

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF DS SIGMA HOLDINGS BERHAD (“DS SIGMA” OR THE “COMPANY”) DATED 13 DECEMBER 2022 (“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, Public Investment Bank Berhad (“**PIVB**”) or Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus, from the 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

This distribution of the Electronic Prospectus and the sale of the units are subject to Malaysian law. Bursa Securities, PIVB and DS Sigma take no responsibility for the distribution of the Electronic Prospectus and / or the sale of the units outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any units, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

Close of Application

Applications will be accepted from 10.00 a.m. on 13 December 2022 and will close at 5.00 p.m. on 21 December 2022 or for such further period or periods as the Directors of DS Sigma in their absolute discretion may decide. In the event there is any change to the indicative timetable above, DS Sigma will advertise the notice of the changes in a widely circulated daily English and Bahasa Malaysia newspapers in Malaysia, and make an announcement on the Website.

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 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.



DS SIGMA HOLDINGS BERHAD

(Registration No. 202101030362 (1430662-K))
(Incorporated in Malaysia under the Companies Act 2016)

www.dssigma.com.my



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P R O S P E C T U S

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DS SIGMA HOLDINGS BERHAD

(Registration No. 202101030362 (1430662-K))
(Incorporated in Malaysia under the Companies Act 2016)

INITIAL PUBLIC OFFERING ("IPO") IN CONJUNCTION WITH THE LISTING OF DS SIGMA HOLDINGS BERHAD ("DS SIGMA" OR "COMPANY") ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") COMPRISING:

- (I) **PUBLIC ISSUE OF 91,180,000 NEW ORDINARY SHARES IN DS SIGMA ("SHARES") IN THE FOLLOWING MANNER:**
- 24,000,000 NEW SHARES MADE AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
 - 9,800,000 NEW SHARES MADE AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSON(S) WHO HAVE CONTRIBUTED TO THE SUCCESS OF DS SIGMA AND ITS SUBSIDIARIES;
 - 35,800,000 NEW SHARES MADE AVAILABLE BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS; AND
 - 21,580,000 NEW SHARES MADE AVAILABLE BY WAY OF PRIVATE PLACEMENT TO SELECTED BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY, MALAYSIA ("MITI");

AND

- (II) **OFFER FOR SALE OF 38,420,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED BUMIPUTERA INVESTORS APPROVED BY MITI,**

AT AN ISSUE / OFFER PRICE OF RM0.55 PER SHARE, PAYABLE IN FULL UPON APPLICATION.

Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent



PUBLIC INVESTMENT BANK BERHAD

(Registration No. 197401002880 (20027-W))
A Participating Organisation Of Bursa Malaysia Securities Berhad
(Wholly-owned Subsidiary Of Public Bank Berhad)

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, PLEASE SEE "RISK FACTORS" COMMENCING ON PAGE 178.

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

THIS PROSPECTUS HAS BEEN REGISTERED BY BURSA SECURITIES. THE REGISTRATION OF THIS PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. BURSA SECURITIES HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SHARES BEING OFFERED FOR INVESTMENT. BURSA SECURITIES IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, 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.

THE ACE MARKET IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.

THE ISSUE, OFFER OR INVITATION FOR THE OFFERING IS A PROPOSAL NOT REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SECURITIES COMMISSION MALAYSIA ("SC") UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.

**THIS PROSPECTUS IS DATED
13 DECEMBER 2022**

RESPONSIBILITY STATEMENTS

OUR DIRECTORS, PROMOTERS AND SELLING SHAREHOLDERS (AS DEFINED IN THIS PROSPECTUS) HAVE SEEN AND APPROVED THIS PROSPECTUS. 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 THAT THERE IS NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS, WHICH IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS PROSPECTUS FALSE OR MISLEADING.

PUBLIC INVESTMENT BANK BERHAD (“PIVB”), BEING THE PRINCIPAL ADVISER, SPONSOR, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT IN RELATION TO THE 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 THE IPO.

STATEMENTS OF DISCLAIMER

APPROVAL HAS BEEN OBTAINED FROM BURSA SECURITIES FOR THE LISTING OF AND QUOTATION FOR THE SECURITIES BEING OFFERED. ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE IPO, OUR COMPANY OR OUR SHARES.

BURSA SECURITIES IS NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR COMPANY’S PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, 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.

THIS PROSPECTUS, TOGETHER WITH THE APPLICATION FORMS (AS DEFINED IN THIS PROSPECTUS), HAS 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 CAPITAL MARKETS AND SERVICES ACT 2007 (“CMSA”) FOR BREACHES OF SECURITIES LAWS INCLUDING ANY STATEMENT IN THE PROSPECTUS THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION; OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO THE PROSPECTUS OR THE CONDUCT OF ANY OTHER PERSON IN RELATION TO OUR COMPANY.

SHARES ARE OFFERED TO THE PUBLIC ON THE PREMISE OF FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE IPO, FOR WHICH ANY PERSON SET OUT IN SECTION 236 OF THE CMSA, IS RESPONSIBLE.

OUR SHARES ARE CLASSIFIED AS SHARIAH COMPLIANT BY THE SHARIAH ADVISORY COUNCIL OF THE SC. THIS CLASSIFICATION REMAINS VALID FROM THE DATE OF ISSUE OF THIS PROSPECTUS UNTIL THE NEXT SHARIAH COMPLIANCE REVIEW UNDERTAKEN BY THE SHARIAH ADVISORY COUNCIL OF THE SC. THE NEW STATUS IS RELEASED IN THE UPDATED LIST OF SHARIAH-COMPLIANT SECURITIES, ON THE LAST FRIDAY OF MAY AND NOVEMBER.

THIS PROSPECTUS HAS NOT BEEN AND WILL NOT BE MADE TO COMPLY WITH THE LAWS OF ANY 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 OR OTHER RELEVANT BODY OF ANY JURISDICTION OTHER THAN MALAYSIA.

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.

THIS PROSPECTUS IS PREPARED AND PUBLISHED SOLELY FOR OUR IPO IN MALAYSIA UNDER THE LAWS OF MALAYSIA. OUR IPO SHARES ARE ISSUED IN MALAYSIA SOLELY BASED ON THE CONTENTS OF THIS PROSPECTUS. OUR DIRECTORS, PROMOTERS, SELLING SHAREHOLDERS, PRINCIPAL ADVISER, SPONSOR, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT TAKE NO RESPONSIBILITY FOR THE DISTRIBUTION OF THIS PROSPECTUS (IN PRELIMINARY OR FINAL FORM) OUTSIDE MALAYSIA. OUR DIRECTORS, PROMOTERS, SELLING SHAREHOLDERS, PRINCIPAL ADVISER, SPONSOR, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION NOT CONTAINED IN THIS PROSPECTUS.

IT SHALL BE YOUR SOLE RESPONSIBILITY, IF YOU ARE OR MAY BE SUBJECTED TO THE LAWS OF ANY COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA, TO CONSULT YOUR 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 OF OUR ADVISERS IN RELATION TO OUR IPO SHALL ACCEPT ANY RESPONSIBILITY OR LIABILITY IN THE EVENT THAT ANY APPLICATION MADE BY YOU BECOMES ILLEGAL, UNENFORCEABLE, VOIDABLE OR VOID IN ANY SUCH COUNTRY OR JURISDICTION.

FURTHER, IT SHALL BE YOUR SOLE RESPONSIBILITY TO ENSURE THAT YOUR APPLICATION FOR OUR IPO COMPLIES WITH THE TERMS OF OUR IPO AND WOULD NOT CONTRAVENE ANY LAWS OF ANY 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 SUBJECTED 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 (AS DEFINED IN THIS PROSPECTUS) AND THE COPY OF THIS PROSPECTUS REGISTERED WITH BURSA SECURITIES ARE THE SAME.

YOU ARE ADVISED THAT THE INTERNET IS NOT A FULLY SECURED MEDIUM AND THAT YOUR INTERNET SHARE APPLICATION (AS DEFINED IN THIS PROSPECTUS) IS 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 INSTITUTION (AS DEFINED IN THIS PROSPECTUS). THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

IF YOU ARE IN DOUBT AS TO THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM US, OUR PRINCIPAL ADVISER 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 CONTENTS OF 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 THE COPY OF THE PROSPECTUS REGISTERED BY BURSA SECURITIES, 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 TO 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 OR 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 ANY 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 THE 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;
- (II) THE INTERNET PARTICIPATING FINANCIAL INSTITUTION SHALL NOT BE RESPONSIBLE IN ANY WAY FOR THE INTEGRITY OF THE CONTENTS OF THE 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; AND
- (III) 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 THE ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED AS THE INTERNET IS NOT A FULLY SECURED MEDIUM.

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 THE ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULT OR FAULTS WITH THE WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULT OR FAULTS ON YOU 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.

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INDICATIVE TIMETABLE

The following events are intended to take place on the following tentative dates:

Event	Date
Opening of the application period for the IPO	13 December 2022
Closing of the application period for the IPO	21 December 2022
Balloting of applications	27 December 2022
Allotment of IPO Shares to successful applicants	4 January 2023
Listing on the ACE Market	6 January 2023

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

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DEFINITIONS

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

COMPANIES WITHIN OUR GROUP

DS Sigma or Company	: DS Sigma Holdings Berhad (202101030362 (1430662-K))
DS Sigma Group or Group	: DS Sigma and the Subsidiaries, collectively
DS Manufacturing	: Dai Suwon Manufacturing Sdn Bhd (200401010175 (648678-M))
DS Packaging	: Dai Suwon Packaging Sdn Bhd (200301016198 (618618-W))
Kaisung	: Kaisung Industries Sdn Bhd (200201010695 (578358-T))
Subsidiaries	: DS Manufacturing, DS Packaging and Kaisung, collectively

GENERAL

ACE Market	: ACE Market of Bursa Securities
Acquisitions	: Acquisition of DS Manufacturing, Acquisition of DS Packaging and Acquisition of Kaisung, collectively
Acquisition of DS Manufacturing	: Acquisition by DS Sigma of the entire equity interest of DS Manufacturing, comprising 2,400,000 DS Manufacturing Shares for a purchase consideration of RM4,695,600, satisfied via the issuance of 62,608,000 new Shares at an issue price of RM0.075 each, which was completed on 29 August 2022
Acquisition of DS Packaging	: Acquisition by DS Sigma of the entire equity interest of DS Packaging, comprising 1,000,000 DS Packaging Shares for a purchase consideration of RM21,297,096, satisfied via the issuance of 283,961,280 new Shares at an issue price of RM0.075 each, which was completed on 29 August 2022
Acquisition of Kaisung	: Acquisition by DS Sigma of the entire equity interest of Kaisung, comprising 500,000 Kaisung Shares for a purchase consideration of RM3,168,802.50, satisfied via the issuance of 42,250,700 new Shares at an issue price of RM0.075 each, which was completed on 29 August 2022
Act	: Companies Act 2016
ADA	: Authorised depository agent
AGM	: Annual General Meeting
Applicant(s)	: Applicant(s) for the IPO Shares by way of Application Forms, Electronic Share Application and / or Internet Share Application
Application(s)	: Application(s) for the IPO Shares by way of Application Forms, Electronic Share Application and / or Internet Share Application
Application Form(s)	: Printed application form(s) for the application of the IPO Shares
ATM(s)	: Automatic teller machine(s)
Batu Kawan Warehouse	: Proposed establishment of a warehouse cum office in Batu Kawan, Penang
BL Kaizen	: BL Kaizen Network Sdn Bhd (200001025906 (528513-T))

DEFINITIONS (*Cont'd*)

BLR	: Base lending rate
Board	: Board of Directors of DS Sigma
Bumiputera Investors	: Bumiputera investors including individuals, companies, societies, co-operatives and institutions, collectively
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))
Bursa Securities	: Bursa Malaysia Securities Berhad (200301033577 (635998-W))
CAGR	: Compound annual growth rate
CCC	: Certificate of completion and compliance
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
CFO	: Certificate of fitness for occupation
CMCO	: Conditional MCO
CMSA	: Capital Markets and Services Act 2007
Constitution	: Constitution of DS Sigma
Consumer E&E	: Consumer of electrical and electronics
COVID-19	: Novel coronavirus disease, an infectious respiratory disease which first broke out in 2019
Depositor	: A holder of a CDS Account
Director(s)	: Director(s) of DS Sigma and within the meaning given in Section 2 of the CMSA
DS Kaizen	: DS Kaizen Sdn Bhd (202201005457 (1451154-W))
DS Kaizen Share(s)	: Ordinary share(s) in DS Kaizen
DS Manufacturing Share(s)	: Ordinary share(s) in DS Manufacturing
DS Manufacturing Vendors	: Beh Seng Lee, Loi Guak Lian, Lucille Teoh Soo Lien and Yong Chong Long, collectively
DS Packaging Share(s)	: Ordinary share(s) in DS Packaging
DS Packaging Vendors or Kaisung Vendors	: Beh Seng Lee and Lucille Teoh Soo Lien, collectively
E&E	: Electrical and electronics
EBITDA	: Earnings before interest, taxation, depreciation and amortisation
EIS	: Employment insurance system

DEFINITIONS (*Cont'd*)

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	: Application for the IPO Shares through Participating Financial Institutions' ATM
Eligible Persons	: Eligible Directors and employees of our Group as well as any other persons who have contributed to our success, collectively
EMCO	: Enhanced MCO implemented in a large part of Selangor and several localities in Kuala Lumpur from 3 July 2021 to 16 July 2021
EPF	: Employees Provident Fund
EPS	: Earnings per share
Executive Directors	: Lucille Teoh Soo Lien, Beh Seng Lee and Beh Le Hao, collectively
Financial Years Under Review	: FYE 30 June 2019, FYE 30 June 2020, FYE 30 June 2021 and FYE 30 June 2022, collectively
FYE	: Financial year ended / ending, as the case may be
Government	: Government of Malaysia
GP	: Gross profit
GS Paperboard	: GS Paperboard & Packaging (Selangor) Sdn Bhd (198901010307 (187609-P))
ICA	: Industrial Co-ordination Act 1975
Industry Overview Report	: Industry overview report titled "Independent Assessment of the Packaging Industry in Malaysia" prepared by Vital Factor as set out in Section 7 of this Prospectus
Internet Participating Financial Institutions	: Participating financial institutions for the Internet Share Application, as listed in Section 14.6 of this Prospectus
Internet Share Application	: Application for the IPO Shares through an online share application service provided by the Internet Participating Financial Institutions
IPO	: Initial public offering of the IPO Shares in conjunction with the listing of and quotation for our entire enlarged issued share capital on the ACE Market
IPO Price	: RM0.55 per IPO Share
IPO Share(s)	: Issue Share(s) and Offer Share(s), collectively
Issue Share(s)	: 91,180,000 new Share(s) to be issued pursuant to the Public Issue
Issuing House or Share Registrar	: Tricor Investor & Issuing House Services Sdn Bhd (197101000970 (11324-H))
Kaisung Share(s)	: Ordinary share(s) in Kaisung
Key Senior Management	: Key senior management team (excluding Executive Directors) of our Company

DEFINITIONS (*Cont'd*)

kg	: Kilogram
Klang Factories	: No. 27 Klang Factory and No. 29 Klang Factory, collectively
Klang Factory 2	: Proposed establishment of a new head office and factory in Klang
Listing	: Admission of our Company to the Official List of Bursa Securities and the listing of and quotation for our entire enlarged issued share capital of RM79,310,500.50, comprising 480,000,000 Shares on the ACE Market
Listing Requirements	: ACE Market Listing Requirements of Bursa Securities
Listing Scheme	: The exercise undertaken by our Company comprising the Acquisitions, IPO and Listing, collectively
LPD	: 14 November 2022, 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, organised or formed under the laws of Malaysia
Management	: Executive Directors and Key Senior Management, collectively
Market Day(s)	: Any day(s) on which Bursa Securities is open for trading of securities
MCO	: Nationwide Movement Control Order imposed by the Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 as a measure to contain the outbreak of the COVID-19 pandemic
MIDA	: Malaysian Investment Development Authority
MITI	: Ministry of International Trade and Industry, Malaysia
mm	: Millimetre
N/A	: Not applicable
NA	: Net assets
NBV	: Net book value
Nilai Factory	: A double storey detached office cum single storey factory on a freehold industrial land owned by DS Manufacturing bearing postal address of Lot 16132, Jalan Nilai 3/12, Kawasan Perindustrian Nilai 3, 71800 Nilai, Negeri Sembilan
No. 27 Klang Factory	: An intermediate single storey semi-detached factory with double storey office on a leasehold industrial land owned by DS Packaging bearing postal address of No. 27, Lorong Jala 14/KS10, Jalan Telok Gong, 42000 Port Klang, Selangor
No. 29 Klang Factory	: An intermediate single storey semi-detached factory with double storey office on a leasehold industrial land rented by DS Manufacturing bearing postal address of No. 29, Lorong Jala 14/KS10, Jalan Telok Gong, 42000 Port Klang, Selangor
NRP	: National Recovery Plan comprising 4-phases, introduced by the Government on 15 June 2021

DEFINITIONS (*Cont'd*)

Offer for Sale	: Offer for sale of 38,420,000 Offer Shares by the Selling Shareholders at the IPO Price by way of private placement to Bumiputera investors approved by MITI
Offer Share(s)	: 38,420,000 Share(s) to be offered for sale by the Selling Shareholders pursuant to the Offer for Sale
Official List	: A list specifying all securities which have been admitted for listing on the ACE Market and not removed
PAACM	: Panasonic Appliances Air-Conditioning Malaysia Sdn Bhd (197201000341 (11969-T))
Panasonic Group of Companies	: PAACM, Panasonic Appliances Air-Conditioning (R&D) Malaysia Sdn Bhd, Panasonic Manufacturing Malaysia Berhad, Panasonic Procurement Malaysia Sdn Bhd and PAVC, collectively
Participating Financial Institutions	: Participating financial institution(s) for the Electronic Share Application as listed in Section 14.5 of this Prospectus
PAT	: Profit after taxation
PAVC	: Panasonic AVC Network Kuala Lumpur Malaysia Sdn Bhd (198801003344 (170701-M))
PBT	: Profit before taxation
PE Multiple	: Price earnings multiple
Pink Form Allocation	: Allocation of 9,800,000 Issue Shares for subscription by the Eligible Persons
PIVB or Principal Adviser or Sponsor or Sole Underwriter or Sole Placement Agent	: Public Investment Bank Berhad (197401002880 (20027-W))
PPE	: Property, plant and equipment
Prescribed Security	: Securities of a company that are prescribed by Bursa Securities to be deposited in the CDS subject to the provision of the SICDA and the Rules
Promoters	: Lucille Teoh Soo Lien, Beh Seng Lee and Beh Le Hao, collectively
Prospectus	: This Prospectus dated 13 December 2022 in relation to the IPO
Prospectus Guidelines	: Prospectus Guidelines issued by the SC
Public	: All persons or members of the public but excluding our Group's directors, our substantial shareholders and persons associated with them (as defined in the Listing Requirements)
Public Issue	: Public issue of 91,180,000 new Shares at the IPO Price, payable in full upon application, subject to the terms and conditions of this Prospectus
Puchong Facility	: 2 units of 1½ storey terrace factory rented by DS Packaging bearing postal address of No. 36 & 38, Jalan BP 5/6, Bandar Bukit Puchong, 47100 Puchong, Selangor
QA	: Quality assurance

DEFINITIONS (*Cont'd*)

Record of Depositors	: A record provided by Bursa Depository to our Company under the Rules
Reporting Accountants or GT	: Grant Thornton Malaysia PLT 201906003682 (<i>LLP0022494-LCA</i>) & <i>AF 0737</i>
RM and sen	: Ringgit Malaysia and sen, respectively
RMCO	: Recovery MCO
Rules	: Rules of Bursa Depository
SAC	: Shariah Advisory Council of the SC
Samsung Electronics	: Samsung Electronics (Malaysia) Sdn Bhd (<i>198901009690 (186991-D)</i>)
SC	: Securities Commission Malaysia
Scheduled Wastes Regulations	: Environmental Quality (Scheduled Wastes) Regulations 2005
Selling Shareholders	: Lucille Teoh Soo Lien and Beh Seng Lee, collectively
Share(s)	: Ordinary shares in DS Sigma
Share Transfer	: Transfer of 292,800,000 Shares held by Lucille Teoh Soo Lien and Beh Seng Lee to DS Kaizen during the prescription period
SICDA	: Securities Industry (Central Depositories) Act 1991
SOCSSO	: Social Security Organisation, also known as PERKESO (Pertubuhan Keselamatan Sosial)
SOEM	: Sony EMCS (Malaysia) Sdn Bhd (<i>198901006539 (183842-X)</i>)
Sony Group of Companies	: SOEM and SSCSM, collectively
SOP	: Standard operating procedures
Specified Shareholders	: DS Kaizen, Lucille Teoh Soo Lien, Beh Seng Lee and Beh Le Hao, collectively
sq. ft.	: Square feet
SSCSM	: Sony Supply Chain Solutions (Malaysia) Sdn Bhd (<i>198901008310 (185612-K)</i>)
SST	: Sales and service tax
Underwriting Agreement	: Underwriting agreement dated 3 November 2022 entered into between DS Sigma and the Sole Underwriter pursuant to the Public Issue
Vital Factor or IMR	: Vital Factor Consulting Sdn Bhd (<i>199301012059 (266797-T)</i>), the independent business and market research consultants

GLOSSARY OF TECHNICAL TERMS

The following technical terms in this Prospectus in connection with our Group and business bear the same meanings as set out below unless the terms are defined otherwise or the context requires otherwise. The terminologies and their meaning are based on the context of this Prospectus and may not correspond to the standard industry meanings or usage of these terms.

Assembly	: In the context of this Prospectus, assembly refers to the folding and assembly of die-cut carton blanks into a carton or tray
Box	: Box is used interchangeably with carton
Bundle	: A small group of boxes grouped together for shipment, usually with plastic banding
Carton	: A box made from corrugated board or heavy-duty cardboard for packaging purposes. In the context of this Prospectus, all mention of carton refers to corrugated paper carton, unless specified otherwise
Carton blank	: A flat sheet of corrugated board that has been cut, scored and slotted, but not yet glued or stitched together
Container loading efficiency	: Container loading efficiency refers to the optimum utilisation of space within a container to store the palletised cartons while ensuring protection of goods during shipping
Corrugated board	: Refers to a constructed board comprising at least 1 layer of paper formed into a series of waves commonly referred to as corrugated medium or fluting with at least 1 sheet of paper glue on to the wave. Commonly, there is a top and bottom flat sheet of paper referred to as a liner that sandwiched the corrugating medium. To provide higher strengths, corrugated board can have 2 or 3 corrugating mediums separated as well as sandwiched with liners. The type of paper used for the liner and corrugating paper are referred to as industrial brown paper as they are mostly unbleached and thus, brown in colour in their natural manufactured state. Corrugated board is the main input material to manufacture corrugated carton and corrugated protective packaging
Corrugated carton	: In the context of this Prospectus, it refers to corrugated paper carton
Die-cut	: A cutting instrument designed to obtain a desired cut-out shape with a single force onto another object such as a corrugated board. The cutting instrument comes in the form of a die with sharp edges to cut out the desired shape. A corrugated carton that has a hole cut-out is referred to as a die-cut carton. It is highly customisable and can be designed to cut out most geometric shapes
EPE	: Expanded polyethylene is a protective packaging material that is light in weight and flexible with ability to absorb shock and provides good cushioning to fragile and delicate products
EPS	: Expanded polystyrene is a protective packaging material that is light in weight, provides good cushioning to fragile and delicate products, and have good insulation properties
Flexographic printing	: Flexographic printing is a printing technique that uses a flexible printing plate to print high volumes of packaging material
Flexographic printing machine	: In the context of this Prospectus, our flexographic printing machine has printing, slotting and rotary die-cutting function

GLOSSARY OF TECHNICAL TERMS (*Cont'd*)

Flute	: The wavy layer of paper in a corrugated board also referred to as a corrugated medium that is glued between an inner and outer flat liner paper. The height and the breadth of the wave may be varied to provide different strengths to the corrugated board or carton
Foam	: A plastic sheet impregnated with multiple tiny bubbles all over the plastic sheet to serve as cushioning material
Folder-type carton	: A type of carton which consist only of one piece of board where the bottom of the carton is folded to form the side wall and the cover. It is easily set up without any adhesive or jointing
HDPE foam	: High-density polyethylene foam is a type of plastic that is transparent, lightweight and strong. It is commonly used in plastic bottles, toys, chemical containers and pipe systems. It is also used in making plastic bags and sheets. HDPE has a higher abrasion and tear resistance compared to LDPE
JIT	: Just-in-time is an inventory management method in which minimal inventory is maintained and goods are received from suppliers only as and when they are needed
Joint	: In the context of packaging manufacturing, it refers to the opposite edges of the carton blank glued, stapled, wire stitched or taped together to form a carton
Kraftliner	: A type of unbleached paper containing at least 80% of virgin pulp to provide high strengths to the paper. Typically, a kraftliner of equal thickness to a testliner or corrugating medium would have higher tensile strengths, burst strengths and pierce strengths
LDPE foam	: Low-density polyethylene foam is a type of plastic that is soft, transparent, lightweight and flexible. It is commonly used in flexible packaging such as plastic bags, wraps and films
Packaging design	: Packaging design refers to the process of creating the physical packaging form and this includes the choices in material, shape and dimension, as well as graphics, colours and fonts that are used on the packaging product
Packaging efficiency	: Packaging efficiency refers to the optimum utilisation of space within a carton to store the goods while ensuring protection of the goods within the carton
Packaging optimisation	: Packaging optimisation refers to packaging design which uses the least number of materials while achieving the necessary quality and strength required
PE foam	: Polyethylene foam is a durable, lightweight, resilient and closed-cell material. It is commonly used for packaging industrial and agricultural goods due to its excellent vibration dampening and insulation properties. It also has high resistance to chemicals and moisture
PU foam	: Polyurethane foam is a light, durable, supportive and comfortable material. It is commonly used for cushioning for a variety of industrial and consumer products including packaging, bedding, furniture, automotive interior and carpet underlay. It can be created in almost any variety of shapes and firmness
Slitting	: A process to make a long and narrow cut. A slitting machine is typically used to cut a piece of cardboard into several smaller pieces
Slotted-type carton	: It is the most common design of corrugated carton that are slotted and scored for easy folding and assembly

GLOSSARY OF TECHNICAL TERMS (*Cont'd*)

Slotting	: A process to make a narrow hole in which an object can be inserted. A slotting machine is typically used to make narrow hole on both ends of a corrugated board to create flaps for the boxes
Testliner	: A type of unbleached paper containing mostly recycled paper combined with at least 20% of virgin pulp. Testliner is normally used as the top and bottom paper liner that sandwiched a corrugating medium

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to “**our Company**” and “**DS Sigma**” in this Prospectus are to DS Sigma Holdings Berhad, while references to “**our Group**” are to our Company and our Subsidiaries. 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 Executive Directors and Key Senior Management 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 neuter genders, and *vice versa*. References to persons shall include companies and corporations.

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 hundredth or 2 decimal places. 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 provisions of the statutes, rules, regulations, enactments or rules of stock exchange in this Prospectus shall (where the context admits) be construed as a reference to provisions of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactments to the statutes, rules, regulations, enactments or rules of stock exchange for the time being in force.

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 are 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 Industry Overview Report. We believe that the statistical data and projections cited in this Prospectus are useful in helping you 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.

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FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. 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 are forward-looking statements. 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 and other important factors beyond our control that could cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements include, without limitation, statements relating to:

- (i) demand for our products and services;
- (ii) our business strategies;
- (iii) our plans and objectives for future operations;
- (iv) our financial position; and
- (v) our future earnings, cash flows and liquidity.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we operate. Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 8 – Risk Factors and Section 11.3 – Management’s Discussion and Analysis of Financial Conditions and Results of Operations of this Prospectus. We cannot assure you that the forward-looking statements made in this Prospectus will be realised.

These forward-looking statements are based on information available to us as at the LPD and are made 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 of the IPO Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part II (Division 6, Supplementary and Replacement Prospectus) of the Prospectus Guidelines.

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name / (Designation)	Address	Nationality
Mohamad Ismail Bin Abu Bakar (M) <i>(Independent Non-Executive Chairman)</i>	23, Jalan Elektronik, U16/39 Seksyen U16, Denai Alam 40160 Shah Alam Selangor	Malaysian
Lucille Teoh Soo Lien (F) <i>(Managing Director)</i>	No. 168-23-6, Fettes Residence Jalan Tanjung Tokong 10470 Pulau Pinang	Malaysian
Beh Seng Lee (M) <i>(Executive Director)</i>	A 33A-08 The Park Sky Residence Persiaran Jalil Utama Bukit Jalil 57000 Kuala Lumpur	Malaysian
Beh Le Hao (M) <i>(Executive Director)</i>	A 33A-08 The Park Sky Residence Persiaran Jalil Utama Bukit Jalil 57000 Kuala Lumpur	Malaysian
Lee Yew Weng (M) <i>(Independent Non-Executive Director)</i>	16, Jalan CH3 Taman Cheras Hartamas Batu 9 43200 Cheras Selangor	Malaysian
Loo Hee Guan (M) <i>(Independent Non-Executive Director)</i>	33A, The Airie Persiaran Meranti Bandar Sri Damansara 52200 Kuala Lumpur	Malaysian
Maznida Binti Mokhtar (F) <i>(Independent Non-Executive Director)</i>	29, Jalan Puncak Kiara Utama Kiara View Desa Sri Hartamas 50480 Kuala Lumpur	Malaysian

Notes:

(M) Male.

(F) Female.

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1. CORPORATE DIRECTORY (Cont'd)

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Lee Yew Weng	Chairman	Independent Non-Executive Director
Loo Hee Guan	Member	Independent Non-Executive Director
Maznida Binti Mokhtar	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Loo Hee Guan	Chairman	Independent Non-Executive Director
Lee Yew Weng	Member	Independent Non-Executive Director
Maznida Binti Mokhtar	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Maznida Binti Mokhtar	Chairperson	Independent Non-Executive Director
Lee Yew Weng	Member	Independent Non-Executive Director
Loo Hee Guan	Member	Independent Non-Executive Director

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1. CORPORATE DIRECTORY (*Cont'd*)

COMPANY SECRETARY	: Cheng Chia Ping SSM Practicing Certificate No. Professional Qualification	: 202008000730 : Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”) (MAICSA Membership No.: MAICSA 1032514 PRACTITIONER)
	Level 7, Menara Milenium Jalan Damanlela Pusat Bandar Damansara Damansara Heights 50490 Kuala Lumpur Telephone No. Fax No.	: (603) 2084 9000 : (603) 2094 9940
REGISTERED OFFICE	: Level 7, Menara Milenium Jalan Damanlela Pusat Bandar Damansara Damansara Heights 50490 Kuala Lumpur Telephone No. Fax No.	: (603) 2084 9000 : (603) 2094 9940
HEAD OFFICE	: No. 36, Jalan BP 5/6 Bandar Bukit Puchong 47100 Puchong Selangor Telephone No. Fax No. Website Email	: (603) 8060 1678 : (603) 8060 1676 : www.dssigma.com.my : investor@dssigma.com.my
PRINCIPAL ADVISER, SPONSOR, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT	: Public Investment Bank Berhad (197401002880 (20027-W)) Level 27, Menara Public Bank 2 No. 78, Jalan Raja Chulan 50200 Kuala Lumpur Telephone No. Fax No.	: (603) 2036 2800 : (603) 2036 2860
SOLICITORS FOR THE IPO	: Jeff Leong, Poon & Wong B-11-8, Level 11 Megan Avenue II Jalan Yap Kwan Seng 50450 Kuala Lumpur Telephone No. Fax No.	: (603) 2203 3388 : (603) 2303 3399

1. CORPORATE DIRECTORY (*Cont'd*)

EXTERNAL AUDITORS AND REPORTING ACCOUNTANTS	: Grant Thornton Malaysia 201906003682 (LLP0022494-LCA) & AF 0737 Level 11, Sheraton Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur Telephone No. : (603) 2692 4022 Fax No. : (603) 2692 5119 Partner-in-charge : Lim Soo Sim Approval No. : 03335/11/2023 J Professional : Chartered Accountant, Malaysian Qualifications : Institute of Accountants (“MIA”) (MIA Membership No.: 30248)
INDEPENDENT BUSINESS AND MARKET RESEARCH CONSULTANTS	: Vital Factor Consulting Sdn Bhd (199301012059 (266797-T)) V Square @ PJ City Centre (VSQ) Block 6, Level 6 Jalan Utara 46200 Petaling Jaya Selangor Telephone No. : (603) 7931 3188 Fax No. : (603) 7931 2188 Person-in-charge : Wooi Tan Professional : • Master of Business Administration from The New South Wales Institute of Technology (now known as University of Technology, Sydney), Australia Qualifications : • Bachelor of Science from The University of New South Wales, Australia; and • Fellow of the Australian Marketing Institute and Institute of Managers and Leaders, Australia (formerly known as the Australian Institute of Management)
ISSUING HOUSE AND SHARE REGISTRAR	: Tricor Investor & Issuing House Services Sdn Bhd (197101000970 (11324-H)) Unit 32-01, Level 32, Tower A Vertical Business Suite, Avenue 3 Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur Telephone No. : (603) 2783 9299 Fax No. : (603) 2783 9222
LISTING SOUGHT	: ACE Market of Bursa Securities
SHARIAH STATUS	: Approved by the SAC

2. APPROVALS AND CONDITIONS

2.1 APPROVALS FROM RELEVANT AUTHORITIES

2.1.1 Bursa Securities

Bursa Securities had, via its letter dated 11 August 2022, approved the admission of our Company to the Official List and the listing of and quotation for the entire enlarged issued share capital of our Company of RM79,310,500.50 comprising 480,000,000 Shares on the ACE Market (“**Approval Letter**”).

The approval from Bursa Securities is subject to the following conditions:

No.	Conditions	Status of compliance
1.	Submit the following information in respect of the moratorium on the shareholdings of the Promoters to Bursa Depository: (i) Name of shareholders; (ii) Number of Shares; and (iii) Date of expiry of the moratorium for each block of Shares.	To be complied
2.	Confirmation that approvals from other relevant authorities have been obtained for implementation of the Listing.	Complied
3.	The Bumiputera equity requirements for public listed companies as approved / exempted by the SC including any conditions imposed thereon.	To be complied
4.	Make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Guidance Note 15 of the Listing Requirements.	To be complied
5.	Furnish to Bursa Securities with a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of DS Sigma on the first day of listing.	To be complied
6.	In relation to the Public Issue to be undertaken by DS Sigma, to announce at least 2 Market Days prior to the listing date, the result of the offering including the following: (i) Level of subscription of public balloting and placement; (ii) Basis of allotment / allocation; (iii) A table showing the distribution for placement tranche as per the format in Appendix I of the Approval Letter; and (iv) Disclosure of placees who become substantial shareholders of DS Sigma arising from the Public Issue, if any.	To be complied
7.	DS Sigma or PIVB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities’ approval upon the admission of DS Sigma to the Official List.	To be complied

2.1.2 SC

Our Listing is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The SC had, via its letter dated 15 August 2022, approved the resultant equity structure of DS Sigma pursuant to our Listing under the equity requirements for public listed companies, subject to the following conditions:

2. APPROVALS AND CONDITIONS (Cont'd)

No.	Conditions	Status of compliance
1.	DS Sigma allocating Shares equivalent to 12.50% of its enlarged number of issued shares at the point of Listing to Bumiputera Investors to be approved by MITI.	To be complied
2.	DS Sigma is to make available at least 50.00% of the Shares offered to the Malaysian Public investors via balloting to Bumiputera public investors at the point of Listing.	To be complied

The SC had noted the effects of our Listing on the equity structure of our Group as follows:

Category of shareholders	As at 28 February 2022		After the Listing	
	No. of Shares	(%)	No. of Shares	(%)
Bumiputera				
- Bumiputera Investors to be approved by MITI	-	-	^(a) 60,000,000	12.50
- Bumiputera public investors via balloting	-	-	^(a) 12,000,000	2.50
- Others	-	-	^(b) 600,000	0.12
Total Bumiputera	-	-	72,600,000	15.12
Non-Bumiputera	20	100.00	^(b) 407,400,000	84.88
Malaysians	20	100.00	480,000,000	100.00
Foreigners	-	-	-	-
TOTAL	20	100.00	480,000,000	100.00

Notes:

(a) Based on the assumption that the Shares offered to Bumiputera Investors to be approved by MITI and to Bumiputera public investors via balloting shall be fully subscribed.

(b) Based on the assumption that Shares offered to the eligible Directors shall be fully subscribed.

2.1.3 MITI

MITI had, vide its letter dated 25 May 2022, taken note of and has no objection to our Listing.

2.1.4 SAC

The SAC had, vide its letter dated 28 September 2022, classified our Shares as Shariah-compliant based on the audited combined financial statements of DS Sigma for the FYE 30 June 2021.

2. APPROVALS AND CONDITIONS (Cont'd)**2.2 MORATORIUM ON SALE OF SHARES**

In compliance with Rule 3.19(1A)(b) of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Specified Shareholders for a period of 6 months from the date of our admission to the ACE Market.

Details of our Specified Shareholders and their Shares which will be subject to moratorium are as follows:

Name of Specified Shareholders	Moratorium shares	
	No. of Shares	^(a) % of enlarged share capital
DS Kaizen	292,800,000	61.00
Lucille Teoh Soo Lien	24,860,000	5.18
Beh Seng Lee	1,436,000	0.30
Beh Le Hao	^(b) 1,000,000	0.21

Notes:

- (a) Based on our enlarged issued share capital of 480,000,000 Shares after our IPO.
- (b) Issue Shares allocated to Beh Le Hao under the Pink Form Allocation.

