reprimands from the Department of Environment for non-compliance of the environmental laws and regulations.

(vi) Fire Services Act 1988 ("FSA 1988")

The FSA 1988 prescribes the effective and efficient functioning of the Fire Services Department, for the protection of persons and property from fire risks or emergencies. The FSA provides, among other things, that a fire certificate be issued only after the designated premises have been inspected and the Fire and Rescue Department of Malaysia ("**FRD**") is satisfied that there are adequate facilities for life safety, fire prevention, fire protection and firefighting.

Where there is no fire certificate in force, the owners of such premises may become subject to a fine not exceeding RM5,000 or imprisonment for a term not exceeding 3 years or both. Pursuant to the Fire Services (Designated Premises) (Amendment) Order 2020, save for the Kempas 6 Factory, our premises are regarded as designated premises whereby fire certificates are required. As at the LPD, save for Tebrau 6 Factory which does not have any operations, our Group holds valid fire certificates issued by the FRD.

(vii) Employees' Minimum Standards of Housing, Accommodation and Amenities Act 1990 ("EMSHAAA 1990")

The EMSHAAA 1990 prescribes the minimum standards of housing, nurseries and accommodation for employees (and their dependants, if applicable) as well as health, hospital, medical and social amenities to be provided by the employers to their employees.

Effective from 1 June 2020, the Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019 ("**Amended Act**") amended the EMSHAAA 1990, where employers are required to comply with the Amended Act, which includes providing minimum space requirement for workers' accommodation, basic facilities as well as safety and hygiene standards.

EMSHAAA 1990 provides that no employer or centralised accommodation provider shall use any buildings as accommodation if the building is unfit for human habitation in accordance with the relevant written laws. The employer or centralised accommodation provider shall ensure that every accommodation provide for employees complies with the minimum standards required under the Amended Act or any regulations made thereunder.

Pursuant to Section 24D(1) of the EMSHAAA 1990, no accommodation shall be provided to an employee unless certified with a Certificate for Accommodation. As such, employers or centralised accommodation providers are required to apply for a Certificate for Accommodation with the Department of Labour of Peninsular Malaysia. An employer who contravenes Section 24D(1) commits an offence and shall, on conviction, be liable to a fine not exceeding RM50,000.

Our Group had appointed 2 third party accommodation providers to provide accommodation for our foreign workers. The said third party accommodation providers have obtained the Certificates of Accommodation for the hostels occupied by our foreign workers. In the event we employ additional foreign workers, we will arrange for the necessary accommodation which complies with the EMSHAAA 1990.

As at the LPD, save as disclosed above and in **Section 7.21.1** of this Prospectus, the Group is in compliance with the governing laws, regulations, rules or requirements relating to its business.

7.24 SEASONALITY

We do not experience any material seasonality in our business as we serve customers in both industrial and consumer sectors which moderates any seasonal factors.

7.25 ESG PRACTICES

Our Board has adopted our Sustainability Policy, which encompasses all aspects of ethical business practices, addressing the relevant ESG issue responsibly. The Sustainability Policy aims to integrate the principles of sustainability into the Group's strategies, policies and procedures, promote sustainable practices and create a culture of sustainability within the Group and community. Our Sustainability Policy had been established to address the three-pronged principles, namely, (a) environmental sustainability which is in relation to fair workplace with health, safety, security and environment practices; (b) social sustainability which is in relation to fair labour and employment practices; and (c) governance sustainability which is in relation to fair business practices. With this in place, our ESG practices strives to be in-line with the purpose of the Sustainability Reporting Guide issued by Bursa Securities, which seeks to help Main Market and ACE Market listed companies to embed sustainability in their operations. Moving forward, our Group shall endeavour towards ensuring that our ESG practices are disclosed to our various stakeholders in a detailed manner (including disclosures on our Group's management of material sustainability matters) via the preparation of Sustainability Statements in line with Bursa Securities' Sustainability Reporting Guide.

(i) Environmental

Our Group is committed to delivering quality products that meets the expectation and requirements of our client while ensuring the safety and health of parties involved and minimising the environmental impact that arises from our operation.

Our Company and Cape Manufacturing have obtained the ISO 14001:2015 accreditation in environmental management system under the scope "box build assembly for E&E industries" and "manufacturing of aluminium and electronic components and parts, sub assembly of parts" respectively.

Our Group strives to:

- minimise the level of pollutants entering into the air and water from daily business operations;
- create an awareness of this policy within the Group and stakeholders;
- consider sustainability risks and opportunities, including climate-related risks and opportunities as part of our governance, risk management and strategic and financial planning framework;
- integrate practices that embrace responsible energy and resource management in daily operations, including prioritizing the use of green technologies, adopting carbon reduction strategies and promoting good environmental practices across the supply chain, where practicable;
- inculcate behaviour that supports the building of environmentally sustainable practices among our employees; and
- promote the adoption of good environmental practices.

In line with the Sustainability Policy, we plan to install an energy saving cooling system for our Senai 227 Factory to promote energy conservation and costs savings efforts relating to the potential 'green' contribution towards the environment. With the lower energy consumption, we can expect lower carbon emissions from the installation of the energy saving cooling system.

As part of our environmental ESG practice, we are also planning to automate our production facilities by installing automated storage facilities for our New Senai 226 Warehouse and automated production lines for our EMS operations.

The installation of automated storage facilities is expected to increase the efficiency of our storage system, where our finished products/input materials can be stacked compactly thus reducing the need for a larger storage area. Through the automated storage facilities, we can swiftly store and retrieve our finished products/input materials from anywhere in the New Senai 226 Warehouse with lesser energy output required. The installation of the automated production lines will improve our production efficiency through having lower cycle times and higher yield (in terms of lower rejection rates) leading to less energy consumed in the production process. In addition to the above, both the installation of automated storage facilities and automated production lines are expected to reduce human intervention resulting in a reduction of workload of our workers which will result in the reduction of possible rejection and rework activities in the relevant critical processes. Any rework activities undertaken would require additional work to be done which will lead to more energy spent or consumed in the production process.

Please refer to **Section 7.22** of this Prospectus for further details on the Business Strategies and Plan.

(ii) Social

Our Group is committed to act responsibly in our business operations, as well as in supporting our community. Our Group has many stakeholders that range from our shareholders, employees, customers, suppliers, business associates and the community in general.

Our Group is committed to protecting the vulnerable, respecting social diversity, and ensuring that our Group puts a priority on social relationship amongst the community. We also have in place operational safety policies such as safety briefings. Our manufacturing facilities are, from time to time, inspected by local government authorities, including the Department of Occupational Safety and Health.

In addition to the above, our Group is committed to training and skills development of our employees. These programmes include production techniques, leadership skills and self-development training.

Our Group also supports and practices workplace equal opportunity, fair treatment, and gender and cultural diversity for both local and foreign employees. We have a systematic appraisal system where employees are assessed based on their respective skillset and capabilities. Additionally, our headquarters facilities include a designated women's parking space for the safety of our employees and nursing rooms to promote physical and mental wellness for our nursing mothers.

To provide positive social value to our community, our Group was involved in various corporate social responsibility activities which includes the following:

Description	Year
Contributed a total of RM61,890 to SJK (C) Foon Yew 3, Johor Bahru, Johor for the Parents Teacher Association	**2016 - 2021**
Contributed a total of RM73,130 to SMK Taman Pelangi, Johor Bahru, Johor for the Parents Teacher Association	**2018 - 2021**
Contribution to Persatuan Kebajikan Sinar Harapan The Hope Garden Society Johor Bahru, Johor	**2019 - 2021**
Contributed a total of RM5,880 to the Bulan Sabit Merah Malaysia Cabang Johor Bahru, Johor	**2021 - 2022**
Sponsorship of a basketball tournament "Peak Basketball 3x3" Johor Bahru, Johor amounting RM5,000	**2022**
Sponsorship of Sabah Football Club Sdn Bhd amounting to RM200,000	**2022**

(iii) Governance

Our Group is committed to adhering to a high standard of corporate governance practice as set out in the MCCG. Our Group recognises the importance of governance sustainability and as such, we conduct our business dealings in a professional and ethical manner and we have among others, the following policies to uphold good corporate governance practices:

(i) formal organisational structure with clear lines of reporting to Board Committees and Key Senior Management, including defined lines of accountability and limits of authority;

(ii) adopted the Anti-Bribery and Corruption Policy and Whistle-blowing Policy to promote and maintain compliance with the Malaysian Anti-Corruption Commission Act 2009 and the Whistleblower Protection Act 2010;

(iii) adopted a Personal Data Protection Notice, which complies with the Personal Data Protection Act, 2010 in order to protect the personal data that we obtained from our customers, vendors, suppliers, service providers and/or employees;

(iv) as part of our continuous effort and commitment to ensure product quality, our Company and Cape Manufacturing have obtained the ISO 9001:2015 accreditation in quality management systems under the scope "box build assembly for E&E industries" and "manufacturing of aluminium and electronic components and parts, sub assembly of parts" respectively; and

(v) Our Company has obtained the ISO 27001:2013 accreditation in information security management system under the scope of "operations and administration of information security management system for processes of assembly box build for electric and electronic industries" to manage risks related to the security of information and data our Company holds.

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VITAL FACTOR CONSULTING
Creating Winning Business Solutions
®

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Tel: (603) 7931-3188
Fax: (603) 7931-2188
Website: www.vitalfactor.com

12 January 2023

The Board of Directors
Cape EMS Berhad
PLO 227A
Jalan Cyber 1A
Kawasan Perindustrian Senai III
81400 Senai
Johor Darul Ta'zim

Dear Sirs/Madams

Independent Assessment of the Electronics Manufacturing Services Industry in Malaysia

We are an independent business consulting and market research company in Malaysia. We commenced our business in 1993 and, among others, our services include the development of business plans incorporating financial assessments, information memorandums, commercial due diligence, feasibility and financial viability studies, and market and industry studies. We have been involved in corporate exercises since 1996, including initial public offerings and reverse takeovers for public listed companies on Bursa Malaysia Securities Berhad (Bursa Securities), acting as independent business and market research consultants.

We have been engaged to provide an independent industry assessment on the above for inclusion in the prospectus of Cape EMS Berhad concerning its listing on the Main Market of Bursa Securities. We have prepared this report independently and objectively and had taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, availability of up-to-date information, secondary information and primary market research. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibility for the decisions or actions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the securities of any company.

Our report may include assessments, opinions and forward-looking statements, which are subject to uncertainties and contingencies. Note that such statements are made based on, among others, secondary information and primary market research, and after careful analysis of data and information, the industry is subject to various known and unforeseen forces, actions and inactions that may render some of these statements to differ materially from actual events and future results.

Yours sincerely

Wooi Tan
Managing Director

Wooi Tan has a degree in Bachelor of Science from The University of New South Wales, Australia and a degree in Master of Business Administration from The New South Wales Institute of Technology (now known as University of Technology, Sydney), Australia. He is a Fellow of the Australian Marketing Institute and Institute of Managers and Leaders. He has more than 20 years of experience in business consulting and market research, as well as assisting companies in their initial public offerings and listing on Bursa Securities.

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Date of report: 12 January 2023

INDEPENDENT ASSESSMENT OF THE ELECTRONICS MANUFACTURING SERVICES INDUSTRY IN MALAYSIA

1. INTRODUCTION

- Cape EMS Berhad and its group of companies (Cape Group) are mainly involved in the provision of electronics manufacturing services (EMS) for industrial and consumer electronics. As electronic products are also a part of electrical products, this report will cover the electrical and electronics (E&E) industry in Malaysia. The E&E industry is predominantly export-oriented and as such, this report will focus on Malaysia and provide some coverage of the global market. The focus of this report will be on the EMS of consumer and industrial electronics, excluding semiconductor components.

- Electrical products generate, store, distribute and use electrical power such as lighting and electrical household appliances. Electronic products incorporate semiconductor components including transistors and integrated circuits to control the flow of electrons to perform various tasks or operations. Some examples of electronic products include computers, mobile phones and television. Electronic components are embedded in most E&E devices that use electricity such as consumer electronics, industrial electronics and electrical appliances.

2. ELECTRONICS MANUFACTURING SERVICES INDUSTRY

- The EMS industry can be broadly categorised into three product focus:
  - **electronic components** comprising semiconductor components such as wafers, dies, discrete semiconductor components, integrated circuit packages and multicomponent integrated circuits;
  - **consumer** electronics including, among others, smartphones, laptops, tablets, personal computers, wearables and household appliances; and
  - **industrial** electronics including, among others, robotics, automation, machinery and equipment, industrial communications, instrumentation, control devices, medical devices and equipment, and avionics. Industrial products also cover the government sector.

- The EMS of consumer and industrial electronics include operators that manufacture only electronic parts such as printed circuit board assembly (PCBA) and subassemblies of modules, box build assembly, and end-to-end EMS incorporating procurement and/or manufacture of electronic parts and subassemblies, and box build assembly. Cape Group provides end-to-end EMS for box build consumer and industrial electronic products.

- The categorisation of EMS providers into consumer or industrial electronics is important as EMS providers focusing on consumer products commonly have a high-volume business model compared to industrial products. In addition, consumer products have more frequent product updates or obsolescence. As such the business model of a consumer EMS provider is different from one that focuses on industrial products. Many EMS providers focus on either consumer or industrial products. Cape Group is involved in both industrial and consumer products.

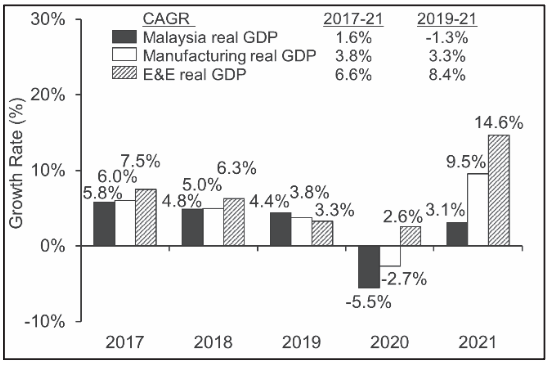
- Malaysia is one of the major hubs for EMS where some multinational EMS companies, alongside domestic companies, have established manufacturing facilities in the country. There are two main parties within the EMS industry, one party is the product and/or brand owner (the customer), and the other party is the manufacturer of the electronic parts or products, referred to as the EMS provider (the outsourcing or contract manufacturing company), for the product and/or brand owner. Cape Group is a contract manufacturing company for product and/or brand owners.

- EMS providers play an increasingly important role as strategic partners to product and/or brand owners by providing a range of services which commonly includes PCBA design, prototyping, procurement of electronic components and other parts, PCBA manufacturing, subassembly, final product assembly and various in-process and final inspection and testing. EMS providers may be contracted at various points in the manufacturing process, depending on their specialisation. This strategic partnership between product and/or brand owners and EMS providers is a common global model for the manufacturing of E&E products.

3. MALAYSIA'S ECONOMY

- Gross Domestic Product (GDP) measures the gross value added in the output of goods and services in a country or sector during a specified period. It indicates the overall size of the country's economy or the sector. GDP growth is commonly measured by comparing a particular year or quarter's GDP with the preceding year or quarter.

Real GDP



CAGR = compound annual growth rate (Sources: Department of Statistics Malaysia (DOSM))

- Real GDP is a method of measuring GDP that takes into account the effect of changes in the prices of goods and services over time, that is, to take into the effects of inflation or deflation. In general, real GDP provides a more meaningful measure of "real" changes in output over time, as any changes from period to period are due to changes in the quantity of goods and services produced, rather than changes in their prices. In the context of this report, all GDP figures are nominal GDP, unless specified otherwise.

- Between 2019 and 2021, the real GDP of Malaysia's economy declined while the real GDP of the manufacturing sector and the E&E industry experienced growth. In 2021, the real GDP of Malaysia's economy, the manufacturing sector and the E&E industry grew by 3.1%, 9.5% and 14.6% respectively. The real GDP growth in the E&E industry was supported by the continued global technology upcycle and robust external demand for semiconductors.

- In 2021, the E&E industry is the largest segment within the manufacturing sector in Malaysia, where the GDP of E&E industry amounted to RM101.4 billion, which accounted for 28.0% of the GDP of Malaysia's manufacturing sector *(Source: DOSM)*.

- For the first 9 months of 2022, the real GDP of Malaysia's economy, the manufacturing sector and the E&E industry grew by 9.3%, 9.7% and 16.0% respectively, underpinned by favourable momentum in the domestic economy, steady expansion in external demand and continued improvement in labour market conditions. Overall, the real GDP of the Malaysian economy is expected to grow between 6.5% and 7.0% in 2022, and forecasted to grow between 4.0% and 5.0% in 2023. *(Source: Ministry of Finance (MOF))*.

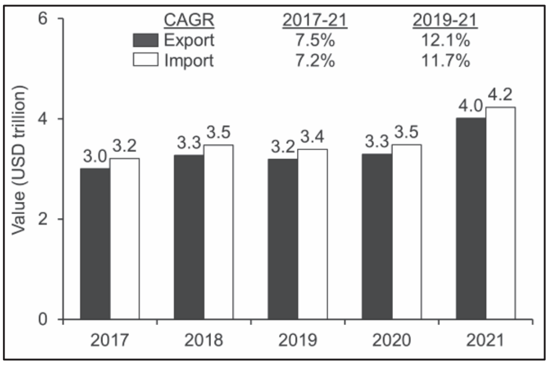
4. SUPPLY AND DEMAND

4.1 Global E&E products

- Malaysia's E&E industry is export-oriented. The following provides some indication of global trends in terms of exports and imports.

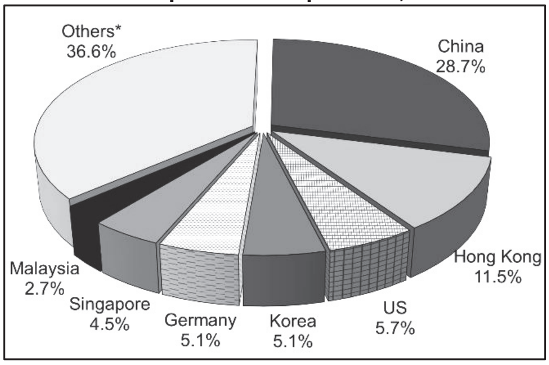
- The exports of E&E products from a global perspective recorded a CAGR of 7.5% between 2017 and 2021. Between 2019 and 2021, the global exports of E&E products grew at a higher CAGR of 12.1% due to the COVID-19 pandemic. In 2021, the top three largest exporting countries for E&E products were China, Hong Kong and the US.

Global exports and imports of E&E products



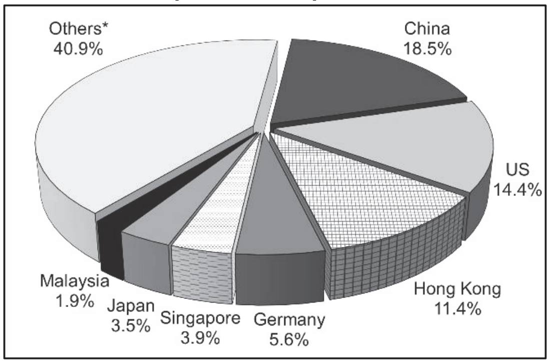
(Source: Vital Factor analysis)

Global exports of E&E products, 2021



** Others include countries with exports of E&E products of less than 4.0% (Source: Vital Factor analysis)*

Global imports of E&E products, 2021



** Others include countries with imports of E&E products of less than 3.2% (Source: Vital Factor analysis)*

- The global sales of semiconductors grew by 6.8% to reach USD440.4 billion in 2020, mainly driven by sensors and integrated circuit products, particularly logic and memory products. In 2021, the global sales of semiconductors further grew by 26.2% to reach USD555.9 billion, mainly driven by significant growth across all major product categories, particularly integrated circuit products, sensors and discrete semiconductors. For the first 9 months of 2022, the global sales of semiconductors grew by 9.9% compared to the corresponding period in 2021. However, the global sales of semiconductor declined since July 2022 to November 2022, compared to the corresponding periods in 2021 *(Source: Vital Factor analysis)*

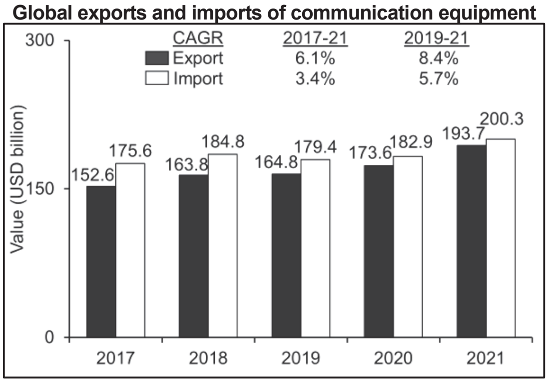
- For the financial year ended (FYE) 31 December 2021, the US was one of the major revenue contributors of Cape Group. This is followed by an increasing contribution from export sales to Singapore.

4.2 Global exports and imports of communication equipment

- Cape Group provides EMS for wireless communications equipment for the US and UK customers.

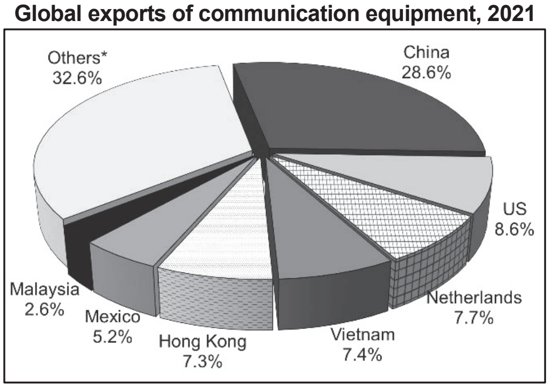
- Communication equipment includes wired and wireless equipment for the transmission and reception of voice, images and other data.

Global exports and imports of communication equipment



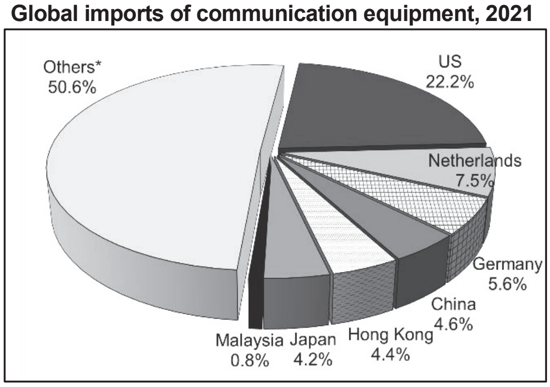
(Source: Vital Factor analysis)

Global exports of communication equipment, 2021



** Others include countries with exports of communication equipment of less than 4.0% (Source: Vital Factor analysis)*

Global imports of communication equipment, 2021



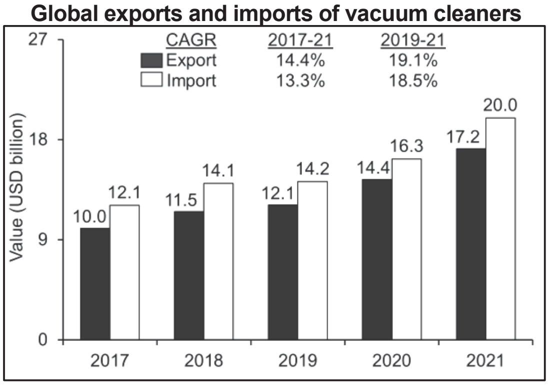
** Others include countries with imports of communication equipment of less than 3.5% (Source: Vital Factor analysis)*

- The global exports of communication equipment recorded a CAGR of 6.1% between 2017 and 2021. Between 2019 and 2021, the global export of communication equipment increased at a CAGR of 8.4% mainly attributed to the increase in the demand for communication equipment during the COVID-19 pandemic. In 2021, the global export of communication equipment grew by 11.6% from USD173.6 billion in 2020 to USD193.7 billion in 2021. In 2021, the top three largest exporting countries for communication equipment were China, the US and Netherlands.

4.3 Global exports and imports of vacuum cleaners

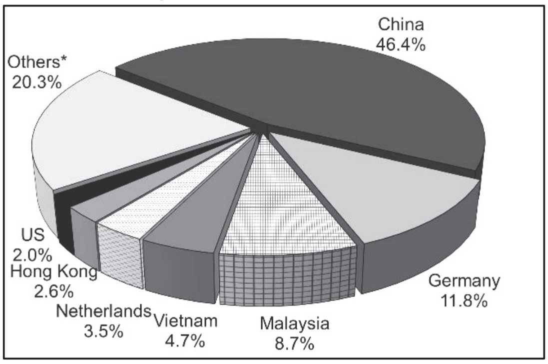
- Cape Group provides EMS for household appliances including vacuum cleaners.
- The exports of vacuum cleaners from a global perspective recorded a CAGR of 14.4% between 2017 and 2021. In 2021, the global export of vacuum cleaners grew by 19.2% from USD14.4 billion in 2020 to USD17.2 billion in 2021. In 2021, the top three largest exporting countries for vacuum cleaners were China, Germany and Malaysia.

Global exports and imports of vacuum cleaners



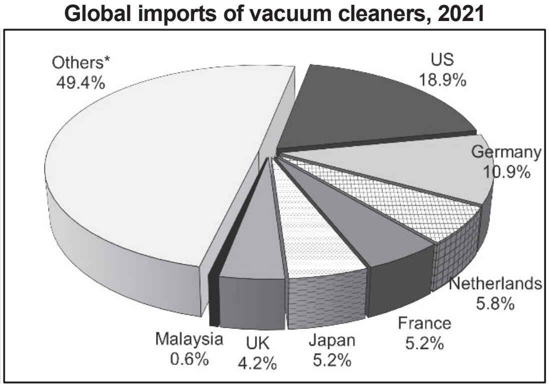
(Source: Vital Factor analysis)

Global exports of vacuum cleaners, 2021



** Others include countries with exports of vacuum cleaners of less than 2.0% (Source: Vital Factor analysis)*

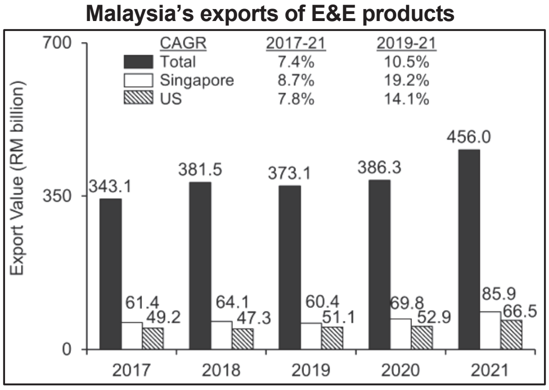
Global imports of vacuum cleaners, 2021



** Others include countries with imports of vacuum cleaners of less than 3.5% (Source: Vital Factor analysis)*

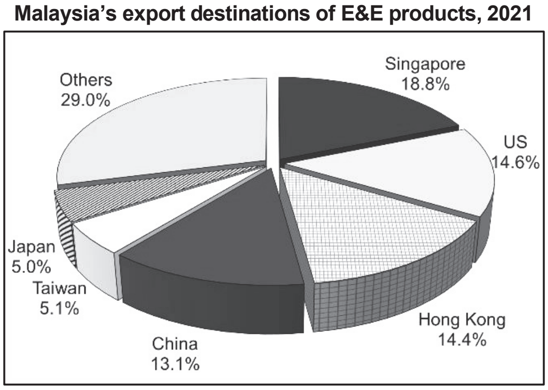
4.4 Malaysia's exports of E&E products

Malaysia's exports of E&E products



(Source: DOSM)

Malaysia's export destinations of E&E products, 2021



** Others include countries with exports of E&E products of less than 5.0% (Source: DOSM)*

- Malaysia's exports of E&E products amounted to RM456.0 billion in 2021. The E&E industry continues to be Malaysia's major export earner which accounted for 36.7% of the total value of gross exports in 2021. In 2021, the value of gross exports of E&E products increased by 18.0% compared to the previous year, mainly as a result of robust demand for semiconductors due to increased remote working and learning as well as business digitalisation *(Source: Minister of International Trade and Industry)*.

- Between 2019 and 2021, Malaysia's exports of E&E products increased at a CAGR of 10.5%. In 2021, the four largest export destinations of Malaysia's E&E products were Singapore, the US, Hong Kong and China, which collectively accounted for 60.9% of the total exports of E&E products.

- Between 2019 and 2021, exports of E&E products to Singapore and the US increased at a CAGR of 19.2% and 14.1% respectively. In 2021, the exports of E&E products to Singapore increased by 23.0% and remained the largest export destination for Malaysia's E&E products. Singapore is a major global hub for semiconductor and electronics manufacturing services as well as the supply chain for products ranging from storage and memory products to microelectromechanical systems.

- In 2022, the global demand for E&E products is projected to be strong amid the drive for digitalisation and automation *(Source: Bank Negara Malaysia)*. For the first 9 months of 2022, Malaysia's exports of E&E products grew by 35.4% compared to the first months of 2021, amounting to RM438.5 million.

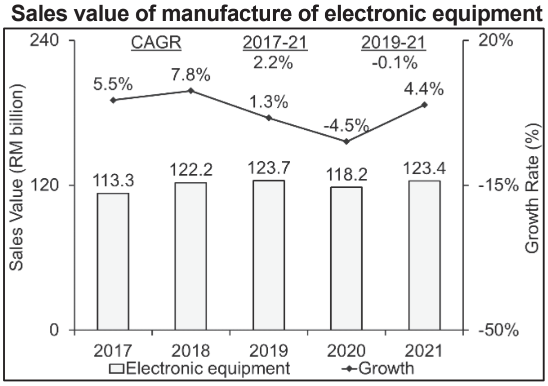
4.5 Manufacturing of electronic products in Malaysia

- Cape Group provides EMS for box build industrial and consumer products. Therefore, the following section examines the performance of the relevant sectors in Malaysia.

- In 2021, Malaysia's domestically manufactured electronic equipment mainly comprises computers and peripheral equipment, consumer electronics, communication equipment and measuring, testing, navigating and control equipment which accounted for 37.9%, 31.3%, 11.7% and 11.4% respectively of total sales value.

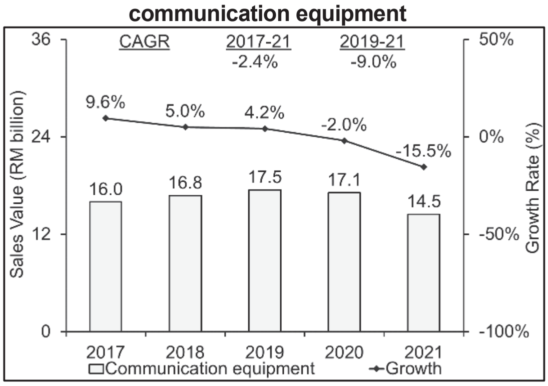
- In 2021, the sales value of manufactured electronic equipment grew by 4.4% amounting to RM123.4 billion, mainly due to the high demand and the acceleration of digitalisation. Cape Group provides EMS for communication equipment and consumer electronics.

Sales value of manufacture of electronic equipment

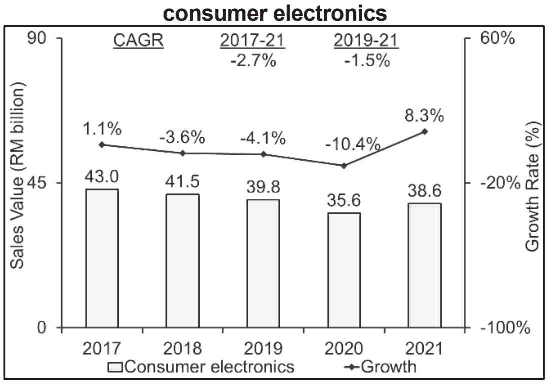


(Source: DOSM)

Sales value of manufacture of communication equipment



Sales value of manufacture of consumer electronics

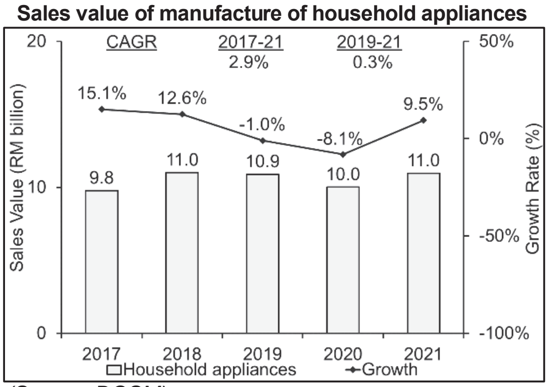


(Source: DOSM)

- Between 2019 and 2021, the sales value of manufactured communication equipment and consumer electronics declined at an average annual rate of 9.0% and 1.5% respectively, while in 2021 they recorded -15.5% and 8.3% respectively.

- The performance of consumer products is also represented by the sales value of the manufacture of household appliances. Between 2019 and 2021, the sales value of the manufacture of household appliances grew at a CAGR of 0.3%. In 2021, the sales value of manufactured household appliances grew by 9.5%.

Sales value of manufacture of household appliances



(Source: DOSM)

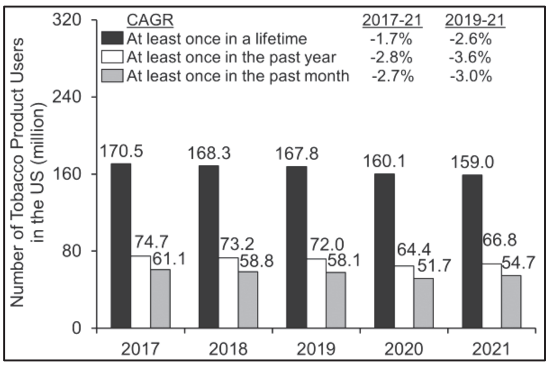
- The growth in the demand for consumer electronics and household appliances in 2021 is mainly due to the change in consumer lifestyle resulting from remote working and home-schooling. For the first 9 months of 2022, the sales value of manufactured electronic equipment, communication equipment, consumer electronics and household appliances recorded 12.2%, 0.1%, 19.1% and 12.7% growth/decline respectively compared to the first 9 months of 2021.

- Cape Group is also involved in the manufacturing of electronic cigarettes (e-cigarettes), which is a consumer electronic product. An e-cigarette is a battery-operated device which vaporises liquids into an inhalable aerosol.

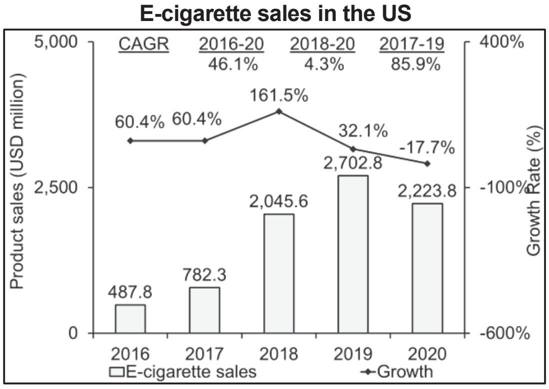
- A typical e-cigarette device contains three components:
  - a device, the main body of the e-cigarette with a battery, used to inhale an aerosol;
  - a pod, also known as a tank or cartridge, used to contain the liquid nicotine which forms part of the e-cigarette device or can be attached to the device. These pods are available in pre-filled or it may be refillable pods; and
  - liquids, also known as e-liquid, vape liquid or vape juice, which contain propylene glycol or vegetable glycerine with the addition of either flavourings or nicotine, or both.

- Cape Group's e-cigarettes are exported to the US. E-cigarettes are a potential replacement for tobacco products. In 2021, the number of people aged 12 or older in the US who used tobacco products at least once was 66.8 million. In the same year, the number of people in the US who used nicotine vaping at least once was 18.9 million, accounting for 5.7% of the total population in the US. Between 2016 and 2020, e-cigarette sales in the US grew at a CAGR of 46.1% amounting to USD2.2 billion in 2020, of which cartridge system products and disposable products accounted for 97.3% and 2.7% respectively *(Source: Vital Factor analysis)*.

Number of tobacco product users in the US



E-cigarette sales in the US

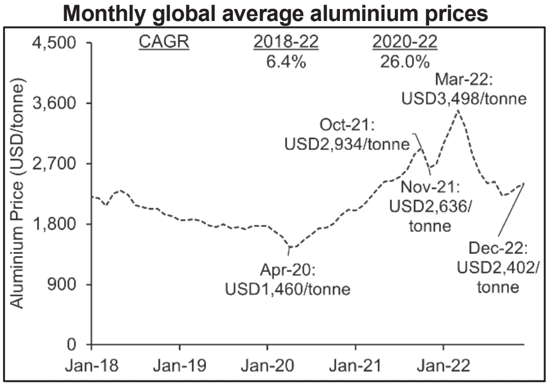


Note: Latest available data *(Source: Vital Factor analysis)*

5. GLOBAL ALUMINIUM PRICES

- Cape Group manufactures aluminium die-cast parts for its EMS as well as sales to external customers. As aluminium is a global commodity, global prices of aluminium would have an impact on Cape Group.

Monthly global average aluminium prices



(Source: Vital Factor analysis)

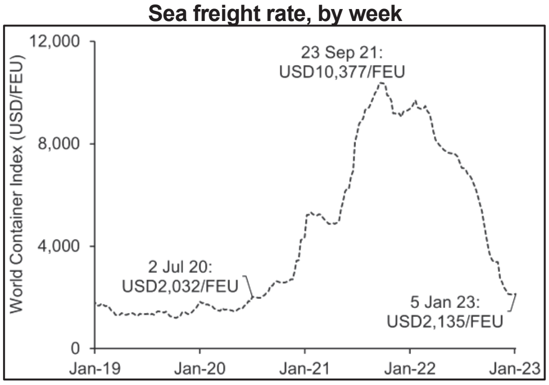
- Between January 2018 and March 2020, the global average aluminium prices were stable and have been fluctuating around USD1,936/tonne until they dipped to a monthly low of USD1,460/tonne in April 2020.

- Subsequently, the global average aluminium prices kept rising to USD2,934/tonne in October 2021 due to strong demand for aluminium products in the automotive industry and global supply chain disruption, coupled with increased prices of energy resources. The global supply chain was disrupted due to containment measures amidst the COVID-19 pandemic and China's decarbonisation policies that limit aluminium production which uses coal extensively. Aluminium prices declined to USD2,636/tonne in November 2021, then back to an increasing trend and recorded USD3,498/tonne in March 2022. The price remained high in 2022 due to the further supply tightness arising from the Russia-Ukraine conflict and sanctions imposed on Russia. In December 2022, the global average aluminium prices declined to USD2,402/tonne, mainly due to the weakening Chinese demand impacted by the continuing lockdowns. However, the Chinese government has gradually lifted the containment measures since December 2022, which may drive the demand for aluminium in the future.

6. SEA FREIGHT RATES

- Cape Group exports a large proportion of its products to foreign countries, especially the US. Some of its box build products are bulky items such as vacuum cleaners where sea freight rate may impact the overall product cost for its customers in the US.

Sea freight rate, by week



(Source: Vital Factor analysis)

- The global economic growth is expected to moderate from 6.0% in 2021 to 3.2% in 2022, mainly due to the Russia-Ukraine conflict, frequent and wider-ranging lockdowns in China that could potentially add to the global supply chain disruptions, as well as the persistent price pressures that lead to a tightening of monetary policy in many countries *(Source: Vital Factor analysis)*.

- The global supply chain disruption prompted by the COVID-19 pandemic, combined with the US-China trade war led to higher sea freight rates, which in turn led to higher input prices for global traders since July 2020. The sea freight rate generally kept increasing from USD2,032/forty-foot equivalent unit (FEU) on 2 July 2020 to USD10,377/FEU on 23 September 2021, which recorded a growth of 410.7%. Following the gradual relaxing of containment measures in various countries, the rate declined by 79.4% to USD2,135/FEU on 5 January 2023 despite uncertainties remaining high due to the continuing Russia-Ukraine conflict and the inflationary pressures. The decline in sea freight rates was mainly due to greater availability of freight capacity globally and lower freight volumes as the global economy remains uncertain.

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7. COMPETITIVE ANALYSES

7.1 Operators in the Industry

- The EMS industry in Malaysia is diversified where EMS companies produce a wide range of products from electronic components, modules, devices and up to systems and box build products across various industries. These companies in the industry range from local small and medium-sized enterprises to large-scale local corporations and foreign multinational corporations.

- There are no published data on the number of companies providing EMS in Malaysia. The following table is a list of some of the EMS providers in Malaysia, listed in descending order of revenue within their respective categories:

Operators in the industry	Main Product Seg		FYE(1)	Grp/Co. Revenue (RM mil)(2)	Seg Revenue (RM mil)	Grp/Co. GP (RM mil)(2)	Grp/Co. GP Margin	Grp/Co. NP/(NL) (RM mil)(2)	Grp/Co. NP/(NL) Margin
	Cons	Ind							
Public listed companies on Bursa Securities and Cape Group									
V.S. Industry Bhd (MM) (3)	√		Jul-22	3,914.1	n.s.	404.8	10.3%	147.0	3.8%
ATA IMS Bhd (MM) (4)	√		Mar-22	2,602.1	n.s.	83.8	3.2%	(12.2)	(0.5%)
SKP Resources Bhd (MM)	√		Mar-22	2,321.4	2,274.3	324.8	14.0%	173.4	7.5%
EG Industries Bhd (MM)	√	√	Jun-22	1,114.4	1,114.2	45.1	4.0%	10.8	1.0%
P.I.E. Industrial Bhd (MM)	√	√	Dec-21	1,025.2	1,025.2	79.1	7.7%	60.3	5.9%
NationGate Holdings Bhd (AM)	√	√	Dec-21	760.9	760.9	96.8	12.7%	59.5	7.8%
Aurelius Technologies Bhd (MM)		√	Jan-22	367.4	367.3	40.7	11.1%	22.0	6.0%
Cape Group	√	√	**Dec-21**	**344.3**	**320.2**	**41.9**	**12.2%**	**26.3**	**7.6%**
JHM Consolidation Bhd (MM)		√	Dec-21	296.6	165.0	55.4	18.7%	34.2	11.5%
Luster Industries Bhd (MM)	√	√	Dec-21	151.8	123.8	22.7	14.9%	8.7	5.7%
Salutica Bhd (MM)	√		Jun-22	143.8	143.8	n.a.	n.a.	(6.6)	(4.6%)
K-One Technology Bhd (AM)	√	√	Dec-21	125.5	74.3	15.2	12.1%	(2.7)	(2.2%)
Subsidiaries of foreign multinational companies									
Jabil Circuit S/B (5)	√	√	Aug-21	10,424.7	10,402.9	750.4	7.2%	228.5	2.2%
Plexus Manufacturing S/B (6)		√	Sep-21	6,212.0	6,212.0	872.4	14.0%	692.2	11.1%
Flextronics Technology (Penang) S/B (7)		√	Mar-22	4,973.2	4,973.2	239.6	4.8%	161.2	3.2%
Sanmina-SCI Systems (M) S/B (8)		√	Oct-21	2,634.5	2,634.5	n.a.	n.a.	71.9	2.7%
Venture Electronics Services (M) S/B (9)	√	√	Dec-21	1,347.9	1,347.9	n.a.	n.a.	68.5	5.1%
Benchmark Electronics (M) S/B (10)	√	√	Dec-21	1,316.4	1,316.4	232.8	17.7%	168.1	12.8%
GES Manufacturing Services (M) S/B (9)	√	√	Dec-21	1,274.4	1,274.4	n.a.	n.a.	55.6	4.4%
Celestica Malaysia S/B (11)		√	Dec-21	635.1	635.1	30.7	4.8%	17.7	2.8%

FYE = financial year ended; Seg = Segment; Cons = Consumer; Ind = Industrial; Grp/Co. = Group/Company; mil = million; Seg Revenue = mainly revenue from provision of EMS and related services; GP = Gross Profit; NP = Net Profit; NL = Net Loss; Bhd = Berhad; MM = Main Market; AM = ACE Market; S/B = Sdn Bhd; M = Malaysia; n.s. = no segmentation; n.a. = not available.

(1) Latest available financial information. Audited figures from annual reports of respective listed companies, Companies Commission of Malaysia and Cape Group.
(2) May include revenue, GP and NP/NL derived from other business activities.
(3) Mainly involved in investment holding, and the manufacturing, assembling and sale of E&E products, and plastic moulded components and parts.
(4) Mainly involved in manufacturing and sales of precision plastic injection of moulded parts, secondary process, sub assembly, and full assembly of the finished products to the electronic industry.
(5) A subsidiary of Jabil Inc., a listed entity on the New York Stock Exchange.
(6) A subsidiary of Plexus Corp., a listed entity on the NASDAQ Stock Exchange.
(7) A subsidiary of Flex Ltd., a listed entity on the NASDAQ Stock Exchange.
(8) A subsidiary of Sanmina Corporation, a listed entity on the NASDAQ Stock Exchange.
(9) A subsidiary of Venture Corporation Limited, a listed entity on the Singapore Stock Exchange.

(10) A subsidiary of Benchmark Electronics Inc., a listed entity on the New York Stock Exchange.
(11) A subsidiary of Celestica Inc., a listed entity on the Toronto Stock Exchange and the New York Stock Exchange.

- Apart from Cape Group, the list of companies above was selected based on the following criteria:
  (a) provider of EMS and have manufacturing facilities in Malaysia;
  (b) public companies listed on Bursa Securities, or subsidiaries of public companies listed on foreign exchanges and operating in Malaysia; and
  (c) revenue of at least RM100 million for their latest financial year.

7.2 Market size and share

2021			
Manufacturing	**Market size in Malaysia** [(a)]	**Cape Group's revenue** [(b)] [(1)]	**Market share of Cape Group** [(c)]
Electronic equipment	RM123.4 billion [(2)]	RM306.3 million	Less than 1%
Industrial electronics	RM84.8 billion [(3)]	RM214.7 million	Less than 1%
Consumer electronics	RM38.6 billion [(4)]	RM91.6 million	Less than 1%
Household appliances	RM11.0 billion	RM49.3 million	Less than 1%

Source: (a) DOSM; (b) Cape Group; (c) Vital Factor analysis
(1) Based on Cape Group's total revenue and revenues from various categories for FYE 31 December 2021.
(2) The market size was based on the sales value of manufactured computer, electronic and optical products.
(3) Industrial electronic equipment is a subsector of electronic equipment.
(4) Consumer electronic equipment is a subsector of electronic equipment.

There is no up-to-date publicly available data on the market size for e-cigarettes in the United States, therefore it is not possible to derive market share.

8. BARRIERS TO ENTRY

- The barriers to entry for the EMS industry are **medium to high**. This is predicated by the need for a track record to cater to market requirements as EMS providers normally serve large customers that would impose stringent requirements such as product quality, adequate manufacturing capacity and ability to provide fast turnaround of work orders. In some situations, there is a need to invest in machinery and equipment such as those required for PCBA or automated production line. Additionally, EMS providers require sufficient working capital to purchase input materials before invoicing customers for the finished products. Nevertheless, these factors are moderated by the absence of import or export tariffs, and no onerous licences, regulations or restrictions governing the entry of new players. In addition, most input materials used in EMS are widely available.

9. INDUSTRY CONSIDERATION FACTORS

- The global shortage of semiconductors has affected the E&E industry, which ultimately affects the operators within the EMS industry. The shortage of semiconductors started approximately in the second quarter of 2020 and continued into 2022, where the demand exceeded the supply of semiconductors. The shortage of semiconductors was initially due to the drop in semiconductor production as demand from automakers was low amidst the COVID-19 pandemic. The supply of semiconductors is further interrupted by natural disasters and international conflicts including the US-China trade war and the Russia-Ukraine conflict.

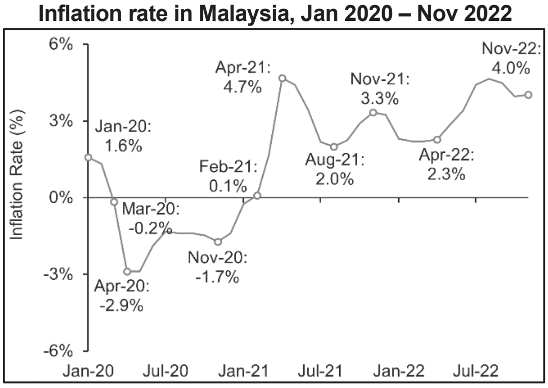
- Following the gradual recovery from the COVID-19 pandemic, the increased demand for semiconductors was due to the mass production of electric vehicles, as well as the rising use of electronic products caused by the increased need for equipment and devices to facilitate, among others, remote healthcare, work-from-home and virtual learning and meetings during the COVID-19 pandemic. The sales of global semiconductors grew by 6.8% and 26.2% in 2020 and 2021 respectively. For the first 9 months of 2022, the global sales of semiconductors grew by 9.9% compared to the corresponding period in 2021.

- The projected global growth of the semiconductor and electronics markets in the near term will drive demand for electronics manufacturing services that will provide market opportunities for operators including EMS providers in Malaysia. This is substantiated by Malaysia's E&E industry which continued to be the key contributor to export earnings accounting for RM456.0 billion or 36.7% of total exports for 2021 (*Source: DOSM*).

- The prospect of the electronics manufacturing services industry in Malaysia is dependent upon, among others, the continuing recovery of Malaysia as well as the global economies from the ongoing COVID-19 pandemic, and other local and global factors that influenced the rising global prices of raw materials. Other considerations include the increased pace of digital transformation globally predicated by export demand for E&E products, and performance of domestic manufacturing of the E&E products, as well as social and economic factors such as inflation rate, interest and unemployment rates, lending policies, business confidence and consumer sentiments, and the labour market in Malaysia.

- Malaysia recorded negative inflation from March 2020 to January 2021, mainly due to falling oil prices and a decline in revenue from the hotel as well as the food and beverages industries as a result of the COVID-19 pandemic. With the easing of containment measures in 2021, the inflation rate increased to a positive level.

Inflation rate in Malaysia, Jan 2020 – Nov 2022



(Source: DOSM)

- Factors that caused the increase in inflation towards the end of 2021 included increases in the cost of transportation such as sea freight, animal feed, fertilisers, crude palm oil and labour which led to increases in prices of consumer goods such as food and beverages. The rising inflation rates for the period of January to November 2022 were mainly driven by food and non-alcoholic beverages, transport, and restaurants and hotels *(Source: DOSM)*.

- For the first 9 months of 2022, the real GDP of Malaysia's economy, the manufacturing sector and the E&E industry grew by 9.3%, 9.7% and 16.0% respectively. The real GDP growth in the E&E industry was driven by the robust external demand for semiconductor components amid technological developments. In addition to the eight economic stimulus packages provided by the Malaysian government which amounted to RM530 billion, a further RM332.1 billion has been allocated to continue driving the recovery of the economy as provided by the Budget 2022. Any resurgence of COVID-19 cases and reimposition of containment measures will weigh on the growth of the economy. Overall, the Malaysian economy is expected to achieve real GDP growth between 6.5% and 7.0% in 2022, and forecasted to grow between 4.0% and 5.0% in 2023 *(Source: MOF).*

- According to the 12th Malaysia Plan, the GDP of the E&E industry is targeted to grow from RM86.1 billion in 2020 to RM120 billion in 2025. Meanwhile, the export value of E&E products is targeted to grow from RM386.1 billion in 2020 to RM495 billion in 2025 led by integrated circuits, diodes and photosensitive semiconductors following continuous demand in emerging technologies such as autonomous vehicles, artificial intelligence, 5G and Internet of Things. *(Source: Economic Planning Unit, Malaysia)*. According to the Budget 2022, RM100 million will be allocated to 200 manufacturing and service sector companies to automate their business processes and RM45 million allocated as technology transformation incentives for small and medium-sized enterprises and mid-stage companies in the manufacturing and service sector for Industrial Revolution 4.0 or Industry4WRD. *(Source: MOF)*.

9. RISK FACTORS

BEFORE INVESTING IN OUR SHARES, YOU SHOULD PAY PARTICULAR ATTENTION TO THE FACT THAT WE AND TO A LARGE EXTENT, OUR BUSINESS AND OPERATIONS ARE SUBJECT TO LEGAL, REGULATORY AND BUSINESS RISKS WHERE WE OPERATE. OUR OPERATIONS ARE ALSO SUBJECT TO A NUMBER OF FACTORS, MANY OF WHICH ARE OUTSIDE OUR CONTROL. BEFORE MAKING AN INVESTMENT DECISION, YOU SHOULD CAREFULLY CONSIDER, ALONG WITH THE OTHER MATTERS IN THIS PROSPECTUS, THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW.

9.1 RISKS RELATING TO THE BUSINESS AND OPERATIONS OF OUR GROUP

9.1.1 We are dependent on imported input materials and any disruption in global supply chain may affect our EMS business and result in delay of operations

The input materials needed for our Group's operations include E&E parts and components such as PCBA, mechanical parts, packaging and related materials, as well as aluminium ingots for die casting manufacturing. We source input materials from Malaysia as well as foreign countries but are reliant on imported materials as there are no local alternatives for most of the input materials which are currently imported by our Group, such as batteries. For all of our EMS products, there are both local and foreign sources for input materials, such as E&E parts and components from approved and appointed suppliers by our customers. Imported materials accounted for 34.7%, 27.6%, 49.8% and 59.9% of our total purchases of input materials and services for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022 respectively. As such, we are reliant on the supply of the imported materials and any disruptions in the global supply chain would affect our EMS business.

According to the IMR Report as set out in **Section 8** of this Prospectus, there is a global shortage of semiconductors that has affected the E&E industry. The shortage of semiconductors started approximately in the second quarter of 2020 and continued into 2022. This was mainly due to mass production of electric vehicles, as well as rising use in electronic products caused by the increased need for equipment and devices to facilitate, among others, remote healthcare, work-from-home and virtual learning and meetings during the COVID-19 pandemic.

For our EMS business, we are responsible for the procurement of input materials. Our EMS customers provide us with a 6 to 12 months rolling forecast and confirmed purchase orders mainly on a weekly or quarterly basis. As for the proprietary or critical input materials namely the semiconductors, these are mainly supplied by our customers. The shortage of semiconductors does not directly affect our procurement as the semiconductors are mainly supplied by our customers as mentioned above. However, any serious and prolonged global shortage of input materials may lead to delay in our production. The delay in production could result in a delay in delivery to our customers which may in turn affect our business operations and financial performance.

As at the LPD, we have unbilled purchase orders of RM358.7 million to be fulfilled by fourth quarter of 2023.

9.1.2 We are dependent on purchase orders from and/or agreements with a few major customers who contribute substantially to our revenue

We are dependent on the following major customers whose sales collectively contribute a significant portion of our revenue for any one or more years during the Period Under Review:

	Period Under Review								[(1)]Length of Relationship
	FYE 2019		FYE 2020		FYE 2021		FPE 2022		
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(Years)
Changhuat Plastic[(2)]	25,288	58.6	19,071	11.3	*	*	*	*	5
Airspan group of companies[(3)]	17,801	41.2	72,278	43.0	78,193	22.7	58,797	18.4	4
K & Q[(4)]	26	0.1	17,213	10.2	49,350	14.3	34,983	10.9	4
Customer A[(5)]	-	-	36,406	21.6	42,279	12.3	86,594	27.1	3

	Period Under Review								[1]Length of Relationship
	FYE 2019		FYE 2020		FYE 2021		FPE 2022		
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(Years)
Tastar Electronics[6]	-	-	*	*	62,862	18.3	63,222	19.8	3
SOQ and NextCentury[7]	-	-	10,510	6.2	62,769	18.3	40,205	12.6	3
Total sales	**43,115**	**99.9**	**155,478**	**92.3**	**295,453**	**85.9**	**283,801**	**88.8**	
Our revenue (RM'000)	**43,157**		**168,261**		**344,334**		**319,750**		

Notes:

* Not a Top 5 major customer for the respective financial year.

(1) Length of relationship as at FPE 2022.

(2) Our Group's transactions with Changhuat Plastic were conducted based on purchase orders.

(3) **Mimosa Networks and Airspan Communications (collectively referred to as the Airspan group of companies)**

For the FPE 2022, Mimosa Networks has been our customer for 4 years. However, prior to becoming our subsidiary in 2020, Cape Manufacturing has started dealing with Mimosa Networks since 2014.

Our Company, had on 31 May 2019 entered into a manufacturing supply agreement with Airspan Communications ("**Airspan MSA**") whereby our Company is appointed to manufacture Airspan Communications' products. Please refer to **Section 7.17(iv)** of this Prospectus for the salient terms of the Airspan MSA.

(4) **K & Q**

Our Company had on 24 February 2020 entered into a manufacturing and supply agreement with K & Q ("**K & Q MSA**") for the provision of EMS. Please refer to **Section 7.17(ii)** of this Prospectus for the salient terms of the K & Q MSA.

(5) **Customer A**

Our Company had on 18 May 2022 renewed the manufacturing and supply agreement with Customer A ("**Customer A MSA**") for the provision of EMS. Please refer to **Section 7.17(i)** of this Prospectus for the salient terms of the **Customer A** MSA.

(6) **Tastar Electronics**

On 6 June 2022, our Company entered into a contract manufacturing agreement with Tastar Electronics and Huizhou Sanhua ("**Tastar CMA**"). Please refer to **Section 7.17(iii)** of this Prospectus for the salient terms of the Tastar CMA.

(7) **SOQ**

SOQ is a procurement management company for the brand owner, NextCentury. Our Group's transactions with SOQ were conducted based on purchase orders. However, since October 2021, there were no orders for the provision of EMS from SOQ, while we continued to work with NextCentury. We have been working with the brand owner, NextCentury from the USA since 2020 for the EMS of smart utility data collection equipment. On 15 July 2018, Cape Singapore entered into a licensing agreement with NextCentury. Please refer to **Section 7.17(v)** of this Prospectus for the salient terms of the NextCentury License Agreement.

Although we have master supply agreements(1) with most of our major customers above, our business is based on purchase orders issued by our customers. There is no assurance that we can retain these customers, or that the volume of their product orders will not vary significantly from year to year. In the event there is a termination or non-renewal of the said agreements, or a reduction of or no purchase orders, or the loss of any of these major customers and we are unable to obtain substitute orders of comparable sizes from other existing or new customers in a timely manner, our financial condition and results of our operation may be adversely affected. As at the LPD, the Group has not failed to renew master supply agreements with our major customers.

Note:

(1) The scope of these agreements includes the duration, governing law, dispute settlement, termination in the events of default, payment terms, late delivery obligations, product liability and obligations arising from Force Majeure events. Please refer to **Section 7.17** of this Prospectus for the salient terms of these agreements.

9.1.3 We are dependent on our Directors, Key Senior Management, skilled engineers and technicians

Our growth and success are, to a significant extent, dependent on the service and performance of our Executive Directors and Key Senior Management, namely Tee Kim Chin (30 years of experience), Tee Kim Yok (17 years of experience), Lim Chue Wan (26 years of experience), Alex Miranda Juntado (37 years of experience), Tan Zong Yuan (14 years of experience), Yew Seow Kuen (20 years of experience), Teo Hui Seng (28 years of experience) and Salehaldin Bin Nasron (37 years of experience), for the strategic direction, leadership, business planning and development, management and monitoring of the day-to-day business operations of our Group. Our Executive Directors and Key Senior Management play a pivotal role in our day-to-day operations as well as charting, formulating and implementing strategies to drive the future growth of our Group. Further, they are also the key contact points for our major customers, and as such, a significant number of our purchase orders and contracts are procured through our Executive Directors and Key Senior Management. For further details in relation to the experience of our Executive Directors and Key Senior Management, please refer to **Section 7.3.8** of this Prospectus, as well as **Section 5** of this Prospectus for the profiles of our Executive Directors and Key Senior Management.

We are also reliant on the technical expertise of our skilled engineers and technicians involved in the initial design and conceptualisation, assembly and configuration, integration and commissioning stages of our solutions, and provision of after-sales technical support and services to our customers. As at the LPD, we have 165 engineers and technicians in our engineering division, who have in-depth knowledge of industry know-how, processes and facilities, as well as technical expertise enabling us to meet our customers' operational requirements.

Any loss of these personnel, and our inability to find a suitable replacement in a timely manner, may create an unfavourable or material impact on our Group's operations, and may eventually affect our ability to maintain and/or improve our business performance. This in turn may adversely affect our financial performance.

9.1.4 We may not be able to sustain our growth rate and our financial performance in the future

Our revenue grew from RM43.2 million in FYE 2019 to RM344.3 million in FYE 2021, representing a CAGR of 182.5%. Our ability to provide customised EMS has enabled us to grow our EMS business segment from a revenue of RM17.8 million in FYE 2019 to RM306.3 million in FYE 2021, representing a CAGR of 314.5%. Our PAT grew from RM3.8 million in FYE 2019 to RM26.3 million in FYE 2021, representing a CAGR of 162.3%.