Our Specified Shareholders have provided written undertaking letters that they will not sell, transfer or assign any part of their interest in the Shares during the moratorium period. In addition, the shareholders of DS Kaizen namely, Lucille Teoh Soo Lien and Beh Seng Lee have also undertaken not to sell, transfer or assign any part of their shareholdings in DS Kaizen during the moratorium period.

The moratorium, which is fully accepted by our Specified Shareholders is specifically endorsed on our share certificate representing their shareholdings, which is under moratorium to ensure that our Share Registrar will not register any transfer and sale that are not in compliance with the aforesaid restriction imposed.

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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 RELATING TO OUR IPO

The following details relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with that text:

Number of Shares to be issued under the Public Issue	91,180,000
- <i>Malaysian Public</i>	24,000,000
- <i>Eligible Persons</i>	9,800,000
- <i>Private placement to selected investors</i>	35,800,000
- <i>Private placement to selected Bumiputera Investors approved by MITI</i>	21,580,000
Number of Shares to be offered under the Offer for Sale	38,420,000
Enlarged issued share capital upon Listing	RM79,310,500.50 comprising 480,000,000 Shares
IPO Price	RM0.55
Market capitalisation upon Listing (based on the IPO Price and our enlarged number of issued Shares after the IPO)	RM264,000,000

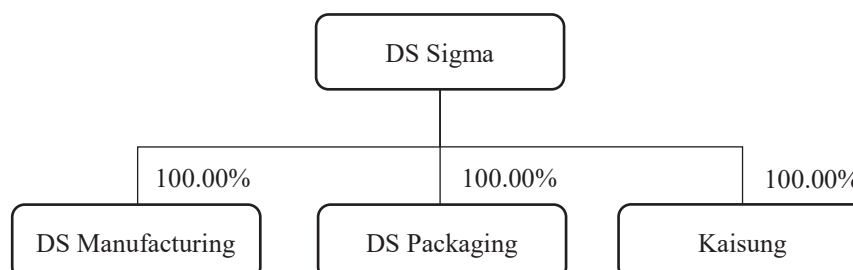
Further details on our IPO are set out in Section 4.1 of this Prospectus.

Our Specified Shareholders' entire shareholdings after IPO will be held under moratorium for 6 months from the date of our Listing.

3.2 BACKGROUND AND OVERVIEW

Our Company was incorporated in Malaysia under the Act on 20 September 2021 as a private limited company under the name of DS Sigma Holdings Sdn Bhd and was subsequently converted to a public limited company on 17 February 2022. DS Sigma is an investment holding company. Through our Subsidiaries, we are principally involved in the manufacturing of corrugated paper packaging products including cartons, protective packaging and paper pallets as well as supply of non-paper based protective packaging products such as plastic, foam and rubber products.

Our Group's corporate structure is as follows:



3. PROSPECTUS SUMMARY (Cont'd)

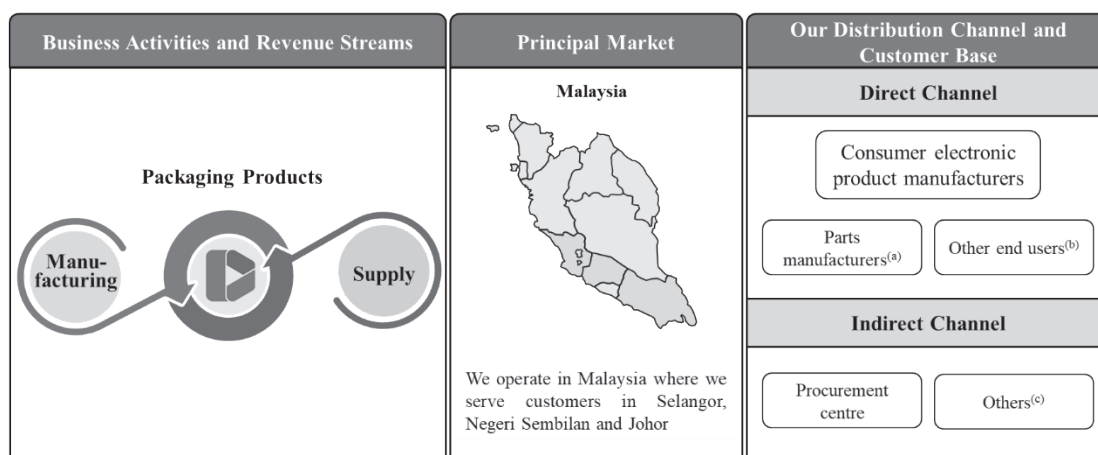
The principal activities of our Subsidiaries are as follows:

Subsidiaries	Principal activities
DS Manufacturing ^(a)	Manufacture of corrugated paper packaging products
DS Packaging ^(a)	Manufacture of corrugated paper packaging products and supply of protective packaging products
Kaisung	Supply of protective packaging products

Note:

- (a) DS Manufacturing is primarily involved in the manufacturing of corrugated paper packaging product while DS Packaging is involved in both the manufacturing of corrugated paper packaging products as well as supply of other non-paper packaging products such as plastic, foam and rubber products.

The following is an overview of our Group's business model:



Notes:

- (a) Include mainly manufacturers of precision metal parts, E&E parts and plastic parts.
- (b) Include manufacturers of gloves and fasteners.
- (c) Include paper and plastic packaging manufacturers, and providers of logistics and printing services.

We are a packaging products provider with in-house manufacturing of corrugated paper packaging products including cartons, protective packaging and paper pallets. We also supply non-paper based protective packaging products such as plastic, foam and rubber products.

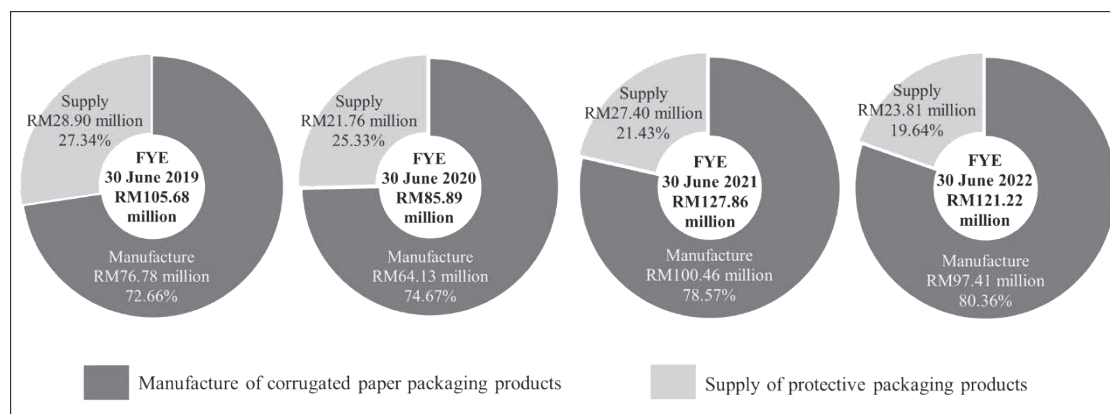
We focus on providing industrial and consumer durable goods packaging. Our industrial packaging refers to packaging of parts and components for the various stages of the manufacturing process. Some of these include metal, plastic, E&E parts and components. Meanwhile, our consumer durable goods packaging refers to the containment and protection of finished goods, such as television and microwave ovens, for handling, storage and transportation.

Our business involves the provision of total and partial packaging including sales of individual packaging items. In total packaging, we sell our packaging products as a complete set, which may comprise a combination of our in-house manufactured products such as corrugated cartons, protective packaging and paper pallets, as well as externally purchased non-paper based protective packaging materials. For partial packaging, part of the packaging materials is purchased by our customers separately to complement our packaging materials.

3. PROSPECTUS SUMMARY (*Cont'd*)

We also provide value-added services for some of our customers including the provision of front-end value-added services such as design support and packaging optimisation, as well as assembly and packing services.

Our revenue segmentation by business activities are as follows:



Our principal market is Malaysia where we derived all our revenue for the Financial Years Under Review and up to the LPD. Within Malaysia, we mainly serve customers located in Selangor, Negeri Sembilan and Johor.

We utilise both direct and indirect distribution channels. We mainly utilise direct distribution channel where we market and sell our packaging products directly to the end users of our packaging products. Our direct distribution channel strategy focuses on our sales and marketing activities directly with the ultimate end users, which enable us to work closely to meet their packaging and logistics needs.

We also utilise indirect distribution channel where we market and sell our products to intermediaries including procurement centres, packaging manufacturers, and logistics and printing service providers. These intermediaries would then resell our packaging product to end users.

Further details of our Group and business model are set out in Section 6 of this Prospectus.

3.3 COMPETITIVE ADVANTAGES AND KEY STRENGTHS

Our Group's competitive advantages and key strengths are as set out below:

- (i) We are able to provide packaging products supported by our in-house manufacturing of corrugated board products, supply of packaging materials and provision of value-added services. We serve as a convenient one-stop packaging centre to some customers. This includes the provision of corrugated paper and protective packaging as a total packaging and selling our packaging products as a complete set. Our ability to provide convenience to our customers enable us to cultivate customer loyalty to retain existing customers as well as to attract new customers.
- (ii) We have an established track record of 20 years to serve as a platform for business sustainability and growth. Throughout our 20 years of operations, we have developed and established long-term relationships with our customers where our top 5 major customers have been dealing with us between 9 years to 20 years since we commenced business.
- (iii) We can provide fast delivery of goods to our customers while having a lean inventory management system. Our systematic inventory management and timely delivery of finished goods to customers help to create a loyal customer base to generate recurrent sales from existing customers.
- (iv) We have an experienced management and technical team to lead, manage and grow our business. The team is headed by our Managing Director, Lucille Teoh Soo Lien and our Executive Director, Beh Seng Lee who bring with them approximately 30 years and 29 years of experience in the packaging industry, respectively. They are supported by our Key Senior Management.

3. PROSPECTUS SUMMARY (*Cont'd*)

Further details on our competitive advantages and key strengths are set out in Section 6.1.3 of this Prospectus.

3.4 BUSINESS STRATEGIES AND PLANS

Our Group's business strategies and plans are summarised below:

(i) Expansion of operational facilities

As a packaging products provider, proximity to customer is crucial to provide a steady and reliable supply of packaging products to customers. In addition, packaging products are bulky items and by setting up a warehouse and being close to customers, we would be able to provide JIT solution where we deliver packaging products to customers when required thus minimising transportation costs for our customers. As at the LPD, we have 3 operational facilities in Peninsular Malaysia namely our Klang Factories and Puchong Facility in Selangor, and Nilai Factory in Negeri Sembilan with a total built-up area of approximately 100,973 sq. ft. We also have an annual production capacity of 26.09 million pieces of carton blanks for flexographic printing machines and 8.70 million pieces of die-cutting sheets for automatic die-cut machine as at the LPD.

We plan to expand our business operations to Penang to target new customers located in the northern region of Peninsular Malaysia. We plan to rent a warehouse cum office with the approximate size of 25,000 sq. ft. in Batu Kawan, Penang by 1st half of 2023.

At the initial stage of our expansion to Penang, we plan to transport the paper packaging products from our manufacturing operations in Klang to the Batu Kawan Warehouse for fulfilment of new customers' orders. We also intend to secure the services of subcontractors operating in Penang to supplement our packaging products and help to fulfil our customers' orders, similar to the existing arrangement disclosed in Section 6.3.11.1(iv) of this Prospectus. Subsequently, once we gain traction, and secure continuous and sufficient quantity of orders from prospective customers, we plan to set up a manufacturing operation in Penang within the next two years.

To cater for our expansion in business operations, we also plan to establish a new head office and factory in Klang, Selangor. We intend to acquire a detached factory with 2-storey office building with an estimated built-up area of 100,000 sq. ft. by the 1st half of 2024.

Upon completion, the new facility will serve as our Group's corporate head office to house our management and administrative employees in a main location to increase operational efficiency as well as to accommodate more employees as part of the expansion of our business. It will also provide our employees with a conducive work environment to enhance productivity and performance, and minimise employee turnover. Furthermore, with a corporate head office, we are able to enhance the visibility of our brand and elevate our corporate image amongst our customers, suppliers, employees and other stakeholders.

This new facility will also serve as our Group's main production facility with a larger production floor space. We plan to set-up and equip the Klang Factory 2 with new machinery and equipment. Subsequently, we may take up to 1 year to gradually relocate some of the machinery and equipment from our existing Klang Factories to the new location to minimise interruption to our existing operations. The plan to consolidate is also dependent on our future orders from customers.

(ii) Purchase of new machinery and equipment

(a) Automated and robotic packing machines

As part of our future plan to fully automate our production of corrugated cartons, we plan to purchase and install automated and robotic packing machines for our existing production lines in Klang Factories and Nilai Factory by 2nd half of 2023 as well as for our proposed Klang Factory 2 by 2nd half of 2024. Currently, we are equipped with 3 units of flexographic printing machines and 1 unit of automatic folding, stitching and gluing machine. Our plan is to invest in conveyor systems, robotic arms as well as additional automatic folding, stitching and gluing machine combined with bundling and wrapping machine.

3. PROSPECTUS SUMMARY (*Cont'd*)

(b) Honeycomb board machines

We plan to introduce a new type of paper pallet using honeycomb board. Currently, our paper pallets are produced using corrugated board where our workers would cut and slit them into size and then laminate them to form the desired thickness for the pallet's deck and runner / leg. Moving forward, to scale up the production of paper pallets, we plan to invest in honeycomb board machines to produce honeycomb boards in various thickness which will serve as the pallet's deck and runner / leg. We also intend to utilise the honeycomb board to produce some protective packaging products such as edge boards and layer pads and to explore selling the honeycomb boards and core to potential customers.

(c) 6-colour flexographic printing machine

We also plan to introduce 6-colour printing on our corrugated cartons. As at the LPD, all our flexographic printing machines is equipped with 3 printing units in each machine which is capable of printing up to 3 colours at one time. Our planned 6-colour flexographic printing machine will have 6 printing units which will allow for printing up to 6 colours at one time. With a wider colour palette, we would be able to print more vibrant and close to true colour of images on the corrugated cartons.

(iii) Establish packaging design and innovation centre

We intend to set up a dedicated area within our Klang Factories as a packaging design and innovation centre. We also plan to expand our testing and prototyping facilities by investing in a number of testing equipment to facilitate our front-end value-added services. The new packaging design and innovation centre will enable our customers and their vendors for parts and components such as precision metal parts, E&E parts and plastic parts manufacturers, to work together with our team to develop ideas to solve their packaging issues or to provide innovative solutions.

(iv) New target markets

Currently, we mainly serve customers in the consumer durable electronic goods sub-sector of the E&E industry where our packaging products are used for air-conditioners, televisions, microwave ovens, as well as their respective parts and components. Moving forward, we plan to expand our target markets to serve customers within the E&E industry focusing on the solar photovoltaic ("PV") and medical devices industry.

Further details of our Group's business strategies and plans are set out in Section 6.15 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, such as the following:

- (i) We are dependent on a concentrated group of major customers namely SSCSM, Samsung Electronics, SOEM, PAACM and PAVC, which collectively accounted for 91.33%, 91.85%, 78.97% and 73.32% of our total revenue for the FYEs 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022 respectively. The loss of any of these major customers, if not replaced in a timely manner, would adversely affect our financial performance. As we operate based on purchase orders which are typically issued by our customers at their discretion, there can be no assurance that revenue contribution from these major customers will be sustained at the same level in the future. Any significant reduction in the orders from these major customers would also materially and adversely affect our financial performance.

3. PROSPECTUS SUMMARY (*Cont'd*)

- (ii) We are susceptible to shortage in the supply of input materials. Our main input material namely corrugated board are sourced from local suppliers in accordance with our production schedule. As we do not enter into any long-term supply agreements with our suppliers for continuous supply of input materials, there can be no assurance that we will be able to consistently source corrugated boards at competitive pricing and at the quantity required.
- (iii) We are susceptible to the price fluctuations of paper products. Corrugated board is our main input material used in the production of our corrugated paper packaging products, including cartons, protective packaging products and paper pallets. As wood pulp is one of the raw materials required to produce all types of paper products including corrugated boards, fluctuations in the prices of wood pulp would have an impact on the overall cost of corrugated board. There is no assurance that we can pass on any future increases in the cost resulting from changes in the price of corrugated board to our customers. In the event we are unable to pass on any of the cost increases to our customers or if we are unable to do so in a timely manner, we would have to absorb the increases in the cost of input materials and this would adversely affect our profitability and financial performance.
- (iv) We rely on the availability of foreign workers for general works in our factories. Our Group is having difficulties to hire local workers for general works in our factories such as preparing printing plates, cutting corrugated boards, and assisting in the printing machines and other post-press machines, carrying out basic quality control and performing stock counts in our factories. Any change in foreign worker policy in Malaysia may result in difficulties for our Group to maintain a sufficient workforce for our manufacturing activities.
- (v) Our Group is dependent on independent contractors for our assembly and packing services. These independent contractors assemble the die-cut cartons, insert the customer's products into plastic or foam bags and place them into the cartons along with other protective packaging products, such as nestings and layer pads. There is no assurance that we will be able to recruit an adequate number of independent contractors for our operations. If we are unable to hire sufficient independent contractors, it would result in disruption to our operations which in turn will affect our financial performance.
- (vi) We are exposed to unexpected disruptions in our business operations caused by factors such as machinery and equipment failures, accidents and natural disasters. Any interruption to our manufacturing activities may have an adverse impact to our business operations and consequently on our financial performance.
- (vii) We are dependent on the efforts, commitment and abilities of our Managing Director, Executive Directors and Key Senior Management who play significant roles in the continuing success of our Group from formulation and implementation of our strategies and plans, to the day-to-day operations of our business. We have implemented a succession plan to identify and develop individuals to assume key roles in our Group in the event they are vacated.
- (viii) Our business was and will continue to be susceptible to the outbreak of the COVID-19 pandemic and any further lockdowns would adversely affect our financial performance. Measures such as lockdowns or movement restrictions to contain the COVID-19 pandemic have impacted the retail business, including those relating to Consumer E&E. A reduction in retail activities for Consumer E&E will affect the demand for our products and services and adversely affect our financial performance.
- (ix) We are subject to regulatory requirements for our business operations. Our major approvals, licences and permits are subject to compliance with relevant conditions (if any), laws and regulations under which they were issued. In the event of non-compliance, these licences, permits and approvals may be revoked or may not be renewed upon expiry.

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

3. PROSPECTUS SUMMARY (Cont'd)

3.6 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:

Name	Nationality / Country of incorporation	Before our IPO / As at the LPD				After our IPO and Share Transfer			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	(a)%	No. of Shares	(a)%	No. of Shares	(b)%	No. of Shares	(b)%
<u>Promoters and substantial shareholders</u>									
Lucille Teoh Soo Lien	Malaysian	178,758,000	45.97	-	-	24,860,000	5.18	(c)292,800,000	61.00
Beh Seng Lee	Malaysian	178,758,000	45.97	-	-	1,436,000	0.30	(c)292,800,000	61.00
<u>Promoter</u>									
Beh Le Hao	Malaysian	-	-	-	-	(d)1,000,000	0.21	-	-
<u>Substantial shareholder</u>									
DS Kaizen	Malaysia	-	-	-	-	(c)292,800,000	61.00	-	-

Notes:

- (a) Based on our issued share capital of 388,820,000 Shares after the Acquisitions but before our IPO.
- (b) Based on our enlarged issued share capital of 480,000,000 Shares after our IPO.
- (c) Deemed interested by virtue of his / her direct interest in DS Kaizen pursuant to Section 8(4) of the Act.
- (d) Assuming Beh Le Hao will fully subscribe for his allocation under the Pink Form Allocation.
- (e) Transfer of Shares by Lucille Teoh Soo Lien and Beh Seng Lee to DS Kaizen pursuant the Share Transfer.

Further details on our Promoters and substantial shareholders are disclosed in Section 5 of this Prospectus.

3. PROSPECTUS SUMMARY (Cont'd)

3.7 DIRECTORS AND KEY SENIOR MANAGEMENT OF OUR GROUP

Our Directors and Key Senior Management are as follows:

Name	Designation
Directors	
Mohamad Ismail Bin Abu Bakar	Independent Non-Executive Chairman
Lucille Teoh Soo Lien	Managing Director
Beh Seng Lee	Executive Director
Beh Le Hao	Executive Director
Lee Yew Weng	Independent Non-Executive Director
Loo Hee Guan	Independent Non-Executive Director
Maznida Binti Mokhtar	Independent Non-Executive Director
Key Senior Management	
Lai Jian Hong	Chief Financial Officer
Loi Guak Lian	Factory Director
Beh Koon Chiew	Sales Manager
Ramesh A/L Muniundy (Muniandy)	Operations Manager

Further details on our Directors and Key Senior Management are disclosed in Section 5 of this Prospectus.

3.8 USE OF PROCEEDS

The total gross proceeds from our Public Issue amounting to RM50.15 million are intended to be used in the following manner:

Purposes	RM'000	%	Estimated time frame for use (from the Listing Date)
Expansion of operational facilities			
- Expansion of operations to Penang	1,200	2.39	Within 24 months
- Establishment of Klang Factory 2	16,000	31.91	Within 24 months
Purchase of new machinery and equipment			
- Automated and robotic packing machines	7,100	14.16	Within 24 months
- Honeycomb board machines	3,200	6.38	Within 24 months
- 6-colour flexographic printing machine	5,700	11.37	Within 24 months
Establish packaging design and innovation centre	1,140	2.27	Within 24 months
Repayment of bank borrowings	6,000	11.96	Within 12 months
Working capital	5,409	10.79	Within 12 months
Estimated listing expenses	4,400	8.77	Within 3 months
Total	50,149	100.00	

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

The gross proceeds from the Offer for Sale of approximately RM21.13 million shall accrue entirely to the Selling Shareholders.

Further details on the use of proceeds are set out in Section 4.4 of this Prospectus.

3. PROSPECTUS SUMMARY (Cont'd)**3.9 FINANCIAL HIGHLIGHTS**

The following table sets out the key financial highlights based on our historical audited combined financial statements for the Financial Years Under Review:

	Audited FYE 30 June			
	2019 (RM'000)	2020 (RM'000)	2021 (RM'000)	2022 (RM'000)
Revenue	105,682	85,891	127,858	121,218
Cost of sales	(73,285)	(61,648)	(85,508)	(78,213)
GP	32,397	24,243	42,350	43,005
PBT	19,603	12,885	27,640	28,847
PAT	14,931	9,922	21,116	21,471
GP margin (%) ^(a)	30.66	28.23	33.12	35.48
PBT margin (%) ^(b)	18.55	15.00	21.62	23.80
PAT margin (%) ^(c)	14.13	11.55	16.52	17.71

Notes:

- (a) GP margin is calculated based on GP divided by revenue.
- (b) PBT margin is calculated based on PBT divided by revenue.
- (c) PAT margin is calculated based on PAT divided by revenue.

Please refer to Section 11 of this Prospectus for further discussion on our historical audited combined financial information.

3.10 DIVIDEND POLICY

It is our Board's policy to recommend dividends to allow our shareholders to participate in the profits of our Group. Nonetheless, our Company does not have any formal dividend policy. During the Financial Years Under Review, we have declared and paid dividends of RM11.50 million, RM7.10 million, RM17.00 million for the FYE 30 June 2019, FYE 30 June 2020 FYE 30 June 2021, respectively. Our Group did not declare any dividend for the FYE 30 June 2022 and does not intend to declare and pay dividend prior to the Listing.

We cannot assure you that we will be able to pay dividends or that our Board will declare dividends in the future. There can also be no assurance that future dividends declared by our Board, if any, will not differ materially from historical dividend levels. No inference should or can be made from any of the statements above as to our actual future profitability and our ability to pay dividends in the future.

Further details on our dividend policy are set out in Section 11.4 of this Prospectus.

3.11 IMPACT OF COVID-19 PANDEMIC

Impact of the COVID-19 pandemic on our business and financial performance are as follows:

Events	Impact on our Group
2020	
MCO 1.0	<ul style="list-style-type: none"> During the MCO 1.0 period, our business operations were temporarily suspended for 28 working days from 18 March 2020 to 18 April 2020. We resumed our operations on 20 April 2020 with 40% workforce capacity. As a precautionary measure, we only allowed our employees in the production and QA department to enter our operating premise during this period.
CMCO	We continued our business operations with 60% workforce capacity according to specified guidelines and SOP. As a precautionary measure, we only allowed our employees in the production and QA department to enter our operating premise during this period.
RMCO	

3. PROSPECTUS SUMMARY (Cont'd)

Events	Impact on our Group
2021	
MCO 2.0	Our business operations were not affected as we were allowed to operate during these periods. We continued to operate according to specified guidelines and SOP. We continued to only allow our employees from production and QA department to enter our operating premise during this period.
MCO 3.0	
NRP Phase 1	As our business falls within essential services, we continued to operate during these periods however with a 60% workforce capacity.
EMCO in Selangor	<ul style="list-style-type: none"> We closed our operations in Klang and Puchong from 3 July 2021 to 7 July 2021. On 8 July 2021, we commenced our operations in Klang and Puchong and conducted swab tests on employees before allowing them to return to work. We operated at 60% workforce capacity and only allowed our employees from production and QA department to enter our premises during this period. Although the compulsory swab testing was lifted on 16 July 2021, we continued to conduct swab tests on our employees that enter our premises every 2 weeks as a safety measure.
Capacity based on vaccination rate	<ul style="list-style-type: none"> We received approvals from MITI to operate at 100% workforce capacity for DS Manufacturing and DS Packaging on 20 August 2021 and Kaisung on 30 August 2021 respectively, based on the 80% rate of fully vaccinated employees. We continued to implement swab test on our workers through self-testing every 2 weeks.
NRP Phase 2	There were no changes to our business operations during these periods. As a safety precaution and to ensure no interruptions to our business operations, we continued to only allow operational employees from our production and QA department and minimal administrative employees to enter our premises. All other departments (indirect workforce) are under the work from home arrangement until 6 January 2022. Since 6 January 2022 and up to 31 March 2022, all employees have resumed work in our operating facilities, save for 5 working days from 10 February 2022 to 16 February 2022 where our administrative employees at our Puchong Facility were working from home due to the increase in COVID-19 cases at our Puchong Facility.
NRP Phase 3	
NRP Phase 4	
2022	
'Transition to Endemic' Phase	On 1 April 2022, Malaysia entered the 'Transition to Endemic' phase and we continued to operate at full workforce capacity while adhering to the Government SOP and guidelines.

Our Group's revenue declined by 25.94% in the fourth quarter of FYE 30 June 2020 (i.e. April 2020 to June 2020) compared to the previous quarter due to the closure of our business operations from 18 March 2020 to 18 April 2020. Our revenue declined from RM8.65 million in February 2020 to RM5.33 million in March 2020 and RM0.73 million in April 2020. Upon resumption of our business operations on 20 April 2020, we received increased orders from our customers which resulted in an increase in revenue. This was reflected in the improvement in our Group's revenue in the first quarter of FYE 30 June 2021 (i.e. July 2020 to September 2020) by 116.15% compared to the previous quarter.

Our Group's revenue declined by 12.31% in the first quarter of FYE 30 June 2022 (i.e. July 2021 to September 2021) compared to the previous quarter due to lower orders from some of our major customers as these customers faced interruptions in business operations during NRP Phase 1 in July 2021 and August 2021. The decline in revenue by 2.88% in the second quarter of FYE 30 June 2022 was mainly due to the seasonality of our sales orders from our major customers where sales orders at the end of the year in November and December would typically be lower as year-end and festive season sales are over. Our business operations were not materially interrupted in 2022.

Further details of the impact of COVID-19 pandemic on our business operations are set out in Section 6.3.18 of this Prospectus.

4. PARTICULARS OF OUR IPO

4.1 DETAILS OF OUR IPO

4.1.1 Listing Scheme

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

(a) Acquisitions

On 7 February 2022, our Company entered into 2 share sale and purchase agreements with DS Manufacturing Vendors, DS Packaging Vendors and Kaisung Vendors to acquire the entire equity interests of DS Manufacturing, DS Packaging and Kaisung for an aggregate purchase consideration of RM29,161,498.50 to be satisfied via the issuance of 388,819,980 new Shares at RM0.075 per Share.

(i) Acquisition of DS Manufacturing

The Acquisition of DS Manufacturing entails the acquisition by our Company of the entire issued share capital of DS Manufacturing from DS Manufacturing Vendors for a purchase consideration of RM4,695,600. The said purchase consideration was entirely satisfied by the issuance of 62,608,000 new Shares in aggregate to DS Manufacturing Vendors at an issue price of RM0.075 per Share, as follows:

DS Manufacturing Vendors	No. of DS Manufacturing Shares acquired	Shareholdings held in DS Manufacturing (%)	Purchase consideration (RM)	No. of Shares issued
Beh Seng Lee	600,000	25.00	1,173,900	15,652,000
Loi Guak Lian	600,000	25.00	1,173,900	15,652,000
Lucille Teoh Soo Lien	600,000	25.00	1,173,900	15,652,000
Yong Chong Long	600,000	25.00	1,173,900	15,652,000
Total	2,400,000	100.00	4,695,600	62,608,000

The purchase consideration of RM4,695,600 was arrived at on a willing buyer-willing seller basis and after taking into consideration the unaudited NA of DS Manufacturing as at 30 June 2021 of RM4,695,671. The purchase consideration of DS Manufacturing was based on its unaudited NA as at 30 June 2021 as the financial year end of DS Manufacturing is 31 December and its latest audited financial statements was FYE 31 December 2020. Nonetheless, it should be noted that the Accountants' Report as set out in Section 12 of this Prospectus has been prepared based on the audited figures of DS Manufacturing as at 30 June 2021. The Acquisition of DS Manufacturing was completed on 29 August 2022 and DS Manufacturing became a wholly-owned subsidiary of our Company.

(ii) Acquisition of DS Packaging

The Acquisition of DS Packaging entails the acquisition by our Company of the entire issue share capital of DS Packaging from DS Packaging Vendors for a purchase consideration of RM21,297,096. The said purchase consideration was entirely satisfied by the issuance of 283,961,280 new Shares in aggregate to DS Packaging Vendors at an issue price of RM0.075 per Share, as follows:

4. PARTICULARS OF OUR IPO (Cont'd)

DS Packaging Vendors	No. of DS Packaging Shares acquired	Shareholdings held in DS Packaging (%)	Purchase consideration (RM)	No. of Shares issued
Beh Seng Lee	500,000	50.00	10,648,548	141,980,640
Lucille Teoh Soo Lien	500,000	50.00	10,648,548	141,980,640
Total	1,000,000	100.00	21,297,096	283,961,280

The purchase consideration of RM21,297,096 was arrived at on a willing buyer-willing seller basis and after taking into consideration the audited NA of DS Packaging as at 30 June 2021 of RM21,297,137. The Acquisition of DS Packaging was completed on 29 August 2022 and DS Packaging became a wholly-owned subsidiary of our Company.

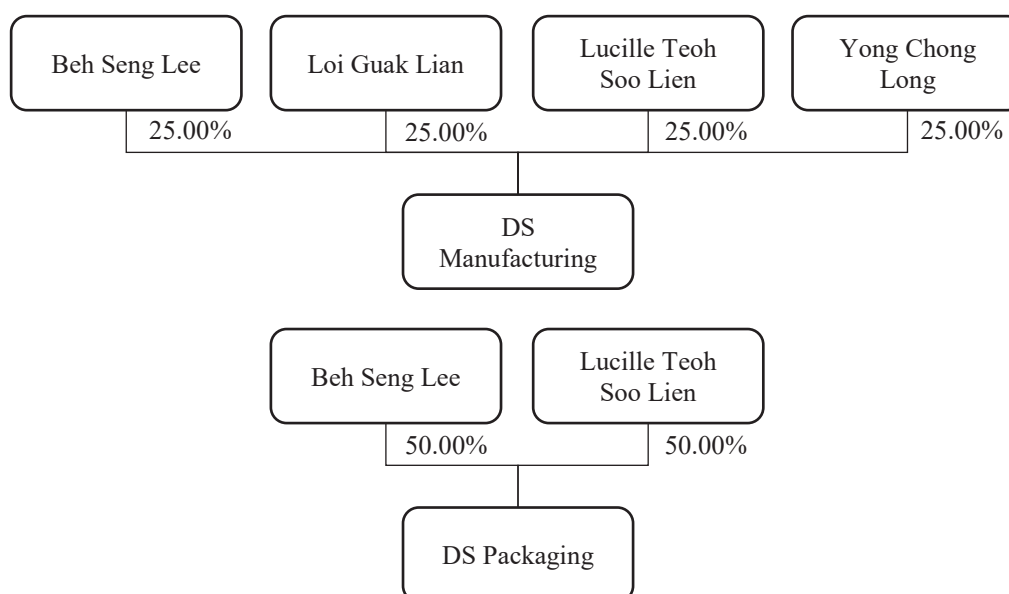
(iii) Acquisition of Kaisung

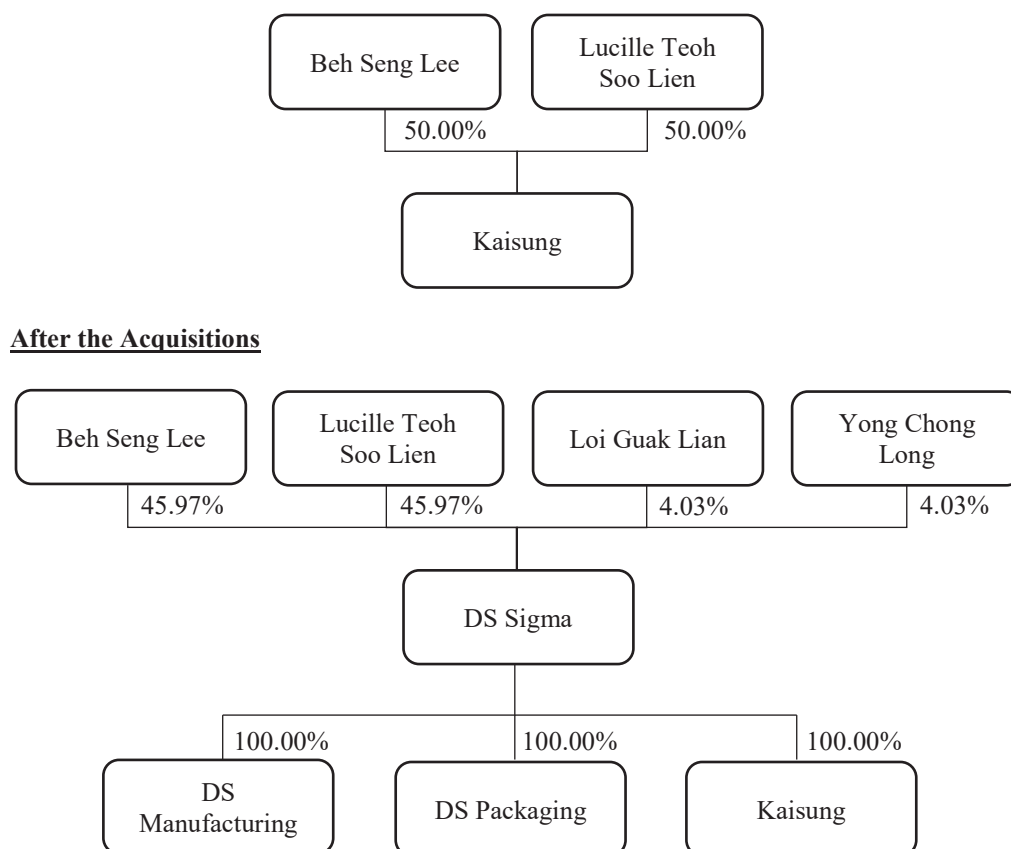
The Acquisition of Kaisung entails the acquisition by our Company of the entire equity interest of Kaisung from Kaisung Vendors for a total purchase consideration of RM3,168,802.50. The said purchase consideration was entirely satisfied by the issuance of 42,250,700 new Shares in aggregate to Kaisung Vendors at an issue price of RM0.075 per Share, as follows:

Kaisung Vendors	No. of Kaisung Shares acquired	Shareholdings held in Kaisung (%)	Purchase consideration (RM)	No. of Shares issued
Beh Seng Lee	250,000	50.00	1,584,401.25	21,125,350
Lucille Teoh Soo Lien	250,000	50.00	1,584,401.25	21,125,350
Total	500,000	100.00	3,168,802.50	42,250,700

The purchase consideration of RM3,168,802.50 was arrived at on a willing buyer-willing seller basis and after taking into consideration the audited NA of Kaisung as at 30 June 2021 of RM3,168,880. The Acquisition of Kaisung was completed on 29 August 2022 and Kaisung became a wholly-owned subsidiary of our Company.

Our Group structure before and after the Acquisitions is illustrated below:

Before the Acquisitions

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

The Public Issue of 91,180,000 new Shares, representing 19.00% of our enlarged issued share capital, will be allocated in the following manner:

(i) Malaysian Public

24,000,000 new Shares, representing 5.00% of our enlarged issued share capital, will be made available for application by the Malaysian Public via balloting, of which 50.00% is to be set aside for the Bumiputera Public.

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

- Firstly, by the Eligible Persons under the Pink Form Allocation as described in Section 4.1.1(b)(ii) of this Prospectus;
- Secondly, by our selected investors as described in Section 4.1.1(b)(iii) of this Prospectus; and
- Lastly, by our Sole Underwriter based on the terms of the Underwriting Agreement.