Accordingly, there can be no assurance that we will be able to achieve similar growth rates and financial performance in the future. If we are unable to maintain adequate revenue and profit growth, our financial position could also be adversely affected. If we are unable to manage our growth effectively, we may not be able to take advantage of market opportunities or execute our business plans.

9.1.5 We are dependent on production workers for our business operations

Our manufacturing activities require production workers. Although we have automated machinery in our factory, we are still reliant on production workers. As at the LPD, we have 129 production workers (representing 27.6% of our total workforce of 467 employees) working on our factory floor, out of which 86 are contractual foreign workers and 43 permanent local workers. In addition, as at the LPD, our production workers are supplemented by 657 production workers employed by our sub-contractor. We may experience shortage of production workers from time to time due to several factors which affect our supply of both local and foreign workers as well as our ability to obtain additional production workers from our subcontractor. Some of the factors affecting the hiring of local production workers include salary and benefit package offered, and location. As at the LPD, there was no past occurrence where we were unable to hire sufficient production workers as we also engaged subcontractor for the supply of production works.

The number of foreign workers we may hire and our ability to obtain or renew work permits for our foreign workers are subject to regulations and approvals from the Ministry of Home Affairs, as well as policies implemented by other regulatory authorities, such as MITI. On 23 July 2022, MITI announced that the obligation to comply with the condition for manufacturing licence holders to maintain total full-time workforce of at least 80% Malaysians has been deferred to 31 December 2024. Accordingly, our Group has the flexibility to apply to hire such number of foreign workers required for our operations. Our ability to source for foreign workers may also be affected by the laws, regulations, and policies of their countries of origin. Such laws, regulations and policies, changes thereto or the introduction of additional requirements and/or restrictions by their local authorities may affect the supply of foreign labour from such countries.

We may not be able to hire sufficient local production workers. There is no assurance that we will attract and retain sufficient local workers to meet any shortfall in foreign workers.

In the event there is a shortfall in foreign workers, our Group has the option of sub-contracting the supply of workers and/or some of our work. Therefore, we may be dependent on our subcontractor for the supply of additional production workers and/or outsourcing some of our work. We have entered into an agreement with 1 sub-contractor, Chowdhury Manufacturing (M) Sdn Bhd, to secure sub-contract manufacturing services on our premises, which reduces our reliance on in-house production workers. As at the LPD, our production workers are supplemented by 657 production workers employed by our sub-contractor. Notwithstanding that we have engaged only 1 supplier for the provision of sub-contract manufacturing services, our Group is not dependent on this subcontractor as we are able to secure similar services from other sub-contractors in the event that our existing sub-contractor is unable to meet our Group's requirements.

However, any unsuccessful attempts to engage other subcontractors for the manufacturing works may result in delays in project deliverables, which will consequently affect our business operations. In addition, we may experience cost overruns due to having to engage subcontractors at higher cost. Further, should our subcontractor be unable to continue to supply us additional production workers and/or completing some of our work for any reason and we are not able to employ our own production workers, there is no assurance that we will be able to find an alternative subcontractor that is able to supply us additional production workers and/or undertake some of our work in a timely manner and on favourable terms.

9.1.6 We require licences, permits, approvals and certificates from relevant government authorities and regulatory agencies for our business operations

We require and hold certain licences, permits and approvals issued by various government authorities and regulatory agencies and these approvals, licences and permits are essential for the conduct of our business. See **Section 7.15** of this Prospectus for further details of our major licences, permits and approvals including the applicable authorities, expiration dates and status of compliance.

As at the LPD, we have obtained all major licences, permits and approvals which our Group is dependent on for our business operations in Malaysia.

Notwithstanding that we are taking steps to submit the applications for such licences, permits and certificates, there can be no assurance that we will be able to obtain such licences, permits and certificates in a timely manner, or at all.

In relation to the past non-compliance of die-casting operations at the Temenggong 22 Factory, for the period of non-compliance from 30 June 2016 to 14 March 2022, the potential maximum penalties which may be imposed are approximately RM2.1 million which are approximately 8.2% of the Group's FYE 2021 PBT which would not have a material adverse impact on our business and financial results. Please refer to **Section 7.23(i)(aa)** of this Prospectus for further details.

In relation to the past non-compliance of EMS operations at the Temenggong 22 Factory, for the period of non-compliance from 30 June 2016 and up to 14 August 2022, the potential maximum penalties which may be imposed are approximately RM2.2 million, representing approximately 8.8% of the Group's FYE 2021 PBT which would not have a material adverse impact on our business and financial results. Please refer to **Section 7.23(i)(bb)** of this Prospectus for further details.

As at the LPD, we have not been subject to any enforcement action with respect to the foregoing. However, there can be no assurance that we will not be subject to enforcement actions by the relevant authorities, including cessation of operation or monetary penalties. We undertake to update our shareholders on the status of our efforts to obtain the approvals for the abovementioned applications through our quarterly reports and annual reports pursuant to the Main Market Listing Requirements.

Generally, the licences, permits and approvals we require and hold are subject to a variety of conditions which are either stipulated within the licences, permits and approvals themselves, or under the particular legislation and/or regulations governing the issuing authorities. Certain of these licences, permits and approvals need to be renewed on a periodic basis or reassessed by the relevant regulatory authorities. If we are unable to fulfil any new or existing terms or conditions that may be imposed, we may not be able to renew or obtain the approvals, licences and permits required for our operations. Further, regulations of the issuing authorities may become more stringent from time to time and it may be costly for us to comply with the terms and conditions of these licences, permits and approvals.

Should there be any subsequent modifications of, or additions or new terms and conditions to the current compliance standards, we may incur additional costs to comply with the new or modified standards which may adversely affect our profitability. Any breach or material non-compliance with such regulations may result in the suspension, withdrawal or termination of the relevant licences, permits and approvals, financial penalties or cessation of our operations.

9.1.7 Our business operations may be disrupted by contagious or virulent diseases

Our business operations are subject to disruptions caused by any contagious or virulent diseases such as COVID-19.

On 11 March 2020, the COVID-19 virus, also known as the novel coronavirus, was declared a worldwide pandemic by the World Health Organization. Although our business operations were deemed as "essential services", our financial performance was affected by the economic disruptions caused by COVID-19 which were felt across the EMS sector due to the lockdowns and border controls imposed by the governments of Malaysia and other countries.

During the first MCO, our business operation was temporarily suspended for 29 days in FYE 2020. This has impacted our financial performance on the monthly revenue of April 2020 where our revenue declined by 89.0% from RM6.8 million in March 2020 to RM0.8 million in April 2020. Subsequently as we resumed partial operations, our revenue increased by 2,428.3% to RM18.8 million in May 2020 as compared to our revenue for the month of April 2020 of RM0.8 million. Thereafter, in FYE 2021, pursuant to the FMCO that started on 1 June 2021 followed by Phase 1 of the NRP, we continued to operate according to the specific guidelines and SOP where our business operations operated at 60% workforce capacity.

There is no assurance that our business activities will not be materially affected by similar sudden crises in future which may result in interruptions to our Group's business operations and adversely affect our business and financial performance.

Please refer to **Section 7.13.1** of this Prospectus on the effect of COVID-19 on our business operations and the implementation of SOP by us to reduce the risk of COVID-19 transmission.

9.1.8 We are exposed to foreign currency exchange fluctuations

For the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, 41.3% (RM17.8 million), 99.1% (RM166.8 million), 94.6% (RM325.6 million) and 99.4% (RM317.8 million) of our total revenue were transacted in USD. Hence, our revenue is mainly denominated in foreign currency. This inherently subjects us to currency exchange rate risks which are affected by a myriad of factors that are beyond our control, including but not limited to political and economic climates of Malaysia and the world. Hence, we are subject to fluctuation of foreign currencies (namely USD) against the RM. Although we have not incurred any material losses arising from foreign currency translations for the Period Under Review, if the foreign exchange rates were to weaken against the RM going forward, we may record lower revenue as most of our sales are conducted in foreign currency. This may have a negative impact on our financial results.

At the same time, 61.8% (RM20.6 million), 90.4% (RM117.4 million), 91.2% (RM232.8 million) and 89.7% (RM166.1 million) of our total purchases were also transacted in USD for FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively. Any unfavourable foreign currency fluctuations may negatively affect our cost of operations.

Our Group practices natural hedging by maintaining the receipts from our overseas customers in a foreign currency account for payment to overseas suppliers. As at the LPD, we have not entered into any foreign exchange contracts. We are subject to foreign exchange fluctuation risk for the purchase of our supplies and revenue from our foreign sales. We will constantly monitor and review fluctuations in foreign currency and may hedge against foreign currency fluctuations if our Group experiences a higher risk of it. However, there can be no assurance that fluctuations in foreign currency will not affect the revenue and earnings of our Group. Fluctuations in foreign currency exchange rates between the RM and such foreign currency we transact in, may have a material effect on our reported income and expenses, as they are stated in RM in our financial statements and, any adverse movements in the foreign exchange markets may have an adverse impact on our business, financial conditions and results of operations.

See **Section 12.3.2(iii)** of this Prospectus for further information on the impact of foreign exchange during the Period under Review.

9.1.9 We are exposed to interest rate fluctuations

Our finance cost mainly comprises interest charges on term loans, shipment buyer loans, finance lease liabilities, bankers' acceptance, bank overdraft and OFCL that are granted by banks and financial institutions. The interest rates for our bank borrowings are typically based on the prevailing market rates at the dates of the respective transactions. As at the LPD, our Group has available credit facilities amounting to RM294.2 million, of which RM137.3 million has yet to be utilised. As at 30 September 2022, our total borrowings were RM203.5 million. Of the RM203.5 million of our Group's total borrowings as at 30 September 2022, RM149.3 million were interest-bearing borrowings based on floating rates. Our finance cost increased from RM0.9 million for the FYE 2019 to RM5.3 million for the FYE 2021 and to RM6.1 million for the FPE 2022 due to increased bank borrowings resulting from our Group's investments in capital expenditure and working capital to finance the increase in our Group's operations.

Our gearing ratio and interest coverage ratio for the Period Under Review is set out below:

	Audited			
	FYE 2019	**FYE 2020**	**FYE 2021**	**FPE 2022**
Gearing ratio[(1)] (times)	1.0	1.2	0.9	1.1
Interest coverage ratio[(2)] (times)	5.7	10.9	7.7	8.2

Notes:

(1) Computed based on total borrowings including lease liabilities and interest-bearing advances from third parties, divided by total equity.

(2) Computed based on EBITDA divided by finance cost.

In this respect, any increase in interest rates may impact our financial performance. If we fail or encounter difficulties in meeting our financial obligations when they fall due, this will result in a financial distress condition which will affect our operations and financial performance.

For the Period Under Review and up to the LPD, we have not defaulted on any payments of either the principal or interests in relation to our bank borrowings.

9.1.10 Security breaches and failure to protect our proprietary and customers' information

We are exposed to confidential information of our customers and suppliers, including commercially sensitive technological know-how, during the course of our operations. Therefore, we are obliged to preserve the confidentiality of our customers and suppliers' confidential information. Employees are subject to non-disclosure undertaking in relation to the confidential information which came into their possession during the course of employment.

In addition, we rely on the security of our IT infrastructure as well as external service provider's cyber security services to preserve confidentiality of such information. Our technology systems may be vulnerable to telecommunication failures, cyber-attacks (such as hacking and data theft), failures during the process of upgrading or replacing software, databases or components, power outages or hardware failures which may result in the unavailability or slowdown of our technology platform. Such unavailability or slowdown of our technology platform necessitates maintenance service, where there may be increased risk of data leakage during resumption of service after such maintenance is carried out on our technology platform. As at the LPD, there has not been any instances of data breaches or cyber security incidents at our Group.

Although our Group seeks to limit these risks through, among others, constant updates of our software and systems, regular service and maintenance of our systems and having a backup system performing daily backup of data, there is no assurance that our Group will be able to respond to technological changes as well as system disruptions in a cost effective and timely manner. Further, any inability to respond to technological changes or compromises on our technology systems could expose us to liabilities, such as claims, legal actions initiated by our customers or suppliers or potential termination of business relationships.

9.1.11 We are subject to operational risk which may cause interruptions to our Group's business operations

Our Group's business operations could be disrupted or delayed due to unforeseeable circumstances. Such risks include, amongst others, equipment failures, environment factors (including natural disaster), fires or floods which may result in the damage to, or destruction of all or part of our factories, machinery and equipment, or manufactured products. Further, our Group's production processes are dependent on a consistent supply of electricity and gas as well as internet access for smooth operations. Although our Group schedules and carries out maintenance works for our machinery and equipment on a regular basis, there may be unexpected disruption to our production process as a result of machine down-time due to maintenance, machine breakdown, or malfunction, power failure, technology systems breakdown, internet down-time and disruption to gas supply. In such scenarios, this may cause a production halt or delay in our production process.

Any prolonged interruptions to our business operations due to the abovementioned factors may affect our ability in adhering to our production timeline which could have an adverse impact on our business operations, relationship with customers, financial performance and industry reputation. For the Period Under Review and as at the LPD, our Group had not experienced any unexpected interruptions or delays caused by equipment failures, fire as well as environmental factors which may be beyond our Group's control. However, we cannot assure that there will be no disruption to our business operations in the future.

9.1.12 We may not be successful in implementing our business strategies and plans

To grow our business and remain competitive in the EMS industry, our business strategies and plans primarily include utilisation of proceeds as described in **Section 4.6** of this Prospectus. However, there is no assurance that we will be able to effectively implement our plans. Even if we are able to successfully implement our plans, there is no assurance that the results of such plans will lead to the outcomes and results we expect.

The successful implementation of our business strategies and plans are based on our current circumstances and assumptions that certain circumstances will or will not occur in the future. The execution of our business strategies is also dependent on a number of factors such as our ability to obtain timely and sufficient funding, our ability to execute our business strategies well and to retain and recruit competent management and employees as well as the changing demand of the EMS industry. There are also factors beyond our control that affect the successful implementation of our business strategies such as the general market conditions, or changes in the Malaysian government's policy or regulatory regime where our business operates.

Further, the implementation of our plans may also require capital expenditure, and consequently we may require additional financing to fund our plans. There is no assurance that these plans will pay off and increase our revenue to a level which will be commensurate with the costs of our investment. Any failure or delay in the implementation of any or all of our business strategies and plans may have a negative effect on our business, operations and financial performance of our Group.

9.1.13 Our insurance coverage may not cover all losses or liabilities that may arise from our business operations

We have secured insurance policies for a variety of risks for our business operations such as fire, burglary, public liability and general liability. All these insurance policies are subject to exclusions and limitations of liability in both amounts insured and with respect to the insured events. As at the LPD, our Group's material insurance coverage are as follows:

Material insurance coverage	Aggregate coverage amount (RM'000)
Fire and fire consequential loss	189,681
Burglary	550
Public liability	3,000
General liability	107,546
Directors and officers liability	10,000

Our Group is aware of the adverse consequences arising from inadequate insurance coverage for the above risks that could disrupt our business operations. Further, our existing insurance coverage may be insufficient to cover all the risks associated with our business operations.

For the Period Under Review, there has been a total insurance claim of RM0.6 million mainly due to lightning damage to our injection moulding machines. As at the LPD, there are no ongoing claims, whether pending, threatened, or made known but not notified over the last 3 years up to the LPD.

We cannot guarantee that we will be successful in all our claims submitted to the respective insurers. Our business and financial performance may be adversely affected in the event such claims exceed the coverage of our insurance policies or our claims are not successful, in which event, we may be required to bear such losses, damages and liabilities out of our own funds. In addition, any insurance claim records may affect our insurance premiums charged to us subsequently by our respective insurance companies and this may impact our financial conditions.

9.1.14 We are required to comply with health, safety and environment ("HSE") laws and regulations

We are required to comply with the relevant HSE laws and regulations that are enforced at our factories.

If our employees and sub-contract workers are harmed or injured as they perform their jobs or if we fail to comply with or breach any of the relevant HSE laws and regulations, this may result in suspension or slowdown of our work. Accordingly, this could delay our manufacturing activities, and result in penalties which may affect our financial performance.

During the Period Under Review and as at the LPD, there have been no material injury or harm that affected our employees, or breach or failure to comply with the relevant HSE laws and regulations that resulted in any of the negative consequences listed above. Nevertheless, there can be no assurance that injury or harm to our employees, or breach or failure to comply with relevant HSE laws and regulations, will not occur in the future.

9.1.15 We are subject to credit risks based on the credit periods granted to our customers

We are subject to credit risks associated with our customers and our profitability and cash flow may be affected if our customers fail to make timely payments for the provision of our services. During the Period Under Review, we generally extend credit terms between 30 days to 180 days to our customers. As at 30 September 2022, our trade receivables which were past due but not impaired amounted to approximately RM18.6 million, which accounted for approximately 15.2% of our total outstanding trade receivables. During the Period Under Review, we have not made any allowance for doubtful debts or written off any bad debts arising from trade receivables. Please refer to **Section 12.4.8(i)** of this Prospectus for further details.

If a customer delays payment in part or at all, our cash flow and working capital may be adversely affected. While our finance team monitors collections from our customers regularly and follows up on any overdue amounts, the payment recovery process is usually time-consuming. Furthermore, there is no assurance that any outcome will be in our favour or that any dispute will be resolved in a timely manner. If we fail to secure adequate payments in time or to manage past due debts effectively, our business, financial condition, and results of operations may be materially and adversely affected.

Nevertheless, there is no guarantee that our customers will be able to fulfil their debt obligations and our Group will not encounter collection problems in the future. Hence, any failure by our customers to make payment to us on a timely manner may materially and adversely affect our operating cash flows, financial condition and results of operations.

9.1.16 We are subject to the risk of product warranty claims

Our Group is exposed to the risk of product warranty claims arising from manufacturing defects for our EMS of box build products. In addition, our Group provides warranty for digital vending machines and portable power desks assembled by Changhuat Plastic as our Group is the EMS provider that secured the purchase order directly from the customers who are the brand owners of the said products. In the event of the occurrence of any defect as mentioned above, we will be required to repair or replace the defective units which may negatively impact our financial performance.

While our Group has set in place measures, such as incoming, in process and outgoing quality control processes to prevent any manufacturing defects, there can be no assurance that our units will not have any defects or malfunction.

For the Period Under Review up to the LPD, our Group has not experienced any material product warranty claims for our production units. Nevertheless, there is no assurance that we would not experience any warranty claims in the future.

9.1.17 We may be affected by regulatory and policy changes applicable to electronic cigarettes

We provide EMS for electronic cigarettes for Customer A in the USA. The laws and regulations governing electronic cigarettes may be subject to changes due to health or public policy considerations. There can be no assurance that any adverse regulatory changes will not materially affect our business in the future. Adverse development or uncertainty in the regulatory conditions in the USA regarding electronic cigarettes could cause, among others, our customers to defer, reduce or terminate contracts or purchase orders or reduce the price of our products and services, which would have an adverse impact on our business, financial condition and results of operations.

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 We may face allegations of forced or unethical labour practices

We may face allegations of forced or unethical labour practices, even in the absence of any basis. Any allegations of forced or unethical labour practices may lead to negative publicity and affect our customers' willingness to engage our services. Foreign governments may also restrict or ban the import of our products and this may adversely impact our business, financial conditions and prospects. In 2021, there were allegations of improper labour practices against some operators in the glove and EMS industries in Malaysia which materially impacted them. In this respect, any allegations of forced or unethical labour practices may pose a threat affecting the business operation and financial performance of our Group.

In December 2022, we received electronic mails from a migrant worker rights specialist making allegations of forced labour risks and collection of recruitment fees from foreign workers in relation to our proposed recruitment of foreign workers in Nepal. However, our foreign recruitment firm has confirmed to us that, amongst others, it complies with Malaysian and Nepalese employment requirements and it shall not collect any fee from the foreign workers. We have conducted interviews in Nepal but have not finalised any recruitment of any foreign workers. As at the LPD, we have informed the foreign recruitment agency to cease recruitment of all Nepalese workers.

Save as disclosed above, we have not been subject to any allegations or faced punitive actions on our products and services as at the LPD. There can be no assurance that such circumstances will not arise in the future. As at the LPD, there are no proceedings pending or threatened, or any fact likely to give rise to any proceedings, which might materially affect the Group's financial position or business.

9.2.2 We are subject to the demand of our customers' end-user markets

Our business is dependent on our customers' end-user markets. Any negative performance in their end-user markets could result in less purchase orders for our products and services. Some of the factors that may affect our customers' end-user markets include political, economic, social and regulatory factors; changes in technology; changes in market trends and consumer preferences; and new or enhanced products and services replacing existing products and services.

Any material changes in regional and global demand from our customers' end-user markets may subsequently affect our business and financial performance.

9.2.3 We face competition from other EMS operators in Malaysia and foreign countries

We face competition from other EMS operators that are based in Malaysia as well as in foreign countries that are capable of offering similar services. We may also face competition from new entrants that seek to establish themselves in the industry from time to time.

The barriers to entry for the EMS industry are medium to high. This is predicated by the need for a track record to cater to market requirements as EMS providers normally serve large customers that would impose stringent requirements such as product quality, adequate manufacturing capacity and ability to provide fast turnaround of work orders. In some situations, there is a need to invest in machinery and equipment such as those required for PCBA or automated production line. Additionally, EMS providers require sufficient working capital to purchase input materials before invoicing customers for the finished products. Nevertheless, these factors are moderated by the absence of import or export tariffs, and no onerous licences, regulations or restrictions governing the entry of new players. In addition, most input materials used in EMS are widely available. *(Source: IMR Report as set out in **Section 8** of this Prospectus)*

We generally compete on a variety of factors including, among others, price competitiveness, financial strengths in terms of working capital, availability or willingness to invest in machinery and equipment, adequate production capacity, availability of skilled resources, quality of products and services, customer service, reliable and competent third-party suppliers, promptness in delivery, track record and market reputation.

There can be no assurance that we will continue to remain competitive against existing and prospective competitors. Consequently, there can be no assurance that our existing customers will continue to award contracts and/or purchase orders to us in the future. Failure to remain competitive, adapt quickly to changing market conditions and trends, and ability to secure new contracts or purchase orders will have an adverse effect on our future business and financial performance.

9.2.4 We operate in a technological industry subject to changes in technologies

We operate within the electronics industry typified by technological changes in the products that we manufacture, as well as in some situations, the machine and equipment that we use in our manufacturing process.

There is a risk that our customers may not promptly adopt emerging technological changes that may result in reduced demand for their products and subsequently reduction of purchase orders for our EMS. Similarly, changes in technologies may require us to invest in new or improved machine and equipment which, if we acquire them, may impact on our financial conditions, and/or may cause our EMS to be not price competitive thus affecting our ability to continue to secure purchase orders or new customers.

As such, our business face risks in technological changes or failure to keep abreast of the technological advancements, which may adversely affect our business and financial performance.

9.2.5 We are subject to adverse economic, social, political and regulatory developments and occurrence of force majeure events

We derive most of our revenue from our export markets as well as Malaysia. In addition, our main operations are in Malaysia. Any adverse developments in the economic, social, political, regulatory conditions and geopolitical events, such as the Russia-Ukraine conflict, as well as force majeure events such as emergence of the COVID-19 pandemic in Malaysia and in the countries that we transact business, could adversely affect our financial position and business prospects. Occurrence of adverse events may cause, among others, our customers to defer, reduce or terminate contracts or purchase orders or reduce the price of our products and services, which would have a material adverse effect on our business, results of operations and financial condition.

9.2.6 Our aluminium die cast manufacturing operation is subject to fluctuations in global aluminium prices

We manufacture aluminium die cast parts for our EMS as well as sales to external customers. As aluminium is a global commodity, the fluctuations in global prices of aluminium would have an impact on our financial performance.

According to the IMR Report as set out in **Section 8** of this Prospectus, between January 2018 and March 2020, the global average aluminium prices were stable and have been fluctuating around USD1,936/tonne until they dipped to a monthly low of USD1,460/tonne in April 2020. Subsequently, the global average aluminium prices increased to USD2,934/tonne in October 2021 due to strong demand for aluminium products in the automotive industry and global supply chain disruption, coupled with increased prices of energy resources.

The global supply chain was disrupted due to containment measures amidst the COVID-19 pandemic and China's decarbonisation policies that limit aluminium production which uses coal extensively. Aluminium prices thereafter declined to USD2,636/tonne in November 2021 and thereafter reverted to an increasing trend at USD3,498/tonne in March 2022. The price remained high in 2022 due to constricted supply arising from the Russia-Ukraine conflicts and sanctions imposed on Russia. In December 2022, the global average aluminium prices declined to USD2,402/tonne.

The average purchase price of our aluminium ingots increased by approximately 17.4%, 40.2% and 22.0% for the FYE 2020, FYE 2021 and FPE 2022 respectively. Although our Group had been able to pass on the increase in cost to our customers in a timely manner during the FYE 2020, our Group was unable do so during the FYE 2021 resulting in higher costs to our Group. This was mainly due to the price of the die cast parts being fixed upon confirmation of the purchase order, whereas the delivery period of the die cast parts was between 1 and 3 months depending on the purchase order. In contrast, the purchase of aluminium ingots, which is the main input material used for die cast manufacturing, is based on prevailing market price. At the time of purchase of aluminium ingots, its market price was higher than anticipated. Our Group was therefore unable to pass the increased cost of the aluminium ingots to the customers as the price of the die cast parts was fixed upon confirmation of purchase order. Consequently, we started to review the aluminium prices quarterly with our customers to address any increases in aluminium prices. Save for the above, as at the LPD, there have been no other instances where our Group was unable to pass on material increases in aluminium prices to our customers.

Notwithstanding this, there is no certainty that we will be able to pass on the cost to our customers in future should there be any unfavourable fluctuations and sustained high aluminium prices may result in higher prices for our aluminium die-cast products and in turn, may negatively impact our financial performance.

9.3 RISKS RELATING TO INVESTMENT IN OUR SHARES

9.3.1 No prior market for our Shares and it is uncertain whether an active or sustainable market will ever develop

Prior to our Listing, there has been no prior public market for our Shares. Hence, there is no assurance that upon our Listing, an active market for our Shares will develop, or if developed, that such market can be sustained. There is also no assurance as to the liquidity of the market that may develop for our Shares, the ability of holders to sell our Shares or the prices at which holders would be able to sell our Shares.

There can be no assurance that the Institutional Price or Retail Price will correspond to the price at which our Shares will trade on the Main Market of Bursa Securities upon our Listing and the market price of our Shares will not decline below the Institutional Price or Retail Price.

9.3.2 Volatility of share prices traded on Bursa Securities

The trading price and volume of our Shares could be subject to fluctuations in response to various factors, some of which are not within our control and may be unrelated or disproportionate to our financial results. These factors may include material variations in our results and operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

The performance of Bursa Securities is very much dependent on external factors such as the performance of the regional and global stock exchanges and the flows of foreign funds. Market sentiment is also influenced by factors such as the prevailing economic and political climate of the country, and the potential for growth in various sectors of the economy. Other factors that may negatively affect investor sentiment include natural disasters, and health epidemics including outbreaks of contagious diseases. These factors contribute to the volatility of trading volumes on Bursa Securities, and of the market price of our Shares.

9.3.3 Uncertainty of dividend payment

It is the intention of our Board to recommend and distribute a dividend of up to 30% of the profit attributable to the owners of the Company. However, our Group's ability to distribute dividends or make other distributions to our shareholders is subject to various factors as set out in **Section 12.7** of this Prospectus. Deterioration of these factors could have an effect on our business, which in turn will affect our ability to declare dividends to our shareholders. As such, there can be no assurance (i) that dividends will be paid out in the future; (ii) on timing of any dividends that are to be paid in the future; or (iii) on the quantum of dividends that are to be paid in the future.

Furthermore, dividend payments are not guaranteed and our Board may decide, at its discretion, at any time and for any reason, not to pay dividends. If we do not pay dividends or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected and the value of any investment in our Shares may be reduced.

Please refer to **Section 12.7** of this Prospectus for further information on our dividend policy.

9.3.4 The interest of our Promoters who control our Group may not be aligned with the interest of our shareholders

As disclosed in **Section 5.1** of this Prospectus, our Promoters will directly or indirectly hold approximately 54.4% of our enlarged issued Shares upon Listing. As a result, our Promoters will be able to, in the foreseeable future, effectively control the business direction and management of our Group. Given that our Promoters will hold approximately 54.4% of our enlarged issued Shares upon Listing, they will be able to vote on and pass ordinary resolutions at general meetings, specifically pertaining to transactions which do not involve the interest of our Promoters or persons connected with them where they are not required to abstain from voting either by our Constitution, by law and/or by the relevant guidelines or regulations. Other matters which may also be subject to significant influence from our Promoters include the election of Directors as well as the timing and payment of dividends. There can be no assurance that the interests of our Promoters will always be aligned with those of our other shareholders.

9.3.5 The sale, or the possible sale, of a substantial number of our Shares in the public market following our Listing could adversely affect the price of our Shares

Following our Listing, we will have in issue 923,000,000 Shares, of which up to 251,700,000 Shares, will be held by investors participating in our Listing (representing approximately 27.3% of our enlarged issued Shares) and not less than 71.0% will be held by the Promoters and substantial shareholders via their direct interests in our Company. Our Shares offered pursuant to our Listing will be tradable on the Main Market of Bursa Securities following our Listing.

Notwithstanding our existing level of cash and cash equivalents, we may issue additional Shares in connection with our financing activities or otherwise. In addition, the Promoters and substantial shareholders could dispose of some or all of our Shares that they hold after the Moratorium Period pursuant to their own investment objectives. If the Promoters and substantial shareholders sell, or are perceived as intending to sell, a substantial amount of our Shares that they hold, the market price for our Shares could be adversely affected.

9.3.6 Failure or delay in our Listing

The occurrence of certain events, including the following, may cause a delay in, or failure of, our Listing:

(i) the Underwriter exercising its rights under the Underwriting Agreement to discharge itself of its obligations under such agreement;

(ii) identified investors fail to subscribe for the portions of Shares allocated to them;

(iii) our inability to meet the minimum public spread requirement under the Listing Requirements, i.e. at least 25.0% of the total number of our Shares for which our Listing is sought to be held by a minimum of 1,000 public shareholders holding not less than 100 Shares each at the point of our Listing; or

(iv) the revocation of the approvals from the relevant authorities prior to our Listing and/or admission for whatever reason other than the reasons specified in paragraph (v) below;

(v) if the SC issues a stop order pursuant to Section 245 of the CMSA prior to our Listing or if permission is not granted by Bursa Securities for our Listing before the expiration of 6 weeks from the date of issue of this Prospectus or such longer period as may be specified by the SC pursuant to Section 243 of the CMSA; or

(vi) the occurrence of any event or circumstance beyond the control of our Group.

Where prior to the issuance and allotment of our IPO Shares:

(i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, the applications shall be deemed to be withdrawn and cancelled and our Company shall refund all monies paid in respect of the applications for our IPO Shares within 14 days of the stop order, failing which the Company shall be liable to return such monies with interest at the rate of 10.0% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA upon expiration of that period until full refund is made; or

(ii) our Listing is aborted, investors will not receive any of our IPO Shares, all monies paid in respect of all applications for our IPO Shares will be refunded free of interest.

Where subsequent to the issuance and allotment of our IPO Shares:

(i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, any issue of our IPO Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, the Company shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA upon expiration of that period until full refund is made; or

(ii) our Listing is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders could only be achieved by way of a cancellation of share capital as provided under the Act and its related rules. Such cancellation can be implemented by either:

    (aa) the sanction of our shareholders by special resolution in a general meeting, consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances; or

    (bb) the sanction of our shareholders by special resolution in a general meeting supported by a solvency statement from our Directors.

Therefore, there is a risk that monies paid in respect of our Shares may not be recovered in a timely manner.

9.3.7 Forward-looking statements are subject to uncertainties and contingencies

Certain statements in this Prospectus are based on historical data, which may not be reflective of the future results. Other statements, including, without limitation, those regarding our financial position, business strategies, prospects, plans and objectives of our Company for future operations, which are forward-looking in nature, are subject to uncertainties and contingencies. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure you that such expectations will subsequently materialise. Their inclusion in this Prospectus should not be regarded as a representation or warranty by us or our advisers that such plans and objectives will be achieved.

10. RELATED PARTY TRANSACTIONS

10.1 OUR GROUP'S RELATED PARTY TRANSACTIONS

10.1.1 Related party transactions

Under the Listing Requirements, a "**related party transaction**" is a transaction entered into by a listed issuer or its subsidiaries that involves the interest, direct or indirect, of a related party. A "**related party**" of a listed issuer is:

(i) a director, having the meaning given in Section 2(1) of the CMSA, and includes any person who is or was within the preceding 6 months of the date in which the terms of the transaction were agreed upon, a director of the listed issuer, its subsidiary or holding company or a chief executive of the listed issuer, its subsidiary or holding company; or

(ii) a major shareholder, and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed issuer or its subsidiaries or holding company, and has or had an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is:

   (a) 10.0% or more of all the voting shares in the corporation; or

   (b) 5.0% or more of all the voting shares in the corporation where such person is the largest shareholder of the corporation; or

(iii) a person connected with such director or major shareholder.

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10.1.2 Material related party transactions entered into by our Group

Save as disclosed below, there is no material related party transaction, existing or proposed, entered or to be entered into by our Group which involves the interests, direct or indirect, of our Directors, substantial shareholders and/or persons connected with them for the Period Under Review and up to the LPD:

Transacting parties	Nature of relationship	Nature of transaction	Transaction value FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FPE 2022 (RM'000)	Up to the LPD
Our Company (as purchaser) and Tee Kim Chin (as vendor)	Tee Kim Chin is our Promoter, Director and substantial shareholder	Purchase of the Kempas 6 Factory by our Company from Tee Kim Chin	-	-	6,000 (3.5% of our Group's NA)	-	-
Cape Manufacturing (as purchaser) and Tee Kim Chin (as vendor)	Tee Kim Chin is our Promoter, Director and substantial shareholder and is a director of Cape Manufacturing	Purchase of the Temenggong 22 Factory by Cape Manufacturing from Tee Kim Chin	-	-	6,000 (3.5% of our Group's NA)	-	-
Our Company (as purchaser) and Tee Kim Chin and Alex Miranda Juntado (as vendors)	Tee Kim Chin is our Promoter, Director and substantial shareholder	• Acquisition of the entire equity interest in Cape Manufacturing by our Company from Tee Kim Chin and Alex Miranda Juntado	-	5,575[(1)] (6.9% of our Group's NA)	-	-	-
	Alex Miranda Juntado is our Director	• Acquisition of the entire equity interest in Cape Singapore by our Company from Tee Kim Chin and Alex Miranda Juntado	-	1,583[(2)] (1.9% of our Group's NA)	-	-	-
Our Company and Tee Kim Chin	Tee Kim Chin is our Promoter, Director and substantial shareholder	Rental of the Kempas 6 Factory by our Company from Tee Kim Chin	240 (0.6% over our Company's audited cost of sales)	240 (0.2% over our Group's audited cost of sales)	100 (Less than 0.1% over our Group's audited cost of sales)	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Transacting parties	Nature of relationship	Nature of transaction	Transaction value FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FPE 2022 (RM'000)	Up to the LPD
Cape Manufacturing and Tee Kim Chin	Tee Kim Chin is our Promoter, Director and substantial shareholder and is a director of Cape Manufacturing	Rent-free use of the Temenggong 22 Factory by Cape Manufacturing from Tee Kim Chin ("**Temenggong 22 Factory Rent-Free**")	Not applicable	-	-	-	-
Our Company and Cape Manufacturing	Tee Kim Chin is our Promoter, Director and substantial shareholder Alex Miranda Juntado is our Director Tee Kim Chin and Alex Miranda Juntado are also the Directors and were substantial shareholders of Cape Manufacturing[(1)(3)]	Purchase of chassis alternating current (ac), enclosure top and bottom, subreflector, and wave guide tube by our Company from Cape Manufacturing	2,300 (5.8% over our Group's audited cost of sales)	-	-	-	-

Notes:

(1) Cape Manufacturing was acquired by our Company in January 2020.

(2) Cape Singapore was acquired by our Company in January 2020.

(3) For the FYE 2019, Tee Kim Chin and Alex Miranda Juntado were directors and substantial shareholders of Cape Manufacturing and our Company.

Our Board has referred to independent reports and letter for respective market values of Kempas 6 Factory and Temenggong 22 Factory, audited net asset of Cape Manufacturing as at 30 June 2019, audited net asset of Cape Singapore as at 31 December 2019, market rental rate applicable to our Kempas 6 Factory, as well as transfer pricing of goods sold between our Company and Cape Manufacturing. In addition, our Board (i) takes cognisance that the quotations in relation to goods sold between our Company and Cape Manufacturing are subject to our end customers' approvals; and (ii) referred to independent report, where it was concluded that the transactions between our Company and Cape Manufacturing had been consistent with the arm's length principle. Premised on this, our Directors confirm that the above material transactions were transacted on an arm's length basis and on normal commercial terms which were not more favourable to the related parties than those generally available to third parties and accordingly were not detrimental or unfavourable to our non-interested shareholders, save for the Temenggong 22 Factory Rent-Free transaction.

The rent-free use of the Temenggong 22 Factory by Cape Manufacturing from Tee Kim Chin is not considered by the Directors to be on an arm's length basis as it was provided on terms more favourable to Cape Manufacturing in comparison to normal commercial terms (i.e. the rental for Temenggong 22 Factory was rent-free).

Nevertheless, the Temenggong 22 Factory Rent-Free transaction is not detrimental to the Group as Cape Manufacturing saved cost in relation to rental fees. It is pertinent to note that Temenggong 22 Factory was subsequently sold to Cape Manufacturing during the FYE 2021.

Following our Listing, our Directors will ensure that future related party transactions (if any) will be in compliance with the Listing Requirements. The procedures to be undertaken to ensure that the future related party transactions (if any) are carried out on an arm's length basis are set out in **Section 10.2** of this Prospectus.

10.1.3 Transactions that are unusual in nature or condition

Our Directors have confirmed that there are no transactions that were unusual in its nature or condition, involving goods, services, tangible or intangible assets, to which our Company and any of our Subsidiaries were a party in respect of the Period Under Review and up to the LPD.

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10. RELATED PARTY TRANSACTIONS *(Cont'd)*

10.1.4 Outstanding loans and/or financial assistance (including guarantees of any kind) made to or for the benefit of related parties

Save as disclosed below, our Board has confirmed that there are no outstanding loan and/or financial assistance (including guarantee of any kind) made to our Group or by our Group to or for the benefit of any related parties for the Period Under Review and up to the LPD:

(i) Outstanding loans

Loans made to or for the benefit of related parties	Interested related party and nature of relationship	Nature of transaction	Transaction Value				
			FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FPE 2022 (RM'000)	Up to the LPD (RM'000)
Advances made to our Company by Cape Manufacturing	Tee Kim Chin is our Promoter, Director and substantial shareholder Tee Kim Chin is a director and was a substantial shareholder of Cape Manufacturing(1)	Advances for our working capital purposes	664	-	-	-	-
Advances made to Cape Singapore by our Company	Tee Kim Chin is our Promoter, Director and substantial shareholder Tee Kim Chin is a director and was a substantial shareholder of Cape Singapore(2)	Advances for Cape Singapore's working capital purposes	70	-	-	-	-
Advances made to Tee Kim Chin by our Company	Tee Kim Chin is our Promoter, Director and substantial shareholder	Advances to Director	-	-	4,740	-	-
Advances made by Tee Kim Chin to our Company	Tee Kim Chin is our Promoter, Director and substantial shareholder	Advances from Director for our working capital purposes	1,860	14,230	-	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Loans made to or for the benefit of related parties	Interested related party and nature of relationship	Nature of transaction	Transaction Value				
			FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FPE 2022 (RM'000)	Up to the LPD (RM'000)
Advances made by Cape Manufacturing to Tee Kim Chin	Tee Kim Chin is our Promoter, Director and substantial shareholder	Advances to Director	-	4,962	299	-	-
Advances made by Cape Singapore to Tee Kim Chin	Tee Kim Chin is our Promoter, Director and substantial shareholder	Advances to Director	-	3,367	3,076	-	-

Notes:

(1) Cape Manufacturing was acquired by our Company in January 2020.

(2) Cape Singapore was acquired by our Company in January 2020.

The abovementioned advances do not carry any interest and the amounts have been fully repaid as at 31 December 2021.

Our Board is of the view that the advances provided to the Group are not considered to be on an arm's length basis as the advances were provided on terms favourable to the Group (i.e. interest-free), and accordingly were not detrimental or unfavourable to our non-interested shareholders.

Following the acquisition of Cape Manufacturing and Cape Singapore by our Company in January 2020, advances made between our Company, Cape Manufacturing and Cape Singapore will no longer be considered to be provision of loans and/or financial assistance (including guarantees of any kind) involving the interests of related parties.

As at the LPD, our Group's available banking facilities for working capital purposes amounted to RM294.2 million, of which RM137.3 million has yet to be utilised. After taking into consideration our cash and bank balances and existing banking facilities, we have adequate working capital to meet our present and foreseeable requirements for a period of 12 months from the date of this Prospectus. Premised on the above, our Board is of the view that advances provided to the Group involving the interests of related parties may occur after Listing, but are not likely to become a significant source of funds for the Group moving forward.

Following our Listing, our Directors will ensure that future advances made to our Group by related parties (if any) will be in compliance with the Listing Requirements. The procedures to be undertaken to ensure that future related party transactions with the related parties (if any) are carried out on an arm's length basis are set out in **Section 10.2** of this Prospectus.

All the advances made to and from Tee Kim Chin to our Group has been settled as at 31 December 2021.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

(ii) Financial assistance (including guarantees of any kind)

(a) Our Company

Tee Kim Chin and Tee Kim Yok, our Promoters, Directors and substantial shareholders, and Alex Miranda Juntado, our Director, have provided personal guarantees for banking facilities extended to our Company by Affin Bank Berhad, AmBank (M) Berhad Hong Leong Bank Berhad, HSBC Amanah Malaysia Berhad, HSBC Bank Malaysia Berhad and Malaysian Industrial Development Finance Berhad (collectively, "**Financiers of our Company**").

In conjunction with our Listing, we have applied to the Financiers of our Company to obtain a release and/or discharge of the guarantees. Until such release and/or discharge are obtained from the respective Financiers of our Company, Tee Kim Chin, Tee Kim Yok, and Alex Miranda Juntado will continue to guarantee the banking facilities extended to our Company. As at the LPD, we have received conditional approvals from the Financiers of our Company to discharge the above guarantees. These conditional approvals are among others, subject to the successful Listing of our Company.

(b) Cape Manufacturing

Tee Kim Chin and Tee Kim Yok, our Promoters, Directors and substantial shareholders, and Alex Miranda Juntado, our Director, have provided personal guarantees for banking facilities extended to Cape Manufacturing by Affin Bank Berhad, HSBC Amanah Malaysia Berhad, HSBC Bank Malaysia Berhad, Public Bank Berhad and RHB Bank Berhad (collectively, "**Financiers of Cape Manufacturing**").

In conjunction with the Listing, Cape Manufacturing applied to the Financiers of Cape Manufacturing to obtain a release and/or discharge of the guarantees by substituting the same with a corporate guarantee from our Company. Until such release and/or discharge are obtained from the respective Financiers of Cape Manufacturing, Tee Kim Chin, Tee Kim Yok and Alex Miranda Juntado will continue to guarantee the banking facilities extended to Cape Manufacturing. As at the LPD, Cape Manufacturing has received conditional approvals from the Financiers of Cape Manufacturing to discharge the above guarantees. These conditional approvals are subject to, among others, the successful listing of our Company.

The total credit facilities granted by the respective Financiers of our Group to each of Cape EMS and Cape Manufacturing as at the LPD are set out below:

	Total credit facilities granted		
Financier	**Cape EMS**	**Cape Manufacturing**	**Total**
	(RM)	**(RM)**	**(RM)**
Affin Bank Berhad	501,000	534,000	1,035,000
AmBank (M) Berhad	6,738,167	-	6,738,167
AmBank Islamic Berhad	-	34,200,000	34,200,000
Hong Leong Bank Berhad	103,936,014	-	103,936,014
HSBC Amanah Malaysia Berhad	9,200,000	1,857,000	11,057,000
HSBC Bank Malaysia Berhad	106,400,000	19,655,104	126,055,104
Malaysian Industrial Development Finance Berhad	8,000,000	-	8,000,000
Public Bank Berhad	-	118,000	118,000
RHB Bank Berhad	-	27,000,000	27,000,000
Total	**234,775,181**	**83,364,104**	**318,139,285**

(c) Company related to Directors and major shareholders

Our Company and Cape Manufacturing had provided corporate guarantees of RM19,976,000 (FYE 2018 and FYE 2019) and RM21,759,364 (FYE 2020 and FYE 2021) in favour of RHB Bank Berhad in relation to loans granted by RHB Bank Berhad to Christee Holding Sdn Bhd, which is a company related to our Promoters, Directors and substantial shareholders, Tee Kim Chin and Tee Kim Yok.

Tee Kim Chin and Tee Kim Yok are our Promoters, Directors and substantial shareholders, who are also directors and substantial shareholders of Christee Holding Sdn Bhd.

The amount of corporate guarantees provided by our Company and Cape Manufacturing are determined based on the amount of loan drawn down by Christee Holding Sdn Bhd.

The corporate guarantee has been uplifted on 2 June 2022 after full settlement of loans by the related party on 24 May 2022.

Following our Listing, the Directors will ensure that future related party transactions (if any) will be in compliance with the Listing Requirements. The procedures to be undertaken to ensure that the future related party transactions (if any) are carried out on an arm's length basis are set out in **Section 10.2** of this Prospectus.

10.2 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS

10.2.1 Audit Committee review

Our Audit Committee reviews the financial risk and matters relating to related party transactions and conflict of interest situation that may arise within our Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity. It also sets the procedures and processes to ensure that transactions to be entered into are carried out are at arm's length, and on transaction prices and terms not more favourable to the related parties than those generally available to the public, fair and not detrimental to the minority shareholders of the Company. Amongst others, the related parties and parties who are in a position of conflict with the interest of our Group will be required to abstain from deliberations on the transactions.

All reviews by our Audit Committee are reported to our Board for its further action.

10.2.2 Our Group's policy on related party transactions

Related party transactions by their very nature, involve conflicts of interest between our Group and the related parties. Some of the officers and the directors of our Group are also officers, directors and in some cases, shareholders of the related parties of our Group, as disclosed in this Prospectus and, with respect to these related party transactions, may individually and in aggregate have conflicts of interest. It is the policy of our Group that all related party transactions are carried out on normal commercial terms which are not more favourable to the related parties than those generally available to the public dealing at arm's length with our Group and are not to the detriment of our minority shareholders.

In addition, we plan to adopt a comprehensive corporate governance framework that meets best practice principles to mitigate any potential conflict of interest situations and intend for the framework to be guided by the Listing Requirements and the MCCG upon our Listing. The procedures which may form part of the framework includes, among others, the following:

(i) our Board shall ensure that at least half of our Board members are independent directors and will undertake an annual assessment of the independence of our independent directors;

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

(ii) the directors of our Group will be required to declare any direct or indirect interest that they may have in any business enterprise that is engaged in or proposed to be engaged in a transaction with our Group. Upon such disclosure, the interested director (with any interest, direct or indirect), must abstain from board deliberation and voting at the relevant board meeting. Additionally, the said interested director must abstain from voting and shall procure persons connected to the said interested director to abstain from voting on the relevant resolution in respect of the related party transaction at a general meeting (if applicable). The interested director must inform the board approving the transaction (which may be our Board or the board of directors of our subsidiary, as the case maybe), the details of the nature and extent of his/her interest, including all matters concerning the said related party transaction that he is aware or should reasonably be aware of, which is not in the best interest of our Company or our subsidiary; and

(iii) all existing or potential related party transactions would have to be disclosed by the interested party for management reporting. Our management will review the said transactions on whether the terms and conditions of the related party transactions to be entered into are at arm's length, and on transaction prices and terms not more favourable to the related parties than those generally available to the public, fair and not detrimental to the minority shareholders of our Company and will then propose the transactions to our Audit Committee for their review who would in turn, make a recommendation to our Board for deliberation and approval.

After our Listing, we will be required to seek our shareholders' approval each time we provide financial assistance (including guarantees of any kind) which involves the interests of related parties, in accordance with the Listing Requirements. However, if the related party transactions can be deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such related party transactions during the validity period of the mandate. For avoidance of doubt, related party transactions as defined in the Listing Requirements includes the provision of financial assistance by our Group which involves the interest, direct or indirect, of a related party.

In the event there are any proposed related party transactions that require prior approval of our shareholders, our Directors, major shareholders and/or persons connected with them who have any direct or indirect interest in the proposed related party transactions shall abstain from deliberation and voting on resolution(s) pertaining to the respective transactions. Under the Listing Requirements, related party transactions may be aggregated to determine its materiality, if (i) the transactions occurred within a 12-month period, (ii) are entered into with the same party or with parties related to one another, or (iii) if the transactions involved the acquisition or disposal of securities of interests in one corporation/asset or of various parcels of land contiguous to each other.

In addition, to safeguard the interest of our Group and our non-interested shareholders, and to mitigate any potential conflict of interest situation, our Audit Committee will, among others, supervise and monitor any recurrent related party transaction and the terms thereof and report to our Board for further action. Where necessary, our Board will make the appropriate disclosure in our annual report with regards to any recurrent related party transaction entered into by us. Future loans and financial assistance from related parties, if any, will be carried out on normal commercial terms which are not more favourable to the related parties than those generally available to third parties dealing at arm's length and are not to the detriment of our Group.

11. CONFLICT OF INTEREST

11.1 CONFLICT OF INTEREST

11.1.1 Interest in similar business of our Group

None of our Directors or substantial shareholders has any other interest, whether direct or indirect, in any businesses or corporations which are carrying on a similar trade as our Group or which are the customers or suppliers of our Group.

The Directors' involvement in other business activities outside the Cape Group would not give rise to any conflict of interest situations as the principal activities of those companies are not similar to the Cape Group's business.

Moving forward, our Audit Committee will supervise any conflict of interest or potential conflict of interest situations that may arise and review our Group's current and future related party transactions to ensure that such transactions will be carried out on an arm's length basis and on commercial terms in the best interest of our Group. Please refer to **Section 10.2** of this Prospectus for further details of our monitoring and oversight policy on conflict of interest.

11.2 DECLARATION BY ADVISERS ON CONFLICT OF INTEREST

11.2.1 Declaration by HLIB

HLIB, its subsidiaries and associated companies as well as its penultimate holding company, namely Hong Leong Financial Group Berhad, and the subsidiaries and associated companies of Hong Leong Financial Group Berhad (collectively, the "**Hong Leong Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, assets and funds management and credit transaction services businesses.

The Hong Leong Group has engaged, and may in the future engage, in transactions with and perform services for our Group. In addition, in the ordinary course of business, any member of the Hong Leong Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with our Group, hold long or short positions, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of our Group.

As at the LPD, our Group has outstanding banking facilities with the Hong Leong Group amounting to approximately RM70.9 million.

Notwithstanding the above, HLIB is of the view that the aforesaid lending relationship would not give rise to a conflict of interest situation in its capacity as our Principal Adviser, Joint Bookrunner and Joint Underwriter for our IPO as:

(i) HLIB is a licensed investment bank and its appointment as the Principal Adviser, Joint Bookrunner and Joint Underwriter for our IPO and the extension of the banking facilities by the Hong Leong Group arose in its ordinary course of business;

(ii) the conduct of the Hong Leong Group in its banking business is strictly regulated by the Financial Services Act 2013, Islamic Financial Services Act 2013 and, where applicable, the CMSA, as well as the Hong Leong Group's own internal controls and checks; and

(iii) the said banking facilities which is less than 0.3% of the audited net assets attributable to the owners of Hong Leong Financial Group Berhad as at 30 June 2022 of RM24.3 billion, are not material.

HLIB has also confirmed that as at LPD, there are no circumstances that exists or is likely to exist to give rise to a possible conflict of interest situation in its capacity as the Principal Adviser, Joint Bookrunner and Joint Underwriter in relation to our IPO.

11.2.2 Declaration by AmInvestment Bank Berhad

AmInvestment Bank is a wholly-owned subsidiary of AMMB Holdings Berhad. AMMB Holdings Berhad and its group of companies (collectively, "**AmBank Group**") form a diversified financial group and are engaged in a wide range of transactions relating to amongst others, investment banking, commercial banking, private banking, brokerage, securities trading, asset and funds management and credit transaction services businesses. AmBank Group's securities business is primarily in the areas of securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trade.

In the ordinary course of their businesses, any member of the AmBank Group may at any time extend services to any company as well as hold long or short positions, and trade or otherwise effect transactions, for its own account or the account of its other clients, in debt or equity securities or senior loans of any company. Accordingly, there may be situations where parts of the AmBank Group and/or its clients now have or in the future, may have interests or take actions that may conflict with the interests of Cape Group.

As at the LPD, the AmBank Group has extended loan facilities with a combined limit of RM5.48 million to Cape Group. AmInvestment Bank is of the opinion that the loan facilities do not give rise to a conflict of interest situation in its capacity as the Joint Bookrunner and Joint Underwriter for our IPO due to the following reasons:

(i) the loan facilities were provided by AmBank Group in its ordinary course of business, and the said loan facilities are not material when compared to the audited NA of AmBank Group as at 31 March 2022 of approximately RM16.76 billion;

(ii) AmBank Group forms a diversified financial group and is engaged in a wide range of transactions as highlighted above. AmInvestment Bank is a licensed investment bank and its appointment as the Joint Bookrunner and Joint Underwriter for our IPO is in the ordinary course of business;

(iii) the loan facilities and repayment of the aforementioned credit facilities was not determined in contemplation of and not conditional upon AmInvestment Bank being appointed as the Joint Bookrunner and Joint Underwriter for our IPO; and

(iv) each of the entities and departments of the AmBank Group are also subject to internal control and checks, which regulate the sharing of information between entities and departments. Additionally, each department and entities within AmBank Group has separate and distinct operations and decisions are made independent of each other. In addition, the conduct of AmInvestment Bank is regulated by Bank Negara Malaysia.

AmInvestment Bank has confirmed that there is no existing or potential conflict of interest in its capacity as the Joint Bookrunner and Joint Underwriter for our IPO.

11.2.3 Declaration by 3p Capital Advisers Sdn Bhd

3p Capital Advisers Sdn Bhd has confirmed that it has no existing or potential interest in our Company and there is no existing or potential conflict of interest in its capacity as the Financial Adviser in relation to our IPO.

11.2.4 Declaration by Jeff Leong, Poon & Wong

Jeff Leong, Poon & Wong has confirmed that it has no existing or potential interest in our Company and there is no existing or potential conflict of interest in its capacity as the Legal Adviser to our Company as to the laws of Malaysia in relation to our IPO.

11.2.5 Declaration by Withers KhattarWong

Withers KhattarWong has confirmed that it has no existing or potential interest in our Company and there is no existing or potential conflict of interest in its capacity as the Legal Adviser to our Company as to the laws of Singapore in relation to our IPO.

11.2.6 Declaration by Mah-Kamariyah & Philip Koh

Mah-Kamariyah & Philip Koh has confirmed that it has no existing or potential interest in our Company and there is no existing or potential conflict of interest in its capacity as the Legal Adviser to the Joint Bookrunners and Joint Underwriters in relation to our IPO.

11.2.7 Declaration by Grant Thornton Malaysia PLT

Grant Thornton Malaysia PLT has confirmed that there is no existing or potential conflict of interest situation in its capacity as the Auditors and Reporting Accountants for our Company in relation to our IPO.

11.2.8 Declaration by Vital Factor Consulting Sdn Bhd

Vital Factor Consulting Sdn Bhd has confirmed that it has no existing or potential interest in our Company and there is no existing or potential conflict of interest in its capacity as the Independent Business and Market Research Consultants to our Group in relation to our IPO.

11.3 SALIENT TERMS OF ENGAGEMENT AND SCOPE OF WORK OF OUR FINANCIAL ADVISER

The salient terms of engagement and scope of work of our Financial Adviser are, among others, as follows:

(i) reviewing and understanding the various businesses of our Group including, but not limited to, examining and reviewing our Group's assets, liabilities and shareholding structure, for the purpose of our Listing;

(ii) in consultation with the Principal Adviser, assisting our Company in addressing its suitability and readiness for our Group to undertake our Listing in respect of our Group's corporate governance, conflict of interest and related party transactions;

(iii) in consultation with our Company and Principal Adviser, advising on the restructuring exercise and equity structure of our Company in preparation for our Listing;

(iv) in consultation with our Company and Principal Adviser, assisting on conceptualising, advising, planning, and implementing our Listing, including the offer structure, size and method of achieving the optimal public shareholding spread, pricing of the ordinary shares, the enlarged issued share capital and other related capital/financial matters. For avoidance of doubt, the role of the Financial Adviser does not involve making available, offer for subscription or purchase or issue an invitation to subscribe for or purchase securities in relation to our Listing;

(v) participating in the due diligence working group to verify the information, data, documents and representations by our Directors contained in this Prospectus and submissions to the relevant authorities;

(vi) to review and provide appropriate sign-off on the due diligence planning memorandum, due diligence report, minutes of due diligence working group meetings, as well as verification notes in relation to the submission documents related to our Listing; and

(vii) assisting our Company in reviewing the consultation paper(s) to be submitted by our Principal Adviser to the SC.

12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

The historical financial information of our Group for the FYEs 2019, 2020, 2021, as well as for the FPEs 2021 and 2022, have been extracted from the Accountants' Report set out in **Section 13** of this Prospectus.

The historical audited consolidated financial information for the Period Under Review as set out in this section is based on financial statements that have been prepared in accordance with MFRS and IFRS. The selected financial information included in this Prospectus is not intended to represent our future financial position and results.

You should read the historical financial information below together with our Management's Discussion and Analysis of Financial Condition and Results of Operations set out in **Section 12.3** of this Prospectus and the Accountants' Report set out in **Section 13** of this Prospectus.

12.1.1 Consolidated Statements of Profit and Loss and Other Comprehensive Income

	Audited			Unaudited	Audited
	FYE 2019	**FYE 2020**	**FYE 2021**	**FPE 2021**	**FPE 2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	43,157	168,261	344,334	243,597	319,750
Cost of sales	(39,762)	(135,840)	(302,443)	(215,658)	(278,199)
GP	**3,395**	**32,421**	**41,891**	**27,939**	**41,551**
Other income	1,023	2,149	984	1,206	5,992
Finance income	3	4	19	3	72
Administrative expenses	(2,242)	(7,522)	(10,674)	(7,661)	(10,265)
Distribution costs	(119)	(991)	(965)	(439)	(291)
Other expenses	(48)	(382)	(568)	-	-
Finance costs	(889)	(2,982)	(5,332)	(3,676)	(6,119)
PBT	**1,123**	**22,697**	**25,355**	**17,372**	**30,940**
Income tax expense	2,695	(2,465)	909	2,531	(6,333)
PAT	**3,818**	**20,232**	**26,264**	**19,903**	**24,607**
Other comprehensive income, net of tax	-	20,126	1,930	22	319
Total comprehensive income	**3,818**	**40,358**	**28,194**	**19,925**	**24,926**
Supplementary financial information					
EBITDA(1) (RM)	5,064	32,594	41,305	27,632	50,397
GP margin(2) (%)	7.9	19.3	12.2	11.5	13.0
EBITDA margin(3) (%)	11.7	19.4	12.0	11.3	15.8
PBT margin(4) (%)	2.6	13.5	7.4	7.1	9.7
Effective tax rate(5) (%)	-	10.9	-	-	20.5
PAT margin(6) (%)	8.8	12.0	7.6	8.2	7.7
PAT attributable to the owners of the Company	3,818	20,232	26,264	19,903	24,607
Basic EPS(7) (sen)	0.51	2.70	3.50	2.65	3.28
Diluted EPS(8) (sen)	0.41	2.19	2.85	2.16	2.67

Notes:

(1) EBITDA is computed as PAT plus: (i) income tax expense; (ii) finance costs; (iii) depreciation of property, plant and equipment; and (iv) depreciation of right-of-use assets, less (v) finance income. See below for details of computation as well as information regarding the use of non-MFRS measures.

The following table reconciles our PAT to EBITDA for the financial years indicated:

	Audited			Unaudited	Audited
	FYE 2019	**FYE 2020**	**FYE 2021**	**FPE 2021**	**FPE 2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
PAT	3,818	20,232	26,264	19,903	24,607
Add/(Less):					
Income tax expense	(2,695)	2,465	(909)	(2,531)	6,333
Finance costs	889	2,982	5,332	3,676	6,119
Depreciation of property, plant and equipment	1,148	3,293	6,504	5,312	7,124
Depreciation of right-of-use assets	1,907	3,626	4,133	1,275	6,286
Finance income	(3)	(4)	(19)	(3)	(72)
EBITDA	**5,064**	**32,594**	**41,305**	**27,632**	**50,397**

EBITDA and EBITDA margin are supplemental measure of our performance and liquidity that are not required by or presented in accordance with the MFRS or IFRS. EBITDA and EBITDA margin are not measures of our financial performance or liquidity under the MFRS or IFRS and should not be considered as alternatives to net income or any other performance measures derived in accordance with the MFRS or IFRS or as alternatives to cash flows from operating activities or as a measure of liquidity. In addition, EBITDA and EBITDA margin are not standardised terms, and hence, a direct comparison of similarly titled measures between companies may not be possible. Other companies may calculate EBITDA and EBITDA margin differently from us, limiting its usefulness as a comparative measure.

(2) Computed based on GP divided by revenue.

(3) Computed based on EBITDA divided by revenue.

(4) Computed based on PBT divided by revenue.

(5) For more information, refer **Section 12.3.1(vii)** of this Prospectus and Note 25 of the Accountants' Report in **Section 13** of this Prospectus.

(6) Computed based on PAT divided by revenue.

(7) Computed based on PAT attributable to owners of the Company divided by issued share capital of 750,000,000 Shares after the Pre-IPO Restructuring Exercise.

(8) Computed based on PAT attributable to owners of the Company divided by the enlarged share capital of 923,000,000 Shares after the IPO.

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12.1.2 Consolidated Statements of Financial Position

The consolidated statements of financial position for the Period Under Review are as follows:

	Audited as at			
	31 December			30 September
	2019	**2020**	**2021**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total non-current assets	26,085	99,807	218,883	230,614
Total current assets	74,898	157,359	183,257	233,004
Total assets	**100,983**	**257,166**	**402,140**	**463,618**
Total non-current liabilities	12,797	59,879	112,136	129,849
Total current liabilities	67,177	115,919	120,442	152,245
Total liabilities	**79,974**	**175,798**	**232,578**	**282,094**
Net assets	**21,009**	**81,368**	**169,562**	**181,524**
Net current assets	7,721	41,440	62,815	80,759
Share capital	20,000	40,000	100,000	100,000
Exchange translation reserve	-	(6)	34	353
Revaluation reserve	-	20,104	21,607	21,288
Retained profits	1,009	21,270	47,921	59,883
Total equity	**21,009**	**81,368**	**169,562**	**181,524**
Total bank borrowings[(1)] (RM'000)	14,488	87,521	156,264	203,487
Total borrowings[(2)] (RM'000)	20,697	94,219	156,327	203,512
Gearing ratio[(3)] (times)	1.0	1.2	0.9	1.1
Net borrowings[(4)] (RM'000)	19,571	81,032	115,959	171,197
Net gearing ratio[(5)] (times)	0.9	1.0	0.7	0.9
Current ratio[(6)]	1.1	1.4	1.5	1.5

Notes:

(1) Computed based on total bank borrowings including lease liabilities under the hire purchase contracts owing to financial institutions.

(2) Computed based on total borrowings including lease liabilities and interest-bearing advances from third parties, including a supplier, Changhuat Plastic and our engineering consultant, Wu Jung Wai. For more information, see Note 34 of the Accountants' Report included in **Section 13** of this Prospectus.

(3) Computed based on total borrowings including lease liabilities and interest-bearing advances from third parties divided by total equity.

(4) Computed based on total borrowings (including overdraft) less (i) cash and bank balances, (ii) fixed deposit not pledged to bank. See below for details of computation of net borrowings.

	Audited as at			
	31 December			30 September
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
Borrowings	20,697	94,219	156,327	203,512
(Less):				
Cash and bank balances	(1,126)	(13,187)	(40,261)	(32,315)
Fixed deposit not pledged with bank	-	-	(107)	-
Net borrowings	**19,571**	**81,032**	**115,959**	**171,197**

(5) Computed based on net borrowings (total borrowings (including overdraft) less (i) cash and bank balances; and (ii) fixed deposits not pledged to bank) divided by total equity.

(6) Computed based on current assets over current liabilities.

12.2 CAPITALISATION AND INDEBTEDNESS

The following table summarises our pro forma capitalisation and indebtedness based on the unaudited management account as at 31 December 2022 and giving effect to the completion of our IPO and the utilisation of proceeds having occurred on 31 December 2022.

The pro forma financial information below does not represent our Group's actual capitalisation and indebtedness as at 31 December 2022 and is provided for illustrative purposes only.

	Unaudited	
	As at 31 December 2022	After our Public Issue and Use of Proceeds
	(RM'000)	(RM'000)
Indebtedness		
Current		
Secured and guaranteed		
Term loans	6,841	6,841
Bank overdraft	6,430	6,430
Bankers' acceptance	3,898	3,898
Invoice financing	7,858	7,858
OFCL	8,267	8,267
Receivables finance	13,692	13,692
Shipment buyer loans	17,380	17,380
Lease liabilities with financial institutions (hire purchase)	10,112	10,112
Not secured and not guaranteed		
Other lease liabilities[(2)]	15	15

	Unaudited	
	As at 31 December 2022	**After our Public Issue and Use of Proceeds**
	(RM'000)	**(RM'000)**
Non-current		
Secured and guaranteed		
Term loans	74,242	74,242
Lease liabilities with financial institutions (hire purchase)	43,160	43,160
Not secured and not guaranteed		
Other lease liabilities[(2)]	-	-
Total indebtedness	**191,895**	**191,895**
Capitalisation		
Equity attributable to owners of our Company	**185,789**	**[(1)]330,489**
Total capitalisation and indebtedness	**377,684**	**522,384**

Notes:

(1) Computed after taking into account the issuance of the Issue Shares based on the Retail Price, and the estimated listing expenses.

(2) Refers to lease liabilities arising from lease of hostels recognised in accordance with MFRS 16.

12.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of our financial condition and results of operations for the Period Under Review should be read in conjunction with the accompanying notes, assumptions and bases set out in the Accountants' Report in **Section 13** of this Prospectus.

The discussion and analysis contain data derived from our audited consolidated financial statements as well as forward-looking statements that involve risks, uncertainties and assumptions. The actual results may differ significantly from those projected in the forward-looking statements. The factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in **Section 9** of this Prospectus.

The consolidated financial statements of the Group for the FYE 2019 reflects the financial information of Cape EMS only while the consolidated financial statements for FYE 2020 and FYE 2021 reflects the financial information of the Group as our Company acquired Cape Manufacturing and Cape Singapore in January 2020.

12.3.1 Review of operations

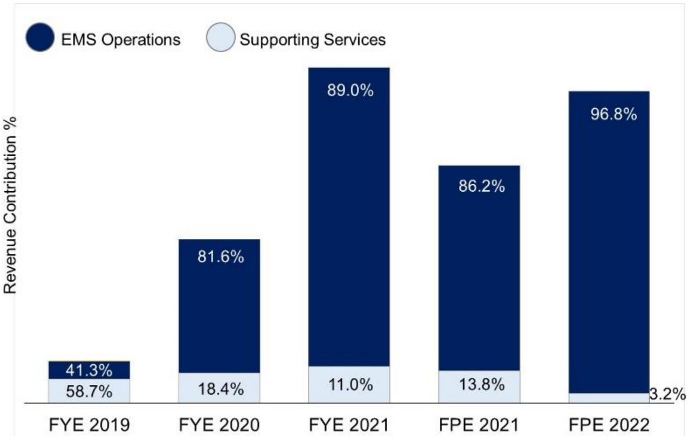
Our business is principally involved in the provision of EMS for industrial and consumer electronic products. As an EMS provider, we offer a range of contract manufacturing services for end-to-end manufacturing services which entail parts and component sourcing and procurement, production, assembly, testing, packaging up to direct shipment fulfilment. Our manufacturing contracts are typically turnkey contracts to provide complete box build products.

We also carry out supporting services for our EMS operations where we have in-house aluminium die cast manufacturing, as well as sourcing and procurement of parts and components for our box build consumer and industrial electronic products. In addition, we manufacture die cast parts and supply parts and components to external parties.

Please refer to **Section 7** of this Prospectus for further information on our business activities.

(i) Revenue

Revenue from the provision of EMS and supporting services is recognised when we have transferred control of goods to our customers, on the date when the goods have been accepted by our customers. The pricing for our Group's EMS products is quoted based on customised services taking into consideration the type of products to be assembled, input materials to be sourced and procured as well as type of value-added services to be provided, which is typically based on an ex-factory basis. In this respect, the average selling price is not applicable for our EMS operations.



Revenue Contribution	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FPE 2021 RM'000	FPE 2022 RM'000
EMS	**17,827**	**137,260**	**306,287**	**209,905**	**309,451**
Industrial electronics	*17,801*	*83,641*	*214,658*	*146,820*	*187,874*
Consumer electronics	*26*	*53,619*	*91,629*	*63,085*	*121,577*
Supporting services	**25,330**	**31,001**	**38,047**	**33,692**	**10,299**
Die casting manufacturing	*#*	*11,403*	*24,143*	*21,738*	*8,163*
Supply of parts and components	*25,330*	*19,598*	*13,904*	*11,954*	*2,136*
Total Revenue	**43,157**	**168,261**	**344,334**	**243,597**	**319,750**

Note:
\# Cape Manufacturing was acquired by our Company in January 2020.

For the Period under Review, our revenue was mainly derived from the provision of EMS for industrial and consumer electronic products, which accounted for 41.3% (RM17.8 million), 81.6% (RM137.3 million), 89.0% (RM306.3 million) and 96.8% (RM309.5 million) of our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively.

Between FYE 2019 and FYE 2021, our revenue increased at a CAGR of 182.5%, from RM43.2 million in FYE 2019 to RM344.3 million in FYE 2021. Our revenue increased by 31.3% in FPE 2022 as compared to FPE 2021. Please refer to **Section 12.3.1(i)(a)** of this Prospectus for further revenue analysis.

We have gained access to both foreign and domestic markets, and this is supported by our customer base which is spread across 9 countries for FYE 2021 and 10 countries for FPE 2022, where the top 2 foreign countries were the USA and Singapore, which collectively accounted for 87.9% (RM302.7 million) and 85.8% (RM274.3 million) of our total revenue for FYE 2021 and FPE 2022 respectively. Please refer to **Section 12.3.1(i)(b)** of this Prospectus for further revenue analysis by geographical markets.

(a) Revenue by business segments

The table below sets out our revenue by business segments for the Period Under Review:

	FYE 2019		FYE 2020		FYE 2021	
	RM'000	**(%)**	**RM'000**	**(%)**	**RM'000**	**(%)**
Provision of EMS						
• Industrial electronic products	17,801	41.2	83,641	49.7	214,658	62.3
- *Wireless communication equipment*	*17,801*	*41.2*	*71,324*	*42.4*	*79,282*	*23.0*
- *Smart utility data collection equipment*	-	-	*10,609*	*6.3*	*67,924*	*19.7*
- *POS terminals*	-	-	*1,610*	*1.0*	*62,862*	*18.3*
- *Others*(1)	-	-	*98*	*	*4,590*	*1.3*
• Consumer electronic products	26	0.1	53,619	31.9	91,629	26.6
- *Household appliances*	*26*	*0.1*	*17,213*	*10.2*	*49,350*	*14.3*
- *Electronic cigarettes*	-	-	*36,406*	*21.7*	*42,279*	*12.3*
	17,827	**41.3**	**137,260**	**81.6**	**306,287**	**(2)89.0**
Supporting services						
• Die casting manufacturing#	-	-	11,403	6.8	24,143	7.0
• Supply of parts and components	25,330	58.7	19,598	11.6	13,904	4.0
	25,330	**58.7**	**31,001**	**18.4**	**38,047**	**11.0**
Total	**43,157**	**100.0**	**168,261**	**100.0**	**344,334**	**100.0**

	FPE 2021		FPE 2022	
	RM'000	**(%)**	**RM'000**	**(%)**
Provision of EMS				
• Industrial electronic products	146,820	60.3	187,874	58.8
- *Wireless communication equipment*	*62,146*	*25.5*	*58,823*	*18.4*
- *Smart utility data collection equipment*	*55,170*	*22.6*	*52,069*	*16.3*
- *POS terminals*	*27,588*	*11.3*	*63,222*	*19.8*
- *Others*(1)	*1,916*	*0.8*	*13,760*	*4.3*
• Consumer electronic products	63,085	25.9	121,577	38.0
- *Household appliances*	*45,393*	*18.6*	*34,983*	*10.9*
- *Electronic cigarettes*	*17,692*	*7.3*	*86,594*	*27.1*
	209,905	**86.2**	**309,451**	**96.8**
Supporting services				
• Die casting manufacturing#	21,738	8.9	8,163	2.5
• Supply of parts and components	11,954	4.9	2,136	0.7
	33,692	**13.8**	**10,299**	**3.2**
Total	**243,597**	**100.0**	**319,750**	**100.0**

Notes:

* Less than 0.1%.

\# Cape Manufacturing was acquired by our Company in January 2020.

(1) Includes digital vending machines and portable printer power desks as well as LED lighting products for FPE 2022.

(2) Figures in the table may not tally due to rounding issue.

Sales volume of industrial and consumer electronic products

	FYE 2019	**FYE 2020**	**FYE 2021**
	(Units)	**(Units)**	**(Units)**
Industrial electronic products	97,911	665,760	1,388,605
- *Wireless communication equipment*	*97,911*	*489,690*	*599,222*
- *Smart utility data collection equipment*	-	*173,070*	*641,742*
- *POS terminals*	-	*2,981*	*147,629*
- *Others*[(1)]	-	*19*	*12*
Consumer electronic products	6	80,477	974,651
- *Household appliances*	*6*	*74,421*	*193,751*
- *Electronic cigarettes*	-	*6,056*	*780,900*

	FPE 2021	**FPE 2022**
	(Units)	**(Units)**
Industrial electronic products	989,735	1,433,426
- *Wireless communication equipment*	*548,792*	*361,234*
- *Smart utility data collection equipment*	*369,189*	*850,566*
- *POS terminals*	*71,742*	*169,481*
- *Others*[(1)]	*12*	*52,145*
Consumer electronic products	175,815	21,329,318
- *Household appliances*	*175,815*	*166,018*
- *Electronic cigarettes*	-	*21,163,300*

Note:

(1) Includes 12 units and 43 units of digital vending machines for FPE 2021 and FPE 2022 respectively, as well as 52,102 units of LED lighting products for FPE 2022.

(b) Revenue by geographical markets

The table below sets out revenue contribution by geographical markets for the Period Under Review as follows:

	FYE 2019		**FYE 2020**		**FYE 2021**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Asia Pacific						
Singapore	26	0.1	18,823	11.2	112,212	32.6
Malaysia	25,330	58.7	22,720	13.5	27,005	7.8
Hong Kong	-	-	1,835	1.1	4,835	1.4
Japan	-	-	100	0.1	5,155	1.5
China	-	-	898	0.5	570	0.2
Taiwan	-	-	382	0.2	308	0.1
India	-	-	31	#	19	#
	25,356	**58.8**	**44,789**	**26.6**	**150,104**	**43.6**

12. FINANCIAL INFORMATION *(Cont'd)*

	FYE 2019		FYE 2020		FYE 2021	
	RM'000	%	RM'000	%	RM'000	%
Americas						
USA	10,821	25.1	92,369	54.9	190,518	55.3
	10,821	**25.1**	**92,369**	**54.9**	**190,518**	**55.3**
Europe						
UK	6,980	16.1	30,599	18.2	3,712	1.1
Sweden	-	-	504	0.3	-	-
	6,980	**16.1**	**31,103**	**18.5**	**3,712**	**1.1**
Total revenue	**43,157**	**100.0**	**168,261**	**100.0**	**344,334**	**100.00**

	FPE 2021		FPE 2022	
	RM'000	%	RM'000	%
Asia Pacific				
Singapore	72,981	30.0	98,205	30.7
Malaysia	24,114	9.9	9,871	3.1
Hong Kong	4,722	1.9	25	#
Japan	2,962	1.2	11,864	3.7
China	493	0.2	617	0.2
Taiwan	356	0.1	252	0.1
India	19	#	26	#
	105,647	**43.3**	**120,860**	**37.8**
Americas				
USA	135,088	55.5	176,047	55.1
	135,088	**55.5**	**176,047**	**55.1**
Europe				
UK	2,862	1.2	22,706	7.1
Sweden	-	-	137	#
	2,862	**1.2**	**22,843**	**7.1**
Total revenue	**243,597**	**100.0**	**319,750**	**100.0**

Note:

\# Contribution less than 0.1%

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(c) Commentaries on revenue

Comparison between FYE 2020 and FYE 2019

For FYE 2020, our total revenue increased by RM125.1 million or 289.9% from RM43.2 million for FYE 2019 to RM168.3 million for FYE 2020. This was mainly attributed to the increase in revenue from the provision of EMS comprising industrial and consumer electronic products.

Revenue from the provision of EMS increased by RM119.4 million or 669.9% from RM17.8 million for FYE 2019 to RM137.3 million for FYE 2020, contributed by the following products:

- Revenue from industrial electronic products increased by RM65.8 million or 369.9% from RM17.8 million for FYE 2019 to RM83.6 million for FYE 2020 mainly due to higher sales for wireless communication equipment to the Airspan group of companies where we fulfilled the increased volume based on orders placed by the said customer as reflected in the sales volume increased by 400.1% from 97,911 units for FYE 2019 to 489,690 units for FYE 2020. The increase in orders placed by our customers arose from our ability in meeting their specifications and requirements as well as delivery schedules. Revenue from wireless communication equipment increased by RM53.5 million or 300.7% from RM17.8 million for FYE 2019 to RM71.3 million for FYE 2020.

  In addition, the revenue increase was partly contributed by the increase of RM10.6 million from smart utility data collection equipment for FYE 2020 as we secured new customers, namely SOQ and NextCentury pursuant to the acquisition of Cape Singapore by our Company in FYE 2020.

- For FYE 2020, revenue from consumer electronic products accounted for RM53.6 million mainly contributed by revenue of RM36.4 million from the commencement of EMS for electronic cigarettes for Customer A which was mainly derived from the value-added services for the initial development which included the customisation of automated production line, development of tooling for plastic and metal parts with suppliers to meet the customer's requirements and specifications.

  The increase in revenue from consumer electronic products was also partly contributed by the commencement of mass production of household appliance for K & Q where revenue increased by RM17.2 million for FYE 2020, which increased from approximately RM26,000 for FYE 2019 to RM17.2 million for FYE 2020. The revenue of RM26,000 recorded during the FYE 2019 was derived from pilot assembled sample products for customer prior to the mass production.

For FYE 2020, revenue from supporting services increased by RM5.7 million or 22.4% from RM25.3 million for FYE 2019 to RM31.0 million for FYE 2020. This was mainly contributed by revenue of RM11.4 million from our die cast manufacturing operations including value added services mainly for the initial development of tooling such as the tooling design for the mould and die prior to the mass production of die cast parts. The die cast manufacturing operation is undertaken by our subsidiary, Cape Manufacturing which was acquired by our Company in FYE 2020.

The increase was partially offset by a decrease in revenue by RM5.7 million from the supply of parts and components, where the revenue decreased by 22.6% from RM25.3 million for FYE 2019 to RM19.6 million for FYE 2020. This was mainly due to decrease in supply of the parts and components to Changhuat Plastic mainly due to lower orders of plastic and metal parts and components from Changhuat Plastic due to reduction in orders from their customers.

Comparison between FYE 2021 and FYE 2020

For FYE 2021, our total revenue increased by RM176.1 million or 104.6% from RM168.3 million for FYE 2020 to RM344.3 million for FYE 2021. This was mainly attributed to the increase in revenue from the provision of EMS of industrial and consumer electronic products.

Revenue from the provision of EMS increased by RM169.0 million or 123.1% from RM137.3 million for FYE 2020 to RM306.3 million for FYE 2021. This was mainly contributed by the following products:

- Revenue from industrial electronic products increased by RM131.0 million or 156.6% from RM83.6 million for FYE 2020 to RM214.6 million for FYE 2021 mainly due to higher orders for POS terminals from Tastar Electronics where we fulfilled the increased volume based on orders placed by the said customer, which reflected in the sales volume increased by 4,852.3% from 2,981 units for FYE 2020 to 147,629 units for FYE 2021. The increase in orders placed by our customers arose from our ability in meeting their specifications and requirements as well as delivery schedules. Revenue from this product increased by RM61.3 million or 3,804.7% for FYE 2021 from RM1.6 million for FYE 2020 to RM62.9 million for FYE 2021.

  The increase in revenue from industrial electronic products was also contributed by the higher sales for smart utility data collection equipment to SOQ and NextCentury where we fulfilled the increased volume based on orders placed by the said customers, which reflected in the sales volume increased by 270.8% from 173,070 units for FYE 2020 to 641,742 units for FYE 2021. The increase in orders placed by our customers arose from our ability in meeting their specifications and requirements as well as delivery schedules. The revenue of this type of products increased by RM57.3 million or 540.3% from RM10.6 million for FYE 2020 to RM67.9 million for FYE 2021.

  Our revenue from industrial electronic products was also contributed by the increase in revenue from sales of wireless communication equipment to the Airspan group of companies, as well as other products including digital vending machines and portable printer power desks to customers in the USA where the collective revenue from these products increased by RM12.4 million or 17.4% for FYE 2021. Collectively, the revenue from the aforementioned products increased from RM71.4 million for FYE 2020 to RM83.8 million for FYE 2021. The increase was mainly due to higher orders from the Airspan group of companies where we fulfilled the increased volume based on orders placed by the said customers and the sales volume increased by 22.4% from 489,690 units for FYE 2020 to 599,222 units for FYE 2021 while revenue increased by RM8.0 million or 11.2%, from RM71.3 million for FYE 2020 to RM79.3 million for FYE 2021. The increase in orders placed by our customers arose from our ability in meeting their specifications and requirements as well as delivery schedules.

  Furthermore, the increase was partly driven by the increase in revenue from digital vending machines resulting from the fulfilment of the increased orders placed by customers and the revenue increased by RM4.3 million or 7,940.8%, from RM0.1 million for FYE 2020 to RM4.4 million for FYE 2021. While the revenue contribution from the portable printer power desks was minimal at RM0.2 million for FYE 2021.

- Revenue from consumer electronic products increased by RM38.0 million or 70.9% from RM53.6 million for FYE 2020 to RM91.6 million for FYE 2021 mainly due to higher sales of household appliances to K & Q where we fulfilled the increased volume based on orders placed by the said customer, which reflected in the sales volume increased by 160.3% from 74,421 units for FYE 2020 to 193,751 units for FYE 2021. Revenue from this product increased by RM32.1 million or 186.7% from RM17.2 million for FYE 2020 to RM49.3 million for FYE 2021.

  The increase in revenue from consumer electronic products was also contributed by the commencement of mass production of electronic cigarettes for Customer A where revenue increased by RM5.9 million or 16.1% from RM36.4 million for FYE 2020 to RM42.3 million for FYE 2021.

For the FYE 2021, revenue from supporting services increased by RM7.0 million or 22.7% from RM31.0 million in FYE 2020 to RM38.0 million in FYE 2021. This was mainly contributed by the increase in revenue of RM12.7 million or 111.7% from our die cast manufacturing operations, which increased from RM11.4 million for FYE 2020 to RM24.1 million for FYE 2021 where the sales volume increased by 142.2% from 587,501 pieces to 1,423,073 pieces for FYE 2021 due to the sales of aluminium die cast parts to a new customer who is a metal stamping manufacturer.

Comparison between FPE 2022 and FPE 2021

For FPE 2022, our total revenue increased by RM76.2 million or 31.3% from RM243.6 million for FPE 2021 to RM319.7 million for FPE 2022. This was mainly attributed to the increase in revenue from the provision of EMS of industrial and consumer electronic products.

Revenue from the provision of EMS increased by RM99.5 million or 47.4% from RM209.9 million for FPE 2021 to RM309.5 million for FPE 2022. This was mainly contributed by the following products:

- Revenue from industrial electronic products increased by RM41.1 million or 28.0% from RM146.8 million for FPE 2021 to RM187.9 million for FPE 2022 mainly due to higher sales of POS terminals to Tastar Electronics where we fulfilled the increased volume based on orders placed by the said customer, as reflected in the sales volume which increased by 136.2% from 71,742 units for FPE 2021 to 169,481 units for FPE 2022. Revenue from this product increased by RM35.6 million or 129.2% for FPE 2022 from RM27.6 million for FPE 2021 to RM63.2 million for FPE 2022.

  The increase in revenue from industrial electronic products was also contributed by the increase in revenue from EMS of other industrial electronic products by RM11.8 million or 618.2% from RM1.9 million for FPE 2021 to RM13.8 million for FPE 2022. This was mainly contributed by the commencement of EMS for LED lighting products during the FPE 2022 with a total sales volume of 52,102 units for FPE 2022, as well as fulfilment of higher orders for the digital vending machines which was also reflected in the increase in sales volume from 12 units for FPE 2021 to 43 units for FPE 2022.

The increase in revenue from industrial electronic products was partially moderated by the decrease in revenue from sales of wireless communication equipment to mainly the Airspan group of companies where the revenue from this product decreased by RM3.3 million or 5.3% from RM62.1 million for FPE 2021 to RM58.8 million for FPE 2022 due to lower confirmed orders from our customer and our production of wireless communication equipment was affected in April and May 2022 arising from the semiconductor shortages. This was also reflected in the decrease in sales volume by 34.2% from 548,792 units for FPE 2021 to 361,234 units for FPE 2022. Subsequently the production of this said products returned to normal from June 2022 onwards.

The decrease in revenue from industrial electronic products was also due to the decrease in revenue from sales of smart utility data collection equipment as there were no orders for SOQ since October 2021 due to end of life of older model while we continued to work directly with NextCentury.

- Revenue from consumer electronic products increased by RM58.5 million or 92.7% from RM63.1 million for FPE 2021 to RM121.6 million for FPE 2022 mainly due to commencement of mass production of electronic cigarettes for Customer A in the last quarter of FYE 2021. The revenue from electronic cigarettes increased by RM68.9 million or 389.5% from RM17.7 million for FPE 2021 to RM86.6 million for FPE 2022.

  The increase in revenue from consumer electronic products was moderated by the decrease in sales of household appliances to K & Q where the revenue decreased by RM10.4 million or 22.9% from RM45.4 million in FPE 2021 to RM35.0 million in FPE 2022. The decrease was mainly attributed to lower demand from K & Q and this was reflected in the decrease in sales volume by 5.6% from 175,815 units in FPE 2021 to 166,018 units in FPE 2022.

For the FPE 2022, revenue from supporting services decreased by RM23.4 million or 69.4% from RM33.7 million in FPE 2021 to RM10.3 million in FPE 2022. This was mainly attributed to the decrease in revenue from our die cast manufacturing operations where the sales volume decreased by 40.2% from 856,499 pieces for FPE 2021 to 512,590 pieces for FPE 2022. The decrease was mainly due to no sales order for aluminium die cast parts from Cape Manufacturing's customer for FPE 2022. However, we currently deal directly with the said customer's end customer, who is also our customer for the EMS of box build LED lighting products, the revenue of which is recognised under the provision of EMS segment. The decrease was also partly attributed to the decrease in revenue from the supply of parts and components of RM9.8 million or 82.1% from RM12.0 million in FPE 2021 to RM2.1 million in FPE 2022, which is mainly due to lower sales to Changhuat Plastic as a result of reduction in orders from their customers.

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(ii) Cost of sales

(a) Cost of sales by cost components

The table below sets out our cost of sales by cost components for the Period Under Review:

	FYE 2019		FYE 2020		FYE 2021	
	RM'000	%	RM'000	%	RM'000	%
Input materials	31,213	78.5	108,637	80.0	251,002	83.0
Subcontracted services[(1)]	99	0.3	7,378	5.4	15,867	5.2
Labour cost	1,474	3.7	5,400	4.0	11,201	3.7
Factory overheads	6,976	17.5	14,425	10.6	24,373	8.1
Total	**39,762**	**100.0**	**135,840**	**100.0**	**302,443**	**100.0**

	FPE 2021		FPE 2022	
	RM'000	%	RM'000	%
Input materials	181,366	84.1	208,941	75.1
Subcontracted services[(1)]	8,962	4.1	21,841	7.9
Labour cost	8,756	4.1	16,211	5.8
Factory overheads	16,574	7.7	31,206	11.2
Total	**215,658**	**100.0**	**278,199**	**100.0**

Note:

(1) Subcontracted labour for EMS operations.

(b) Cost of sales by business segments

The table below sets out our cost of sales by business segments for the Period Under Review:

	FYE 2019		FYE 2020		FYE 2021	
	RM'000	%	RM'000	%	RM'000	%
Provision of EMS	**15,332**	**38.6**	**108,890**	**80.2**	**266,978**	**88.3**
• Industrial electronic products	15,310	38.5	70,386	51.8	195,611	64.7
• Consumer electronic products	22	0.1	38,504	28.4	71,367	23.6
Supporting services	**24,430**	**61.4**	**26,950**	**19.8**	**35,465**	**11.7**
Total	**39,762**	**100.0**	**135,840**	**100.0**	**302,443**	**100.00**

	FPE 2021		FPE 2022	
	RM'000	%	RM'000	%
Provision of EMS	**184,545**	**85.6**	**269,398**	**96.8**
• Industrial electronic products	131,482	61.0	175,708	63.1
• Consumer electronic products	53,063	24.6	93,690	33.7
Supporting services	**31,113**	**14.4**	**8,801**	**3.2**
Total	**215,658**	**100.0**	**278,199**	**100.0**

(c) Commentaries on cost of sales

(i) Input materials

The cost of sales of input materials for the provision of EMS mainly consists of E&E parts and components, mechanical parts as well as packaging and related materials as follows:

- E&E parts and components including mainly electronic components for portable credit card readers, wireless data gathering systems, wireless vacuum cleaners and antenna for wireless communications, as well as other electronic components, PCBA, LED panels and related materials, vending machine parts, battery parts and components, electrical parts, components as well as wireless antenna parts.

- Mechanical parts including plastic parts for enclosures, metal parts, gas meter parts, silicon and rubber seals, plugs, caps and O-rings, fasteners, jigs, plug gauges and springs.

- Packaging and related materials including labels, carton boxes, blister trays, paper trays, blister foils, tray packaging, plastic pallets, barrier bags, bottom covers, OPP tapes and ESD shoes, adhesives as well as rubber parts.

The cost of sales of materials for the die cast manufacturing mainly consists of aluminium ingots.

For FYE 2020, the cost of sales of materials increased by RM77.4 million or 248.1% which was mainly attributed to increase in purchase of input materials to meet the incremental orders from our customers. This was in tandem with the increase in our revenue of 289.9%, mainly contributed by the provision of EMS for industrial and consumer electronic products.

For FYE 2021, the cost of sales of materials increased by RM142.4 million or 131.0% which was mainly attributed to increase in purchase of input materials to meet the incremental orders from our customers. This was in line with the increase in revenue of 104.6% mainly attributed to the increase in revenue from the provision of EMS of industrial and consumer electronic products.

For FPE 2022, the cost of sales of materials increased by RM27.6 million or 15.2% which was mainly attributed to increase in purchase of input materials to meet the incremental orders from our customers. This was in tandem with the increase in revenue of 31.3% mainly attributed to the increase in revenue from the provision of EMS of industrial and consumer electronic products.

Please refer to **Section 12.3.1(i)(c)** of this Prospectus for further revenue analysis.

(ii) Subcontracted services

Subcontracted services refer to the subcontracted labour engaged for our EMS services and services we engaged for the die cast manufacturing operations. This includes surface treatment and coating for our finished die cast parts, as well as machining that requires specialised CNC machines that we do not have in-house.

For FYE 2020, the cost of sales of subcontracted services increased by RM7.3 million or 7,352.5% mainly contributed by consolidating the subcontracted services costs of RM5.0 million from the die cast manufacturing operations undertaken by our subsidiary Cape Manufacturing which was acquired by our Company in FYE 2020.

For FYE 2021, the cost of sales of subcontracted services increased by RM8.5 million or 115.1% mainly contributed by the provision of EMS segment where we engage additional subcontracted labour to carry out the assembly process due to increase in orders as reflected in the increase in revenue from provision of EMS.

For FPE 2022, the cost of sales of subcontracted services increased by RM12.9 million or 143.7% mainly contributed by higher requirement of subcontractor services related to production workers employed by our sub-contractor for our EMS operations at Senai 227 Factory during the FPE 2022. The number of production workers supplied by our sub-contractor to meet our production requirements increased from 468 workers for the FPE 2021 to 922 workers for the FPE 2022.

(iii) Labour cost

Labour cost consists of salaries, wages, allowances, employee contributions and other staff-related costs incurred concerning production floor workers.

For FYE 2020, our labour cost increased by RM3.9 million or 266.4% mainly due to increase in the number of production floor workers where the overall production workers increased from 16 workers for the FYE 2019 to 70 workers for the FYE 2020. Of the total 70 workers in FYE 2020, 57 workers were from our die casting manufacturing operations undertaken by our subsidiary Cape Manufacturing which was acquired by our Company in FYE 2020.

For FYE 2021, our labour cost increased by RM5.8 million or 107.4% mainly due to increase in the number of production floor workers mainly for the provision of EMS. The overall production workers increased from 70 workers for the FYE 2020 to 206 workers for the FYE 2021.

For FPE 2022, our labour cost increased by RM7.5 million or 85.1% mainly due to an increase in the number of production floor workers mainly for the provision of EMS, salary increment coupled with the increase in minimum wage to RM1,500 which took effect on 1 May 2022. The overall production workers increased from 79 workers as at 30 September 2021 to 123 workers as at 30 September 2022.

(iv) Factory overheads

Factory overheads consist of depreciation of machinery and equipment, utility costs including electricity and water, upkeep and maintenance cost of machinery and equipment as well as supply of mould and die.

For FYE 2020, our factory overhead costs increased by RM7.4 million or 106.8% mainly due to the consolidation of the factory overhead costs of RM4.4 million from our die casting manufacturing operations undertaken by our subsidiary, Cape Manufacturing, which was acquired by our Company in FYE 2020. The increase in factory overhead costs was also partly due to the increase in depreciation of machinery and equipment for our EMS operations which resulted from purchase of additional machinery and equipment for the EMS operations and the purchase of Senai 227 Factory.

For FYE 2021, our factory overhead costs increased by RM9.9 million or 69.0% mainly due to increase in factory overhead costs for our EMS operations including increase in depreciation of machinery and equipment associated with the purchase of machinery and equipment for the electronic cigarette production lines as well as equipment for die cast manufacturing, upkeep cost incurred for machinery and equipment, utility costs, freight costs as well as sorting and rework costs.

For FPE 2022, our factory overhead costs increased by RM14.6 million or 88.3% mainly due to increase in depreciation of machinery and equipment for our EMS operations arising from our increased investment in machinery and equipment during the FPE 2022, including purchase and installation of 3 semi-automated production lines for the disposable cigarette sticks located in our Senai 227 Factory and the purchase of die casting machines located in our Temenggong 22 Factory, as well as renovation works at Senai 227 Factory. The increase in depreciation of machinery and equipment was also partly contributed by the purchase and installation of the 11 production lines for electronic cigarettes during the second half of the FYE 2021.

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12. FINANCIAL INFORMATION *(Cont'd)*

(iii) GP and GP margin

(a) GP and GP margin by business segments

The table below sets out our GP and GP margin for the Period Under Review:

	FYE 2019			FYE 2020			FYE 2021		
	RM'000	%[(1)]	GP Margin[(2)] %	RM'000	%[(1)]	GP Margin[(2)] %	RM'000	%[(1)]	GP Margin[(2)] %
Provision of EMS	**2,495**	**73.5**	**14.0**	**28,370**	**87.5**	**20.7**	**39,309**	**93.8**	**12.8**
• Industrial electronic products	2,491	73.4	14.0	13,255	40.9	15.8	19,047	45.4	8.9
• Consumer electronic products	4	0.1	15.4	15,115	46.6	28.2	20,262	48.4	22.1
Supporting services	**900**	**26.5**	**3.6**	**4,051**	**12.5**	**13.1**	**2,582**	**6.2**	**6.8**
Die casting manufacturing[#]	-	-	-	2,511	7.7	22.0	1,507	3.6	6.2
Supply of parts and components	900	26.5	3.6	1,540	4.8	7.9	1,075	2.6	7.7
Total	**3,395**	**100.0**	**7.9**	**32,421**	**100.0**	**19.3**	**41,891**	**100.0**	**12.2**

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12. FINANCIAL INFORMATION *(Cont'd)*

	FPE 2021			FPE 2022		
	RM'000	%[1]	GP Margin[2] %	RM'000	%[1]	GP Margin[2] %
Provision of EMS	**25,360**	**90.8**	**12.1**	**40,053**	**96.4**	**12.9**
• Industrial electronic products	15,338	54.9	10.4	12,166	29.3	6.5
• Consumer electronic products	10,022	35.9	15.9	27,887	67.1	22.9
Supporting services	**2,579**	**9.2**	**7.7**	**1,498**	**3.6**	**14.5**
Die casting manufacturing#	1,761	6.3	8.1	1,451	3.5	17.8
Supply of parts and components	818	2.9	6.8	47	0.1	2.2
Total	**27,939**	**100.0**	**11.5**	**41,551**	**100.0**	**13.0**

Notes:

\# Cape Manufacturing was acquired by our Company in January 2020.

(1) Computed based on the respective GP over total GP of the respective financial year.

(2) Computed based on the respective GP over respective revenue of the respective financial year.

(b) Commentaries on GP and GP margin

Comparison between FYE 2020 and FYE 2019

For FYE 2020, our GP increased by RM29.0 million or 854.9% from RM3.4 million for FYE 2019 to RM32.4 million for FYE 2020. Our GP margin improved from 7.9% in FYE 2019 to 19.3% in FYE 2020. This was mainly attributed to the GP and GP margin from the provision of EMS for consumer electronic products.

Provision of EMS – GP and GP margin

GP from the provision of EMS increased by RM25.9 million or 1,037.1% from RM2.5 million for FYE 2019 to RM28.4 million for FYE 2020. This was mainly attributed to the following:

- GP from consumer electronic products increased by RM15.1 million or more than 1,000.0% from approximately RM4,000 for FYE 2019 to RM15.1 million for FYE 2020. This was mainly contributed by the commencement of EMS for Customer A's electronic cigarettes as well as the commencement of mass production for household appliances for K & Q.

- GP from industrial electronic products increased by RM10.8 million or 432.1% from RM2.5 million for FYE 2019 to RM13.3 million for FYE 2020. This was mainly attributed to higher orders of wireless communication equipment to the Airspan group of companies as well as smart utility data collection equipment to SOQ and NextCentury pursuant to the acquisition of Cape Singapore by our Company in FYE 2020. This was in tandem with the increase of 369.9% in revenue derived from EMS of industrial electronic products.

Our GP margin from the provision of EMS increased from 14.0% for FYE 2019 to 20.7% for FYE 2020. This was mainly contributed by the increase in GP margin from EMS of consumer electronic products which improved from 15.4% in FYE 2019 to 28.2% in FYE 2020. This was mainly contributed by the value-added services for the initial development for the EMS of electronic cigarettes. This involved the customisation of automated production lines and development of tooling for plastic and metal parts with suppliers to meet the customer's requirements and specifications.

Supporting Services – GP and GP margin

GP from supporting services increased by RM3.2 million or 350.1% from RM0.9 million for FYE 2019 to RM4.1 million for FYE 2020. This was mainly contributed by the die cast manufacturing operations with a GP contribution of RM2.5 million in FYE 2020. The die cast manufacturing operations undertaken by Cape Manufacturing was acquired by our Company in January 2020. The increase in GP margin was also partly attributed to the improvement in GP margin from supporting services which improved from 3.6% in FYE 2019 to 13.1% in FYE 2020 contributed by the die cast manufacturing operations mainly due to value added services arising from the initial development of tooling.

Comparison between FYE 2021 and FYE 2020

For FYE 2021, our GP increased by RM9.5 million or 29.2% from RM32.4 million in FYE 2020 to RM41.9 million for FYE 2021 due to an increase in GP from the provision of EMS including industrial and consumer electronic products. Our GP margin declined from 19.3% for FYE 2020 to 12.2% for FYE 2021.

Provision of EMS – GP and GP margin

GP from the provision of EMS increased by RM10.9 million or 38.6% from RM28.4 million for FYE 2020 to RM39.3 million for FYE 2021. This was mainly attributed to the following:

- GP from industrial electronic products increased by RM5.8 million or 43.7% from RM13.3 million for FYE 2020 to RM19.0 million for FYE 2021. This was mainly attributed to higher orders for smart utility data collection equipment to SOQ and NextCentury as well as POS terminals to Tastar Electronics. The increase in GP was also reflected in the increase of 156.6% in revenue derived from industrial electronic products.

- GP from consumer electronic products increased by RM5.1 million or 34.1% from RM15.1 million in FYE 2020 to RM20.3 million in FYE 2021. This was mainly attributed to higher sales of household appliances to K & Q as well as the commencement of mass production for Customer A's electronic cigarettes. The increase in GP was also reflected in the increase of 70.9% in revenue derived from consumer electronic products.

Our GP margin from the provision of EMS declined from 20.7% in FYE 2020 to 12.8% in FYE 2021. This was mainly attributed to the decline in GP margin from the smart utility data collection equipment as a result of the sales and final delivery of the low-margin older model products to SOQ. The decline in GP margin was also partly due to the higher GP contribution from the lower margin consumer electronic products namely household appliances.

Supporting Services – GP and GP margin

The increase in GP was partially moderated by a decrease of RM1.5 million or 36.3% in GP from supporting services from RM4.1 million for FYE 2020 to RM2.6 million for FYE 2021. This was mainly attributed to a decrease of RM1.0 million or 40.0% in GP from our die cast manufacturing operations from RM2.5 million for FYE 2020 to RM1.5 million for FYE 2021. The decrease in GP from our die cast manufacturing operations was due to increase in aluminium prices where we were unable to pass on the increased cost to customers timely during the FYE 2021. This was mainly due to the price of the die cast parts being fixed upon confirmation of the purchase order, where the delivery period of the die cast parts was between 1 and 3 months depending on the purchase order. However, the purchase of aluminium ingots, which is the main input material used for die cast manufacturing is based on prevailing market price. At the time of purchase of aluminium ingots, its market price was higher than anticipated. We were unable to pass the increased cost of the aluminium ingots to the customers as the price of the die cast parts was fixed upon confirmation of purchase order. Consequently, we started to review the aluminium prices quarterly with our customers to address any increases in aluminium prices.

GP margin from supporting services also declined from 13.1% in FYE 2020 to 6.8% in FYE 2021 mainly due to decrease in GP margin from 22.0% in FYE 2020 to 6.2% in FYE 2021 from our die cast manufacturing operations which were affected by the increases in aluminium prices as explained above.

Comparison between FPE 2022 and FPE 2021

For FPE 2022, our GP increased by RM13.6 million or 48.7% from RM27.9 million in FPE 2021 to RM41.6 million in FPE 2022 while our GP margin increased from 11.5% for FPE 2021 to 13.0% for FPE 2022. This was mainly attributed to the GP and GP margin from the provision of EMS for consumer electronic products.

Provision of EMS – GP and GP margin

GP from the provision of EMS increased by RM14.7 million or 57.9% from RM25.4 million for FPE 2021 to RM40.1 million for FPE 2022. This was mainly attributed to the GP from consumer electronic products which increased by RM17.9 million or 178.3% from RM10.0 million in FPE 2021 to RM27.9 million in FPE 2022. This was mainly attributed to the commencement of mass production for Customer A's electronic cigarettes in the last quarter of FYE 2021. This was also reflected in the increase of 92.7% in revenue derived from consumer electronic products.

Our GP margin from the provision of EMS increased from 12.1% in FPE 2021 to 12.9% in FPE 2022. This was mainly attributed to the GP contribution from the high margin consumer electronic products namely electronic cigarettes.

Supporting Services – GP and GP margin

The GP from supporting services decreased by RM1.1 million or 41.9% from RM2.6 million in FPE 2021 to RM1.5 million in FPE 2022. This was mainly attributed to the decrease in GP contribution from the supply of parts and components and die cast parts mainly due to lower orders. This was also reflected in the decreased in revenue by 69.4% from supporting services arising from the decrease in supply of parts and components as well as die cast manufacturing operations.

GP margin from supporting services increased from 7.7% in FPE 2021 to 14.5% in FPE 2022 mainly due to improvement in GP margin from our die cast manufacturing operations where the GP margin improved from 8.1% in FPE 2021 to 17.8% in FPE 2022. The lower GP margin in FPE 2021 was due to the increase in aluminium prices where we were unable to pass on the increased cost to customers in a timely manner during the FPE 2021. Consequently, we started to review the aluminium prices quarterly with our customers to address any increases in aluminium prices and this was reflected in the improvement in our GP margin to 17.8% in FPE 2022.

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12. FINANCIAL INFORMATION *(Cont'd)*

(iv) Other income

	FYE 2019		FYE 2020		FYE 2021	
	RM'000	%	RM'000	%	RM'000	%
Rental income	319	31.2	1,166	54.3	278	28.3
Gain on disposal of PPE	-	-	-	-	124	12.6
Gain on foreign exchange	111	10.9	182	8.5	123	12.5
- *Unrealised gain on foreign exchange*	*111*	*10.9*	*182*	*8.5*	*54*	*5.5*
- *Realised gain on foreign exchange*	-	-	-	-	*69*	*7.0*
Fair value gain on investment property	-	-	-	-	123	12.5
Insurance claims	476	46.5	117	5.4	36	3.6
Wage subsidy	-	-	479	22.3	13	1.3
Reimbursement for labour services charged	117	11.4	-	-	-	-
Others	*	-	(1)205	9.5	(2)287	29.2
Total	**1,023**	**100.0**	**2,149**	**100.0**	**984**	**100.0**

	FPE 2021		FPE 2022	
	RM'000	%	RM'000	%
Rental income	206	17.1	864	14.4
Gain on disposal of non-current assets held for sale	-	-	149	2.5
Gain on disposal of PPE	51	4.2	-	-
Gain on foreign exchange	645	53.5	4,738	79.1
- *Unrealised gain on foreign exchange*	*566*	*46.9*	*2,258*	*37.7*
- *Realised gain on foreign exchange*	*79*	*6.6*	*2,480*	*41.4*
Insurance claims	36	3.0	-	-
Wage subsidy	5	0.4	36	0.6
Others	(2)263	21.8	(3)205	3.4
Total	**1,206**	**100.0**	**5,992**	**100.0**

Notes:

* Insignificant amount of less than RM1,000.

(1) Including gain on early termination of the lease contract, one-off line set up charge to a customer, rebates received from bank on the interest charged in relation to the banking facilities under the government guarantee schemes by Syarikat Jaminan Pembiayaan Perniagaan (SJPP) in FYE 2020, as well as sales of scrap mainly aluminium scrap generated following the casting works from die cast manufacturing operations in FYE 2021.

Pending completion of the acquisition of Senai 227 Factory, our Company leased the said factory from the vendors. The gain on early termination of the lease contract of RM0.08 million in FYE 2020 was in relation to the MFRS 16 for Senai 227 Factory which was terminated in FYE 2020 upon the completion of acquisition. The gain arises as the balance of the lease liability was higher than the balance of carrying value of right-of-use asset on the date of early termination.

(2) Including overpayment of RM0.2 million by Tee Kim Chin, our Director, written off arising from deemed interest charged under Singapore tax laws pursuant to amounts owing by the Directors in FYE 2020 which was paid in FPE 2021 and FYE 2021.

(3) Including mainly rebates received from bank on the interest charged in relation to the banking facilities under the government guarantee schemes by SJPP and sales of scrap mainly aluminium scrap generated following the casting works from die cast manufacturing operations in FPE 2022.

Comparison between FYE 2020 and FYE 2019

Our other income increased by RM1.1 million or 110.1% in FYE 2020. This was mainly contributed by the increase in rental income of RM0.8 million, which was mainly derived from the rental of 36 units of radio frequency testing equipment to Airspan Communications in FYE 2020. The reason of renting the radio frequency testing equipment was a one-off request from the said customer to carry out the testing activities for them for a period of time between FYE 2020 and FYE 2021, which took into consideration the availability of our equipment at the factory.

In addition, the increase was attributed by the wage subsidy received amounting to RM0.5 million in FYE 2020 from Wage Subsidy Program ("**PSU**") implemented by Malaysia Social Security Organisation ("**SOCSO**") as well as Support Scheme implemented by Inland Revenue Authority Singapore ("**IRAS**") and Ministry of Manpower of Singapore ("**MOM**").

The increase in other income was partially moderated by the decrease of RM0.4 million in insurance claims. The insurance claims of RM0.5 million and RM0.1 million in FYE 2019 and FYE 2020 were pertaining to the claims on 5 of the injection moulding machines in FYE 2019 and 2 injection moulding machines in FYE 2020 which were damaged by lightning strike.

Comparison between FYE 2021 and FYE 2020

Our other income decreased by RM1.2 million or 54.2% in FYE 2021, which was mainly due to decrease in rental income as a result of cessation of rental of equipment to the abovementioned customer and wage subsidy received in FYE 2020 as mentioned above. The decrease in other income was partially offset by the overpayment written off amounting to RM0.2 million, gain of RM0.1 million on disposal of motor vehicles, equipment, furniture and fittings, and RM0.1 million of fair value gain on an investment property namely the PLO 103 Factory. The PLO 103 Factory, located in Senai, Johor, is having a subsisting tenancy agreement with Changhuat Plastic up to 31 December 2023. Please refer to **Section 7.21.2** of this Prospectus for further information on our PLO 103 Factory.

Comparison between FPE 2022 and FPE 2021

Our other income increased by RM4.8 million or 396.8% in FPE 2022, which was mainly contributed by the increase in gain on foreign exchange of RM4.1 million due to the movement of the foreign exchange arising from our revenue and purchases of input materials which were transacted in USD. In addition, the increase was also partly attributed to the increase in rental income of RM0.7 million mainly derived from the rental of the PLO 103 Factory in FPE 2022.

(v) Operating expenses

	FYE 2019		FYE 2020		FYE 2021	
	RM'000	%	RM'000	%	RM'000	%
Administrative expenses	**2,242**	**93.1**	**7,522**	**84.6**	**10,674**	**87.4**
- Staff cost	997	41.4	2,540	28.6	3,868	31.7
- Professional and consultancy fees	105	4.4	1,725	19.4	2,128	17.4
- Directors' remuneration	689	28.6	775	8.6	1,672	13.7
- Depreciation of PPE	117	4.9	483	5.4	795	6.5
- Stamp duty	19	0.8	1	*	593	4.9
- Upkeep and maintenance	55	2.3	187	2.1	334	2.7
- Bank charges	43	1.8	120	1.4	259	2.1
- Insurance	-	-	49	0.6	243	2.0
- Travelling expenses	28	1.2	313	3.5	154	1.3
- Rental expenses	-	-	85	1.0	121	1.0
- Training	84	3.4	11	0.1	4	*
- Other administrative expenses(1)	105	4.3	1,233	13.9	503	4.1
Distribution costs	**119**	**4.9**	**991**	**11.1**	**965**	**7.9**
Other expenses	**48**	**2.0**	**382**	**4.3**	**568**	**4.7**
Total	**2,409**	**100.0**	**8,895**	**100.0**	**12,207**	**100.0**

	FPE 2021		FPE 2022	
	RM'000	%	RM'000	%
Administrative expenses	**7,661**	**94.6**	**10,265**	**97.2**
- Staff cost	3,019	37.3	3,083	29.2
- Professional and consultancy fees	1,606	19.8	1,029	9.7
- Directors' remuneration	972	12.0	2,151	20.4
- Depreciation of PPE	576	7.1	809	7.7
- Stamp duty	592	7.3	237	2.2
- Upkeep and maintenance	212	2.6	377	3.6
- Bank charges	128	1.6	221	2.1
- Insurance	168	2.1	239	2.3
- Travelling expenses	129	1.6	62	0.6
- Rental expenses	75	0.9	205	1.9
- Training	3	*	15	0.1
- Other administrative expenses(1)	181	2.3	1,837	17.4
Distribution costs	**439**	**5.4**	**291**	**2.8**
Other expenses	**-**	**-**	**-**	**-**
Total	**8,101**	**100.0**	**10,556**	**100.0**

Notes:

* Less than 0.1%.

(1) Including office-related expenses, quit rent and assessment fee, licence and subscription fees, levy and permit fees, penalty and advertisement expense.

Comparison between FYE 2020 and FYE 2019

Our operating expenses increased by RM6.5 million or 269.2% in FYE 2020. This was mainly attributed to an increase in administrative expenses as follows:

- Increase in staff cost by RM1.5 million or 154.8% mainly due to the increase in headcounts from 15 employees in FYE 2019 to 35 employees in FYE 2020 mainly from administration department, due to the acquisition of Cape Manufacturing by our Company in FYE 2020.

- Increase in professional and consultancy fees by RM1.6 million or 1,542.9% mainly due to legal fees paid for the preparation of banking facility agreements.

- The increase in other administrative expenses by RM1.1 million or 1,074.3% is mainly attributed to the write-off pertaining to the accumulated intercompany differences between Cape Manufacturing and Cape Singapore amounting to RM0.6 million, security services charges of RM0.1 million and office-related expenses of RM0.3 million.

The increase in operating expenses was also partly attributed to the increase in distribution cost by RM0.9 million or 732.8% in FYE 2020. This was mainly due to the RM0.7 million of freight cost incurred in FYE 2020.

Comparison between FYE 2021 and FYE 2020

Our operating expenses increased by RM3.3 million or 37.2% in FYE 2021. This was mainly attributed to the increase in administrative expenses as follows:

- Increase in staff cost by RM1.3 million or 52.3% mainly due the increase in headcounts from 35 employees in FYE 2020 to 61 employees in FYE 2021 mainly from the administration department.

- Increase in directors' remuneration by RM0.9 million or 115.7%.

- Increase in professional and consultancy fees by RM0.4 million or 23.4% mainly due to fees paid to a consultant (Hughes Consulting Group LLC) in the USA in servicing our customer in relation to the smart utility data collection equipment from the USA. This mainly pertains to obtaining further data and information relating to smart utility data collection equipment during 2021 to have an in-depth understanding of the customer of smart utility data collection equipment through periodic discussion on market updates in anticipation of higher sales from the said customer. The services were subsequently ended in February 2022 as the services were no longer required for this project.

- Increase in stamp duty payment by RM0.6 million incurred mainly for the stamping of banking facility agreements.

- Increase in depreciation by RM0.3 million or 64.6% mainly contributed by the purchases of additional office equipment, furniture and motor vehicles.

Comparison between FPE 2022 and FPE 2021

Our operating expenses increased by RM2.5 million or 30.3% in FPE 2022. This was mainly attributed to the increase in administrative expenses as follows:

- Increase in directors' remuneration by RM1.2 million or 121.3% mainly attributed to the director's fee to Alex Miranda Juntado which was paid since July 2021.

- Increase in other administrative expenses by RM1.7 million mainly due to withholding tax paid, sponsorship for a private football club, security services charges as well as office-related expenses.

(vi) Finance cost

	FYE 2019		FYE 2020		FYE 2021	
	RM'000	%	RM'000	%	RM'000	%
Interest expense on:						
- Bank overdraft	-	-	147	4.9	146	2.7
- Lease liabilities(1)	532	59.8	805	27.0	1,986	37.3
- Trade financing(2)	36	4.0	322	10.8	815	15.3
- Term loans	141	15.9	733	24.6	1,867	35.0
- Short term advances interest(3)	180	20.3	975	32.7	453	8.5
Receivables finance discounting charges	-	-	-	-	57	1.1
Bank guarantee commission	-	-	-	-	8	0.1
Total	**889**	**100.0**	**2,982**	**100.0**	**5,332**	**100.0**

	FPE 2021		FPE 2022	
	RM'000	%	RM'000	%
Interest expense on:				
- Bank overdraft	106	2.9	343	5.6
- Lease liabilities(1)	1,245	33.9	2,400	39.2
- Trade financing(2)	714	19.4	676	11.1
- Term loans	1,150	31.3	2,195	35.9
- Letter of credit	-	-	93	1.5
- Short term advances interest(3)	453	12.3	-	-
Receivables finance discounting charges	-	-	412	6.7
Bank guarantee commission	8	0.2	-	-
Total	**3,676**	**100.0**	**6,119**	**100.0**

Notes:

(1) Including lease liabilities under hire purchase and other lease liabilities.

(2) Including OFCL, shipment buyer loans and trust receipts.

(3) Short term advances refer to the advances from a supplier, Changhuat Plastic and our engineering consultant, Wu Jung Wai, for operational working capital purposes, which bear interest at a rate ranging from 0.75% and 2.5% per month. The short term advances have been fully settled during the FYE 2021. Please refer to Note 20 of the Accountants' Report set out in **Section 13** of this Prospectus for further details on the short term advances. This was not a common arrangement with our suppliers and the purpose for the said advances were used to temporarily fund our operational working capital while we were waiting for the approval and drawdown of the additional banking facilities when we experienced increased orders from customers during the FYE 2020. In addition, we were managing the payments to other suppliers to ensure no disruptions on the input materials, mainly the E&E parts and components for our EMS operations.

Our finance cost consists mainly of interest charged on bank facilities by banking and financial institutions including bankers' acceptance, bank overdrafts, lease liabilities and term loans, as well as short term advances. Our finance costs accounted for 2.1%, 1.8%, 1.5% and 1.9% of our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively.

Comparison between FYE 2020 and FYE 2019

Our finance cost increased by RM2.1 million or 235.4% in FYE 2020. This was mainly attributed to the following:

- Interest expense on short term advances which increased by RM0.8 million or 441.7%, which was mainly advances from third parties, which are our supplier, Changhuat Plastic and our engineering consultant, Wu Jung Wai, for operational working capital purposes.

- Interest expense on term loans which increased by RM0.6 million or 419.9%. This was mainly for the purchase of Senai 227 Factory including land and building as well as the purchase of machinery and equipment mainly for the 2 SMT lines during the FYE 2020.

- Interest expense on trade financing which increased by RM0.3 million or 794.4% due to an increase in the utilisation of bankers' acceptance used for working capital.

- Interest expense on lease liabilities which increased by RM0.3 million or 51.3%. These were facilities granted by financial institutions for the purchase of machinery and equipment as well as motor vehicles.

- Interest expense on bank overdraft amounting to RM0.1 million which was used for working capital purposes.

Comparison between FYE 2021 and FYE 2020

Our finance cost increased by RM2.4 million or 78.8% in FYE 2021. This was mainly attributed to the following:

- Interest expense on lease liabilities which increased by RM1.2 million or 146.7%. These were mainly attributed to the purchase of machinery and equipment for the EMS of electronic cigarettes during the FYE 2021 as well as motor vehicles.

- Interest expense on term loans which increased by RM1.1 million or 154.7%. This was mainly for the purchase of PLO 226B and PLO 227B, and extension of the Senai 227 Factory during the FYE 2021.

- Interest expense on trade financing which increased by RM0.5 million or 153.1% due to an increase in the utilisation of bankers' acceptance used for working capital purposes.

The increase in interest expense was partially moderated by the decrease in interest expense on short term advances which decreased by RM0.5 million or 53.5% as the short term advances by third parties have been fully settled during the FYE 2021.

Comparison between FPE 2022 and FPE 2021

Our finance cost increased by RM2.4 million or 66.5% in FPE 2022. This was mainly attributed to the following:

- Interest expense on lease liabilities which increased by RM1.2 million or 92.8%. These were mainly attributed to the purchase of machinery and equipment for the EMS of electronic cigarettes during the FYE 2021 and FPE 2022 as well as motor vehicles.

- Interest expenses on term loans which increased by RM1.0 million or 90.9%. This was mainly attributed to the purchase of PLO 226B and PLO 227B, and extension of the Senai 227 Factory during the FYE 2021, as well as the purchase of die casting machines located in our Temenggong 22 Factory in FPE 2022 and renovation works at Senai 227 Factory in FPE 2022.

- There was also RM0.4 million of receivables finance discounting charges arising from the utilisation of the said facility for operational working capital.