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

9,800,000 new Shares, representing 2.04% of our enlarged issued share capital, will be made available for application by our eligible Directors and employees as well as any other persons who have contributed to our success in the following manner:

Eligibility	No. of persons	Aggregate no. of Issue Shares allocated
Directors ^(a)	5	2,200,000
Employees of our Group ^(b)	116	3,800,000
Persons who have contributed to our success ^(c)	31	3,800,000
Total	152	9,800,000

Notes:

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

Name	Designation	No. of Issue Shares allocated
Mohamad Ismail Bin Abu Bakar	Independent Non-Executive Chairman	300,000
Beh Le Hao	Executive Director	1,000,000
Lee Yew Weng	Independent Non-Executive Director	300,000
Loo Hee Guan	Independent Non-Executive Director	300,000
Maznida Binti Mokhtar	Independent Non-Executive Director	300,000
Total		2,200,000

- (b) The criteria of allocation to the eligible employees of our Group (as approved by our Board) are based on, among others, the following factors:

- the employee must be a full-time employee of at least 18 years of age and on the payroll of our Group;
- the employee is not an undischarged bankrupt nor subject to any bankruptcy proceedings; and
- the number of Issue Shares allocated to the eligible employees is based on their position, their length of service and their past performance / contribution as well as other factors deemed relevant by our Board.

4. PARTICULARS OF OUR IPO (Cont'd)

The number of Issue Shares to be allocated to our Key Senior Management are as follows:

Name	Designation	No. of Issue Shares allocated
Lai Jian Hong	Chief Financial Officer	200,000
Loi Guak Lian	Factory Director	500,000
Beh Koon Chiew ^(a)	Sales Manager	1,500,000
Ramesh A/L Muniundy (Muniandy)	Operations Manager	200,000
Total		2,400,000

Note:

- (a) Beh Koon Chiew's number of Pink Form Allocation was based on his length of service (being one of the pioneer employees of our Group), seniority, past performance and level of contribution to our Group.
- (c) The Issue Shares to be allocated to the persons who have contributed to the success of our Group, comprising our business associates, suppliers and customers, shall be based on their contribution to our Group and as approved by our Board.

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

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

As at the LPD, save for the allocation under the Pink Form Allocation as disclosed in Section 4.1.1(b)(ii) of this Prospectus, to the extent known to our Company:

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

(iii) Private placement to selected investors

35,800,000 new Shares, representing 7.46% of our enlarged issued share capital, will be made available by way of private placement to selected investors.

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

4. PARTICULARS OF OUR IPO (Cont'd)

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

21,580,000 new Shares, representing 4.50% of our enlarged issued share capital, will be allocated by way of private placement to selected Bumiputera Investors approved by MITI (“**MITI Tranche**”).

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

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

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

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

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

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4. PARTICULARS OF OUR IPO (Cont'd)

(c) Offer for Sale

The Selling Shareholders will undertake an offer for sale of 38,420,000 Offer Shares, representing 8.00% of our enlarged issued share capital at the IPO Price, by way of private placement to selected Bumiputera Investors approved by MITI.

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

Name / Address	Nature of relationship	Before our IPO / As at the LPD				Offer for Sale				After our IPO and Share Transfer			
		Direct		Indirect		Direct		Indirect		Direct		Indirect	
		No. of Shares	(a)%	No. of Shares	(a)%	No. of Shares	(b)%	No. of Shares	(b)%	No. of Shares	(b)%	No. of Shares	(b)%
Lucille Teoh Soo Lien No. 168-23-6, Fettes Residence Jalan Tanjung Tokong 10470 Pulau Pinang	Promoter, substantial shareholder and Managing Director	178,758,000	45.97	-	-	19,210,000	4.00	-	-	24,860,000	5.18	^(c) 292,800,000	61.00
Beh Seng Lee A 33A-08 The Park Sky Residence Persiaran Jalil Utama Bukit Jalil 57000 Kuala Lumpur	Promoter, substantial shareholder and Executive Director	178,758,000	45.97	-	-	19,210,000	4.00	-	-	1,436,000	0.30	^(c) 292,800,000	61.00

Notes:

- (a) Based on our issued share capital of 388,820,000 Shares after the Acquisitions but before our IPO.
- (b) Based on our enlarged issued share capital of 480,000,000 Shares after our IPO.
- (c) Deemed interested by virtue of his / her direct interest in DS Kaizen pursuant to Section 8(4) of the Act.

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

4. PARTICULARS OF OUR IPO (Cont'd)

(d) Share Transfer

Upon completion of the IPO, Beh Seng Lee and Lucille Teoh Soo Lien, being the Selling Shareholders, will hold an aggregate of 319,096,000 Shares.

During the prescription period (1 day after the launching date of the Prospectus up to a period of 30 days), our Selling Shareholders will transfer a total of 292,800,000 Shares to DS Kaizen (an investment holding company incorporated with the intention to hold their investment) at a consideration of RM21,960,000 based on issue price of RM0.075 per Share (the issue price per Share is consistent with the issue price for the Acquisitions), to be satisfied partly by the issuance of 900 new DS Kaizen Shares to be issued at RM1.00 each. The remaining amount of RM21,959,100 will remain as an amount owing from DS Kaizen to the Selling Shareholders.

The Share Transfer is part of the restructuring exercise undertaken by Lucille Teoh Soo Lien and Beh Seng Lee to have majority of their Shares held under one investment holding company, namely DS Kaizen. The Share Transfer will be completed upon relevant Shares being credited into the CDS account of DS Kaizen prior to our Listing.

Further details of the Share Transfer are set out below:

Shareholders	Before the Share Transfer		After the Share Transfer	
	No. of Shares held after our IPO	No. of Shares to be transferred	No. of Shares held after the Share Transfer	% of the enlarged issued share capital ^(a)
Lucille Teoh Soo Lien	159,548,000	134,688,000	24,860,000	5.18
Beh Seng Lee	159,548,000	158,112,000	1,436,000	0.30
Total	319,096,000	292,800,000	26,296,000	5.48

Note:

(a) Based on our enlarged issued share capital of 480,000,000 Shares after our IPO.

The existing shareholders' shareholdings in DS Kaizen and their indirect interest in DS Sigma before and after the Share Transfer will be as follow:

Shareholders	Before the Share Transfer			
	Direct interest in DS Kaizen		Direct interest in DS Sigma	
	No. of DS Kaizen Shares	^(a) %	No. of Shares	^(b) %
Lucille Teoh Soo Lien	46	46.00	159,548,000	33.24
Beh Seng Lee	54	54.00	159,548,000	33.24
Total	100	100.00	319,096,000	66.48

Shareholders	After the Share Transfer					
	Direct interest in DS Kaizen		Direct interest in DS Sigma		Indirect interest in DS Sigma	
	No. of DS Kaizen Shares	^(c) %	No. of Shares	^(b) %	No. of Shares	^(b) %
Lucille Teoh Soo Lien	460	46.00	24,860,000	5.18	^(d) 292,800,000	61.00
Beh Seng Lee	540	54.00	1,436,000	0.30	^(d) 292,800,000	61.00

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

Notes:

- (a) Based on DS Kaizen's issued share capital of 100 DS Kaizen Shares.
- (b) Based on our enlarged issued share capital of 480,000,000 Shares after our IPO.
- (c) Based on DS Kaizen's enlarged issued share capital of 1,000 DS Kaizen Shares after the Share Transfer.
- (d) Deemed interested by virtue of his / her direct interest in DS Kaizen pursuant to Section 8(4) of the Act.

Please refer to Section 5.1.2 of this Prospectus for further details on DS Kaizen.

(e) Listing

Upon completion of our IPO, our Company's entire enlarged issued share capital of RM79,310,500.50 comprising 480,000,000 Shares will be listed on the ACE Market.

4.1.2 Minimum and over-subscription

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

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

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

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4. PARTICULARS OF OUR IPO (Cont'd)

4.1.3 Share capital

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

	No. of Shares	Share capital (RM)
Issued share capital as at the date of this Prospectus	388,820,000	29,161,500.50
New Shares to be issued pursuant to the Public Issue	91,180,000	50,149,000.00
Enlarged issued share capital upon Listing	480,000,000	79,310,500.50
IPO Price		RM0.55
- Pro forma combined NA per Share (based on our enlarged issued share capital after the IPO)		RM0.20
- Market capitalisation upon Listing (based on the IPO Price and our enlarged issued share capital after the IPO)		RM264,000,000

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

Our Offer Shares rank equally in all respects with our existing Shares in issue, including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of transfer of our Offer Shares.

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

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

4.2 BASIS OF ARRIVING AT THE IPO PRICE

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

(i) Financial and operating history

Based on the historical audited combined statements of profit or loss and other comprehensive income of our Group for the FYE 30 June 2022, we recorded a PAT attributable to equity holders of the Group of RM21.01 million, representing an EPS of 4.38 sen based on the enlarged issued share capital of 480,000,000 Shares upon Listing. The EPS translates into PE Multiple of 12.56 times based on the IPO Price. Our detailed operating and financial history are set out in Sections 6 and 11 of this Prospectus, respectively.

4. PARTICULARS OF OUR IPO (Cont'd)**(ii) Business strategies and plans**

Our business strategies and plans, which are as set out in Section 6.15 of this Prospectus.

(iii) Competitive advantages and key strengths, and industry overview

Our competitive advantages and key strengths, and the industry overview, which are as set out in Sections 6.1.3 and 7 of this Prospectus, respectively.

(iv) Pro forma combined NA

Our pro forma combined NA per Share as at 30 June 2022 of RM0.20 based on our enlarged issued share capital of 480,000,000 Shares in our Company upon Listing and after use of proceeds raised from our Public Issue.

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

4.3 DILUTION

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

	RM
IPO Price	0.55
Pro forma combined NA per Share as at 30 June 2022 after the Acquisitions but before Public Issue	0.13
Pro forma combined NA per Share after the Acquisitions, Public Issue and use of proceeds	0.20
Increase in pro forma combined NA per Share attributable to existing shareholders	0.07
Dilution to our new investors	0.35
Dilution to our new investors as a percentage of the IPO Price	63.64%

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4. PARTICULARS OF OUR IPO (Cont'd)

The following table shows the total number of Shares and the average effective cash cost per Share paid by our Directors, Promoters, substantial shareholders, Key Senior Management and / or persons connected to them since our incorporation up to the date of this Prospectus or which they have a right to acquire:

	No. of Shares held before IPO	No. of Shares held from IPO	Total consideration (RM)	Effective cash cost per Share (RM)
<u>Promoters, substantial shareholders and Directors</u>				
Lucille Teoh Soo Lien	^{(a)(b)} 178,758,000	-	13,406,850.25	0.075
Beh Seng Lee	^(a) 178,758,000	-	13,406,850.25	0.075
<u>Promoter and Director</u>				
Beh Le Hao	-	^(c) 1,000,000	550,000.00	0.550
<u>Directors</u>				
Mohamad Ismail Bin Abu Bakar	-	^(c) 300,000	165,000.00	0.550
Lee Yew Weng	-	^(c) 300,000	165,000.00	0.550
Loo Hee Guan	-	^(c) 300,000	165,000.00	0.550
Maznida Binti Mokhtar	-	^(c) 300,000	165,000.00	0.550
<u>Substantial shareholder</u>				
DS Kaizen	-	^(d) 292,800,000	21,960,000.00	0.075
<u>Other existing shareholder</u>				
Yong Chong Long	^(a) 15,652,000	^(c) 1,000,000	1,723,900.00	0.104
<u>Key Senior Management</u>				
Lai Jian Hong	-	^(c) 200,000	110,000.00	0.550
Loi Guak Lian	^(a) 15,652,000	^(c) 500,000	1,448,900.00	0.090
Beh Koon Chiew	-	^(c) 1,500,000	825,000.00	0.550
Ramesh A/L Muniundy (Muniandy)	-	^(c) 200,000	110,000.00	0.550

Notes:

- (a) Issued pursuant to the Acquisitions.
- (b) Including 10 Shares, being subscribers' shares held by Lindy Loh Swee Lee which were transferred to Lucille Teoh Soo Lien after the Acquisitions.
- (c) Assuming our Directors, Key Senior Management and persons who have contributed to the success of our Group will fully subscribe their respective allocation under the Pink Form Allocation.
- (d) Pursuant to the Share Transfer.

Save as disclosed above, there has been no acquisition of any of our Shares by our Directors, Promoters, substantial shareholders, Key Senior Management and / or persons connected to them since our incorporation up to the date of this Prospectus.

4. PARTICULARS OF OUR IPO (Cont'd)**4.4 USE OF PROCEEDS**

The total gross proceeds from our Public Issue amounting to RM50.15 million are intended to be used in the following manner:

Purposes	RM'000	%	Estimated time frame for use (from the Listing date)
Expansion of operational facilities			
- Expansion of operations to Penang	1,200	2.39	Within 24 months
- Establishment of Klang Factory 2	16,000	31.91	Within 24 months
Purchase of new machinery and equipment			
- Automated and robotic packing machines	7,100	14.16	Within 24 months
- Honeycomb board machines	3,200	6.38	Within 24 months
- 6-colour flexographic printing machine	5,700	11.37	Within 24 months
Establish packaging design and innovation centre	1,140	2.27	Within 24 months
Repayment of bank borrowings	6,000	11.96	Within 12 months
Working capital	5,409	10.79	Within 12 months
Estimated listing expenses	4,400	8.77	Within 3 months
Total	50,149	100.00	

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

4.4.1 Expansion of operational facilities

Part of our Group's business strategies and plans is to expand our business operations to Penang and to establish a new head office and factory in Klang, Selangor.

(a) Expansion of operations to Penang

As a packaging products provider, proximity to customer is crucial to provide a steady and reliable supply of packaging products to customers. In addition, packaging products are bulky items and by setting up a warehouse and being close to customers, we would be able to provide JIT solution where we deliver packaging products to customers when required thus minimising transportation costs for our customers. As such, we plan to expand our business operations to Penang to target new customers located in the northern region of Peninsular Malaysia.

We plan to rent a warehouse cum office with the approximate size of 25,000 sq. ft. in Batu Kawan, Penang. We have identified several premises for our operations in Penang and intend to commence the rental of the warehouse cum office by 1st half of 2023. The following sets out the estimated cost to set up the Batu Kawan Warehouse:

	Estimated cost RM'000
Rental of 25,000 sq. ft. warehouse for a period of 12 to 18 months	800
Office renovation and fittings, and installation of racking system	270
Purchase of 2 units of forklifts and 3 units of testing equipment ^(a)	130
Total	1,200

4. PARTICULARS OF OUR IPO (Cont'd)

Note:

- (a) Testing equipment include box compression tester, automatic burst strength and grammage testing machine.

We intend to allocate RM1.20 million of the proceeds from our Public Issue to fund the establishment of Batu Kawan Warehouse. If the actual cost of the expansion of operations to Penang is higher than the amount budgeted, the deficit will be funded by internally generated funds. While we may incur additional costs in terms of warehouse rental and holding costs of finished products in Penang at the initial stage, this will only be for the short to medium term. Our Group intends to set up a manufacturing operation in Penang once we gain traction and secure continuous and sufficient quantity of orders from prospective customers. We are currently in the midst of setting up the team for our business operations in Penang and have yet to secure any customers.

Kindly refer to Section 6.15.1.1 of this Prospectus for further details.

(b) Establishment of Klang Factory 2

We intend to allocate RM16.00 million, representing approximately 31.91% of the gross proceeds from the Public Issue to acquire a detached factory with 2-storey office building with an estimated built-up area of 100,000 sq. ft. by the 1st half of 2024.

The following sets out the estimated cost of factory acquisition, renovation and fittings:

	Estimated cost RM'000
Acquisition of a 100,000 sq. ft. factory in Klang, Selangor	33,000
Office renovation and fittings, and installation of racking system	1,850
Purchase of 4 units of forklifts	150
Total	35,000

The total cost to establish Klang Factory 2 is estimated at RM35.00 million. The estimated cost of factory acquisition was derived after taking into consideration quotations received from developers and property agents for factories that we have identified in Klang, Selangor. The remaining cost of RM19.00 million will be funded via internally generated funds and / or bank borrowings.

Upon completion, the new facility will serve as our Group's corporate head office to house our management and administrative employees in a main location to increase operational efficiency as well as to accommodate more employees as part of the expansion of our business. It will also provide our employees with a conducive work environment to enhance productivity and performance, and minimise employee turnover. Furthermore, with a corporate head office, we are able to enhance the visibility of our brand and elevate our corporate image amongst our customers, suppliers, employees and other stakeholders.

Kindly refer to Section 6.15.1.2 of this Prospectus for further details.

4. PARTICULARS OF OUR IPO (Cont'd)

4.4.2 Purchase of new machinery and equipment

(a) Automated and robotic packing machines

As part of our future plan to fully automate our production of corrugated cartons, we plan to purchase and install automated and robotic packing machines for our existing production lines in Klang Factories and Nilai Factory by 2nd half of 2023 as well as for Klang Factory 2 by 2nd half of 2024.

The total estimated cost of our investment in these machines is approximately RM7.10 million which will be fully funded by proceeds from our Public Issue. Details of the estimated costs for these machines are as follows:

Type of machine	Function	No of unit(s)	Timing	Estimated cost RM'000
Semi-automatic pre-feeder	<ul style="list-style-type: none"> To feed corrugated boards into the flexographic printing machine To feed carton blanks into the automatic folding, stitching and gluing machine 	2	2023 ^(a)	400
Conveyor system	To convey the carton blanks from 2 units of flexographic printing machines to 1 unit of automatic folding, stitching and gluing machine	1	2023 ^(a)	1,600
Automatic folding, stitching, gluing machine	To fold, stitch and glue the carton blanks into corrugated cartons	1	2024 ^(b)	2,200
Automatic bundling machine	To bundle the corrugate cartons	1	2024 ^(b)	280
Wrapping machine	To wrap the palletised cartons with shrink wrap	1	2024 ^(b)	20
Robot palletiser system	To pick and place bundled cartons onto pallets	3	2023 and 2024 ^(c)	2,600
			Total	7,100

Notes:

- (a) We intend to purchase 2 units of semi-automatic pre-feeders by 1st half of 2023 and 1 unit of conveyor system by 2nd half of 2023 to combine our existing 2 units of flexographic printing machines with our existing 1 unit of automatic folding, stitching and gluing machine at No. 27 Klang Factory.
- (b) We intend to purchase 1 unit of automatic folding, stitching and gluing machine, 1 unit of automatic bundling machine and 1 unit of wrapping machine by 2nd half of 2024. This set up will be installed and connected to the new 6-colour flexographic printing machine at Klang Factory 2.
- (c) We intend to purchase 2 units of robot palletiser system for our existing Klang Factories and Nilai Factory, respectively by 2nd half of 2023 and another 1 unit for Klang Factory 2 by 2nd half of 2024.

Kindly refer to Section 6.15.2.1 of this Prospectus for further details.

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

(b) Honeycomb board machines

We plan to introduce a new type of paper pallet using honeycomb board. To scale up the production of paper pallets, we plan to invest in honeycomb board machines to produce honeycomb boards in various thickness which will serve as the pallet's deck and runner / leg.

We plan to purchase 2 units of honeycomb board machines which comprise the following:

(i) Honeycomb core making segment

- paper holder and unwinding unit which holds rolls of liner paper as input material to produce the honeycomb core;
- gluing unit to apply alternate strips of glue on the liner paper;
- drying unit to dry the glue applied; and
- cross-cutting unit to cut the glued paper in strips and stack them to form the honeycomb core structure.

(ii) Honeycomb board making segment

- paper holder and unwinding unit which holds rolls of liner paper to be fed to the gluing unit as input material to form the top and bottom layer of the honeycomb board;
- stretch platform and drying units which stretches and dry the honeycomb core;
- gluing unit to apply glue on the top and bottom of the stretched honeycomb core;
- ironing unit to apply heat and pressure on the laminated layers to dry the honeycomb board;
- cold press unit to cool down the honeycomb board;
- slitting and cross cutting units to cut and slit the board into smaller pieces; and
- stacking unit to stack the finished products.

Each machine will have the capacity to produce 4 to 25 metres of honeycomb boards per minute. The machine will be able to produce board with thickness of 6mm up to 80mm.

The total estimated cost of our investment for 2 units of the said machines is approximately RM3.20 million which will be fully funded by proceeds from our Public Issue. We target to purchase 1 unit by 2nd half of 2024 for our Nilai Factory and another unit by 1st half of 2025 for Klang Factory 2.

Kindly refer to Section 6.15.2.2 of this Prospectus for further details.

(c) 6-colour flexographic printing machine

We plan to introduce 6-colour printing on our corrugated cartons. As at the LPD, all our flexographic printing machines is equipped with 3 printing units in each machine which is capable of printing up to 3 colours at one time. Our planned 6-colour flexographic printing machine will have 6 printing units which will allow for printing of up to 6 colours at one time. With a wider colour palette, we would be able to print more vibrant and close to true colour of images on the corrugated cartons.

We plan to purchase 1 unit of 6-colour flexographic printing machine which comprises a feeder unit, 6 printing units for each ink colour, 1 slotter unit, 1 rotary die cutter unit as well as an in-line folder and gluer unit. We also intend to purchase additional units including a drying unit, automatic pre-feeder unit and bundling unit.

The total estimated cost of our investment in the said machine is approximately RM5.70 million which will be fully funded by proceeds from our Public Issue. We target to purchase the said machine by 2nd half of 2024 where it will be installed at Klang Factory 2.

Kindly refer to Section 6.15.2.3 of this Prospectus for further details.

4. PARTICULARS OF OUR IPO (Cont'd)

4.4.3 Establish packaging design and innovation centre

We have renovated an existing area on the ground level of No. 27 Klang Factory and convert the space into a packaging design and innovation centre in September 2022. The packaging design and innovation centre comprise the following areas:

- design area where we will hire 2 packaging engineers and equipped them with computer aided design software;
- prototyping area comprising computerised digital flatbed cutter to produce corrugated paper packaging prototypes; and
- testing and measurement area comprising various equipment.

We also plan to expand our testing and prototyping facilities by purchasing a number of testing and prototyping equipment as disclosed in the table below by 1st half of 2023 to facilitate our front-end value-added services.

As at the LPD, we are equipped with 1 sample cutter, 1 box compression testing machine, 1 burst strength testing machine, 1 paper moisture meter, 1 grammage testing machine and 1 push-pull gauge to carry out quality testing for new paper carton model. We are unable to carry out certain testing and measurement activities such as, among others, temperature, humidity, vibration, crush strength, incline impact and tensile strength as we do not have the required equipment. Moving forward, we intend to offer these services to our customers.

The total estimated costs to establish a packaging design and innovation centre is RM1.50 million as follows:

	Estimated cost RM'000
Purchase of testing and prototyping equipment	
- 1 unit of walk-in temperature and humidity test chamber	200
- 1 unit of computerised flatbed sample cutter ^(a)	160
- 1 unit of box compression tester	150
- 1 unit of incline impact tester	140
- 1 unit of packaging clamping force tester	90
- 1 unit of computer-aided design software ^(a)	50
- 2 units of automatic burst strength tester	30
- 1 unit of single column tensile tester	25
- 1 unit of paper bending stiffness tester	20
- 1 unit of transportation vibration tester	20
- 1 unit of crush tester	15
Renovation of centre ^(b)	150
Hiring of 2 packaging engineers for 2 years	450
Total	1,500

Notes:

- (a) As at the LPD, we have purchased the computerised flatbed sample cutter and computer-aided design software using our internally generated funds.
- (b) As at the LPD, we have completed the renovation of the packaging design and innovation centre using our internally generated funds.

We intend to allocate RM1.14 million of the proceeds from our Public Issue to fund the cost of setting-up a packaging design and innovation centre. If the actual cost required is higher than the amount budgeted, the deficit will be funded by internally generated funds.

4. PARTICULARS OF OUR IPO (Cont'd)**4.4.4 Repayment of bank borrowings**

Name of financial institution	Type of facility	Purpose	Interest rate / Maturity date	Outstanding amount as at the LPD RM'000	Proposed repayment RM'000	Potential interest savings RM'000
Hong Leong Bank Berhad	Term loan	Part finance the purchase of Nilai Factory	BLR - 2.00%, subject to a minimum of 4.60% / 1 July 2034	2,741	2,000	681
Public Bank Berhad	Term loan	Part finance the purchase of No. 27 Klang Factory	BLR - 2.30% / 1 October 2038	5,076	4,000	1,369
Total					6,000	2,050

We intend to utilise RM6.00 million of our proceeds from the Public Issue to partially repay the abovementioned facilities. The repayment of the bank borrowings is expected to have a positive financial impact on our Group with interest savings of approximately RM2.05 million based on the prevailing interest rate per annum for each of the banking facilities as stated in the table above. None of the above borrowings were incurred by our Group in the last 12 months.

4.4.5 Working capital

We plan to use approximately RM5.41 million of the proceeds from the Public Issue to finance our Group's day-to-day operational requirements to support our existing business operations as well as the expected growth in our scale of operation in tandem with the expansion of our business. The breakdown of the allocation is as follows:

	Estimated cost RM'000
Purchase of materials ^(a)	4,500
General administrative and operating expenses i.e. utilities and rental	909
Total	5,409

Note:

(a) Materials mainly consist of corrugated paper board.

4.4.6 Estimated listing expenses

Our listing expenses are estimated to be RM4.40 million, the details of which are as follows:

Details	RM'000
Professional fees ^(a)	2,500
Fees to authorities	100
Estimated underwriting, placement and brokerage fees	1,200
Printing and advertising	350
Contingencies ^(b)	250
Total	4,400

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

Notes:

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

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

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

Our Company will not receive any proceeds from the Offer for Sale. The gross proceeds from the Offer for Sale of approximately RM21.13 million based on the IPO Price will accrue entirely to the Selling Shareholders. The Selling Shareholders shall bear the entire incidental expenses and fees in relation to the Offer for Sale, amounting to approximately RM0.48 million.

4.5 BROKERAGE FEE, UNDERWRITING COMMISSION AND PLACEMENT FEE

4.5.1 Brokerage fee

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

4.5.2 Underwriting commission

PIVB, as our Sole Underwriter, has agreed to underwrite 33,800,000 Issue Shares as set out in Sections 4.1.1(b)(i) and 4.1.1(b)(ii) of this Prospectus. We will pay our Sole Underwriter an underwriting commission at the rate of 2.25% of the total value of the Issue Shares underwritten at the IPO Price.

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

4.5.3 Placement fee

PIVB, as our Sole Placement Agent, has agreed to place out 57,380,000 Issue Shares and 38,420,000 Offer Shares available under the placement to selected investors as well as selected Bumiputera Investors approved by MITI as set out in Sections 4.1.1(b)(iii), 4.1.1(b)(iv) and 4.1.1(c) of this Prospectus respectively, at the rate of up to 2.25% of the IPO Price for each Issue Share / Offer Share to be placed out by the Sole Placement Agent.

The placement fee to be incurred on 38,420,000 Offer Shares to be placed out by the Sole Placement Agent will be fully borne by the Selling Shareholders.

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

4.6 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We had on 3 November 2022 entered into the Underwriting Agreement with our Sole Underwriter to underwrite 24,000,000 Issue Shares made available for application by the Malaysian Public and 9,800,000 Issue Shares made available for application by the Eligible Persons under the Pink Form Allocation (collectively referred to as “**Underwritten Shares**”), upon the terms and subject to the conditions as set out in the Underwriting Agreement.

The salient terms of the Underwriting Agreement are as follows:

4.6.1 Agreement to underwrite

- (i) The obligations of the Sole Underwriter under the Underwriting Agreement are conditional upon:
 - (a) the delivery by the Company to the Sole Underwriter before the last date and time for the Applications and payment for the Public Issue in accordance with the Prospectus and the Application Form (“**Closing Date**”) or extended Closing Date, to be mutually agreed in writing by the Company and the Sole Underwriter, subject to the prior written approval of the relevant authorities, if required and which will be advertised by the Company in a widely circulated Bahasa Malaysia and English daily newspaper in Malaysia (“**Extended Closing Date**”), a written confirmation by the Company that there having been on or prior to the Closing Date or Extended Closing Date, neither any material adverse change nor any development reasonably likely to result in any material adverse change, in the condition (financial, business, operations or otherwise) of the Group, which is material in the context of the IPO as set out in the Prospectus, nor the occurrence of any event or the discovery of any fact which is inaccurate, untrue or incorrect which makes any of the representations and warranties contained in clause 3 of the Underwriting Agreement untrue and incorrect in any material respect as though they had been given and made on such date with reference to the facts and circumstances then subsisting, nor the occurrence of any breach of the undertakings contained in clause 3 of the Underwriting Agreement and the said written confirmation shall be in the form and substance as attached in the first schedule of the Underwriting Agreement;
 - (b) the delivery by the Company to the Sole Underwriter prior to the date of the registration of the Prospectus with Bursa Securities, 2 certified extracts of all the resolutions of the Board:
 - (aa) approving the IPO and the Listing and the transactions contemplated by each of the same;
 - (bb) approving and authorising the execution of the Underwriting Agreement and authorising such person(s) as the Board may resolve to execute the Underwriting Agreement for and on behalf of the Company;
 - (cc) approving the issue and allotment of the Issue Shares under the IPO;
 - (dd) approving and authorising the issuance of the Prospectus; and
 - (ee) confirming that the Directors, collectively and individually, accept full responsibility for the accuracy of all information stated in the Prospectus;
 - (c) the delivery by the Company to the Sole Underwriter, a written confirmation that all the resolutions referred in clause 2.2.2 of the Underwriting Agreement are in full force and effect as at the Closing Date or Extended Closing Date and have not been rescinded, revoked, or varied;
 - (d) the Prospectus being in the form and substance satisfactory to the Sole Underwriter;

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

- (e) the delivery by the Company to the Sole Underwriter on the Closing Date or Extended Closing Date of such reports and confirmations dated the Closing Date or Extended Closing Date from the Directors of the Company as the Sole Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of the Underwriting Agreement that will adversely affect the performance or financial position of the Group;
 - (f) the Sole Underwriter being satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in clause 14 of the Underwriting Agreement;
 - (g) on the Closing Date or Extended Closing Date, the IPO is not being prohibited or impeded by any statute, order, rule, regulation or directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia, including but not limited to Bursa Securities and the SC;
 - (h) on the Closing Date or Extended Closing Date, the Company having complied with and that the IPO is in compliance with the Act, the CMSA, policies, guidelines and requirements of Bursa Securities and / or the SC and all revisions, amendments and / or supplements thereto;
 - (i) the Prospectus having been issued within 2 months after the date of the Underwriting Agreement or within such extended period as may be agreed in writing by the Sole Underwriter;
 - (j) the Sole Underwriter having been satisfied that the Underwriting Agreement has been duly executed and stamped and the Company has complied with and there is no breach of, or failure on the part of the Company to comply with, any of their obligations under the Underwriting Agreement, and that the Company have complied with, and that the IPO (including the offer, sale and issue of Issue Shares), the Listing and the transactions contemplated under the Underwriting Agreement are in compliance with, all relevant laws;
 - (k) the acceptance for registration by Bursa Securities of the Prospectus and such other documents as may be required in accordance with the CMSA in relation to the IPO and the lodgement of the Prospectus with the CCM on or before their release under the IPO or in accordance with Section 154 of the Act and the CMSA together with copies of all documents required under the Act and CMSA; and
 - (l) all approvals required in relation to the IPO, the admission and the Listing, including but not limited to approvals from Bursa Securities and the MITI having been obtained and are in full force and effect as at the Closing Date or Extended Closing Date and that all conditions of the approvals (except for any which can only be complied with after the IPO has been completed) have been complied with to the satisfaction of the Sole Underwriter and such approvals have not been withdrawn, amended, suspended, terminated, lapsed or been revoked.
- (ii) If any of the conditions set out in Section 4.6.1(i) is not satisfied by the Closing Date or Extended Closing Date, the Sole Underwriter shall thereupon be entitled to terminate the Underwriting Agreement by notice in writing and in that event, except for the liability of the Company for the payment of the underwriting commission, costs and expenses as provided in clause 14 of the Underwriting Agreement incurred prior to the termination and any claims pursuant to clause 3.3.1 of the Underwriting Agreement, there shall be no further claims by the Sole Underwriter against the Company, and the parties shall be released and discharged from their respective obligations hereunder provided that the Sole Underwriter may at its absolute discretion waive compliance with any of the provisions of Section 4.6.1(i) except for any conditions required by any laws, rules, regulations and guidelines or by any regulatory or governmental authorities / bodies.

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

4.6.2 Termination / lapse of agreement

- (i) Notwithstanding anything herein contained, the Sole Underwriter may by notice in writing to the Company given at any time before the Closing Date or Extended Closing Date, terminate, cancel or withdraw its commitment to underwrite the Underwritten Shares if:
 - (a) any of the approvals of Bursa Securities for the Listing is revoked, withdrawn; or
 - (b) there is any breach by the Company of any of the representations, warranties or undertakings contained in clause 3 of the Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied to the satisfaction of the Sole Underwriter within such number of days as stipulated in a notice to be made by the Sole Underwriter to the Company of such breach, or by the Closing Date or Extended Closing Date, whichever is earlier; or
 - (c) there is withholding of information by the Company which is required to be disclosed to the Sole Underwriter pursuant to the Underwriting Agreement, and if capable of remedy, is not remedied within such number of days as stipulated in a notice to be made by the Sole Underwriter to the Company of such breach, which, in the opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the IPO, or the distribution or sale of the Issue Shares; or
 - (d) there shall have occurred, happened or come into effect any material and adverse change to the business or financial conditions of the Company or the Group; or
 - (e) approval for the IPO is withdrawn, modified and / or subject to terms and conditions not acceptable to the Sole Underwriter and which, in the reasonable opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on and / or materially prejudice the business or operations of the Company, the success of the IPO, the distribution or sale of the Issue Shares or the performance of any material part of the Underwriting Agreement; or
 - (f) there is a failure on the part of the Company to perform any of its obligations herein contained; or
 - (g) any of the conditions precedent set out in Section 4.6.1(i) are not duly satisfied by the Closing Date or Extended Closing Date.
- (ii) If the Closing Date or Extended Closing Date is more than 2 calendar months from the date of the Underwriting Agreement or falls on any later date as the Company and the Sole Underwriter may mutually agree upon in writing, the Underwriting Agreement will automatically lapse and thereafter, both parties shall be released and discharged from their obligations under the Underwriting Agreement and no party shall have any claims against the other, save for antecedent breaches.
- (iii) Upon such notice(s) being given under Section 4.6.2(i), the Sole Underwriter shall be released and discharged of its obligations under the Underwriting Agreement without prejudice to its rights whereby the Underwriting Agreement shall be of no further force or effect and no party shall be under any liability to any other in respect of the Underwriting Agreement, except that the Company shall remain liable in respect of its obligations and liabilities under clause 3 of the Underwriting Agreement, the underwriting commission, any antecedent breach and under clause 14 of the Underwriting Agreement for the payment of the costs and expenses already incurred up to the date of termination or in connection with such termination and for the payment of any taxes, duties or levies within 7 days from the date of the same being due.

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

- (iv) If the Underwriting Agreement is terminated due to the Company taking actions to not proceed with the IPO resulting in the Sole Underwriter not being able to perform its obligations under the Underwriting Agreement, the Sole Underwriter is entitled to the underwriting commission in addition to the costs and expenses incurred thereto.
- (v) If the Underwriting Agreement is terminated pursuant to Section 4.6.2(i), the Sole Underwriter and the Company may confer with a view to defer the IPO by amending its terms or the terms of the Underwriting Agreement and may enter into a new underwriting agreement accordingly, but neither the Sole Underwriter nor the Company shall be under any obligation to enter into a fresh agreement.

4.6.3 Force majeure

- (i) It will be an event of force majeure if the Sole Underwriter is unable to perform its obligations stipulated herein resulting from any event or series of events beyond the reasonable control of the Sole Underwriter, including without limitation any of the following:
 - (a) acts of God, national disorder, armed conflict or serious threat of the same, hostilities, embargo, detention, revolution, riot, looting or other labour disputes, any unavailability of transportation or severe economic dislocation, earthquake, typhoon, outbreak of war, outbreak of disease, acts of terrorism or the declaration of a state of national emergency;
 - (b) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing which is likely to have a material adverse effect on the stock market in Malaysia. 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:
 - (aa) on or after the date of the Underwriting Agreement; and
 - (bb) prior to the Closing Date or Extended Closing Date,

lower than 90.00% of the Index level at the close of normal trading on the Market Day immediately prior to the date of the Underwriting Agreement and remain at or below that level for 3 or more consecutive Market Days, it shall be deemed a material adverse change in the stock market condition in Malaysia; or
 - (c) any new law, regulation, directive, policy or ruling or any material change in law, regulation, directive, policy or ruling in any jurisdiction or any change in the interpretation or application thereof by any court or other competent authority which would prohibit or impede the obligations of the Sole Underwriter or any event or series of events beyond the reasonable control of the Sole Underwriter,

which would have or can reasonably be expected to have, a material adverse effect on and / or materially prejudice the business or the operations of the Company or the Group, the success of the IPO, the distribution or sale of the Issue Shares, or the performance of any material part of the Underwriting Agreement.

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

- (ii) In the event of a force majeure pursuant to Section 4.6.3(i), the Sole Underwriter may, subject to prior consultation with the Company, at any time prior to or on the Closing Date or Extended Closing Date:
 - (a) terminate the Underwriting Agreement by giving notice to the Company in the manner as set out in clause 15 of the Underwriting Agreement; or
 - (b) request for the Closing Date or Extended Closing Date to be extended to such reasonable date as the Sole Underwriter may decide.
- (iii) Upon delivery of the notice of termination pursuant to Section 4.6.3(ii)(a) and in the manner as set out in clause 15 of the Underwriting Agreement, the Underwriting Agreement will terminate hereafter and each party's rights and obligations will cease and none of the parties will have any claim against each other save and except for any antecedent breach, claims in respect of the costs and expenses of the Sole Underwriter in clause 14 of the Underwriting Agreement and the underwriting commission set out in clause 6 of the Underwriting Agreement.