- Interest expenses on bank overdraft which increased by RM0.2 million or 223.6% arising from the utilisation of the said facility for operational working capital.

The increase in finance cost was partially moderated by the decrease in interest expenses on short term advances which decreased by RM0.5 million as the short term advances have been fully settled during the FYE 2021.

(vii) PBT, PAT and effective tax rate

	FYE 2019	FYE 2020	FYE 2021	FPE 2021	FPE 2022
PBT (RM'000)	1,123	22,697	25,355	17,372	30,940
PBT margin	2.6%	13.5%	7.4%	7.1%	9.7%
Tax (expenses)/income (RM'000)	2,695	(2,465)	909	2,531	(6,333)
Effective tax rate	-	10.9%	-	-	20.5%
PAT (RM'000)	3,818	20,232	26,264	19,903	24,607
PAT margin	8.8%	12.0%	7.6%	8.2%	7.7%

We assume responsibility for the withholding tax on payments to our service providers who are not resident in Malaysia where the services are rendered, as well as on rental of machinery and interest payments paid to non-residents. In Cape Singapore, we also assume responsibility for withholding tax on remuneration/fees for a non-resident director. We remit withheld taxes to the relevant tax authorities.

Comparison between FYE 2020 and FYE 2019

Our PBT increased by RM21.6 million or 1,920.5% for FYE 2020. The increase was in line with the growth in our GP of RM29.0 million or 854.9% in FYE 2020 which was mainly attributed to the increase in GP from the provision of EMS. Our PBT margin improved from 2.6% in FYE 2019 to 13.5% in FYE 2020 mainly due to the improvement in GP margin from the provision of EMS for consumer electronic products. Please refer to **Section 12.3.1(iii)** of this Prospectus for further details on our GP and GP margin.

For FYE 2020, our effective tax rate was 10.9% which was lower than the statutory tax rate of 24.0%, mainly attributed to the recognition of deferred tax asset on reinvestment allowance for the new machinery and equipment purchased and installed during the FYE 2020 mainly the 2 SMT lines and other machinery and equipment purchased for the EMS business.

For FYE 2019, there was a tax income of RM2.7 million mainly due to the recognition of deferred tax assets on business losses incurred by our Company prior to FYE 2019 and reinvestment allowances for the purchase of additional new machinery and equipment incurred before FYE 2019 but not recognised in the previous financial periods. Deferred tax assets were recognised in FYE 2019 as our Group expects to earn sufficient taxable profit in order to fully utilise the said business losses and reinvestment allowances that were previously incurred but not recognised.

Comparison between FYE 2021 and FYE 2020

Our PBT increased by RM2.7 million or 11.7% for FYE 2020. The increase was in tandem with the growth in our GP of RM9.5 million or 29.2% for FYE 2021 attributable to the increase in GP from our provision of EMS. Our PBT margin declined from 13.5% for FYE 2020 to 7.4% for FYE 2021 mainly due to the increase of 37.2% in operating expenses and 78.8% in finance cost, and partly due to a decrease of 54.2% in other income. Please refer to **Section 12.3.1(v)** for further details on our operating expenses, **Section 12.3.1(vi)** of this Prospectus for further details on our finance costs and **Section 12.3.1(iv)** of this Prospectus for further details on our other income.

For FYE 2021, there was a tax income of RM0.9 million mainly pertaining to the recognition of deferred tax asset on reinvestment allowance for the purchase of additional new machinery and equipment.

Comparison between FPE 2022 and FPE 2021

Our PBT increased by RM13.6 million or 78.1% for FPE 2022. The increase was in line with the growth in our GP of RM13.6 million or 48.7% in FPE 2022 which was mainly attributed to the increase in GP from the provision of EMS. Our PBT margin improved from 7.1% in FPE 2021 to 9.7% in FPE 2022 mainly due to the improvement in GP margin from the provision of EMS for consumer electronic products. Please refer to **Section 12.3.1(iii)** of this Prospectus for further details on our GP and GP margin.

For FPE 2022, our effective tax rate was 20.5% which was lower than the statutory tax rate of 24.0% mainly attributed to the recognition of deferred tax asset on reinvestment allowance for the new machinery and equipment purchased and installed mainly for the production lines for the EMS of electronic cigarettes during the FPE 2022.

12.3.2 Significant factors affecting our financial condition and results of operations

Our financial position and results of operations have been, and are expected to be, affected by the following significant factors:

(i) Customers' demand for the provision of EMS

Our business performance is dependent on customers' demand for the provision of EMS which is based on purchase orders. For our EMS business segment, we mainly enter into agreement with our major customers and our customers will place purchase orders periodically for the purchase of products and services. In the event of any reduction in customers' orders and/or no purchase orders and/or non-renewal upon expiry or termination of agreements, our business, financial conditions and results of operations may be adversely affected. Please refer to **Section 9.1.2** of this Prospectus for further details on the risk factors pertaining to non-renewal or termination of agreements with customers, or reduction of or no purchase orders.

(ii) Dependency on certain major customers and ability to retain our major customers

We are dependent on certain major customers, namely Changhuat Plastic, Airspan group of companies, Tastar Electronics, K & Q, Customer A and SOQ who collectively contributed more than 80% of our revenue during the Period Under Review. Please refer to **Section 7.19** of this Prospectus for further details on our major customers. In the event of any interruptions in securing purchase orders from these major customers or the loss of any of these major customers, but not limited to, delays or deferment of purchase orders or a decrease in the value or quantity of purchase orders would adversely affect the impact on our business operations and financial performance. Please refer to **Section 9.1.2** of this Prospectus for further details on this risk factor.

(iii) Impact of foreign exchange

Our revenue is predominantly based on USD which accounted for 41.3% (RM17.8 million), 99.1% (RM166.8 million), 94.6% (RM325.6 million) and 99.4% (RM317.8 million) of our total revenue for FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively. Similarly, 61.8% (RM20.6 million), 90.4% (RM117.4 million), 91.2% (RM232.8 million) and 89.7% (RM166.1 million) of our total purchases were also transacted in USD for FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively. In this respect, we are exposed to fluctuations in foreign exchange rates, especially between USD and RM, and any adverse movements in the foreign exchange may have a negative impact on our business and financial position and operating results.

Details of our foreign currency exchange gains and losses are as follows:

	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FPE 2021 RM'000	FPE 2022 RM'000
Realised gain on foreign currency exchange	-	-	69	79	2,480
Unrealised gain on foreign currency exchange	111	182	54	566	2,258
Realised loss on foreign currency exchange	(48)	(478)	-	-	-
Net (loss)/gain on foreign currency exchange	**63**	**(296)**	**123**	**645**	**4,738**

Any unfavourable fluctuations of foreign exchange rates between USD and RM may result in a net loss on our Group's foreign currency exchange, which may negatively impact on our profitability where our PBT may reduce. Please refer to **Section 9.1.8** of this Prospectus for the risk in relation to exposure to foreign currency exchange fluctuations.

We maintain bank accounts mainly in RM and USD, such that collections can be used to settle payments of the same currency where possible. This, to a certain extent, provides a natural hedge against fluctuations in the foreign exchange and mitigates our exposure to foreign exchange risks.

Nevertheless, our business is subject to risks relating to any unfavourable foreign currency exchange rate fluctuations which may materially affect our financial performance. Please refer to **Section 9.1.8** of this Prospectus for further details on the risk factors pertaining to foreign currency exchange fluctuations. As at the LPD, we have foreign currency forward hedging facilities but have yet to be utilised.

(iv) Impact of interest rate

All our borrowings are interest-bearing obligations. Any hikes in interest rates would affect our financial performance. Our finance cost mainly comprises interest charges on term loans, shipment buyer loans, lease liabilities, bankers' acceptance, bank overdraft and OFCL that are granted by banks and financial institutions. As at 30 September 2022, our total bank borrowings were RM203.5 million, of which RM149.3 million were interest-bearing based on floating rates. Our finance cost increased from RM0.9 million for the FYE 2019 to RM5.3 million for the FYE 2021, and our finance cost for FPE 2022 was RM6.1 million. In this respect, any increase in interest rates may impact our financial performance. If we fail or encounter difficulties in meeting our financial obligations when they fall due, this will result in a financial distress condition which will affect our operations and financial performance. For the Period Under Review and up to the LPD, we have not defaulted on any payments of either the principal or interests in relation to our bank borrowings.

(v) Prolonged COVID-19 or any other outbreaks of contagious or virulent diseases

The outbreak of COVID-19 or any epidemics or pandemics may potentially affect our business operations. Between March 2020 and up to the LPD, there were several MCO measures implemented including full and partial lockdown containment measures and restrictions imposed.

Impact on our business and financial conditions in FYE 2020

Generally, our business was impacted due to containment measures during the MCO periods between 18 March 2020 and 16 April 2020 where our manufacturing operations were temporarily suspended for 29 days in FYE 2020. In this respect, our manufacturing operations were affected in the first half of 2020 and the disruptions in the supply of materials mainly semiconductors arising from the COVID-19 pandemic. Consequently, the manufacturing activities in the second half of the year were higher to make up for lost time from the lower manufacturing activity in the first half of the year. For the second half of FYE 2020, our revenue was RM112.5 million which was higher compared to RM55.8 million for the first half of FYE 2020.

Impact on our business and financial conditions in FYE 2021

There were various containment measures implemented in FYE 2021 including FMCO and various phases of NRP between June and December 2021. We continued to operate according to the specific guidelines and the latest SOP where we operate at specified capacity of workforce and gradually up to 100% capacity of workforce during the various phases of NRP upon the relaxation of the measures. Our business and financial conditions were not materially affected as reflected by our revenue in the second half of FYE 2021 amounting to RM208.1 million which was higher compared to RM136.2 million for the first half of FYE 2021.

Impact on our supply chain

According to the IMR, there is a global shortage of semiconductors that has affected the electronics industry. The shortage of semiconductors started approximately in the second quarter of 2020 and continued into 2022. This was mainly due to the increase in the demand for E&E products caused by the increased use of electronic devices as a result of the COVID-19 pandemic as well as the increased use of semiconductors in automobiles.

Our EMS customers provide us with a 6 to 12 months rolling forecast and confirmed purchase orders mainly on a weekly or quarterly basis. Our customers are responsible for the supply of semiconductors and any delays in supplying semiconductors to us will consequently delay our manufacturing process and delivery.

Notwithstanding the above, in the event of a prolonged COVID-19 pandemic or any other outbreaks of contagious or virulent diseases in the future, our business operation and financial performance would be materially affected. Please refer to **Section 9.1.7** of this Prospectus for further details on this risk factor.

(vi) Impact of fluctuations in global aluminium prices

Our die cast manufacturing operation is subject to fluctuations in global aluminium prices. For FYE 2021, there was a decrease of 40.0% in GP and decrease in GP margin to 6.2% in FYE 2021 (FYE 2020: 22.0%) from our die casting manufacturing operations due to an increase in aluminium prices where we were unable to pass on the increased cost to customers in a timely manner during the FYE 2021. Please refer to **Section 12.3.1(iii)(b)** of this Prospectus for further details on our Group's GP and GP margin.

In this respect, any unfavourable fluctuations and sustained high aluminium prices may result in higher prices for our aluminium die cast products which may negatively impact the results of our Group's operations and financial performance. Please refer to **Section 9.2.6** of this Prospectus for further details on this risk factor.

(vii) Impact of inflation

The business, financial condition or results of our operations for the Period Under Review were not materially affected by the impact of inflation. Nevertheless, there can be no assurance that future inflation would not have an impact on our business operations and financial performance.

(viii) Government/economic/ fiscal/ monetary policies

Our business is subject to risk relating to government, economic, fiscal or monetary policies in Malaysia and in the countries in which we serve. Any unfavourable changes in such government policies, economic conditions, or fiscal or monetary policies may materially affect our operations in Malaysia and Singapore. Please refer to **Section 9.2.5** of this Prospectus for further details.

12.3.3 Significant changes in the financial position

There are no significant changes that have occurred, which may have a material effect on our financial position and results since FPE 2022, being our most recent interim financial statement.

12.4 LIQUIDITY AND CAPITAL RESOURCES

12.4.1 Working capital

During the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, the Group had financed its working capital and capital expenditures through among others, a combination of cash generated from operations, external sources of funds including term loans, lease liabilities, credit facilities, advances from third parties, the impact of COVID-19 pandemic on our business as well as proceeds received from the issuance of ICPS. The principal uses of cash by the Group have been for settlement of trade and other payables, capital expenditure such as construction of the extension of its main office and acquisition of factories and land for purposes of expansion of its operations, and operation expenses which include administrative costs and factory overhead cost.

As at 30 September 2022, the Group has:

(i) Cash and cash equivalents of approximately RM24.5 million, being RM40.1 million (consisting cash and bank balances of approximately RM32.3 million and fixed deposits placed with licensed banks of approximately RM7.8 million) less bank overdrafts of approximately RM7.8 million and fixed deposit with a licensed bank pledged to bank of approximately RM7.8 million;

(ii) working capital of approximately RM80.8 million, being the difference between current assets of approximately RM233.0 million and current liabilities of RM152.2 million; and

(iii) credit facilities, which consist of term loans, bankers' acceptance, bank overdrafts, OFCL, receivables finance, shipment buyer loans and trust receipts, with a total credit limit of RM294.2 million, of which RM137.3 million has yet to be utilised as at the LPD.

Our Group carefully considers its cash position and ability to obtain further financing when making significant capital commitments, such as new factory and land acquisitions, purchases of new machineries as well as new automation lines. Given suitable opportunities, our Group intends to access the capital markets through further equity or equity-linked capital raising or debt-related capital raising.

Based on the equity attributable to owners of our Company as at 30 September 2022 of approximately RM181.5 million, lease liabilities and loans and borrowings of approximately RM203.5 million, the gearing ratio of our Company was approximately 1.1 times. After accounting for the gross proceeds to be raised from the Proposed Public Issue which is estimated to be approximately RM155.7 million and the estimated listing expenses of RM11.0 million, our Company's gearing level will decrease to approximately 0.6 times.

After taking into consideration the above, our Board is of the view that we will have sufficient working capital for 12 months from the date of this Prospectus.

12.4.2 Cash flow summary

The table below sets out the summary of our consolidated statements of cash flows for the Period Under Review and should be read in conjunction with the Accountants' Report as set out in **Section 13** of this Prospectus.

	Audited			
	FYE 2019	**FYE 2020**	**FYE 2021**	**FPE 2022**
	(RM'000)	**(RM'000)**	**(RM'000)**	**(RM'000)**
Net cash from/(used in) operating activities	4,549	(1,957)	33,069	2,783
Net cash used in investing activities	(4,540)	(6,438)	(46,131)	(11,878)
Net cash (used in)/from financing activities	(155)	17,708	40,461	(6,143)
Net (decrease)/increase in cash and cash equivalents	(146)	9,313	27,399	(15,238)
Effect of exchange rate changes	145	215	(229)	1,945
Cash and cash equivalents at beginning of the financial year	1,113	1,112	10,640	37,810
Cash and cash equivalents at end of the financial year	1,112	10,640	37,810	24,517

Most of our cash and cash equivalents are held in RM and/or USD. There are no legal, financial or economic restrictions on our Subsidiaries' ability to transfer funds to our Company in the form of cash dividends, subject to the availability of distributable profits and reserves, and any applicable financial covenants.

(a) Net cash from operating activities

FYE 2019

For FYE 2019, our net cash from operating activities was RM4.5 million mainly after taking into account the following:

- Increase in receivables by RM37.3 million was mainly attributed to slow payment from Changhuat Plastic with an outstanding amount of RM44.3 million. As this customer is also our supplier of plastic parts, during FYE 2019 we were working closely with them for initial tooling development and prototypes of plastic enclosures for our new products which they incurred costs during their initial development process. Therefore, we granted the said customer the extension of payment. As at the LPD, the outstanding receivables have been settled.
- Increase in payables by RM36.2 million mainly attributed to outstanding amount owing to Changhuat Plastic for the purchase of plastic parts and casing, and battery packs in FYE 2019 due to higher purchases at the end of FYE 2019 for subsequent planned production.
- Net increase in advances from Tee Kim Chin, our Director, of RM4.3 million to our Company for working capital purposes. As at the LPD, the advances have been settled.
- Increase in inventories by RM2.7 million mainly attributed to higher purchases at the end of FYE 2019 comprising plastic parts and electronic components for the subsequent planned production of wireless communications equipment and household appliances.

- Increase in the amount due to related parties of RM1.0 million mainly attributed to the purchase of aluminium die cast parts from Cape Manufacturing prior to the acquisition of Cape Manufacturing by our Company.

FYE 2020

For FYE 2020, our net cash used in operating activities was RM2.0 million mainly after taking into account the following:

- Increase in receivables by RM33.3 million was mainly attributed to higher billings to our customers in the fourth quarter of FYE 2020 where we issued the invoices to customers once the orders are fulfilled and picked up by customers. This was also reflected in the growth of revenue by 44.4% in the fourth quarter of FYE 2020 where revenue increased from RM46.0 million in the third quarter of FYE 2020 to RM66.4 million in the fourth quarter of FYE 2020 mainly driven by the increased volume that we fulfilled based on orders placed by our customers.

  The increase was also partly attributed to deposits and advances of RM8.6 million paid mainly for the purchase of machinery and equipment for EMS of electronic cigarettes.

- Increase in inventories by RM18.5 million mainly attributed to the higher purchases of input materials including E&E parts and components during the end of FYE 2020 for subsequent planned production in FYE 2021.

- Increase in payables by RM8.7 million was attributed to the higher purchases of E&E parts and components at the end of FYE 2020 mainly for the planned production in FYE 2021 of wireless communication equipment, POS terminals and household appliances.

- Net increase in advances from Tee Kim Chin, our Director, of RM8.6 million to our Company which was mainly for operational working capital. The advances have been settled as at the LPD.

We recorded a net cash flow used in operating activities of RM2.0 million in FYE 2020, mainly due to an outstanding amount of RM25.1 million from Changhuat Plastic. On 31 December 2020, Cape EMS entered into an agreement with Changhuat Plastic to extend the repayment term for the outstanding amount of RM25.1 million to December 2021. Subsequently in December 2021, the repayment term for the outstanding amount of RM7.6 million was further extended to December 2022. As at the LPD, the outstanding receivables has been settled. As at the LPD, we continue to transact with Changhuat Plastic.

FYE 2021

For FYE 2021, our net cash from operating activities was RM33.1 million mainly after taking into account the following:

- Increase in inventories by RM7.4 million mainly attributed to the higher purchases of input materials during the end of FYE 2021 for subsequent planned production for the FYE 2022.

- Decrease in receivables by RM3.3 million mainly due to lower deposits and advances of RM6.4 million paid for the purchase of property, plant and equipment as at 31 December 2021 compared to RM14.1 million paid as at 31 December 2020. The deposit of RM6.4 million paid was mainly for the purchase of machinery and equipment for EMS of wireless data gathering systems and electronic cigarettes as well as purchase of a factory.

- Decrease in payables by RM2.5 million mainly attributed to prompt payment to suppliers.

- Net repayment of RM0.2 million to Tee Kim Chin, our Director, mainly attributed to the contra payment for the acquisition of Kempas 6 Factory and Temenggong 22 Factory.

FPE 2022

For FPE 2022, our net cash from operating activities was RM2.8 million mainly after taking into account the following:

- Increase in receivables by RM26.2 million was mainly attributed to higher billings to our customers in the last three months of FPE 2022 where we issued the invoices to customers once the orders are fulfilled and picked up by customers. This was also reflected in the growth of revenue by 35.8% in the last three months of FPE 2022 where revenue increased to RM131.7 million in the last three months of FPE 2022 as compared to the preceding three months of RM97.0 million, mainly driven by the increased volume that we fulfilled based on orders placed by our customers. In addition, the increase in receivables was partly due to the longer credit term granted to Customer A based on Customer A's request and terms agreed.

- Increase in contract assets of RM10.8 million pertaining to EMS of electronic cigarettes where the orders have been fulfilled but pending issuance of invoices arising from the following events:
  - RM4.9 million relating to the pending finalisation of unit price adjustment that revised upwards;
  - RM2.9 million pertaining to the claims for defective devices due to the product design by the customer; and
  - RM3.0 million relating to value added services arising from the customisation of new production lines for disposable cigarette sticks and additional tooling development.

  As at the LPD, we have subsequently issued invoices for the RM10.8 million and have yet to be collected as the amount is not due as at the LPD.

- Decrease in payables by RM4.8 million mainly attributed to prompt payment to suppliers.

- Increase in inventories of RM1.6 million mainly due to higher purchases of input materials during the last three months of FPE 2022 as mentioned above.

(b) Net cash used in investing activities

FYE 2019

For FYE 2019, our net cash used in investing activities was RM4.5 million mainly to fund part of the total purchase of RM11.0 million for PPE comprising:

- RM1.7 million to fund part of the total purchase of RM6.5 million (including legal fees and stamp duty) for land and building, namely PLO 103 Factory while the remaining payments were financed through borrowings.

- RM2.8 million to fund part of the total purchase of RM4.5 million of other PPE including mainly office equipment, furniture and fittings, renovation works, electrical installation as well as the purchase of machinery and equipment for setting up of production lines for wireless communication equipment, and 1 unit of motor vehicle, while the remaining payments were financed through borrowings.

FYE 2020

For FYE 2020, our net cash used in investing activities was RM6.4 million mainly attributed to the following:

- RM4.0 million to fund part of the total purchase of RM48.2 million for PPE mainly comprising RM20.0 million for machinery and equipment mainly the SMT lines, and RM23.2 million for the purchase of Senai 227 Factory, as well as RM3.0 million of renovation and electrical installation works. The remaining payments were financed through borrowings.

- RM2.5 million of cash outflow resulted from the bank overdraft in subsidiary acquired, namely Cape Manufacturing, offset by cash and bank balances in subsidiaries acquired, namely Cape Manufacturing and Cape Singapore, by our Company.

The net cash used is partially offset by the proceeds of RM0.1 million received from the disposal of one unit of the coordinate measuring machine.

FYE 2021

For FYE 2021, our net cash used in investing activities was RM46.1 million which was mainly to fund part of the total purchase of RM116.6 million for PPE mainly attributed to the following:

- RM28.2 million to fund part of the total purchases of RM76.3 million for machinery and equipment mainly for the electronic cigarette production lines and additional machinery and equipment for the die cast manufacturing operations, while the remaining payments were financed through borrowings.

- RM17.7 million to fund total purchases of RM39.3 million for land and buildings including 2 pieces of land, namely PLO 226B and PLO 277B as well as the extension of the Senai 227 Factory, purchase of office equipment and furniture, renovation and electrical installation works, while the remaining payments were financed through borrowings.

- RM0.5 million to fund the total purchases of RM1.0 million for 5 units of motor vehicles while the remaining payments were financed through borrowings.

The net cash used was partially offset by the proceeds of RM0.3 million received from the disposal of 4 units of fully depreciated motor vehicles.

FPE 2022

For FPE 2022, our net cash used in investing activities was RM11.9 million which was mainly to fund part of the total purchase of RM36.6 million for PPE comprising mainly RM17.5 million for the purchase of Tebrau 6 Factory, RM6.8 million for machinery and equipment mainly the production lines for the EMS of electronic cigarettes, RM2.7 million for office equipment, furniture and fittings and RM2.5 million of renovation and electrical installation works. The remaining payments were financed through borrowings.

The net cash used was partially offset by the proceeds of RM3.2 million received from the disposal of PPE comprising 16 units of injection moulding machines.

(c) Net cash from financing activities

FYE 2019

For FYE 2019, our net cash used in financing activities was RM0.2 million mainly attributed to the following:

- RM2.7 million used for the repayment of lease liabilities including interest paid of RM0.5 million, mainly for the purchase of machinery and equipment as well as motor vehicles.

- Others comprising RM0.3 million for interest paid mainly due to borrowings drawn down for the purchase of PLO 103 Factory, machinery and equipment as well as interest expense on short term advances from a supplier, Changhuat Plastic and our engineering consultant, Wu Jung Wai, and RM0.2 million for repayment of term loans. The term loan was obtained for the purchase of our PLO 103 Factory.

The net cash used in financing activities was partially offset by the RM2.5 million from the drawdown of short-term borrowings mainly trust receipt for operational working capital, as well as RM0.6 million advances from related parties, namely Cape Manufacturing and Cape Singapore prior to the acquisition, for operational working capital.

FYE 2020

For FYE 2020, our net cash from financing activities was RM17.7 million mainly attributed to the following:

- RM30.2 million from the drawdown of short-term borrowings which were mainly trade facilities including shipment buyer loans, and bankers' acceptance for operational working capital.

- RM3.0 million of advances from Changhuat Plastic for operational working capital purposes.

The net cash from financing activities was partially offset by the following:

- RM10.1 million used for the repayment of short-term borrowings mainly trade facilities used for our operating working capital as mentioned above.

- RM3.8 million used for the repayment of lease liabilities including interest paid amounting to RM0.6 million, mainly for the purchase of machinery and equipment as well as motor vehicles.

- Others comprise RM1.6 million for interest paid mainly due to the borrowings drawn down for the purchase of Senai 227 Factory and machinery and equipment, mainly 2 SMT lines during the FYE 2020 as well as interest expense on short term advances as set out above and RM0.3 million for repayment of term loans. The term loan was obtained for the purchase of Senai 227 Factory.

FYE 2021

For FYE 2021, our net cash from financing activities was RM40.5 million mainly attributed to the following:

- RM89.8 million from the drawdown of short-term borrowings which were mainly trade facilities including shipment buyer loans, bankers' acceptance, OFCL and receivables finance for the operational working capital.

- RM60.0 million of proceeds received from the issuance of ICPS to Fortress and AOF. Please refer to **Section 5.1.2(iii)** of this Prospectus for further details on the information of Fortress.

- RM1.7 million from the drawdown of term loans for the refinancing of loan for Cape Manufacturing for working capital and insurance.

The net cash from financing activities was partially offset by the following:

- RM84.7 million used for the repayment of short-term borrowings mainly trade facilities used for our operating working capital as mentioned above.

- RM6.8 million used for the repayment of short-term advances from a supplier, Changhuat Plastic and our engineering consultant, Wu Jung Wai, which were mainly used for operational working capital.

- RM6.7 million used for the repayment of lease liabilities including interest paid of RM1.8 million, mainly for the purchase of machinery and equipment as well as motor vehicles.

- RM5.9 million used for the net placement of fixed deposit that was pledged with licensed banks as security for banking facilities granted.

- Others comprising RM3.6 million of repayment of term loans and RM3.3 million for interest paid mainly pertaining to the borrowings used for the purchase of 2 pieces of land, namely PLO 226B and PLO 227B, and the extension of Senai 227 Factory during FYE 2021. The aforementioned term loans were obtained for the purchase of 2 pieces of land, namely PLO 226B and PLO 227B, and the extension of Senai 227 Factory during FYE 2021.

FPE 2022

For FPE 2022, our net cash used in financing activities was RM6.1 million mainly attributed to the following:

- RM67.8 million used for the repayment of short-term borrowings mainly trade facilities used for our operating working capital as mentioned above.

- Dividend of RM13.0 million paid to our existing shareholders, being Tee Kim Chin, Tee Kim Yok, Fortress and AOF.

- RM12.1 million used for the repayment of lease liabilities including interest paid of RM2.4 million, mainly for the purchase of machinery and equipment as well as motor vehicles.

- RM4.6 million used for the repayment of term loans mainly for the purchase of PLO 226B and PLO 227B, PLO 103 Factory and Senai 227 Factory during the FYE 2021, as well as the purchase of die casting machines located in our Temenggong 22 Factory in FPE 2022 and renovation works at Senai 227 Factory in FPE 2022.

- RM3.7 million of interest paid pertaining to borrowings mainly used for acquisition of 2 pieces of land, namely PLO 226B and PLO 227B, PLO 103 Factory and Senai 227 Factory during FYE 2021.

- RM3.3 million for the payment of listing expenses.

- RM1.7 million was placement of fixed deposit that was pledged with licensed banks as security for banking facilities secured.

The net cash used in financing activities was partially offset by the following:

- RM92.6 million from the drawdown of short-term borrowings which were mainly trade facilities including shipment buyer loans, bankers' acceptance, OFCL and receivables finance for the operational working capital.

- RM7.3 million from the drawdown of term loans for the purchase of die casting machines.

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12.4.3 Bank borrowings

Our total outstanding bank borrowings as at 30 September 2022 was RM203.5 million (including lease liabilities under hire purchase contracts owing to financial institutions for the purchase of machinery and equipment as well as motor vehicles), of which RM149.3 million of the bank borrowings are floating rate borrowings, and details are set out as below:

			As at 30 September 2022		
	Purpose	**Interest rate per annum**	**Payable within 12 months**	**Payable after 12 months**	**Total**
			(RM'000)	**(RM'000)**	**(RM'000)**
Term loans	For the purchase of properties[1] as well as renovation and extension of Senai 227 Factory and the construction of cleanroom facilities, and purchase of machinery and equipment	3.70% to 6.89%	6,638	75,970	[3]82,608
Lease liabilities	Finance the purchase of machinery and equipment, and motor vehicles[2]	3.70% to 8.96%	9,508	44,639	54,147
Shipment buyer loans	Working capital	1.69% to 4.63%	13,859	-	[3]13,859
Receivables finance	Working capital	2.08% to 5.56%	25,485	-	[3]25,485
Bankers' acceptance	Working capital	1.00% to 5.68%	10,382	-	[3]10,382
Bank overdraft	Working capital	6.20% to 7.64%	7,797	-	[3]7,797
OFCL	Working capital	1.45% to 5.15%	9,209	-	[3]9,209
Total			**82,878**	**120,609**	**203,487**

Notes:

(1) The purchase of properties mainly comprising PLO 103 Factory, Senai 227 Factory, 2 plots of vacant land namely PLO 226B and PLO 277B as well as Tebrau 6 Factory.

(2) Refers to lease liabilities under hire purchase contracts.

(3) Based on floating rates.

The maturity profile of our bank borrowings as at 30 September 2022 are set out below:

	As at 30 September 2022			
	Less than 1 year *RM'000*	1 to 5 years *RM'000*	More than 5 years *RM'000*	Total *RM'000*
Term loans	6,638	29,615	46,355	82,608
Lease liabilities [(1)]	9,508	38,488	6,151	54,147
Shipment buyer loans	13,859	-	-	13,859
Receivables finance	25,485	-	-	25,485
Bankers' acceptance	10,382	-	-	10,382
Bank overdraft	7,797	-	-	7,797
OFCL	9,209	-	-	9,209
Total	**82,878**	**68,103**	**52,506**	**203,487**

Note:

(1) Refers to lease liabilities under hire purchase contracts owing to financial institutions for the purchase of machinery and equipment as well as motor vehicles.

Our Group has not defaulted on any payment of either principal sums or interest in relation to the borrowings for the Period Under Review and up to the LPD.

As at the LPD, our Group is not in breach of any terms and conditions or covenants associated with the credit arrangements or bank loans, which can materially affect the financial position and results of business operations or the investment by holders of securities in our Group.

12.4.4 Financial instruments, treasury policies and objectives

As at the LPD, save as disclosed in **Section 12.4.3** of this Prospectus, our Group did not use any other financial instruments.

Our Group's operations have been funded through shareholders' equity, cash generated from our operations and external sources of funds as well as proceeds received from the issuance of ICPS. The external sources of funds mainly consist of banking facilities from financial institutions. The normal credit terms granted by our suppliers range from 30 days to 120 days.

As at the LPD, our Group's banking facilities from financial institutions mainly consist of the following:

- Term loans used for the purchase of properties, renovation and extension of Senai 227 Factory and the construction of cleanroom facilities, and purchase of machinery and equipment;

- Lease liabilities used for the purchase of machinery and equipment as well as motor vehicles; and

- Credit facilities including shipment buyer loans, receivables finance, bankers' acceptance, bank overdraft and OFCL for working capital purposes.

The interest rates for our bank borrowings are typically based on the prevailing market rates at the dates of the respective transactions. As at the LPD, our Group has available credit facilities amounting to RM294.2 million, of which RM137.3 million has yet to be utilised.

The main objective of our capital management is to ensure sustainable shareholders' equity and our ability to support and grow our business in order to maximise shareholders' value. We review and manage our capital structure to maintain our debt-to-equity ratio at an optimal level based on the business requirements and prevailing economic conditions.

In our ordinary course of business, we deal with customers and suppliers from both the domestic and foreign markets, where transactions are denominated in both domestic currency as well as foreign currencies. We maintain bank accounts mainly in RM and USD, such that collections can be used to settle payments of the same currency where possible. This, to a certain extent, provides a natural hedge against fluctuations in the foreign exchange and mitigates our exposure to foreign exchange risks. As at the LPD, we have foreign currency forward hedging facilities but have yet to be utilised.

12.4.5 Material capital commitment

As at the LPD, our Group's material commitments for capital expenditure are summarised below:

		Source of funds	
	Capital commitment *RM'000*	**Internally generated funds/bank borrowings** *RM'000*	**Proceeds from the Public Issue** *RM'000*
Approved and/or contracted for:			
On-going expansion for our die cast manufacturing facilities in Tebrau 6 Factory [(1)]	**11,600**	**11,600**	**-**
- Acquisition of Tebrau 6 Factory	1,200[(2)]	1,200[(2)]	**-**
- 10 units of new die casting machines	10,400[(3)]	10,400[(3)]	-
- 10 units of furnaces	-[(3)]	-[(3)]	-
Approved but not contracted for:			
On-going expansion for our die cast manufacturing facilities in Tebrau 6 Factory [(1)]	**8,432**	**3,833**	**4,599**
- Natural gas piping system	3,000	3,000	**-**
- 9 sets of robotic pickup and spraying equipment	3,734	-	3,734
- Overhead crane	833	833	-
- 2 units of CNC lathe machines	500	-	500
- 3 units of rotary screw air compressors	365	-	365
Future expansion of operational facilities in Senai, Johor	**119,603**	-	**119,603**
- New production facilities for EMS operations	66,498	-	66,498
- New Senai 226 Warehouse and automated storage facilities	53,105	-	53,105
Total	**139,635**	**15,433**	**124,202**

Notes:

(1) The estimated total cost of the new facilities for Tebrau 6 Factory including the acquisition of Tebrau 6 Factory, renovation cost, purchase and installation of aluminium die cast production lines and related machinery and equipment is RM39.7 million.

(2) The total cost of the acquisition of Tebrau 6 Factory is RM18.0 including the acquisition cost of RM16.8 million and renovation cost of RM1.2 million. We completed the sale and purchase agreement for the acquisition of Tebrau 6 Factory in September 2022.

(3) The total cost of the purchase of furnaces is RM2.9 million and is financed through borrowings. In February 2022, we placed orders for the purchase of the 10 new die casting machines and subsequently in May 2022, we secured a letter of credit of RM8.9 million for the purchase of the new die casting machines.

12.4.6 Material litigation or claims

Neither we nor our Subsidiaries are engaged in any governmental, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have or have had, material or significant effects on our financial position or profitability, in the 12 months immediately preceding the date of this Prospectus.

12.4.7 Contingent liabilities

As at the LPD, we do not have any other material contingent liabilities which, upon becoming enforceable, may have a material adverse impact on our results of operations or financial position.

12.4.8 Key financial ratios

Our key financial ratios for the Period Under Review are as follows:

	Audited			
	FYE 2019	**FYE 2020**	**FYE 2021**	**FPE 2022**
Average trade receivables turnover period(1) (days)	315	146	86	87
Average trade payables turnover period(2) (days)	244	129	61	46
Average inventory turnover period(3) (days)	21	42	37	34
Current ratio(4) (times)	1.1	1.4	1.5	1.5
Gearing ratio(5) (times)	1.0	1.2	0.9	1.1

Notes:

(1) Computed based on the average trade receivables over revenue of the respective financial year/period multiplied by 365 days/273 days.

(2) Computed based on the average trade payables over the cost of sales of the respective financial year/period multiplied by 365 days/273 days.

(3) Computed based on the average inventory over the cost of sales of the respective financial year/period multiplied by 365 days/273 days.

(4) Computed based on current assets over current liabilities.

(5) Computed based on total borrowings including lease liabilities and interest-bearing advances from third parties divided by total equity.

(i) Trade receivables

A summary of our trade receivables for the Period Under Review is as follows:

	Audited			
	FYE 2019	**FYE 2020**	**FYE 2021**	**FPE 2022**
	(RM'000)	**(RM'000)**	**(RM'000)**	**(RM'000)**
Average trade receivables(1)	37,249	67,321	81,245	102,194
Revenue	43,157	168,261	344,334	319,750
Average trade receivables turnover period(2) (days)	315	146	86	87

Notes:

(1) Computed as follows:

	Audited			
	FYE 2019	**FYE 2020**	**FYE 2021**	**FPE 2022**
	(RM'000)	**(RM'000)**	**(RM'000)**	**(RM'000)**
Opening trade receivables	20,426	54,072	80,571	81,918
Closing trade receivables	54,072	80,571	81,918	122,469
Average trade receivables	**37,249**	**67,321**	**81,245**	**102,194**

(2) Computed based on the average receivables over revenue of the respective financial year/period multiplied by 365 days/273 days.

We deal with our customers on credit terms and the normal credit terms granted to our customers are as follows:

	FYE 2019	**FYE 2020**	**FYE 2021**	**FPE 2022**
Normal credit terms (days)	30 to 60	30 to 90(1)	30 to 90(1)	30 to 180(2)

Note:

(1) For FYE 2020 and FYE 2021, we granted a credit term of 90 days to a customer of home appliances, namely K & Q in Singapore as requested by the said customer and terms agreed.

(2) For FPE 2022, we granted a credit term of 180 days to Customer A based on Customer A's request and terms agreed.

We grant credit terms to new customers on a case-by-case basis, taking into consideration factors including the customer's creditworthiness and financial strength.

Our average trade receivable turnover period improved from 315 days in FYE 2019 to 146 days in FYE 2020 and further improved to 86 days in FYE 2021. The decreasing trend in average trade receivables turnover period for the Period Under Review was mainly due to improvement in collections from customers.

The average trade receivables turnover period in FYE 2019 and FYE 2020 exceeded the normal credit terms granted to our customers for the relevant periods, mainly attributed to slow payments from Changhuat Plastic in FYE 2019 and Airspan group of companies in FYE 2020 as discussed below:

- In FYE 2019, our average trade receivable turnover period of 315 days was mainly attributed to slow payment from Changhuat Plastic with outstanding receivables of RM44.3 million or 82.0% which exceeded the credit period. The slow payment was requested by Changhuat Plastic in its capacity as a customer. Please refer to **Section 7.19** and **Section 7.20** of this Prospectus for further details on our working arrangements with them. As at the LPD, the outstanding receivables have been settled.
- In FYE 2020, our average trade receivable turnover period of 146 days was mainly attributed to the outstanding receivables of RM17.3 million or 21.5% which exceeded the credit period. This was mainly due to slow payment from Airspan group of companies resulting from validation of documentation. As at the LPD, the outstanding receivables have been settled.

For FYE 2021, the above payment request for Changhuat Plastic was no longer applicable and Changhuat Plastic has improved its payment to us. Similarly, for FYE 2021 Airspan group of companies improved its validation of documentation process resulting in faster payment to us.

Our average trade receivable turnover period increased slightly from 86 days in FYE 2021 to 87 days in FPE 2022, which fall within the normal credit terms granted to our customers for the relevant periods.

For the Period Under Review, there was no provision made or write-off for our receivables.

The ageing analysis of our trade receivables as at 30 September 2022 is as follows:

		Exceeding credit period				
	Within credit period	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**More than 90 days**	**Total**
Trade receivables (RM'000)	103,851	10,662	2,792	1,487	3,677	122,469
% of trade receivables	84.8	8.7	2.3	1.2	3.0	100.00
Subsequent collections as at the LPD (RM'000)	70,066	6,939	2,685	1,270	3,562	84,522
Outstanding trade receivables as at the LPD (RM'000)	33,785	3,723	107	217	115	37,947
% of trade receivables net of subsequent collections	89.0	9.8	0.3	0.6	0.3	100.0

As at the LPD, RM84.5 million of our trade receivables as at 30 September 2022 has been subsequently collected. The remaining overdue outstanding amount of RM4.2 million was mainly attributed to slow payments from NextCentury and Airspan group of companies resulting from validation of documentation such as, matching of invoices and shipments received which typically takes 90 days. Subsequent to the LPD, the overdue outstanding amount from these said customers have been collected.

(ii) Trade payables

A summary of our trade payables for the Period Under Review is as follows:

	Audited			
	FYE 2019	**FYE 2020**	**FYE 2021**	**FPE 2022**
	(RM'000)	**(RM'000)**	**(RM'000)**	**(RM'000)**
Average trade payables[1]	26,583	47,890	50,378	46,639
Cost of sales	39,762	135,840	302,443	278,199
Average trade payables turnover period[2] (days)	244	129	61	46

Notes:

(1) Computed as follows:

	FYE 2019	**FYE 2020**	**FYE 2021**	**FPE 2022**
	(RM'000)	**(RM'000)**	**(RM'000)**	**(RM'000)**
Opening trade payables	15,570	37,596	58,184	42,573
Closing trade payables	37,596	58,184	42,573	50,704
Average trade payables	**26,583**	**47,890**	**50,378**	**46,639**

(2) Computed based on the average payables over the cost of sales of the respective financial year/period multiplied by 365 days/273 days.

We deal with our suppliers on credit terms and the normal credit terms granted to us were as follows:

	FYE 2019	**FYE 2020**	**FYE 2021**	**FPE 2022**
Normal credit terms (days)	30 to 60	30 to 120[1]	30 to 120[1]	30 to 120[1]

Note:

(1) For FYE 2020, FYE 2021 and FPE 2022, the credit terms of 120 days were granted by a Jiangsu Midea, our major supplier from China for the components for home appliances.

Our average trade payables turnover period decreased from 244 days in FYE 2019 to 129 days in FYE 2020 and further improved to 61 days in FYE 2021 and 46 days in FPE 2022. The decreasing trend in our average trade payables turnover period for the Period Under Review was mainly attributed to timely payments to suppliers. Average trade payables turnover period in FYE 2019 and FYE 2020 exceeded the normal credit terms granted by our suppliers, mainly due to slow payments to Changhuat Plastic in FYE 2019, as well as to BM Nagano and Jiangsu Midea in FYE 2020 as discussed below:

- In FYE 2019, our average trade payables turnover period of 244 days was mainly attributed to the outstanding amount owing to Changhuat Plastic amounting to RM22.5 million, which exceeded the relevant credit period, for the purchase of plastic parts, casing and battery packs as at 31 December 2019. As at the LPD, the outstanding payment to Changhuat Plastic has been settled.

- In FYE 2020, our average trade payables turnover period of 129 days was mainly attributed to the outstanding amount owing to BM Nagano and Jiangsu Midea amounting to RM5.5 million and RM4.3 million as at 31 December 2020 respectively, which exceeded the relevant credit period. The slow payments were due to our working arrangements mentioned below where we usually made payment to supplier once we received the collections from customer. As at the LPD, the outstanding payments to BM Nagano and Jiangsu Midea have been settled.

The improvement in the average trade payables turnover period from 129 days in FYE 2020 to 61 days in FYE 2021 was mainly attributed to timely payments to suppliers which was in line with our working arrangements mentioned below where there was improvement in collections from customers as mentioned earlier.

In general, our Group's customers will approve and appoint major suppliers for us to source the input materials. Our customers will instruct us to procure relevant input materials and services from the approved and appointed major suppliers. As such, we are obligated to purchase from these approved and appointed major suppliers. Pursuant to the said working arrangements, we usually make payment to major suppliers once we have received the collections from major customers.

Our average trade payables turnover period exceeded credit period for FYE 2019 and FYE 2020 mainly arising from slow payment from Changhuat Plastic and Airspan group of companies in FYE 2019 and FYE 2020 as mentioned above. Consequently, this has affected the timing for us to process the payments to suppliers. In view of differences in timing between our collection of trade receivables from customers and our payments of trade payables to suppliers, our Group utilises banking facilities as working capital for payments to our suppliers, when the need arises.

The ageing analysis of our trade payables as at 30 September 2022 is as follows:

		Exceeding credit period				
	Within credit period	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**More than 90 days**	**Total**
Trade payables (RM'000)	40,645	6,445	2,742	421	451	50,704
% of trade payables	80.2	12.7	5.4	0.8	0.9	100.0
Subsequent payments as at the LPD (RM'000)	25,796	6,334	2,706	421	451	35,708
Outstanding trade payables as at the LPD (RM'000)	14,849	111	36	-	-	14,996
% of trade payables net of subsequent payments	99.0	0.8	0.2	-	-	100.0

As at the LPD, RM35.7 million of our trade payables as at 30 September 2022 has been subsequently paid. Of the remaining outstanding payables of RM15.0 million, 99.0% of the outstanding payables are still within credit period.

(iii) Inventory turnover

A summary of our inventories for the Period Under Review is as follows:

	Audited			
	FYE 2019	**FYE 2020**	**FYE 2021**	**FPE 2022**
	(RM'000)	**(RM'000)**	**(RM'000)**	**(RM'000)**
Average inventories(1)	2,257	15,554	30,286	34,796
Closing inventories	4,513	26,594	33,977	35,615
- *Input materials*	*3,014*	*12,669*	*31,210*	*34,060*
- *Work-in-progress*	-	*4,475*	*1,539*	*1,389*
- *Finished goods*	*1,499*	*3,697*	*424*	*166*
- *Goods-in-transit*	-	*5,753*	*804*	-
Cost of sales	39,762	135,840	302,443	278,199
Average inventory turnover period(2) (days)	21	42	37	34
- *Input materials*	*14*	*21*	*26*	*32*
- *Work-in-progress*	-	*6*	*4*	*1*
- *Finished goods*	*7*	*7*	*3*	*
- *Goods-in-transit*	-	*8*	*4*	*

Notes:

* Less than 1 day.

(1) Computed as follows:

	Audited			
	FYE 2019	**FYE 2020**	**FYE 2021**	**FPE 2022**
	(RM'000)	**(RM'000)**	**(RM'000)**	**(RM'000)**
Opening inventories	-	4,513	26,594	33,977
Closing inventories	4,513	26,594	33,977	35,615
Average inventories	**2,257**	**15,554**	**30,286**	**34,796**

(2) Computed based on the average inventory over the cost of sales of the respective financial year/period multiplied by 365 days/273 days.

Our inventory consists of the following:

- Input materials comprising E&E parts and components, mechanical parts, packaging and related materials for our provision of EMS as well as aluminium ingots for the die cast manufacturing operations.

- Work-in-progress refers to products that are partially finished before undergoing further processing into finished goods.

- Finished goods comprising completed products before delivery to customers.

- Goods-in-transit refers to raw materials which have been shipped by the suppliers but have yet to reach our manufacturing plant. This was based on freight on board at the shipping point where we technically have taken procession of materials as soon as the shipment departs from the suppliers.

Our inventory planning policy for our EMS operations is to purchase relevant input materials based on 6 to 12 months rolling forecast and confirmed purchase orders mainly on weekly or quarterly basis incorporating quantity and delivery schedules. As such, our inventory planning policy is to purchase sufficient materials taking into consideration our production capacity and output to meet scheduled delivery dates. This applies to all input materials for our EMS operations.

Our inventory planning policy for our manufacture of aluminium die cast parts is based on customer demand which impacts our input material comprising aluminium ingots. Our inventory levels of aluminium ingots are reviewed regularly. When the stock level drops to a certain threshold which represents our buffer level, we would have to restock the aluminium ingot inventory.

Our inventory policy for buffer stock level is a minimum of 3 months' worth of production requirement. Our inventory policy for restocking aluminium ingot is commonly one 40-footer container of aluminium ingot. For the Period Under Review, there were no inventory written off and written down.

Our average inventory turnover period increased from 21 days in FYE 2019 to 42 days in FYE 2020. This was mainly due to higher purchases of input materials including E&E parts and components during the end of FYE 2020 for subsequent planned productions.

Our average inventory turnover period decreased from 42 days in FYE 2020 to 37 days in FYE 2021. This was mainly due to a lower inventory of finished goods in line with the growth in our revenue arising from higher delivery of finished goods in FYE 2021.

Our average inventory turnover period decreased from 37 days in FYE 2021 to 34 days in FPE 2022. This was mainly due to a lower inventory of finished goods in line with the growth in our revenue arising from higher delivery of finished goods in the last three months of FPE 2022.

The ageing analysis of our inventories as at 30 September 2022 is as follows:

	1 to 30 days	**31 to 60 days**	**61 to 90 days**	**More than 90 days**	**Total**
	(RM'000)	**(RM'000)**	**(RM'000)**	**(RM'000)**	**(RM'000)**
Closing inventories	27,125	8,490	-	-	35,615
- *Input materials*	*26,001*	*8,059*	-	-	*34,060*
- *Work-in-progress*	*1,004*	*385*	-	-	*1,389*
- *Finished goods*	*120*	*46*	-	-	*166*
- *Goods-in-transit*	-	-	-	-	-

(iv) Current ratio

A summary of our current ratio for the Period Under Review is as follows:

	Audited			
	FYE 2019	**FYE 2020**	**FYE 2021**	**FPE 2022**
	(RM'000)	**(RM'000)**	**(RM'000)**	**(RM'000)**
Current assets	74,898	157,359	183,257	233,004
Current liabilities	67,177	115,919	120,442	152,245
Current ratio(1) (times)	1.1	1.4	1.5	1.5

Note:

(1) Computed based on current assets over current liabilities.

Our current ratio improved from 1.1 times as at 31 December 2019 to 1.4 times as at 31 December 2020. This was mainly due to an increase in inventories arising from higher purchases of input materials for subsequent planned productions, and partly contributed by an increase in trade receivables pertaining to an outstanding amount from Airspan group of companies, and higher cash and bank balances. The improvement in the current asset position was partially offset by the increase in current liabilities arising from higher borrowings and trade payables.

Our current ratio increased slightly from 1.4 times as at 31 December 2020 to 1.5 times as at 31 December 2021. This was mainly due to improvement in our current assets position comprising mainly trade receivables, cash and bank balances, in line with the increase in our revenue and profit in FYE 2021.

Our current ratio remained at 1.5 times as at 30 September 2022. This was mainly due to the increase in in current liabilities arising from higher borrowings utilised during the FPE 2022 mainly trade facilities for our operational working capital. This was partially offset by an increase in current asset position contributed by the increase in trade receivables due to higher billings to our customers for orders fulfilled and picked up by customers in the last three months of FPE 2022 as well as the longer credit term granted to Customer A based on Customer A's request and terms agreed.

(v) Gearing ratio

A summary of our gearing ratio for the Period Under Review is as follows:

	Audited			
	FYE 2019	**FYE 2020**	**FYE 2021**	**FPE 2022**
	(RM'000)	**(RM'000)**	**(RM'000)**	**(RM'000)**
Total bank borrowings	14,488	87,521	156,264	203,487
Total equity	21,009	81,368	169,562	181,524
Total borrowings(1) (RM'000)	20,697	94,219	156,327	203,512
Gearing ratio(2) (times)	1.0	1.2	0.9	1.1

Notes:

(1) Computed based on total borrowings including lease liabilities and interest-bearing advances from third parties, including a supplier, Changhuat Plastic and our engineering consultant, Wu Jung Wai.

(2) Computed based on total borrowings including lease liabilities and interest-bearing advances from third parties divided by total equity.

Our gearing ratio increased from 1.0 times as at 31 December 2019 to 1.2 times as at 31 December 2020 mainly due to higher borrowings. This was mainly attributed to a drawdown of term loan for the acquisition of the Senai 227 Factory in FYE 2020 and shipment buyer loans which were used for operational working capital.

In addition, we obtained advances from a supplier, Changhuat Plastic and an engineering consultant for operational working capital purposes, which bear interest rates as well as lease liabilities arising from right-of-use assets.

Our gearing ratio decreased from 1.2 times as at 31 December 2020 to 0.9 times as at 31 December 2021. This was mainly attributed to the increase in the share capital of RM60.0 million in FYE 2021 pursuant to the issuance of ICPS. The increase was partially offset by the increase in lease liabilities mainly used for the purchase of machinery and equipment mainly for the electronic cigarette production lines and additional machinery and equipment for the die cast manufacturing operations as well as higher term loans drawdown mainly for the purchase of PLO 226B and PLO 227B, and extension of the Senai 227 Factory in FYE 2021.

Our gearing ratio increased from 0.9 times as at 31 December 2021 to 1.1 times as at 30 September 2022 mainly due to higher borrowings utilised during the FPE 2022 mainly trade facilities for our operational working capital and higher term loan utilised for the purchase of Tebrau 6 Factory as well as purchase of die casting machines.

12.5 ORDER BOOK

Our sales are typically derived from purchase orders issued by customers according to the agreements entered with our customers. We usually fulfill the purchase orders within 90 days upon the issuance of purchase orders by our customers. As such, we do not maintain an order book based on contracts due to the nature of our business.

As at the LPD, we have unbilled purchase orders of RM358.7 million to be fulfilled by the fourth quarter of 2023. The details are set out below:

Unbilled purchase orders	**Industrial electronic products**	**Consumer electronic products**	**Total**
	RM'000	**RM'000**	**RM'000**
To be delivered from January 2023 to March 2023	55,969	23,666	79,635
To be delivered from April 2023 to June 2023	95,292	-	95,292
To be delivered from July 2023 to September 2023	91,901	-	91,901
To be delivered from October 2023 to December 2023	91,901	-	91,901
Total	**335,063**	**23,666**	**358,729**

12.6 TREND INFORMATION

Saved as disclosed in this Prospectus, our operations have not been or are not expected to be affected by any of the following:

(i) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position, operations, liquidity and capital resources, save as set out in **Sections 7** and **9** of this Prospectus;

(ii) material commitment for capital expenditure, as set out in **Section 12.4.5** of this Prospectus;

(iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group;

(iv) known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our revenue and/or profits, save for the interruption to business and operations due to the COVID-19 pandemic as set out in **Section 7.13** of this Prospectus;

(v) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position.

12.7 DIVIDEND POLICY

It is the intention of our Board to recommend and distribute a dividend of up to 30.0% of our audited PAT of each financial year on a consolidated basis after taking into consideration anticipated future operating conditions, operating cash flow requirements, financing commitments, subject to any applicable law and contractual obligations and provided that such distribution will not be detrimental to our Group's cash requirements or any plans approved by our Board.

When declaring any interim dividends, our Board will consider, among others:

(i) our anticipated future operating conditions as well as future expansion, capital expenditure and investment plan;

(ii) our operating cash flow requirements and financing commitments;

(iii) our expected financial performance including return on equity and retained earnings;

(iv) any restrictive covenants contained in our current and future financing arrangements;

(v) the availability of adequate reserves and cash flows; and

(vi) any material impact of tax laws and regulatory requirements.

Actual dividends proposed and declared may vary depending on our financial performance and cash flows and may be waived if the payment of the dividends would adversely affect our cash flows and operations. There is no dividend restriction being imposed on our Group currently.

Dividend payments, capital gains and profits from dealing in our Shares will not be subject to Malaysian taxation (not applicable to entities including companies with trading of shares as their principal business activity). No withholding tax is imposed on the above transactions. Potential investors are advised to consult their professional tax advisors if they are in any doubt as to the taxation implication of subscribing, holding or disposing of and dealing in our Shares.

For the FYE 2019, FYE 2020 and FYE 2021, there was no dividend declared, made or paid by us or our Subsidiaries to shareholders.

For the FPE 2022, we declared and paid a dividend of RM12,964,667, amounting to approximately 39.5% of our annualised PAT for FPE 2022 of approximately RM32.8 million, to our then existing shareholders, being Tee Kim Chin, Tee Kim Yok, Fortress and AOF. The source of funds for the paid dividend of RM12,964,667 is derived from internally generated funds. However, moving forward, after considering our cash flow requirements, our Company intends to recommend and distribute a dividend of up to 30.0% of our audited consolidated PAT of each financial year. Our Company is of the view that the dividends paid will not affect the execution and implementation of our Company's future plans or strategies moving forward.

Our Company has no intention to declare any further dividends up to the completion of the Listing.

12.8 REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

CAPE EMS BERHAD
(FORMERLY KNOWN AS CAPE EMS MANUFACTURING (M) BERHAD)
(Registration No.: 199901026859 (501759-M))
(Incorporated in Malaysia)

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

GRANT THORNTON MALAYSIA PLT

CHARTERED ACCOUNTANTS

Member Firm of Grant Thornton International Ltd

GrantThornton

REPORTING ACCOUNTANTS' ASSURANCE REPORT ON COMPILATION OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022
(Prepared for inclusion in the Prospectus)

Grant Thornton Malaysia PLT
Suite 28.01, 28th Floor
Menara Zurich
No.15, Jalan Dato' Abdullah Tahir
80300 Johor Bahru, Johor
Malaysia

T +607 332 8335
F +607 332 2268

Date: 2 February 2023

The Board of Directors
Cape EMS Berhad
(Formerly known as Cape EMS Manufacturing (M) Berhad)
PLO 227A, Jalan Cyber 1A
Kawasan Perindustrian Senai III
81400 Senai
Johor Darul Ta'zim

Dear Sirs,

CAPE EMS BERHAD (FORMERLY KNOWN AS CAPE EMS MANUFACTURING (M) BERHAD) ("COMPANY" OR "CAPE EMS") AND ITS SUBSIDIARIES

REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

We have completed our assurance engagement to report on the compilation of the Pro Forma Consolidated Statements of Financial Position of the Company and its subsidiaries ("Cape Group" or "Group") as at 30 September 2022, together with the notes and assumptions thereto (which we have stamped for the purpose of identification), which have been compiled and prepared by the Directors of the Company for inclusion in the prospectus of the Company in connection with the initial public offering ("IPO") and the listing of and quotation for the entire enlarged issued share capital in the Company on the Main Market of Bursa Malaysia Securities Berhad ("Listing") ("Prospectus").

The applicable criteria on the basis of which the Board of Directors has compiled the Pro Forma Consolidated Statements of Financial Position are specified in the Prospectus Guidelines issued by the Securities Commission Malaysia and described in Note 2 to the Pro Forma Consolidated Statements of Financial Position ("Applicable Criteria").

The Pro Forma Consolidated Statements of Financial Position as at 30 September 2022 have been compiled by the Directors of the Company, for illustrative purposes only, to show the effects of the events and transactions as set out in the notes thereon on the Consolidated Statements of Financial Position presented had the Listing been effected on 30 September 2022. As part of this process, information about the Group's Consolidated Financial Position has been extracted by the Directors of the Company from the Cape EMS audited consolidated financial statements for the financial period ended 30 September 2022, on which was reported by us to the Directors of Cape EMS on 2 February 2023 without any modification.

Grant Thornton

Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

The Directors of the Company are responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis of the Applicable Criteria.

Our Independence and Quality Control

We are independent in accordance with the *By-Laws* (*on Professional Ethics, Conduct and Practice*) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board of Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our firm applies *International Standard on Quality Management ("ISQM") 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express an opinion about whether the Pro Forma Consolidated Statements of Financial Position have been properly compiled, in all material respect, by the Directors on the basis of the Applicable Criteria.

We conducted our engagement in accordance with *International Standard on Assurance Engagements ("ISAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus"*, issued by International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis of the Applicable Criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

The purpose of the Pro Forma Consolidated Statements of Financial Position included in the Prospectus is solely to illustrate the impact as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

Grant Thornton

Our Responsibility (Cont'd)

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions enumerated in the notes thereto, and to obtain sufficient appropriate evidence about whether:-

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis set out in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with requirements of Chapter 9 and 10 of Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and the Guidance Note for Issuers of Pro Forma Financial Information issued by Malaysian Institute of Accountants.

Other Matter

This letter has been prepared at your request for inclusion in the Prospectus in connection with the Listing. It is not intended to be used for any other purposes. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,

GRANT THORNTON MALAYSIA PLT	WONG WEN TAK
(201906003682 & LLP0022494-LCA)	(NO: 3043/04/2023 J)
CHARTERED ACCOUNTANTS (AF 0737)	CHARTERED ACCOUNTANT

Johor Bahru
2 February 2023

CAPE EMS BERHAD (FORMERLY KNOWN AS CAPE EMS MANUFACTURING (M) BERHAD) AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

The Pro Forma Consolidated Statements of Financial Position of Cape EMS Berhad (formerly known as Cape EMS Manufacturing (M) Berhad) ("Cape EMS" or "Company") and its subsidiaries ("Cape Group" or "Group") as at 30 September 2022 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Consolidated Statements of Financial Position on the assumption that these transactions were completed on 30 September 2022, and should be read in conjunction with the notes accompanying to the Pro Forma Consolidated Statements of Financial Position.