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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:

Name	Nationality / Place of incorporation	Before our IPO / As at the LPD				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	(a)%	No. of Shares	(a)%	No. of Shares	(b)%	No. of Shares	(b)%
<u>Promoters and substantial shareholders</u>									
Lucille Teoh Soo Lien	Malaysian	178,758,000	45.97	-	-	24,860,000	5.18	^(c) 292,800,000	61.00
Beh Seng Lee	Malaysian	178,758,000	45.97	-	-	1,436,000	0.30	^(c) 292,800,000	61.00
<u>Promoter</u>									
Beh Le Hao	Malaysian	-	-	-	-	^(d) 1,000,000	0.21	-	-
<u>Substantial shareholder</u>									
DS Kaizen	Malaysia	-	-	-	-	^(e) 292,800,000	61.00	-	-

Notes:

- (a) Based on our issued share capital of 388,820,000 Shares after the Acquisitions but before our IPO.
- (b) Based on our enlarged issued share capital of 480,000,000 Shares after our IPO.
- (c) Deemed interested by virtue of his / her direct interest in DS Kaizen pursuant to Section 8(4) of the Act.
- (d) Assuming Beh Le Hao will fully subscribe for his allocation under the Pink Form Allocation.
- (e) Transfer of Shares by Lucille Teoh Soo Lien and Beh Seng Lee to DS Kaizen pursuant to the Share Transfer.

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

5.1.2 Profile of Promoters and substantial shareholders

(i) **Lucille Teoh Soo Lien**

Promoter, substantial shareholder and Managing Director

Lucille Teoh Soo Lien, a Malaysian, aged 51, is our Promoter and substantial shareholder. She is also our Managing Director. She was appointed to our Board on 20 September 2021.

Lucille Teoh Soo Lien completed her secondary education at St. Xavier's Institution in 1990. Upon completion of her studies, she began her career as a Sales Executive at Data Media Supplies Sdn Bhd and subsequently worked in the packaging industry as a Sales Executive, with Public Packages Holdings Berhad and Scientex Containers Sdn Bhd in 1992 and 1994, respectively. She was responsible for securing business leads and maintaining business relationship with clients by providing support, information and guidance. She left Scientex Containers Sdn Bhd in 1997 and joined Corrugated Offset Packaging (M) Sdn Bhd as an Assistant Sales Manager for 9 months before joining Scientex Resources Sdn Bhd, a supplier of packaging related materials as a Product Manager. Scientex Containers Sdn Bhd and Scientex Resources Sdn Bhd were indirect wholly-owned subsidiaries of Scientex Berhad, a company listed on the Main Market of Bursa Securities. Both Scientex Containers Sdn Bhd and Scientex Resources Sdn Bhd were struck off in 2012 pursuant to Section 308 of the Companies Act, 1965. During her tenure at Scientex Resources Sdn Bhd, she was involved in the company's product planning and product marketing by conducting market research to analyse the customers' need and expectation.

Upon leaving Scientex Resources Sdn Bhd in 2002, she co-founded Kaisung in the same year and DS Packaging in 2003 with Beh Seng Lee. Subsequently in 2004, she co-founded DS Manufacturing with Beh Seng Lee, Loi Guak Lian and Yong Chong Long and served as director in all 3 companies. She is responsible for overseeing our Group's paper based products segment as well as strategising our future business directions and expansion plan. She also drives the implementation of sales and marketing strategies as well as develop business relationship with our customers. Under her sales and marketing effort, the Group has successfully secured customers such as Sony Group of Companies, Panasonic Group of Companies and Samsung Electronics, which has remained as our customer as at the LPD. Currently as our Managing Director, she continues to assume the aforementioned role and responsibilities.

She also holds directorships in several private limited companies, details of which are disclosed in Section 5.2.4 of this Prospectus. Save for our Company, she does not sit on the board of directors of any other public listed companies.

(ii) **Beh Seng Lee**

Promoter, substantial shareholder and Executive Director

Beh Seng Lee, a Malaysian, aged 54, is our Promoter and substantial shareholder. He is also our Executive Director. He was appointed to our Board on 20 September 2021.

Beh Seng Lee obtained his Bachelor of Science in Agribusiness in 1993 from Universiti Putra Malaysia (formerly known as Universiti Pertanian Malaysia). In 1995, he started his career with Amcor Fibre Packaging (M) Sdn Bhd (*currently known as AMB Packaging (Malaysia) Sdn Bhd*), a corrugated fibreboard cartons manufacturer which is an indirect wholly-owned subsidiary company of Amcor Plc, a company dual-listed on New York Stock Exchange and Australian Securities Exchange, as a Sales Executive and later joined Corrugated Offset Packaging (M) Sdn Bhd, a packaging company, as a Senior Sales Executive in 1996.

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

Upon leaving Corrugated Offset Packaging (M) Sdn Bhd in 2002, he co-founded Kaisung in the same year and DS Packaging in 2003 with Lucille Teoh Soo Lien. Subsequently in 2004, he co-founded DS Manufacturing with Lucille Teoh Soo Lien, Loi Guak Lian and Yong Chong Long and served as director in all 3 companies. He has played an instrumental role in the growth and development of our Group throughout the years. With 29 years of experience in the industry, he was responsible for the financial planning of our Group and on managing the costs and expenses on raw materials required for our manufacturing activities.

He has been actively involved in the strategic business planning of our Group and he is currently overseeing our Group's non-paper based products segment.

He also holds directorships in several private limited companies, details of which are disclosed in Section 5.2.4 of this Prospectus. Save for our Company, he does not sit on the board of directors of any other public listed companies. He is the father of our Executive Director, Beh Le Hao and uncle to our Sales Manager, Beh Koon Chiew.

(iii) **Beh Le Hao** *Promoter and Executive Director*

Beh Le Hao, a Malaysian, aged 23, is our Promoter and Executive Director. He was appointed to our Board on 16 February 2022.

Beh Le Hao obtained his Bachelor of Science in Actuarial Science in 2021 from the London School of Economics and Political Science, United Kingdom. Whilst pursuing his tertiary education, he did his internship as an investment analyst at Affin Hwang Asset Management Berhad from June 2019 to August 2019 and Alanda Capital Management Limited from June 2020 to August 2020. Subsequently, he continued as a part time employee with Alanda Capital Management Limited from September 2020 to March 2021. He gained experience in finance related matters and equity research during his internship and part time employment in these companies.

Upon graduation, he joined DS Packaging as a Business Development Director in August 2021. He is currently responsible for managing the sales division and the quality control division as well as involve in developing the business development, finance functions and corporate strategies of our Group.

Save for our Company, he does not sit on the board of directors of any other public listed or private limited companies. Beh Le Hao is the son of our Executive Director, Beh Seng Lee and cousin of our Sales Manager, Beh Koon Chiew.

(iv) **DS Kaizen** *Substantial shareholder*

DS Kaizen was incorporated in Malaysia under the Act on 15 February 2022 as a private limited liability company.

As at the LPD, the issued share capital of DS Kaizen is RM100.00 comprising 100 ordinary shares. The principal activity of DS Kaizen is investment holding and it has no other intended business activity. As at the LPD, the directors and shareholders of DS Kaizen and their respective shareholdings in DS Kaizen are as follows:

Directors and shareholders	Direct interest in DS Kaizen	
	No. of DS Kaizen Shares	%
Lucille Teoh Soo Lien	46	46.00
Beh Seng Lee	54	54.00

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

During the prescription period (1 day after the launching date of the Prospectus up to a period of 30 days), our Selling Shareholders will transfer a total of 292,800,000 Shares to DS Kaizen (an investment holding company incorporated with the intention to hold their investment) at a consideration of RM21,960,000, to be satisfied partly by the issuance of 900 new DS Kaizen Shares to be issued at RM1.00 each. The remaining amount of RM21,959,100 will remain as an amount owing from DS Kaizen to the Selling Shareholders. The shareholdings in DS Kaizen after the Share Transfer are as follows:

Directors and shareholders	Direct interest in DS Kaizen	
	No. of DS Kaizen Shares	%
Lucille Teoh Soo Lien	460	46.00
Beh Seng Lee	540	54.00

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

5.1.3 Changes in our Promoters and substantial shareholders' shareholdings

The changes in our Promoter's and substantial shareholders' shareholdings in our Company since incorporation up to the LPD are as follows:

	As at 20 September 2021 (Date of incorporation)				After the Acquisitions (Before our IPO)				After our IPO and the Share Transfer			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	(a)%	No. of Shares	(a)%	No. of Shares	(b)%	No. of Shares	(b)%	No. of Shares	(c)%	No. of Shares	(c)%
<u>Promoters and substantial shareholders</u>												
Lucille Teoh Soo Lien	-	-	-	-	^(d) 178,758,000	45.97	-	-	24,860,000	5.18	^(e) 292,800,000	61.00
Beh Seng Lee	10	50.00	-	-	178,758,000	45.97	-	-	1,436,000	0.30	^(e) 292,800,000	61.00
<u>Promoter</u>												
Beh Le Hao	-	-	-	-	-	-	-	-	1,000,000	0.21	-	-
<u>Substantial shareholders</u>												
Lindy Loh Swee Lee	10	50.00	-	-	^(d) -	-	-	-	-	-	-	-
DS Kaizen	-	-	-	-	-	-	-	-	^(f) 292,800,000	61.00	-	-

Notes:

- (a) Based on our issued share capital of 20 Shares as at the date of incorporation.
- (b) Based on our issued share capital of 388,820,000 Shares after the Acquisitions but before our IPO.
- (c) Based on our enlarged issued share capital of 480,000,000 Shares after our IPO.
- (d) Subscribers' shares held by Lindy Loh Swee Lee, being one of the subscriber of the Company, were transferred to Lucille Teoh Soo Lien after the Acquisitions. Lindy Loh Swee Lee is an independent party who is not related to any of the Directors and major shareholders of the Company.

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

- (e) Deemed interested by virtue of his / her direct interest in DS Kaizen pursuant to Section 8(4) of the Act.
- (f) Transfer of Shares by Lucille Teoh Soo Lien and Beh Seng Lee to DS Kaizen pursuant to the Share Transfer.

As at the LPD, our Promoters and substantial shareholders have the same voting rights as the other shareholders of our Company and there is no arrangement between DS Sigma and its shareholders with any third parties, the operation of which may at a subsequent date result in a change in control of DS Sigma.

5.1.4 Persons exercising control over the corporation

Save for our Promoters and substantial shareholders who collectively hold approximately 66.69% of our enlarged number of issued share capital after our IPO, we are not aware of any other person who are able to, directly or indirectly, jointly or severally, exercise control over our Company.

5.1.5 Benefits paid or intended to be paid

Save for the dividends paid to Lucille Teoh Soo Lien and Beh Seng Lee as disclosed in Section 11.4 of this Prospectus and the aggregate remuneration and benefits paid or proposed to be paid to our Promoters and substantial shareholders for services rendered to our Group in all capacities for the FYE 30 June 2022 and FYE 30 June 2023 as disclosed in Section 5.4.1 of this Prospectus, there are no other amount or benefits that have been or are intended to be paid to our Promoters and / or substantial shareholders within the 2 years preceding the date of this Prospectus.

5.2 DIRECTORS AND KEY SENIOR MANAGEMENT

5.2.1 Directors

Our Board comprises the following members:

Name	Age	Nationality	Date of appointment	Designation
Mohamad Ismail Bin Abu Bakar (M)	61	Malaysian	16 February 2022	Independent Non-Executive Chairman
Lucille Teoh Soo Lien (F)	51	Malaysian	20 September 2021	Managing Director
Beh Seng Lee (M)	54	Malaysian	20 September 2021	Executive Director
Beh Le Hao (M)	23	Malaysian	16 February 2022	Executive Director
Lee Yew Weng (M)	45	Malaysian	16 February 2022	Independent Non-Executive Director
Loo Hee Guan (M)	52	Malaysian	16 February 2022	Independent Non-Executive Director
Maznida Binti Mokhtar (F)	55	Malaysian	16 February 2022	Independent Non-Executive Director

Notes:

(M) Male.

(F) Female.

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

5.2.2 Profiles of our Directors

The profiles of our Directors are as follows:

(i) Mohamad Ismail Bin Abu Bakar
Independent Non-Executive Chairman

Mohamad Ismail Bin Abu Bakar, a Malaysian, aged 61, is our Independent Non-Executive Chairman. He was appointed to our Board on 16 February 2022.

Mohamad Ismail Bin Abu Bakar obtained his Bachelor of Science in Agribusiness in 1996 from Universiti Putra Malaysia (formerly known as Universiti Pertanian Malaysia). He began his career with Integrated Agriculture Development Project (Perlis) (“IADP”) in 1983, under the Ministry of Agriculture as an Assistant Agriculture Officer where he was responsible for implementing agriculture based projects identified by Asian Development Bank.

In 1996, he left IADP and joined MIDA as an Assistant Director in the Transport Industry Division. In 2001, he joined MIDA’s Chicago Office as their Deputy Director and subsequently in 2006, he was posted back to MIDA’s headquarter serving in the Foreign Investment Division as a Deputy Director where he was responsible for attracting and securing foreign investment into Malaysia in the manufacturing and services sector. In 2008, he was posted to MIDA’s Dubai Office and served as a Director for 3 years. Once he completed his tenure in Dubai, he was transferred back to the headquarter of MIDA in Kuala Lumpur and assumed the position of Senior Deputy Director in the Foreign Investment Coordination Division to facilitate the foreign investment process in Malaysia.

In August 2014, he was promoted as a Director in the Industry Talent Management Division of MIDA. Subsequently in 2019, he was promoted as the Executive Director of Manufacturing Development (Resource) Division where he was responsible for overseeing 3 key industry divisions, namely Chemical and Advanced Material Division, Life Sciences & Medical Technology Division and Food Technology & Resource Based Industries Division. He retired from MIDA in 2021 and he brings with him more than 26 years of working experience and knowledge with MIDA in various roles and functions.

He also holds directorship in a private limited company, details of which are disclosed in Section 5.2.4 of this Prospectus. Aside from DS Sigma, he does not sit on the board of directors of any other public listed companies.

(ii) Lucille Teoh Soo Lien
Managing Director

Kindly refer to Section 5.1.2(i) of this Prospectus for the profile of Lucille Teoh Soo Lien.

(iii) Beh Seng Lee
Executive Director

Kindly refer to Section 5.1.2(ii) of this Prospectus for the profile of Beh Seng Lee.

(iv) Beh Le Hao
Executive Director

Kindly refer to Section 5.1.2(iii) of this Prospectus for the profile of Beh Le Hao.

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

(v) **Lee Yew Weng**
Independent Non-Executive Director

Lee Yew Weng, a Malaysian, aged 45, is our Independent Non-Executive Director. He was appointed to our Board on 16 February 2022.

Lee Yew Weng obtained his Bachelor of Commerce in 1999 from the University of Adelaide, Australia. He is a Chartered Accountant and has been a member of Certified Practising Accountant (“CPA”) Australia since 2003 and a member of the Malaysian Institute of Accountants since 2014.

He began his career with KK Chow & Partners in March 1999 and then joined Crowe Horwath Malaysia (now known as Crowe Malaysia) in January 2000 as an Audit Assistant, where he was involved in performing statutory audit. Subsequently, he joined KPMG Malaysia as an Audit Assistant in January 2001.

He ventured into the corporate sector when he joined Jotech Holdings Berhad as their Group Accountant in 2002 where he was responsible for the group’s accounting and financial matters. From May 2003 to June 2010, he worked with AmInvestment Bank Berhad, firstly in the Corporate Finance and Advisory Department and was promoted as Associate Director where he was involved in various corporate exercises, including corporate restructuring, reverse take-overs, mergers and acquisitions, fund raising and initial public offering. Subsequently in July 2008, he was relocated to the Corporate & Institutional Banking Department of AmInvestment Bank Berhad as an Associate Director.

After a 10 months’ sabbatical, he co-founded Stein Future Group Sdn Bhd (“**Stein Future**”), which is principally engaged in the provision of financial consultancy services and served as the Executive Director from May 2011 to August 2017. He also co-founded Yewnited Partners Sdn Bhd in January 2017 which provides business management consultancy services, and served as the Executive Director until May 2019.

From June 2019 to February 2020, he joined Canfield Corporate Finance Company Limited (“**Canfield**”), an approved Corporate Finance Adviser in Hong Kong, licensed by the Securities and Futures Commission of Hong Kong as a Responsible Officer, where he was involved in marketing and structuring transactions for clients undertaking cross-border corporate exercises. Subsequently in September 2020, he joined Sorrento Capital Limited, an approved Sponsor and Corporate Finance Adviser in Hong Kong, licensed by the Securities and Futures Commission of Hong Kong as a Licensed Representative, a position he holds to-date, where he has similar responsibilities as his role in Canfield. As at the LPD, he has approximately 23 years of experience in accounting and financial services sectors.

He also holds directorships in several private limited companies, details of which are disclosed in Section 5.2.4 of this Prospectus. Aside from DS Sigma, he also sits on the board of other public listed companies. As at the LPD, he is the Non-Independent Non-Executive Director of Sunzen Biotech Berhad and the Independent Non-Executive Director of Hiap Huat Holdings Berhad.

(vi) **Loo Hee Guan**
Independent Non-Executive Director

Loo Hee Guan, a Malaysian, aged 52, is our Independent Non-Executive Director. He was appointed to our Board on 16 February 2022.

Loo Hee Guan obtained his Bachelor of Economics in 1993 and Bachelor of Laws in 1995 from Monash University, Australia. He is a practicing lawyer and was called to the Malaysian Bar as an advocate and solicitor in 1995.

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

In 1995, he began his career by chambering with Soo Thien Ming & Nashrah, a Malaysian law firm and became a Legal Associate after he was called to the Malaysian Bar. He left in 1996 to join Syarikat Ng & Anuar as a Legal Assistant. Subsequently in 1998, he joined B.C. Teh and Yeoh, a Malaysian law firm as a Branch Partner. Throughout his tenure in these law firms, he was involved in civil litigation, conveyancing, corporate and commercial and banking and finance matters.

In 2000, he joined Ch'ng Khoon Peng Trading Sdn Bhd as General Manager to oversee the company's business development activities. He returned to legal practice in 2001 by joining Raslan Loong, Shen & Eow (at the time known as Raslan Loong) as a Senior Legal Assistant where he was involved in mergers and acquisitions, equity capital markets, China practice and banking and finance matters.

He then left Raslan Loong, Shen & Eow to set up his own practice, Enolil Loo Advocates and Solicitors in 2003, a boutique corporate legal firm, and currently continues to serve as the Partner. As at the LPD, he has over 25 years of experience in legal practice and his practice areas include corporate commercial, corporate finance, corporate restructuring and recovery, foreign direct investment, take-overs, mergers and acquisitions, private equity, structured finance, infrastructure and concessions, energy, real estate and trust.

He does not hold any directorships in private limited companies. Aside from DS Sigma, he also sits on the board of other public company, namely Ericson Foundation. Kindly refer to Section 5.2.4 of this Prospectus for further details of his directorships and involvement in other companies outside our Group.

(vii) Maznida Binti Mokhtar
Independent Non-Executive Director

Maznida Binti Mokhtar, a Malaysian, aged 55, is our Independent Non-Executive Director. She was appointed to our Board on 16 February 2022.

Maznida Binti Mokhtar obtained her Bachelor of Science in Economics (Honours) in 1990 from the London School of Economics and Political Science, United Kingdom. She is a member of The Institute of Chartered Accountants in England and Wales since 1993 and also a member of the Malaysian Institute of Accountants since 1996.

She began her career with Ernst & Young at their London office in 1990 as an Audit Assistant where she was mainly responsible for audit planning, resolving audit issues and consolidation and review of statutory accounts. Subsequently in 1994, she returned to Malaysia and joined AmMerchant Bank Berhad. She served in the Privatisation and Project Advisory Unit where she was involved in advising companies on infrastructure projects. In 1996, she left AmMerchant Bank Berhad and co-founded the Skali Group of Companies and served as the Chief Financial Officer where she was responsible for the strategic direction and overall finance function of Skali Group. In December 2019, she resigned as the Chief Financial Officer of Skali Group. As at the LPD, she has over 30 years of working experience in the accounting and finance sector.

She also holds directorships in several private limited companies, details of which are disclosed in Section 5.2.4 of this Prospectus. Aside from DS Sigma, she also sits on the board of QES Group Berhad as the Independent Non-Executive Director.

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

5.2.3 Directors' shareholdings

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

Directors	Before our IPO / As at the LPD				^(a) After our IPO			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	^(b) %	No. of Shares	^(b) %	No. of Shares	^(c) %	No. of Shares	^(c) %
Mohamad Ismail Bin Abu Bakar	-	-	-	-	300,000	0.06	-	-
Lucille Teoh Soo Lien	178,758,000	45.97	-	-	24,860,000	5.18	^(d) 292,800,000	61.00
Beh Seng Lee	178,758,000	45.97	-	-	1,436,000	0.30	^(d) 292,800,000	61.00
Beh Le Hao	-	-	-	-	1,000,000	0.21	-	-
Lee Yew Weng	-	-	-	-	300,000	0.06	-	-
Loo Hee Guan	-	-	-	-	300,000	0.06	-	-
Maznida Binti Mokhtar	-	-	-	-	300,000	0.06	-	-

Notes:

- (a) Assuming our Directors will fully subscribe for their respective allocation under the Pink Form Allocation.
- (b) Based on our issued share capital of 388,820,000 Shares after the Acquisitions but before our IPO.
- (c) Based on our enlarged issued share capital of 480,000,000 Shares after our IPO.
- (d) Deemed interested by virtue of his / her direct interest in DS Kaizen pursuant to Section 8(4) of the Act.

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

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

Save as disclosed below, as at the LPD, none of our Directors have any principal business activities performed outside our Group (including principal directorships in the past 5 years preceding the LPD):

(i) Mohamad Ismail Bin Abu Bakar

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of direct shareholdings
<u>Present involvement:</u> Emma Healthcare Sdn Bhd	Export and import of pharmaceutical and medical goods, wholesale of a variety of goods without any particular specialisation and wholesale of pharmaceutical and medical goods	Director / Shareholder	26 August 2021	-	10.00
<u>Past involvement:</u> Nara Zarin Enterprise	Business training and business consultancy services. Expired on 30 June 2022	Sole proprietor	30 June 2021	-	-

(ii) Lucille Teoh Soo Lien

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of direct shareholdings
<u>Present involvement:</u> BL Kaizen	Investment holding, where it owns investment property	Director / Shareholder	16 November 2005	-	50.00
DS Kaizen	Investment holding in companies involved in manufacturing of corrugated paper packaging products and supply of protective packaging products	Director / Shareholder	15 February 2022	-	46.00

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

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of direct shareholdings
<u>Present involvement:</u>					
Biotech Precision Berhad	Wholesale of pharmaceutical and medical goods and services	Shareholder	-	-	0.31
BL Kaizen	Investment holding, where it owns investment property	Director / Shareholder	16 November 2005	-	50.00
Comfort Place Sdn Bhd	Budget hotel and related activities	Director / Shareholder	19 October 2017	3 January 2022	40.00
FWS Management Sdn Bhd	Employment and provision of local and foreign workers	Director / Shareholder	7 October 2004	17 December 2021	25.00
DS Kaizen	Investment holding in companies involved in manufacturing of corrugated paper packaging products and supply of protective packaging products	Director / Shareholder	15 February 2022	-	54.00

(iv) Lee Yew Weng

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of direct shareholdings
<u>Present involvement:</u>					
Hiap Huat Holdings Berhad	Investment holding of unquoted shares, where its subsidiaries are involved in manufacturing, recycling and refining all kinds of petroleum based products	Director	24 February 2021	-	-

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

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of direct shareholdings
IDM Padu Sdn Bhd	Scheduled waste management, oil and gas, petrochemicals, laboratory services and information technology ^(a)	Director / Shareholder	10 October 2017	-	49.00
Sunzen Biotech Berhad	Biotechnology research and development, manufacturing and marketing of animal feed supplement products and investment holding	Director	1 August 2020	-	-
Sunzen International Sdn Bhd	Retail, wholesale, distribution and trading of lifestyle, drinks, health and herbal drinks, health supplements, functional foods, bird's nest, beauty and skin care products	Director	8 September 2021	-	-
Yewnited Logistics Sdn Bhd	Business of land transportation, logistics and its related services and activities	Director / Shareholder	15 March 2017	5 February 2021	50.00
Yewnited Partners Sdn Bhd	Business management consultancy services	Director / Shareholder	24 January 2017	22 September 2022	33.33
<u>Past involvement:</u>					
Finsource Sdn Bhd	Financial advisory	Shareholder	-	-	-(b)
K-Star Sports Limited	Investment holdings of unquoted shares, where its subsidiaries are involved in construction activities and manufacturing of sports footwear and apparel	Director	24 March 2014	5 July 2021	-
SFG Advisory Sdn Bhd	General advisory services. Dissolved on 8 August 2018	Director / Shareholder	18 March 2010	-	24.50

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

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of direct shareholdings
Sinaran Advance Group Berhad	Real estate activities with owned or leased property, activities of holding companies, export and import of a variety of goods without any particular specialisation	Director	11 September 2020	5 July 2021	-
The Yanwo Sdn Bhd	Export and import of bird's nest and manufacture and retail sale of other food products	Director	8 September 2021	26 January 2022	-

(v) Loo Hee Guan

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of direct shareholdings
<u>Present involvement:</u>					
Enlil Loo	Advocates and solicitors	Partner	1 September 2003	-	-
Ericson Foundation	To receive and administer funds for public charitable purposes, to foster, develop and improve education of all kinds, to assist and aid in relieving the sickness and suffering of people with life limiting conditions and their families and carers	Director	27 January 2011	-	-
<u>Past involvement:</u>					
FM Equity Sdn Bhd	Dormant. Dissolved on 9 February 2021	Director	26 May 2009	-	-
Taurus Investment Management Berhad	Management of unit trust funds and the provision of fund management services	Director	30 April 2021	31 July 2022	-

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

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of direct shareholdings
<u>Present involvement:</u>					
Alam Teknorat Sdn Bhd	Consultant in the field of engineering information system and data management services	Shareholder	-	-	4.16
Skali DC Sdn Bhd	Web related services	Director	14 December 2015	-	-
QES Group Berhad	Investment holding of unquoted shares, where its subsidiaries are involved in trading and servicing of scientific instruments, manufacturing of industrial parts and equipment and providing vision software solution for automated equipment	Director	1 August 2019	-	-
<u>Past involvement:</u>					
QA Gourmet Sdn Bhd	Retail sale of bakery products and sugar confectionery. Dissolved on 19 February 2021	Director / Shareholder	7 August 2009	-	36.00
Qalbu Ademaz Sdn Bhd	Medical consultant, medical disposables, perishables and equipment, provide backup troubleshooting and services of the abovementioned equipment. Dissolved on 4 December 2020	Director / Shareholder	21 February 2006	-	95.00
Skali Community Engagement Sdn Bhd	Engaging in the business of financial advisors, consultants and acting as system integrators and as per representative agents for providing computer hardware	Director	31 December 2000	10 December 2018	-

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

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of direct shareholdings
Skali Group Sdn Bhd	Investment holding of unquoted shares, where its subsidiaries are involved in the provision of end-to-end business solutions to business entities	Director	23 December 2015	31 December 2019	-
Skali Venture Management Sdn Bhd	Other information technology service activities	Director	10 September 2004	13 January 2021	-

Notes:

- (a) In the process of members' voluntary winding up.
- (b) As at the LPD, Lee Yew Weng had disposed his entire shareholdings in Finsource Sdn Bhd.

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

5.2.5 Involvement of our Directors in other businesses or corporations

Save as disclosed in Section 5.2.4 of this Prospectus, our Directors are not involved in other businesses or corporations.

The involvement of our Managing Director and Executive Director in other businesses or corporations outside our Group is not expected to require a significant amount of their time or attention as their involvement in the aforesaid companies are minimal since these companies are for investment holding and they are not involved in the management and day-to-day operations of those businesses. As such, their involvement in those business activities outside our Group will not affect their ability to perform their roles and responsibilities as well as their contribution to our Group.

The involvement of our Independent Non-Executive Chairman and Independent Non-Executive Directors in other business activities outside our Group are not expected to affect their contribution to our Group as they are not involved in our Group's day-to-day operations.

5.2.6 Key Senior Management

Our Key Senior Management comprises the following:

Name	Designation
Lai Jian Hong (M)	Chief Financial Officer
Loi Guak Lian (M)	Factory Director
Beh Koon Chiew (M)	Sales Manager
Ramesh A/L Muniundy (Muniandy) (M)	Operations Manager

Note:

(M) Male.

5.2.7 Key Senior Management's shareholdings

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

Name	Before our IPO / As at the LPD				After our IPO ^(a)			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(b)%	No. of Shares	(b)%	No. of Shares	(c)%	No. of Shares	(c)%
Lai Jian Hong	-	-	-	-	200,000	0.04	-	-
Loi Guak Lian	15,652,000	4.03	-	-	16,152,000	3.37	-	-
Beh Koon Chiew	-	-	-	-	1,500,000	0.31	-	-
Ramesh A/L Muniundy (Muniandy)	-	-	-	-	200,000	0.04	-	-

Notes:

(a) Assuming our Key Senior Management will fully subscribe for their respective allocation under the Pink Form Allocation.

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

- (b) Based on our issued share capital of 388,820,000 Shares after the Acquisitions but before our IPO.
- (c) Based on our enlarged issued share capital of 480,000,000 Shares after our IPO.

5.2.8 Profiles of our Key Senior Management

The profiles of the Key Senior Management of our Group are as follows:

(i) Lai Jian Hong
Chief Financial Officer

Lai Jian Hong, a Malaysian, aged 30, is our Chief Financial Officer. He is responsible for overseeing our Group's overall accounting and financial matters including financial reporting and planning, taxation, treasury management, corporate affairs and internal audit and control.

He obtained his Bachelor of Arts in Accounting and Finance in 2013 from the University of the West of England, United Kingdom. He then obtained his membership in the Association of Chartered Certified Accountants ("ACCA") and Malaysian Institute of Accountants in May 2018 and September 2018, respectively.

While pursuing his tertiary education and professional affiliation with ACCA, he worked with his family company, Orbiting Scientific & Technology Sdn Bhd, a distributor of advance scientific instruments and laboratory accessories as an Administrative Executive from 2010 to 2015. He was responsible for handling the company's accounting record, preparation of annual budget and sales forecast, formulating internal control practices, credit control for accounts receivable and other administrative matters.

Thereafter, he joined Grant Thornton Malaysia ("GT") as an Audit Associate in 2015 and was promoted to Senior Audit Associate in 2016, where he was involved in statutory audit assignments, special audit assignments as well as assisting clients in their preparation of financial related matters for their initial public offering proposals. In April 2018, he was promoted to Audit Supervisor where he was in charge of leading and monitoring a team of audit associates in various audit assignments.

In 2018, he left GT to join Mestron Holdings Berhad ("Mestron") as Finance and Accounts Manager to assist the company during their initial public offering in 2019. He was promoted to Chief Financial Officer of Mestron in April 2019 where he was responsible for overseeing Mestron's finance function including monitoring the financial performance and result, financial reporting, treasury management and tax compliance. He left Mestron in June 2021.

He subsequently joined our Group as Chief Financial Officer in July 2021 and brings with him approximately 6 years of experience in accounting and finance. Prior to our Chief Financial Officer joining our Group, the overall finance matters were managed by an accounts manager and an accounts executive, both of whom have been with the Group since 2014 and 2018, respectively and currently reports to our Chief Financial Officer.

(ii) Loi Guak Lian
Factory Director

Loi Guak Lian, a Malaysian, aged 60, is our Factory Director. He oversees the overall factory operations including, amongst others, production schedule and workforce management as well as machinery and equipment maintenance.

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

Loi Guak Lian completed his Sijil Pelajaran Malaysia from Sekolah Menengah Rantau in 1980. In 1982, he began his career with Seremban Fibre Containers Sdn Bhd as an Apprentice Production Operator where he was involved in setting up and operating machinery, as well as preparing and allocating raw materials before executing the manufacturing process. In 1997, he left Seremban Fibre Containers Sdn Bhd and joined Corrugated Offset Packaging (M) Sdn Bhd, a Malaysian packaging company as a Production Manager. He was responsible for overseeing, planning and organising production and maintenance schedules.

In 2004, he joined our Group as Factory Director where he is responsible for managing and overseeing the planning and operations of all manufacturing processes and maintenance activities to ensure the specified quality standards and production deadlines are met. With more than 40 years of working experience in the paper packaging industry, he acquired extensive knowledge on paper packaging manufacturing workflow and factory management.

Loi Guak Lian is also a director of DS Manufacturing. Save for DS Manufacturing, he does not sit on the board of directors of any other company.

(iii) Beh Koon Chiew
Sales Manager

Beh Koon Chiew, a Malaysian, aged 43, is our Sales Manager and is responsible for the overall sales and marketing activities of our Group.

In 1998, he completed his Sijil Pelajaran Malaysia from Sekolah Menengah Jenis Kebangsaan Hua Lian, Perak. Subsequently in 2001, he obtained his Diploma in Mechanical Engineering from Federal Institute of Technology.

He began his career with Kaisung as a Sales Executive in 2002 and was promoted to Assistant Sales Manager in 2011 where he was responsible for generating sales lead, securing sales, managing clients' needs and complaints. Subsequently in 2016, he was promoted to Sales Manager where his responsibilities involved managing teams of sales executive and maintaining clients' relationship as well as managing the Group's quality control measures.

Beh Koon Chiew is the nephew of our Executive Director, Beh Seng Lee and cousin of our Executive Director, Beh Le Hao.

(iv) Ramesh A/L Muniundy (Muniandy)
Operations Manager

Ramesh A/L Muniundy (Muniandy), a Malaysian, aged 49, is our Operations Manager. He is responsible for overseeing our Group's overall manufacturing activities.

He received his Diploma in Mechanical Engineering in 1999 from the Workers Institute of Technology, Malaysia. Subsequently in 2007, he obtained his Masters in Business Administration accredited by the Irvine University, California, United States of America.

In 1991, he began his career with Adcomat (Malaysia) Sdn Bhd, a manufacturing precision injection moulded parts company, where he was involved in production planning, inventory management and machineries maintenance. He left the company in 2003 as a Factory Manager to join MG Biogreen Sdn Bhd, a manufacturer of fertiliser as Quality Assurance Manager, where he was responsible for the company's internal and external quality assurance matters.

In 2006, he joined Nam Keong Sdn Bhd, a manufacturer of plastic injection moulded parts as Operations Manager, where he was responsible for overseeing their manufacturing processes and assessing quality control procedures.

He joined our Group in 2016 as Operations Manager and is responsible for our Group's inventory management, procurement of raw materials, logistic function as well as overseeing the manufacturing operations of our Group.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**5.2.9 Involvement of our Key Senior Management in other businesses or corporations outside our Group for the past 5 years**

Save as disclosed below, as at the LPD, none of our Key Senior Management have any principal business activities performed outside our Group (including principal directorships in the past 5 years preceding the LPD):

(i) Lai Jian Hong

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of direct shareholdings
<u>Present involvement:</u> Orbiting Scientific & Technology Sdn Bhd	Trading in all types of laboratory equipment, chemicals and reagents for laboratories and manufacturing uses	Shareholder	-	-	20.00
<u>Past involvement:</u> Roxceen Enterprise	Advertising and internet marketing. Expired on 30 July 2020	Sole proprietor	31 May 2017	-	-

(ii) Loi Guak Lian

Company	Principal activities	Involvement / Position held	Date of appointment	Date of resignation	% of direct shareholdings
<u>Past involvement:</u> VA Packaging Industrial Supply (M) Sdn Bhd	Industrial packaging supply and packaging of all kinds. Dissolved on 9 February 2021	Director	21 June 2002	-	-

The involvement of our Chief Financial Officer in other businesses or corporations outside our Group is not expected to require a significant amount of his time or attention as he is not involved in the management and day-to-day operations of those businesses in view that he is only a shareholder. As such, his involvement in those business activities outside our Group will not affect his ability to perform his roles and responsibilities as well as his contribution to our Group.

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

5.3 BOARD PRACTICES

Our Board has acknowledged the recommendations of the Malaysian Code on Corporate Governance (“MCCG”) which came into effect on 28 April 2021. Specifically, on Practice Note 5.9, where it is recommended that our Board comprise 30% female members. As at the date of this Prospectus, our Board comprises 2 females out of 7 members, which represent 28.57% of our Board, and is a departure from Practice Note 5.9 of MCCG.

As such, we have initiated the process of identifying suitable female candidates to be appointed as our director(s) to ensure that the above recommendation under the MCCG will be complied within 24 months after our listing. Save for Practice Note 5.9, the composition of our Board currently adheres to the other recommendations of the MCCG.

5.3.1 Directorship

As at the LPD, the details of the date of expiration of the current term of office for each of the Directors and the period for which the Directors have served in that office are as follows:

Name	Designation	Date of expiration of the current term of office	No. of years in office
Mohamad Ismail Bin Abu Bakar	Independent Non-Executive Chairman	Subject to retirement by rotation at the next AGM held in year 2025	Less than 1 year
Lucille Teoh Soo Lien	Managing Director	Subject to retirement by rotation at the next AGM held in year 2023	1 year
Beh Seng Lee	Executive Director	Subject to retirement by rotation at the next AGM held in year 2025	1 year
Beh Le Hao	Executive Director	Subject to retirement by rotation at the next AGM held in year 2024	Less than 1 year
Lee Yew Weng	Independent Non-Executive Director	Subject to retirement by rotation at the next AGM held in year 2023	Less than 1 year
Loo Hee Guan	Independent Non-Executive Director	Subject to retirement by rotation at the next AGM held in year 2024	Less than 1 year
Maznida Binti Mokhtar	Independent Non-Executive Director	Subject to retirement by rotation at the next AGM held in year 2023	Less than 1 year

In accordance with our Company’s Constitution, 1/3 (or the number nearest to 1/3) of our Directors shall retire by rotation at the AGM of our Company in every year and shall be eligible for re-election provided always that all the Directors shall retire at least once in each 3 years but shall be eligible for re-election. Any Director appointed either to fill a casual vacancy or as an addition to the existing Directors shall hold office only until the next AGM and shall then be eligible for re-election but shall not be taken into account in determining the retirement of Directors by rotation at such meeting. None of our Directors have been appointed for a fixed term.