	Notes	Audited as at 30 September 2022	Pro Forma I After Public Issue	Pro Forma II After Pro Forma I and After Use of Proceeds from Public Issue
		RM	RM	RM
ASSETS				
Non-current assets				
Property, plant and equipment		215,570,853	215,570,853	215,570,853
Investment property		8,800,000	8,800,000	8,800,000
Goodwill on acquisition		6,243,746	6,243,746	6,243,746
Total non-current assets		230,614,599	230,614,599	230,614,599
Current assets				
Inventories		35,614,621	35,614,621	35,614,621
Trade receivables		122,468,562	122,468,562	122,468,562
Contract assets		10,835,485	10,835,485	10,835,485
Other receivables	3.1	14,209,582	14,209,582	10,892,857
Current tax assets		941,961	941,961	941,961
Fixed deposits with licensed banks		7,759,808	7,759,808	7,759,808
Cash and bank balances	3.2	32,314,675	188,014,675	180,331,400
		224,144,694	379,844,694	368,844,694
Non-current assets held for sale		8,858,831	8,858,831	8,858,831
Total current assets		233,003,525	388,703,525	377,703,525
Total assets		463,618,124	619,318,124	608,318,124
EQUITY AND LIABILITIES				
EQUITY				
Equity attributable to owners of				
Share capital	3.3	100,000,000	255,700,000	251,314,177
Exchange translation reserve		352,503	352,503	352,503
Revaluation reserve		21,287,618	21,287,618	21,287,618
Retained earnings	3.4	59,883,472	59,883,472	53,269,295
Total equity		181,523,593	337,223,593	326,223,593

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FOR IDENTIFICATION PURPOSES ONLY

CAPE EMS BERHAD (FORMERLY KNOWN AS CAPE EMS MANUFACTURING (M) BERHAD) AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022 (CONT'D)

The Pro Forma Consolidated Statements of Financial Position of Cape Group as at 30 September 2022 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Consolidated Statements of Financial Position on the assumption that these transactions were completed on 30 September 2022, and should be read in conjunction with the notes accompanying to the Pro Forma Consolidated Statements of Financial Position (cont'd).

	Notes	Audited as at 30 September 2022	Pro Forma I After Public Issue	Pro Forma II After Pro Forma I and After Use of Proceeds from Public Issue
		RM	RM	RM
EQUITY AND LIABILITIES (CONT'D)				
LIABILITIES				
Non-current liabilities				
Lease liabilities		44,638,810	44,638,810	44,638,810
Loans and borrowings		75,969,622	75,969,622	75,969,622
Deferred tax liabilities		9,240,839	9,240,839	9,240,839
Total non-current liabilities		129,849,271	129,849,271	129,849,271
Current liabilities				
Trade payables		50,704,228	50,704,228	50,704,228
Other payables		17,656,130	17,656,130	17,656,130
Amount due to a related party		10,580	10,580	10,580
Lease liabilities		9,533,529	9,533,529	9,533,529
Loans and borrowings		73,370,048	73,370,048	73,370,048
Currrent tax liabilities		970,745	970,745	970,745
Total current liabilities		152,245,260	152,245,260	152,245,260
Total liabilities		282,094,531	282,094,531	282,094,531
Total equity and liabilities		463,618,124	619,318,124	608,318,124
Issued ordinary share capital (Unit)	3.3	750,000,000	923,000,000	923,000,000
Net assets per share (RM)		0.24	0.37	0.35
Borrowings		203,512,009	203,512,009	203,512,009
Gearing ratio (times) (1)		1.12	0.60	0.62
Net gearing ratio (times) (2)		0.94	0.05	0.07

Notes:

(1) Computed based on total borrowings including lease liabilities divided by total equity.

(2) Computed based on total borrowings including lease liabilities, less cash and cash equivalents (cash and bank balances and fixed deposit not pledged to bank), divided by total equity.

GRANT THORNTON MALAYSIA PLT ★ FOR IDENTIFICATION PURPOSES ONLY

CAPE EMS BERHAD (FORMERLY KNOWN AS CAPE EMS MANUFACTURING (M) BERHAD) AND ITS SUBSIDIARIES

NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The Pro Forma Consolidated Statements of Financial Position of Cape EMS Berhad (formerly known as Cape EMS Manufacturing (M) Berhad) ("Cape EMS" or "Company") and its subsidiaries ("Cape Group" or "Group") as at 30 September 2022 have been prepared for inclusion in the prospectus to be issued by the Company in connection with the initial public offering ("IPO") and the listing of and quotation for the entire enlarged issued share capital in the Company on the Main Market of Bursa Malaysia Securities Berhad ("Listing") ("Prospectus") and should not be relied upon for any other purposes.

1. **Basis of Preparation**

The Pro Forma Consolidated Statements of Financial Position of the Group have been prepared for illustrative purposes and on the assumptions that the Consolidated Statements of Financial Position were effected on that date by the Listing as per Note 2 to the Pro Forma Consolidated Statements of Financial Position assuming that all the transactions mentioned as per Note 2 to the Pro Forma Consolidated Statements of Financial Position had taken place on 30 September 2022. Pro Forma Consolidated Statements of Financial Position is prepared in accordance with the requirements of Chapter 9 and 10 of Prospectus Guidelines issued by the Securities Commission Malaysia and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Consolidated Statements of Financial Position have been prepared based on audited consolidated financial statements of the Group for the financial period ended 30 September 2022, which was prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS"), and in a manner consistent with the format of the statement of financial position and the accounting policies adopted by the Group, and as adjusted for the events and transactions as detailed in Note 2.

2. **Pro Forma Adjustments to the Pro Forma Consolidated Statements of Financial Position**

2.1 **IPO**

2.1.1 **Pro Forma I: Listing Scheme**

Public Issue

The IPO involves a public issue of up to 173,000,000 new ordinary shares in Cape EMS at an offer price of RM0.90 per share.

In conjunction with the IPO, the Company would seek the listing of and quotation for its entire enlarged issued share capital comprising 923,000,000 ordinary shares in Cape EMS on the Main Market of Bursa Malaysia Securities Berhad.

Offer For Sale

The Offer For Sale by the selling shareholders, Tee Kim Chin and Tee Kim Yok, of up to 86,700,000 ordinary shares in the Company ("selling shareholders") at an offer price of RM0.90 per share. The Company will not receive any proceeds from the Offer For Sale. The gross proceeds of up to RM78,030,000 will accrue entirely to the selling shareholders.

The Offer For Sale does not have any impact on the Pro Forma Consolidated Statements of Financial Position as at 30 September 2022.

GRANT THORNTON MALAYSIA PLT
FOR IDENTIFICATION PURPOSES ONLY

CAPE EMS BERHAD (FORMERLY KNOWN AS CAPE EMS MANUFACTURING (M) BERHAD) AND ITS SUBSIDIARIES

NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

2. **Pro Forma Adjustments to the Pro Forma Consolidated Statements of Financial Position (Cont'd)**

2.1 **IPO (Cont'd)**

2.1.2 **Pro Forma II: Use of Proceeds from the Public Issue**

Gross proceeds from the Public Issue of RM155,700,000 are expected to be used as follows:-

Details of use of proceeds	**Estimated timeframe for use from the date of Listing**	**RM'000**	**%**
Not reflected in Pro Forma Consolidated Statements of Financial Position			
Capital expenditure [(i)]			
- Construction of New Senai 226 Warehouse and installation of automated storage facilities	Within 48 months	53,105	34.1
- Setting-up of new cleanroom facility and purchase of new automated production lines for electronics manufacturing services ("EMS") operations	Within 24 months	62,810	40.3
- Installation of energy saving cooling system	Within 24 months	3,688	2.4
- Purchase of new machinery and equipment for die cast manufacturing related services	Within 12 months	4,599	3.0
Working capital	Within 12 months	20,498	13.2
Reflected in Pro Forma Consolidated Statements of Financial Position			
Estimated listing expenses [(ii)]	Within 3 months	11,000	7.0
Total estimated proceeds		155,700	100.0

Notes:-

Capital expenditure

(i) As at the latest practicable date ("LPD") prior to the date of the Prospectus, the Group has yet to enter into any contractual binding arrangements or issue any purchase orders in relation to the above capital expenditure. Accordingly, the use of proceeds earmarked for capital expenditure is not reflected in the Pro Forma Consolidated Statements of Financial Position.

GRANT THORNTON MALAYSIA PLT FOR IDENTIFICATION PURPOSES ONLY

CAPE EMS BERHAD (FORMERLY KNOWN AS CAPE EMS MANUFACTURING (M) BERHAD) AND ITS SUBSIDIARIES

NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

2. **Pro Forma Adjustments to the Pro Forma Consolidated Statements of Financial Position (Cont'd)**

2.1 **IPO (Cont'd)**

2.1.2 **Pro Forma II: Use of Proceeds from the Public Issue (Cont'd)**

Estimated listing expenses

(ii) The estimated listing expenses comprise the followings-

	Amount RM'000
Professional fees	4,673
Fees payable to authorities	604
Brokerage, underwriting and placement fees	3,522
Fees and expenses for printing, advertising and roadshow	1,100
Miscellaneous expenses and contingencies	1,101
Total	11,000

The total listing expenses to be borne by the Company is estimated to be RM11,000,000. As of 30 September 2022, RM3,316,725 has been paid. The estimated listing expenses of RM4,385,823 will be set-off against equity and the remaining RM6,614,177 will be charged out to the profit or loss account upon completion of the IPO. The apportionment is disclosed in Notes 3.2 and 3.3 respectively.

3. **Effects on the Pro Forma Consolidated Statements of Financial Position**

3.1 **Other receivables**

The movements of other receivables are as follows:-

	Amount RM
As per 30 September 2022 and as per Pro Forma 1	14,209,582
Pursuant to Use of Proceeds from the Public Issue	
- Estimated listing expenses	(3,316,725)
As per Pro Forma II	10,892,857

FOR IDENTIFICATION PURPOSES ONLY
GRANT THORNTON MALAYSIA PLT

CAPE EMS BERHAD (FORMERLY KNOWN AS CAPE EMS MANUFACTURING (M) BERHAD) AND ITS SUBSIDIARIES

NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

3. **Effects on the Pro Forma Consolidated Statements of Financial Position (Cont'd)**

3.2 **Cash and bank balances**

The movements of cash and bank balances are as follows:-

	Amount RM
As per 30 September 2022	32,314,675
Pursuant to Public Issue	155,700,000
As per Pro Forma I	188,014,675
Pursuant to Use of Proceeds from the Public Issue	
- Estimated listing expenses	(7,683,275)
As per Pro Forma II	180,331,400

3.3 **Share capital**

The movements of the issued share capital are as follows:-

	No. of Shares Unit	Amount RM
As at 30 September 2022	750,000,000	100,000,000
Pursuant to Public Issue	173,000,000	155,700,000
As per Pro Forma I	923,000,000	255,700,000
Pursuant to Use of Proceeds from the Public Issue	-	(4,385,823)
As per Pro Forma II	923,000,000	251,314,177

3.4 **Retained earnings**

The movements of the retained earnings are as follows:-

	Amount RM
As at 30 September 2022 and as per Pro Forma I	59,883,472
Pursuant to Use of Proceeds from the Public Issue	(6,614,177)
As per Pro Forma II	53,269,295

CAPE EMS BERHAD
(FORMERLY KNOWN AS CAPE EMS MANUFACTURING (M) BERHAD)
(Registration No: 199901026859 (501759-M))

(Incorporated in Malaysia)

ACCOUNTANTS' REPORT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 AND FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

GRANT THORNTON MALAYSIA PLT

CHARTERED ACCOUNTANTS

Member Firm of Grant Thornton International Ltd

Grant Thornton

Date: 2 February 2023

The Board of Directors
Cape EMS Berhad
(Formerly known as Cape EMS Manufacturing (M) Berhad)
PLO 227A, Jalan Cyber 1A
Kawasan Perindustrian Senai III
81400 Senai
Johor Darul Ta'zim

Grant Thornton Malaysia PLT
Suite 28.01, 28th Floor
Menara Zurich
No.15, Jalan Dato' Abdullah Tahir
80300 Johor Bahru, Johor
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Dear Sirs,

Reporting Accountants' Opinion On The Financial Information (as defined herein) Contained In The Accountants' Report of Cape EMS Berhad (formerly known as Cape EMS Manufacturing (M) Berhad) ("the Company" or "Cape EMS")

Opinion

We have audited the accompanying financial statements ("Financial Information") of the Company and its subsidiaries (collectively known as "the Group" or "Cape Group") which comprises the consolidated statements of financial position of the Group as at 30 September 2022, 31 December 2021 and 31 December 2020, and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the financial period/years then ended 30 September 2022, 31 December 2021 and 31 December 2020 together with the statement of financial position of the Company as at 31 December 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year ended 31 December 2019, and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 107. This historical Financial Information has been prepared for inclusion in the prospectus of the Company in connection with the initial public offering ("IPO") and the listing of and quotation for the entire enlarged issued share capital in the Company on the Main Market of Bursa Malaysia Securities Berhad ("Prospectus"). The Prospectus is required by the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and is given for the purpose of complying with Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines and for no other purposes.

In our opinion, the accompanying Financial Information give a true and fair view of the financial position of the Group as at 30 September 2022, 31 December 2021, 31 December 2020 and the financial position of the Company as at 31 December 2019, and of their financial performance and cash flows for the financial period/years then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Reporting Accountants' Responsibilities for the Audit of the Financial Information* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Directors' Responsibilities for the Financial Information

The Directors of the Company are responsible for the preparation of the Financial Information of the Group that give a true and fair view in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of Financial Information of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Information of the Group, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Reporting Accountants' Responsibilities for the Audit of the Financial Information

Our objectives are to obtain reasonable assurance about whether the Financial Information of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Information.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the Financial Information of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Reporting Accountants' Responsibilities for the Audit of the Financial Information (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (cont'd):-

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountants' report to the related disclosures in the Financial Information of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Information of the Group, including the disclosures, and whether the Financial Information of the Group represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the Financial Information of the Group or business activities within the Group to express an opinion on the Financial Information of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicated with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

The comparative information for the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows and notes to the consolidated financial statements for the financial period ended 30 September 2021 has not been audited.

Restriction on Distribution and Use

This report is made solely to the Company and for inclusion in the Prospectus of Cape EMS and should not be relied upon for any other purposes. We do not assume responsibility to any other person for the content of this report.

GRANT THORNTON MALAYSIA PLT	WONG WEN TAK
(201906003682 & LLP0022494-LCA)	(NO: 3043/04/2023 J)
CHARTERED ACCOUNTANTS (AF 0737)	CHARTERED ACCOUNTANT

Johor Bahru
2 February 2023

CAPE EMS BERHAD
(FORMERLY KNOWN AS CAPE EMS MANUFACTURING (M) BERHAD)
(Incorporated in Malaysia)
(Registration No.: 199901026859 (501759-M))

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

	Note	30.9.2022 Audited RM	31.12.2021 Audited RM	31.12.2020 Audited RM	31.12.2019 Audited RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	215,570,853	201,282,697	93,562,735	23,390,191
Investment property	5	8,800,000	8,800,000	-	-
Goodwill on acquisition	6	6,243,746	6,243,746	6,243,746	-
Deferred tax assets	7	-	2,556,053	-	2,695,000
Total non-current assets		230,614,599	218,882,496	99,806,481	26,085,191
Current assets					
Inventories	8	35,614,621	33,976,618	26,594,528	4,513,086
Trade receivables	9	122,468,562	81,918,404	80,570,668	54,071,717
Contract assets	9	10,835,485	-	-	-
Other receivables	10	14,209,582	16,132,801	23,878,221	14,274,696
Amount due from related parties	11	-	7,416	-	804,668
Amount due from Directors	12	-	-	12,890,281	-
Current tax assets		941,961	935,770	131,723	-
Fixed deposits with licensed banks	13	7,759,808	6,122,794	107,250	107,250
Cash and bank balances		32,314,675	40,261,277	13,187,133	1,126,486
		224,144,694	179,355,080	157,359,804	74,897,903
Non-current assets held for sale	14	8,858,831	3,902,312	-	-
Total current assets		233,003,525	183,257,392	157,359,804	74,897,903
Total assets		463,618,124	402,139,888	257,166,285	100,983,094
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	100,000,000	100,000,000	40,000,000	20,000,000
Exchange translation reserve		352,503	33,720	(5,946)	-
Revaluation reserve	16	21,287,618	21,606,732	20,103,974	-
Retained profits		59,883,472	47,921,435	21,269,837	1,009,368
Total equity		181,523,593	169,561,887	81,367,865	21,009,368

CAPE EMS BERHAD
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(Incorporated in Malaysia)
(Registration No.: 199901026859 (501759-M))

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019 (CONT'D)

	Note	30.9.2022 Audited RM	31.12.2021 Audited RM	31.12.2020 Audited RM	31.12.2019 Audited RM
EQUITY AND LIABILITIES (CONT'D)					
LIABILITIES					
Non-current liabilities					
Lease liabilities	17	44,638,810	45,465,344	9,612,096	6,031,500
Loans and borrowings	18	75,969,622	59,848,893	44,413,820	6,765,454
Deferred tax liabilities	7	9,240,839	6,822,449	5,852,714	-
Total non-current liabilities		129,849,271	112,136,686	59,878,630	12,796,954
Current liabilities					
Trade payables	19	50,704,228	42,572,501	58,184,245	37,595,879
Other payables	20	17,656,130	25,512,260	17,633,416	17,058,754
Amount due to related parties	11	10,580	5,580	4,155	2,636,976
Amount due to a Director	12	-	-	6,005,843	3,829,447
Lease liabilities	17	9,533,529	11,119,747	3,086,138	3,029,707
Loans and borrowings	18	73,370,048	39,893,060	30,585,010	3,026,009
Current tax liabilities		970,745	1,338,167	420,983	-
Total current liabilities		152,245,260	120,441,315	115,919,790	67,176,772
Total liabilities		282,094,531	232,578,001	175,798,420	79,973,726
Total equity and liabilities		463,618,124	402,139,888	257,166,285	100,983,094

The accompanying notes form an integral part of the financial statements.

CAPE EMS BERHAD
(FORMERLY KNOWN AS CAPE EMS MANUFACTURING (M) BERHAD)
(Incorporated in Malaysia)
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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 AND FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

	Note	1.1.2022 to 30.9.2022 Audited RM	1.1.2021 to 30.9.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM
Revenue	21	319,749,945	243,596,977	344,334,423	168,261,089	43,156,931
Cost of sales		(278,199,087)	(215,658,475)	(302,443,589)	(135,839,983)	(39,761,630)
Gross profit		41,550,858	27,938,502	41,890,834	32,421,106	3,395,301
Other income	22	5,991,869	1,206,466	983,376	2,148,752	1,022,665
Finance income		72,272	3,198	19,028	3,914	3,593
Administration expenses		(10,265,497)	(7,661,562)	(10,673,706)	(7,522,131)	(2,242,263)
Distribution costs		(290,536)	(439,232)	(964,893)	(990,949)	(118,667)
Other expenses		-	-	(567,638)	(382,141)	(47,959)
Finance costs	23	(6,118,650)	(3,675,670)	(5,332,069)	(2,981,591)	(889,324)
Profit before tax	24	30,940,316	17,371,702	25,354,932	22,696,960	1,123,346
Income tax (expense)/credit	25	(6,332,726)	2,531,401	909,270	(2,464,597)	2,695,000
Profit for the financial period/year		24,607,590	19,903,103	26,264,202	20,232,363	3,818,346

CAPE EMS BERHAD
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(Incorporated in Malaysia)
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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 AND FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019 (CONT'D)

	Note	1.1.2022 to 30.9.2022 Audited RM	1.1.2021 to 30.9.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM
Other comprehensive income, net of tax						
Items that will not be reclassified subsequently to profit or loss						
Realisation of revaluation reserve upon depreciation of revalued assets		319,114	290,547	387,396	28,106	-
Transfer of revaluation reserve to retained profits		(319,114)	(290,547)	(387,396)	(28,106)	-
Revaluation of land and buildings		-	-	2,481,419	26,489,580	-
Tax effect on item that will not be reclassified subsequently to profit or loss	25	-	-	(591,265)	(6,357,500)	-
Foreign currency translation differences for foreign operation, net of tax		318,783	21,707	39,666	(5,946)	-
Other comprehensive income for the financial period/year		318,783	21,707	1,929,820	20,126,134	-
Total comprehensive income for the financial period/year		24,926,373	19,924,810	28,194,022	40,358,497	3,818,346
Profit attributable to:-						
Owners of the Company		24,607,590	19,903,103	26,264,202	20,232,363	3,818,346
Non-controlling interest		-	-	-	-	-
Profit for the financial period/year		24,607,590	19,903,103	26,264,202	20,232,363	3,818,346
Total comprehensive income attributable to:-						
Owners of the Company		24,926,373	19,924,810	28,194,022	40,358,497	3,818,346
Non-controlling interest		-	-	-	-	-
Total comprehensive income for the financial period/year		24,926,373	19,924,810	28,194,022	40,358,497	3,818,346
Earnings per share						
- Basic (RM)	26	0.05	0.50	0.66	0.70	0.19
- Diluted (RM)	26	0.05	0.50	0.66	0.70	0.19

The accompanying notes form an integral part of the financial statements.

CAPE EMS BERHAD
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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 AND FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

	← Non-distributable		→	Distributable	
Audited	Share capital RM	Exchange translation reserve RM	Revaluation reserve RM	(Accumulated losses)/ Retained profits RM	Total equity RM
Balance at 1 January 2019	20,000,000	-	-	(2,808,978)	17,191,022
Profit for the financial year	-	-	-	3,818,346	3,818,346
Other comprehensive income for the financial year	-	-	-	-	-
Total comprehensive income for the financial year	-	-	-	3,818,346	3,818,346
Balance at 31 December 2019/ 1 January 2020	20,000,000	-	-	1,009,368	21,009,368
Transaction with owners:					
Issuance of ordinary shares	20,000,000	-	-	-	20,000,000
Total transaction with owners	20,000,000	-	-	-	20,000,000
Profit for the financial year	-	-	-	20,232,363	20,232,363
Other comprehensive income for the financial year	-	(5,946)	20,103,974	28,106	20,126,134
Total comprehensive income for the financial year	-	(5,946)	20,103,974	20,260,469	40,358,497
Balance at 31 December 2020	40,000,000	(5,946)	20,103,974	21,269,837	81,367,865

CAPE EMS BERHAD
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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 AND FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019 (CONT'D)

		← Non-distributable		→	Distributable	
Audited	Note	Share capital RM	Exchange translation reserve RM	Revaluation reserve RM	Retained profits RM	Total equity RM
Balance at 1 January 2021		40,000,000	(5,946)	20,103,974	21,269,837	81,367,865
Transaction with owners:						
Issuance of irredeemable convertible preference shares		60,000,000	-	-	-	60,000,000
Total transaction with owners		60,000,000	-	-	-	60,000,000
Profit for the financial year		-	-	-	26,264,202	26,264,202
Other comprehensive income for the financial year		-	39,666	1,502,758	387,396	1,929,820
Total comprehensive income for the financial year		-	39,666	1,502,758	26,651,598	28,194,022
Balance at 31 December 2021/ 1 January 2022		100,000,000	33,720	21,606,732	47,921,435	169,561,887
Transaction with owners:						
Dividends to owners of the Company	27	-	-	-	(12,964,667)	(12,964,667)
Total transaction with owners		-	-	-	(12,964,667)	(12,964,667)
Profit for the financial period		-	-	-	24,607,590	24,607,590
Other comprehensive income for the financial period		-	318,783	(319,114)	319,114	318,783
Total comprehensive income for the financial period		-	318,783	(319,114)	24,926,704	24,926,373
Balance at 30 September 2022		100,000,000	352,503	21,287,618	59,883,472	181,523,593

CAPE EMS BERHAD
(FORMERLY KNOWN AS CAPE EMS MANUFACTURING (M) BERHAD)
(Incorporated in Malaysia)
(Registration No.: 199901026859 (501759-M))

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 AND FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019 (CONT'D)

	← Non-distributable		→	Distributable	
Unaudited	Share capital RM	Exchange translation reserve RM	Revaluation reserve RM	Retained profits RM	Total equity RM
Balance at 1 January 2021	40,000,000	(5,946)	20,103,974	21,269,837	81,367,865
Profit for the financial period	-	-	-	19,903,103	19,903,103
Other comprehensive income for the financial period	-	21,707	(290,547)	290,547	21,707
Total comprehensive income for the financial period	-	21,707	(290,547)	20,193,650	19,924,810
Balance at 30 September 2021	40,000,000	15,761	19,813,427	41,463,487	101,292,675

The accompanying notes form an integral part of the financial statements.

CAPE EMS BERHAD
(FORMERLY KNOWN AS CAPE EMS MANUFACTURING (M) BERHAD)
(Incorporated in Malaysia)
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CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 AND FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

	Note	1.1.2022 to 30.9.2022 Audited RM	1.1.2021 to 30.9.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM
OPERATING ACTIVITIES						
Profit before tax		30,940,316	17,371,702	25,354,932	22,696,960	1,123,346
Adjustments for:-						
Depreciation of property, plant and equipment		7,124,137	5,312,358	6,504,281	3,293,209	1,148,483
Depreciation of right-of-use assets		6,285,752	1,275,052	4,133,403	3,626,275	1,907,427
Gain on early termination of lease contract		-	-	-	(81,319)	-
Loss/(Gain) on disposal of property, plant and equipment		133	(51,441)	(123,652)	2,106	-
Gain on disposal of non-current assets held for sale		(148,688)	-	-	-	-
Property, plant and equipment written off		7,029	-	-	-	-
Fair value gain on investment property		-	-	(122,506)	-	-
Interest expense		3,719,159	2,431,115	3,345,774	2,176,639	357,254
Interest income		(72,272)	(3,198)	(19,028)	(3,914)	(3,593)
Lease liabilities interest expense		2,399,491	1,244,555	1,986,295	804,952	532,070
Reversal of inventories written down		-	-	-	-	(1,769,128)
Unrealised gain on foreign exchange		(2,257,612)	(565,891)	(53,944)	(181,863)	(111,416)
Operating profit before working capital changes		47,997,445	27,014,252	41,005,555	32,333,045	3,184,443
Changes in working capital:-						
Inventories		(1,638,003)	(8,791,596)	(7,382,090)	(18,473,196)	(2,743,958)
Receivables		(26,209,979)	(28,668,211)	3,303,008	(33,333,285)	(37,328,162)
Payables	A(iii)	(4,790,843)	30,044,127	(2,474,107)	8,707,404	36,173,453
Contract assets		(10,835,485)	-	-	-	-
Directors	A(i),(ii)	-	(3,911,591)	(215,562)	8,617,048	4,291,282
Related parties		12,416	(4,155)	(5,991)	390,953	972,134
Cash flows generated from/(used in) operations		4,535,551	15,682,826	34,230,813	(1,758,031)	4,549,192
Tax paid		(1,752,475)	(794,092)	(1,162,183)	(199,092)	-
Net cash flows from/(used in) operating activities		2,783,076	14,888,734	33,068,630	(1,957,123)	4,549,192

CAPE EMS BERHAD
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FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 AND FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019 (CONT'D)

	Note	1.1.2022 to 30.9.2022 Audited RM	1.1.2021 to 30.9.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM
INVESTING ACTIVITIES						
Acquisition of subsidiaries, net of cash and cash equivalents acquired	35(c)	-	-	-	(2,513,017)	-
Interest received		4,678	3,198	3,484	3,914	3,593
Proceeds from disposal of property, plant and equipment		1,200	191,225	267,225	57,900	-
Purchase of property, plant and equipment	B	(15,124,117)	(33,586,687)	(46,401,017)	(3,986,543)	(4,543,358)
Proceeds from non-current assets held for sale	E	3,240,800	-	-	-	-
Net cash flows used in investing activities		(11,877,439)	(33,392,264)	(46,130,308)	(6,437,746)	(4,539,765)
FINANCING ACTIVITIES						
Advances from related parties		-	-	-	-	594,015
Decrease in a fixed deposit pledged with a licensed bank		-	107,250	107,250	-	-
Dividends paid		(12,964,667)	-	-	-	-
Interest paid		(3,719,159)	(2,431,115)	(3,345,774)	(1,623,835)	(339,711)
Lease liabilities interest paid		(2,399,491)	(1,244,555)	(1,784,463)	(555,659)	(532,070)
Drawndown of short-term borrowings		92,615,357	88,427,694	89,802,213	30,219,846	2,462,308
Drawndown of term loans		7,333,873	1,674,435	1,720,816	318,007	-
Payment of listing expenses		(3,316,725)	-	-	-	-
Placement of fixed deposits pledged to licensed banks		(1,676,670)	-	(6,000,000)	-	-
Proceeds from issuance of irredeemable convertible preference shares		-	-	60,000,000	-	-
Proceeds from short-term advances from third parties		-	-	-	3,000,000	-
Proceeds received prior to issuance of irredeemable convertible preference shares		-	19,186,020	-	-	-
Repayment of short-term advances from third parties		-	(3,000,000)	(6,838,202)	-	-
Repayment of short-term borrowings		(67,783,556)	(72,367,671)	(84,653,659)	(10,066,039)	-
Repayment of term loans		(4,578,268)	(2,946,739)	(3,630,427)	(330,498)	(192,888)
Repayment of lease liabilities - principal portion		(9,653,834)	(2,844,931)	(4,917,041)	(3,253,822)	(2,146,760)
Net cash flows (used in)/from financing activities		(6,143,140)	24,560,388	40,460,713	17,708,000	(155,106)

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	Note	1.1.2022 to 30.9.2022 Audited RM	1.1.2021 to 30.9.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM
CASH AND CASH EQUIVALENTS						
Net changes		(15,237,503)	6,056,858	27,399,035	9,313,131	(145,679)
Effect of exchange rate changes		1,945,388	329,341	(229,212)	215,098	144,202
At beginning of financial period/year		37,809,564	10,639,741	10,639,741	1,111,512	1,112,989
At end of financial period/year	C	24,517,449	17,025,940	37,809,564	10,639,741	1,111,512

NOTES TO THE STATEMENTS OF CASH FLOWS

A. NON-CASH TRANSACTIONS

(i) The purchase consideration amounting to RM7,158,030 for acquisition of subsidiaries (Note 35) on 1 January 2020 was settled by way of contra against Director's account.

(ii) The issuance of share capital of RM5,000,000 and RM15,000,000 on 16 March 2020 and 7 September 2020, respectively, was by way of capitalising against credit balance in the amount owing to Director on the respective dates of allotments.

(iii) A third party paid a supplier on behalf of the Group amounted to RM1,815,903 and RM1,844,224 for the financial year ended 31 December 2020 and 31 December 2019 respectively. These advances bore interest rate at 0.75% per month.

B. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	1.1.2022 to 30.9.2022 Audited RM	1.1.2021 to 30.9.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM
Total additions	36,565,199	91,747,418	128,599,570	48,223,348	16,491,433
Addition to right-of-use assets arising from increased lease liabilities	-	-	-	(82,535)	(5,494,568)
Amount financed through lease arrangements	(7,241,082)	(38,643,066)	(48,602,066)	(6,998,343)	(1,653,507)
Amount financed through term loans	(14,200,000)	(7,517,665)	(21,596,487)	(37,155,927)	(4,800,000)
Amount contra with balance owing by a Director	-	(7,100,000)	(7,100,000)	-	-
Amount offset against deposit paid to acquire property	-	(4,900,000)	(4,900,000)	-	-
Cash payment	15,124,117	33,586,687	46,401,017	3,986,543	4,543,358

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NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

C. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise of the following amounts:-

	30.9.2022 Audited RM	30.9.2021 Unaudited RM	31.12.2021 Audited RM	31.12.2020 Audited RM	31.12.2019 Audited RM
Cash and bank balances	32,314,675	17,806,699	40,261,277	13,187,133	1,126,486
Fixed deposits with licensed banks	7,759,808	107,250	6,122,794	107,250	107,250
Bank overdrafts (Note 18)	(7,797,226)	(888,009)	(2,558,963)	(2,547,392)	(14,974)
	32,277,257	17,025,940	43,825,108	10,746,991	1,218,762
Less: Fixed deposit with licensed banks pledged to banks (Note 13)	(7,759,808)	-	(6,015,544)	(107,250)	(107,250)
	24,517,449	17,025,940	37,809,564	10,639,741	1,111,512

D. CASH OUTFLOWS FOR LEASES AS A LESSEE

	1.1.2022 to 30.9.2022 Audited RM	1.1.2021 to 30.9.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM
Included in net cash from operating activities:-					
Payment relating to short-term leases	389,570	362,186	630,799	995,645	297,050
Included in net cash used in financing activities:-					
Interest paid in relation to lease liabilities	2,399,491	1,244,555	1,784,463	555,659	532,070
Repayment of principal portion of lease liabilities	9,653,834	2,844,931	4,917,041	3,253,822	2,146,760
	12,442,895	4,451,672	7,332,303	4,805,126	2,975,880

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NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

E. PROCEEDS FROM DISPOSAL OF NON-CURRENT ASSETS HELD FOR SALE

	1.1.2022 to 30.9.2022 Audited RM	1.1.2021 to 30.9.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM
Sales consideration of non-current assets held for sale	4,051,000	-	-	-	-
Amount offset against outstanding balance from customer	(810,200)	-	-	-	-
Net proceeds from non-current assets held for sale	3,240,800	-	-	-	-

Reconciliation of liabilities arising from financing activities

	Lease liabilities RM	Term loans RM	Short-term borrowings RM	Short-term advances from third parties RM	Total RM
Audited					
At 1 January 2019	4,659,651	2,689,526	-	-	7,349,177
Additions	6,548,316	4,800,000	2,462,308	1,844,224	15,654,848
Accrued interest	-	17,543	-	-	17,543
Repayment	(2,146,760)	(192,888)	-	-	(2,339,648)
At 31 December 2019/ 1 January 2020	9,061,207	7,314,181	2,462,308	1,844,224	20,681,920
Acquisition through business combinations	2,173,794	1,404,995	3,872,951	-	7,451,740
Additions	7,080,878	37,473,934	30,219,846	4,815,903	79,590,561
Capitalisation of interest during moratorium period	249,293	102,804	-	-	352,097
Early termination of lease contract	(2,613,116)	-	-	-	(2,613,116)
Repayment	(3,253,822)	(330,498)	(10,066,039)	-	(13,650,359)
Foreign exchange movement	-	-	(3,044)	(138,679)	(141,723)
At 31 December 2020	12,698,234	45,965,416	26,486,022	6,521,448	91,671,120

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Reconciliation of liabilities arising from financing activities (cont'd)

	Lease liabilities	Term loans	Short-term borrowings	Short-term advances from third parties	Total
	RM	RM	RM	RM	RM
Audited					
At 1 January 2021	12,698,234	45,965,416	26,486,022	6,521,448	91,671,120
Additions	48,602,066	23,317,303	89,802,213	-	161,721,582
Capitalisation of interest during moratorium period	201,832	-	-	-	201,832
Repayment	(4,917,041)	(3,630,427)	(84,653,659)	(6,838,202)	(100,039,329)
Foreign exchange movement	-	-	(103,878)	316,754	212,876
At 31 December 2021/1 January 2022	56,585,091	65,652,292	31,530,698	-	153,768,081
Additions	7,241,082	21,533,873	92,615,357	-	121,390,312
Repayment	(9,653,834)	(4,578,268)	(67,783,556)	-	(82,015,658)
Foreign exchange movement	-	-	2,572,048	-	2,572,048
At 30 September 2022	54,172,339	82,607,897	58,934,547	-	195,714,783
Unaudited					
At 1 January 2021	12,698,234	45,965,416	26,486,022	6,521,448	91,671,120
Additions	38,643,066	9,192,100	88,427,694	-	136,262,860
Repayment	(2,844,931)	(2,946,739)	(72,367,671)	(3,000,000)	(81,159,341)
Foreign exchange movement	-	-	(11,329)	-	(11,329)
At 30 September 2021	48,496,369	52,210,777	42,534,716	3,521,448	146,763,310

The accompanying notes form an integral part of the financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1 Introduction

This report has been prepared solely for inclusion in the prospectus of Cape EMS Berhad (formerly known as Cape EMS Manufacturing (M) Berhad) ("the Company" or "Cape EMS") in connection with the initial public offering ("IPO") and the listing of and quotation for the entire enlarged issued share capital in the Company on the Main Market of Bursa Malaysia Securities Berhad ("Prospectus"). This report has been prepared solely to comply with the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and is given for the purpose of complying with Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines and should not be relied upon for any other purposes.

1.2 Background

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The address of the principal place of business and registered office of the Company are as follows:-

Principal place of business
PLO 227A, Jalan Cyber 1A,
Kawasan Perindustrian Senai III,
81400 Senai, Johor Darul Ta'zim.

Registered office
No. 7-1, Jalan 109F, Plaza Danau 2,
Taman Danau Desa,
58100 Kuala Lumpur, W.P. Kuala Lumpur.

1. GENERAL INFORMATION (CONT'D)

1.3 Principal activities

The Company's principal activities are investment holding and electronics manufacturing services.

The subsidiaries of the Company as of the date of this report are as follows:-

Name of company	Country of incorporation	Principal activities	Effective interest in equity held % 30.9.2022	% 31.12.2021	% 31.12.2020	% 31.12.2019
Cape Manufacturing (M) Sdn. Bhd. ("Cape Manufacturing")	Malaysia	Aluminium die cast manufacturing and electronics manufacturing services	100	100	100	-
Cape Holdings (S) Pte. Ltd. ("Cape Singapore")	Singapore	Supply of electronics products and related activities	100	100	100	-

1. GENERAL INFORMATION (CONT'D)

1.4 Relevant Financial Period/Years

The financial statements for the financial year ended ("FYE") 31 December 2019 reflects the financial information of Cape EMS only. Through a trust deed agreement signed on 1 January 2020, Cape EMS obtained control over Cape Manufacturing and Cape Singapore and consequently, consolidated financial statements of Cape EMS and its subsidiaries (collectively known as "the Group") were prepared for the FYE 31 December 2020, FYE 31 December 2021 and financial period ended ("FPE") 30 September 2022.

The relevant financial period/years of the audited financial statements used for the purpose of the consolidated financial statements ("Relevant Financial Period/Years") are as follows:-

Companies	**Relevant Financial Period/Years**
Cape EMS	FYE 31 December 2019* FYE 31 December 2020* FYE 31 December 2021 FPE 30 September 2022#
Cape Manufacturing	FYE 31 December 2020* FYE 31 December 2021 FPE 30 September 2022#
Cape Singapore	FYE 31 December 2020^ FYE 31 December 2021^ FPE 30 September 2022#

* Prior to the financial period ended 31 December 2020, the financial year ends for the statutory audits of Cape EMS and Cape Manufacturing were for FYE 30 June 2020 and FYE 30 June 2019 within the Relevant Financial years. The financial statements of Cape EMS for FYE 31 December 2020 and FYE December 2019 and the financial statements of Cape Manufacturing for FYE 31 December 2020 were re-audited by Grant Thornton Malaysia PLT, prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs") for inclusion into the consolidated financial statements of the Group.

^ The financial statements of Cape Singapore were audited by Grant Thornton Malaysia PLT for the purpose of inclusion into the consolidated financial statements of the Group.

The financial statements of Cape EMS, Cape Manufacturing and Cape Singapore for the FPE 30 September 2022 were audited by Grant Thornton Malaysia PLT for the purpose of inclusion into the consolidated financial statements of the Group.

The audited financial statements of the Company and its subsidiaries for the Relevant Financial Years reported above were not subject to any modified audit opinions.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with MFRSs and IFRSs.

2.2 Basis of measurement

The consolidated financial statements of the Group have been prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and its measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 – Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
Level 3 – Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

2. BASIS OF PREPARATION (CONT'D)

2.2 Basis of measurement (cont'd)

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting year.

The Group has established control framework in respect of measurement of fair values of financial instruments. The Board of Directors has overall responsibility for overseeing all significant fair value measurements. The Board of Directors regularly reviews significant unobservable inputs and valuation adjustments.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 Functional and presentation currency

The consolidated financial statements are presented in Ringgit Malaysia ("RM") which is the Group's functional currency and all financial information is presented in RM unless otherwise stated.

2.4 MFRSs

2.4.1 Adoption of new standards/amendments/improvements to MFRSs

At the beginning of the first financial year presented, the Group adopted new standards/amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2019.

Initial application of the new standards/amendments/improvements to MFRSs did not have material impact on the consolidated financial statements of the Group.

2. BASIS OF PREPARATION (CONT'D)

2.4 MFRSs (cont'd)

2.4.2 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Effective for financial period beginning on or after 1 January 2023
- MFRS 17 *Insurance Contracts*
- Amendments to MFRS 4 *Insurance Contracts – Extension of the Temporary Exemption from Applying MFRS 9*
- Amendments to MFRS 17 *Insurance Contracts*
- Amendments to MFRS 17 *Initial Application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 101 *Presentation of Financial Statements – Disclosure of Accounting Policies*
- Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112 *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Effective for financial period beginning on or after 1 January 2024
- Amendments to MFRS 16 Leases *– Lease Liability in a Sale and Leaseback*

Deferred to a date to be determined by the Malaysian Accounting Standards Board ("MASB")
- Amendments to MFRS 10 *Combined Financial Statements and MFRS 128 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The initial application of the accounting standards, interpretations and amendments are not expected to have any material financial impacts to the consolidated financial statements of the Group upon their first adoption.

2. BASIS OF PREPARATION (CONT'D)

2.5 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from judgements, estimates and assumptions made by the management, and will seldom equal the estimated results.

2.5.1 Key sources of estimation uncertainty

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Useful life of depreciable assets other than right-of-use assets

Depreciable assets are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of the depreciable assets to be within 3 to 50 years and reviews the useful lives of depreciable assets at end of each reporting period. At each reporting date, management assesses that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to change in the expected level of usage and technological developments, which may result in the adjustment to the Group's assets.

The carrying amount of the Group's depreciable assets at the end of each reporting period are disclosed in Notes 4 and 5 to the consolidated financial statements.

Provision for expected credit losses ("ECLs") for trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns such as customer type and rating and other forms of credit insurance.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about ECLs on the Group's trade receivables and contract assets is disclosed in Notes 9 and 31(c) of the consolidated financial statements.

2. BASIS OF PREPARATION (CONT'D)

2.5 Significant accounting estimates and judgements (cont'd)

2.5.1 Key sources of estimation uncertainty (cont'd)

Fair value measurement and valuation processes

Some of the Group's assets are measured at fair value for financial reporting. Significant judgement is involved in determining the appropriate valuation techniques and inputs for fair value measurements where active market quotes are not available.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in measuring the assets and liabilities. Where Level 1 inputs are not available, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting date. For the valuation of land and buildings, the Group engages third party qualified valuers to perform the valuation.

Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed in the Notes 4 and 5 to the consolidated financial statements.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, the management consider the most reliable evidence available at the time the estimates are made. The realisation of these inventories may be affected by market-driven changes that may occur in the future.

The carrying amount of the Group's inventories at the end of each reporting period is disclosed in Note 8 to the consolidated financial statements.

Income taxes/Deferred tax liabilities

Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

The information about deferred tax liabilities and income tax expenses are disclosed in Note 7 and Note 25 to the consolidated financial statements.

2. BASIS OF PREPARATION (CONT'D)

2.5 Significant accounting estimates and judgements (cont'd)

2.5.1 Key sources of estimation uncertainty (cont'd)

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unabsorbed tax losses, unutilised capital allowances and unused tax credits to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences, unabsorbed tax losses, unutilised capital allowances and unused tax credits can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

The information about deferred tax assets is disclosed in Note 7 to the consolidated financial statements.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Further details of the carrying values, key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are disclosed in Note 6 to the consolidated financial statements.

2. BASIS OF PREPARATION (CONT'D)

2.5 Significant accounting estimates and judgements (cont'd)

2.5.2 Judgements made in applying accounting policies

The following is the significant management judgement in applying accounting policies that have most significant effect on the consolidated financial statements.

Classification between investment property and owner-occupied properties

The Group determines whether a property qualifies as an investment property and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Determining the lease term of contracts with renewal options

The Group determines the lease term with any periods covered by an option to extend the lease if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The Group included the renewal period as part of the lease term for leases.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group applies the significant accounting policies, as summarised below, consistently throughout all financial period/years presented in the consolidated financial statements, unless otherwise stated.

3.1 Consolidation

3.1.1 Subsidiary companies

Subsidiary companies are entities, including structured entities, controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiary companies is stated at cost in the Company's statement of financial position. Where an indication of impairment exists, the carrying amount of the subsidiary companies is assessed and written down immediately to their recoverable amount.

Upon the disposal of investment in a subsidiary company, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

3.1.2 Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Company and all of its subsidiary companies, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiary companies have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiary companies are all drawn up to the same reporting period.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Intra-group losses may indicate an impairment that requires recognition in the consolidated financial statements.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer combined from the date that control ceases.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.3 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.1 **Basis of consolidation (cont'd)**

3.1.4 **Loss of control**

Upon the loss of control of a subsidiary company, the Group derecognises the assets and liabilities of the subsidiary company, any non-controlling interests and the other components of the equity related to the subsidiary company. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary company, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3.2 **Property, plant and equipment**

Property, plant and equipment are initially measured at cost. Subsequently, property, plant and equipment are carried at cost less any accumulated depreciation and less any impairment losses, except for land and factory buildings. As at 31 December 2020, the Group adopted the revaluation model for measurement of the carrying value of land and buildings other than for right-of-use assets.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour.

As at the financial year ended 31 December 2020 and subsequently, land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity, to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising is recognised in other comprehensive income and credited to the 'revaluation reserve' in equity. To the extent that any revaluation decreases or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Any downward revaluations of the assets are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to the assets and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Property, plant and equipment (cont'd)

Depreciation is recognised on the straight-line method in order to write off the cost of each asset over its estimated useful life. Freehold land with an infinite life is not depreciated.

The annual rates of depreciation based on the estimated useful lives for the various classes of depreciable assets are as follows:-

Factory buildings	29 – 50 years
Plant and machinery	5 – 10 years
Equipment, furniture and fittings	3 – 10 years
Renovation and electrical installation	5 – 10 years
Motor vehicles	5 – 6.67 years

Capital work-in-progress consists of property, plant and equipment under construction/installation for intended use. The amount is stated at cost and borrowing cost for qualifying assets is capitalised in accordance with accounting policy on borrowing cost. Capital work-in-progress is not depreciated until the assets are ready for the intended use.

The residual values, useful lives and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least once annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss in the financial period/year in which the asset is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Investment properties

Investment properties consist of land and buildings held for capital appreciation or rental purpose and not occupied or only an insignificant portion is occupied for use or in the operations of the Group.

Investment properties are treated as long term investments and are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment properties at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the financial period/year in which they arise.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the financial period/year of retirement or disposal.

Reclassification to/from investment properties

When an item of property, plant and equipment is transferred to investment properties following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, the fair value at the date of reclassification becomes its cost for subsequent accounting.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a Lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are presented as one of the categories under property, plant and equipment and depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the assets as follows:-

	Estimated useful life
Leasehold land	29 – 47.4 years
Leased factory buildings	2.25 – 3 years
Hostel	3 – 4 years
Plant and machinery	10 years
Equipment, furniture and fittings	10 years
Motor vehicles	5 – 6.67 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, amortisation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment as detailed in Note 3.5 to the consolidated financial statements.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.4 **Leases (cont'd)**

As a Lessee (cont'd)

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments included fixed payments (including in-substance fixed payments) less any incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on a index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

As a practical expedient, MFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

COVID-19 – Related rent concessions

The amendments to MFRS 16 provide relief to lessees from applying MFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether the COVID-19 – related rent concessions from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from COVID-19 - related rent concessions the same way it would account for the change under MFRS 16, if the change were not a lease modification.

Short-term lease and lease of low-value assets

The Group applies the short-term lease recognition exemption to its short-term lease. It also applies the lease of low-value assets recognition exemption to lease of that are considered to be low-value. Lease payments on short-term leases and lease of low-value assets are recognised as expense on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Leases (cont'd)

As a Lessor

The Group classified its leases as either operating leases or finance leases. Leases where the Group retains substantially all the risks and rewards of ownership of the leased assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

If the Group transfers substantially all the risks and rewards incidental to ownership of the leased assets, leases are classified as finance leases and are capitalised at an amount equal to the net investment in the lease.

3.5 Impairment of non-financial assets

The Group assesses at each reporting period whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell or its value in use and it is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. At each reporting date, the Group reviews the carrying amounts of non-financial assets to determine whether there is any indication of impairment.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of 5 years.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss has been recognised for asset in prior financial years. Such reversal is recognised in the profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.6 **Inventories**

Inventories comprising of raw materials, work-in-progress, finished goods and goods-in-transit are stated at the lower of cost and net realisable value.

Cost of raw materials is determined on first-in-first-out basis. Cost of finished goods and work-in-progress includes raw material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity).

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

3.7 **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instruments of another entity.

3.7.1 **Financial assets**

3.7.1.1 **Classification**

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

The Group classifies their financial assets in the following measurement categories:-

- Those to be measured subsequently at fair value through profit or loss ("FVTPL");
- Those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss); and
- Those to be measured at amortised cost.

During the financial period/year, the Group does not have any financial assets categorised as FVTPL and fair value through other comprehensive income ("FVTOCI").

3.7.1.2 **Recognition and derecognition**

A financial asset is recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all of the risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.7 **Financial instruments (cont'd)**

3.7.1 **Financial assets (cont'd)**

3.7.1.3 **Initial measurement**

With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15.

3.7.1.4 **Subsequent measurement**

The Group's financial assets are subsequently measured at the amortised cost.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI") are measured at amortised cost.

Financial assets at amortised cost are subsequently measured using effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade receivables, most of the other receivables, amount due from related parties, amount due from Directors and cash and cash equivalents.

3.7.1.5 **Impairment of financial assets**

The Group assesses on forward-looking basis the expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The measurement of ECL reflects:-

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.7 **Financial instruments (cont'd)**

3.7.1 **Financial assets (cont'd)**

3.7.1.5 **Impairment of financial assets (cont'd)**

ECLs are measured on either of the following bases:-

- 12-months ECLs: these are losses that are expected to result from possible default events within 12 months after the reporting date; and
- Lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the terms to which ECLs model applies.

The maximum period considered when estimating ECLs are the maximum contractual period (including extension options) over which the Group is exposed to credit risk.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and economic environment.

For all other financial instruments, the Group recognises a loss allowance equal to 12-months ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

ECLs are re-measured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECLs amount is recognised an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVTOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have any assets or sources of income that could generate sufficient cash flows to repay the amount subject to write-off.

3.7.2 **Financial liabilities**

3.7.2.1 **Classification**

The Group classifies their financial liabilities in the following measurement categories:-

- Those to be measured subsequently at FVTPL; and
- Those to be measured at amortised cost.

During the financial period/year, the Group does not have any financial liabilities categorised as FVTPL.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.7 **Financial instruments (cont'd)**

3.7.2 **Financial liabilities (cont'd)**

3.7.2.2 **Recognition and derecognition**

A financial liability is recognised in the consolidated statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

A financial liability (or a part of a financial liability) is derecognised from its consolidated statements of financial position when, and only when, the obligation specified in the contract is discharged or cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount of the financial liability (or part of the financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.7.2.3 **Initial measurement**

The Group initially measures a financial liability at its fair value plus, in the case of a financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial liability.

3.7.2.4 **Subsequent measurement**

The Group's financial liabilities are subsequently measured at the amortised cost.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

The Group's financial liabilities at amortised cost include trade payables, most of the other payables, amount due to a Director, amount due to related parties and loans and borrowings. Loans and borrowings are classified as current liabilities unless the Group has unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

3.7.3 **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.7 **Financial instruments (cont'd)**

3.7.4 **Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

3.8 **Cash and cash equivalents**

Cash and cash equivalents comprise of short-term deposits with licensed banks, cash on hand and bank balances which are readily convertible to known amount of cash and are not subject to risk of significant changes in value.

Bank overdrafts are shown in current liabilities in the consolidated statement of financial position.

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposit.

3.9 **Foreign currency translation**

The Group's consolidated financial statements are presented in RM, which is also the Company's functional currency.

3.9.1 **Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at exchange rate at the reporting date.

Foreign currency differences arising from retranslation are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising in translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.9 **Foreign currency translation (cont'd)**

3.9.2 **Foreign operations**

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combination before 1 January 2020 which are treated as assets and liabilities of the Group. The income and expenses of foreign operations are translated to RM at exchange rates at the date of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in foreign currency translation reserve in equity.

3.10 **Equity and reserve**

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are equity instruments.

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

The revaluation reserve within equity comprises gains and losses due to the revaluation of property, plant and equipment.

Foreign currency translation differences arising on the translation of the Group's foreign entities are included in the exchange translation reserve.

Retained earnings include all current and prior financial period's/years' accumulated profits.

All transactions with owners of the Company are recorded separately within equity.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.11 **Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are reviewed at end of each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provisions due to the passage of time is recognised as a finance cost.

3.12 **Contingencies**

Contingent liabilities

Where it is not probable that an outflow of economic benefits will occur, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.13 **Revenue recognition**

The Group applies five-step model revenue recognition under MFRS 15 *Revenue from Contracts with Customers*.

The Group recognises revenue from contracts with customers for goods or services based on the five-step model as set out below:-

i. Identify contracts with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

ii. Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer goods or services to the customers, that is distinct or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

iii. Determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

iv. Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

v. Recognise revenue when (or as) the Group satisfies a performance obligation. An asset is transferred when (or as) the customer obtains control of the asset.

The Group satisfies a performance obligation and recognises revenue over time if the Group's performance:-

i. Do not create an asset with an alternative use to the Group and have enforceable right to payment for performance completed to-date; or

ii. Create or enhance an asset that the customer controls as the asset is created or enhanced; or

iii. Provide benefits that the customer simultaneously receives and consumes as the Group performs.

For performance obligations where none of the above conditions are met, revenue is recognised at a point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or service, it creates a contract based on asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this give rise to a contract liability.

Revenue is measured at fair value of consideration received of receivable. The following describe the performance obligation in contracts with customers.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.13 **Revenue recognition (cont'd)**

3.13.1 **Sale of goods and rendering of services**

All revenue is recognised at a point in time, which is typically on delivery of goods and upon services are rendered. An asset is transferred when (or as) the customer obtains control of the asset. The revenue is recognised net of any related rebates, discounts and tax. The Group shall disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

3.13.2 **Interest income**

Interest income is accounted for on accrual basis.

3.13.3 **Rental income**

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease.

3.13.4 **Contract balances**

a) **Trade receivables**

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

b) **Contract assets**

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. Contract assets are subject to impairment in accordance with MFRS 9, Financial Instruments. Refer to Note 3.7.1.5 to the consolidated financial statements on impairment of financial assets.

3.14 **Employee benefits**

3.14.1 **Short-term employee benefits**

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial period/year in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

3.14.2 **Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial period/years.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.14 **Employee benefits (cont'd)**

3.14.2 **Defined contribution plans (cont'd)**

Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund. Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

3.15 **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that Group incurred in connection with the borrowing of funds.

3.16 **Interest-bearing borrowings**

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs incurred. Borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred. However, borrowing costs incurred to finance the construction of property, plant and equipment are capitalised as part of the cost of those assets during the period of time that is required to complete and prepare the assets for its intended use.

3.17 **Taxes**

Tax expense comprises of current tax and deferred tax but exclude taxes arising from business combinations and items recognised directly in equity or other comprehensive income. Current tax and deferred tax are recognised as an expense or income in the profit or loss.

3.17.1 **Current tax**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to tax payable in respect of previous years. Tax payable (recoverable) for current and prior periods is recognised as liability (or asset) to the extent that it is unpaid (or refundable).

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.17 **Taxes (cont'd)**

3.17.2 **Deferred tax**

Deferred tax is recognised using liability method for temporary difference between carrying amount of an asset or liability in the consolidated statements of financial position and its tax base at reporting date. However, deferred tax on temporary differences arising from the initial recognition of goodwill and initial recognition of assets and liabilities in a transaction that is not a business combination is not recognised because they affect neither accounting or taxable profit or loss.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of reporting year, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they are reversed, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets or liabilities will be realised simultaneously.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary can be utilised. Deferred tax assets are reviewed at the end of each reporting year and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as deferred tax asset to the extent that it is probable that the future taxable profits will be available to offset against the unutilised tax incentive credit.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.17 **Taxes (cont'd)**

3.17.3 **Indirect tax**

Sales and Services Tax ("SST") was imposed effective from 1 September 2018. The rate for sales tax is fixed at 5% or 10% while the rate for services tax is fixed at 6%.

Revenue, expenses, assets and liabilities are recognised net of the amount of SST except:-

(i) where the SST incurred in a purchase of assets or services is not recoverable from the authority, in which case the SST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and
(ii) receivables and payables that are stated with the amount of SST included.

The net amount of SST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3.18 **Related parties**

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the Group if that person:-

(i) Has control or joint control over the Group;
(ii) Has significant influence over the Group; or
(iii) Is a member of the key management personnel of the Group.

(b) An entity is related to the Group if any of the following conditions applies:-

(i) The entity and the Group are members of the same group.
(ii) The entity is an associate or joint venture of the Group.
(iii) The Group and the entity are joint ventures of the same third party.
(iv) The Group is a joint venture of a third entity and the other entity is an associate of the same third entity.
(v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
(vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity.
(viii) The entity, or any member of a group of which it is a party, provides key management personnel services to the Group.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.19 **Non-current assets held for sale**

Non-current assets, or disposal group comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

A component of the Group is classified as discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single coordinate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

Classification of the asset (or disposal group) as held for sale occurs only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary and the sale must be highly probable. Management must be committed to a plan to sell the assets which are expected to qualify for recognition as a completed sale within one year from the date of classification. Action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or the plan will be withdrawn.

Immediately before classification as held for sale (or disposal group), the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell.

Liabilities are classified as held for sale and presented as such in the consolidated statement of financial position if they are directly associated with a disposal group.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excel of any cumulative impairment loss.

In the consolidated statement of profit or loss and other comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after tax, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after tax) is reported separately in the consolidated statement of profit or loss and other comprehensive income.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity accounted associates ceases once classified as held for sale.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.20 **Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are recognised in profit or loss over the periods to match the related costs for which the grants are intended to compensate.

3.21 **Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3.22 **Earnings per share**

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the net profit attributable to common controlling shareholders by the weighted average number of shares in issue.

Diluted EPS is calculated by dividing the net profit for the financial period/year attributable to common controlling shareholders by the weighted average number of ordinary shares in issue, adjusted for the dilutive effects of all potential ordinary shares to be issued.

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Leasehold land RM	Factory buildings RM	Leased factory buildings RM	Hostels RM	Plant and machinery RM	Equipment, furniture and fittings RM	Renovation and electrical installation RM	Motor vehicles RM	Capital work in-progress RM	Total RM
Cost/Valuation											
At 1 January 2019	-	-	-	-	-	10,192,930	192,221	9,680	1,022,224	-	11,417,055
Additions	-	2,852,250	3,690,020	5,494,568	-	718,730	1,927,338	1,536,910	271,617	-	16,491,433
At 31 December 2019	-	2,852,250	3,690,020	5,494,568	-	10,911,660	2,119,559	1,546,590	1,293,841	-	27,908,488
Representing:-											
At cost	-	2,852,250	3,690,020	5,494,568	-	10,911,660	2,119,559	1,546,590	1,293,841	-	27,908,488
At valuation	-	-	-	-	-	-	-	-	-	-	-
At 1 January 2020	-	2,852,250	3,690,020	5,494,568	-	10,911,660	2,119,559	1,546,590	1,293,841	-	27,908,488
Acquisition through business combinations	-	-	-	-	69,326	7,520,989	495,410	581,103	463,978	-	9,130,806
Additions	-	6,472,430	16,684,224	-	82,535	19,999,534	1,876,034	3,003,576	-	105,015	48,223,348
Disposals	-	-	-	-	-	(203,400)	(7,900)	-	-	-	(211,300)
Revaluation	-	5,725,320	20,575,756	-	-	-	-	-	-	-	26,301,076
Early termination of lease contract	-	-	-	(4,894,809)	-	-	-	-	-	-	(4,894,809)
Exchange translation difference	-	-	-	-	-	-	(58)	(46)	-	-	(104)
At 31 December 2020	-	15,050,000	40,950,000	599,759	151,861	38,228,783	4,483,045	5,131,223	1,757,819	105,015	106,457,505

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land RM	Leasehold land RM	Factory buildings RM	Leased factory buildings RM	Hostels RM	Plant and machinery RM	Equipment, furniture and fittings RM	Renovation and electrical installation RM	Motor vehicles RM	Capital work in-progress RM	Total RM
Cost/Valuation (cont'd)											
Representing:-											
At cost	-	-	-	599,759	151,861	38,228,783	4,483,045	5,131,223	1,757,819	105,015	50,457,505
At valuation	-	15,050,000	40,950,000	-	-	-	-	-	-	-	56,000,000
At 1 January 2021	-	15,050,000	40,950,000	599,759	151,861	38,228,783	4,483,045	5,131,223	1,757,819	105,015	106,457,505
Additions	6,364,175	16,332,885	18,675,687	-	-	76,270,698	2,565,576	2,626,704	994,581	4,769,264	128,599,570
Disposals	-	-	-	-	-	-	(134,188)	(27,400)	(304,893)	-	(466,481)
Revaluation	-	2,397,115	-	-	-	-	-	-	-	-	2,397,115
Reclassification	-	-	55,120	-	-	-	-	(55,120)	-	-	-
Reclassification to assets held for sale	-	-	-	-	-	(6,003,556)	-	-	-	-	(6,003,556)
Transfer from/(to)	-	-	-	-	-	-	-	81,600	-	(81,600)	-
Transfer to investment properties	-	(3,150,000)	(5,650,000)	-	-	-	-	-	-	-	(8,800,000)
Exchange translation difference	-	-	-	-	-	-	442	397	-	-	839
At 31 December 2021	6,364,175	30,630,000	54,030,807	599,759	151,861	108,495,925	6,914,875	7,757,404	2,447,507	4,792,679	222,184,992
Representing:-											
At cost	-	-	-	599,759	151,861	108,495,925	6,914,875	7,757,404	2,447,507	4,792,679	131,160,010
At valuation	6,364,175	30,630,000	54,030,807	-	-	-	-	-	-	-	91,024,982
At 1 January 2022	6,364,175	30,630,000	54,030,807	599,759	151,861	108,495,925	6,914,875	7,757,404	2,447,507	4,792,679	222,184,992
Additions	-	7,512,020	10,230,137	-	-	6,754,569	2,701,095	2,459,839	303,357	6,604,182	36,565,199
Disposals	-	-	-	-	-	-	-	-	(40,000)	-	(40,000)
Reclassification to assets held for sale	-	(8,980,000)	-	-	-	-	-	-	-	-	(8,980,000)
Transfer from/(to)	-	-	437,791	-	-	4,327,569	-	23,415	-	(4,788,775)	-
Written off	-	-	-	-	-	-	(11,125)	-	-	(3,904)	(15,029)
Exchange translation difference	-	-	-	-	-	-	1,361	1,220	-	-	2,581
At 30 September 2022	6,364,175	29,162,020	64,698,735	599,759	151,861	119,578,063	9,606,206	10,241,878	2,710,864	6,604,182	249,717,743

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land RM	Leasehold land RM	Factory buildings RM	Leased factory buildings RM	Hostels RM	Plant and machinery RM	Equipment, furniture and fittings RM	Renovation and electrical installation RM	Motor vehicles RM	Capital work in-progress RM	Total RM
Cost/Valuation (cont'd)											
Representing:-											
At cost	-	-	-	599,759	151,861	119,578,063	9,606,206	10,241,878	2,710,864	6,604,182	149,492,813
At valuation	6,364,175	29,162,020	64,698,735	-	-	-	-	-	-	-	100,224,930
At 30 September 2022	6,364,175	29,162,020	64,698,735	599,759	151,861	119,578,063	9,606,206	10,241,878	2,710,864	6,604,182	249,717,743
Accumulated depreciation											
At 1 January 2019	-	-	-	-	-	816,590	111,815	1,048	488,755	-	1,418,208
Charge for the financial year	-	-	-	1,194,885	-	1,459,478	149,144	112,154	140,249	-	3,055,910
At 31 December 2019	-	-	-	1,194,885	-	2,276,068	260,959	113,202	629,004	-	4,474,118
Acquisition through business combinations	-	-	-	-	10,144	3,002,199	346,787	433,851	366,930	-	4,159,911
Charge for the financial year	-	112,185	198,824	1,701,245	34,047	3,626,344	561,098	466,489	219,252	-	6,919,484
Disposals	-	-	-	-	-	(150,855)	(439)	-	-	-	(151,294)
Revaluation	-	(68,333)	(120,170)	-	-	-	-	-	-	-	(188,503)
Early termination of lease contract	-	-	-	(2,363,012)	-	-	-	-	-	-	(2,363,012)
Exchange translation difference	-	-	-	-	-	-	(58)	(55)	-	-	(113)
At 31 December 2020	-	43,852	78,654	533,118	44,191	8,753,756	1,168,347	1,013,487	1,215,186	-	12,850,591

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land RM	Leasehold land RM	Factory buildings RM	Leased factory buildings RM	Hostels RM	Plant and machinery RM	Equipment, furniture and fittings RM	Renovation and electrical installation RM	Motor vehicles RM	Capital work in-progress RM	Total RM
Accumulated depreciation (cont'd)											
At 1 January 2021	-	43,852	78,654	533,118	44,191	8,753,756	1,168,347	1,013,487	1,215,186	-	12,850,591
Charge for the financial year	-	305,030	892,059	66,641	47,803	7,000,778	995,579	1,103,116	226,678	-	10,637,684
Disposals	-	-	-	-	-	-	(15,275)	(2,740)	(304,893)	-	(322,908)
Revaluation	-	(53,772)	(30,532)	-	-	-	-	-	-	-	(84,304)
Reclassification to assets held for sale	-	-	-	-	-	(2,101,244)	-	-	-	-	(2,101,244)
Transfer to investment properties	-	(43,852)	(78,654)	-	-	-	-	-	-	-	(122,506)
Exchange translation difference	-	-	-	-	-	-	406	397	-	-	803
At 31 December 2021	-	251,258	861,527	599,759	91,994	13,653,290	2,149,057	2,114,260	1,136,971	-	20,858,116
Charge for the financial period	-	468,007	859,362	-	35,852	9,665,926	1,000,051	1,136,766	243,925	-	13,409,889
Disposals	-	-	-	-	-	-	-	-	(38,667)	-	(38,667)
Reclassification to assets held for sale	-	(121,169)	-	-	-	-	-	-	-	-	(121,169)
Written off	-	-	-	-	-	-	(8,000)	-	-	-	(8,000)
Exchange translation difference	-	-	-	-	-	-	1,323	1,219	-	-	2,542
At 30 September 2022	-	598,096	1,720,889	599,759	127,846	23,319,216	3,142,431	3,252,245	1,342,229	-	34,102,711

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land RM	Leasehold land RM	Factory buildings RM	Leased factory buildings RM	Hostels RM	Plant and machinery RM	Equipment, furniture and fittings RM	Renovation and electrical installation RM	Motor vehicles RM	Capital work in-progress RM	Total RM
Accumulated impairment loss											
At 1 January 2019, 31 December 2019, 31 December 2020, 31 December 2021 and 30 September 2022	-	-	-	-	-	-	-	-	44,179	-	44,179
Net carrying amount											
At 31 December 2019	-	2,852,250	3,690,020	4,299,683	-	8,635,592	1,858,600	1,433,388	620,658	-	23,390,191
At 31 December 2020	-	15,006,148	40,871,346	66,641	107,670	29,475,027	3,314,698	4,117,736	498,454	105,015	93,562,735
At 31 December 2021	6,364,175	30,378,742	53,169,280	-	59,867	94,842,635	4,765,818	5,643,144	1,266,357	4,792,679	201,282,697
At 30 September 2022	6,364,175	28,563,924	62,977,846	-	24,015	96,258,847	6,463,775	6,989,633	1,324,456	6,604,182	215,570,853

Freehold land, leasehold land and factory buildings are pledged to the banks for borrowing facilities granted to the Group as disclosed in Note 18 to the consolidated financial statements.

4. **PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

4.1 Right-of-use assets

Included in the property, plant and equipment are right-of-use assets as follows:-

	Leasehold land RM	Leased factory buildings* RM	Hostels RM	Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Total RM
Net carrying amount							
At 1 January 2019	-	-	-	-	4,410,764	434,208	4,844,972
Additions	2,852,250	5,494,568	-	166,000	-	271,618	8,784,436
Additions through refinancing	-	-	-	-	1,292,615	-	1,292,615
Depreciation charges	-	(1,194,885)	-	(9,684)	(600,356)	(102,502)	(1,907,427)
At 31 December 2019	2,852,250	4,299,683	-	156,316	5,103,023	603,324	13,014,596
Acquisition through business combinations	-	-	59,182	-	2,175,268	11,000	2,245,450
Additions	6,472,430	-	82,535	-	7,802,750	-	14,357,715
Additions through refinancing	-	-	-	-	170,117	-	170,117
Depreciation charges	(112,185)	(1,701,245)	(34,047)	(16,600)	(1,640,808)	(121,390)	(3,626,275)
Revaluation	5,793,653	-	-	-	-	-	5,793,653
Full settlement of lease liabilities	-	-	-	-	-	(64,251)	(64,251)
Early termination of lease contract	-	(2,531,797)	-	-	-	-	(2,531,797)
At 31 December 2020	15,006,148	66,641	107,670	139,716	13,610,350	428,683	29,359,208
Additions	16,332,885	-	-	-	56,827,346	768,581	73,928,812
Depreciation charges	(305,030)	(66,641)	(47,803)	(16,600)	(3,549,053)	(148,276)	(4,133,403)
Reclassification to assets held for sale	-	-	-	-	(3,902,312)	-	(3,902,312)
Revaluation	2,450,887	-	-	-	-	-	2,450,887
Transfer to investment properties	(3,106,148)	-	-	-	-	-	(3,106,148)
Full settlement of lease liabilities	-	-	-	-	(316,021)	-	(316,021)
At 31 December 2021	30,378,742	-	59,867	123,116	62,670,310	1,048,988	94,281,023

4. **PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

4.1 Right-of-use assets (cont'd)

Included in the property, plant and equipment are right-of-use assets as follows (cont'd):-

	Leasehold land	Leased factory buildings*	Hostels	Equipment, furniture and fittings	Plant and machinery	Motor vehicles	Total
	RM	RM	RM	RM	RM	RM	RM
Net carrying amount (cont'd)							
At 1 January 2022	30,378,742	-	59,867	123,116	62,670,310	1,048,988	94,281,023
Additions	7,512,020	-	-	-	7,656,595	303,357	15,471,972
Classified as right-of-use assets	-	-	-	-	-	138,000	138,000
Depreciation charges	(468,007)	-	(35,852)	(12,450)	(5,537,552)	(231,891)	(6,285,752)
Reclassification to assets held for sale	(8,858,831)	-	-	-	-	-	(8,858,831)
Full settlement of lease liabilities	-	-	-	-	(188,000)	-	(188,000)
At 30 September 2022	28,563,924	-	24,015	110,666	64,601,353	1,258,454	94,558,412

* The Group leased two factory buildings for terms of 3 years, one with extension option of 2 years and the other with no extension option; and leased hostels for terms of 2 years with extension options of 2 years. The Group has elected to apply the cost model to all right-of-use assets other than leasehold land. One of the leases of factory building lease was early terminated in the financial year ended 31 December 2020 upon acquisition of the factory building.

Equipment, furniture and fittings, plant and machinery and motor vehicles under right-of-use assets are acquired by hire purchase creditors and pledged as security for the related lease liabilities.

4. **PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

4.2 Revaluation of land and factory buildings

As at 31 December 2020, the Group adopted the revaluation model for measurement of the carrying value of land and buildings other than for right-of-use assets.

On 31 December 2020 and 31 December 2021, other than the extension building that was constructed and completed in November 2021 amounting to RM12,503,369, the Directors revalued the land and factory buildings based on professional valuations by external independent professionally qualified property valuers having appropriate recognised professional qualifications and recent experience in the location and category of properties being valued. Directors are of the opinion that the cost of the constructed extension building attached to the existing factory approximates the fair value as the extension was recently constructed by third party contractors.

Revaluations are made with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the end of each reporting period. The Directors deem that annual revaluations of land and buildings are unnecessary and therefore have not engaged external property valuers to perform a revaluation as at 30 September 2022.

The Group measures fair values using the fair value hierarchy that reflects the significance of the inputs used in making the measurements. The following table provides the fair value measurement hierarchy of the Group's land and factory buildings:-

		Level 3	
	30.9.2022	31.12.2021	31.12.2020
	RM	RM	RM
Freehold land	6,364,175	6,364,175	-
Leasehold land	29,162,020	30,630,000	15,050,000
Factory buildings	64,698,735	54,030,807	40,950,000
	100,224,930	91,024,982	56,000,000

Level 3 Fair value of land and factory buildings

Level 3 fair value of land and factory buildings have been generally derived using the comparison approach and cost approach respectively.

The comparison/cost method of valuation entails separate valuations of the land and factory buildings to arrive at the fair value of the subject property.

Under the comparison method, a property's fair value is estimated based on comparable transactions. This approach is based upon the principle of substitution under which a potential buyer would not pay more for the property than it would cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold.

The land is valued by reference to transactions of similar lands with adjustments made for differences in location, terrain, size and shape of the land, tenure, title restrictions, if any and other relevant characteristics.

4. **PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

4.2 Revaluation of land and factory buildings (cont'd)

Level 3 Fair value of land and factory buildings (cont'd)

The factory buildings are valued by reference to the current estimates on construction costs to erect equivalent buildings, taking into consideration of similar accommodation in terms of size, construction, finishes contractors' overheads, fees and profits. Appropriate adjustments are then made for the factors of obsolescence and existing physical condition of the factory buildings.

The following table shows the valuation technique used in the determination of fair value within Level 3, as well as the key unobservable inputs used in the valuation model.

Description	Valuation	Significant unobservable inputs	Range of unobservable inputs	Relationship of significant unobservable inputs to fair value
31.12.2021				
Freehold land	Comparison approach	Difference in location, time factor, size, land usage and shape	RM70 to RM80 per square feet	Higher differential value, lower fair value
Leasehold land	Comparison approach	Difference in location, time factor, size, land usage, shape and tenure	RM32 to RM80 per square feet	Higher differential value, lower fair value
Factory buildings	Cost approach	Estimated replacement cost per square feet	RM94.20 to RM210 per square feet	Higher estimated replacement cost, higher fair value
		Depreciation rate	2% - 10%	Higher depreciation rate, lower fair value
31.12.2020				
Leasehold land	Comparison approach	Difference in location, time factor, size, land usage, shape and tenure	RM34.20 to RM59.70 per square feet	Higher differential value, lower fair value
Factory buildings	Cost approach	Estimated replacement cost per square feet	RM100 to RM130 per square feet	Higher estimated replacement cost, higher fair value
		Depreciation rate	2%	Higher depreciation rate, lower fair value
		Discount factor for consideration of Covid-19 pandemic	10%	Higher discount factor adjustment, lower fair value

4. **PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

4.3 Transfer to investment properties

During the financial year ended 31 December 2021, a property was transferred to investment properties because it was no longer used by the Group and it is leased to a third party.

4.4 Revalued land and factory buildings at cost

At the reporting date, had the revalued land and factory buildings of the Group been carried under the cost model, the carrying amount would have been as follows:-

	Freehold land RM	Leasehold land RM	Factory buildings RM
Cost			
At 1 January 2019	-	-	-
Additions	-	2,852,250	3,690,020
At 31 December 2019	-	2,852,250	3,690,020
Additions	-	6,472,430	16,684,224
At 31 December 2020	-	9,324,680	20,374,244
Additions	6,364,175	16,332,885	18,675,687
Reclassification from renovation and electrical installation	-	-	55,120
Transfer to investment properties	-	(2,852,250)	(3,690,020)
At 31 December 2021	6,364,175	22,805,315	35,415,031
Additions	-	7,512,020	10,667,928
Reclassification to assets held for sale	-	(8,195,086)	-
At 30 September 2022	6,364,175	22,122,249	46,082,959

4. **PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

4.4 Revalued land and factory buildings at cost (cont'd)

At the reporting date, had the revalued land and factory buildings of the Group been carried under the cost model, the carrying amount would have been as follows (cont'd):-

	Freehold land RM	Leasehold land RM	Factory buildings RM
Accumulated depreciation			
At 1 January 2019	-	-	-
Charge for the financial year	-	45,584	58,973
At 31 December 2019	-	45,584	58,973
Charge for the financial year	-	61,822	109,192
At 31 December 2020	-	107,406	168,165
Charge for the financial year	-	190,514	499,215
Transfer to investment properties	-	(84,656)	(109,521)
At 31 December 2021	-	213,264	557,859
Charge for the financial period	-	344,531	515,724
Reclassification to assets held for sale	-	(134,747)	-
At 30 September 2022	-	423,048	1,073,583
Net carrying amount			
31 December 2019	-	2,806,666	3,631,047
31 December 2020	-	9,217,274	20,206,079
31 December 2021	6,364,175	22,592,051	34,857,172
30 September 2022	6,364,175	21,699,201	45,009,376

5. **INVESTMENT PROPERTY**

	Leasehold land RM	Factory building RM	Total RM
At fair value			
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	-	-	-
Transfer from property, plant and equipment	3,106,148	5,571,346	8,677,494
Fair value adjustments	43,852	78,654	122,506
At 31 December 2021, 1 January 2022 and 30 September 2022	3,150,000	5,650,000	8,800,000

During the financial year ended 31 December 2021, the property was transferred from property, plant and equipment to investment property because the property was no longer used by the Group and it is leased to a third party.

The investment property has been pledged to a licensed bank for credit facilities granted to the Group as disclosed in Note 18 to the consolidated financial statements.

Included in the investment property is right-of-use assets as follows:-

	30.9.2022 RM	31.12.2021 RM	31.12.2020 RM	31.12.2019 RM
At fair value				
Leasehold land	3,150,000	3,150,000	-	-

The following are recognised in profit or loss in respect of investment property:-

	1.1.2022 to 30.9.2022 Audited RM	1.1.2021 to 30.9.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM
Lease income	864,000	-	-	-	-
Direct operating expenses	38,722	59,861	67,645	-	-

The operating lease payments to be received are as follows:-

	30.9.2022 RM	31.12.2021 RM	31.12.2020 RM	31.12.2019 RM
Less than one year	1,152,000	1,152,000	-	-
One to two years	288,000	1,152,000	-	-
Total undiscounted lease payments	1,440,000	2,304,000	-	-

5. INVESTMENT PROPERTY (CONT'D)

5.1 Fair value information

The investment property consists of land and factory building and are valued annually at fair value, comprising market value, by an external independent professionally qualified property valuer having appropriate recognised professional qualifications and recent experience in the location and category of properties being valued.

The market value is defined as the estimated amount for which an asset or an interest in a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion. The market value of the investment property was determined based on the comparison approach and cost approach.

The Group measures fair values using the fair value hierarchy that reflects the significance of the inputs used in making the measurements. The following table provides the fair value measurement hierarchy of the Group's investment property:-

	Level 3			
	30.9.2022	31.12.2021	31.12.2020	31.12.2019
	RM	RM	RM	RM
Leasehold land	3,150,000	3,150,000	-	-
Factory building	5,650,000	5,650,000	-	-
	8,800,000	8,800,000	-	-

Level 3 Fair value of land and factory building

Description	Valuation	Significant unobservable inputs	Range of unobservable inputs	Relationship of significant unobservable inputs to fair value
Land	Comparison approach	Difference in location, time factor, size, land usage, shape and tenure	RM34.20 to RM41.85 per square feet	Higher differential value, lower fair value
Factory building	Cost approach	Estimated replacement cost per square feet	RM100 to RM130 per square feet	Higher estimated replacement cost, lower fair value
		Depreciation rate	2%	Higher depreciation rate, lower fair value
		Discount factor for consideration of Covid-19 pandemic	10%	Higher discount factor adjustment, lower fair value

6. GOODWILL ON ACQUISITION

	RM
Cost	
At 1 January 2019, 31 December 2019 and 1 January 2020	-
Additions	6,243,746
At 31 December 2020, 1 January 2021, 31 December 2021, 1 January 2022 and 30 September 2022	6,243,746

The goodwill arose from the acquisition of subsidiary companies.

Impairment tests for goodwill

(a) Allocation of goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's cash generating units ("CGU") identified as follows:-

	30.9.2022 RM	31.12.2021 RM	31.12.2020 RM
Subsidiary companies			
Cape Manufacturing	5,609,949	5,609,949	5,609,949
Cape Singapore	633,797	633,797	633,797
	6,243,746	6,243,746	6,243,746

(b) Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a period of not more than five years. Key assumptions and management's approach to determine the values assigned to each key assumption are as follows:-

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margin is the average gross margin achieved in the period immediately before the budgeted period and revised for expected demand of their products.

(ii) Growth rate

The average growth rates used are based on management's estimate of average growth rate based on the past and current trends of the industry.

(iii) Discount rate

The pre-tax discount rate of 7.62% and 8.82% (31.12.2021: 7.62% and 8.82%, 31.12.2020: 7.21% and 8.82%) for Cape Manufacturing and Cape Singapore respectively was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the weighted average cost of capital of the respective subsidiary companies.

The Directors believe that any reasonably possible changes in the above key assumptions applied are not likely to materially cause the recoverable amount to be lower than its carrying amount except for the changes in prevailing operating environment which is not ascertainable.

7. **DEFERRED TAX ASSETS/(LIABILITIES)**

The balances in the deferred tax assets/(liabilities) are made up of temporary differences arising from:-

	30.9.2022 RM	31.12.2021 RM	31.12.2020 RM	31.12.2019 RM
Assets				
Excess of right-of-use assets and interest on lease liabilities against actual lease payments	-	-	94,000	111,000
Unabsorbed tax losses	-	-	832,000	1,963,000
Unrealised foreign exchange	17,000	49,000	62,000	-
Unutilised capital allowances	-	232,000	-	-
Unutilised reinvestment allowances	5,484,000	7,571,000	1,241,000	1,057,000
Unutilised value of increased export allowances	-	-	121,000	-
Tax assets	5,501,000	7,852,000	2,350,000	3,131,000
Set off of tax	(5,501,000)	(5,295,947)	(2,350,000)	(436,000)
Net tax assets	-	2,556,053	-	2,695,000
Liabilities				
Property, plant and equipment	(7,360,962)	(5,296,746)	(1,849,994)	(409,000)
Revaluation of land and buildings	(6,720,877)	(6,821,650)	(6,352,720)	-
Unrealised foreign exchange	(660,000)	-	-	(27,000)
Tax liabilities	(14,741,839)	(12,118,396)	(8,202,714)	(436,000)
Set off of tax	5,501,000	5,295,947	2,350,000	436,000
Net tax liabilities	(9,240,839)	(6,822,449)	(5,852,714)	-
Net				
Property, plant and equipment	(7,360,962)	(5,296,746)	(1,849,994)	(409,000)
Excess of right-of-use assets and interest on lease liabilities against actual lease payments	-	-	94,000	111,000
Revaluation of land and buildings	(6,720,877)	(6,821,650)	(6,352,720)	-
Unabsorbed tax losses	-	-	832,000	1,963,000
Unrealised foreign exchange	(643,000)	49,000	62,000	(27,000)
Unutilised capital allowances	-	232,000	-	-
Unutilised reinvestment allowances	5,484,000	7,571,000	1,241,000	1,057,000
Unutilised value of increased export allowances	-	-	121,000	-
Net tax (liabilities)/assets	(9,240,839)	(4,266,396)	(5,852,714)	2,695,000

7. **DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)**

Movement in deferred tax assets/(liabilities) during the financial period/year is as follows:-

	At 31 December 2021/ 1 January 2022 RM	Recognised in other comprehensive income (Note 25) RM	Recognised in profit or loss (Note 25) RM	At 30 September 2022 RM
Property, plant and equipment	(5,296,746)	-	(2,064,216)	(7,360,962)
Revaluation of land and buildings	(6,821,650)	-	100,773	(6,720,877)
Unrealised foreign exchange	49,000	-	(692,000)	(643,000)
Unutilised capital allowances	232,000	-	(232,000)	-
Unutilised reinvestment allowances	7,571,000	-	(2,087,000)	5,484,000
	(4,266,396)	-	(4,974,443)	(9,240,839)

	At 31 December 2020/ 1 January 2021 RM	Recognised in other comprehensive income (Note 25) RM	Recognised in profit or loss (Note 25) RM	At 31 December 2021 RM
Property, plant and equipment	(1,849,994)	-	(3,446,752)	(5,296,746)
Excess of right-of-use assets and interest on lease liabilities against actual lease payments	94,000	-	(94,000)	-
Revaluation of land and buildings	(6,352,720)	(591,265)	122,335	(6,821,650)
Unabsorbed tax losses	832,000	-	(832,000)	-
Unrealised foreign exchange	62,000	-	(13,000)	49,000
Unutilised capital allowances	-	-	232,000	232,000
Unutilised reinvestment allowances	1,241,000	-	6,330,000	7,571,000
Unutilised value of increased export allowances	121,000	-	(121,000)	-
	(5,852,714)	(591,265)	2,177,583	(4,266,396)

7. **DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)**

Movement in deferred tax assets/(liabilities) during the financial period/year is as follows (cont'd):-

	At 31 December 2019/ 1 January 2020 RM	Acquisition through business combinations RM	Recognised in other comprehensive income (Note 25) RM	Recognised in profit or loss (Note 25) RM	At 31 December 2020 RM
Property, plant and equipment	(409,000)	(170,381)	-	(1,270,613)	(1,849,994)
Excess of right-of-use assets and interest on lease liabilities against actual lease payments	111,000	-	-	(17,000)	94,000
Revaluation of land and buildings	-	-	(6,357,500)	4,780	(6,352,720)
Unabsorbed tax losses	1,963,000	-	-	(1,131,000)	832,000
Unrealised foreign exchange	(27,000)	-	-	89,000	62,000
Unutilised reinvestment allowances	1,057,000	-	-	184,000	1,241,000
Unutilised value of increased export allowances	-	-	-	121,000	121,000
	2,695,000	(170,381)	(6,357,500)	(2,019,833)	(5,852,714)

	At 1 January 2019 RM	Recognised in profit or loss (Note 25) RM	At 31 December 2019 RM
Property, plant and equipment	-	(409,000)	(409,000)
Excess of right-of-use assets and interest on lease liabilities against actual lease payments	-	111,000	111,000
Unabsorbed tax losses	-	1,963,000	1,963,000
Unrealised foreign exchange	-	(27,000)	(27,000)
Unutilised reinvestment allowances	-	1,057,000	1,057,000
	-	2,695,000	2,695,000

The unutilised capital allowances are available indefinitely for offset against future taxable profits of the Group in which those items arose.

The unutilised reinvestment allowances can only be carried forward up to seven (7) consecutive years of year of assessment ("YA") upon expiry of the qualifying period of that reinvestment allowances, which is specifically until YA 2031 for the Company and YA 2041 for a subsidiary. Any such amount that would not be fully deducted after YA 2031 and YA 2041 shall be disregarded.

8. **INVENTORIES**

	30.9.2022 RM	31.12.2021 RM	31.12.2020 RM	31.12.2019 RM
Raw materials	34,059,896	31,210,189	12,669,348	3,014,426
Work-in-progress	1,389,124	1,538,965	4,474,692	-
Finished goods	165,601	424,116	3,697,403	1,498,660
Goods-in-transit	-	803,348	5,753,085	-
Total inventories	35,614,621	33,976,618	26,594,528	4,513,086

	1.1.2022 to 30.9.2022 RM	1.1.2021 to 31.12.2021 RM	1.1.2020 to 31.12.2020 RM	1.1.2019 to 31.12.2019 RM
Recognised in profit or loss:-				
Inventories recognised in cost of sales	278,199,087	302,443,589	135,839,983	41,530,758
Reversal of inventories written down	-	-	-	(1,769,128)

9. **TRADE RECEIVABLES AND CONTRACT ASSETS**

Trade receivables

Normal trade credit terms granted to customers range from 30 days to 180 days (31.12.2021: 30 days to 90 days, 31.12.2020: 30 days to 90 days and 31.12.2019: 30 days to 60 days).

On 31 December 2020, the Group entered into an agreement with a customer to extend the repayment term for a trade receivable amounting to RM25,132,166 by one year. The outstanding balance would be interest-free and would be guaranteed by the major shareholders of the customer. The tenure of the repayment will be reviewed on an annual basis. On 31 December 2021, by request from the customer, the Group agreed for the repayment of the remaining balance of RM7,555,882 to be extended by another one year and to be repaid over five instalments. As at the report date, the customer has fully repaid the outstanding balance.

Contract assets

	30.9.2022 RM	31.12.2021 RM	31.12.2020 RM	31.12.2019 RM
Contract assets	10,835,485	-	-	-

The contract assets primarily relate to the Group's rights to consideration for work completed on contracts but not yet billed at the reporting date. Typically, the amount will be billed within 30 to 120 days and payment is expected within 60 to 120 days.

An impairment analysis is performed at each reporting date using a provision matrix to measure Expected Credit Losses ("ECLs"). Information regarding the Group's exposure to the credit risk and ECLs for trade receivables and contract assets is disclosed in Note 31(c) to the consolidated financial statements.

10. **OTHER RECEIVABLES**

	30.9.2022 RM	31.12.2021 RM	31.12.2020 RM	31.12.2019 RM
Non-trade receivables	1,707,400	330,680	1,591,116	585
Advance payment to suppliers	887,668	1,302,324	748,230	2,164,636
Bank guarantee	100,000	250,000	80,000	-
Deposits	1,341,454	1,189,312	1,852,528	5,939,706
Deposits and advances paid for purchase of property, plant and equipment	1,303,200	6,399,595	14,111,793	5,548,006
Prepayments	8,867,243	6,660,890	5,494,554	621,763
Goods and service tax receivables	2,617	-	-	-
	14,209,582	16,132,801	23,878,221	14,274,696

11. **AMOUNT DUE FROM/(TO) RELATED PARTIES**

Related parties refer to companies in which certain Directors of the Company have substantial financial interest in it.

The amount due from related parties is non-trade in-nature, unsecured, bears no interest and repayable upon demand.

	30.9.2022 RM	31.12.2021 RM	31.12.2020 RM	31.12.2019 RM
Amount due to related parties				
Trade related [(1)]	-	-	-	(2,299,566)
Non-trade related [(2)]	(10,580)	(5,580)	(4,155)	(337,410)
	(10,580)	(5,580)	(4,155)	(2,636,976)

Note:
[(1)] The trade related balances are unsecured, bear no interest and are generally on terms of NIL days (31.12.2021: NIL days, 31.12.2020: NIL days and 31.12.2019: 30 days to 60 days).

[(2)] The non-trade related balances are unsecured, bear no interest and repayable on demand.

12. **AMOUNT DUE FROM/TO DIRECTORS**

The amount due from/to Directors is unsecured, bears no interest and repayable on demand.

13. FIXED DEPOSITS WITH LICENSED BANKS

Fixed deposits with licensed banks amounted to RM7,759,808 (31.12.2021: RM6,015,544, 31.12.2020: RM107,250 and 31.12.2019: RM107,250) is pledged to the bank for bank guarantee facility granted to the Group, and hence, are not available for general use.

The fixed deposits with licensed banks are on fixed rate basis and mature within 1 month (31.12.2021: 1 month to 12 months, 31.12.2020: 12 months and 31.12.2019: 12 months) period.

The effective interest rate on fixed deposits with licensed banks ranged from 1.38% to 2.00% (31.12.2021: 1.53% to 2.85%, 31.12.2020: 3.35% and 31.12.2019: 3.35%) per annum.

14. NON-CURRENT ASSETS HELD FOR SALE

	Leasehold land RM	Plant and machinery RM	Total RM
At 1 January 2019, 31 December 2019, 1 January 2020, 31 December 2020 and 1 January 2021	-	-	-
Transfer from property, plant and equipment	-	3,902,312	3,902,312
At 31 December 2021	-	3,902,312	3,902,312
Disposal	-	(3,902,312)	(3,902,312)
Transfer from property, plant and equipment	8,858,831	-	8,858,831
At 30 September 2022	8,858,831	-	8,858,831

On 7 December 2021, the Group entered into a Sale and Purchase arrangement for disposal of 16 units of plant and machineries for a total sale consideration of RM4,051,000. The sale of plant and machineries is completed on 29 March 2022.

On 22 June 2022, the Group entered into a non-binding letter of intent with a third party for the proposed sale of a leasehold land and subsequent leaseback of a single storey industrial building that will be constructed on the said leasehold land by the third party. An extension letter was signed in September 2022 to extend the duration of the letter of intent to 20 December 2022. The sale is expected to be completed within one year, pending the Group to finalise the building plan and terms of the proposed sale. The carrying value of the leasehold land is RM8,858,831 and is classified as non-current assets held for sale.

Assets classified as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification. No loss on write-down is required to be recognised in profit or loss.

15. SHARE CAPITAL

	30.9.2022 Unit	30.9.2022 RM	31.12.2021 Unit	31.12.2021 RM	31.12.2020 Unit	31.12.2020 RM	31.12.2019 Unit	31.12.2019 RM
Ordinary shares								
Issued and fully paid-up with no par value:-								
At beginning of the financial period/year	40,000,000	40,000,000	40,000,000	40,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Issued during the financial period/year for non-cash consideration	-	-	-	-	20,000,000	20,000,000	-	-
Conversion of irredeemable convertible preference shares	10,000,000	60,000,000	-	-	-	-	-	-
Share split	700,000,000	-	-	-	-	-	-	-
At end of the financial period/year	750,000,000	100,000,000	40,000,000	40,000,000	40,000,000	40,000,000	20,000,000	20,000,000
Irredeemable convertible preference share								
At beginning of the financial period/year	60,000,000	60,000,000	-	-	-	-	-	-
Issued during the financial period/year	-	-	60,000,000	60,000,000	-	-	-	-
Conversion of irredeemable convertible preference shares	(60,000,000)	(60,000,000)	-	-	-	-	-	-
At end of the financial period/year	750,000,000	100,000,000	100,000,000	100,000,000	40,000,000	40,000,000	20,000,000	20,000,000

15. **SHARE CAPITAL (CONT'D)**

Share split

On 27 April 2022, the Company had undertaken a subdivision of every 1 existing share held into 15 shares. The share split had not resulted in any change to the Company's cumulative value of issued share capital.

Irredeemable convertible preference shares

On 31 December 2021, the Company issued 60,000,000 irredeemable convertible preference shares ("ICPS") at an issue price of RM1 per ICPS.

On 20 April 2022, ICPS holders had converted all of the existing ICPS into new ordinary shares in the Company. Upon completion of the conversion of all ICPS, the Company's resultant issued share capital had changed from RM40,000,000 comprising 40,000,000 ordinary shares to RM100,000,000 comprising 50,000,000 ordinary shares.

The salient terms of the ICPS were as follows:-

i) Conversion rights

   a. The ICPS holders will have the right to convert the ICPS into the Company's new ordinary shares on a pro-rata basis to represent 20% of the Company's enlarged and fully diluted share capital.

   b. The conversion of ICPS can be at any time, at the option of the ICPS holder, or immediately prior to the public listing of the Company via an initial public offering ("IPO") or reverse takeover ("RTO").

ii) Dividend

   A dividend of 6% per annum is payable, and the timing of the payment is at discretion of the Company. The dividend is cumulative, but subject to the exit event, which is for the existing shareholders prior to the issuance of the ICPS ("Promoters") to cause the Company to consummate an IPO or RTO, share sale or asset sale within a period of three years from the closing of the subscription of the ICPS. The choice of the exit event is deemed to be within the control of the Company and in the case of an IPO or RTO, the Company, via the control of the Promoters, will have the discretion to settle the dividends either by the Company by cash, or by the Promoters in cash or by shares in the Company.

iii) Rights of the ICPS holders

   The ICPS when allotted and issued shall be free from all encumbrances whatsoever and that on conversion to ordinary shares of the Company, shall rank *pari passu* in all respects with the existing issued shares and the investors shall be entitled to all dividends, rights, bonuses, issues or other allotments or distributions declared and distributed by the Company after the date of allotment and issue.

15. **SHARE CAPITAL (CONT'D)**

Irredeemable convertible preference shares (cont'd)

The salient terms of the ICPS were as follows (cont'd):-

iv) Exit event

The Company and each Promoter shall use all reasonable endeavours to consummate an IPO or RTO, share sale or asset sale within a period of three years from the closing date of the share subscription agreement of the ICPS. In the event that the Company has not achieved the exit event by third anniversary of closing date, the ICPS holders shall have the right to compel the Promoters to undertake to repurchase 100% of outstanding ICPS on a pro-rate basis from the investors to be settled in cash at a repurchase price derived from the principal subscription sum plus accrued dividends to provide for a repurchase yield of 16.5% per annum.

v) Restrictions

The ICPS holders shall have the right to subscribe to new equity issues at the prevailing issue price to maintain their shareholding at the percentage prior to any equity issue. The ICPS holders shall maintain 20% of shareholding in the Company and any equity issue shall not result in transferring control of shareholding and management capacity of the Promoters.

Prior to a public listing of the Company, the existing shareholders may not transfer, assign, pledge, encumber or otherwise deal in respect of any shares in the Company without the consent of the lead investor, Fortress Capital Asset Management (M) Sdn. Bhd. which may result in the Promoters transferring control of shareholding and management capacity.

16. **REVALUATION RESERVE**

The revaluation reserve arises from the revaluation of land and buildings and is not available for distribution as dividends.

17. **LEASE LIABILITIES**

17.1 **Group as lessee**

17.1.1 Nature of leasing activities

Lease liabilities of the Group arises from the rental of factory buildings, hostels and acquisition of motor vehicles, plant and machinery and equipment, furniture and fittings under hire purchase contracts.

The table below describes the nature of the Group's leasing activities :-

Type	Number of right-of-use assets leased	Range of remaining terms	Number of lease with extension options
30.9.2022			
Hostels	2	2 – 9 months	2
Plant and machinery	17	30 – 80 months	-
Motor vehicles	6	48 – 54 months	-
31.12.2021			
Hostels	2	11 – 18 months	2
Equipment, furniture and fittings	2	29 months	-
Plant and machinery	21	24 – 79 months	-
Motor vehicles	5	8 – 62 months	-
31.12.2020			
Leased factory building	1	3 months	1
Hostels	2	23 - 30 months	2
Equipment, furniture and fittings	2	41 months	-
Plant and machinery	16	10 – 57 months	-
Motor vehicles	3	20 – 74 months	-
31.12.2019			
Leased factory buildings	2	15 -24 months	1
Equipment, furniture and fittings	2	53 months	-
Plant and machinery	6	45 – 52 months	-
Motor vehicles	3	1 – 86 months	-

Each lease generally imposes a restriction that the right-of-use asset can only be used by the Group. For leases over properties, the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

17. **LEASE LIABILITIES (CONT'D)**

17.1 **Group as lessee (cont'd)**

17.1.2 Lease liabilities are presented in the consolidated statements of financial position as follows:-

	30.9.2022 RM	31.12.2021 RM	31.12.2020 RM	31.12.2019 RM
Current	9,533,529	11,119,747	3,086,138	3,029,707
Non-current	44,638,810	45,465,344	9,612,096	6,031,500
	54,172,339	56,585,091	12,698,234	9,061,207

17.1.3 Set out below are the carrying amounts of lease liabilities and the movements during the period:-

	Leased factory buildings RM	Hostels RM	Equipment, furniture and fittings RM	Plant and machinery RM	Motor vehicles RM	Total RM
At 1 January 2019	-	-	-	3,718,890	341,002	4,059,892
Additions	5,494,568	-	168,000	1,245,507	240,000	7,148,075
Accretion of interest	135,247	-	5,913	376,820	14,090	532,070
Payments	(1,265,614)	-	(23,331)	(1,243,727)	(146,158)	(2,678,830)
At 31 December 2019	4,364,201	-	150,582	4,097,490	448,934	9,061,207
Addition through business combinations	-	59,707	-	2,113,701	386	2,173,794
Additions	-	82,535	-	6,998,343	-	7,080,878
Accretion of interest	138,327	4,012	10,989	638,651	12,973	804,952
Payments	(1,818,000)	(41,200)	(39,996)	(1,819,368)	(90,917)	(3,809,481)
Early termination of lease contract	(2,613,116)	-	-	-	-	(2,613,116)
At 31 December 2020	71,412	105,054	121,575	12,028,817	371,376	12,698,234
Additions	-	-	-	48,101,066	501,000	48,602,066
Accretion of interest	588	3,107	7,431	1,956,530	18,639	1,986,295
Payments	(72,000)	(46,100)	(39,996)	(6,383,024)	(160,384)	(6,701,504)
At 31 December 2021	-	62,061	89,010	55,703,389	730,631	56,585,091
Additions	-	-	-	7,241,082	-	7,241,082
Accretion of interest	-	1,428	7,587	2,369,750	20,726	2,399,491
Payments	-	(38,250)	(96,597)	(11,740,731)	(177,747)	(12,053,325)
At 30 September 2022	-	25,239	-	53,573,490	573,610	54,172,339

The maturity analysis of lease liabilities is disclosed in Note 31(d) to the consolidated financial statements.

17. **LEASE LIABILITIES (CONT'D)**

17.1 **Group as lessee (cont'd)**

17.1.4 Lease payments not recognised as a liability

The Group has certain leases of hostel and factory buildings with lease terms of 12 months or less. The Group elected not to recognise lease liability for short-term leases (leases with an expected term of 12 months or less). Payments made under such leases are expensed on a straight-line basis.

The followings are the amounts recognised in profit or loss:-

	1.1.2022 to 30.9.2022 Audited RM	1.1.2022 to 30.9.2022 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM
Lease payments not recognised as liabilities:-					
Short-term leases	389,570	362,186	630,799	995,645	297,050

18. **LOANS AND BORROWINGS**

	30.9.2022 RM	31.12.2021 RM	31.12.2020 RM	31.12.2019 RM
Secured:-				
Current				
Term loans	6,638,275	5,803,399	1,551,596	548,727
Bankers' acceptance	10,381,597	3,932,063	4,637,501	385,000
Bank overdrafts	7,797,226	2,558,963	2,547,392	14,974
Onshore foreign currency loans	9,209,358	2,503,058	-	-
Receivables finance	25,485,033	10,820,250	-	-
Shipment buyer loans	13,858,559	14,275,327	20,006,286	-
Trust receipts	-	-	1,842,235	2,077,308
	73,370,048	39,893,060	30,585,010	3,026,009
Non-current				
Term loans	75,969,622	59,848,893	44,413,820	6,765,454
Total loans and borrowings	149,339,670	99,741,953	74,998,830	9,791,463

The loans and borrowings of the Group are secured by:-

i) Principal instrument in facilities agreement;
ii) Legal charge over the land and buildings held by the Group;
iii) Fixed deposits of the Group as disclosed in Note 13 to the consolidated financial statements;
iv) Jointly and severally guaranteed by the Directors of the Group and third parties;
v) Personal guarantee by certain Directors of the Group;
vi) Guaranteed cover from the Government of Malaysia under Working Capital Guarantee Scheme ("WCGS"); and
vii) Corporate guarantee by the Company or subsidiary company.

19. **TRADE PAYABLES**

Normal credit terms granted by the suppliers for the Group ranged from 30 days to 120 days (31.12.2021: 30 days to 120 days, 31.12.2020: 30 days to 120 days and 31.12.2019: 30 days to 60 days).

20. **OTHER PAYABLES**

	30.9.2022 RM	31.12.2021 RM	31.12.2020 RM	31.12.2019 RM
Accruals	4,062,571	4,685,598	4,131,484	3,249,480
Deposit received	2,539,914	2,463,045	93,244	-
Non-trade payables	11,053,645	18,358,434	6,881,069	11,965,050
Short-term advances from third parties	-	-	6,521,448	1,844,224
Goods and service tax payables	-	5,183	6,171	-
	17,656,130	25,512,260	17,633,416	17,058,754

Short-term advances are obtained by the Group from third parties, which are unsecured and bore interest at rates ranging from NIL (31.12.2021: 0.75% to 2.50%, 31.12.2020: 0.75% to 2.50% and 31.12.2019: 0.75%) per month. Short-term advances obtained from third parties were fully repaid during the financial year ended 31 December 2021.

21. **REVENUE**

Revenue for the Group comprises of revenue from contracts with customers.

21.1 Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated by major products, primary geographical markets of the customers and timing of revenue recognition as follows:-

	1.1.2022 to 30.9.2022 Audited RM	1.1.2021 to 30.9.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM
Major products and services					
Industrial electronic products	187,873,860	146,820,294	214,658,162	83,641,020	17,801,345
Consumer electronic products	121,577,348	63,084,803	91,628,806	53,619,054	25,922
Die casting manufacturing	8,163,311	21,737,853	24,142,860	11,403,145	-
Supply of parts and components	2,135,426	11,954,027	13,904,595	19,597,870	25,329,664
	319,749,945	243,596,977	344,334,423	168,261,089	43,156,931

21. **REVENUE (CONT'D)**

21.1 Disaggregation of revenue from contracts with customers (cont'd)

Revenue from contracts with customers is disaggregated by major products, primary geographical markets of the customers and timing of revenue recognition as follows (cont'd):-

	1.1.2022 to 30.9.2022 Audited RM	1.1.2021 to 30.9.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM
Primary geographical markets of the customers					
Asia	120,859,988	105,646,901	150,103,635	44,788,830	25,355,587
Americas	176,047,314	135,088,349	190,518,293	92,369,220	10,821,088
Europe	22,842,643	2,861,727	3,712,495	31,103,039	6,980,256
	319,749,945	243,596,977	344,334,423	168,261,089	43,156,931
Timing of revenue recognition					
Goods transferred at a point in time	319,749,945	243,596,977	344,334,423	168,261,089	43,156,931

21.2 Nature of goods and services

The following information reflects the typical transactions of the Group:-

Nature of goods	Timing of recognition or method used to recognise revenue	Significant payment terms	Warranty
Industrial electronic products and consumer electronic products, die casting manufacturing and supply of parts and components	Revenue is recognised when the goods are delivered and/or accepted by the customers	Credit period of 30 to 90 days	Assurance warranties of 12 to 24 months are given to certain customers

The revenue from contracts with customers of the Group are not subject to variable element in the consideration and obligation for returns or refunds.

The Group applies the practical expedients for exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.

22. OTHER INCOME

	1.1.2022 to 30.9.2022 Audited RM	1.1.2021 to 30.9.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM
Insurance compensation income	-	35,630	35,630	117,288	476,033
Fair value gain on investment property	-	-	122,506	-	-
Gain on disposal of property, plant and equipment	-	51,441	123,652	-	-
Gain on disposal of non-current assets held for sale	148,688	-	-	-	-
Gain on early termination of lease contract	-	-	-	81,319	-
Miscellaneous income	204,654	263,351	287,593	123,100	116,628
Rental income:					
- factory	864,000	206,400	277,920	288,000	275,613
- machinery	-	-	-	878,342	42,975
Realised gain on foreign exchange	2,480,315	78,817	69,196	-	-
Unrealised gain on foreign exchange	2,257,612	565,891	53,944	181,863	111,416
Wages subsidy*	36,600	4,936	12,935	478,840	-
	5,991,869	1,206,466	983,376	2,148,752	1,022,665

* The Group received financial assistance from Wage Subsidy Program ("PSU") implemented by Malaysia Social Security Organisation ("SOCSO") as well as Support Scheme implemented by Inland Revenue Authority of Singapore ("IRAS") and Ministry of Manpower of Singapore ("MOM").

23. FINANCE COSTS

	1.1.2022 to 30.9.2022 Audited RM	1.1.2021 to 30.9.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM
Bank guarantee commission	-	8,350	8,350	-	-
Bank overdraft interest	343,359	105,768	146,364	147,065	-
Lease liabilities interest	2,399,491	1,244,555	1,986,295	804,953	532,070
Letter of credit interest	93,287	-	-	-	-
Receivables finance discounting charges	411,742	-	56,649	-	-
Trade financing interest	675,678	713,898	815,039	321,488	35,949
Term loans interest	2,195,093	1,150,053	1,866,326	733,296	140,873
Short-term advances interest	-	453,046	453,046	974,789	180,432
	6,118,650	3,675,670	5,332,069	2,981,591	889,324

24. **PROFIT BEFORE TAX**

Profit before tax has been determined after charging/(crediting) amongst other, the following items:-

	1.1.2022 to 30.9.2022 Audited RM	1.1.2021 to 30.9.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM
Auditors' remuneration					
- statutory - current	23,750	97,110	109,000	110,843	14,583
- statutory - under provision paid to predecessor auditors	-	-	-	22,134	-
- non-statutory	-	-	39,000	-	-
Depreciation of right-of-use assets	6,285,752	1,275,052	4,133,403	3,626,275	1,907,427
Depreciation of property, plant and equipment	7,124,137	5,312,358	6,504,281	3,293,209	1,148,483
Expenses relating to short-term leases	389,570	362,186	630,799	995,645	297,050
Loss/(Gain) on disposal of property, plant and equipment	133	(51,441)	(123,652)	2,106	-
Property, plant and equipment written off	7,029	-	-	-	-
Gain on disposal of non-current assets held for sale	(148,688)	-	-	-	-
Gain on early termination of lease contract	-	-	-	(81,319)	-
Fair value gain on investment property	-	-	(122,506)	-	-
Finance income	(72,272)	(3,198)	(19,028)	(3,914)	(3,593)
Foreign exchange (gain)/loss:-					
- realised	(2,480,315)	(78,817)	(69,196)	477,883	47,959
- unrealised	(2,257,612)	(565,891)	(53,944)	(181,863)	(111,416)

25. **INCOME TAX EXPENSE**

Recognised in profit or loss

	1.1.2022 to 30.9.2022 Audited RM	1.1.2021 to 30.9.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM
In Malaysia					
Current tax expenses					
Current financial period/year	1,120,000	27,000	739,000	223,500	-
Under/(Over) provision of tax expense in prior financial period/years	70,594	32,508	32,508	(100,704)	-
	1,190,594	59,508	771,508	122,796	-
Deferred tax expenses					
Under/(Over) provision of deferred tax in prior financial period/years	-	1,132,072	1,132,072	(757,000)	-
Realisation of deferred tax upon depreciation of revalued assets	(100,773)	(91,751)	(122,335)	(4,780)	-
Transferred from/(to) deferred tax	5,075,216	(4,292,690)	(3,187,320)	2,782,208	(2,695,000)
	4,974,443	(3,252,369)	(2,177,583)	2,020,428	(2,695,000)
Total income tax expense/(credit) in Malaysia	6,165,037	(3,192,861)	(1,406,075)	2,143,224	(2,695,000)
Outside Malaysia					
Current tax expenses					
Current financial period/year	167,689	792,623	627,922	313,864	-
(Over)/Under provision in prior financial period/years	-	(131,163)	(131,117)	8,104	-
	167,689	661,460	496,805	321,968	-

25. **INCOME TAX EXPENSE (CONT'D)**

Recognised in profit or loss (cont'd)

	1.1.2022 to 30.9.2022 Audited RM	1.1.2021 to 30.9.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM
Outside Malaysia (Cont'd)					
Deferred tax expenses					
Over provision of deferred tax in prior financial period/years	-	-	-	(744)	-
Transferred from deferred tax	-	-	-	149	-
	-	-	-	(595)	-
Total income tax expense outside Malaysia	167,689	661,460	496,805	321,373	-
Total income tax expense/(credit)	6,332,726	(2,531,401)	(909,270)	2,464,597	(2,695,000)

Recognised in other comprehensive income

	1.1.2022 to 30.9.2022 Audited RM	1.1.2021 to 30.9.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM
Revaluation of land and buildings	-	-	591,265	6,357,500	-

Malaysian income tax is calculated at the statutory tax rate of 24% (31.12.2021: 24%, 31.12.2020: 24% and 31.12.2019: 24%) of the estimated taxable profit for respective financial period/year.

25. **INCOME TAX EXPENSE (CONT'D)**

Reconciliation of tax expense applicable to profit before tax at statutory tax rate to tax expense at the effective tax rate of the Group are as follows:-

	1.1.2022 to 30.9.2022 Audited RM	1.1.2021 to 30.9.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM
Profit before tax	30,940,316	17,371,702	25,354,932	22,696,960	1,123,346
Tax at Malaysian statutory tax rate of 24%	7,425,676	4,169,208	6,085,184	5,447,270	269,603
Tax effects in respect of:-					
Expenses not deductible for tax purposes	1,227,967	525,698	1,014,543	826,577	420,397
Effect of tax rates in foreign jurisdiction	(97,106)	(326,374)	(276,572)	(82,589)	-
Income not subject to tax	(387,407)	(15,780)	(15,780)	(65,088)	-
Prior year deferred tax assets not recognised	-	-	-	16,394	-
Recognition of deferred tax assets on reinvestment allowances	(1,806,225)	(7,825,819)	(8,627,773)	(2,822,843)	-
Realisation of deferred tax upon depreciation of revalued assets	(100,773)	(91,751)	(122,335)	(4,780)	-
Under/(Over) provision of current tax payable in prior financial period/years	70,594	(98,655)	(98,609)	(92,600)	-
Under/(Over) provision of net deferred tax in prior financial period/years	-	1,132,072	1,132,072	(757,744)	-
Utilisation of previously unrecognised deferred tax assets	-	-	-	-	(3,385,000)
Total income tax expense/(credit)	6,332,726	(2,531,401)	(909,270)	2,464,597	(2,695,000)

26. **EARNINGS PER SHARE**

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the profit for the financial period/years attributable to ordinary equity holders of the Company and a weighted average number of ordinary shares issued calculated as follows:-

	1.1.2022 to 30.9.2022 Audited RM	1.1.2021 to 30.9.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM
Profit attributable to owners of the Company	24,607,590	19,903,103	26,264,202	20,232,363	3,818,346

Weighted average number of ordinary shares in issue:-

	1.1.2022 to 30.9.2022 Audited Unit	1.1.2021 to 30.9.2021 Unaudited Unit	1.1.2021 to 31.12.2021 Audited Unit	1.1.2020 to 31.12.2020 Audited Unit	1.1.2019 to 31.12.2019 Audited Unit
Issued ordinary shares at 1 January	40,000,000	40,000,000	40,000,000	20,000,000	20,000,000
Effects of issuance of ordinary shares	-	-	-	8,770,492	-
Effect of conversion of irredeemable convertible preference shares	17,252,747	-	-	-	-
Effect of share split	391,318,681	-	-	-	-
Weighted average number of ordinary shares for the financial period/year (basic)	448,571,428	40,000,000	40,000,000	28,770,492	20,000,000
Basic earnings per share (RM)	0.05	0.50	0.66	0.70	0.19

26. EARNINGS PER SHARE (CONT'D)

Diluted earnings per ordinary share

For the purpose of calculating diluted earnings per share, the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial period/years have been adjusted for the dilutive effects of all potential ordinary shares.

	1.1.2022 to 30.9.2022 Audited RM	1.1.2021 to 30.9.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM
Profit attributable to owners of the Company	24,607,590	19,903,103	26,264,202	20,232,363	3,818,346

Weighted average number of ordinary shares in issue:-

	1.1.2022 to 30.9.2022 Audited Unit	1.1.2021 to 30.9.2021 Unaudited Unit	1.1.2021 to 31.12.2021 Audited Unit	1.1.2020 to 31.12.2020 Audited Unit	1.1.2019 to 31.12.2019 Audited Unit
Weighted average number of ordinary shares for the financial period/year (basic)	448,571,428	40,000,000	40,000,000	28,770,492	20,000,000
Effects of conversion of irredeemable convertible preference shares	-	-	27,397	-	-
Weighted average number of ordinary shares for the financial period/year (diluted)	448,571,428	40,000,000	40,027,397	28,770,492	20,000,000
Diluted earnings per share (RM)	0.05	0.50	0.66	0.70	0.19

27. **DIVIDENDS**

During the financial period ended 30 September 2022, the following dividends have been paid by the Company to the owners of the Company.

	RM
Single tier dividend of 0.26 sen per ordinary share in respect of the financial year ending 31 December 2022 and paid on 26 April 2022	12,964,667

28. **EMPLOYEE BENEFIT EXPENSES**

	1.1.2022 to 30.9.2022 Audited RM	1.1.2021 to 30.9.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM
Salaries, wages and other emoluments	17,495,600	10,017,085	14,532,137	7,771,436	1,435,954
Defined contribution plans	1,557,949	1,022,517	1,463,126	780,166	174,233
Social security contributions	189,296	113,049	162,460	88,450	17,737
Other staff costs and benefits	631,058	442,604	726,457	94,535	139,092
	19,873,903	11,595,255	16,884,180	8,734,587	1,767,016

Included in the employee benefits expenses are aggregate amount of remuneration received and receivable by the Directors of the Company during the financial period/years as below:-

	1.1.2022 to 30.9.2022 Audited RM	1.1.2021 to 30.9.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM
Fees	486,103	123,410	203,554	-	-
Salaries, wages and other emoluments	1,361,000	1,063,734	1,419,561	697,034	610,000
Defined contribution plans	156,360	109,320	149,520	74,052	72,000
Social security contribution	2,675	2,078	2,770	1,249	923
	2,006,138	1,298,542	1,775,405	772,335	682,923

29. RELATED PARTY DISCLOSURES

(a) The related party transactions of the Group during the financial period/years were as follows:-

	1.1.2022 to 30.9.2022 Audited RM	1.1.2021 to 30.9.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM
Directors of the Company					
Net advances (to)/ from	-	(5,732,378)	(8,115,225)	5,900,912	1,860,279
Rental paid to	-	100,000	100,000	240,000	240,000
Purchase of properties	-	12,000,000	12,000,000	-	-
Related parties					
Net advances from	-	-	-	-	594,015
Purchase of goods	-	-	-	-	2,300,222
Sales of goods	-	-	-	-	41,982
Services received from	40,597	10,610	17,105	9,005	35,033

(b) The terms of outstanding balances arising from related party transactions as at the reporting date are disclosed in Notes 11 and 12 to the consolidated financial statements.

(c) Key management personnel are defined as the person having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. Key management includes all the Directors of the Company and its subsidiaries and certain members of senior management of the Group.

The remuneration of the Directors is disclosed in Note 28 to the consolidated financial statements.