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

5.3.2 Audit and Risk Management Committee

Our Audit and Risk Management Committee was established on 21 February 2022 and its members are appointed by our Board. Our Audit and Risk Management Committee comprises the following members:

Name	Designation	Directorship
Lee Yew Weng	Chairman	Independent Non-Executive Director
Loo Hee Guan	Member	Independent Non-Executive Director
Maznida Binti Mokhtar	Member	Independent Non-Executive Director

The main functions of the Audit and Risk Management Committee include:

- (i) to review the engagement, compensation, performance, qualification and independence of the external auditors, its conduct of the annual statutory audit of the financial statements, and the engagement of external auditors for all other services;
- (ii) to assess the suitability, objectivity and independence of the external auditors, including obtaining written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements;
- (iii) to establish, review and approve policies governing the circumstances under which contracts for the provisions of non-audit services can be entered into and procedures that must be adhered to by the external auditors and / or their affiliates in the provision of such services;
- (iv) to approve the non-audit services provided by the external auditors and / or their affiliates;
- (v) to review the quarterly and annual financial statements of our Group before recommendation to our Board, focusing particularly on:
 - any change or implementation of major accounting policies and practices;
 - significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters are addressed; and
 - compliance with accounting standards and other legal requirements.
- (vi) to discuss issues and reservations arising from the interim and final audits, and any matter the external auditors may wish to discuss (in the absence of management, where necessary);
- (vii) to consider any 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;
- (viii) to monitor the integrity of our Company's financial statements and ensure the financial statements are prepared in accordance with the applicable financial reporting standards;
- (ix) to perform the oversight function over the administration of whistleblowing policy that is approved and adopted by our Board and to protect the values of transparency, integrity, impartiality and accountability where our Group conduct our business and affairs;
- (x) to enhance its accountability in preserving its integrity and to withstand public scrutiny which in turn enhances and builds our Group's credibility to all the stakeholders;

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

- (xi) to report its findings on the financial and management performance, and other material matters to our Board;
- (xii) to consider the major findings of internal investigations and management's response;
- (xiii) to do the following, in relation to the internal audit function:
 - consider and approve the appointment of the internal auditors, the internal audit fee and any question of resignation or dismissal;
 - review the adequacy of the scope, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - review the internal audit plan and results of the internal audit assessments and investigation undertaken, and ensure that appropriate action is taken on the recommendations of the internal auditors;
 - consider the internal audit reports and findings by the internal auditors, fraud investigations and actions and steps taken by our management in response to audit findings;
 - review and decide on the budget allocated to the internal audit function;
 - appraise or assess the performance of members of the internal audit function; and
 - monitor the overall performance of our Company's internal audit function;
- (xiv) to do the following, in relation to the risk management:
 - oversee and recommend the risk management and internal control framework of our Group;
 - review and recommend changes as needed to ensure that our Group has in place at all times a risk management policy which address the strategies, operational, financial and compliance risk;
 - implement and maintain a sound risk management framework which identifies, assesses, manages and monitors our Group's business risks;
 - review the reporting guidelines for our management to report to the Audit and Risk Management Committee on the effectiveness of our Group's management of our business risks;
 - review the risk profile of our Group and to evaluate the measure taken to mitigate the business risks; and
 - review the adequacy of our management's response to issues identified to risk registers, ensuring that the risks are managed within our Group's risk appetite.
- (xv) to do the following, in relation to sustainability:
 - to review the implementation of our Group's sustainability-related strategies and initiatives;

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

- to monitor the establishment and maintenance of a process, including controls, policies and procedures, for the systematic identification, assessment, prioritisation, management, monitoring and reporting of our Group's material economic, environmental and social risks and opportunities; and
 - to assist our Board pertaining to disclosures in the Sustainability Statement for inclusion in our Company's annual report;
- (xvi) to verify the allocation of Employees' Share Option Scheme ("ESOS") in compliance with the criteria as stipulated in the by-laws of ESOS of our Company, if any;
- (xvii) to monitor our Company's compliance with relevant laws, regulations and code of conduct;
- (xviii) to review the adequacy and effectiveness of risk management, internal control and governance systems;
- (xix) to consider and examine such other matters as the Audit and Risk Management Committee considers appropriate; and
- (xx) to consider other relevant matters as delegated by our Board.

5.3.3 Remuneration Committee

Our Remuneration Committee was established on 21 February 2022 and its members are appointed by our Board. Our Remuneration Committee comprises the following members:

Name	Designation	Directorship
Loo Hee Guan	Chairman	Independent Non-Executive Director
Lee Yew Weng	Member	Independent Non-Executive Director
Maznida Binti Mokhtar	Member	Independent Non-Executive Director

The main functions of the Remuneration Committee include:

- (i) to formulate and recommend a framework of remuneration for our Managing Director, Executive Directors and senior management for our Board's approval. There should be a balance in determining the remuneration package, which takes into account the demands, complexities and performance of our Group as well as skills and experience required; and which should be sufficient to attract and retain the Directors of calibre, and yet not excessive. The framework should cover all aspects of remuneration including Director's fee, salaries, allowance, bonuses, options and benefit-in-kind;
- (ii) to recommend specific remuneration packages for our Managing Director, Executive Directors and senior management. The remuneration package should be structured such that it is competitive. Salary scales drawn up should be within the scope of the general business policy and not be dependent on short-term performance to avoid incentives for excessive risk-taking. As for the Non-Executive Directors and Independent Directors, the level of remuneration should be linked to their level of responsibilities undertaken and contribution to the effective functioning of our Board;
- (iii) to ensure the levels of remuneration be sufficiently attractive and be able to retain Directors and senior management needed to run our Company successfully, which takes into consideration our Company's performance in managing material sustainability risks and opportunities;

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

- (iv) to structure the component parts of remuneration so as to align with the business strategy and long-term objectives of our Company and to link rewards to our Company's strategy and performance;
- (v) to ensure that the remuneration and incentives for Independent Non-Executive Directors do not conflict with their obligations to bring objective and independent judgement to our Board;
- (vi) to develop and administer a fair and transparent procedure for setting policies, strategies and framework for the remuneration of Directors and senior management;
- (vii) to ensure that remuneration packages are proposed on the basis of the Directors' merit, qualification and competence, having regard to our Company's operating results, individual performance and comparable market statistics;
- (viii) to act in line with the directions of our Board;
- (ix) to consider and examine such other matters as the Remuneration Committee considers appropriate; and
- (x) to consider any other relevant matters as delegated by our Board.

5.3.4 Nomination Committee

Our Nomination Committee was established on 21 February 2022 and its members are appointed by our Board. Our Nomination Committee comprises the following members:

Name	Designation	Directorship
Maznida Binti Mokhtar	Chairperson	Independent Non-Executive Director
Lee Yew Weng	Member	Independent Non-Executive Director
Loo Hee Guan	Member	Independent Non-Executive Director

The main functions of the Nomination Committee include:

- (i) to formulate and review the policy on Board composition having regard to the mix of skills, independence and diversity (including gender diversity) required to meet the needs of our Company, strengthen board leadership and oversight of sustainability issues;
- (ii) to source, identify, review and recommend candidates for appointment to our Board and Board Committees, which is led by the Chairman of the Nomination Committee, taking into consideration the optimum and effective size of our Board and the candidates:
 - character, competency, knowledge and experience;
 - professionalism;
 - integrity and credibility;
 - time commitment, particularly his number of other directorships; and
 - in the case of the candidates for the position of Independent Non-Executive Directors, the Nomination Committee would also evaluate the candidates' ability to discharge such responsibilities or functions as expected from Independent Non-Executive Directors;

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

- (iii) to review the tenure of each Director on our Board;
- (iv) to recommend the re-election of Directors who are due to retire in accordance with the Company's Constitution;
- (v) to assess the independence of Independent Directors annually;
- (vi) to consider, in making its recommendations, candidates for directorships and, within the bounds of practicability, by any other senior executive or any Director or major shareholder and to take steps to ensure that gender, ethnicity and age group diversity are sought as part of its recruitment exercise;
- (vii) to establish and review the performance criteria to evaluate the performance of our Board, Board Committees and each individual Director;
- (viii) to recommend to our Board the nominees to fill the seats on Board Committees;
- (ix) to assess the effectiveness of our Board and the Committees of our Board as a whole and each individual Director of our Board in addressing our Company's material sustainability risks and opportunities. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions would be properly documented;
- (x) to ensure that orientation and education programmes are provided for new members of our Board;
- (xi) to ensure that all Directors receive appropriate continuous training programmes in order to broaden their perspectives and to keep abreast with developments in the marketplace, changes in new statutory and regulatory requirements and understand the sustainability issues relevant to our Company and business, including climate-related risks and opportunities;
- (xii) to review the terms of office and performance of the Audit and Risk Management Committee and each of its members annually to determine whether such Audit and Risk Management Committee and its members have carried out their duties in accordance with the terms of reference;
- (xiii) to assist our Board in assessing and evaluating circumstances where a Director's involvement outside our Group may give rise to a potential conflict of interest with our Group's businesses, upon receiving declaration of the same from the Director and thereafter, to inform the Audit and Risk Management Committee of the same. After deliberation with the Audit and Risk Management Committee, to recommend to our Board the necessary actions to be taken in circumstances where there is a conflict of interest;
- (xiv) to formulate and review the nomination, selection and succession policies and plans for members of our Board, Board Committees and senior management;
- (xv) to act in line with the directions of our Board;
- (xvi) to consider and examine such other matters as the Nomination Committee considers appropriate; and
- (xvii) to consider any other relevant matters as delegated by our Board.

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

5.4 REMUNERATION OF DIRECTORS AND KEY SENIOR MANAGEMENT

5.4.1 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 Directors for services rendered to our Group in all capacities for the FYE 30 June 2022 and FYE 30 June 2023 are as follows:

FYE 30 June 2022 (Actual)	Fees (RM'000)	Salary (RM'000)	Bonus (RM'000)	Allowances (RM'000)	Statutory contributions (EPF, SOCSO and EIS) (RM'000)	Benefits in- kind (RM'000)	Total (RM'000)
<u>Executive Directors</u>							
Lucille Teoh Soo Lien	-	3,000	250	-	618	-	3,868
Beh Seng Lee	-	3,000	250	-	618	-	3,868
Beh Le Hao	-	110	24	-	26	-	160
<u>Independent Directors</u>							
Mohamad Ismail Bin Abu Bakar	-	-	-	-	-	-	-
Lee Yew Weng	-	-	-	-	-	-	-
Loo Hee Guan	-	-	-	-	-	-	-
Maznida Binti Mokhtar	-	-	-	-	-	-	-

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

FYE 30 June 2023 (Proposed)	Fees (RM'000)	Salary (RM'000)	Bonus^(a) (RM'000)	Allowances (RM'000)	Statutory contributions (EPF, SOCSO and EIS) (RM'000)	Benefits in- kind (RM'000)	Total (RM'000)
<u>Executive Directors</u>							
Lucille Teoh Soo Lien	-	3,000	-	-	571	-	3,571
Beh Seng Lee	-	3,000	-	-	571	-	3,571
Beh Le Hao	-	120	-	-	24	-	144
<u>Independent Directors</u>							
Mohamad Ismail Bin Abu Bakar	48	-	-	-	-	-	48
Lee Yew Weng	36	-	-	4	-	-	40
Loo Hee Guan	36	-	-	4	-	-	40
Maznida Binti Mokhtar	36	-	-	4	-	-	40

Note:

(a) Bonuses, if any, will be determined later based on the individual's performance as well as our Group's performance at the time of assessment.

The remuneration, which includes our Directors' salaries, bonuses, fees and allowances as well as other benefits of our Directors, 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. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)

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

The aggregate remuneration and material benefits in-kind paid and proposed to be paid to our Key Senior Management for services rendered to our Group in all capacities for the FYE 30 June 2022 and FYE 30 June 2023 are as follows:

Key Senior Management	Remuneration band	
	FYE 30 June 2022	^(a) Proposed for the FYE 30 June 2023
	(RM'000)	(RM'000)
Lai Jian Hong	250 to 300	200 to 250
Loi Guak Lian	200 to 250	150 to 200
Beh Koon Chiew	600 to 650	400 to 450
Ramesh A/L Muniundy (Muniandy)	200 to 250	150 to 200

Note:

- (a) Bonuses, if any, will be determined later based on the individual's performance as well as our Group's performance at the time of assessment.

5.5 DECLARATIONS BY EACH PROMOTER, DIRECTOR 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 was a partner, or any corporation of which he 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 proceeding in the last 10 years;
- (iv) any judgment was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his 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 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 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; or
- (viii) any unsatisfied judgment against him / her.

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

5.6 FAMILY RELATIONSHIPS AND ASSOCIATIONS

Save as disclosed below, there are no family relationships or associations between our Promoters, substantial shareholders, Directors and Key Senior Management:

Name	Designation	Relationship
Beh Seng Lee	Executive Director	<ul style="list-style-type: none"> Father of Beh Le Hao, our Executive Director Uncle of Beh Koon Chiew, our Sales Manager
Beh Le Hao	Executive Director	<ul style="list-style-type: none"> Son of Beh Seng Lee, our Executive Director Cousin of Beh Koon Chiew, our Sales Manager
Beh Koon Chiew	Sales Manager	<ul style="list-style-type: none"> Nephew of Beh Seng Lee, our Executive Director Cousin of Beh Le Hao, our Executive Director

5.7 SERVICE AGREEMENTS

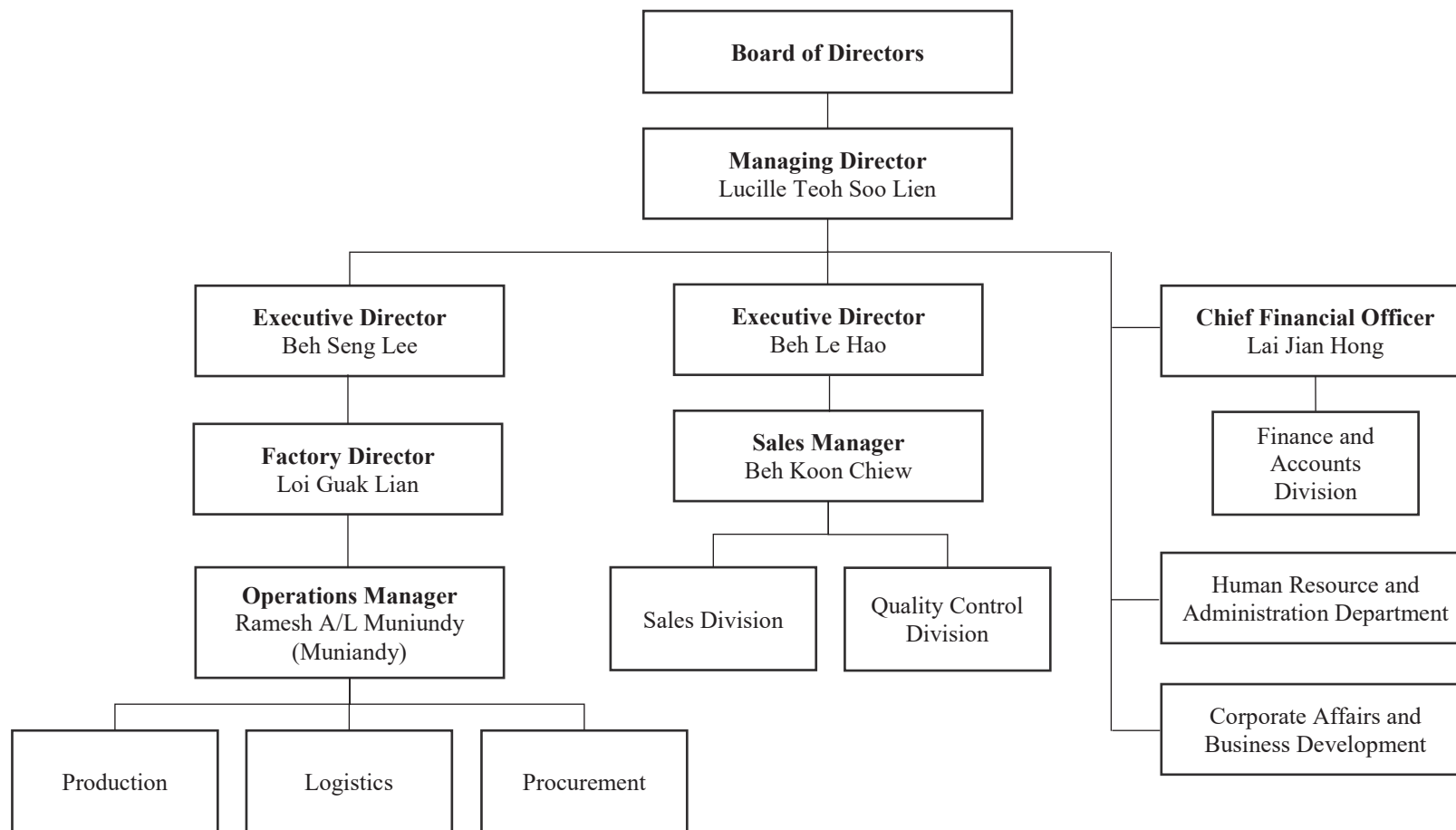
As at the LPD, none of our Directors and / or Key Senior Management have any existing or proposed service agreements with our Group.

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

5.8 MANAGEMENT REPORTING STRUCTURE

The management reporting structure of our Group is as follows:



6. INFORMATION ON OUR GROUP

6.1 INFORMATION ON OUR COMPANY

Our Company was incorporated in Malaysia under the Act on 20 September 2021 as a private limited company under the name of DS Sigma Holdings Sdn Bhd and was subsequently converted to a public limited company on 17 February 2022.

DS Sigma is an investment holding company and through our Subsidiaries, we are a packaging products provider with in-house manufacturing of corrugated paper packaging products including cartons, protective packaging and paper pallets. We also supply non-paper based protective packaging products such as plastic, foam and rubber products.

6.1.1 Our Group's history

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

Year	Events
2002	<ul style="list-style-type: none"> Kaisung was incorporated and commenced operations in the same year to undertake the supply of plastic and other protective packaging products mainly for customers in the consumer electronics industry. Our first customer was Samsung Electronics where we supplied plastic and other protective packaging products such as laminated PE foam, rubber and sponges as vibration absorbers for the packaging of Samsung Electronics' microwave ovens.
2003	<ul style="list-style-type: none"> DS Packaging was incorporated and commenced operations in 2003 to focus on the supply of corrugated paper packaging products including cartons and protective packaging such as edge boards, layer pads and nesting for Samsung Electronics. We relocated our operations from a rented shop office in Balakong, Selangor to a terrace factory located at No. 36, Jalan BP 5/6, Bandar Bukit Puchong, 47100 Puchong, Selangor.
2004	<ul style="list-style-type: none"> DS Manufacturing was incorporated and commenced operations as a manufacturer of corrugated paper packaging products in a rented semi-detached factory in Telok Gong, Port Klang in Selangor. We purchased our first flexographic printing machine to produce cartons with capacity of approximately 2,000 pieces of carton blanks per hour, as well as a manual die-cut machine to produce die-cut sheets, trays and cartons in small quantities. To cater to the growth in demand, Kaisung expanded its trading operations with the rental of another terrace factory known as No. 38, Jalan BP 5/6, Bandar Bukit Puchong, 47100 Puchong, Selangor, which is located next to our existing operations. As at the LPD, the Puchong Facility is our head office, warehouse for our protective packaging products, as well as our operational facility for the processing of plastic and foam bags.
2006	<ul style="list-style-type: none"> We expanded our manufacturing operations with the purchase of another flexographic printing machine to increase our production capacity. We commenced the manufacturing of paper pallets for shipping and logistics use. Through Kaisung, we commenced processing of plastic and foam bags where we cut and seal plastic and foam sheets into bags at our Puchong Facility, albeit on a small-scale basis. We secured 2 new key customers namely SSCSM where we supply packaging products for their international procurement operations for export, as well as PAACM where we supply packaging products for their air conditioners for local retail and export purposes.

6. INFORMATION ON OUR GROUP (Cont'd)

Year	Events
2008	<ul style="list-style-type: none"> We became SSCSM's appointed packaging supplier and commenced providing consignment arrangement to SSCSM's parts manufacturing vendors. These vendors will use our packaging products to transport their parts to Sony Group Corporation's manufacturing operations in Malaysia.
2010	<ul style="list-style-type: none"> We commenced supplying paper packaging products to a new key customer, namely PAVC for packaging of the customer's liquid crystal display ("LCD") television for retail.
2013	<ul style="list-style-type: none"> To cater to increased demand and customer base, we purchased another flexographic printing machine for our operations in Klang. The said machine is capable of printing 2,500 pieces of carton blanks per hour. Through SSCSM, we secured another key customer within the Sony Group of Companies, namely SOEM where we supply packaging products to SOEM for packaging of their television range for local retail and export purposes.
2014	<ul style="list-style-type: none"> We purchased the Nilai Factory and relocated 1 of our corrugated carton printing lines to the said factory.
2015	<ul style="list-style-type: none"> We relocated our manufacturing operations to No. 29 Klang Factory, which we rented from Lucille Teoh Soo Lien and Beh Seng Lee.
2018	<ul style="list-style-type: none"> In view of increasing demand, DS Packaging acquired the factory lot next to No. 29 Klang Factory, namely No. 27 Klang Factory. As at the LPD, the Klang Factories house our main manufacturing operations for corrugated paper packaging products. Our subsidiary, DS Packaging, commenced manufacturing of corrugated paper packaging products. Through DS Packaging, we purchased our first fully automatic flatbed die-cutting machine which enables us to produce folder-type cartons and trays with complex cuts and in larger quantities. The said machine is able to produce 2,000 pieces of die-cut carton blanks per hour.
2019	<ul style="list-style-type: none"> DS Packaging purchased its own flexographic printing machine to produce corrugated cartons. The said machine is capable of printing 2,500 pieces of carton blanks per hour. The increase in capacity is to meet the increase in demand from our major customers. We purchased our first automatic folding, stitching and gluing machine which is able to automatically fold slotted-type carton blanks by its creases, then glue and stitched it up.
2022	<ul style="list-style-type: none"> We purchased and installed another flexographic printing machine to replace 1 of our existing machines.

6. INFORMATION ON OUR GROUP (Cont'd)

6.1.2 Awards, recognition and certifications

The awards, recognitions and certifications that we have received include the following:

Year	Awards, recognitions and certifications
2003	“Appreciation Award” presented to DS Packaging in recognition of outstanding efforts given as best quality for new vendor, awarded by Samsung Electronics.
2007	“Certificate of Green Partner” presented to DS Packaging to certify that DS Packaging has established an environmental management system that meets the requirement of the Sony Green Partner Program, issued by Sony Group Corporation’s procurement centre and valid until 31 December 2008.
2007	“Strategic Business Partner” presented to DS Packaging in recognition of excellent effort and contribution in 2007, awarded by PAACM.
2008	“Certificate of Appreciation” in recognition of DS Packaging as the best vendor for the month of June 2008, awarded by Samsung Electronics.
2009	“Certificate of Green Partner” presented to DS Packaging to certify that DS Packaging has established an environmental management system that meets the requirement of the Sony Green Partner Program, issued by Sony Group Corporation’s procurement centre and valid until 31 March 2011.
2017	“Good Business Partner Appreciation Award” presented to DS Packaging in recognition of special effort in 2017, awarded by PAACM.
2018	“Good Business Partner Good Service Award” presented to DS Packaging in recognition of special effort in 2018, awarded by PAACM.
2019	“Certificate of Green Partner” presented to DS Packaging to certify that DS Packaging has established an environmental management system that meets the requirement of the Sony Green Partner Program, issued by Sony Group Corporation’s procurement centre and valid until 31 March 2021.
2021	“Certificate of Green Partner” presented to DS Packaging to certify that DS Packaging has established an environmental management system that meets the requirement of the Sony Green Partner Program, issued by Sony Group Corporation’s procurement centre and valid until 31 March 2024.

As at the LPD, we have also been accredited with the following management systems:

Company within our Group	Accreditation	Scope	Issuing party	Validity period
DS Packaging	ISO 9001:2015 Quality Management Systems	Manufacture of corrugated cartons	Intertek Certification International Sdn Bhd	17 October 2020 to 16 April 2023
DS Packaging	ISO 14001:2015 Environmental Management System	Manufacture of corrugated cartons	Intertek Certification International Sdn Bhd	26 August 2022 to 27 June 2025
Kaisung	ISO 9001:2015 Quality Management Systems	Production and supply of PE foam bags and cut-sheets	Intertek Certification International Sdn Bhd	12 April 2021 to 19 April 2024

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

6.1.3 Our competitive advantages and key strengths

Our competitive advantages and key strengths which will provide us with the platform to grow our business are as follows:

(a) We are able to provide packaging products supported by our in-house manufacturing of corrugated board products, supply of packaging materials and provision of value-added services

We are able to provide packaging products serving as a convenient one-stop packaging centre to some customers. This includes the provision of corrugated paper and protective packaging as a total packaging and selling our packaging products as a complete set. For the Financial Years Under Review, revenue contribution from sales of our packaging products sold as a complete set amounted to RM42.90 million (40.59%), RM30.29 million (35.26%), RM43.55 million (34.06%) and RM41.32 million (34.09%) of our total revenue for FYEs 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022 respectively.

As a packaging products provider, our business operation is supported by our in-house manufacturing of corrugated paper packaging products including cartons, protective packaging and paper pallets supplemented by our sourcing and procurement of non-paper based protective packaging products such as plastic, foam and rubber products.

We also provide value-added services to some customers as follows:

- We carry out front-end value-added services in collaboration with our customers for packaging of new products or to improve packaging of existing products. Our front-end value-added services mainly involve design support and packaging optimisation aimed at achieving economical and efficient use of carton and shipping container space for storage and transportation. Among others, our services include, in collaboration with our customers, facilitating the following:
 - design cartons and protective packaging to pack more items within each carton while maintaining the required level of protection and where possible reduce cost of packaging materials; and
 - optimise dimensions of cartons and paper pallets, and use of protective packaging to maximise the number of cartons loaded in each shipping container.

In view of recent increases in sea freight rates, the ability to load more cartons in each shipping container can translate to shipping cost savings. According to the Industry Overview Report, sea freight rate has been increasing since the beginning of the COVID-19 pandemic. From an average weekly rate of US\$1,518/forty-foot equivalent unit (FEU) in 2018 and 2019, sea freight rates had rose up by more than 6-folds to a peak of US\$10,377/FEU on 23 September 2021. Following the gradual relaxing of containment measures in various countries, the sea freight rate declined to US\$3,383/FEU on 20 October 2022 despite uncertainties remaining high due to the Russia-Ukraine conflict and inflationary pressures (*Source: Industry Overview Report*).

- JIT inventory management where we deliver our packaging products to our customers as and when it is needed. This provides savings on our customers' warehousing space as well as reduces their carrying costs. To facilitate JIT inventory management, we work closely with our customers where we are provided with projections as well as a production work schedule that allows us to time our production and delivery of packaging materials to our customers' premises.

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

- Consignment of packaging products where we maintain a certain level of our inventory of packaging products at our customers' vendors' warehouses. This benefits our customers and their vendors as they are assured of a minimum stock of packaging products while only being invoiced when they use them.
- Assembly and packing services which include opening cartons from the delivered flat cartons, and inserting protective packaging and packing contents into the cartons at our customers' premises.

Our ability to provide packaging products supported by our in-house manufacturing of corrugated board products, supply of packaging materials and provision of value-added services to provide convenience to our customers enable us to cultivate customer loyalty to retain existing customers as well as to attract new customers.

(b) We have an established track record of 20 years to serve as a platform for business sustainability and growth

We have an established track record that spans approximately 20 years since the commencement of our business operations in the supply of packaging products in 2002 and manufacturing of corrugated paper packaging products in 2004.

Throughout our 20 years of operations, we have developed and established long-term relationships with our customers where our top 5 major customers have been dealing with us between 9 years to 20 years since we commenced business. Our numerous awards, recognitions and certifications from our customers are a testament to our track record and performance. Please refer to Section 6.1.2 of this Prospectus for further details of our awards, recognitions and certifications.

Our established track record has enabled us to garner the trust among our customers and this is substantiated by our revenue growth which increased from RM105.68 million in FYE 30 June 2019 to RM121.22 million in FYE 30 June 2022, representing a CAGR of 4.68%, although there was a decrease in revenue of RM19.79 million from RM105.68 million in FYE 30 June 2019 to RM85.89 million in FYE 30 June 2020. The decrease in revenue for the FYE 30 June 2020 was mainly due to the decrease in orders from major customers as a result of global consumer electronic competition coupled with a temporary suspension of our business operations as a result of the MCO. Our revenue in FYE 30 June 2022 decreased by 5.19% to RM121.22 million from RM127.86 million in FYE 30 June 2021 mainly due to the decrease in orders from some major customers caused by interruptions in their business operations during the NRP phase 1 period, coupled with the decrease in orders from a major customer that had to halt Russian product models amidst the international sanctions placed on Russia in early 2022.

In this respect, our track record serves as an important reference and testament to help our Group secure new business including our future plan to expand our operations to Penang to provide packaging products and services to manufacturers in the solar PV and medical devices industries.

(c) We can provide fast delivery of goods to our customers while having a lean inventory management system

We can fulfil our customers' orders within a short delivery time frame, commonly within 5 working days from receipt of purchase order, while adopting a lean inventory management system where our inventory is kept at a minimum level at our warehouse.

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

For the Financial Years Under Review, our average inventory turnover days range between 12 days and 17 days. For raw materials including mainly corrugated board, our average inventory turnover day was 1 day for our in-house production of corrugated paper packaging products. For finished goods such as corrugated cartons, paper pallets as well as other plastic and foam based protective packaging, our average inventory turnover days were between 11 days and 16 days. These finished goods are stored as stock in our factory as well as in our consignees' premises. For customers which we provide consignment services, we keep an inventory level of 1 month at our customers' designated warehouses to ensure sufficient stock level of packaging products to meet customer's production schedule.

Our ability to maintain a lean inventory system is supported by our systematic procurement and management of inventories. We utilise an enterprise resource planning ("ERP") software catered for corrugated paper packaging manufacturers which allows us to manage our operations including materials, sales, cost, production, warehouse and finance.

We are also supported by suppliers with whom we have long established relationships. Throughout our 20 years of operations, we have developed and established a long-term supplier base where 2 of our top 5 major suppliers have been dealing with us for at least 14 years since we commenced business.

Our systematic inventory management and timely delivery of finished goods to customers help to create a loyal customer base to generate recurrent sales from existing customers.

(d) We have an experienced management and technical team to lead, manage and grow our business

We have an experienced management team headed by our Managing Director, Lucille Teoh Soo Lien and our Executive Director, Beh Seng Lee who bring with them approximately 30 years and 29 years of experience in the packaging industry, respectively. As the Directors and founders of our Group, Lucille Teoh Soo Lien and Beh Seng Lee, has been instrumental in the growth and development of our Group-

They are supported by our Key Senior Management as follows:

- Lai Jian Hong, our Chief Financial Officer, who brings with him approximately 7 years of experience in accounting and finance. He is responsible for overseeing our Group's overall accounting and financial matters;
- Loi Guak Lian, our Factory Director, who brings with him more than 40 years of experience in the paper packaging industry. He oversees the overall factory operations including, amongst others, production schedule, workforce management as well as machinery and equipment maintenance.
- Beh Koon Chiew, our Sales Manager, who brings with him approximately 20 years of experience in sales for the packaging industry. He is responsible for the overall sales and marketing activities for our Group; and
- Ramesh A/L Muniundy (Muniandy), our Operations Manager, who brings with him over 30 years of experience in the manufacturing industry. He is responsible for overseeing our Group's overall manufacturing activities.

6. INFORMATION ON OUR GROUP (Cont'd)

6.1.4 Share capital and changes in share capital

As at the LPD, our issued share capital is RM29,161,500.50 comprising 388,820,000 Shares.

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

Date of allotment	No. of Shares allotted	Consideration (RM)	Type of issue	Cumulative issued share capital (RM)
20 September 2021	20	2.00	Subscribers' shares	2.00
29 August 2022	388,819,980	29,161,498.50	Otherwise than cash pursuant to the Acquisitions	29,161,500.50

There were no discounts, special terms or instalment payment terms given in consideration of the above allotment.

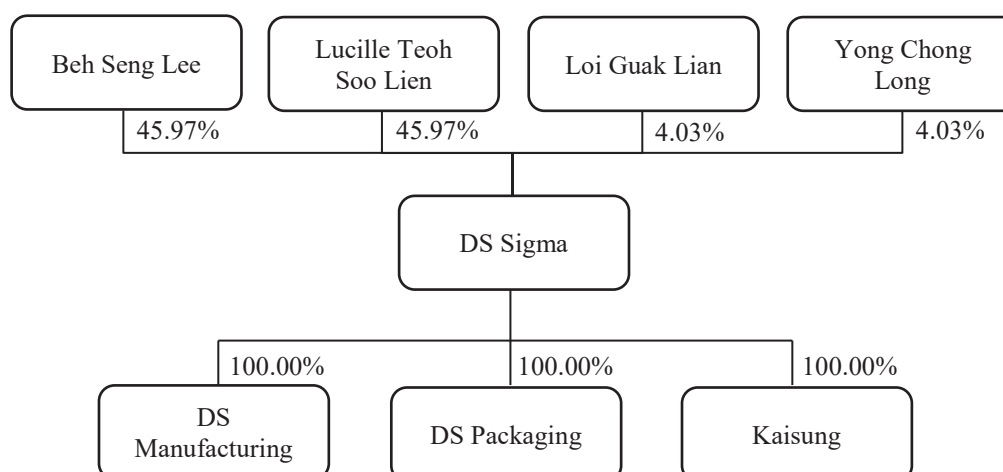
As at the LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital.

Upon completion of our Listing, our issued share capital will increase to RM79,310,500.50 comprising 480,000,000 Shares.

6.1.5 Our Group structure

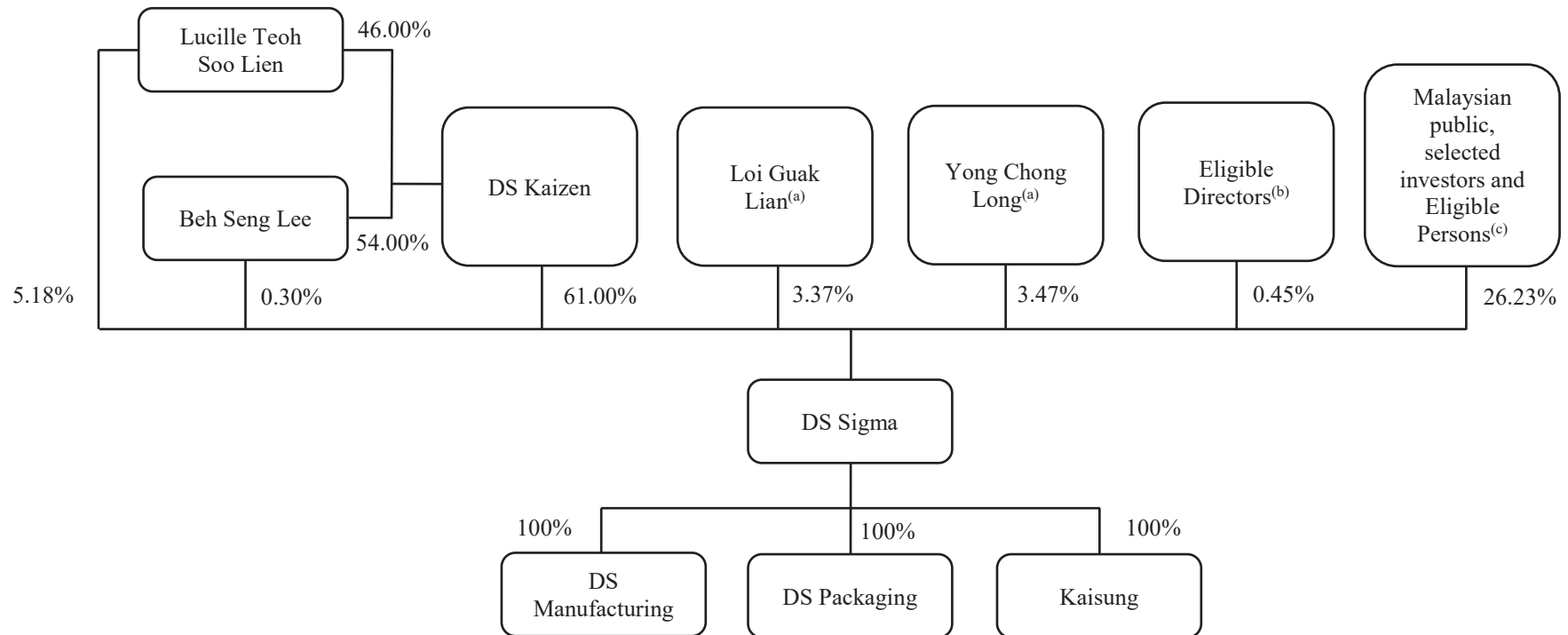
Our corporate Group structure before and after our IPO are as illustrated below:

After the Acquisitions and before our IPO



6. INFORMATION ON OUR GROUP (Cont'd)

After our IPO and Share Transfer



Notes:

- (a) Assuming Loi Guak Lian and Yong Chong Long, being Eligible Persons, fully subscribe for their entitlements under the Pink Form Allocation as set out in Section 4.1.1(b)(ii) of this Prospectus.
- (b) Comprising Pink Form Allocation to our eligible Directors who are not deemed as public shareholders. Further details of our Pink Form Allocation are set out in Section 4.1.1(b)(ii) of this Prospectus.
- (c) Comprising the Malaysian Public, selected investors and selected Bumiputera investors approved by MITI as set out in Sections 4.1.1(b)(i), 4.1.1(b)(iii), 4.1.1(b)(iv), and 4.1.1(c) of this Prospectus as well as Pink Form Allocation to our eligible employees as well as persons who have contributed to the success of our Group as set out in Section 4.1.1(b)(ii) of this Prospectus. These shareholders are deemed as public shareholders.