The remuneration of other key management personnel is as follows:-

	1.1.2022 to 30.9.2022 Audited RM	1.1.2021 to 30.9.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM
Other key management personnel remuneration					
Salaries, wages and other emoluments	749,000	494,000	720,581	486,350	240,000
Defined contribution plans	89,880	59,280	86,498	58,404	28,800
Social security contributions	3,002	2,694	3,662	2,617	923
	841,882	555,974	810,741	547,371	269,723

30. **COMMITMENTS**

Capital expenditure in respect of the following is not provided for in the consolidated financial statements:-

	30.9.2022 RM	31.12.2021 RM	31.12.2020 RM	31.12.2019 RM
Authorised and contracted for:-				
Land and buildings	-	-	1,100,000	20,000,000
Plant and machinery	11,037,700	9,306,297	33,585,678	7,586,169
Renovation and electrical installation	-	265,493	785,815	-
Equipment, furniture and fittings	12,785	-	108,000	-
	11,050,485	9,571,790	35,579,493	27,586,169

31. **FINANCIAL INSTRUMENTS**

Categories of financial instruments

The table below provides an analysis of financial instruments categorised as financial assets and financial liabilities measured at amortised cost ("AC"):-

	Carrying amount RM	AC RM
30.9.2022		
Financial assets		
Trade receivables	122,468,562	122,468,562
Other receivables	14,209,580	2,169,054
Fixed deposits with licensed banks	7,759,808	7,759,808
Cash and bank balances	32,314,675	32,314,675
	176,752,625	164,712,099
Financial liabilities		
Trade payables	50,704,227	50,704,227
Other payables	17,656,130	14,323,078
Amount due to related parties	10,580	10,580
Loans and borrowings	149,339,670	149,339,670
	217,710,607	214,377,555

31. **FINANCIAL INSTRUMENTS (CONT'D)**

Categories of financial instruments (cont'd)

The table below provides an analysis of financial instruments categorised as financial assets and financial liabilities measured at amortised cost ("AC") (cont'd):-

	Carrying amount RM	AC RM
31.12.2021		
Financial assets		
Trade receivables	81,918,404	81,918,404
Other receivables	16,132,801	1,770,099
Amount due from a related party	7,416	7,416
Fixed deposits with licensed banks	6,122,794	6,122,794
Cash and bank balances	40,261,277	40,261,277
	144,442,692	130,079,990
Financial liabilities		
Trade payables	42,572,501	42,572,501
Other payables	25,512,260	24,071,859
Amount due to related parties	5,580	5,580
Loans and borrowings	99,741,953	99,741,953
	167,832,294	166,391,893
31.12.2020		
Financial assets		
Trade receivables	80,570,668	80,570,668
Other receivables	23,878,221	3,523,644
Amount due from Directors	12,890,281	12,890,281
Fixed deposit with a licensed bank	107,250	107,250
Cash and bank balances	13,187,133	13,187,133
	130,633,553	110,278,976
Financial liabilities		
Trade payables	58,184,245	58,184,245
Other payables	17,633,416	17,534,001
Amount due to a Director	6,005,843	6,005,843
Amount due to related parties	4,155	4,155
Loans and borrowings	74,998,830	74,998,830
	156,826,489	156,727,074

31. **FINANCIAL INSTRUMENTS (CONT'D)**

Categories of financial instruments (cont'd)

The table below provides an analysis of financial instruments categorised as financial assets and financial liabilities measured at amortised cost ("AC") (cont'd):-

	Carrying amount RM	AC RM
31.12.2019		
Financial assets		
Trade receivables	54,071,717	54,071,717
Other receivables	14,274,696	5,940,291
Amount due from related parties	804,668	804,668
Fixed deposit with a licensed bank	107,250	107,250
Cash and bank balances	1,126,486	1,126,486
	70,384,817	62,050,412
Financial liabilities		
Trade payables	37,595,879	37,595,879
Other payables	17,058,754	17,058,754
Amount due to a Director	3,829,447	3,829,447
Amount due to related parties	2,636,976	2,636,976
Loans and borrowings	9,791,463	9,791,463
	70,912,519	70,912,519

Net gains/(losses) arising from financial instruments

	1.1.2022 to 30.9.2022 Audited RM	1.1.2021 to 30.9.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM
Financial assets measured at AC	11,739,066	3,876,915	701,744	(2,387,489)	(137,618)
Financial liabilities measured at AC	(10,935,182)	(5,428,816)	(3,861,007)	(81,255)	(152,586)

Included in gains/(losses) on financial instruments measured at amortised cost are:-

	1.1.2022 to 30.9.2022 Audited RM	1.1.2021 to 30.9.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM
Total interest income for financial assets	72,272	3,198	19,028	3,914	3,593
Total interest expenses for financial liabilities	(3,719,159)	(2,431,115)	(3,345,774)	(2,176,639)	(357,254)

31. **FINANCIAL INSTRUMENTS (CONT'D)**

Risk management objective and policies

The Group is exposed to various risks in relation to financial instruments. The main types of risks are foreign currency risk, interest rate risk, credit risk and liquidity risk.

Financial risk management policy is established to ensure that adequate resources are available for the development of the Group's business whilst managing its foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group operates within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

Significant accounting policies on financial assets and financial liabilities of the Group are summarised in Note 3.7 to the consolidated financial statements. The following sections explain key risks faced by the Group and its management.

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk mostly on their sales and purchases that are denominated in a currency other than the functional currency of the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Chinese Yuan ("CNY"), Great Britain Pound ("GBP") and Singapore Dollar ("SGD").

Based on carrying amounts as at the reporting date, foreign currency denominated financial assets and financial liabilities which exposed the Group to foreign currency risk are disclosed below:-

	USD RM	CNY RM	GBP RM	SGD RM
30.9.2022				
Financial assets				
Trade receivables	121,561,881	-	737,983	-
Other receivables	1,731,071	-	6,434	359,615
Cash and bank balances	24,508,330	-	18,063	610,786
	147,801,282	-	762,480	970,401
Financial liabilities				
Trade payables	(44,922,288)	-	-	(16,610)
Other payables	(2,434,334)	(2,561,559)	-	-
Loans and borrowings	(42,739,053)	-	-	-
	(90,095,675)	(2,561,559)	-	(16,610)
Net exposure	57,705,607	(2,561,559)	762,480	953,791

31. **FINANCIAL INSTRUMENTS (CONT'D)**

Risk management objective and policies (cont'd)

(a) Foreign currency risk (cont'd)

Based on carrying amounts as at the reporting date, foreign currency denominated financial assets and financial liabilities which exposed the Group to foreign currency risk are disclosed below (cont'd):-

	USD RM	CNY RM	GBP RM	SGD RM
31.12.2021				
Financial assets				
Trade receivables	71,109,113	-	305,732	-
Other receivables	325,794	-	-	616,353
Cash and bank balances	24,086,949	-	121,087	1,687,092
	95,521,856	-	426,819	2,303,445
Financial liabilities				
Trade payables	(37,398,624)	-	(132,023)	(17,855)
Other payables	(1,812,041)	(12,636,651)	-	(76,287)
Loans and borrowings	(26,473,400)	-	-	-
	(65,684,065)	(12,636,651)	(132,023)	(94,142)
Net exposure	29,837,791	(12,636,651)	294,796	2,209,303
31.12.2020				
Financial assets				
Trade receivables	52,468,686	-	48,152	-
Other receivables	2,241,386	7,600,139	434	32,661
Cash and bank balances	11,860,951	-	10,623	77,753
	66,571,023	7,600,139	59,209	110,414
Financial liabilities				
Trade payables	(46,236,990)	(155,346)	(13,908)	(30,561)
Other payables	(6,121,565)	-	-	(49,990)
Loans and borrowings	(218,166)	-	-	-
	(52,576,721)	(155,346)	(13,908)	(80,551)
Net exposure	13,994,302	7,444,793	45,301	29,863

31. **FINANCIAL INSTRUMENTS (CONT'D)**

Risk management objective and policies (cont'd)

(a) Foreign currency risk (cont'd)

Based on carrying amounts as at the reporting date, foreign currency denominated financial assets and financial liabilities which exposed the Group to foreign currency risk are disclosed below (cont'd):-

	USD RM	CNY RM	GBP RM	SGD RM
31.12.2019				
Financial assets				
Trade receivables	9,426,968	-	-	-
Other receivables	2,157,272	-	-	-
Amount due from related parties	252,005	-	-	152,060
Cash and bank balances	970,095	-	-	2,547
	12,806,340	-	-	154,607
Financial liabilities				
Trade payables	(11,674,638)	-	-	-
Other payables	(2,015,255)	-	-	(27,202)
Amount due to related parties	(334,080)	-	-	-
	(14,023,973)	-	-	(27,202)
Net exposure	(1,217,633)	-	-	127,405

Foreign currency sensitivity analysis

The following table illustrates the sensitivity of profit in regards to the Group's financial assets and financial liabilities and the RM/USD exchange rate, RM/CNY exchange rate, RM/GBP exchange rate and RM/SGD exchange rate with 'all other things are being equal'.

It assumes a +/- 1% (31.12.2021: 1%, 31.12.2020: 1% and 31.12.2019: 1%) change of the RM/USD, RM/CNY, RM/GBP and RM/SGD exchange rates respectively. The percentage has been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency denominated financial instruments held at the end of each reporting date.

31. **FINANCIAL INSTRUMENTS (CONT'D)**

Risk management objective and policies (cont'd)

(a) Foreign currency risk (cont'd)

Foreign currency sensitivity analysis (cont'd)

If the RM had strengthened against the USD, CNY, GBP and SGD by 1% (31.12.2021: 1%, 31.12.2020: 1% and 31.12.2019: 1%) respectively, this would have the following impact:-

	30.9.2022	31.12.2021	31.12.2020	31.12.2019
	RM	RM	RM	RM
USD	(577,056)	(298,378)	(139,943)	12,176
CNY	25,616	126,367	(74,448)	-
GBP	(7,625)	(2,948)	(453)	-
SGD	(9,538)	(22,093)	(299)	(1,274)
(Decrease)/Increase in profit for the financial period/year	(568,603)	(197,052)	(215,143)	10,902

If the RM had weakened against the USD, CNY, GBP and SGD by 1% (31.12.2021: 1%, 31.12.2020: 1% and 31.12.2019: 1%) respectively, then the impact to profit for the financial period/year would be the opposite effect.

Exposures to foreign exchange rates vary during the financial period/year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposures to foreign currency risk.

(b) Interest risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's fixed rate borrowings are exposed to a risk of change in their fair values due to changes in interest rates. The Group's variable rate borrowings are exposed to the risk of change in cash flows due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

The Group's interest rate management objective is to manage interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation.

Interest rate sensitivity

The Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates. The exposure to interest rates for the Group's short-term placement is considered immaterial.

31. **FINANCIAL INSTRUMENTS (CONT'D)**

Risk management objective and policies (cont'd)

(b) Interest risk (cont'd)

Interest rate sensitivity (cont'd)

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period is as follows:-

	30.9.2022 RM	31.12.2021 RM	31.12.2020 RM	31.12.2019 RM
Fixed rate instruments				
Financial asset	7,759,808	6,122,794	107,250	107,250
Financial liabilities	-	-	(6,521,448)	(1,844,224)
	7,759,808	6,122,794	(6,414,198)	(1,736,974)
Floating rate instruments				
Financial liabilities	(149,339,670)	(99,741,953)	(74,998,830)	(9,791,463)

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/- 25 (31.12.2021: 25, 31.12.2020: 25 and 31.12.2019: 25) basis points ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rates for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	(Decrease)/Increase on profit for the financial period/years	
	+ 25 bp RM	- 25 bp RM
30.9.2022	(373,349)	373,349
31.12.2021	(249,355)	249,355
31.12.2020	(187,497)	187,497
31.12.2019	(24,479)	24,479

(c) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's exposure to credit risk is monitored on an ongoing basis. The credit risk is controlled by monitoring procedures. An internal credit review is conducted if the credit risk is material. The Group does not require collateral in respect of financial assets.

31. **FINANCIAL INSTRUMENTS (CONT'D)**

Risk management objective and policies (cont'd)

(c) Credit risk (cont'd)

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:-

	30.9.2022 RM	31.12.2021 RM	31.12.2020 RM	31.12.2019 RM
Classes of financial assets				
Trade receivables	122,468,562	81,918,404	80,570,668	54,071,717
Other receivables	2,169,054	1,770,099	3,523,644	5,940,291
Amount due from Directors	-	-	12,890,281	-
Amount due from related parties	-	7,416	-	804,668
Fixed deposits with licensed banks	7,759,808	6,122,794	107,250	107,250
Cash and bank balances	32,314,675	40,261,277	13,187,133	1,126,486
	164,712,099	130,079,990	110,278,976	62,050,412

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into their credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

The areas where the Group are exposed to credit risk are as follows:-

Receivables and contract assets

Receivables and contract assets are monitored on an ongoing basis to mitigate risk of bad debts. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry in which customers operate.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institution with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts. The Group does not hold collateral as security.

31. **FINANCIAL INSTRUMENTS (CONT'D)**

Risk management objective and policies (cont'd)

(c) Credit risk (cont'd)

Receivables and contract assets (cont'd)

The following table provides information about credit risk exposure on the Group's trade receivables:-

		←Allowance for impairment loss→			
	Gross	Expected credit loss (individually impaired)	Expected credit loss (collectively impaired)	Total	Net
	RM	RM	RM	RM	RM
30.9.2022					
Within terms	103,850,585	-	-	-	103,850,585
Past due 1 to 30 days	10,661,695	-	-	-	10,661,695
Past due 31 to 60 days	2,792,304	-	-	-	2,792,304
Past due 61 to 90 days	1,487,273	-	-	-	1,487,273
Past due 91 to 120 days	1,240,553	-	-	-	1,240,553
Past due more than 120 days	2,436,152	-	-	-	2,436,152
	122,468,562	-	-	-	122,468,562
31.12.2021					
Within terms	54,482,664	-	-	-	54,482,664
Past due 1 to 30 days	10,710,165	-	-	-	10,710,165
Past due 31 to 60 days	4,920,719	-	-	-	4,920,719
Past due 61 to 90 days	5,632,348	-	-	-	5,632,348
Past due 91 to 120 days	2,202,401	-	-	-	2,202,401
Past due more than 120 days	3,970,107	-	-	-	3,970,107
	81,918,404	-	-	-	81,918,404
31.12.2020					
Within terms	63,275,522	-	-	-	63,275,522
Past due 1 to 30 days	8,523,874	-	-	-	8,523,874
Past due 31 to 60 days	2,147,988	-	-	-	2,147,988
Past due 61 to 90 days	3,341,629	-	-	-	3,341,629
Past due 91 to 120 days	393,379	-	-	-	393,379
Past due more than 120 days	2,888,276	-	-	-	2,888,276
	80,570,668	-	-	-	80,570,668

31. **FINANCIAL INSTRUMENTS (CONT'D)**

Risk management objective and policies (cont'd)

(c) Credit risk (cont'd)

Receivables (cont'd)

The following table provides information about credit risk exposure on the Group's trade receivables (cont'd):-

		← Allowance for impairment loss →			
	Gross	Expected credit loss (individually impaired)	Expected credit loss (collectively impaired)	Total	Net
	RM	RM	RM	RM	RM
31.12.2019					
Within terms	9,730,905	-	-	-	9,730,905
Past due 1 to 30 days	4,583,436	-	-	-	4,583,436
Past due 31 to 60 days	2,517,681	-	-	-	2,517,681
Past due 61 to 90 days	2,440,805	-	-	-	2,440,805
Past due 91 to 120 days	2,446,630	-	-	-	2,446,630
Past due more than 120 days	32,352,260	-	-	-	32,352,260
	54,071,717	-	-	-	54,071,717

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by product type and customer type).

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the financial period/year.

Concentration of credit risk

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instrument is broadly diversified along geographical lines and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

The credit risk concentration profile of the Group's trade receivables as at the reporting date are as follows:-

	Top 3 counterparties	
	RM	%
30.9.2022	89,519,011	73.1%
31.12.2021	49,701,575	60.7%
31.12.2020	64,019,762	79.5%
31.12.2019	53,973,002	99.8%

The net carrying amount of receivables is considered a reasonable approximate of its fair value.

31. **FINANCIAL INSTRUMENTS (CONT'D)**

Risk management objective and policies (cont'd)

(c) Credit risk (cont'd)

Receivables (cont'd)

With a credit policy in place to ensure the credit risk is monitored on an ongoing basis, the management has taken reasonable steps to ensure that receivables are stated at their realisable values. A significant portion of the receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk and are monitored individually.

Other receivables

In respect of other receivables, the Group are not exposed to any significant credit risk exposure to any single counterparty or a group of counterparties having similar characteristics. Based on historical information about customer default rates, the management considers the credit quality of other receivables that are not past due or impaired to be good.

Intercompany loans and advances

The maximum exposure to credit risk is represented by their carrying amounts in the consolidated statement of financial position.

The Company provides unsecured loans and advances to related parties and monitors the results of the related parties regularly.

As at end of each reporting period, there was no indication that the loans and advances to the related parties are not recoverable.

Financial guarantee

The maximum exposure to credit risk in relation to the financial corporate guarantee given amounted to RM NIL (31.12.2021: RM21,759,364, 31.12.2020: RM20,608,536 and 31.12.2019: RM19,424,803) as at the end of the reporting period representing the outstanding banking facilities of the related party which certain Directors have interest in it as at the end of financial period/year.

The financial guarantee of the Group has not been recognised since the fair value of the credit enhancement provided by the corporate guarantee are not material.

The Group monitors on an ongoing basis the result of the related party and repayments made by the related party. As at the end of the reporting year, there was no indication that the related party would default on repayment. The financial corporate guarantee given to the related party has been uplifted after full settlement of loan facilities by the related party during the financial period ended 30 September 2022.

Cash and cash equivalents

The credit risk for cash and cash equivalents including fixed deposits with licensed banks is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

31. **FINANCIAL INSTRUMENTS (CONT'D)**

Risk management objective and policies (cont'd)

(d) Liquidity risk

Liquidity risk is the risk arising from the Group not being able to meet its obligations due to shortage of funds.

In managing its exposures to liquidity risk, the Group maintains a level of cash and cash equivalents and bank credit facilities deemed adequate by the management to ensure that they will have sufficient liquidity to meet its liabilities as and when they fall due.

The Group aims at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

The summary of the maturity profile based on contractual undiscounted repayment obligations is as below:-

	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Current Less than 1 year RM	Non-current Between 1 to 5 years RM	Non-current More than 5 years RM
30.9.2022						
Non-derivative financial liabilities and lease liabilities						
Trade payables	50,704,228	-	50,704,228	50,704,228	-	-
Other payables	14,323,078	-	14,323,078	14,323,078	-	-
Amount due to related parties	10,580	-	10,580	10,580	-	-
Lease liabilities	54,172,339	3.70% to 8.96%	62,088,449	12,198,754	43,581,283	6,308,412
Bankers' acceptances	10,381,597	1.00% to 5.68%	10,381,597	10,381,597	-	-
Bank overdrafts	7,797,226	6.20% to 7.49%	7,797,226	7,797,226	-	-
Onshore foreign currency loans	9,209,358	1.45% to 5.15%	9,209,358	9,209,358	-	-
Receivables finance	25,485,033	2.08% to 5.56%	25,485,033	25,485,033	-	-
Shipment buyer loans	13,858,559	1.69% to 4.63%	13,858,559	13,858,559	-	-
Term loans	82,607,897	3.70% to 6.89%	108,878,269	10,263,181	40,717,558	57,897,530
Total undiscounted financial liabilities	268,549,895		302,736,377	154,231,594	84,298,841	64,205,942

31. **FINANCIAL INSTRUMENTS (CONT'D)**

Risk management objective and policies (cont'd)

(d) Liquidity risk (cont'd)

The summary of the maturity profile based on contractual undiscounted repayment obligations is as below (cont'd):-

	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Current Less than 1 year RM	Non-current Between 1 to 5 years RM	Non-current More than 5 years RM
31.12.2021						
Non-derivative financial liabilities and lease liabilities						
Trade payables	42,572,501	-	42,572,501	42,572,501	-	-
Other payables	24,071,859	-	24,071,859	24,071,859	-	-
Amount due to related parties	5,580	-	5,580	5,580	-	-
Lease liabilities	56,585,091	3.38% to 7.06%	65,510,111	14,019,483	41,921,462	9,569,166
Bankers' acceptances	3,932,063	2.87% to 5.12%	3,932,063	3,932,063	-	-
Bank overdrafts	2,558,963	4.90% to 5.99%	2,558,963	2,558,963	-	-
Onshore foreign currency loans	2,503,058	1.45%	2,503,058	2,503,058	-	-
Receivables finance	10,820,250	2.00% to 2.11%	10,820,250	10,820,250	-	-
Shipment buyer loans	14,275,327	1.53% to 3.28%	14,275,327	14,275,327	-	-
Term loans	65,652,292	2.34% to 7.14%	82,907,590	8,368,949	31,805,627	42,733,014
Total undiscounted financial liabilities	222,976,984		249,157,302	123,128,033	73,727,089	52,302,180
Financial guarantee*	-		21,759,364	21,759,364	-	-

31. **FINANCIAL INSTRUMENTS (CONT'D)**

Risk management objective and policies (cont'd)

(d) Liquidity risk (cont'd)

The summary of the maturity profile based on contractual undiscounted repayment obligations is as below (cont'd):-

	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Current Less than 1 year RM	Non-current Between 1 to 5 years RM	Non-current More than 5 years RM
31.12.2020						
Non-derivative financial liabilities and lease liabilities						
Trade payables	58,184,245	-	58,184,245	58,184,245	-	-
Other payables	17,534,001	-	17,987,047	17,987,047	-	-
Amount due to a Director	6,005,843	-	6,005,843	6,005,843	-	-
Amount due to related parties	4,155	-	4,155	4,155	-	-
Lease liabilities	12,698,234	3.38% to 7.06%	14,072,930	3,770,756	10,255,402	46,772
Bankers' acceptances	4,637,501	2.50% to 3.76%	4,637,501	4,637,501	-	-
Bank overdrafts	2,547,392	4.90% to 5.99%	2,547,392	2,547,392	-	-
Shipment buyer loans	20,006,286	3.11% to 3.31%	20,006,286	20,006,286	-	-
Term loans	45,965,416	1.95% to 7.14%	65,951,304	3,628,365	21,357,746	40,965,193
Trust receipts	1,842,235	5.12% to 5.18%	1,842,235	1,842,235	-	-
Total undiscounted financial liabilities	169,425,308		191,238,938	118,613,825	31,613,148	41,011,965
Financial guarantee*	-		21,759,364	21,759,364	-	-

31. **FINANCIAL INSTRUMENTS (CONT'D)**

Risk management objective and policies (cont'd)

(d) Liquidity risk (cont'd)

The summary of the maturity profile based on contractual undiscounted repayment obligations is as below (cont'd):-

	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Current Less than 1 year RM	Non-current Between 1 to 5 years RM	Non-current More than 5 years RM
31.12.2019						
Non-derivative financial liabilities and lease liabilities						
Trade payables	37,595,879	-	37,595,879	37,595,879	-	-
Other payables	17,058,754	-	17,224,819	17,224,819	-	-
Amount due to a Director	3,829,447	-	3,829,447	3,829,447	-	-
Amount due to related parties	2,636,976	-	2,636,976	2,636,976	-	-
Lease liabilities	9,061,207	4.28% to 7.06%	9,874,844	3,413,720	6,374,200	86,924
Bankers' acceptances	385,000	4.86%	385,000	385,000	-	-
Bank overdrafts	14,974	6.79%	14,974	14,974	-	-
Term loans	7,314,181	3.58% to 7.14%	10,121,376	961,616	3,590,332	5,569,428
Trust receipts	2,077,308	4.85% to 6.62%	2,077,308	2,077,308	-	-
Total undiscounted financial liabilities	79,973,726		83,760,623	68,139,739	9,964,532	5,656,352
Financial guarantee*	-		19,976,000	19,976,000	-	-

* This represents the maximum amount that is required to be settled in the event of default of loan repayment by the related party which certain Directors have interest in. The exposure is included in liquidity risk for illustration only. No financial guarantee was called upon by the holders as at the end of the reporting period.

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the financial liabilities at the reporting date.

32. FAIR VALUE MEASUREMENT

The carrying amounts of current financial assets and financial liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting date.

The fair value of non-current financial liabilities, which bear interest at floating rates, are determined by the present value of future cash flow estimated and discounted using the current interest rates for similar instruments as of the end of the reporting period. There is no material difference between the fair values and carrying values of these liabilities as of the end of the reporting period.

Fair value hierarchy

As at the reporting date, the Group has no financial instruments that are measured subsequent to initial recognition at fair value and hence fair value hierarchy is not presented.

33. OPERATING SEGMENT

Business segments

For management purposes, the Group is organised into business units based on their products and services, which comprises the following:-

Segment I	Electronics manufacturing services and other related supporting goods and services
Segment II	Die casting and machining

The Group has aggregated certain operating segments to form a reportable segment due to the similar nature and economic characteristics of the products. The Managing Director/Group Chief Executive Officer, who is the Group's chief operating decision maker monitors the segment performance of electronics manufacturing services and other related supporting goods and services in aggregate due to the inter-related nature of the two revenue streams.

Management monitors its business units separately up to gross profit level for the purpose of making decision about performance assessment. Information about segmental assets and liabilities are not presented to the decision makers by management.

Business segment only consist of Segment I for the financial year ended 31 December 2019 as the Company only acquired the business of Segment II during the financial year ended 31 December 2020, with the acquisition of Cape Manufacturing on 1 January 2020.

33. **OPERATING SEGMENTS (CONT'D)**

Business segment (cont'd)

	1.1.2022 to 30.9.2022 Audited RM	1.1.2021 to 30.9.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM
Revenue					
Electronics manufacturing services and other related supporting goods and services	311,586,634	221,859,124	320,191,563	156,857,944	43,156,931
Die casting and machining	8,163,311	21,737,853	24,142,860	11,403,145	-
Total revenue	319,749,945	243,596,977	344,334,423	168,261,089	43,156,931
Cost of sales					
Electronics manufacturing services and other related supporting goods and services	(271,486,781)	(195,681,278)	(279,807,486)	(126,947,453)	(39,761,630)
Die casting and machining	(6,712,306)	(19,977,197)	(22,636,103)	(8,892,530)	-
Total cost of sales	(278,199,087)	(215,658,475)	(302,443,589)	(135,839,983)	(39,761,630)
Gross profit					
Electronics manufacturing services and other related supporting goods and services	40,099,853	26,177,846	40,384,077	29,910,491	3,395,301
Die casting and machining	1,451,005	1,760,656	1,506,757	2,510,615	-
Total gross profit	41,550,858	27,938,502	41,890,834	32,421,106	3,395,301

Geographical information

Revenue information based on geographical location of customers are disclosed in Note 21 to the consolidated financial statements.

The Group's non-current assets located outside Malaysia are not material and therefore not separately disclosed.

33. **OPERATING SEGMENTS (CONT'D)**

Business segment (cont'd)

Information of major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:-

	Segments	**Revenue**				
		1.1.2022 to 30.9.2022 Audited RM	1.1.2021 to 30.9.2021 Unaudited RM	1.1.2021 to 31.12.2021 Audited RM	1.1.2020 to 31.12.2020 Audited RM	1.1.2019 to 31.12.2019 Audited RM
Customer A	Segment I	36,810,088	59,423,183	76,462,176	41,679,458	10,821,088
Customer B	Segment I	63,221,757	27,587,541	62,862,179	*	-
Customer C	Segment I	34,983,124	45,392,941	49,349,514	17,213,507	*
Customer D	Segment I	86,594,224	*	42,279,292	36,405,547	-
Customer E	Segment I	*	*	*	30,598,685	6,980,257
Customer F	Segment I	*	-	*	19,070,578	25,287,772
Customer G	Segment I	-	36,345,282	36,332,356	*	-
		221,609,193	168,748,947	267,285,517	144,967,775	43,089,117

* The revenue is not represented equal or more than 10% of the Group's total revenue for respective financial periods/years.

34. **CAPITAL MANAGEMENT**

The primary capital management objective of the Group is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to sustain future development of the business. There is no change to the objectives in the financial period/years ended 30 September 2022, 31 December 2021, 31 December 2020 and 31 December 2019.

The Group manages its capital by regularly monitoring its current and expected liquidity requirement and modify the combination of equity and borrowings from time to time to meet the needs. Shareholders' equity and gearing ratio of the Group are as follows:-

	30.9.2022 RM	31.12.2021 RM	31.12.2020 RM	31.12.2019 RM
Lease liabilities (Note 17)	54,172,339	56,585,091	12,698,234	9,061,207
Loans and borrowings (Note 18)	149,339,670	99,741,953	74,998,830	9,791,463
Interest-bearing short-term advances from third parties (Note 20)	-	-	6,521,448	1,844,224
Total debt	203,512,009	156,327,044	94,218,512	20,696,894
Total equity	181,523,593	169,561,887	81,367,865	21,009,368
Debt-to-equity ratio	1.12	0.92	1.16	0.99

35. ACQUISITION OF SUBSIDIARIES

On 1 January 2020, through trust deed agreements, Tee Kim Chin and Alex Miranda Jutando, who are directors of the Company, confirmed and declared that their entire shareholdings in Cape Manufacturing and Cape Singapore are held in trust for the Company and that all benefits and rights of the shares belong to the Company. The agreed consideration for the transfer of the benefits and rights of the shares for Cape Manufacturing and Cape Singapore are RM5,574,588 and SGD521,092, respectively. With this, the Company has gained control on Cape Manufacturing and Cape Singapore and this makes the Company as the holding company of Cape Manufacturing and Cape Singapore.

The following summarises the major classes of consideration transferred and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:-

(a) Fair value of consideration

	1.1.2020 RM
Consideration	
Cape Manufacturing	5,574,588
Cape Singapore	1,583,442
Consideration by way of offsetting against amount due from Director of the Company	7,158,030

(b) Fair value of identifiable assets acquired and liabilities assumed

Cape Manufacturing

	1.1.2020 RM
Property, plant and equipment	4,962,292
Inventories	3,608,246
Trade and other receivables	1,597,300
Amount due from Directors	2,741,292
Amount due from related parties	8,078,794
Current tax assets	155,220
Cash and bank balances	184,271
Deferred tax liabilities	(169,000)
Loans and borrowings	(5,277,946)
Bank overdraft	(3,015,233)
Lease liabilities	(2,173,794)
Trade and other payables	(10,603,555)
Amount due to related parties	(123,248)
Total identifiable assets and liabilities	(35,361)

35. **ACQUISITION OF SUBSIDIARIES (CONT'D)**

The following summarises the major classes of consideration transferred and the recognised amounts of assets acquired and liabilities assumed at the acquisition date (cont'd):-

(b) Fair value of identifiable assets acquired and liabilities assumed (cont'd)

Cape Singapore

	1.1.2020 RM
Property, plant and equipment	8,603
Trade and other receivables	2,702,605
Amount due from Directors	3,556,310
Cash and bank balances	317,945
Deferred tax liabilities	(1,384)
Trade and other payables	(245,877)
Amount due to related parties	(5,216,452)
Current tax liabilities	(172,105)
Total identifiable assets and liabilities	949,645

(c) Net cash outflow arising from acquisition of subsidiaries

	1.1.2020 RM
Bank overdraft in subsidiary acquired	(3,015,233)
Cash and bank balances in subsidiaries acquired	502,216
	(2,513,017)

(d) Goodwill arising from business combination

Goodwill was recognised as a result of the acquisition as follows:-

	1.1.2020 RM
Fair value of consideration	7,158,030
Fair value of identifiable assets acquired and liabilities assumed	(914,284)
Goodwill	6,243,746

35. **ACQUISITION OF SUBSIDIARIES (CONT'D)**

The following summarises the major classes of consideration transferred and the recognised amounts of assets acquired and liabilities assumed at the acquisition date (cont'd):-

(e) Additional information

Since the Company adopted the accounting policy for business combinations using the acquisition method, the consolidated financial results were only prepared for the FYE 31 December 2020 and 2021.

Common control of the Group has been established prior to the beginning of the earliest FYE presented (as at 1 January 2019) and that control is not transitory. Therefore, the Group could have opted to adopt the accounting policy of preparing combined financial statements for the relevant financial years presented in a manner similar to the merger method by preparing combined financial statements as if the Group were operating as a single economic enterprise from the beginning of the earliest comparative period.

Had the Group adopted combined financial statements for FYE 31 December 2019, including Cape Manufacturing and Cape Singapore, the combined group revenue and group profit after tax would have been RM66,547,012 and RM3,368,063 respectively.

CAPE EMS BERHAD
(FORMERLY KNOWN AS CAPE EMS MANUFACTURING (M) BERHAD)
(Registration No: 199901026859 (501759-M))
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, the undersigned, being the Directors of the Company, do hereby state that, in our opinion, the accompanying consolidated financial statements set out on the pages 4 to 107 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position as at 30 September 2022, 31 December 2021, 31 December 2020 and 31 December 2019, and of its financial performance and cash flows for the financial period/years ended 30 September 2022, 31 December 2021, 31 December 2020 and 31 December 2019.

....	....
TEE KIM CHIN	TEE KIM YOK

Johor Bahru

14. ADDITIONAL INFORMATION

14.1 EXTRACT OF OUR CONSTITUTION

The following provisions are extracted from our Company's Constitution and are qualified in its entirety by the provisions of our Constitution and by applicable law.

The words and expressions appearing in the following provisions shall bear the same meanings used in our Company's Constitution unless they are otherwise defined or the context otherwise requires.

14.1.1 Remuneration of Directors

The provision in our Constitution dealing with remuneration of Directors are as follows:

Clause 93 - Directors' remuneration

93. The fees and benefits payable to the Directors of the Company including compensation for loss of employment of a Director or a former Director of the Company shall from time to time be approved by Members in general meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree PROVIDED ALWAYS that:

93.1 salaries payable to executive Director(s) may not include a commission on or percentage of turnover; and

93.2 fees payable to non-executive Directors shall be a fixed sum and not by a commission on or percentage of profits or turnover.

Clause 94 - Reimbursement of expenses

94.1. The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending board meetings or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.

94.2. If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special efforts in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing a special remuneration in addition to his Director's fees and such special remuneration may be by way fixed sum or otherwise as may be arranged.

Clause 115 – Alternate Director

115.1. A Director may appoint any person to act as his Alternate Director and at his discretion by way of a notice to the Company, remove such Alternate Director from office. PROVIDED ALWAYS that:

(a) such person is not a director of the Company;

(b) such person does not act as an alternate for more than one (1) Director of the Company;

(c) the appointment is approved by a majority of the other members of the Board; and

(d) any fee paid by the Company to an alternate director shall be deducted from that Director's remuneration.

115.2. An alternate Director shall (except as regards power to appoint an alternate Director and remuneration) be subject in all respects to the terms and conditions existing with reference to the other Directors and shall be entitled to receive notices of all meetings of the Directors and to attend, speak and vote at any such meeting at which his appointer is not present.

115.3. Any appointment or removal of an alternate Director may be made by cable, telegram, facsimile, telex or in any other manner approved by the Directors. Any cable or telegram shall be confirmed as soon as possible by letter but may be acted upon by the Company meanwhile.

115.4. If a Director making any such appointment as aforesaid shall cease to be a Director (otherwise than by reason of vacating his office at a meeting of the Company at which he is re-elected), the person appointed by him as an alternative Director shall thereupon cease to be an alternate Director.

115.5. An alternate Director shall not be taken into account in reckoning the minimum or maximum number of Directors allowed for the time being but he shall be counted for the purpose of reckoning whether a quorum is present at any meeting of the Directors attended by him at which he is entitled to vote.

Clause 117 - Remuneration of Managing Director

117. The remuneration of a managing director or managing directors shall be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but shall not include a commission on or percentage of turnover.

14.1.2 Voting and Borrowing Powers of Directors

The provisions in our Company's Constitution in respect of the voting and borrowing powers of Directors, including voting powers on contracts or arrangements in which they are interested in, are as follows:

Clause 96 - General power of the Company vested in Directors

96. The business of the Company shall be managed by the Directors who may, in addition to the powers and authorities by these presents or otherwise expressly conferred upon them, pay all expenses incurred in promoting and registering the Company, and exercise all such powers of the Company as are not by the Act or by this Constitution required to be exercised by the Company in general meeting subject, nevertheless, to any of this Constitution, to the provisions of the Act, and to such regulations, not being inconsistent with this Constitution or provisions of the Act as may be prescribed by the Company in general meeting but no regulation made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made or passed.

Clause 97 – Limitation on Directors' powers

97. The Directors shall not without the prior approval of the Company in general meeting:

(a) exercise any power of the Company to issue shares unless otherwise permitted under the Act;

(b) carry into effect any proposal or execute any transaction for the acquisition of an undertaking or property of a substantial value, or the disposal of a substantial portion of the Company's undertaking or property; and

(c) subject to the Act, enter into any arrangement or transaction with a Director of the Company or its holding company or with a person connected with such a Director, to acquire from or dispose to such a Director or person, any shares or non-cash assets of the requisite value.

Clause 98 - Directors' borrowing powers

98. The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or subsidiary company subject to the law including but not limited to the provisions of the Act and the Listing Requirements, as they may think fit.

Clause 111 - Chairman to have a casting vote

111.1. Subject to this Constitution any question arising at any meeting of the Directors shall be decided by a majority of votes, each Director having one (1) vote and a determination by a majority of the Directors shall for all purposes be deemed a determination of the Directors.

111.2. In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote EXCEPT where only two (2) of the Directors form a quorum and only such Directors are present at the meeting or where only two (2) of the Directors are competent to vote on the question in issue, whereupon the resolution shall be deemed not to have been passed, without affecting any other businesses at the meeting.

Clause 113 - Disclosure of interest and restriction on discussion and voting

113. Every Director shall declare his interest in the Company and his interest in any contract or proposed contract with the Company as may be required by law. Subject to Section 221 of the Act, a Director shall not participate in any discussion or vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly an interest and if he shall do so his vote shall not be counted. A Director shall, notwithstanding his interest, be counted in the quorum for any meeting where a decision is to be taken upon any contract or proposed contract or arrangement in which he is in any way interested.

Clause 114 - Power to vote

114. Without prejudice to the provisions of any other Constitution, the Act and the Listing Requirements, a Director may vote in respect of:

114.1. any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or

114.2. any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of security.

14.1.3 Changes in capital or variation of class right

The provisions in our Company's Constitution in respect of the changes in capital and variation of class rights, which are no less stringent than those required by law, are as follows:

Clause 8 - Issue of Shares

8. Without prejudice to any special rights previously conferred on the holders of any existing Shares or class of Shares, but subject to the Act, the Listing Requirements, any other statutory requirements, and to conditions, restrictions and limitations expressed in this Constitution, the Directors may allot, issue or grant rights to subscribe for or otherwise dispose of unissued shares in the Company to such persons, at such time and at such time and on such terms and conditions, with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as they deem proper, but the Directors in making any such issue of shares shall comply with the following conditions:

8.1. No Shares shall be issued at a discount except in compliance with the provisions of the Act.

8.2. The rights attaching to shares of a class other than ordinary shares, shall be expressed in this Constitution, the respective term sheets and/or subscription agreement.

8.3. No issue of Shares shall be made without the prior approval of the members of the Company in general meeting.

8.4. No Director shall participate in a scheme that involves a new issuance of Shares or other convertible securities to employees unless the Members in a general meeting have approved the specific allotment to be made to such Director.

<u>Clause 9 - Rights of preference shareholders</u>

9.1. Subject to the Act, the Listing Requirements and term sheet and/or subscription agreement, any other relevant authority for the time being in force, and the conditions, restrictions and limitations expressed in this Constitution, any preference shares may with the sanction of an ordinary resolution be issued on the terms that they are or at the option of the Company are liable to be redeemed and the Company has the power to issue such preference capital ranking equally with, or in priority to preference shares already issued.

9.2. Subject to the Act, the Listing Requirements and term sheet and/or subscription agreement, a holder of preference shares must have a right to vote in each of the following circumstances:

(a) when the dividend or part of the dividend on the share is in arrears for more than six (6) months;

(b) on a proposal to reduce the Company's share capital;

(c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;

(d) on a proposal that affects the rights attached to the preference shares;

(e) on a proposal to wind up the Company;

(f) during the winding up of the Company; and

(g) the Company shall not, without the consent of the existing preference members at a class meeting, issue further preference capital ranking in priority above preference share already issued.

9.3. Subject to this Constitution and/or term sheet and/or subscription agreement, a holder of preference shares shall be entitled to the same rights as a holder of ordinary shares in relation to receiving notices, reports, audited financial statements, and attending general meetings.

9.4. The Company shall not allot any preference shares or convert any issued shares into preference shares unless in accordance with the right of the Members with respect to repayment of capital, participation in surplus assets and profits, cumulative or non-cumulative dividends, voting and priority of payment of capital and dividend in relation to other Shares and other classes of preference shares as set out in this Constitution and/or term sheet and/or subscription agreement.

Clause 11 - Modification of class rights

11. Subject to the provisions of the Act, if at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of three-fourths (3/4) of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of this Constitution relating to general meetings shall mutatis mutandis apply so that the necessary quorum shall be two (2) persons at least holding or representing by proxy one-third (1/3) of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution the provisions of Section 292 of the Act shall apply with such adaptations as are necessary.

Clause 12 - Alteration of rights by issuance of new Shares

12. The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith.

Clause 52 - Power to increase capital

52. Subject to the Act, this Constitution, the Central Depositories Act, the Rules, the Listing Requirements, any other relevant authority for the time being in force, and the conditions, restrictions and limitations expressed in this Constitution, the Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully called up or not, by Ordinary Resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase may direct.

Clause 53 - Offer of new Shares to the Member

53. Subject to any direction to the contrary that may be given by the Company in general meeting, any new Shares or other convertible securities of whatever kind for the time being unissued and not allotted and any new Shares or securities from time to time to be created shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing Shares or securities to which they are entitled. The offer shall be made by notice specifying the number of Shares or securities offered and limiting a time within which the offer, if not accepted shall be deemed to be declined and after the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the Shares or securities offered, the Directors may dispose of those Shares or securities in such manner as they think most beneficial to the Company. The Directors may also dispose of any new Shares or securities which (by reason of the ratio which the new Shares or securities bear to Shares or securities held by persons entitled to an offer of new Shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.

Clause 54 - Ranking of new Shares

54. Except so far as otherwise provided by the conditions of issue in this Constitution, any share capital raised by the creation of new Shares shall be considered as part of the original share capital of the Company and shall be subject to the same provisions with reference to the allotments, the payment of calls and instalments, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

Clause 55 - Power to alter capital

55. The Company may by ordinary resolution and subject to the Act, the Central Depositories Act, the Rules, the Listing Requirements, any other relevant authority for the time being in force, and the conditions, restrictions and limitations expressed in this Constitution:

55.1. consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

55.2. subdivide its share capital or any part thereof into shares of smaller amount, subject nevertheless to the provisions of the Act and so that as between the resulting shares, one (1) or more of such shares may, by the resolution by which such subdivision is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares;

55.3. cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled; or

55.4. convert and/or reconvert and/or re-classify any class of shares into any other class of shares.

Clause 56 - Power to reduce capital

56. The Company may by special resolution, subject to the Act, the Central Depositories Act, the Rules, the Listing Requirements, any other relevant authority for the time being in force, and the conditions, restrictions and limitations expressed in this Constitution, reduce its share capital, any capital redemption reserve fund or any reserve account in any manner authorised by the Act and subject to any consent required by law.

14.1.4 Transfer of securities

The provision in our Constitution dealing in respect of the transfer of securities of our Company are as follows:

Clause 31 – Transfer of Deposited Securities

31.1 Subject to the restriction imposed by this Constitution, the Listing Requirements, the Central Depositories Act and the Rules (with respect to transfer of Deposited Security), the transfer of any listed security or class of listed security of the Company, shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to subsection 148(2) of the Act and any exemption that may be made from compliance with subsection 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities.

31.2 The Depository may, in its absolute discretion, refuse to register any transfer Deposited Security where the reason for transfer does not fall within any approved reasons provided for in the Rules or does not comply with the Rules.

31.3 Subject to provisions of the Act, the Listing Requirements and the Rules, there shall be no restriction on the transfer of fully paid securities except where required by law or transfer is in respect of the partly paid Shares in respect of which a call has been made and is unpaid.

Clause 32 – Transfer of Shares (Non-Deposited Securities)

32.1 Subject to the provisions of the Act and this Constitution, any Member may transfer all or any of his Shares (which as not Deposited Securities) by a duly executed and stamped instrument in writing. The instrument shall be executed by or on behalf of the transferor and the transferor shall remain the holder of the Shares transferred until the transfer is registered and the name of the transferee is entered in the Register of Members in respect thereof.

32.2 The instrument of transfer must be left for registration at the Office of the Company together with such fee not exceeding RM1.00 as the Directors from time to time may require accompanied by the certificate of the Shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, and thereupon the Company shall subject to the powers vested in the Directors by this Constitution register the transferee as a shareholder and retain the instrument of transfer.

32.3 Subject to the Act, the Directors may in their discretion through passing of a resolution to decline or delay registering any transfer of Shares (which is non-Deposited Security) to a person of whom they do not approve, whether or not being fully paid Shares or Shares on which the Company has a lien, within thirty (30) days from the date of receipt the instrument of transfer.

32.4 Neither the Company nor its Directors nor any of its officers shall incur any liability for any transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally inoperative or insufficient to pass the property in the Shares proposed or professed to be transferred and although transferred, the transfer may, as between the transferor and transferee be liable to be set aside and notwithstanding that the Company may have notice of such transfer. And in every such case, the transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such Shares and the previous holder shall so far as the Company is concerned, be deemed to have transferred his whole title hereto.

32.5 Subject to any written law, no Shares shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

32.6 Subject to the provisions of this Constitution, the Directors may recognise a renunciation of any Shares by the allottee thereof in favour of some other persons.

32.7 All instruments of transfer which shall be registered shall be retained by the Company but any instrument of transfer which the Directors may decline or refuse to register shall on demand be returned to the person depositing the same. All powers of attorney granted by members for purpose (inter-alia) of transferring Shares which may be lodged produced or exhibited to the Company or any of its proper officers shall as between the Company and the grantor of such powers be taken and deemed to continue and remain in full force and effect and the same may be acted upon until such time as express notice in writing of the revocation of the same shall have been given and lodged at the registered office of the Company.

14.1.5 Rights, preferences and restrictions attached to each class of shares relating to voting, dividend, liquidation and any special rights

The provisions in our Constitution in respect of the rights, preferences and restrictions attached to each class of shares relating to voting, dividend, liquidation and any special rights are as follows:

<u>Clause 8 - Issue of Shares</u>

8. Without prejudice to any special rights previously conferred on the holders of any existing Shares or class of Shares, but subject to the Act, the Listing Requirements, any other statutory requirements, and to conditions, restrictions and limitations expressed in this Constitution, the Directors may allot, issue or grant rights to subscribe for or otherwise dispose of unissued shares in the Company to such persons, at such time and at such time and on such terms and conditions, with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as they deem proper, but the Directors in making any such issue of shares shall comply with the following conditions:

8.1. No Shares shall be issued at a discount except in compliance with the provisions of the Act.

8.2. The rights attaching to shares of a class other than ordinary shares, shall be expressed in this Constitution, the respective term sheets and/or subscription agreement.

8.3. No issue of Shares shall be made without the prior approval of the members of the Company in general meeting.

8.4. No Director shall participate in a scheme that involves a new issuance of Shares or other convertible securities to employees unless the Members in a general meeting have approved the specific allotment to be made to such Director.

Clause 9 - Rights of preference shareholders

9.1. Subject to the Act, the Listing Requirements and term sheet and/or subscription agreement, any other relevant authority for the time being in force, and the conditions, restrictions and limitations expressed in this Constitution, any preference shares may with the sanction of an ordinary resolution be issued on the terms that they are or at the option of the Company are liable to be redeemed and the Company has the power to issue such preference capital ranking equally with, or in priority to preference shares already issued.

9.2. Subject to the Act, the Listing Requirements and term sheet and/or subscription agreement, a holder of preference shares must have a right to vote in each of the following circumstances:

(a) when the dividend or part of the dividend on the share is in arrears for more than six (6) months;

(b) on a proposal to reduce the Company's share capital;

(c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;

(d) on a proposal that affects the rights attached to the preference shares;

(e) on a proposal to wind up the Company;

(f) during the winding up of the Company; and

(g) the Company shall not, without the consent of the existing preference members at a class meeting, issue further preference capital ranking in priority above preference share already issued.

9.3. Subject to this Constitution and/or term sheet and/or subscription agreement, a holder of preference shares shall be entitled to the same rights as a holder of ordinary shares in relation to receiving notices, reports, audited financial statements, and attending general meetings.

9.4. The Company shall not allot any preference shares or convert any issued shares into preference shares unless in accordance with the right of the Members with respect to repayment of capital, participation in surplus assets and profits, cumulative or non-cumulative dividends, voting and priority of payment of capital and dividend in relation to other Shares and other classes of preference shares as set out in this Constitution and/or term sheet and/or subscription agreement.

Clause 11 - Modification of class rights

11. Subject to the provisions of the Act, if at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of three-fourths (3/4) of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of this Constitution relating to general meetings shall mutatis mutandis apply so that the necessary quorum shall be two (2) persons at least holding or representing by proxy one-third (1/3) of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution the provisions of Section 292 of the Act shall apply with such adaptations as are necessary.

14.2 SHARE CAPITAL

(i) As at the date of this Prospectus, we only have 1 class of shares namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.

(ii) None of our Group's capital is under any option or agreed conditionally or unconditionally to be put under any option as at the date of this Prospectus.

(iii) No person has been or is entitled to be given an option to subscribe for any share, stock, debenture or other security of our Group, except for the Pink Form Allocation.

(iv) As at the date of this Prospectus, there is no scheme involving our Directors and employees in the share capital of our Group, except for the Pink Form Allocation.

(v) As at the date of this Prospectus, save as disclosed in **Sections 4.2.6, 6.1.1 and 6.1.2** of this Prospectus, there is no shares, outstanding warrants, options, convertible securities or uncalled capital of our Group which have been or are proposed to be issued as fully or partly paid-up, in cash or otherwise than in cash, within the 3 years preceding the date of this Prospectus.

(vi) As at the date of this Prospectus, our Group does not have any outstanding convertible debt securities, options, warrants or uncalled capital.

(vii) Save as disclosed in this Prospectus, no securities will be allotted or issued on the basis of this Prospectus later than 6 months after the date of issue of this Prospectus.

(viii) Save as disclosed in this Prospectus and save as provided under our Constitution and the Act, there are no other restrictions upon the holding or voting or transfer of our Shares.

14.3 DEPOSITED SECURITIES AND RIGHTS OF DEPOSITORS

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his Shares with Bursa Depository on or before the date fixed, failing which our Share Registrar will be required to transfer his Shares to the Minister of Finance, Inc. and such Shares may not be traded on Bursa Securities.

Dealing in our Shares deposited with Bursa Depository may only be affected by a Depositor by means of entries in the securities account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares will be deemed to be a shareholder of our Company and will be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

14.4 LIMITATION ON THE RIGHT TO OWN SECURITIES

Subject to **Section 14.3** above, there is no limitation on the right to own our Shares, including any limitation on the right of a non-resident or non-Malaysian shareholder to hold or exercise voting rights on our Shares which is imposed by Malaysian law or by our Constitution.

14.5 EXCHANGE CONTROLS

(i) Malaysia

The principal legislations which govern exchange control in Malaysia are the Financial Services Act 2013 and Islamic Financial Services Act 2013. The governing authority for Foreign Exchange Administration in Malaysia is Bank Negara Malaysia ("**BNM**").

Pursuant to Notice 4 of the current foreign exchange notice ("**FE**") issued by BNM, a resident is allowed to make or receive payment in RM in Malaysia to or from a non-resident for, amongst others, settlement of trade in goods and services.

In relation to payment in foreign currency, Notice 4 of the FE allows a resident to make or receive payment to or from a non-resident for any purposes excluding the transactions listed as follows:

(a) a foreign currency denominated derivative or Islamic derivative offered by a resident unless approved by BNM under Part B of Notice 5 of the FE or otherwise approved in writing by BNM;

(b) a derivative or Islamic derivative which is referenced to RM unless approved by BNM under Part B of Notice 5 of the FE or otherwise approved in writing by BNM; or

(c) an exchange rate derivative offered by a non-resident unless approved by BNM under Notice 1 or otherwise approved in writing by BNM.

As at the LPD, we comply with the exchange control requirement in relation to our settlement of payments with foreign customers and suppliers. In view of the above, foreign exchange control does not have an impact on the ability of cash and cash equivalents for us by our Group and the remittance of dividends, interest or other payments to our shareholders.

(ii) Singapore

Currently, there are no Singapore governmental laws, decrees, regulations and other legislation that may affect the following:

(i) the repatriation or export of capital, including the availability of cash and cash equivalents for use by Cape Singapore; and

(ii) the remittance of dividends, interest or other payments to non-resident holders of Cape Singapore's securities.

As Cape Singapore is tax resident in Singapore, dividends paid by Cape Singapore will be considered as sourced in Singapore. Under current Singapore income tax law, dividends paid by Cape Singapore will not be subject to Singapore withholding tax, regardless of whether the shareholders receiving the dividends are resident or non-resident in Singapore for income tax purposes.

Currently, Singapore operates a "One-Tier" Corporate Income Tax System ("**One-Tier System**"). Under this One-Tier System, the income tax payable in respect of taxable corporate profits is the final tax and Cape Singapore can pay tax exempt (one-tier) dividends which are tax exempt in the hands of the shareholder, regardless of the tax residence status or the legal form of the shareholder.

14.6 MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, we are not engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant, which has a material effect on our financial position, and our Directors confirm that there are no proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect our financial position or business.

14.7 MATERIAL CONTRACTS

Save as disclosed below, we have not entered into any contracts which are material (not being contracts entered into in the ordinary course of business) within the period covered by the Period Under Review as disclosed in this Prospectus up to the date of this Prospectus:

(i) The sale and purchase agreement dated 27 March 2019 between Public Bank Berhad (as vendor) and our Company (as purchaser) to purchase the registered lease for a period commencing from 31 May 1996 and expire on 30 May 2056 of PLO 103 for a cash consideration of RM6,000,000.00, the transfer of which was completed on 3 December 2019;

(ii) The loan agreement dated 22 April 2019 between our engineering consultant, Wu Jung Wai (as lender) and our Company (as borrower) for a total amount of RMB3,000,000.00, which is fully paid by our Company as at the LPD;

(iii) The trust deed dated 1 January 2020 between Tee Kim Chin and Alex Miranda Juntado (collectively, "**Trustees**") and our Company where the Trustees confirmed and agreed that the entire paid-up capital of Cape Singapore are held on trust for our Company, the transfer of which was completed on 8 January 2021;

(iv) The trust deed dated 1 January 2020 between Tee Kim Chin and Alex Miranda Juntado (collectively, "**Trustees**") and our Company where the Trustees confirmed and agreed that the entire paid-up capital of Cape Manufacturing are held on trust for our Company, the transfer of which was completed on 3 May 2021;

(v) The loan agreement dated 1 March 2020 between our engineering consultant, Wu Jung Wai (as lender) and our Company (as borrower) for a total amount of RMB3,000,000.00, which is fully paid by our Company as at the LPD;

(vi) The loan agreement dated 16 March 2020 between Changhuat Plastic (as lender) and our Company (as borrower) for a total amount of RM3,000,000.00, which is fully paid by our Company as at the LPD;

(vii) The loan agreement dated 31 December 2020 between our Company (as lender) and Changhuat Plastic (as borrower) for a total amount of RM25,132,166.48. Changhuat Plastic issued a letter dated 31 December 2021 to request for an extension for this loan agreement for the remaining owing amount of RM7,555,881.98, which is proposed to be fully paid by Changhuat Plastic as at the LPD;

(viii) The sale and purchase agreement dated 12 March 2021 between Flextronics Shah Alam Sdn Bhd (as vendor) and our Company (as purchaser) to purchase PLO 226B & PLO 227B for a cash consideration of RM15,651,160.00, the transfer of which were completed on 1 November 2021;

(ix) The memorandum dated 30 April 2021 in relation to the sale of all the shares in Cape Manufacturing and Cape Singapore by Tee Kim Chin and Alex Miranda Juntado (as sellers) to our Company (as purchaser) at the consideration of RM5,574,588.00 based on the net tangible assets ("**NTA**") of Cape Manufacturing and SGD521,092.00 based on the NTA of Cape Singapore respectively;

(x) The sale and purchase agreement dated 31 May 2021 between Lim Chen Kim and Tee Kim Chin (as vendors) and Cape Manufacturing (as purchaser) to purchase the Temenggong 22 Factory for a cash consideration of RM6,000,000.00, the transfer of which was completed on 10 October 2021;

(xi) The share subscription agreement dated 28 June 2021 entered into between our Company, Tee Kim Chin, Tee Kim Yok (as promoters), Alex Miranda Juntado and Fortress (as investor), and the share subscription agreement (co-investor) dated 28 September 2021 entered into between AOF (as co-investor), our Company, Tee Kim Chin, Tee Kim Yok, and Fortress, pursuant to which our Company issued 57,000,000 ICPS to Fortress and 3,000,000 ICPS to AOF on 31 December 2021 at the subscription price of RM60,000,000.00. Fortress and AOF had on 20 April 2022 converted all of its existing ICPS into new ordinary shares in our Company. Upon completion of the conversion of all ICPS, our Company's resultant issued share capital had changed from RM40,000,000.00 comprising 40,000,000 ordinary shares to RM100,000,000.00 comprising 50,000,000 ordinary shares;

(xii) The sale and purchase agreement dated 1 July 2021 between Tee Kim Chin (as vendor) and our Company (as purchaser) to purchase the Kempas 6 Factory for a cash consideration of RM6,000,000.00, the transfer of which was completed on 28 October 2021;

(xiii) The sale and purchase agreement dated 17 February 2022 entered into between Cape Manufacturing (as purchaser) and Venice Tulip Sdn Bhd (as vendor) to purchase Tebrau 6 Factory for a purchase consideration of RM16,800,000.00; and

(xiv) The Underwriting Agreement dated 18 January 2023 entered into between our Company and the Joint Underwriters for the underwriting of 54,200,000 IPO Shares as set out in **Section 4.8.1** of this Prospectus. Please refer to **Section 4.8.1** of this Prospectus for the salient terms of the Underwriting Agreement.

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14.8 CONSENTS

(i) The written consents of the Principal Adviser, Joint Bookrunners and Joint Underwriters, Company Secretaries, Financial Adviser, Legal Advisers, Share Registrar and Issuing House for the inclusion in this Prospectus of their names in the form and context in which their names appear in this Prospectus have been given before the issue of this Prospectus, and have not subsequently been withdrawn.

(ii) The written consent of the Auditors and Reporting Accountants for the inclusion in this Prospectus of their name, the Accountants' Report and the Reporting Accountants' Report on the Pro Forma Statements of Financial Position in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus, and has not subsequently been withdrawn.

(iii) The written consent of the Independent Business and Market Research Consultant for the inclusion in this Prospectus of its name and Industry Overview in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus, and has not subsequently been withdrawn.

14.9 RESPONSIBILITY STATEMENTS

(i) The Principal Adviser acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts relating to our IPO.

(ii) This Prospectus has been seen and approved by our Directors, Promoters and Selling Shareholders and they collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

14.10 DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at our registered office during office hours for a period of 6 months from the date of this Prospectus:

(i) our Constitution;

(ii) the Industry Overview referred to in **Section 8** of this Prospectus;

(iii) audited financial statements of our Company for FYE 2019, FYE 2020, FYE 2021 and FPE 2022;

(iv) audited financial statements of Cape Manufacturing for FYE 2020 and FYE 2021;

(v) audited financial statements of Cape Singapore for FYE 2021;

(vi) Reporting Accountants' Report on the Pro Forma Statements of Financial Position as included in **Section 12.8** of this Prospectus;

(vii) Accountants' Report as included in **Section 13** of this Prospectus;

(viii) the material contracts referred to in **Section 14.7** of this Prospectus; and

(ix) the letters of consent referred to in **Section 14.8** of this Prospectus.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC COPY OF THIS PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT OUR ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in this Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

15.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 16 February 2023

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 24 February 2023

Applications for the IPO Shares will open and close at the time and dates stated above.

In the event there is any change to the time and dates stated above, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspapers in Malaysia.

Late Applications will not be accepted.

15.2 METHODS OF APPLICATIONS

15.2.1 Institutional Offering

Institutional and selected investors being allocated our IPO Shares under the Institutional Offering will be contacted directly by the Joint Bookrunners and will follow the instructions as communicated by the Joint Bookrunners and should follow the instruction as communicated by the Joint Bookrunners.

Bumiputera investors approved by the MITI who have been allocated the IPO Shares will be contacted directly by the MITI and should follow the instructions as communicated through the MITI.

Selected investors and Bumiputera investors approved by MITI may still apply for our IPO Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

15.2.2 Retail Offering

Application must accord with this Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Type of Application and category of investors			Application Method
(i)	Applications by Eligible Persons		Pink Application Form only
(ii)	Applications by the Malaysian Public:		
	(a)	Individuals	• White Application Form; • Electronic Share Application; or • Internet Share Application
	(b)	Non-Individuals	White Application Form only

15.3 ELIGIBILITY

15.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of this Prospectus on the website of Bursa Securities. The CDS account must be in your own name. **Invalid, nominee or third party CDS accounts** will not be accepted for the Applications.

Only **ONE** Application Form for each category from each Applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

15.3.2 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

(i) You must be one (1) of the following:

- (a) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or
- (b) a corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
- (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

(ii) You must not be a director or employee of our Issuing House or an immediate family member of a director or employee of our Issuing House; and

(iii) You must submit Applications by using only one of the following methods:

- (a) White Application Form;
- (b) Electronic Share Application; or
- (c) Internet Share Application.

15.3.3 Application by eligible Directors, employees and persons who have contributed to the success of our Group

The eligible Directors, employees and persons (including any entities, wherever established) who have contributed to the success of our Group will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as detailed procedures on how to subscribe to the allocated IPO Shares. Applicants must follow the notes and instructions in the said documents and where relevant, in this Prospectus.

Eligible Directors, employees and persons who have contributed to the success of our Group may request for a copy of this printed Prospectus from our Company at no cost and are given an option to have this printed Prospectus delivered to them free of charge, or to obtain this printed Prospectus from our Company, our Issuing House, HLIB, Participating Organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

15.4 PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of this Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.90 for each IPO Share.