6. INFORMATION ON OUR GROUP (Cont'd)**6.1.6 Subsidiaries**

The details of our Subsidiaries are set out below:

Name and registered no.	Date / Place of incorporation	Principal place of business	Issued share capital (RM)	Effective equity interest (%)	Principal activities
DS Manufacturing ^(a) (200401010175 (648678-M))	12 April 2004 / Malaysia	Malaysia	2,400,000	100.00	Manufacture of corrugated paper packaging products
DS Packaging ^(a) (200301016198 (618618-W))	16 June 2003 / Malaysia	Malaysia	1,000,000	100.00	Manufacture of corrugated paper packaging products and supply of protective packaging products
Kaisung (200201010695 (578358-T))	26 April 2002 / Malaysia	Malaysia	500,000	100.00	Supply of protective packaging products

Note:

- (a) DS Manufacturing is primarily involved in the manufacturing of corrugated paper packaging product while DS Packaging is involved in both the manufacturing of corrugated paper packaging products as well as supply of other non-paper packaging products such as plastic, foam and rubber products.

6.2 SHARE CAPITAL INFORMATION ON OUR SUBSIDIARIES**6.2.1 DS Manufacturing**

As at the LPD, the issued share capital of DS Manufacturing is RM2,400,000 comprising 2,400,000 DS Manufacturing Shares.

The changes in the issued share capital of DS Manufacturing during the Financial Years Under Review and up to the LPD are as follows:

Date of allotment	No. of DS Manufacturing Shares allotted	Consideration / Type of issue	Cumulative issued share capital	
			RM	No. of DS Manufacturing Shares
28 June 2021	1,900,000	RM1,900,000 / Otherwise than cash pursuant to capitalisation of amount owing to the shareholders	2,400,000	2,400,000

None of the DS Manufacturing Shares were issued at a discount, on special terms or based on instalment payment terms. As at the LPD, DS Manufacturing does not have any outstanding warrants, options, convertible securities and uncalled capital.

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

6.2.2 DS Packaging

As at the LPD, the issued share capital of DS Packaging is RM1,000,000 comprising 1,000,000 DS Packaging Shares. There has been no change in the issued share capital of DS Packaging for the Financial Years Under Review and up to the LPD.

None of the DS Packaging Shares were issued at a discount, on special terms or based on instalment payment terms. As at the LPD, DS Packaging does not have any outstanding warrants, options, convertible securities and uncalled capital.

6.2.3 Kaisung

As at the LPD, the issued share capital of Kaisung is RM500,000 comprising 500,000 Kaisung Shares. There has been no change in the issued share capital of Kaisung for the Financial Years Under Review and up to the LPD.

None of the Kaisung Shares were issued at a discount, on special terms or based on instalment payment terms. As at the LPD, Kaisung does not have any outstanding warrants, options, convertible securities and uncalled capital.

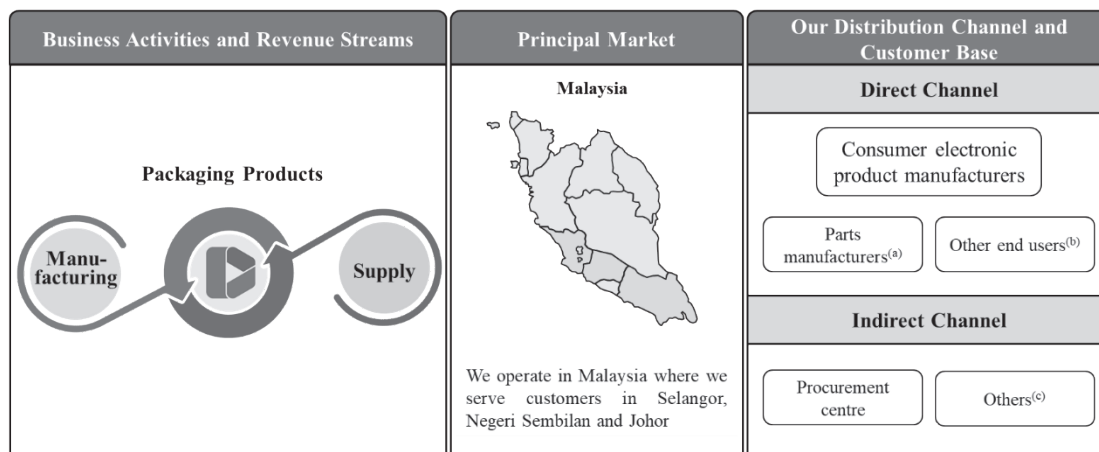
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6. INFORMATION ON OUR GROUP (Cont'd)

6.3 BUSINESS OVERVIEW

6.3.1 Our business model

Our business model is depicted in the following diagram:



Notes:

- (a) Include mainly manufacturers of precision metal parts, E&E parts and plastic parts.
- (b) Include manufacturers of gloves and fasteners.
- (c) Include paper and plastic packaging manufacturers, and providers of logistics and printing services.

6.3.1.1 Business activities and revenue streams

We are a packaging products provider with in-house manufacturing of corrugated paper packaging products including cartons, protective packaging and paper pallets. We also supply non-paper based protective packaging products such as plastic, foam and rubber products.

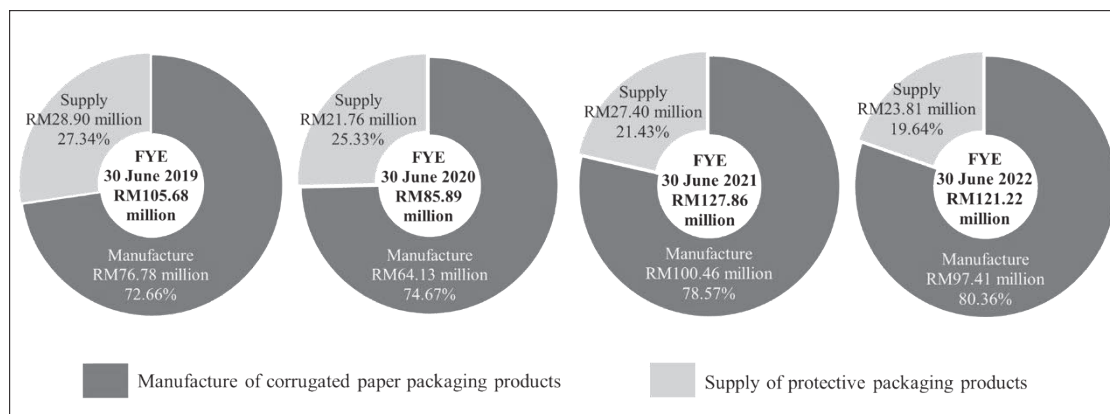
We focus on providing industrial and consumer durable goods packaging. Our industrial packaging refers to packaging of parts and components for the various stages of the manufacturing process. Some of these include metal, plastic, E&E parts and components. Meanwhile, our consumer durable goods packaging refers to the containment and protection of finished goods, such as television and microwave ovens, for handling, storage and transportation.

Our business involves the provision of total and partial packaging including sales of individual packaging items. In total packaging, we sell our packaging products as a complete set, which may comprise a combination of our in-house manufactured products such as corrugated cartons, protective packaging and paper pallets, as well as externally purchased non-paper based protective packaging materials. For partial packaging, part of the packaging materials is purchased by our customers separately to complement our packaging materials.

We also provide value-added services for some of our customers including the provision of front-end value-added services such as design support and packaging optimisation, as well as assembly and packing services.

6. INFORMATION ON OUR GROUP (Cont'd)

Our revenue segmentation by business activities are as follows:



Between FYE 30 June 2019 and FYE 30 June 2022, our total revenue grew by a CAGR of 4.68 %.

(i) Manufacture of corrugated paper packaging products

We manufacture corrugated paper packaging products including cartons, protective packaging and paper pallets. Our corrugated paper packaging products are made from industrial brown paper comprising testliner, kraftliner and corrugated medium that we purchase in the form of single and double wall corrugated boards. These corrugated boards are then used by us to manufacture corrugated cartons and protective packaging.

We manufacture various designs and sizes of corrugated cartons commonly with printing on the cartons. We also manufacture protective packaging which are largely for protecting items placed inside the carton such as trays, nesting, die-cut sheets and layer pads, as well as outside the cartons such as edge boards used for protecting the edges of multiple cartons stacked on a pallet. We also manufacture paper pallets which are lighter compared to wooden pallets. All our manufactured products are made from corrugated boards.

As at the LPD, our manufacturing of corrugated paper packaging products is supported by 3 units of flexographic printing machines, 1 unit of fully automated die-cut machine, 1 unit of automatic folding, stitching and gluing machine as well as several other machines to perform slotting, slitting, cutting, stitching and gluing.

Revenue contribution from the manufacture of corrugated paper packaging products accounted for 72.66% (RM76.78 million), 74.67% (RM64.13 million), 78.57% (RM100.46 million) and 80.36% (RM97.41 million) of our total revenue for the FYEs 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022 respectively. Between FYE 30 June 2019 and FYE 30 June 2022, manufacture of corrugated paper packaging products recorded a CAGR of 8.25%.

(ii) Supply of protective packaging products

To complement our in-house manufactured corrugated paper packaging products, we also supply a variety of non-paper based protective packaging products including the following:

- plastic products such as plastic and bubble sheets and bags, air cushion bags, stretch films and plastic trays;
- foam products such as sheets, bags, trays and expanded foam moulded products; and
- rubber products such as rubber stoppers.

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

We supply these protective packaging products mainly together with our in-house manufactured corrugated paper packaging products as a complete or partial packaging set. In some situations, we sell protective packaging products on a stand-alone basis based on ad-hoc requests from customers.

These protective packaging products are sourced from suppliers based on design and specifications predetermined with the customers during the design and consultation phase, as well as generic designs and specifications which are common for many applications.

Some of these non-paper based protective packaging products are converted by us from bulk plastic or foam sheets where we will cut to size and seal the edges to make bags.

Revenue contribution from the supply of protective packaging products accounted for 27.34% (RM28.90 million), 25.33% (RM21.76 million), 21.43% (RM27.40 million) and 19.64% (RM23.81 million) of our total revenue for the FYEs 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022 respectively.

In addition to the above, we also provide value-added services to some customers as follows:

(a) Front-end value-added services

At the early stages of a new or enhanced packaging product, we assist and collaborate with our customers in space and cost optimisation relating to product packing and container loading efficiency.

In product packing efficiency, we are concerned with packing the maximum number of products within a carton while maintaining the required product protection and overall packed weight or other specifications, while minimising use of packaging materials. Cost savings will come from packing more products into each carton and / or using fewer packing materials.

Container loading efficiency, combines product packing efficiency with the design and dimension of the carton so as to maximise the overall number of cartons and thus, number of products that will ultimately fit into the whole container. Container loading efficiency is focused on maximising the use of space in the container which will also translate to lower cost of shipping per unit of product.

This service offered to customers forms part of our competitive advantage to secure contracts and develop customer loyalty.

(b) Assembly and packing services

We provide assembly and packing services where we assemble the die-cut cartons that we manufacture and pack our customers' products into the cartons. Packing the products into the cartons often includes using protective packaging such as inserting the products into plastic or foam bags, and placing them into other die-cut protective packaging material such as nesting within the carton.

Assembly and packing are highly manual, and we engage independent contractors to carry out these services at our customers' or their vendors' premises. In some situations, we assemble cartons with internal protective packaging at our factory premises before delivering them to our customers' premises.

Assembly and packing services are provided to customers based on their requirement, and the charges are built into our packaging product pricing. As such, we do not charge our customers a separate fee for this service.

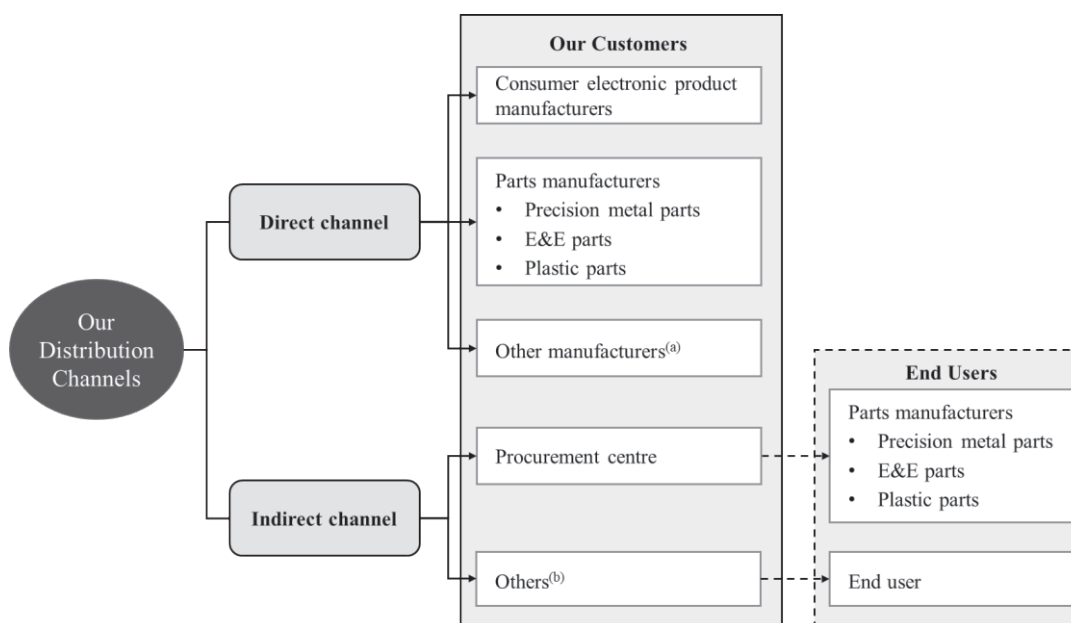
6. INFORMATION ON OUR GROUP (Cont'd)

6.3.2 Principal market

Our principal market is Malaysia where we derived all our revenue for the Financial Years Under Review and up to the LPD. Within Malaysia, we mainly serve customers located in Selangor, Negeri Sembilan and Johor.

6.3.3 Distribution channels and customer base

For the Financial Years Under Review, we have approximately 50 customers in each respective year. We utilise both direct and indirect distribution channel as depicted below:



Notes:

- (a) Include manufacturers of gloves and fasteners.
- (b) Include paper and plastic packaging manufacturers, and providers of logistics and printing services.

We mainly utilise direct distribution channel where we market and sell our packaging products directly to the end users of our packaging products. Our direct distribution channel strategy focuses on our sales and marketing activities directly with the ultimate end users, which enable us to work closely to meet their packaging and logistics needs. Our largest group of customers are our direct distribution channel consumer electronic product manufacturers who purchase our packaging products to package their finished goods, followed by parts manufacturers, namely precision, E&E and plastic parts manufacturers, as well as other manufacturers including glove and fastener manufacturers.

We also utilise indirect distribution channel where we market and sell our products to intermediaries including procurement centre, packaging manufacturers, and logistics and printing service providers. These intermediaries would then resell our packaging product to end users. For the Financial Years Under Review, we have 1 customer who is a procurement centre that purchases packaging products from us, and subsequently resell to its holding company's vendors for their usage.

6. INFORMATION ON OUR GROUP (Cont'd)

For the Financial Years Under Review, our revenue segmented by type of customers are as follows:

	FYE 30 June							
	2019		2020		2021		2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Direct channel	65,831	62.29	56,953	66.31	97,567	76.31	97,828	80.70
Consumer electronic product manufacturer	57,689	54.59	50,986	59.36	72,336	56.58	67,439	55.63
Parts and other manufacturers ^(a)	8,142	7.70	5,967	6.95	25,231	19.73	30,389	25.07
Indirect channel	39,851	37.71	28,938	33.69	30,291	23.69	23,390	19.30
Procurement centre	39,288	37.18	28,209	32.84	28,816	22.54	21,571	17.80
Others ^(b)	563	0.53	729	0.85	1,475	1.15	1,819	1.50
Total revenue	105,682	100.00	85,891	100.00	127,858	100.00	121,218	100.00

Notes:

- (a) Include mainly manufacturers of precision metal parts, E&E parts, plastic parts, gloves and fasteners.
- (b) Include packaging manufacturers, and providers of logistics and printing services.

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6. INFORMATION ON OUR GROUP (Cont'd)

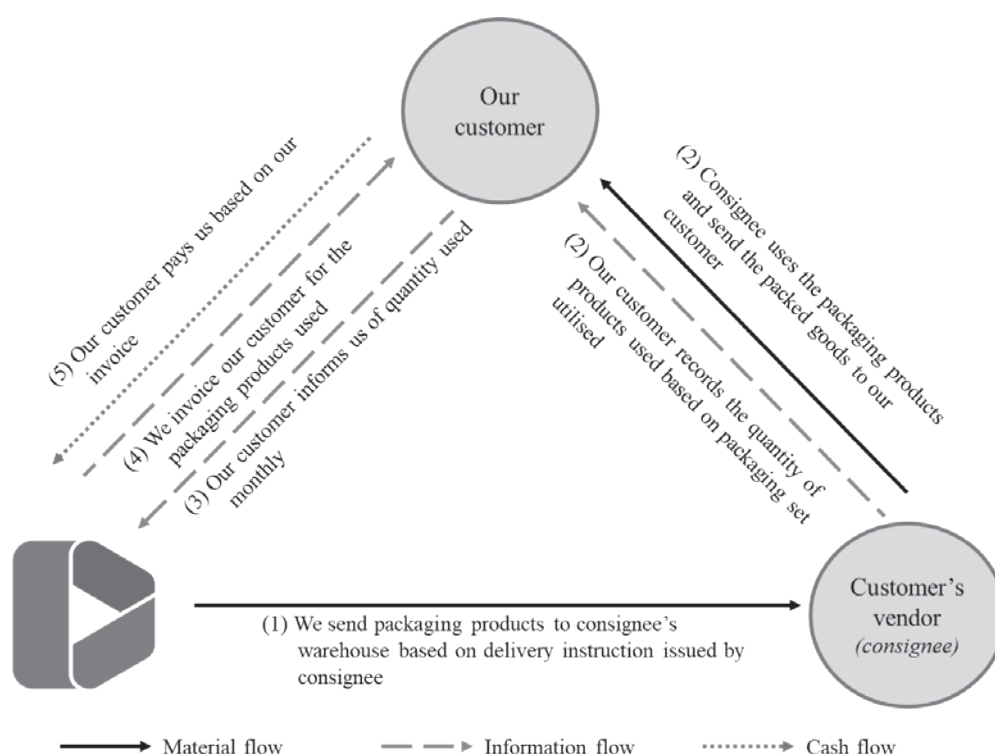
6.3.4 Modes of operation

We operate on two modes of operation:

(a) Consignment model

One of our modes of operation is based on a consignment model, where we store our packaging products at our customers' vendors' premises ("consignee") and they will use the packaging products as and when they require them.

For the Financial Years Under Review, 1 major customer with 16 consignees is based on this consignment model. Our packaging products supplied to the consignees are for the sole use of the said major customer.



The arrangement includes maintaining up to approximately 1 month of stocks at consignees' premises where stocks will be replenished based on issuance of delivery instructions from the respective consignees.

When the consignee utilises our packaging products and send the packed goods to our customer's destinations, our customer will keep a record of the number of packed products received, where each packed product represents the usage of 1 set of our packaging.

On a monthly basis, our customer will inform us of the quantity and type of packaging product used, which will form the basis for us to invoice our customer.

Any stocks that are more than 3 months old will be deemed as used by our customer and we will invoice our customer accordingly. In situation where the stocks are more than 3 months old and are due to additional packaging products requested by the consignee in excess of orders made by the customer, we will invoice the consignee accordingly after obtaining approval from the customer. The consignee will then make payment to us directly based on our invoice. For the Financial Years Under Review and up to the LPD, we did not encounter any disputes with our customer or the consignees in respect of the amount invoiced.

In view of the abovementioned arrangement, we do not have any obsolete stocks.

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

(b) Outright sales model

Our outright sales model is based on lump sum purchase orders issued by our customers. Based on the purchase order, we will manufacture and / or procure the necessary packaging products and deliver them as per instructions. Invoices are issued upon delivery of our packaging products. We maintain an inventory level of 1 to 2 weeks at the warehouses which allows us to deliver the packaging products to our customers within 3 to 5 working days from the date of purchase order.

For customers which we provide assembly and packing services, the charges for providing such services are built into our packaging product pricing.

6.3.5 Packaging products

Packaging is a coordinated system of preparing goods for safe, secure, efficient and effective handling, transportation, distribution, storage, retailing and end-use. Packaging is also the medium to provide useful information about the content of the package, and for consumer-facing packaging, it is designed to appeal to consumers. We are involved in providing industrial and consumer durable goods packaging.

As a packaging products provider, we carry out the following processes to meet our customer's packaging needs:

- front-end value-added services;
- manufacturing of corrugated paper packaging products;
- supply of non-paper based protective packaging products including processing of plastic and foam bags; and
- assembly and packing services.

Please refer to Section 6.3.11 of this Prospectus for further details on the process flow of our business operations.

6.3.6 Front-end value-added services

For some customers, we carry out front-end value-added services in collaboration with our customers for packaging of new products or to improve packaging of existing products. Our front-end value-added services mainly involve packaging design and space optimisation aimed at achieving economical and efficient use of carton and shipping container space for storage and transportation. Packaging design refers to the process of creating the physical packaging form and this includes choices of materials, shapes and dimensions, as well as graphics, colours and fonts that are used on the packaging product. Space optimisation refers to the process of making the packaging more economical and efficient to the supply chain, including packing more products within a carton, and maximising the number of cartons that can be packed into a shipping container.

In most cases, our customer's packaging engineers would have designed and optimised the product packaging and we are only responsible for the creation of the mastercard to serve as the template for production purposes.

In cases where we collaborate with our customers in design and space optimisation, some of the activities that we carry out include the following:

- Design the packaging which uses the least number of materials while taking into consideration handling, storage and transportation conditions and achieving the necessary specifications and protection required. In this respect, customers will be able to save on unnecessary packaging materials which do not provide any added benefit.

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

- Improving packing efficiency which includes optimising the use of space within a carton. In this respect, customers will be able to pack more items in each carton, thereby saving on overall storage, transportation and packaging material costs. This can be achieved by the following:
 - changing the packing configuration and layout of items within the carton using various format of protective packaging;
 - customising the interior protective packaging to minimise empty spaces while ensuring sufficient protection of the items within the carton; and
 - combining different items of different shapes and sizes to maximise the space within the carton and using appropriate protective packaging.

An example where we assisted a major customer to improve their packaging efficiency was by adding protective packaging and changing the internal packing configuration, thus doubling the number of items packed within the same carton.

- Improve container loading efficiency by maximising the number of cartons in a shipping container, thus saving on shipping costs. For sea transportation, sea freight rates are based on number of shipping containers. As such, packing more cartons into each shipping container will translate to using fewer shipping containers, thus achieving cost savings. Container loading efficiency can be achieved by:
 - changing the carton dimension (for example, longer, taller, or wider), to be able to fit more cartons in a container;
 - customising the paper pallet to suit the carton dimensions to fit in a container; and
 - combining different size palletised goods in a container.

In addition, we also take into consideration the following factors in our process of customising customer's packaging requirements:

- **Material handling system:** Packaging also takes into consideration material handling along the supply chain including packers of goods, handlers of the packaged goods as well as receivers of the packaged goods that will need to unpack the items inside the carton. For example, in the past, we have designed cartons and paper pallets that catered for a warehousing system that uses automated guided vehicles.
- **Packaging ergonomic:** It refers to packaging design that considers human health and safety in packing, handling and unpacking packaged goods. Some ergonomic considerations include the height, width and weight of each carton. For example, we have designed cartons that catered to taller workers in European countries to ensure that their unpacking tasks can be performed as close to a natural posture as possible to minimise workplace injury.
- **Product sensitivity:** Packaging also needs to consider the sensitivity of the product and effects from the environment such as static, temperature, moisture, humidity, dust and chemicals. For example, we supply anti-static packaging materials for electronic parts and components.

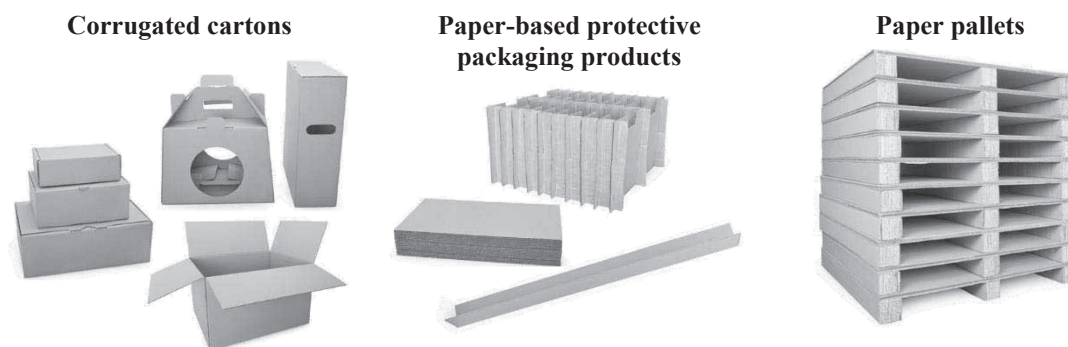
Front-end value-added services are offered to customers and forms part of our competitive advantage to secure purchase orders and develop customer loyalty. As such, we do not charge our customers a separate fee for this service. For the Financial Years Under Review, we provided packaging design and optimisation services to 4 of our major customers.

6. INFORMATION ON OUR GROUP (Cont'd)

6.3.7 Manufacturing of corrugated paper packaging products

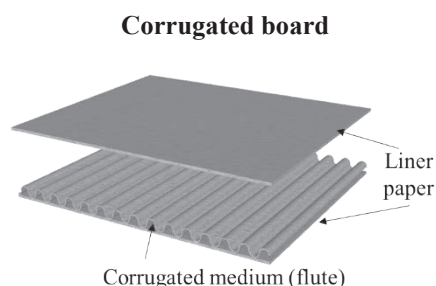
We manufacture the following types of corrugated paper packaging products:

- corrugated cartons including slotted-type and folder-type cartons and trays;
- paper based protective packaging products such as layer pads, partitions / nesting, angle / edge boards and other die-cut sheets; and
- paper pallets.



Our corrugated paper packaging products are manufactured using corrugated boards which we purchase from manufacturers of corrugated boards.

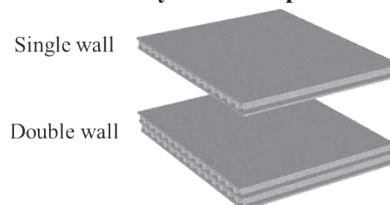
Corrugated board comprises liner paper and corrugated mediums or flutes, both of which are made from industrial brown paper. Liner paper is used for the top and bottom sheets to sandwich the corrugated medium. Industrial brown paper can come in the form of testliner which uses mainly recycled paper mixed with a small proportion of virgin pulp, or kraftliner which are mainly made of virgin pulp. Kraftliner is stronger due to the longer wood fibre from virgin pulp, and more expensive compared to testliner for the same thickness of paper. Due to the higher cost, kraftliners are only used when higher strengths are required. We purchase both types, testliner and kraftliner corrugated boards for the manufacturing of our corrugated paper packaging products.



The following are the types of corrugated board which we utilise in the manufacturing of our corrugated paper packaging products:

- **Single wall board:** Consists of 2 outer layers of liner paper and a corrugated medium layer, forming a 3-ply board. A significant proportion of our corrugated paper protective packaging uses a single wall board.
- **Double wall board:** Consists of 3 layers of liner paper with 2 corrugated mediums in between, forming a 5-ply board. This type is most often used to form corrugated cartons for industrial use mainly to cater for heavier or fragile items.

Types of corrugated boards used by our Group

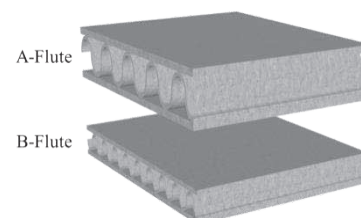


The strength of the corrugated boards also depends on the flute sizes. Flute sizes can be measured by the number of flutes per linear foot or the flute height and they are denoted by letters. The letter designation relates to the order that the flutes were invented, not the relative sizes. Generally, larger flute sizes deliver greater cushioning and vertical compression, while smaller flute sizes provide enhanced structural and graphic capabilities for use in retail packaging.

6. INFORMATION ON OUR GROUP (Cont'd)

We commonly utilise A-Flute and B-Flute types for the manufacturing of our corrugated paper packaging products as follows:

- A-Flute (approximate flute height of 5mm) forms the thickest liner board, hence providing the greatest cushioning properties and stacking strength for fragile products.
- B-Flute (approximate flute height of 3mm) has good crush and puncture resistance and has a good printing surface. It is commonly used for inner protective packaging such as pads and partitions.

Types of corrugated board flutes used by our Group

In some cases, we may combine, laminate and glue different types of boards to form a thicker and stronger structure. This is the case for the manufacture of our paper pallets where we combine, laminate and glue several layers and types of corrugated boards to form the desired thickness and strength.

For the Financial Years Under Review, revenue contributed from the manufacture of corrugated paper packaging products are as follows:

	FYE 30 June							
	2019		2020		2021		2022	
	RM'000	%*	RM'000	%*	RM'000	%*	RM'000	%*
Cartons and protective packaging	63,549	60.13	55,121	64.18	80,593	63.03	77,668	64.07
Paper pallets	13,237	12.53	9,014	10.49	19,862	15.54	19,742	16.29
Total	76,786	72.66	64,135	74.67	100,455	78.57	97,410	80.36

Note:

- * Percentage of total revenue of RM105.68 million, RM85.89 million, RM127.86 million and RM121.22 million for the FYE 30 June 2019, FYE 30 June 2020, FYE 30 June 2021 and FYE 30 June 2022 respectively.

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6. INFORMATION ON OUR GROUP (Cont'd)

6.3.7.1 Corrugated cartons

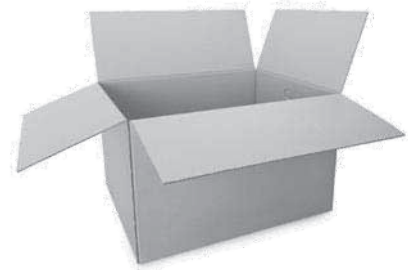
Corrugated cartons are made from corrugated board to provide containment and protection for items to facilitate ease and secured handling, storage and transportation of goods.

Our corrugated cartons are mostly utilised by our customers to transport heavy and / or fragile goods such as electronic products, precision metal parts, E&E parts and plastic parts.

We manufacture various types of corrugated cartons including:

- (a) **Slotted-type cartons** – consist of basically a piece of carton blank, which refers to the corrugated board cut to the required shape, with glued, stitched or taped joint with top and / or bottom flaps.

Corrugated cartons

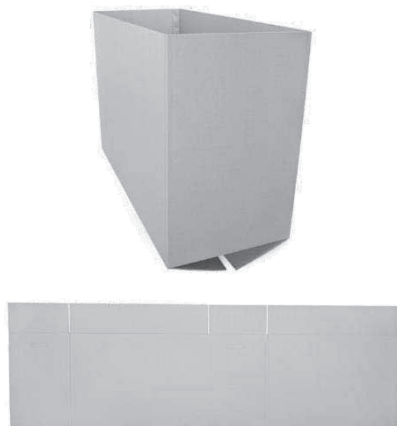


Regular slotted cartons (RSC)



- This is the most common type of carton with top and bottom covers.
- Top and bottom covers comprise 2 pairs of flaps, where commonly a pair is longer and they meet in the centre of the carton when folded. When folding, the shorter flap is closed first to become the inner flap while the longer flaps will become the outer flap which will overlap the shorter inner flaps.
- This type of carton is constructed as a single piece carton blank with glued, taped, stitched or stapled joints.
- It is very versatile and can be used for the packaging of almost anything.

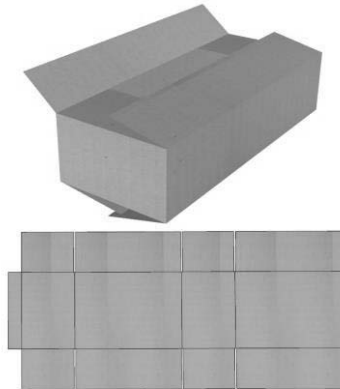
Half slotted cartons (HSC)



- This is similar to the RSC but without the top flaps, leaving the top of the carton uncovered.
- Commonly this HSC is used together with a tray as its cover.

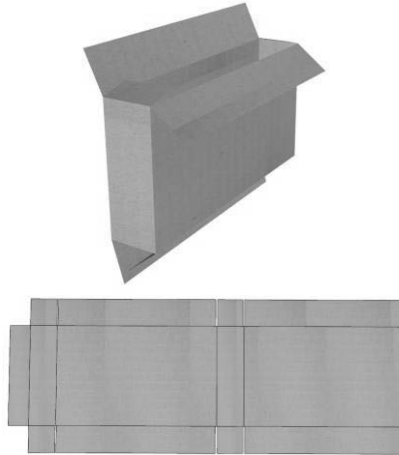
6. INFORMATION ON OUR GROUP (Cont'd)

Overlap slotted cartons (OSC)



- This is similar to the RSC but one of the longer outer flaps overlaps its opposing flap when folded towards the centre of the carton.
- The overlapping flap is often closed with adhesives or heavy-duty staples driven through the overlap area.
- The overlapping flap provides extra cushioning and support for heavier loads. This style improves the structural integrity of the carton with the length that is much greater than its width, resulting in a wide gap between the 2 shorter flaps. The sealed overlap helps to keep the longer outer flaps from pulling apart.

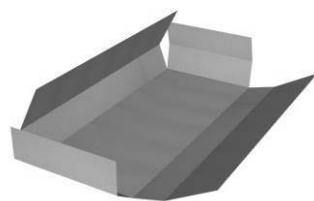
Full overlap slotted cartons (FOSC)



- This is similar to the OSC with the exception that the overlapping flap almost or totally overlap the opposing flap.
- The overlapping flaps provide extra cushioning and support for heavier loads.
- This style improves the structural integrity of the cartons with the length that is much greater than its width, resulting in a long gap between the shorter inner flaps. The sealed overlap helps to keep the longer outer flaps from pulling apart.
- This style is most commonly used for packing and transporting long, heavy or fragile items like a large flatscreen TV.

- (b) **Folder-type cartons and trays** – consist of only a piece of carton blank where the bottom of the carton is hinged to form 2 or all side walls and the cover. Locking tabs, handles and display panels can be incorporated into some designs.

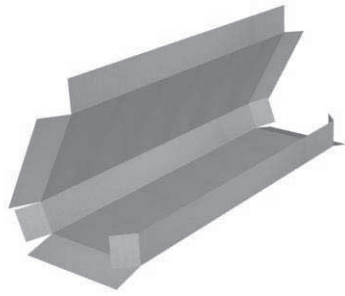
One-piece folder (OPF)



- It has a cut that provides a flat bottom with its flaps forming the sides and ends, and extensions of the side flaps meeting to form the top.
- This style is commonly used for the packaging of flat items.

6. INFORMATION ON OUR GROUP (Cont'd)

Five panel folder (FPF)



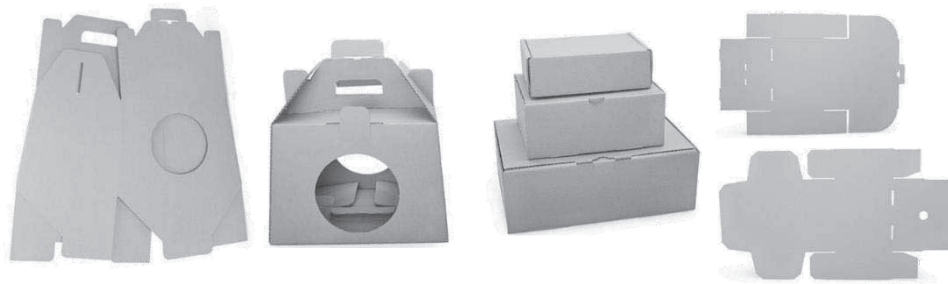
- A single cut and slotted carton blank with a fifth panel that serves as a closing flap to completely cover the side panel.
- This style is commonly used for the packaging of long, heavy or flat products.

Trays



- Formed from a single piece of board, with the design featuring an unbroken bottom and several layers of corrugated boards in the end panels.
- It may also be used as a cover with the HSC.


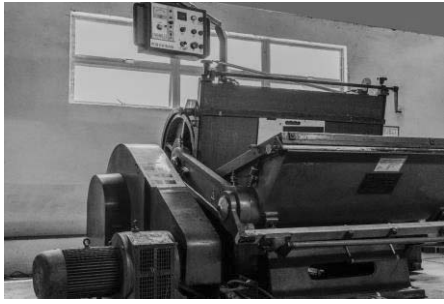
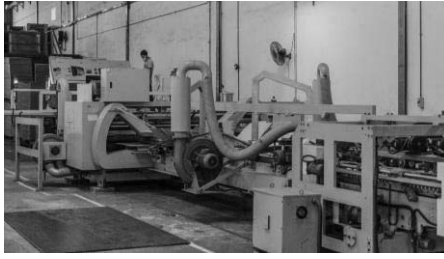


We also manufacture various die-cut cartons as depicted below:



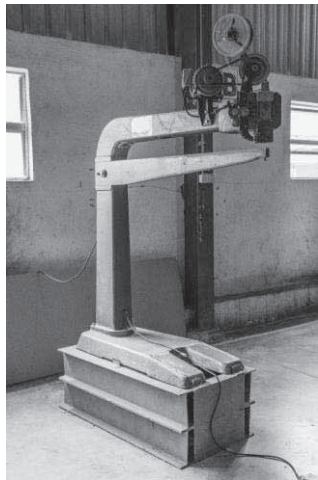
We are equipped with the following machinery and equipment to manufacture our corrugated cartons:

(a)	Flexographic printing machine
	<div data-bbox="368 1361 826 1664"> </div> <ul style="list-style-type: none"> • 3-colour printing of logo, designs, branding and instructions onto the corrugated board. • Uses slotters to slot / score and slitters to slit / cut the corrugated board into the desired dimensions. • Uses a rotary die-cutting tool to cut and score the board to create a shaped carton blank. The die-cutting tool is interchangeable based on the desired design. • Able to produces slotted-type cartons with straight cuts and scores, as well as folder-type cartons and trays with complex cuts, slots and scores or creases. Also, able to add perforated lines and ventilation or access holes to the carton.

6. INFORMATION ON OUR GROUP (Cont'd)

(b)	Fully automatic die-cutting machine	 <ul style="list-style-type: none"> • Uses a flatbed die-cutting tool to cut and score the board to create a shaped carton blank or die-cut sheet. The die-cutting tool is interchangeable based on the desired design. • Produces folder-type cartons and trays, as well as die-cut sheets. • Able to produce multiple die-cut cartons, trays or sheets from each input sheet.
(c)	Manual die-cut machine	 <ul style="list-style-type: none"> • Uses a die-cutting tool to produce die-cut sheets in smaller quantities as it requires manual labour to operate the machine.
(d)	Automatic folding, stitching and gluing machine	 <ul style="list-style-type: none"> • Folds slotted-type carton blanks automatically by its creases, then it is glued using adhesive and / or stitched using a heavy-duty industrial stapler.
(e)	Semi-automatic 2 joint stitching machine	 <ul style="list-style-type: none"> • Stitches 2 pieces of carton blanks at 2 joints for larger / longer cartons.
(f)	Semi-automatic stitching machine	 <ul style="list-style-type: none"> • Stitches a single piece of carton blank at 1 joint for regular-sized carton at high speed.

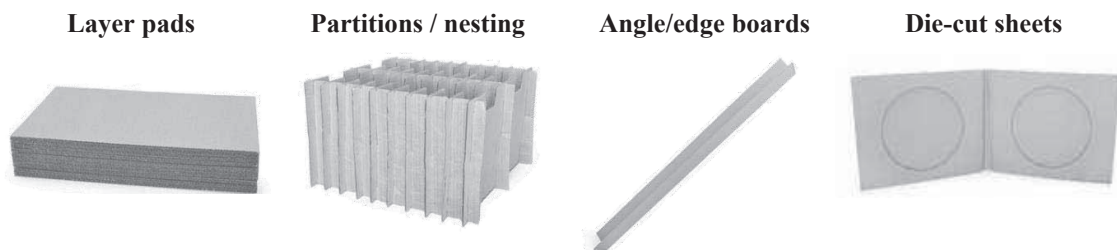
6. INFORMATION ON OUR GROUP (Cont'd)

(g)	Manual stitching machine
	<ul style="list-style-type: none"> Stitches a single piece of carton blank at 1 joint for regular-sized carton at high speed.

Please refer to Section 6.3.11.2 of the Prospectus for further details on the manufacturing process of our corrugated cartons.

6.3.7.2 Corrugated paper protective packaging products

We also manufacture corrugated paper protective packaging products such as layer pads, partitions / nesting, angle / edge boards and other die-cut sheets.

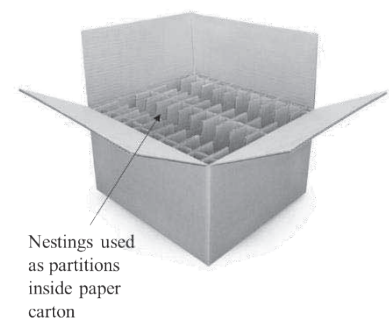


These products are utilised for interior and exterior protective packaging purposes as follows:

(a) Interior protection

Products such as layer pads, nesting and die-cut sheets are used inside the cartons to keep small goods in place and to protect the goods from knocking against each other during transportation.

Cross-section of setup of a carton's interior protection

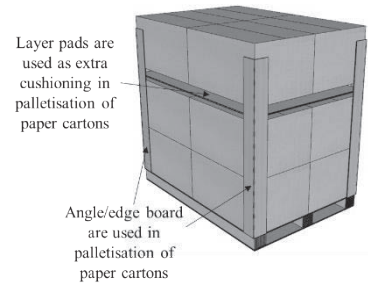


6. INFORMATION ON OUR GROUP (Cont'd)

(b) Exterior protection

Products such as layer pads and angle / edge boards are used on the exterior of cartons and for the palletisation process to protect the cartons from impact damage during handling and transportation of the palletised cartons.

Setup of palletisation of cartons for shipping



We are equipped with slitting, die-cut machines and nesting assembly machines to manufacture the abovementioned products.

6.3.7.3 Paper pallets

Paper pallets are similar to the conventional wooden or plastic pallets except that they are made from corrugated board. Being made of corrugated board, they provide the necessary strengths and are lighter than conventional wooden or plastic pallets.

Our paper pallets are assembled with adhesive without staples, nails, seams or splinters.

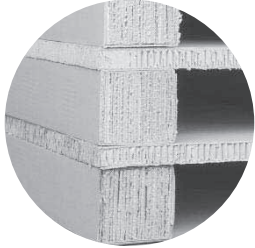
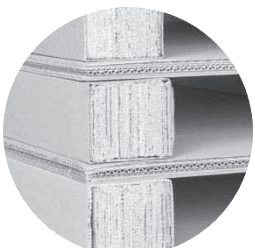
The main benefit of using paper pallets compared to wooden or plastic pallets is cost savings. This is mainly due to the following advantages of paper pallets:

- lighter in weight;
- ideal for export as there is no requirement for pesticide treatment, unlike wooden pallets which require pesticide treatment of the wood before construction of the pallet, and regular fumigation during usage;
- highly customisable to maximise shipping load while maintaining structural integrity;
- no accidental injury from stray nails, staplers or splinters from wood; and
- no need to return pallets as it is 100% recyclable.

Our paper pallets



We offer 2 types of paper pallets, namely thick board pallets and laminated board pallets, as follows:

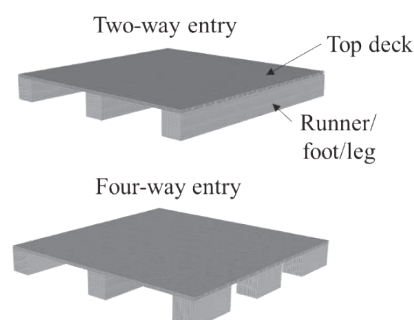
Thick board pallet	Laminated board pallet
	
Thick board pallets are constructed using small strips of vertical layers of board cut-offs glued together to form the top deck of the pallet.	Laminated board pallets are constructed using horizontal layers of corrugated board laminated together to form the top deck of the pallet.

6. INFORMATION ON OUR GROUP (Cont'd)

Additionally, we customise the paper pallets to meet customers' specific applications. Some of the design options provided to our customers are as follows:

- single wall or double wall corrugated board for top deck;
- customise top deck as trays or with die-cut holes;
- can be 2-way or 4-way entry to be conveyor and forklift friendly; and
- printing or labelling options on the paper pallet such as part numbers.

Example of 2-way and 4-way entry paper pallets



We are equipped with slitting, lamination and gluing machines to manufacture our paper pallets.

6.3.8 Supply of protective packaging products

To complement our manufacturing of corrugated paper packaging products, we also supply non-paper based protective packaging products. This business comprises 2 segments, namely

- trading of protective packaging products; and
- processing of plastic and foam bags.

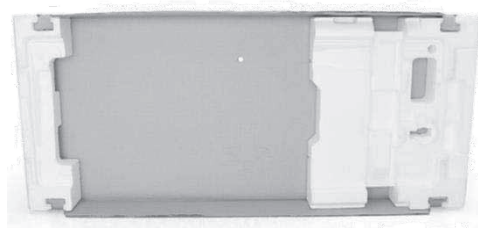
For the Financial Years Under Review, revenue contribution from the supply of protective packaging products amounted to RM28.90 million (27.34%), RM21.76 million (25.33%), RM27.40 million (21.43%) and RM23.81 million (19.64%) of our total revenue for the FYEs 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022 respectively.

6.3.8.1 Trading of protective packaging products

This segment of our business activity is involved in purchasing protective packaging and to supply them as is to our customers. Commonly, this non-paper based protective packaging items form part of our packaging comprising cartons and several protective packaging products for our customers. Additionally, some of these are sold as-is to provide convenience to our customers.

Our non-paper based protective packaging items focused on 3 types of materials including plastic, foam and rubber. These protective packaging products are mostly used to protect and buffer the packaged goods from potential harm or destruction during handling, storage and transportation. It is also used to protect the goods from the environment such as static electricity, temperature, humidity, moisture and dust. A small proportion of these products may not relate to packaging but are commonly included in the packaging process, such as silica gel pack placed inside the carton to absorb humidity moisture, and container vinyl tarp to protect the cartons from the external environment.

Protective packaging using EPS foam assembled onto a carton tray



In most cases, we supply these protective packaging products as a partial or complete set together with our in-house manufactured corrugated paper packaging products. In some cases, and based on customer's request, we also sell them individually to some customers.

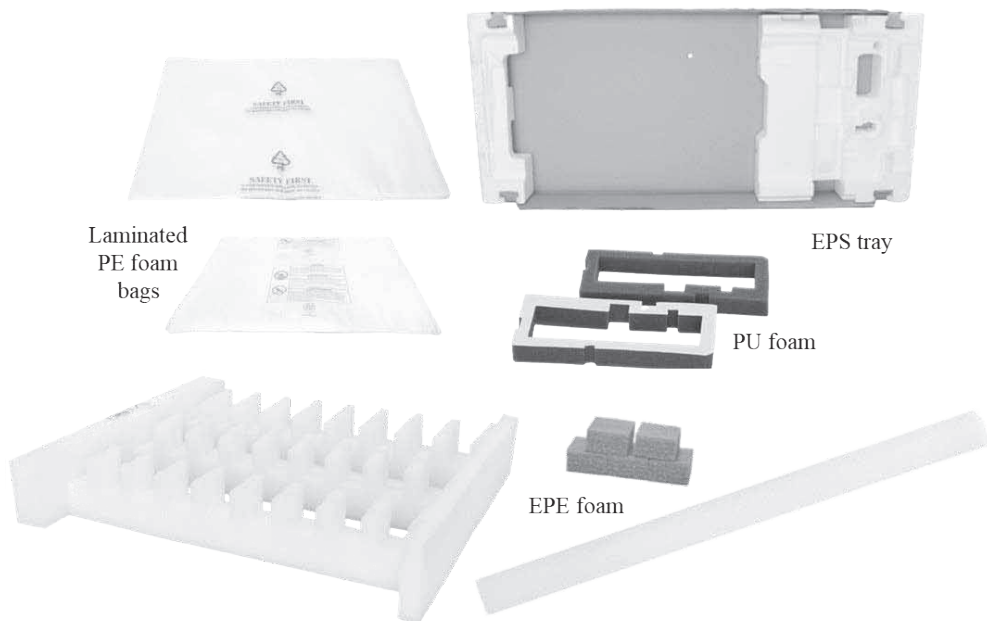
6. INFORMATION ON OUR GROUP (Cont'd)

The following are the range of non-paper based protective packaging products:

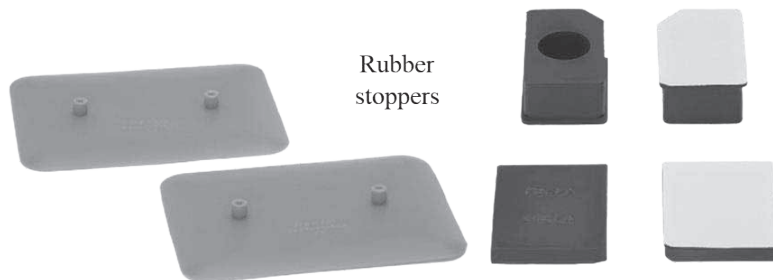
(a) Plastic-based protective packaging products



(b) Foam-based protective packaging products



(c) Rubber-based protective packaging products



6. INFORMATION ON OUR GROUP (Cont'd)

(d) Other protective packaging materials

Air bags

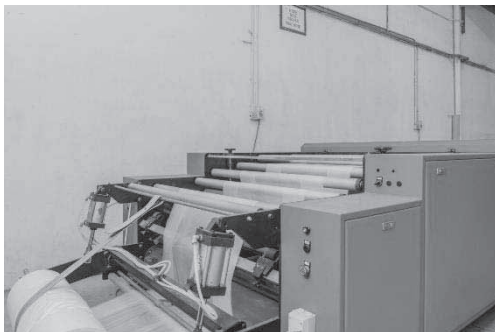


6.3.8.2 Processing of plastic and foam bags

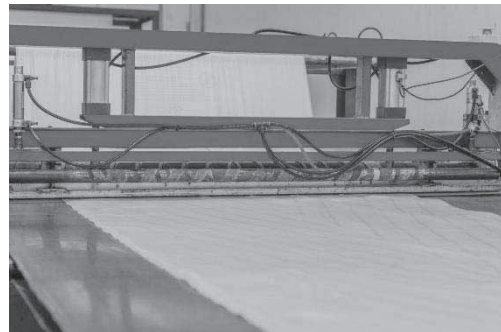
This segment of our business activity is involved in purchasing large plastic and foam sheets, and cutting them into smaller pieces and finally sealing the edges to form plastic and foam bags. This activity is carried on a small scale basis and on an ad-hoc basis.

We are equipped with cutting and sealing machines to cut plastic and foam sheets and seal them into bags.

Sealing machine



Foam cutting machine

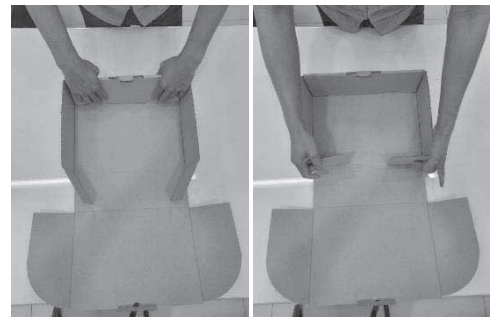


6.3.9 Assembly and packing services

As part of our value-added services to customers, we provide assembly and packing services to some customers where we assemble the die-cut cartons that we manufacture and pack our customers' products into the cartons. Assembly and packing services are provided to customers based on their requirement, and the charges are built into our packaging product pricing. As such, we do not charge our customers a separate fee for this service.

Generally, our die-cut cartons and trays are delivered to our customers' flat-packed and unassembled. We hire independent contractors to carry out manual assembly of die-cut carton blanks at the customer's premises into their intended shape, namely into a carton or a tray form.

Assembly of die-cut cartons



6. INFORMATION ON OUR GROUP (Cont'd)

Subsequently, we pack customers' items into our assembled cartons and protective packaging, as well as inserting other protective packaging products into the cartons as cushioning. This includes, among others, inserting the items into plastic or foam bags, placing the items onto EPS trays, placing the items into the nesting, and inflating airbags to be placed into the cartons as cushioning.

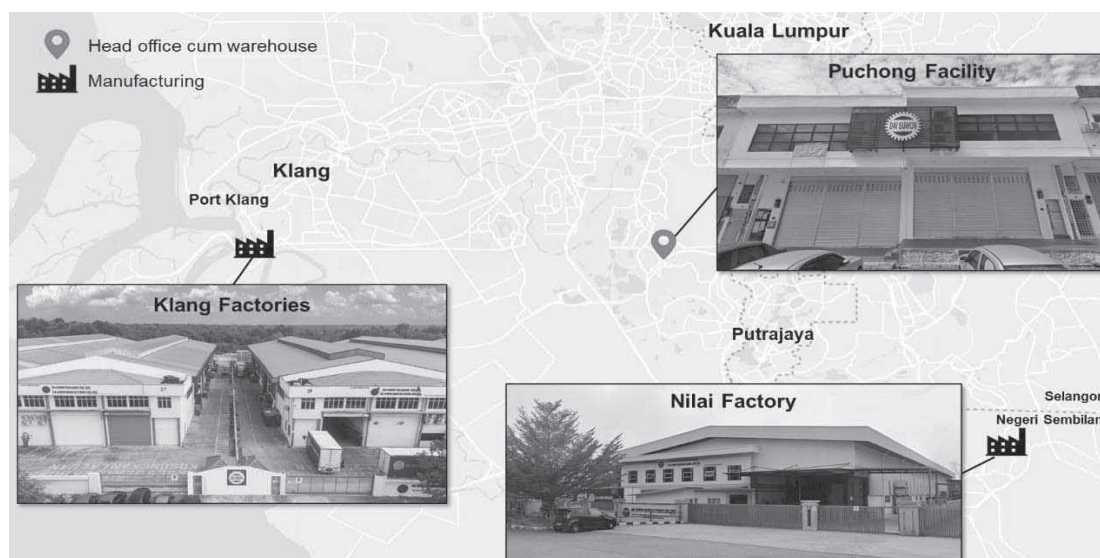
In some situations, based on customers' requests, we will assemble the cartons at our factory premises before delivering the assembled cartons to our customers' premises. This is carried out by our production floor workers.

6.3.10 Operational facilities

As at the LPD, our Group operates from the following premises in Malaysia:

Company	Main functions	Approximate built-up area (sq. ft.)	Location of facilities
DS Packaging and Kaisung	Head office, sales and administrative office, and warehouse	9,367	Puchong Facility No. 36 & 38, Jalan BP 5/6 Bandar Bukit Puchong 47100 Puchong Selangor
DS Packaging	Manufacturing facilities and office	27,832	No. 27 Klang Factory No. 27, Lorong Jala 14/KS 10 Jalan Telok Gong 42000 Port Klang Selangor
DS Packaging and DS Manufacturing	Manufacturing facilities and office	32,142	No. 29 Klang Factory No. 29, Lorong Jala 14/KS 10 Jalan Telok Gong 42000 Port Klang Selangor
DS Manufacturing	Manufacturing facilities and office	31,632	Nilai Factory Lot 16132, Jalan Nilai 3/12 Kawasan Perindustrian Nilai 3 71800 Nilai Negeri Sembilan

The following diagram sets out our operational facilities in Klang and Puchong in Selangor, and Nilai in Negeri Sembilan.



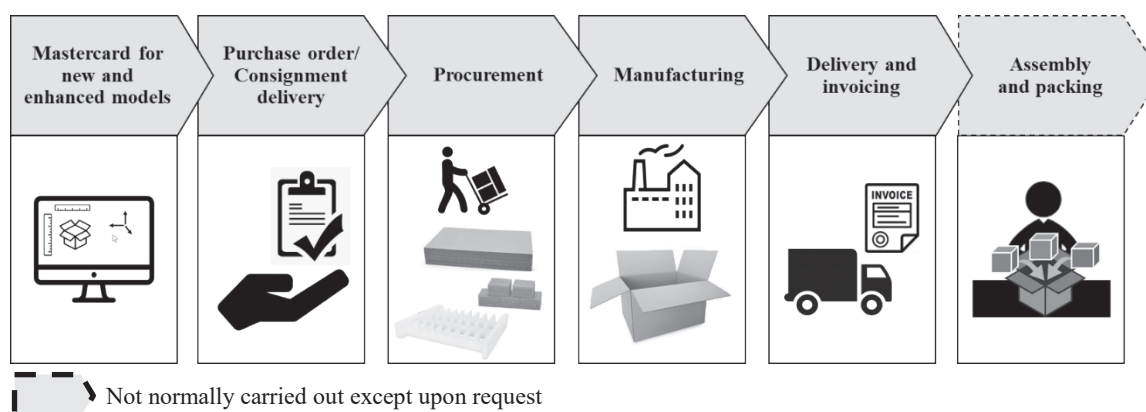
6. INFORMATION ON OUR GROUP (Cont'd)

6.3.11 Process flow

6.3.11.1 Packaging products and services

The following is the process flow in the provision of packaging products and services to our customers, with the exception of assembly and packing services which is not normally carried out except upon request by customers.

The process flow for provision of packaging products and services is as follows:



(i) Mastercard for new and enhanced model

For each new or enhanced model of corrugated carton or protective packaging, we will need to create a mastercard which is a template for cutting the corrugated board into the desired dimension including slots and holes for use in the production process. For new products this process is commonly carried out 4 to 5 months before the launch of our customer's new product.

We use a computer software to digitally draw the mastercard design to produce the mastercard for use in the production of corrugated carton or protective packaging. In most cases for corrugated carton, our customer's packaging engineers would have designed the desired corrugated carton and protective packaging. We are only responsible for creating the mastercard for production purpose. Creating a mastercard would commonly take approximately 1 to 3 working days to complete, depends on the complexity of the mastercard.

We may also receive requests from customers to collaborate with their packaging engineers in their design to achieve space and cost optimisation, as well as container loading efficiency. As such, we will design and draw the mastercard guided by instructions and specifications given by the customer's packaging engineers. This process usually takes approximately 2 weeks to complete. This process is not normally carried out and only done upon request from customers.

Once the mastercard is completed, a prototype corrugated carton will be created. For regular slotted cartons, we will utilise our own flexographic printing machine to create a prototype. For die-cut cartons, we will engage our printing mould manufacturer to produce a prototype. We will carry out compression, burst strength test, and moisture test on the prototype to ensure it meets the desired quality. This process may be carried out jointly with customers. Meanwhile, for other packaging products, if the materials are standard and common products which we have stock, for example, plastic sheets and bags, then we will utilise our own stock to create a prototype for the customer. If the materials require customised design, for example EPS tray, we will engage our respective suppliers to produce a prototype for customer's approval.

The prototypes are then handed to our customer for inspection and approval. In some cases, our customers may request for independent testing and quality check to test.

6. INFORMATION ON OUR GROUP (Cont'd)

If the prototypes are approved by customers, we will proceed with the procurement of materials including creating the printing press and custom order of die-cutting mould, if required. Please refer to Section 6.3.11.2(i) and Section 6.3.11.3(ii) of this Prospectus for further details on procurement on materials.

(ii) Purchase order / consignment delivery

Our production process starts when we receive purchase orders or consignment delivery from customers based on the consignment model, which is used to schedule production.

For customers operating under the consignment arrangement, the customer will provide to us their forecast projection of packaging needs as well as the estimated usage rate. We will tentatively schedule production to meet the minimum stock at the consignees' premises. However, the actual schedule of production will be based on consignment delivery instructions provided.

(iii) Procurement

Once we obtain the purchase order or consignment delivery instruction, we will check our inventory system for the availability of input packaging materials including the relevant corrugated board and protective packaging products, as well as finished products. Generally, we maintain a stock level of 1 to 2 weeks of common corrugated board and other paper based protective packaging products at our Klang Factories and Nilai Factory, and 1 to 2 weeks for non-paper based protective packaging products at our Puchong Facility.

In the event there is insufficient materials to fulfil customer's order, we will procure the necessary materials from suppliers.

(iv) Manufacturing

We undertake our manufacturing of corrugated paper packaging products including cartons, protective packaging and pallets at our Klang Factories and Nilai Factory. Please refer to Section 6.3.11.2 of this Prospectus for further details.

We also subcontract some of the manufacturing of corrugated paper packaging products to external manufacturers. This is mostly for small quantity and labour intensive orders such as orders requiring small nesting and small die-cuts. In addition, where the delivery destinations are far from our manufacturing facilities, we would use subcontractors whose manufacturing facilities are close to our customers' delivery destinations such as in Malacca and Johor.

The subcontracted manufacturers will manufacture the products according to our design and mastercard, and subsequently deliver the products directly to our customers. Some of our subcontracted manufacturers will purchase the corrugated board directly from our approved suppliers, while some will obtain the materials from us.

Our customers prefer to deal with suppliers which is able to provide complete packaging products rather than to source different packaging products from multiple suppliers. Our Group is able to provide convenience to customers as a one-stop packaging centre where we sell our packaging products as a complete set as well as offer value-added services such as front end value-added services, JIT inventory management, consignment of packaging products as well as assembly and packing services.

6. INFORMATION ON OUR GROUP (Cont'd)

(v) Delivery and invoicing

All items will go through a final quality check before a delivery summary order is generated from our computer system for outgoing goods. We utilise our own fleet of 5 trucks and we also engage external transportation companies to deliver the goods to our customers' destinations.

Upon delivery of the packaging materials, the receiver is required to sign and stamp the delivery order as proof of delivery. The signed delivery order is then returned to us for record-keeping and invoicing.

For customers that are under the consignment arrangement, sales invoices are issued when we receive a summary of utilised materials from the customer, usually on a monthly basis.

(vi) Assembly and packing

For some customers, we provide assembly and packing services at customers' premises. This process involves opening up the delivered flat carton, inserting relevant protective packaging, packing the products into the carton and sealing it. We engage independent contractors to carry out this part of the service.

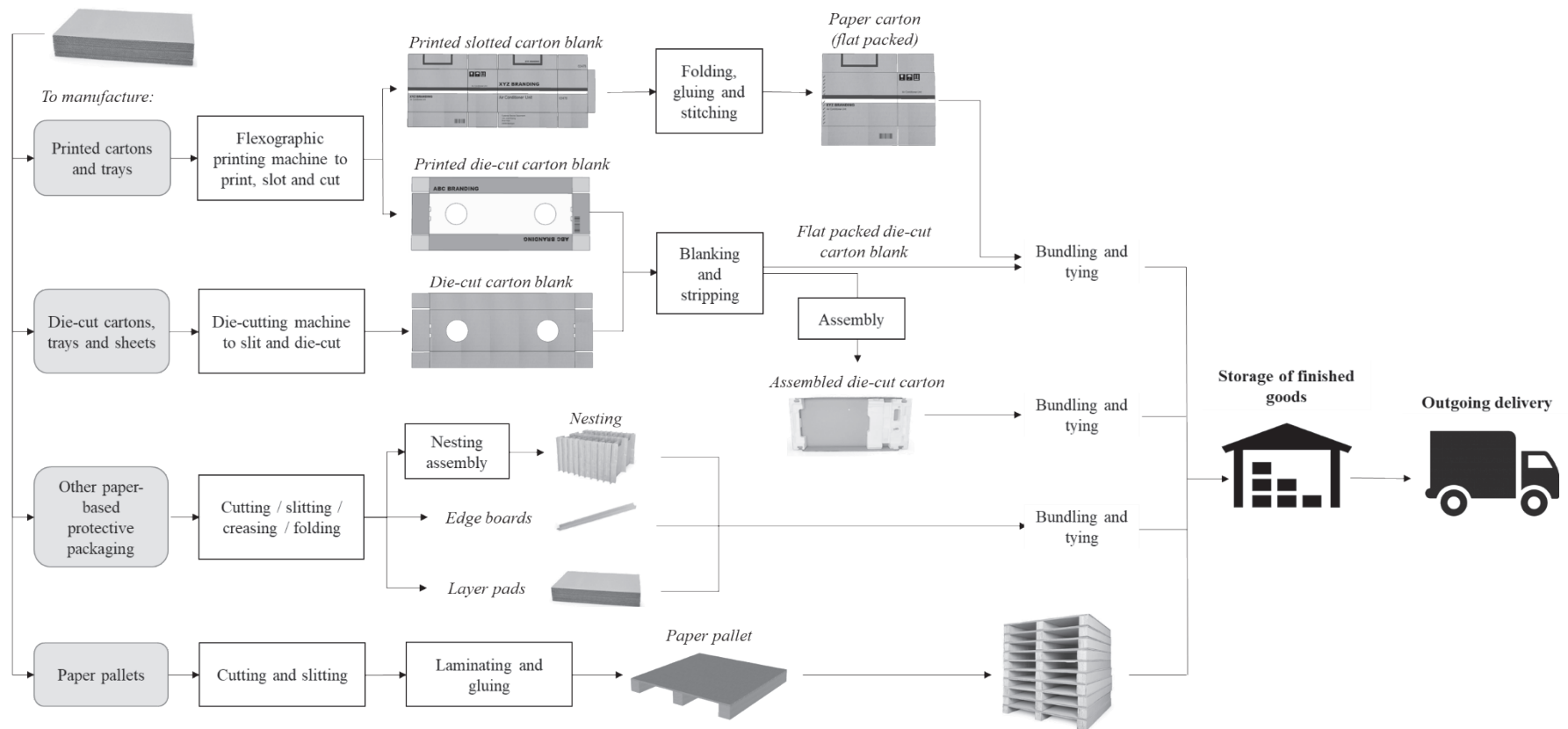
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6. INFORMATION OF OUR GROUP (Cont'd)

6.3.11.2 Manufacturing of corrugated paper packaging products

The following sets out our process flow for the manufacturing of corrugated paper packaging products at our Klang Factories and Nilai Factory:

Procurement of materials



6. INFORMATION OF OUR GROUP (Cont'd)

(i) Procurement of materials

Materials such as corrugated boards in sheet form, adhesives, printing inks and stitching wires are purchased from suppliers. Generally, we maintain a stock keeping level of 1 to 2 weeks for our input materials such as corrugated board.

All incoming materials will go through an internal quality control check for defects. For corrugated board, we perform visual inspection for defects such as fluting defect, delamination, misalignment of layers, and bubble formation. We also measure its dimension to ensure it matches our order specification.

Additionally, for new designs, we will custom order and purchase printing press and die-cutter mould, if required. For large order quantities, all new design mould costs are borne by us. For small order quantities, all new design moulds are charged to customers.

(ii) Manufacturing of printed cartons and trays

Printed slotted carton

The desired graphics design is loaded into the computer of the printing machine. The first section of the flexographic printing machine will print colours, logo, designs and instructions onto the bottom surface of the corrugated board. As it exits the machine, the corrugated board is creased and slotters will slot straight cuts.

Example of a printed and slotted carton blank



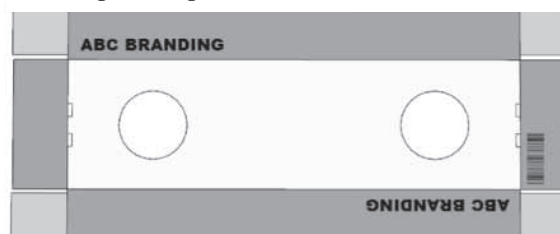
Visual checks such as printing quality, printing alignment, slotting position and other cosmetic defects are performed on the first piece of carton blank before allowing the machine to commence production print. The last piece of carton blank of every job is also inspected.

For slotted-type cartons, the next process is to fold, glue and stitch the carton blanks. We carry out this process both manually and automatically depending on the size of the carton and order size. As at the LPD, we only have 1 line of fully automated folding, gluing and stitching machine which is integrated to a tying and bundling machine to form a continuous process. This line serves carton sizes of maximum of 2.8m x 1.2m dimension of its carton blanks and for minimum order quantity of 5,000 pieces. We also have several units of semi-automatic and manual stitching machines, and bundling and tying machines.

Printed die-cut carton

The desired design is loaded into the computer of the printing machine and the die-cutter is installed onto the rotary wheel. We have different cutters for every design of the carton that we produce. The rotary cutters are built from two half cylinders with metal blades embedded as well as foam rubber sections to eject the cut corrugated board scrap pieces.

Example of a printed and die-cut carton blank



The first section of the flexographic printing machine will print colours, logos, designs and instructions onto the bottom surface of the corrugated board. As it exits the machine, the rotary die-cutter which moves in a circular motion will cut and crease the corrugated board.

6. INFORMATION OF OUR GROUP (Cont'd)

After the corrugated board goes through the die-cutting process, we will perform the blanking and stripping process to remove the die-cut portion. This process is carried out manually. Next, we flat pack the die-cut carton blanks and prepare them for delivery. In a small number of cases, we may be requested to assemble the die-cut cartons or trays at our factory before delivering them to our customers.

Changing of job orders

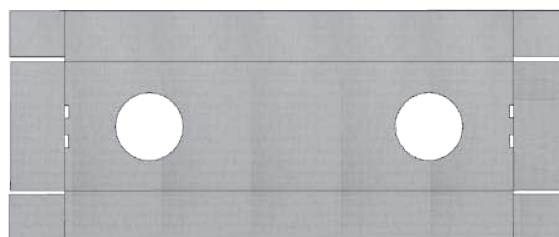
As at the LPD, we have 3 flexographic printing machines that produce both printed slotted and die-cut cartons. We commonly run on an average of 10 to 15 designs on each flexographic printing machine respectively on a daily basis. Typically, we will take approximately 15 minutes to complete a job change. The process would include pumping the cylinder to clean the ink drum, changing the printing press, changing the die cut mould and testing of few samples prior to running the job.

(iii) **Manufacturing of die-cut cartons, trays and sheets**

The die-cutter is installed into our automatic flatbed die-cutting machine. We have different cutters for every new design carton that we manufacture. The flatbed die cutter uses a flat die board and uses an up-and-down motion to cut the corrugated board.

We also have a manual die-cutting machine to produce die-cut sheets in smaller quantities.

Example of a die-cut carton blank



Next, we flat pack the die-cut carton blanks and prepare them for delivery. In a small number of cases, we may be requested to assemble the die-cut cartons or trays at our factory before delivering them to our customers.

(iv) **Manufacturing of other paper based protective packaging**

We utilise our slitting machine to cut the corrugated board to size to produce edge boards and layer pads. We utilise our nesting assembly machine to slot and assemble the nesting.

(v) **Manufacturing of paper pallets**

We utilise our slitting machine to cut the corrugated board to size. The corrugated boards are then glued together using our gluing and laminating machine to form the desired thickness for the pallet's top deck, as well as pallet runners or legs.

This process is carried out manually where we have an average of 10 workers allocated to carry out this process.

(vi) **Storage and warehousing**

All products are bundled and tied for storage at our warehouse in the Klang Factories and Nilai Factory. Generally, we maintain a stock keeping level of 1 to 2 weeks for our finished goods at each premises.

(vii) **Outgoing delivery**

All manufactured items go through a final quality check before a delivery summary order is generated from our computer system for the outgoing goods. We utilise our own fleet of 5 trucks and engage transportation companies to deliver the goods to the end users.

6. INFORMATION OF OUR GROUP (Cont'd)

6.3.11.3 Supply of protective packaging products

The following sets out our process flow for the supply of protective packaging products:



(i) Purchase order

We receive standalone purchase orders for protective packaging, as well as part of a purchase order that includes corrugated cartons and other packaging materials. Purchase orders include our manufactured corrugated board as well as externally sourced non-paper based protective packaging, such as plastic, foam and rubber protective packaging.

Upon confirmation of purchase orders from customers or delivery instruction from consignees, we will first check if we have stocks of the required products. If we do not have the items in stock, we will place orders from our suppliers or provide instruction to our manufacturing division to produce them.

(ii) Procurement

For in-house manufactured protective packaging, we commonly can obtain them within 1 to 3 days if they are not already in stock.

For externally sourced products, our supplier will take approximately 3 days to process and deliver our orders to our factories. In some cases, our supplier may deliver the items directly to our customers, based on our instructions.

(iii) In-coming delivery and quality control

We carry out stock count, inspection and quality control for all delivered goods. All incoming materials will go through an internal quality control check for defects. We measure its dimension and thickness to ensure it matches our order specification. We also perform visual inspection for defects such as improper sealing of bags, cracks on foams, shape, and appearance.

(iv) Storage

Products that have passed through inspection and quality control are entered as inventory into our computer system. Products that we order to stock will be stored at our Puchong Facility or Nilai Factory. For products ordered to fulfil customer's order, they are sent to the relevant factory for incorporation with other manufactured products or directly to customers' designated locations.

(v) Delivery

All items go through a final quality check before a delivery summary order is generated from our ERP system for outgoing goods. We utilise our own fleet of 5 trucks and engage transportation companies to deliver the goods to the end users.

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

6.3.12 Research and development

For the Financial Years Under Review and up to the LPD, we have not undertaken any research and development activity.

6.3.13 Technology used

Our business operations do not employ any special technology as we rely on the technologies embedded in the machinery and equipment as set out in Section 6.13 of this Prospectus.

6.3.14 Marketing strategies and activities

Our marketing strategies and activities are targeted at consumer electronic product manufacturers as well as parts manufacturers. For the Financial Years Under Review, sales to consumer electronic product manufacturers and 1 of its procurement centre represented more than 73.00% of our total revenue.

We adopt the following marketing strategies to address business opportunities as a manufacturer and supplier of packaging products and services:

- **Market positioning**
 - We position ourselves as a corrugated paper packaging products provider with the capability to supply corrugated paper packaging including cartons, protective packaging and pallets, as well as plastic, foam and rubber protective packaging products to meet customer's packaging needs.
 - We position ourselves as a corrugated paper packaging specialist for manufacturer and brand owners of consumer durable goods, as well as for industrial applications.
 - We position ourselves as a manufacturer of corrugated paper packaging products where we are able to liaise directly with customers to ensure that we manufacture to their exact design and specifications.
 - We position ourselves to provide prompt turnaround from purchase order to delivery based on our manufacturing capacity and our factory and warehouse locations that are near to customers' premises.
 - We position ourselves to be able to provide value-added services including collaboration with our customers in packaging design and optimisation, JIT product delivery, consignment arrangements as well as assembly and packing services for the convenience of customers.
- **Marketing activities**
 - Proactively contact and conduct sales meetings with existing and prospective customers to understand their requirements, secure sales and maintain good working relationships; and
 - Follow-up on customer referrals that we receive from existing customers, suppliers and other contacts.

As at the LPD, we have 10 personnel focusing on sales and marketing activities headed by our Sales Manager, Beh Koon Chiew.