Payment must be made out in favour of **"TIIH SHARE ISSUE ACCOUNT NO. 736"** and crossed **"A/C PAYEE ONLY"** and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

(i) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd
(Registration No. 197101000970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

(ii) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at Tricor Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, so as to arrive not later than 5.00 p.m. on 24 February 2023 or by such other time and date specified in any change to the date and time for closing.

We, together with our Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to our Issuing House.

15.5 PROCEDURES FOR APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

15.6 PROCEDURES FOR APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CIMB Bank Berhad, CGS-CIMB Securities Sdn Bhd, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

15.7 AUTHORITY OF OUR BOARD AND OUR ISSUING HOUSE

Our Issuing House, on the authority of our Board reserves the right to:

(i) reject Applications which:

  (a) do not conform to the instructions of this Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or

  (b) are illegible, incomplete or inaccurate; or

  (c) are accompanied by an improperly drawn up, or improper form of, remittance; or

(ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(iii) bank in all Application monies (including those from unsuccessful / partially successful Applicants) which would subsequently be refunded, where applicable (without interest), in accordance with **Section 15.9** below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of our Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

15.8 OVER / UNDER-SUBSCRIPTION

In the event of over-subscription, our Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of Applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of Shares and the balloting results in connection therewith will be furnished by our Issuing House to the Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on our Issuing House's website https://tiih.online within 1 market day after the balloting event.

Pursuant to the Listing Requirements we are required to have a minimum of 25% of our Company's issued share capital to be held by at least 1,000 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and/or eligible Directors, employees and persons who have contributed to the success of our Group, subject to the underwriting arrangements and reallocation as set out in **Section 4.2.3** of this Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Joint Underwriters based on the terms of the Underwriting Agreement.

15.9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

15.9.1 For Applications by way of Application Forms

(i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful Applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful Applications) within 10 Market Days from the date of the final ballot at your own risk.

(ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by our Issuing House as per items (i) and (ii) above (as the case may be).

(iv) Our Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful Applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

15.9.2 For applications by way of Electronic Share Application and Internet Share Application

Our Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from our Issuing House.

(i) You may check your account on the 5th Market Day from the balloting date.

(ii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by our Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institutions or Internet Participating Financial Institutions will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institutions or Internet Participating Financial Institutions will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from our Issuing House.

15.10 SUCCESSFUL APPLICANTS

If you are successful in your Application:

(i) Our IPO Shares allotted to you will be credited into your CDS account.

(ii) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

(iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as securities to be deposited in the CDS subject to the provision of the SICDA and the Rules of Bursa Depository. As such, our IPO Shares offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.

(iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

(v) In the event that the Final Retail Price is lower than the Retail Price, the difference will be refunded to you without any interest thereon. The refund will be credited into your bank account for purposes of cash dividend distribution if you have provided such bank account information to Bursa Depository or despatched, in the form of cheques, by ordinary post to your address maintained with Bursa Directory if you have not provided such bank account information to Bursa Depository, or by crediting into your account with the Electronic Participating Financial Institutions for Applications made via the Electronic Share Application or by crediting into your account 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 Application, at your own risk.

15.11 ENQUIRIES

Enquiries in respect of the Applications may be directed as follows:

Mode of Application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services at telephone no. 03-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of shares derived from successful balloting will be made available to the public at our Issuing House website https://tiih.online, 1 Market Day after the balloting date.

You may also check the status of your Application at the above website, 5 Market Days after the balloting date or by calling your respective ADA during office hours at the telephone number as set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of this Prospectus on the website of Bursa Securities.

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ANNEXURE A. DETAILS IN RELATION TO OUR COMPANY'S HISTORICAL BUSINESS ACTIVITIES, DIRECTORS AND SHAREHOLDERS SINCE ITS INCEPTION UP TO YEAR 2013

The details in relation to our Company's directors since its inception up to year 2013 are as follows:

No.	Directors	Date Appointed	Date Resigned
1.	Lai Wai Fun	21 December 1999	28 February 2005
2.	Chew Tiong Kheng	21 December 1999	14 January 2005
3.	Jupri Bin Suep	21 December 1999	29 November 2010
4.	Heng Guan Hern	25 July 2000	11 June 2001
5.	Felix Ong Kim Huat	25 July 2000	31 January 2008
6.	Seah Cheong Beng	25 July 2000	21 September 2005
7.	Chong Teck Sin	25 July 2000	14 May 2004
8.	Chan Kong Chuen	17 October 2005	29 November 2010
9.	Robert Ernest Zinn	17 October 2005	15 January 2010
10.	Lee Choon Seng	31 January 2008	29 November 2010
11.	Lam Kim Kee	31 January 2008	13 July 2010
12.	Chuang Keng Wee	7 April 2010	29 November 2010
13.	Kwa Wee Keng	13 July 2010	29 November 2010
14.	Lim Lai An	29 November 2010	31 May 2013
15.	Tee Kim Chin	29 November 2010	25 January 2013
16.	Lim Hui Bian	25 January 2013	31 May 2013
17.	Tee Kim Chin	31 May 2013	Not applicable
18.	Alex Miranda Juntado	31 May 2013	Not applicable

The details in relation to our Company's shareholders since its inception up to year 2013 are as follows:

No.	Shareholders	Date Acquired	Date Disposed
1.	Lai Wai Fun	21 December 1999	27 January 2005
2.	Chew Tiong Kheng	21 December 1999	11 November 2003
3.	Jupri Bin Suep	21 December 1999	27 January 2005
4.	Seksun Corporation Limited	26 July 2000	25 February 2005
5.	Lim Teck Cheong	11 November 2003	27 January 2005
6.	Seksun Array Technology Pte Ltd	25 February 2005	9 August 2011

ANNEXURE A. DETAILS IN RELATION TO OUR COMPANY'S HISTORICAL BUSINESS ACTIVITIES, DIRECTORS AND SHAREHOLDERS SINCE ITS INCEPTION UP TO YEAR 2013 *(Cont'd)*

No.	Shareholders	Date Acquired	Date Disposed
7.	Lim Lai An	9 August 2011	19 June 2013
8.	Tee Kim Chin	9 August 2011	22 February 2013
9.	Lim Hui Bian	22 February 2013	19 June 2013
10.	Tee Kim Chin	19 June 2013	Not applicable
11.	Alex Miranda Juntado	19 June 2013	6 July 2021

Our Company's historical business activities in assembling and manufacturing of electronics components and printed circuit boards since its inception up to year 2013 has not substantially changed.

DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE (ACCOMPANYING THE ELECTRONIC PROSPECTUS)

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in the Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

1. OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD: 10:00 A.M., 16 FEBRUARY 2023

CLOSING OF THE APPLICATION PERIOD: 5:00 P.M., 24 FEBRUARY 2023

Applications for the IPO Shares will open and close at the time and dates stated above.

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

Late Applications will not be accepted.

2. METHODS OF APPLICATIONS

2.1 Institutional Offering

Institutional and selected investors being allocated our IPO Shares under the Institutional Offering will be contacted directly by the Joint Bookrunners and will follow the instructions as communicated by the Joint Bookrunners and should follow the instruction as communicated by the Joint Bookrunners.

Bumiputera investors approved by the MITI who have been allocated the IPO Shares will be contacted directly by the MITI and should follow the instructions as communicated through the MITI.

Selected investors and Bumiputera investors approved by MITI may still apply for our IPO Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

2.2 Retail Offering

Application must accord with the Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Type of Application and category of investors	Application Method
(i) Applications by Eligible Persons	Pink Application Form only
(ii) Applications by the Malaysian Public:	
(a) Individuals	• White Application Form; • Electronic Share Application; or • Internet Share Application
(b) Non-Individuals	White Application Form only

3. ELIGIBILITY

3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in the list of ADAs accompanying the electronic copy of the Prospectus on the website of Bursa Securities. The CDS account must be in your own name. **Invalid, nominee or third party CDS accounts will not be accepted for the Applications.**

Only **ONE** Application Form for each category from each Applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

3.2 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

(i) You must be one (1) of the following:

- (a) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or
- (b) a corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
- (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

(ii) You must not be a director or employee of our Issuing House or an immediate family member of a director or employee of our Issuing House; and

(iii) You must submit Applications by using only one of the following methods:

- (a) White Application Form;
- (b) Electronic Share Application; or
- (c) Internet Share Application.

3.3 Application by eligible Directors, employees and persons who have contributed to the success of our Group

The eligible Directors, employees and persons (including any entities, wherever established) who have contributed to the success of our Group will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as detailed procedures on how to subscribe to the allocated IPO Shares. Applicants must follow the notes and instructions in the said documents and where relevant, in the Prospectus.

Eligible Directors, employees and persons who have contributed to the success of our Group may request for a copy of the printed Prospectus from our Company at no cost and are given an option to have the printed Prospectus delivered to them free of charge, or to obtain the printed Prospectus from our Company, our Issuing House, HLIB, Participating Organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

4. PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of the Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The Malaysian Public must follow the following procedures in making their applications through the White Application Form.

(i) Obtain the relevant Application Form together with the Official "A" and "B" envelopes and the Prospectus.

The White Application Forms together with the Prospectus, can be obtained subject to availability from Hong Leong Investment Bank Berhad, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia or Malaysian Investment Banking Association and our Issuing House and our Company.

(ii) In accordance with Section 232(2) of the CMSA, the Application Forms are accompanied by the Prospectus. You are advised to read and understand the Prospectus before making your Application.

(iii) Complete the relevant Application Form legibly and **STRICTLY** in accordance with the notes and instructions printed on it and in the Prospectus, including:

(a) Ensuring that your personal particulars submitted in your Application are identical with the records maintained by Bursa Depository. You are required to inform Bursa Depository promptly of any changes to your personal particulars as the notification letter of successful allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.

(b) Stating your CDS account number in the space provided in the Application Form. Invalid or nominee or third party CDS accounts will **not** be accepted.

(c) Stating the details of your payment in the appropriate boxes provided in the Application Form.

(d) Stating the number of shares applied. Applications must be for at least 100 IPO Shares or multiples of 100 IPO Shares.

(iv) Prepare the appropriate form of payment in RM for the FULL amount payable based on the IPO Price of RM0.90 for each IPO Share.

Payment must be made out in favour of **"TIIH SHARE ISSUE ACCOUNT NO. 736"** and crossed **"A/C PAYEE ONLY"** and endorsed on the reverse side with your name and address.

Only Banker's Draft or Cashier's Order drawn on a bank in Kuala Lumpur, Money or Postal Orders (Sabah and Sarawak only) and Guaranteed Giro Order from Bank Simpanan Nasional Malaysia Berhad will be accepted.

We will not accept Applications with excess or insufficient remittances or inappropriate forms of payment. Remittances must be completed in the appropriate boxes provided in the White Application Forms.

(v) Insert the White Application Form together with payment and a legible photocopy of your identification document (NRIC or official valid temporary identity documents issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) or certificate of incorporation or the certificate of change of name for corporate or institutional applicant (where applicable)) into the Official "A" envelope and seal it. You must write your name and address on the outside of the Official "A" and "B" envelopes.

Affix RM1.50 stamp on the Official "A" envelope and insert the Official "A" envelope into the Official "B" envelope.

The name and address written must be identical to your name and address as in your NRIC or official valid temporary identity documents issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) or certificate of incorporation or the certificate of change of name for corporate or institutional applicant (where applicable).

(vi) Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

(a) despatch by **ORDINARY POST** in the official envelopes provided to the following address:

Tricor Investor & Issuing House Services Sdn Bhd
(Registration No. 197101000970 (11324-H))
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur

(b) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at Tricor Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, so as to arrive not later than **5.00 p.m. on 24 February 2023** or by such other time and date specified in any change to the date or time for closing.

We, together with our Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to our Issuing House.

5. PROCEDURES FOR APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

5.1 Participating Financial Institutions

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

The following processing fee for each Electronic Share Application will be charged by the respective Participating Financial Institutions (unless waived) as follows:

Participating Financial Institutions	Charges
Affin Bank Berhad	Free
Alliance Bank Malaysia Berhad	RM1.00
AmBank (M) Berhad	RM1.00
CIMB Bank Berhad	RM2.50
Malayan Banking Berhad	RM1.00
Public Bank Berhad	RM2.00
RHB Bank Berhad	RM2.50

Please note that these processing fees may be varied or waived from time to time at the discretion of the respective Participating Financial Institutions. Please contact the relevant Participating Financial Institutions for further enquiries.

5.2 Procedures for Electronic Share Application

The exact procedures, terms and conditions for Electronic Share Application at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions.

PLEASE READ THE TERMS OF THE PROSPECTUS, THE TERMS AND CONDITIONS AND PROCEDURES FOR ELECTRONIC SHARE APPLICATIONS SET OUT BELOW AND AT THE RESPECTIVE ATM CAREFULLY PRIOR TO MAKING AN ELECTRONIC SHARE APPLICATION.

If you encounter any problems in your Application, you may refer to the respective Participating Financial Institutions.

You must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for our IPO Shares at an ATM belonging to other Participating Financial Institutions.

You are to submit at least the following information through the ATM, where the instructions on the ATM screen require you to do so:

- Personal Identification Number ("**PIN**");
- TIIH Share Issue Account No. 736;
- Your CDS account number;
- Number of IPO Shares applied for and the RM amount to be debited from the account; and
- Confirmation of several mandatory statements as set out in Section 5.3 below.

Upon the completion of your Electronic Share Application transaction at the ATM, you will receive a computer-generated transaction slip ("**Transaction Record**"), confirming the details of your Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or our Issuing House. The Transaction Record is for your records and should not be submitted with any Application Form.

5.3 Terms and Conditions for Electronic Share Application

You must have a CDS account to be eligible to use the Electronic Share Application. Invalid, nominee or third party CDS accounts will not be accepted.

YOU MUST ENSURE THAT YOU USE YOUR OWN CDS ACCOUNT NUMBER WHEN MAKING AN ELECTRONIC SHARE APPLICATION. IF YOU OPERATE A JOINT ACCOUNT WITH ANY PARTICIPATING FINANCIAL INSTITUTION, YOU MUST ENSURE THAT YOU ENTER YOUR OWN CDS ACCOUNT NUMBER WHEN USING AN ATM CARD ISSUED TO YOU IN YOUR OWN NAME. YOUR APPLICATION WILL BE REJECTED IF YOU FAIL TO COMPLY WITH THE ABOVE.

The Electronic Share Application shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below:

(i) The Electronic Share Application shall be made in relation to and subject to the terms of the Prospectus and our Company's Constitution.

(ii) You are required to confirm the following statements (by pressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given are true and correct:

(a) You are at least 18 years old as at the date of the application for our IPO Shares;

(b) You are a Malaysian citizen residing in Malaysia;

(c) You have read the Prospectus and understood and agreed with the terms and conditions of the Application;

(d) The Electronic Share Application is the only application that you are submitting for our IPO Shares offered to the Malaysian Public; and

(e) You consent to the disclosure by the Participating Financial Institutions and Bursa Depository of information pertaining to yourself and your account with the Participating Financial Institution and Bursa Depository to our Issuing House and other relevant authorities.

Your Application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the steps required by the Participating Financial Institutions. By doing so, it is considered that you have confirmed each of the above statements as well as given consent in accordance with the relevant laws of Malaysia (including but not limited to Sections 133 and 134 of the Financial Services Act, 2013 and Section 45 of SICDA) to the disclosure by the relevant Participating Financial Institutions or Bursa Depository, as the case may be, of any of your particulars to our Issuing House or any relevant authorities.

(iii) You confirm that you are not applying for our IPO Shares offered to the Malaysian Public as a nominee of any other person and that the Electronic Share Application that you make is made by you as the beneficial owner. You shall only make one Electronic Share Application and shall not make any other application for our IPO Shares offered to the Malaysian Public.

(iv) You must have sufficient funds in your account with the relevant Participating Financial Institution at the time the Electronic Share Application is made, failing which the Electronic Share Application will not be completed. Any Electronic Share Application, which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made, will be rejected.

(v) You agree and undertake to subscribe for or purchase and to accept the number of IPO Shares applied for as stated in the Transaction Record or any lesser number of IPO Shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that we decide to allot or allocate a lesser number of such IPO Shares or not to allot or allocate any IPO Shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by your action of pressing the designated keys or buttons on the ATM keyboard) of the number of IPO Shares applied for shall signify, and shall be treated as, your acceptance of the number of IPO Shares that may be allotted or allocated to you and your acceptance to be bound by our Constitution.

(vi) Our Issuing House, on the authority of our Board, reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in whole or in part only without the need to give any reason. Due consideration will be given to the desirability of allotting or allocating our IPO Shares to a reasonable number of Applicants with a view to establishing a liquid and adequate market for our Shares.

(vii) You request and authorise us:

(a) to credit our IPO Shares allotted or allocated to you into your CDS account; and

(b) to issue share certificate(s) representing such IPO Shares or jumbo certificates which represent, amongst others, such IPO Shares, allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.

(viii) You acknowledge that your Electronic Share Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond our control or the control of our Issuing House, Bursa Depository or the Participating Financial Institution, and irrevocably agree that if:

(a) our Company or our Issuing House does not receive your Electronic Share Application; or

(b) the data relating to your Electronic Share Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company or our Issuing House,

you shall be deemed not to have made an Electronic Share Application and shall not make any claim whatsoever against our Company, our Issuing House or the Participating Financial Institution for our IPO Shares applied for or for any compensation, loss or damage.

(ix) All of your particulars in the records of the relevant Participating Financial Institution at the time of making the Electronic Share Application shall be deemed to be true and correct, and our Company, our Issuing House and the relevant Participating Financial Institution shall be entitled to rely on their accuracy.

(x) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. Otherwise, your Electronic Share Application will be rejected. You must inform Bursa Depository promptly of any change in address, failing which the notification letter of successful allotment will be sent to your registered or correspondence address last maintained with Bursa Depository.

(xi) By making and completing an Electronic Share Application, you agree that:

(a) in consideration of us agreeing to allow and accept the application for our IPO Shares through the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, your Electronic Share Application is irrevocable;

(b) we, the Participating Financial Institutions, Bursa Depository and our Issuing House shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our or the control of any of them;

(c) notwithstanding the receipt of any payment by or on behalf of our Company, the acceptance of your offer to subscribe for and purchase our IPO Shares for which the Electronic Share Application has been successfully completed shall be constituted by the issue of notices of allotment in respect of the said IPO Shares;

(d) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounce any instrument of transfer and other documents required for the issue or transfer of our IPO Shares allotted or allocated to you; and

(e) you agree that in relation to any legal action, proceedings or disputes arising out of or in relation to the contract between the parties and / or the Electronic Share Application and / or any terms of the Prospectus, all rights, obligations and liabilities of the parties shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies of Malaysia and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.

(xii) Our Issuing House, acting on the authority of our Board reserves the right to reject Applications which do not conform to these instructions.

6. APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

6.1 Internet Participating Financial Institutions

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

The following processing fee for each Internet Share Application will be charged by the respective Internet Participating Financial Institutions (unless waived) as follows:

YOU ARE ADVISED NOT TO APPLY FOR OUR IPO SHARES THROUGH ANY WEBSITE OTHER THAN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

Internet Participating Financial Institution	Website address	Fees charged
Affin Bank Berhad	https://rib.affinalways.com	Free
Alliance Bank Malaysia Berhad	www.allianceonline.com.my	RM1.00
CGS-CIMB Securities Sdn Bhd	www.eipocimb.com	RM2.00 for payment through CIMB Bank Berhad or Malayan Banking Berhad

Internet Participating Financial Institution	Website address	Fees charged
CIMB Bank Berhad	www.cimbclicks.com.my	RM2.00 for Applicants with CDS accounts held with CGS-CIMB Securities Sdn Bhd and RM2.50 for Applicants with CDS accounts with other ADAs
Malayan Banking Berhad	www.maybank2u.com.my	RM1.00
RHB Bank Berhad	www.rhbgroup.com	RM2.50
Public Bank Berhad	www.pbebank.com	RM2.00

Please note that these fees may be varied or waived from time to time at the discretion of the respective Internet Participating Financial Institutions. Please contact the relevant Internet Participating Financial Institutions for further enquiries.

PLEASE READ THE TERMS OF THE PROSPECTUS, THE TERMS AND CONDITIONS AND PROCEDURES FOR INTERNET SHARE APPLICATIONS SET OUT BELOW AND AT THE INTERNET FINANCIAL SERVICES WEBSITE OF THE RESPECTIVE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS CAREFULLY PRIOR TO MAKING AN INTERNET SHARE APPLICATION.

If you encounter any problems in your Application, you may refer to the respective Internet Participating Financial Institutions.

6.2 Terms and Conditions for Internet Share Application

PLEASE NOTE THAT THE ACTUAL TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

An Internet Share Application shall be made on and subject to the following terms andconditions:

(i) You can make an Internet Share Application if you fulfill all of the following:

(a) You are an individual with a CDS Account and in the case of a joint account, an individual CDS Account registered in your name which is to be used for the purpose of the application if you are making the application instead of a CDS Account registered in the joint account holder's name;

(b) You have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. You must have your user identification ("**User ID**") and PIN/password for the relevant Internet financial services facilities; and

(c) You are a Malaysian citizen and have a mailing address in Malaysia.

You are advised to note that a User ID and PIN/password issued by one of the Internet Participating Financial Institutions cannot be used to apply for our IPO Shares at Internet financial service websites of other Internet Participating Financial Institutions.

(ii) An Internet Share Application shall be made on and subject to the terms of the Prospectus and our Company's Constitution.

(iii) You are required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services website of the Internet Participating Financial Institution) and to undertake thatthe following information given are true and correct:

(a) You are at least 18 years old as at the date of the application for our IPO Shares;

(b) You are a Malaysian citizen residing in Malaysia;

(c) You have, prior to making your Internet Share Application, received and/or have had access to a printed/electronic copy of the Prospectus, the contents of which you have fully read and understood;

(d) You agree to all the terms and conditions of the Internet Share Application as set out in the Prospectus and have carefully considered the risk factors as well as all other information and statements set out in the Prospectus, before making your Internet Share Application;

(e) Your Internet Share Application is the only application that you are submitting for our IPO Shares offered to the Malaysian Public;

(f) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for our IPO Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;

(g) You give express consent in accordance with the relevant laws of Malaysia (including but not limited to Sections 133 and 134 of the Financial Services Act, 2013 and Section 45 of SICDA) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of your information, your Internet Share Application or your account with the Internet Participating Financial Institution, to our Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;

(h) You are not applying for our IPO Shares as a nominee of any other person and your Internet Share Application is made in your own name, as beneficial owner and subject to the risks referred to in the Prospectus;

(i) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company, Bursa Securities or other relevant parties in connection with our IPO, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Application services or if such disclosure is requested or required in connection with our IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.

(iv) Your Application will not be successfully completed and cannot be recorded as a completed application unless you have paid for our IPO Shares through the website of the Authorised Financial Institution and completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen.

For the purposes of the Prospectus, “Confirmation Screen” shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that your Internet Share Application has been completed and states the details of your Internet Share Application, including the number of IPO Shares applied for which you can print out for your records.

Upon the display of the Confirmation Screen, you will be deemed to have confirmed the truth of the statements set out in Section 6.2(iii) above. The Confirmation Screen is only a record of the completed transaction with an Internet Participating Financial Institution and not a record of the receipt of the Internet Share Application or any data relating to such an Internet Share Application by our Company or our Issuing House. The Confirmation Screen is for your record and should not be submitted with any Application Form.

(v) You must have sufficient funds in your account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making your Internet Share Application, to cover and pay for our IPO Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which your Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not conform strictly to the instructions set out in the Prospectus or any instructions displayed on the screens of the Internet financial services website through which the Internet Share Application is made shall be rejected.

(vi) You irrevocably agree and undertake to subscribe for or purchase and to accept the number of IPO Shares applied for as stated on the Confirmation Screen or any lesser number of IPO Shares that may be allotted or allocated to you in respect of your Internet Share Application. In the event that we decide to allot or allocate lesser number of such Shares or not to allot or allocate any IPO Shares to you, you agree to accept any such decision as final.

In the course of completing your Internet Share Application on the website of the Internet Participating Financial Institution, your confirmation of the number of IPO Shares applied for (by way of your action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:

(a) Your acceptance of the number of IPO Shares that may be allotted or allocated to you in the event that your Internet Share Application is successful or successful in part, as the case may be; and

(b) Your agreement to be bound by the Constitution of our Company.

(vii) You are fully aware that multiple or suspected multiple Internet Share Applications for our IPO Shares will be rejected. **A PERSON WHO SUBMITS MULTIPLE INTERNET SHARE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.** Our Company reserves the right to reject any Internet Share Application or accept any Internet Share Application in part only without the need to give any reason. Due consideration will be given to the desirability of allotting or allocating the Shares to a reasonable number of Applicants with a view to establishing a liquid and adequate market for our Shares.

(viii) An Internet Share Application is deemed to be received only upon its completion, which is when the Confirmation Screen is displayed on the Internet financial services website. You are advised to print out and retain a copy of the Confirmation Screen for reference and record purposes. Late Internet Share Applications will not be accepted.

(ix) You acknowledge that your Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, and other events beyond the control of the Internet Participating Financial Institution, the Authorised Financial Institution, our Issuing House and our Company and irrevocably agree that if:

(a) our Company, our Issuing House, the Internet Participating Financial Institution and/or the Authorised Financial Institution do not receive your Internet Share Application and/or payment; and

(b) any data relating to your Internet Share Application or the tape or any other devices containing such data and/or payment is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever,

you will be deemed not to have made an Internet Share Application and you will not make any claim whatsoever against our Company, our Issuing House, the Internet Participating Financial Institution and/or the Authorised Financial Institution in relation to our IPO Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.

(x) All of your particulars in the records of the relevant Internet Participating Financial Institution at the time of your Internet Share Application shall be deemed to be true and correct, and we, our Issuing House, the Internet Participating Financial Institutions and all other persons who, are entitled or allowed under the law to such information or where you expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

You must ensure that your personal particulars as recorded by both Bursa Depository and the Internet Participating Financial Institution are correct and identical. Otherwise, your Internet Share Application will be rejected. The notification letter on successful allotment will be sent to your last address maintained with Bursa Depository. It is your responsibility to notify the Internet Participating Financial Institution and Bursa Depository of any changes in your personal particulars that may occur from time to time.

7. AUTHORITY OF OUR BOARD AND OUR ISSUING HOUSE

Your Application will be selected in a manner to be determined by our Board. Due consideration will be given to the desirability of allotting and allocating our IPO Shares to a reasonable number of Applicants with a view to establishing a liquid and adequate market for our Shares. Our Issuing House, on the authority of our Board, reserves the right to:

(i) reject Applications which:

(a) do not conform to the instructions of the Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or

(b) are illegible, incomplete or inaccurate; or

(c) are accompanied by an improperly drawn up, or improper form of, remittance; or

(ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(iii) bank in all Application monies (including those from unsuccessful / partially successful Applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 9 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of our Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

8. OVER / UNDER-SUBSCRIPTION

In the event of over-subscription, our Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of Applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of Shares and the balloting results in connection therewith will be furnished by our Issuing House to the Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on our Issuing House's website https://tiih.online within 1 Market Day after the balloting event.

Pursuant to the Listing Requirements, we are required to have a minimum of 25% of our Company's issued share capital to be held by at least 1,000 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and/or eligible Directors, employees and persons who have contributed to the success of our Group, subject to the underwriting arrangements and reallocation as set out in **Section 4.2.3** of the Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Joint Underwriters based on the terms of the Underwriting Agreement.

9. UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

9.1 For Applications by way of Application Forms

(i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful Applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful Applications) within 10 Market Days from the date of the final ballot at your own risk.

(ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by our Issuing House as per items (i) and (ii) above (as the case may be).

(iv) Our Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful Applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

9.2 For applications by way of Electronic Share Application and Internet Share Application

(i) Our Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from our Issuing House.

(ii) You may check your account on the 5th Market Day from the balloting date.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by our Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institutions or Internet Participating Financial Institutions will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institutions or Internet Participating Financial Institutions will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from our Issuing House.

10. SUCCESSFUL APPLICANTS

If you are successful in your Application:-

(i) Our IPO Shares allotted to you will be credited into your CDS account.

(ii) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

(iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as securities to be deposited in the CDS subject to the provision of the SICDA and the Rules of Bursa Depository. As such, our IPO Shares offered through the Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.

(iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

(v) In the event that the Final Retail Price is lower than the Retail Price, the difference will be refunded to you without any interest thereon. The refund will be credited into your bank account for purposes of cash dividend distribution if you have provided such bank account information to Bursa Depository or despatched, in the form of cheques, by ordinary post to your address maintained with Bursa Directory if you have not provided such bank account information to Bursa Depository, or by crediting into your account with the Electronic Participating Financial Institutions for Applications made via the Electronic Share Application or by crediting into your account 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 Application, at your own risk.

11. ENQUIRIES

Enquiries in respect of the Applications may be directed as follows:

Mode of Application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services at telephone no.(03)-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of shares derived from successful balloting will be made available to the public at our Issuing House website https://tiih.online, 1 Market Day after the balloting date.

You may also check the status of your Application at the above website, 5 Market Days after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 below.

12. LIST OF ADAS

The list of ADAs and their respective addresses, telephone numbers and broker codes are as follows:

Name	Address and Telephone Number	Broker Code
<u>KUALA LUMPUR</u>		
AFFIN HWANG INVESTMENT BANK BHD	2nd Floor, Bangunan AHP No.2, Jalan Tun Mohd Fuad 3 Taman Tun Dr Ismail 60000 Kuala Lumpur Tel No.: 03-7710 6688	068-009
AFFIN HWANG INVESTMENT BANK BHD	Mezzanine & 3rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-2143 8668	068-018
AFFIN HWANG INVESTMENT BANK BHD	No. 38A & 40A Jalan Midah 1 Taman Midah Cheras 56000 Kuala Lumpur Tel No.: 03-9130 8803	068-021

Name	Address and Telephone Number	Broker Code
PHILIP CAPITAL SDN BHD *(Formerly known as Alliance Investment Bank Berhad)*	B-3-6, Block B, Level 3 Megan Avenue II No. 12, Jalan Yap Kwan Seng 50450 Kuala Lumpur Tel No.: 03-2783 0361	076-001
AMINVESTMENT BANK BERHAD	8-9, 11-18, 21-25th Floor Bagunan AmBank Group 55, Jalan Raja CHulan 50200 Kuala Lumpur Tel No.: 03-2031 0102	086-001
BIMB SECURITIES SDN. BHD.	32nd Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-2613 1600	024-001
CGS-CIMB SECURITIES SDN BHD	3rd Floor, Lot 1511 & 1512 Jalan Mutiara Timur Satu Taman Mutiara Cheras 56100 Kuala Lumpur Tel No.: 03-9132 7424/7428/7429	065-001
FA SECURITIES SDN. BHD.	A-10-17 & A-10-1 Level 10, Menara UOA Bangsar No. 5, Jalan Bangsar Utama 1 59000 Kuala Lumpur Tel No.: 2288 1676	021-001
HONG LEONG INVESTMENT BANK BERHAD	Level 7, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No.: 03-2168 1168	066-001
HONG LEONG INVESTMENT BANK BERHAD	Mezzanine Floor Level 3A, Block B, HP Towers No.12 Jalan Gelenggang 60000 Kuala Lumpur Tel No.: 03-2080 8777	066-002
HONG LEONG INVESTMENT BANK BERHAD	Level 27 & 28, Menara Hong Leong No. 6, Jalan Damanlela Bukit Damansara 50490 Kuala Lumpur Tel No.: 03-2083 1800	066-008
INTER-PACIFIC SECURITIES SDN. BHD.	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No.: 03-2117 1888	054-001
INTER-PACIFIC SECURITIES SDN. BHD.	Ground Floor, 7-0-8, Jalan 3/109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur Tel No.: 03-7984 7796	054-003

Name	Address and Telephone Number	Broker Code
KAF EQUITIES SDN BHD	11th - 14th Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-2171 0228	053-001
KENANGA INVESTMENT BANK BHD	Level 17 Kenanga Tower 237 Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-2172 2888	073-001
KENANGA INVESTMENT BANK BERHAD	Ground Floor West Wing ECM Libra Building 8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No.: 03-2089 2888	073-001
M & A SECURITIES SDN. BHD.	Level 1-3, No. 45 & 47 The Boulevard, Bandar Mid Valley Lingkaran Syed Putra 59200 Kuala Lumpur Tel No.: 03-2282 1820	057-002
MALACCA SECURITIES SDN. BHD.	No. 76-1, Jalan Wangsa Maju Delima 6 Pusat Bandar Wangsa Maju (KLSC) 53300 Setapak, Kuala Lumpur Tel No.: 4144 2565	012-001
MALACCA SECURITIES SDN. BHD.	B-M-10, Block B Plaza Arkadia Jalan Intisari Perdana Desa Park City 52200 Kuala Lumpur Tel No.: 2733 9782	012-001
MALACCA SECURITIES SDN. BHD.	B01-A-13A Level 13A, Menara 2 No.3 Jalan Bangsar KL ECO City 59200 Kuala Lumpur Tel No.: 2201 2100	012-001
MAYBANK INVESTMENT BANK BERHAD	Level 5, Tower C Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No.: 03-2297 888	098-001
MAYBANK INVESTMENT BANK BERHAD	27, 31-33 Floor Menara Maybank 100 Jalan Tun Perak 50050 Kuala Lumpur Tel No.: 03-2059 1888	098-007
MERCURY SECURITIES SDN. BHD.	L-7-2, No.2 Jalan Solaris Solaris Mont Kiara 50480 Kuala Lumpur Tel No.: 03-6203 7227	093-002

Name	Address and Telephone Number	Broker Code
MIDF AMANAH INVESTMENT BANK BHD	9-12th Floor, Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2173 8888	026-001
PM SECURITIES SDN BHD	11th Floor, Menara Public Bank 2 No, 78, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03 – 3368 3000	064-001
PUBLIC INVESTMENT BANK BHD	27th Floor, Bangunan Public Bank No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No.: 03-2268 3000	051-001
RHB INVESTMENT BANK BHD	Level 1, Tower 3 RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-9280 2233	087-001
RHB INVESTMENT BANK BHD	Level 5, Tower One RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-9280 2453	087-001
RHB INVESTMENT BANK BHD	No. 62, 62-1 & 64, 64-1 Vista Magna Jalan Prima, Metro Prima 52100 Kepong Kuala Lumpur Tel No.: 03-6257 5869	087-028
RHB INVESTMENT BANK BHD	No. 5 & 7 Jalan Pandan Indah 4/33 Pandan Indah 55100 Kuala Lumpur Tel No.: 03-4280 4798	087-054
RHB INVESTMENT BANK BHD	Ground Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No.: 03-9058 7222	087-058
TA SECURITIES HOLDINGS BERHAD	34th Floor, Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No.: 03-2072 1277	058-003
UOB KAY HIAN SECURITIES (M) SDN. BHD.	N3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No.: 03-6205 6000	078-004

Name	Address and Telephone Number	Broker Code
UOB KAY HIAN SECURITIES (M) SDN. BHD.	Ground & 19th Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No.: 03-2147 1888	078-010
SELANGOR DARUL EHSAN		
AFFIN HWANG INVESTMENT BANK BHD	Suite B3A1, East Wing 3A, Wisma Consplant 2 No. 7, Jalan SS16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5635 6688	068-010
AFFIN HWANG INVESTMENT BANK BHD	4th floors, Wisma Meru No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9999	068-019
AFFIN HWANG INVESTMENT BANK BHD	No. 79-1 Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel No.: 03- 3322 1999	068-023
AMINVESTMENT BANK BERHAD	4th Floor, Plaza Damansara Utama No 2, Jalan SS 21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7710 6613	086-001
CGS-CIMB SECURITIES SDN BHD	Level 1 & 2 3 Damansara Office Tower No.3 Jalan SS 20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7717 3388	065-001
CGS-CIMB SECURITIES SDN BHD	No. A-07-01 & A-07-02 Empire Office Tower Empire Subang Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5631 7934	065-001
CGS-CIMB SECURITIES SDN BHD	2nd Floor (No. 26-2) Lorong Batu Nilam 4B Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel No.: 03-3325 7105	065-001

Name	Address and Telephone Number	Broker Code
CGS-CIMB SECURITIES SDN BHD	1st Floor (No. 11A) Jalan Kenari 1 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No.: 03-5891 6852	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor, No.26A(F), 26A(M) & 26A(B), Jalan SJ6, Taman Selayang Jaya 68100 Batu Caves Selangor Darul Ehsan Tel No.: 03-5891 6852	065-001
JF APEX SECURITIES BHD	6th Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 1118	079-001
JF APEX SECURITIES BHD	16th Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7620 1118	079-002
KENANGA INVESTMENT BANK BHD	No. 55C, 2nd Floor Jalan USJ 10/1F 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8024 1773	073-001
KENANGA INVESTMENT BANK BHD	Level 1, East Wing Wisma Consplant 2 No.7 Jalan SS16/1 47610 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5621 2118	073-001
KENANGA INVESTMENT BANK BHD	Lot 240, 2nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7725 9095	073-001
KENANGA INVESTMENT BANK BHD	No. 35, (Ground, 1st & 2nd Floor) Jalan Tiara 3 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.: 03-3348 8080	073-001
MALACCA SECURITIES SDN. BHD.	No. 16, Jalan SS15/4B 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5636 1533	012-001

Name	Address and Telephone Number	Broker Code
MALACCA SECURITIES SDN. BHD.	No. 54M, Mezzanine Floor Jalan SS2/67 47300 Petaling Jaya Selangor Darul Ehsan Tel No.: 03 – 7876 1533	012-001
MAYBANK INVESTMENT BANK BERHAD	Wisma Bently Music Level 1, No. 3, Jalan PJU 7/2 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7718 8888	098-004
MAYBANK INVESTMENT BANK BERHAD	Suite 8.02, Level 8, Menara Trend Intan Millennium Square No. 68 Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel No.: 03-3050 8888	098-003
PM SECURITIES SDN. BHD.	1st Floor, 157-A Jalan Kenari 23A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No.: 03-8070 0773	064-003
PM SECURITIES SDN. BHD.	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.: 03-3341 5300	064-007
RHB INVESTMENT BANK BHD	24, 24M, 24A, 26M, 28M, 28A & 30A Jalan SS2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7873 6366	087-011
RHB INVESTMENT BANK BHD	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 3378	087-045
RHB INVESTMENT BANK BHD	1st Floor, 10 & 11 Jalan Maxwell 48000 Rawang Selangor Darul Ehsan Tel No.: 03-6092 8916	087-047
RHB INVESTMENT BANK BHD	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1 ½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9180	087-048

Name	Address and Telephone Number	Broker Code
RHB INVESTMENT BANK BHD	Unit 1B, 2B & 3B USJ 10/1J 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8022 1888	087-059
SJ SECURITIES SDN. BHD.	26, Jalan Pendaftar U1/54 Temasya Glenmarie 40150 Shah Alam Selangor Darul Ehsan Tel No.: 03-5567 3000	096-001
SJ SECURITIES SDN. BHD.	No. A-3-11, Block Alamanda, 3rd Floor, 10 Boulevard, Lebuhraya Sprint PJU 6A 47400 Damansara Selangor Darul Ehsan Tel No.: 03-7732 3862	096-005
TA SECURITIES HOLDINGS BERHAD	No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T, Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8025 1880	058-005
TA SECURITIES HOLDINGS BERHAD	2nd Floor, Wisma TA No. 1A, Jalan SS 20/1 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7795 5713	058-007
PERAK DARUL RIDZUAN		
AFFIN HWANG INVESTMENT BANK BHD	Tingkat Bawah, 1, 2 & 3 21, Jalan Stesen 30400 Taiping Perak Darul Ridzuan Tel No.: 05-8066 688	068-003
CGS-CIMB SECURITIES SDN BHD	Ground, 1st, 2nd & 3rd Floor No. 8, 8A-C Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2088 688	065-001
HONG LEONG INVESTMENT BANK BERHAD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2530 888	066-003
KENANGA INVESTMENT BANK BHD	Ground, 1st, 2nd & 4th Floor No. 63, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2422 828	073-022

Name	Address and Telephone Number	Broker Code
M & A SECURITIES SDN. BHD.	5th, 6th & Unit 8A M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No.: 05-2419 800	057-001
MALACCA SECURITIES SDN. BHD.	1st Floor No.3, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05- 2541 533	012-013
MAYBANK INVESTMENT BANK BERHAD	B-G-04 (Ground Floor), Level 1 & 2 No. 42, Persiaran Greentown 1 Pusat Dagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2453 400	098-002
RHB INVESTMENT BANK BHD	Ground & 1st Floor No. 17, Jalan Intan 2, Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-6236 498	087-014
RHB INVESTMENT BANK BHD	Gound & 1st Floor No. 23 & 25, Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No.: 05-6921 228	087-016
RHB INVESTMENT BANK BHD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2415 100	087-023
RHB INVESTMENT BANK BHD	Ground Floor, No. 40, 42 & 44, Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No.: 05-8088 229	087-034
RHB INVESTMENT BANK BHD	Ground Floor No.72, Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No.: 05-4651 261	087-044
RHB INVESTMENT BANK BHD	No. 1 & 3, First Floor Jalan Wawasan Satu Taman Wawasan Jaya 34200 Parit Buntar Perak Darul Ridzuan Tel No.: 05-7170 888	087-052

Name	Address and Telephone Number	Broker Code
TA SECURITIES HOLDINGS BERHAD	Ground, 1st & 2nd Floor Plaza Teh Teng Seng, No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No.: 05-2531 313	058-001
UOB KAY HIAN SECURITIES (M) SDN. BHD.	153A Jalan Raja Musa Aziz 30300 Ipoh Perak Darul Ridzuan Tel No.: 05-2411 290	078-002
PENANG		
AFFIN HWANG INVESTMENT BANK BHD	Level 2, 3, 4, 5, 7 & 8 Wisma Sri Pinang 60, Green Hall 10200 Penang Tel No.: 04-2636 996	068-001
AFFIN HWANG INVESTMENT BANK BHD	No. 2 & 4 Jalan Perda Barat, Bandar Perda 14000 Penang Tel No.: 04-5372 882	068-006
PHILIP CAPITAL SDN BHD *(Formerly known as Alliance Investment Bank Berhad)*	29A, Ground Floor Beach Street 10300 Penang Tel No.: 04-2616 363	076-015
AMINVESTMENT BANK BERHAD	Level 3, Menara Liang Court No. 37, Jalan Sultan Ahmad Shah 10050 Penang Tel No.: 04-2261 818	086-001
CGS-CIMB SECURITIES SDN BHD	Level 2, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Penang Tel No.: 04-2385 900	065-001
CGS-CIMB SECURITIES SDN BHD	No. 20-1 & 20-2 Persiaran Bayan Indah Bayan Bay, Sungai Nibong 11900 Bayan Lepas Penang Tel No.: 04-6412 881	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor, Unit 1308 &1309 Jalan Besar, Sungai Bakap 14200 Sungai Jawi Penang Tel No.: 04-6412 881	065-001
INTER-PACIFIC SECURITIES SDN. BHD.	Canton Square Level 2 & 3 No. 56 Cantonment Road 10250 Penang Tel No.: 04-2268 288	054-002

Name	Address and Telephone Number	Broker Code
JF APEX SECURITIES BERHAD	368-2-5 Jalan Burmah Belissa Row 10350 Pulau Tikus Penang Tel No.: 04-2289 118	079-005
KENANGA INVESTMENT BANK BHD	7th, 8th & 16th Floor Menara Boustead 39, Jalan Sultan Ahmad Shah 10050 Penang Tel No.: 04-2283 355	073-023
MALACCA SECURITIES SDN. BHD.	28, Lorong Tangling Indah 3 Taman Tangling Indah 14100 Simpang Ampat Penang Tel No.: 04-5060 967	012-001
MALACCA SECURITIES SDN. BHD.	No.17, 1st Floor Persiaran Bayan Indah Taman Bayan Indah 11900 Bayan Lepas Penang Tel No.: 04-6421 533	012-001
MAYBANK INVESTMENT BANK BERHAD	Ground Floor Bangunan KWSP No.38 Lot PT 8, Seksyen 14 Jalan Sultan Ahmad Shah 10050 Georgetown Penang Tel No.: 04 2196 888	098-006
MERCURY SECURITIES SDN. BHD.	Ground, 1st, 2nd & 3rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth, Seberang Perai Penang Tel No.: 04-3322 123	093-001
MERCURY SECURITIES SDN. BHD.	2nd Floor Standard Chartered Bank Chambers 2 Lebuh Pantai 10300 Penang Tel No.: 04-2639 118	093-004
MERCURY SECURITIES SDN. BHD.	D'Piazza Mall 70-1-22, Jalan Mahsuri 11900 Bandar Bayan Baru Penang Tel No.: 04-6400 822	093-006
PM SECURITIES SDN. BHD.	56B. 1st Floor Jalan Perak, Perak Plaza 10150 Penang Tel No.: 04-2273 000	064-004

Name	Address and Telephone Number	Broker Code
RHB INVESTMENT BANK BHD	Ground, 1st & 2nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Seberang Prai Penang Tel No.: 04-3900 022	087-005
RHB INVESTMENT BANK BHD	Ground Floor– Tingkat 3 & Tingkat 5 – Tingkat 8 64 & 64-D Lebuh Bishop 10200 Penang Tel No.: 04-2634 222	087-033
RHB INVESTMENT BANK BHD	Ground & 1st Floor No. 15-G-5, 15-G-6, 15-1-5, 15-1-6 Medan Kampung Relau (Bayan Point) 11950 Penang Tel No.: 04-6404 888	087-042
TA SECURITIES HOLDINGS BERHAD	3rd Floor, Bangunan Heng Guan 171, Jalan Burmah 10050 Penang Tel No. : 04-2272 339	058-010
UOB KAY HIAN SECURITIES (M) SDN. BHD.	1st and 2nd Floor Bangunan Heng Guan No. 171 Jalan Burmah 10050 Penang Tel No.: 04-2299 318	078-002
UOB KAY HIAN SECURITIES (M) SDN. BHD.	Ground & 1st Floor No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Penang Tel No.: 04-5541 388	078-003
UOB KAY HIAN SECURITIES (M) SDN. BHD.	21 Jalan Bayu Mutiara 2 Taman Bayu Mutiara 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-5047 313/316	078-003
KEDAH DARUL AMAN		
AFFIN HWANG INVESTMENT BANK BHD	No. 70A, B & C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-4256 666	068-011
PHILIP CAPITAL SDN BHD *(Formerly known as Alliance Investment Bank Berhad)*	Lot T-30, 2nd Floor Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No.: 04-7317 088	076-004

Name	Address and Telephone Number	Broker Code
CGS-CIMB SECURITIES SDN BHD	2nd Floor, No.102 Kompleks Persiaran Sultan Abdul Hamid Jalan Pegawai 05050 Alor Setar Kedah Darul Aman Tel No.: 04-7774 400	065-001
MALACCA SECURITIES SDN. BHD.	No. 9 Tingkat Satu Kompleks Perniagaan LITC Jalan Putra Mergong 05150 Alor Setar Kedah Darul Aman Tel No.: 04- 7300 299	012-001
RHB INVESTMENT BANK BHD	Ground & 1st Floor 214-A & 214-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04-7209 888	087-021
UOB KAY HIAN SECURITIES (M) SDN BHD	Lot 4, 4, & 5A, 1st Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04-7322 111	078-007
NEGERI SEMBILAN DARUL KHUSUS		
AFFIN HWANG INVESTMENT BANK BHD	No.29G, Jalan S2 B16 Pusat Dagangan Seremban 2 70300 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-6037 408	068-007
AFFIN HWANG INVESTMENT BANK BHD	No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No.: 06-4553 188	068-013
CGS-CIMB SECURITIES SDN BHD	1st Floor, No.21 Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No.: 06-4553 155	065-001
CGS-CIMB SECURITIES SDN BHD	2nd Floor, Lot 3110 Jalan Besar, Lukut 71010 Port Dickson Negeri Sembilan Darul Khusus Tel No.: 06-6515 385	065-001

Name	Address and Telephone Number	Broker Code
CGS-CIMB SECURITIES SDN BHD	Level 2, Wisma Dewan Perniagaan Melayu Negeri Sembilan Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7614 651	065-001
KENANGA INVESTMENT BANK BHD	1C & 1D, 1st Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7655 998	073-001
MAYBANK INVESTMENT BANK BERHAD	Ground Floor, Wisma HM No. 43 Jalan Dr. Krishnan 70000, Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7669 555	098-005
PM SECURITIES SDN. BHD.	Ground, 1st, 2nd & 3rd Floor 19, 20 & 21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7623 131	064-002
PM SECURITIES SDN. BHD.	Ground & 1st Floor No.3, Jalan Dato Abdullah 71200 Kuala Klawang Negeri Sembilan Darul Khusus Tel No.: 06-6137 767	064-002
RHB INVESTMENT BANK BHD	Ground, 1st & 2nd Floor No. 32 & 33 Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7641 641	087-024
MELAKA		
CGS-CIMB SECURITIES SDN BHD	Ground, 1st & 2nd Floor No 191 Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No.: 06-2898 897	065-001
KENANGA INVESTMENT BANK BHD	71 & 73 (Ground, A&B) Jalan Merdeka, Taman Melaka Raya 75000 Melaka Tel No.: 06-2881 720	073-001
KENANGA INVESTMENT BANK BHD	22A & 22A-1 and 26 & 26-1 Jalan MP 10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel No.: 06-3372 550	073-001

Name	Address and Telephone Number	Broker Code
MALACCA SECURITIES SDN. BHD.	No. 1, 3 & 5, Jalan PPM 9 Plaza Pandan Malim (Business Park) Balai Panjang P.O Box 248 75250 Melaka Tel No.: 06-3371 533	012-001
MERCURY SECURITIES SDN. BHD.	81, 81A & 81B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2921 898	093-003
PM SECURITIES SDN. BHD.	No. 6-1, Jalan Lagenda 2 Taman 1 Legenda 75400 Melaka Tel No.: 06-2866 008	064-006
RHB INVESTMENT BANK BHD	579, 580 & 581 Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2825 211	087-026
TA SECURITIES HOLDINGS BERHAD	No. 59, 59A & 59B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2862 618	058-003
UOB KAY HIAN SECURITIES (M) SDN. BHD.	7-2 Jalan PPM8 Malim Business Park 75250 Melaka Tel No.: 06-3352 511	078-014
<u>JOHOR DARUL TAKZIM</u>		
AFFIN HWANG INVESTMENT BANK BERHAD	Level 7, Johor Bahru City Square (Office Tower) 106-108 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-2222 692	068-004
PHILIP CAPITAL SDN BHD *(Formerly known as Alliance Investment Bank Berhad)*	No. 73, Ground & 1st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No.: 07-7717 922	076-006
AMINVESTMENT BANK BERHAD	2nd, 3rd, 4th Floor Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4342 282	086-001

Name	Address and Telephone Number	Broker Code
AMINVESTMENT BANK BERHAD	2nd & 3rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4342 282	086-001
CGS-CIMB SECURITIES SDN BHD	No. 73 Ground Floor, No. 73A & 79A First Floor Jalan Kuning Dua 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3405 888	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor, 101 Jalan Gambir 8 Bandar Baru Bukit Gambir 84800 Muar Johor Darul Takzim Tel No.: 07-9764 559	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor, No.384A Jalan Simbang, Taman Perling 81200 Johor Bahru Johor Darul Takzim Tel No.: 07-2329 673	065-001
CGS-CIMB SECURITIES SDN BHD	2nd Floor, 113 & 114 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No.: 07-9311 509	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor, No. 8A Jalan Dedap 20 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3537 669	065-001
INTER-PACIFIC SECURITIES SDN. BHD.	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-2231 211	054-004
KENANGA INVESTMENT BANK BHD	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3333 600	073-004
KENANGA INVESTMENT BANK BHD	No. 33 & 35 A & B, Ground Floor Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No.: 07-7771 161	073-001

Name	Address and Telephone Number	Broker Code
KENANGA INVESTMENT BANK BHD	Ground Floor No. 4 Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No.: 06-9782 292	073-001
KENANGA INVESTMENT BANK BHD	No. 24, 24A & 24B Jalan Penjaja 3 Kim Park Centre 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4326 963	073-001
KENANGA INVESTMENT BANK BHD	No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-9531 222	073-001
M & A SECURITIES SDN. BHD.	Suite 5.3A, Level 5 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3381 233	057-003
MALACCA SECURITIES SDN. BHD.	No. 74, Jalan Serampang Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No: 07-3351 533	012-001
MALACCA SECURITIES SDN. BHD.	Lot 880, Batu 3 ½ Jalan Salleh 84000 Muar Johor Darul Takzim Tel No: 06-9536 948	012-001
MALACCA SECURITIES SDN. BHD.	Lot 880, 3 ½ Mile Jalan Salleh 84000 Muar Johor Darul Takzim Tel No: 06-9536 948	012-001
MERCURY SECURITIES SDN. BHD.	Suite 17.1, Level 17 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3316 992	093-005
PM SECURITIES SDN. BHD.	Ground & 1st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park, Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4333 608	064-001

Name	Address and Telephone Number	Broker Code
RHB INVESTMENT BANK BHD	6th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri tebrau 80050 Johor Bahru Johor Darul Takzim Tel No.: 07-2788 821	087-006
RHB INVESTMENT BANK BHD	53, 53-A & 53-B Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4380 288	087-009
RHB INVESTMENT BANK BHD	No. 33-1, 1st and 2nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-9538 262	087-025
RHB INVESTMENT BANK BHD	Ground & 1st Floor No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No.: 07-5577 628	087-029
RHB INVESTMENT BANK BHD	Ground, 1st & 2nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No.: 07-9321 543	087-030
RHB INVESTMENT BANK BHD	Grounf & 1st Floor No. 40 Jalan Haji Manan 86000 Kluang Johor Darul Takzim Tel No.: 07-7769 655	087-031
RHB INVESTMENT BANK BHD	Ground, 1st & 2nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No.: 07-6626 288	087-035
RHB INVESTMENT BANK BHD	Ground, 1st & 2nd Floor No. 21 & 23 Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3522 293	087-043
TA SECURITIES HOLDINGS BERHAD	7A, Jalan Genuang Perdana Taman Genuang Perdana 85000 Segamat Johor Darul Takzim Tel No.: 07-9435 278	058-009

Name	Address and Telephone Number	Broker Code
TA SECURITIES HOLDINGS BERHAD	15, Jalan Molek 1/5A Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel no.: 07-3647 388	058-011
TA SECURITIES HOLDINGS BHERHAD	No. 29-03, Jalan Sri Pelangi Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel no.: 07-3364 672	058-013
UOB KAY HIAN SECURITIES (M) SDN. BHD.	Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-2197 575	078-001
UOB KAY HIAN SECURITIES (M) SDN. BHD.	No. 42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No.: 07-6637 398	078-001
UOB KAY HIAN SECURITIES (M) SDN. BHD.	No. 70, 70-01, 70-02 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3513 218	078-001
UOB KAY HIAN SECURITIES (M) SDN. BHD.	No. 171 (Ground Floor) Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Tel No.: 07-5121 633	078-008
KELANTAN DARUL NAIM		
CGS-CIMB SECURITIES SDN BHD	Level 4, Wisma TCH (formerly known as Wisma Square Point) Jalan Pengkalan Chepa 15400 Kota Baru Kelantan Darul Naim Tel No.: 09-7419 050	065-001
RHB INVESTMENT BANK BHD	Gound & 1st Floor No. 3953-H Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No.: 09-7430 077	087-020
TA SECURITIES HOLDINGS BERHAD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No.: 09-7433 388	058-004

Name	Address and Telephone Number	Broker Code
UOB KAY HIAN SECURITIES (M) SDN. BHD.	Ground Floor & 1st Floor Lot 712, Sek 9, PT 62 Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No.: 09-7473 906	078-004
PAHANG DARUL MAKMUR		
PHILIP CAPITAL SDN BHD *(Formerly known as Alliance Investment Bank Berhad)*	Ground, Mezzanine & 1st Floor B-400 Jalan Berserah 25300 Kuantan Pahang Darul Makmur Tel No.: 09-5660 800	076-002
CGS-CIMB SECURITIES SDN BHD	Ground 1st & 2nd Floor No. A-27, Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No.: 09-5057 800	065-001
KENANGA INVESTMENT BANK BHD	A15, A17 & A19, Ground Floor Jalan Tun Ismail 2 Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel No.: 09-5171 698	073-001
MALACCA SECURITIES SDN. BHD.	P11-3 Jalan Chui Yin 28700 Bentong Pahang Darul Makmur Tel No: 09-2220 993	012-001
RHB INVESTMENT BANK BHD	No.12, Ground Floor, 1st and 2nd Floor Jalan Putra Square 1 Putra Square 25300 Pahang Darul Makmur Tel No.: 09-5173 811	087-007
TERENGGANU DARUL IMAN		
PHILIP CAPITAL SDN BHD *(Formerly known as Alliance Investment Bank Berhad)*	No. 46, 1st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6317 922	076-009
RHB INVESTMENT BANK BHD	1st Floor No. 59, Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6261 816	087-055
UOB KAY HIAN SECURITIES (M) SDN. BHD.	No.37-B, 1st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6224 766	078-016

Name	Address and Telephone Number	Broker Code
SABAH		
AFFIN HWANG INVESTMENT BANK BHD	Suite 1-9-E1, 9th Floor CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No.: 088-311 688	068-008
CGS-CIMB SECURITIES SDN BHD	1st – 3rd Floor, Central Building No. 28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No.: 088-328 878	065-001
CGS-CIMB SECURITIES SDN BHD	1st Floor, Lot 12 Block A3, Phase 2 Utama Place Mile 6, Northern Road 90000 Sandakan Sabah Tel No.: 089-215 578	065-001
KENANGA INVESTMENT BANK BHD	Level 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No.: 088-236 188	073-032
RHB INVESTMENT BANK BHD	2nd Floor No. 81 & 83 Jalan Gaya 88000 Kota Kinabalu Sabah Tel No.: 088-269 788	087-010
UOB KAY HIAN SECURITIES (M) SDN. BHD.	Lot 177 & 178 Ground Floor, Block 17 Phase 2, Prima Square Mile 4, North Road 90000 Sandakan Sabah Tel No.: 089-218 681	078-012
SARAWAK		
AFFIN HWANG INVESTMENT BANK BHD	Ground Floor & 1st Floor No.1 Jalan Pending 93450 Kuching Sarawak Tel No.: 082-341 999	068-005
AMINVESTMENT BANK BERHAD	No. 162, 164, 166 & 168 1st Floor Jalan Abell 93100 Kuching Sarawak Tel No.: 082-244 791	086-001

Name	Address and Telephone Number	Broker Code
CGS-CIMB SECURITIES SDN BHD	No. 6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibu Sarawak Tel No.: 084-367 700	065-001
CGS-CIMB SECURITIES SDN BHD	Level 1 (North), Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No.: 082-358 688	065-001
KENANGA INVESTMENT BANK BHD	Lot 1866, Jalan MS 2/5 Marina Square 2 Marina Parkcity 98000 Miri Sarawak Tel No.: 085-435 577	073-001
KENANGA INVESTMENT BANK BHD	Level 2-4, Wisma Mahmud Jalan Sungai Sarawak 93400 Kuching Sarawak Tel No.: 082-338 000	073-001
KENANGA INVESTMENT BANK BHD	No. 11-12, (Ground & 1st Floor) Lorong Kampung Datu 3 96000 Sibu Sarawak Tel No.: 084-313 855	073-001
MERCURY SECURITIES SDN. BHD.	1st Floor No.16 Jalan Getah 96100 Sarikei Sarawak Tel No.: 084-659 019	093-001
RHB INVESTMENT BANK BHD	Yung Kong Abell Units No. 1-10, 2nd Floor Lot 365, Section 50 Jalan Abell 93100 Kuching Sarawak Tel No.: 082-250 888	087-008
RHB INVESTMENT BANK BERHAD	102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel No.: 084-329 100	087-008
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 221, Park City Commerce Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-311 770	087-053

Name	Address and Telephone Number	Broker Code
TA SECURITIES HOLDINGS BERHAD	12G, H & I Jalan Kampong Datu 96000 Sibu Sarawak Tel No.: 084-319 998	058-002
UOB KAY HIAN SECURITIES (M) SDN. BHD.	Lot 1265, 1st Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No.: 085-324 128	078-017
UOB KAY HIAN SECURITIES (M) SDN. BHD.	Ground Floor & First Floor No.16 Lorong Intan 6 96000 Sibu Sarawak Tel No.: 084-252 737	078-018

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