6. INFORMATION ON OUR GROUP (Cont'd)

6.3.15 Major approvals, licences and permits obtained

Details of major approvals, licences and permits obtained by our Group for our business operations as at the LPD are as follows:

No.	Company	Description	Authority	Licence no. / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
1.	DS Packaging	Industrial licence for processing, wholesaling, storing, providing delivery services of paper boxes, storing corks and office matters at No. 27 Klang Factory	Klang Municipal Council	LL030161722	27 January 2022 / 31 December 2022 ^(a)	Nil	Noted
2.	DS Packaging	Business premise licence at Puchong Facility	Subang Jaya City Council	2120120500155	27 June 2022 / 26 June 2023	<p>(a) DS Packaging is prohibited from hiring any foreign workers without a valid pass under the Immigration Act 1953 and Immigration Regulations 1963.</p> <p>(b) DS Packaging shall ensure that fire prevention equipment is installed sufficiently, stairs and exit routes are maintained well.</p> <p>(c) DS Packaging has in place fire extinguishers following specifications and criteria set by Fire and Rescue Department of Malaysia.</p>	<p>Complied</p> <p>Complied</p> <p>Complied</p>

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Company	Description	Authority	Licence no. / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						(d) The fire extinguishers need to be sent to the fire department annually to be tested.	Complied
3.	DS Packaging	Manufacturing licence for carton boxes at No. 27 Klang Factory ^(b)	MITI	A022977	7 July 2021 (effective 16 April 2021) / None	<p>(a) DS Packaging shall notify MITI and MIDA of any sale of shares in the Company.</p> <p>(b) DS Packaging shall comply with the capital investment requirements per employee of at least RM140,000.00.</p> <p>(c) The total number of full-time employees of DS Packaging shall consist of at least 80% Malaysian citizens. The hiring of foreign employees, including employees hired through external sources, are subject to current policies.</p> <p>(d) DS Packaging shall submit information on the performance of its investment and implementation of its projects under ICA and the MIDA (Incorporation) Act 1965 when require by MIDA. Failure to submit such information may result in the following:</p>	<p>Noted</p> <p>Complied</p> <p>To be complied^(c)</p> <p>Noted^(d)</p>

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Company	Description	Authority	Licence no. / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						<p>(i) DS Packaging being guilty of an offence and liable to a fine not exceeding RM1,000.00 or to imprisonment for a term not exceeding 3 months or to both, and liable to a further fine not exceeding RM500.00 for each day the offence continues; or</p> <p>(ii) DS Packaging commits an offence if it provides any statement or other information that is false or misleading in any material particulars shall be liable to a fine not exceeding RM2,000.00 or to imprisonment for a term not exceeding 6 months, or to both.</p> <p>(e) DS Packaging shall implement its projects as approved subject to the conditions of this license and in accordance with other laws and regulations in Malaysia.</p>	Noted ^(d)
4.	DS Manufacturing	Business premise licence at No. 29 Klang Factory	Klang Municipal Council	LL100080222	8 December 2021 / 31 December 2022 ^(a)	Nil	Noted

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Company	Description	Authority	Licence no. / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
5.	DS Manufacturing	Industrial licence for producing raw materials for papers at No. 29 Klang Factory	Klang Municipal Council	LL010133022	8 December 2021 / 31 December 2022 ^(a)	DS Manufacturing is prohibited from assigning or displaying the licence at a different premise from the address stated on the licence.	Complied
6.	DS Manufacturing	Business premise licence at Nilai Factory	Seremban City Council	04721	29 December 2021 / 31 December 2022 ^(a)	DS Manufacturing shall comply with the safety and fire safety requirements required by the Fire and Rescue Department.	Complied
7.	DS Manufacturing	Printing licence for No. 29 Klang Factory ^(d)	Ministry of Home Affairs	A051107	16 December 2021 (effective 16 December 2021) / None	<p>(a) DS Manufacturing shall not change the address where the printers are located without the prior consent of the minister.</p> <p>(b) The printers shall not be used to print any publications which is detrimental or may be detrimental to public order, morality, safety, communications with any country or foreign government or may be against any laws or otherwise prejudices or may prejudice public interest or national interest.</p>	<p>Complied</p> <p>Complied</p>

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Company	Description	Authority	Licence no. / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						(c) The licence shall not be transferred, assigned or otherwise placed under the control of anyone else other than DS Manufacturing without prior approval from the Ministry of Home Affairs.	Complied
						(d) DS Manufacturing shall not change any of its directors without prior approval from the minister.	Complied ^(f)
8.	DS Manufacturing	Printing licence for Nilai Factory	Ministry of Home Affairs	A051118	11 April 2022 (effective 8 April 2022) / None	(a) DS Manufacturing shall not change the address where the printers are located without the prior consent of the minister.	Complied
						(b) The printers shall not be used to print any publications which is detrimental or may be detrimental to public order, morality, safety, communications with any country or foreign government or may be against any laws or otherwise prejudices or may prejudice public interest or national interest.	Complied

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Company	Description	Authority	Licence no. / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						(c) The licence shall not be transferred, assigned or otherwise placed under the control of anyone else other than DS Manufacturing without prior approval from the Ministry of Home Affairs. (d) DS Manufacturing shall not change any of its directors without prior approval from the minister.	Complied Complied ^(f)
9.	DS Manufacturing	Manufacturing licence for carton boxes at No. 29 Klang Factory ^(g)	MITI	A024185	2 December 2021 (effective 20 October 2021) / None	(a) DS Manufacturing shall notify MITI and MIDA of any sale of shares in the Company. (b) DS Manufacturing shall comply with the capital investment requirements per employee of at least RM140,000.00. (c) The total number of full-time employees of DS Manufacturing shall consist of at least 80% Malaysian citizens. The hiring of foreign employees, including employees hired through external sources, are subject to current policies.	Noted Complied To be complied ^(h)

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Company	Description	Authority	Licence no. / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						<p>(d) DS Manufacturing shall submit information on the performance of its investment and implementation of its projects under ICA and the MIDA (Incorporation) Act 1965 when require by MIDA. Failure to submit such information may result in the following:</p> <p>(i) DS Manufacturing being guilty of an offence and liable to a fine not exceeding RM1,000.00 or to imprisonment for a term not exceeding 3 months or to both, and liable to a further fine not exceeding RM500.00 for each day the offence continues; or</p> <p>(ii) DS Manufacturing commits an offence if it provides any statement or other information that is false or misleading in any material particulars shall be liable to a fine not exceeding RM2,000.00 or to imprisonment for a term not exceeding 6 months, or to both.</p>	Noted ⁽ⁱ⁾

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Company	Description	Authority	Licence no. / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						(e) DS Manufacturing shall implement its projects as approved subject to the conditions of this licence and in accordance with other laws and regulations in Malaysia.	Noted ⁽ⁱ⁾
10.	DS Manufacturing	Manufacturing licence for carton boxes at Nilai Factory ^(g)	MITI	A024350	28 March 2022 (effective 2 March 2022) / None	<p>(a) DS Manufacturing shall notify MITI and MIDA of any sale of shares in the Company.</p> <p>(b) DS Manufacturing shall comply with the capital investment requirements per employee of at least RM140,000.00.</p> <p>(c) The total number of full-time employees of DS Manufacturing shall consist of at least 80% Malaysian citizens. The hiring of foreign employees, including employees hired through external sources, are subject to current policies.</p>	<p>Noted</p> <p>Complied</p> <p>To be complied^(h)</p>

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Company	Description	Authority	Licence no. / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						<p>(d) DS Manufacturing shall submit information on the performance of its investment and implementation of its projects under ICA and the MIDA (Incorporation) Act 1965 when require by MIDA. Failure to submit such information may result in the following:</p> <p>(i) DS Manufacturing being guilty of an offence and liable to a fine not exceeding RM1,000.00 or to imprisonment for a term not exceeding 3 months or to both, and liable to a further fine not exceeding RM500.00 for each day the offence continues; or</p> <p>(ii) DS Manufacturing commits an offence if it provides any statement or other information that is false or misleading in any material particulars shall be liable to a fine not exceeding RM2,000.00 or to imprisonment for a term not exceeding 6 months, or to both.</p>	Noted ⁽ⁱ⁾

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Company	Description	Authority	Licence no. / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						(e) DS Manufacturing shall implement its projects as approved subject to the conditions of this licence and in accordance with other laws and regulations in Malaysia.	Noted ⁽ⁱ⁾
11.	DS Manufacturing	Certificate of fitness for Unfired Pressure Vessel	DOSH	PMT-SL/22 314049	31 October 2022 / 26 January 2024	Nil	Noted
12.	DS Manufacturing	Certificate of fitness for Unfired Pressure Vessel	DOSH	PMT-SL/22 314050	31 October 2022 / 26 January 2024	Nil	Noted
13.	DS Manufacturing	Certificate of fitness for Unfired Pressure Vessel	DOSH	PMT-NS/22 52042	9 June 2022 / 7 September 2023	Nil	Noted
14.	Kaisung	Business premise licence at Puchong Facility	Subang Jaya City Council	2120040200003	17 February 2022 / 31 December 2022 ^(a)	<p>(a) Kaisung is prohibited from hiring any foreign workers without a valid pass under the Immigration Act 1959/63 and Immigration Regulations 1963.</p> <p>(b) Kaisung shall ensure that fire prevention equipment is installed sufficiently, stairs and exit routes are maintained well.</p> <p>(c) Kaisung has in place fire extinguishers following specifications and criteria set by Fire and Rescue Department of Malaysia.</p>	<p>Complied</p> <p>Complied</p> <p>Complied</p>

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Company	Description	Authority	Licence no. / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						(d) The fire extinguishers need to be sent to the fire department annually to be tested.	Complied

Notes:

- (a) These licenses are not automatically renewed and we typically commence to undertake full preparation for the renewal at least 2 weeks before the expiry of its respective validity.
- (b) The Group's manufacturing activities were initially undertaken by DS Manufacturing in year 2004 and the company was exempted from having a manufacturing licence for these activities as its shareholders' funds were less than RM2.50 million and it employed less than 75 full-time employees. DS Packaging commenced manufacturing activities at the No. 27 Klang Factory in 2018 and had assumed the same applied, that it was not required to have a manufacturing licence. At the end of year 2020, in the course of reviewing its licensing requirements, DS Packaging realised that it requires a manufacturing licence for its manufacturing activities and begun the process of applying to MIDA for a manufacturing licence. As such, DS Packaging was undertaking manufacturing activities without a manufacturing licence at the No. 27 Klang Factory until it had subsequently obtained a manufacturing licence, which was effective from 16 April 2021 for the No. 27 Klang Factory. As at the LPD, neither the Group's Directors nor the Group were fined or issued with any notice of non-compliance from the relevant authorities in relation to the above.
- (c) Based on the approval from MIDA, DS Packaging is required to meet all conditions, where applicable, prior to commencing its manufacturing activities. As at the LPD, DS Packaging has yet to comply with the condition or submit an application to MIDA to vary such condition under section 4(4) of the ICA. Nonetheless, pursuant to the letter dated 18 July 2022 issued by MITI to various industry and manufacturer associations, compliance with the condition that the total full-time workforce of a company to be at least 80% Malaysian citizens in all manufacturing licenses which have been issued by MITI is relaxed until 31 December 2024. Such relaxation is applicable to DS Packaging. In the event DS Packaging is unable to comply with the condition by 31 December 2024 and the extension of time application is not approved by MIDA, MIDA may take action by issuing warnings, imposing penalties or additional conditions or restrictions, suspending and / or revoke the licence for any breach or non-compliance of the conditions.

Notwithstanding the above, DS Packaging has made various efforts to comply with the condition, such as actively advertising and recruiting Malaysian citizens as employee as well as engaging third party agency to hire Malaysian citizens as production workers.

- (d) As at the LPD, DS Packaging had not implemented any projects since the issuance of the manufacturing licence on 7 July 2021 by MIDA. Nonetheless, DS Packaging takes note of these conditions and will submit the relevant information for any projects undertaken by it when required by MIDA as well as implement the same as approved, subject to the conditions of this license and in accordance with other laws and regulations in Malaysia.

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

- (d) The Group has carried out printing works since 2004 at a rented factory in Telok Gong, Port Klang in Selangor and had in 2015, relocated our operations to No. 29 Klang Factory. The Group was unaware that it is required to obtain a printing licence for its printing activities as it only involves printing on corrugated boxes and the Group does not undertake printing of newspapers, magazines and booklets. In the course of the due diligence exercise, the Group realised that a printing licence is required for the operation of its flexographic printing machines, following which an application to the Ministry of Home Affairs was made on 7 October 2021. As such, the Group was using printing presses without a licence to use printing press at the rented factory in Telok Gong, Port Klang as well as No. 29 Klang Factory until it had subsequently obtained licence to use printing press in respect of its printing presses located at the No. 29 Klang Factory, which was effective from 16 December 2021. As at the LPD, neither the Group's Directors nor the Group were fined or issued with any notice of non-compliance from the relevant authorities in relation to the above.
- (e) DS Manufacturing has complied with this condition as there has not been any changes in its directors since the issuance of the printing licence on 16 December 2021 and 11 April 2022 for No. 29 Klang Factory and Nilai Factory, respectively by the Ministry of Home Affairs.
- (f) DS Manufacturing started undertaking manufacturing activities at a rented semi-detached factory in Telok Gong in 2004. In 2014, DS Manufacturing started manufacturing activities at its Nilai Factory and subsequently shifted its manufacturing operations from the rented semi-detached factory in Telok Gong to the No. 29 Klang Factory in 2015. The company was exempted from having a manufacturing licence for its manufacturing activities as its shareholders' funds was less than RM2.50 million and it employed less than 75 full-time employees.

In 2021, DS Manufacturing's shareholders' funds exceeded the manufacturing licence exemption threshold of RM2.50 million. In view of this, DS Manufacturing had on 15 September 2021 submitted an application to MIDA for a manufacturing license which was issued on 2 December 2021 and effective on 20 October 2021. However, the manufacturing licence only stipulated the address of No. 29 Klang Factory. DS Manufacturing had applied to MIDA on 7 January 2022 for a manufacturing licence for the Nilai Factory. As such, DS Manufacturing was undertaking manufacturing activities without a manufacturing licence at the No. 29 Klang Factory and Nilai Factory until it subsequently obtained manufacturing licences which were effective from 20 October 2021 for the No. 29 Klang Factory and from 2 March 2022 for the Nilai Factory. As at the LPD, neither the Group's Directors nor the Group were fined or issued with any notice of non-compliance from the relevant authorities in relation to the above.

- (g) Based on the approval from MIDA, DS Manufacturing is required to meet all conditions, where applicable, prior to commencing its manufacturing activities. As at the LPD, DS Manufacturing has yet to comply with the condition or submit an application to MIDA to vary such condition under section 4(4) of the ICA. Nonetheless, pursuant to the letter dated 18 July 2022 issued by MITI to various industry and manufacturer associations, compliance with the condition that the total full-time workforce of a company to be at least 80% Malaysian citizens in all manufacturing licenses which have been issued by MITI is relaxed until 31 December 2024. Such relaxation is applicable to DS Manufacturing. In the event DS Manufacturing is unable to comply with the condition by 31 December 2024 and the extension of time application is not approved by MIDA, MIDA may take action by issuing warnings, imposing penalties or additional conditions or restrictions, suspending and / or revoke the licence for any breach or non-compliance of the conditions.



Notwithstanding the above, DS Manufacturing has made various efforts to comply with the condition, such as actively advertising and recruiting Malaysian citizens as employee as well as engaging third party agency to hire Malaysian citizens as production workers.

6. INFORMATION ON OUR GROUP (Cont'd)



- (h) As at the LPD, DS Manufacturing had not implemented any projects since the issuance of the manufacturing licence on 2 December 2021 and 28 March 2022 for No. 29 Klang Factory and Nilai Factory, respectively by MIDA. Nonetheless, DS Manufacturing takes note of these conditions and will submit the relevant information for any projects undertaken by it when required by MIDA as well as implement the same as approved, subject to the conditions of this license and in accordance with other laws and regulations in Malaysia.

6.3.16 Intellectual property rights, patents, trademarks and registrations

Save as disclosed below, our Group does not have any registered and / or in the process of registering any other intellectual property rights, patents, trademarks or registrations as at the LPD.

No.	Company	Type of intellectual property right	Illustration	Application / Registration no.	Issuing authority	Status / Validity period
1.	DS Sigma	Trademark		TM2022000038	Intellectual Property Corporation of Malaysia	Registered / 12 October 2022 to 3 January 2032
2.	DS Sigma	Trademark		TM2022000062	Intellectual Property Corporation of Malaysia	Registered / 12 October 2022 to 3 January 2032

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Company	Type of intellectual property right	Illustration	Application / Registration no.	Issuing authority	Status / Validity period
3.	DS Packaging	Trademark		TM2022004369	Intellectual Property Corporation of Malaysia	Registered / 9 November 2022 to 18 February 2032
4.	DS Packaging	Trademark		TM2022004370	Intellectual Property Corporation of Malaysia	Registered / 9 November 2022 to 18 February 2032

Pursuant to the Trademarks Act 2019, if a third party has registered a trademark that is identical to the aforementioned trademarks (“**Trademarks**”) and the Group use any of the trademarks without consent from the third party, the Group may be subject to legal action initiated by the third party. Nonetheless, prior to the submission of the application, our intellectual property agent has conducted a trademark search of the Trademarks and there were no registered trademarks that are identical to the Trademarks. As such, the impact of utilising unregistered trademarks is expected to be minor, if any.

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

6.3.17 Material dependency on contracts, intellectual property rights, licences and permits or production or business processes

As at the LPD, save as disclosed in Sections 6.3.15 and 6.3.16 of this Prospectus, there are no other contracts including commercial or financial contracts, intellectual property rights, licences and permits or production or business processes which our Group's business or profitability is materially dependent on.

6.3.18 Interruptions to business and operations

Save for temporary interruptions to our business operations due to the COVID-19 pandemic conditions in Malaysia, we did not experience other interruptions to our business and operations.

Kindly refer to Sections 6.3.18.1 and 6.3.18.2 of this Prospectus for further details.

6.3.18.1 Impact of the COVID-19 pandemic

The World Health Organisation declared COVID-19 a pandemic on 11 March 2020. The Government implemented several measures to reduce and control the spread of COVID-19 in the country, commencing on 18 March 2020. These measures include restrictions on the movement of people within Malaysia and internationally, and restrictions on business, economic and social activities. As a result, we have experienced interruptions to our business due to the various imposition of MCO by the Government.

Please refer to Section 8.1.8 of this Prospectus for the risk factor relating to the prolonged COVID-19 pandemic.

(i) Various MCO measures in 2020

MCO 1.0

The first MCO (MCO 1.0) 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 MCO 1.0, our business operations were temporarily suspended for 28 working days from 18 March 2020 to 18 April 2020. All our Subsidiaries, DS Packaging, DS Manufacturing and Kaisung obtained their MITI approval letters on 18 April 2020 and thus we resumed our operations on 20 April 2020 with 40% workforce capacity. As a precautionary measure, we only allowed our employees in the production and QA department to enter our operating premise during this period. All other departments such as sales, accounts, purchasing, and other administrative employees were under the work from home arrangement.

CMCO and RMCO

Subsequently, as the number of daily and active COVID-19 cases reduced, the Government relaxed the country's restrictions and allowed the nation's economy to reopen in a controlled manner. From 4 May 2020 up to 12 January 2021, the MCO went through various phases throughout the country including CMCO and RMCO 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.

Throughout the CMCO and RMCO period, we continued our business operations with 60% workforce capacity according to specified guidelines and SOP. As a precautionary measure, we only allowed our employees in the production and QA department to enter our operating premise during this period. All other departments (indirect workforce) were under the work from home arrangement.

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

(ii) Various MCO measures in 2021

Reimposition of the MCO (MCO 2.0 and MCO 3.0), CMCO and RMCO

As the number of daily COVID-19 cases started to rise towards the end of 2020, the Government reimposed the MCO, namely MCO 2.0, in several states. The MCO 2.0 was implemented on 13 January 2021 and subsequently, transitioned to CMCO or RMCO depending on the state.

Following increases in the number of new COVID-19 cases, the third MCO (MCO 3.0) was reimposed in Kelantan from 16 April 2021, followed by 6 districts in Selangor which started from 6 May 2021 as well as Kuala Lumpur and several districts and mukims in Terengganu, Johor and Perak from 7 May 2021. On 10 May 2021, the Government announced a nationwide MCO 3.0 from 12 May 2021 until 7 June 2021. During this period, all businesses were allowed to operate, however with workforce quota restrictions where only 30% of employees in the top management group are allowed to be in the office.

Our business operations were not affected as we were allowed to operate during these periods. Our Subsidiaries received written approval to operate from the MITI and continued to operate according to specified guidelines and SOP. We continued to only allow our employees from production and QA department to enter our operating premise during this period while all other departments (indirect workforce) were under the work from home arrangement.

NRP Phase 1

On 28 May 2021, the Government announced the imposition of a nationwide full MCO commencing from 1 June 2021 throughout Malaysia. All sectors were not allowed to operate during this period except for those in the essential economic and service sectors, including manufacturers of packaging and printing materials. Other control measures implemented included restrictions on the movement of people within Malaysia and internationally, and restrictions of business, economic, cultural, and recreational activities.

Subsequently, on 15 June 2021, the Government announced the NRP, a phased exit strategy from the COVID-19 crisis and the MCO which will be enacted from June to December 2021. The NRP consists of 4 phases including Phase 1 FMCO which commenced from 1 June 2021 as mentioned above.

As our business falls within essential services, all our Subsidiaries obtained their MITI approval letters on 31 May 2021 and continued to operate during these periods however with a 60% workforce capacity.

EMCO in Selangor

On 1 July 2021, the Government implemented the EMCO in a large part of Selangor and several localities in Kuala Lumpur from 3 July 2021 to 16 July 2021. Control measures were stricter and tighter in EMCO areas. The list of economic activities deemed as essential services in EMCO areas was reduced. Manufacturing of packaging products is not listed as the activities allowed to operate during the EMCO. Subsequently, on 7 July 2021, the Government announced that the manufacturing of E&E including its respective supply chain were allowed to commence operations from 8 July 2021 onwards subject to a 60% workforce capacity limit and compulsory swab testing 2 times a week on employees that were returning to work during the EMCO period. On 16 July 2021, the Government lifted the requirement on compulsory swab testing 2 times a week.

6. INFORMATION OF OUR GROUP (Cont'd)

In view of the above, our factory in Klang and Puchong in Selangor was impacted by the implementation of EMCO and we closed our operations in Klang and Puchong from 3 July 2021 to 7 July 2021. Only our Nilai Factory was operating during this period to fulfil any customer's requests. Subsequently, on 8 July 2021, we commenced our operations in Klang and Puchong and conducted the swab tests on employees before allowing them to return to work. We operated at 60% workforce capacity and only allowed our employees from production and QA department to enter our premises during this period. Although the compulsory swab testing was lifted on 16 July 2021, we continued to conduct swab tests on our employees that enter our premises every 2 weeks as a safety measure.

Capacity based on vaccination rate

Effective 16 August 2021, the Government allowed all manufacturing sector companies that is listed as essential services in the NRP Phase 1 to increase their capacity of workers on site based on the rate of fully vaccinated workers. Companies are also required to conduct swab tests every 2 weeks. We received the approvals from MITI to operate at 100% workforce capacity for DS Manufacturing and DS Packaging on 20 August 2021 and Kaisung on 30 August 2021, respectively, based on the 80% rate of fully vaccinated employees. We continued to implement swab test on our workers through self-testing every 2 weeks.

NRP Phase 2, 3 and 4

Negeri Sembilan and Selangor eventually transitioned to Phase 2, 3 and 4 in stages between 4 September 2021 to 18 October 2021. There were no changes to our business operations during these periods.

As a safety precaution and to ensure no interruptions to our business operations, we continued to only allow operational employees from our production and QA department and minimal administrative employees to enter our premises. All other departments (indirect workforce) are under the work from home arrangement until 6 January 2022. Since 6 January 2022 and up to the 31 March 2022, all employees have resumed work in our operating facilities, save for 5 working days from 10 February 2022 to 16 February 2022 where our administrative employees at our Puchong Facility were working from home due to the increase in COVID-19 cases at our Puchong Facility.

'Transition to Endemic' phase

On 1 April 2022, Malaysia entered the 'Transition to Endemic' phase and we continued to operate at full workforce capacity up to the LPD while adhering to the Government SOP and guidelines.

6.3.18.2 Impact on our business and financial performance

(i) Year 2020

As a result of the implementation of MCO by the Government, our business operations were temporarily suspended from 18 March 2020 to 18 April 2020. Our financial performance was impacted due to closure of our business operations in March 2020 and April 2020.

6. INFORMATION OF OUR GROUP (Cont'd)

As such, the financial impact resulting from the MCO was reflected in the fourth quarter of FYE 30 June 2020 as summarised in the table below:

	Quarter 3 FYE 30 June 2020 <i>(Jan 2020 to</i> <i>Mar 2020)</i>	Quarter 4 FYE 30 June 2020 <i>(Apr 2020 to</i> <i>June 2020)</i>	Quarter 1 FYE 30 June 2021 <i>(July 2020 to</i> <i>Sept 2020)</i>	Quarter 2 FYE 30 June 2021 <i>(Oct 2020 to</i> <i>Dec 2020)</i>
Revenue (RM'000)	21,335	15,800	34,151	27,393
Quarter-on-quarter change (%)	0.58	-25.94	116.15	-19.79

Our Group's revenue declined by 25.94% in the fourth quarter of FYE 30 June 2020 compared to the previous quarter due to the closure of our business operations from 18 March 2020 to 18 April 2020. Our revenue declined from RM8.65 million in February 2020 to RM5.33 million in March 2020 and RM0.73 million in April 2020.

Upon resumption of our business operations on 20 April 2020, we received increased orders from our customers which resulted in an increase in revenue. This was reflected in the improvement in our Group's revenue in the first quarter of FYE 30 June 2021 by 116.15% compared to the previous quarter. Additionally, the period between July and August is the peak period for our customers, namely consumer electronic product manufacturers in conjunction with year-end and festive season sales. Generally, our sales at the end of the year in November and December would decrease.

During MCO 1.0, we continued to incur cost including staff cost, depreciation expenses, finance cost and other administrative expenses. We also incurred additional expenses for the implementation of precautionary measures and complying with SOP including swab tests, sanitisation costs and masks. Between March 2020 and up to December 2020, the total amount for these additional expenses was RM0.02 million.

(ii) Year 2021

Despite the implementation of NRP Phase 1, as an "essential services" provider, we continued our business operations from 1 June 2021, save for temporary closure of our operating premise for 3 working days during EMCO. Furthermore, our customers are mainly in the E&E industry and as such, they were also operating during this period.

However, our business operations were slightly affected as some of our major customers faced interruptions in their business operations due to COVID-19 cases at their facilities. As such, we received lower orders from some of these customers in July 2021 and August 2021. The resultant financial impact was reflected in the first quarter of FYE 30 June 2022 as summarised in the table below:

	Quarter 3 FYE 30 June 2021 <i>(Jan 2021 to</i> <i>Mar 2021)</i>	Quarter 4 FYE 30 June 2021 <i>(Apr 2021 to</i> <i>June 2021)</i>	Quarter 1 FYE 30 June 2022 <i>(July 2021 to</i> <i>Sept 2021)</i>	Quarter 2 FYE 30 June 2022 <i>(Oct 2021 to</i> <i>Dec 2021)</i>
Revenue (RM'000)	32,505	33,809	29,646	28,793
Quarter-on-quarter change (%)	18.66	4.01	-12.31	-2.88

6. INFORMATION OF OUR GROUP (Cont'd)

Our Group's revenue declined by 12.31% in the first quarter of FYE 30 June 2022 compared to the previous quarter due to lower orders from some of our major customers as these customers faced interruptions in business operations during NRP Phase 1 in July 2021 and August 2021. The decline in revenue by 2.88% in the second quarter of FYE 30 June 2022 was mainly due to the seasonality of our sales orders from our major customers where sales orders at the end of the year in November and December would typically be lower as year-end and festive season sales are over.

In terms of expenses, from January 2021 and up to December 2021, we incurred expenses for the implementation of precautionary measures and complying with SOP including swab tests, sanitisation costs and masks which amounted to RM0.02 million.

(iii) Year 2022

Our business operations were not materially interrupted in 2022. We recorded revenue of RM32.63 million in the third quarter of FYE 30 June 2022 (i.e. January 2022 to March 2022) and RM30.15 million in the fourth quarter of FYE 30 June 2022 (i.e. April 2022 to June 2022).

As at the LPD, we have banking facilities, namely trade facilities of up to a limit of RM4.80 million which have not been utilised.

As at the LPD, we have not received any claw-back or reduction in banking facility limits granted to us by the financial institutions. We do not expect any difficulties in meeting our debt repayment obligations during the next 12 months. We do not anticipate any material impairment to our assets, inventories and receivables. Our Board is confident that our working capital will be sufficient for our operating expenditure and will sustain our business, after taking into account our cash and bank balances and banking facilities that are available to our Group.

Based on the above, we do not expect any material adverse effects to our cash flow, liquidity, financial position and financial performance from the impact of COVID-19 for the FYE 30 June 2023.

6.3.18.3 Measures and steps taken in our business operations in response to COVID-19 pandemic

Since the resumption of business operations and up to the LPD, we have adhered to the SOP specified by the relevant authorities. This included the following:

- (i) implementation of temperature measurements of any employees and visitors before they enter into the factory and warehouses;
- (ii) implementation of contact tracing system and checking of risk profile before entering into our premises through MySejahtera mobile application;
- (iii) bi-weekly self-testing using self-test kits on employees that return to our premises;
- (iv) regular disinfection and sanitisation process of 3 times daily on working days in common areas including the lobby, pantry, meeting room, waste disposal area and toilets;
- (v) providing hand sanitisers at main entrances of the company's premises and all common areas;
- (vi) all employees and visitors are required to always wear face masks and practice social distancing in our premises;
- (vii) minimising physical meetings and avoiding unnecessary business-related travelling; and
- (viii) implementation of procedures in managing and ensuring the faster resumption of operations when infections in the workplace are reported.

6. INFORMATION OF OUR GROUP (Cont'd)

Since March 2020 and up to the LPD, 33 of our employees were infected with COVID-19 and have since fully recovered.

6.3.18.4 Impact on our business and earnings prospects

Our business was slightly affected due to the impact of the COVID-19 pandemic which resulted in a temporary suspension of our business operations during the MCO period in 2020. Meanwhile, in 2021, our sales orders were affected due to the interruption of our customers' business operations during NRP Phase 1 in July 2021 and August 2021.

In the event of any prolonged outbreak of the COVID-19 and / or any implementation of full lockdown measures and / or increase in restrictions to enhance MCO, this could adversely affect our future business operations and our future financial performance.

Nevertheless, we are of the view that the COVID-19 pandemic will not have a material adverse impact on our prospects in the long run. This view takes into consideration the continuing recovery of Malaysian economy as well as the global economies from the COVID-19 pandemic. Overall, the Malaysian economy is forecasted 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: Industry Overview Report*).

Additionally, other consideration factors of the packaging industry include the general well-being of the economy that stimulates the consumption of goods, the manufacturing industry particular the E&E sector representing Malaysia's largest export sector, as well as the wholesale and retail trade sector for domestic consumption. The continuing increase in usage of e-commerce and rapid transition to digitalisation particularly in the retail segment will also drive demand for packaging materials (*Source: Industry Overview Report*).

6.3.19 Seasonality

Generally, we experience higher sales between July and October as our customers increase orders in conjunction with year-end and festive season sales. Generally, our sales at the end of the year in November and December would decrease.

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6. INFORMATION OF OUR GROUP (Cont'd)

6.4 PROPERTIES, PLANT AND EQUIPMENT

6.4.1 Properties owned by our Group

The properties owned by our Group as at the LPD are as follows:

No.	Title / Postal address	Registered owner / Beneficial owner	Description / Existing use	Category of land use	Restrictions in interests / Encumbrances	Land area / Approximate built-up area (sq. ft.)	Tenure	Date of issuance of CFO / CCC	NBV as at 30 June 2022 (RM'000)
1.	PN 32397, Lot 77153, Mukim Klang, Daerah Klang / No. 27, Lorong Jala 14/KS 10, Jalan Telok Gong, 42000 Port Klang, Selangor	DS Packaging	Single storey semi-detached factory with double storey office / Manufacturing facilities and office	Industrial	The ownership of the land cannot be assigned, charged or mortgaged without the approval of the State Authority / Private caveat by and charged to Public Bank Berhad	46,070 / 27,832	Leasehold of 99 years expiring on 5 October 2092	14 February 2022 ^(a)	7,219
2.	GRN136296, Lot 16132, Mukim Setul, Daerah Seremban / Lot 16132, Jalan Nilai 3/12, Kawasan Industri Nilai 3, 71800 Nilai	DS Manufacturing	Double storey detached office cum single storey factory / Manufacturing facilities and office	Industrial	None / Charged to Hong Leong Bank Berhad	53,507 / 31,632	Freehold	6 March 2014	5,559

6. INFORMATION OF OUR GROUP (Cont'd)

Note:

- (a) No. 27 Klang Factory was previously issued with a valid CFO dated 21 December 2006. DS Packaging had submitted amended building plans and planning permission to Klang Municipal Council in relation to the renovation made to No. 27 Klang Factory. DS Packaging had obtained the approvals for the amended building plans and planning permission and subsequently obtained the CCC on 14 February 2022.

6.4.2 Properties rented

The properties rented by our Group as at the LPD are as follows:

No.	Tenant	Landlord	Existing use	Postal address	Period of tenancy / Date of expiry of tenancy	Approximate built-up area (sq. ft.)	Date of issuance of CFO / CCC	Rental per month (RM)
1.	DS Packaging	BL Kaizen	Head office, sales and administrative office, and warehouse	No. 36, Jalan BP 5/6, Bandar Bukit Puchong, 47100 Puchong, Selangor	3 years / 30 June 2024	4,684	29 October 1999 ^(b)	6,000.00
2.	DS Packaging ^(a)	Beh Seng Lee and Lucille Teoh Soo Lien	Head office, sales and administrative office, and warehouse	No. 38, Jalan BP 5/6, Bandar Bukit Puchong, 47100 Puchong, Selangor	3 years / 30 June 2024	4,684	29 October 1999 ^(b)	6,000.00
3.	DS Manufacturing ^(c)	Beh Seng Lee and Lucille Teoh Soo Lien	Manufacturing facilities and office	No. 29, Lorong Jala 14/KS 10, Jalan Telok Gong, 42000 Port Klang, Selangor	3 years / 30 June 2024	32,142	14 February 2022	35,000.00

6. INFORMATION OF OUR GROUP (Cont'd)

No.	Tenant	Landlord	Existing use	Postal address	Period of tenancy / Date of expiry of tenancy	Approximate built-up area (sq. ft.)	Date of issuance of CFO / CCC	Rental per month (RM)
4.	DS Manufacturing / Kaisung	My E.G. Lodging Sdn Bhd	Worker's hostel	Unit 5-1, MySTAY Hostel, Lorong Sultan Mohamed 25, Taman IKS PKNS, Bandar Sultan Suleiman, 42000 Pelabuhan Klang, Selangor	1 year / 31 January 2023	1,539	15 June 2001	2,480.00
5.	DS Manufacturing	My E.G. Lodging Sdn Bhd	Worker's hostel	Unit 5-2, MySTAY Hostel, Lorong Sultan Mohamed 25, Taman IKS PKNS, Bandar Sultan Suleiman, 42000 Pelabuhan Klang, Selangor	1 year / 31 January 2023	1,539	15 June 2001	2,480.00
6.	DS Manufacturing / Kaisung	My E.G. Lodging Sdn Bhd	Worker's hostel	Unit 7-2, MySTAY Hostel, Lorong Sultan Mohamed 25, Taman IKS PKNS, Bandar Sultan Suleiman, 42000 Pelabuhan Klang, Selangor	1 year / 31 January 2023	1,539	15 June 2001	2,480.00

6. INFORMATION OF OUR GROUP (Cont'd)

No.	Tenant	Landlord	Existing use	Postal address	Period of tenancy / Date of expiry of tenancy	Approximate built-up area (sq. ft.)	Date of issuance of CFO / CCC	Rental per month (RM)
7.	DS Manufacturing / Kaisung	Elite Wealth Advisory Sdn Bhd	Worker's hostel	Sri Keriung Apartment, Bandar University Teknologi Lagenda, 71700 Mantin, Negeri Sembilan	3 years / 31 December 2024	905	28 August 2003	200.00 (per worker)
8.	DS Manufacturing / Kaisung	Chee Yoon Bee and Lee Sen Yeow	Worker's hostel	B-5-7, Baiduri Court, Bandar Bukit Puchong 2, 47120 Puchong, Selangor ("Baiduri Court")	2 years / 4 April 2024	775	25 November 2009	800.00

Notes:

- (a) Part of the premise at No. 38, Jalan BP 5/6, Bandar Bukit Puchong, 47100 Puchong, Selangor has been sub-leased by DS Packaging to Kaisung for its operations.
- (b) The Group has carried out renovation work at the Puchong Facility in year 2014 and 2018. No application for such renovations was submitted as the Group was not aware that it was required to obtain planning permission and building plans approval before it carried out any renovation, given that such changes were to the interior of the Puchong Facility and did not involve any external modifications. In the course of the due diligence exercise, the Group realised that it would require a new CCC for the renovations carried out. As such, the Group had on 6 August 2021 submitted applications for the planning permission and building plans from Majlis Bandaraya Subang Jaya ("MBSJ") and the Fire Department. The Group had on 20 July 2022, received the support letter from the planning department of MBSJ and submitted the letter to the building department of MBSJ to obtain approval for its building plans. As at the LPD, the Group has received MBSJ's approval of the building plans dated 26 September 2022. Upon final inspection by MBSJ, the architect will issue the CCC accordingly which is expected to be obtained by the end of December 2022.

Under the Street Drainage and Building Act 1974, any person who makes any alteration to any building otherwise than is provided for in the Street Drainage and Building Act 1974 or by-laws made thereunder or without the prior written permission of the local authority shall be liable on conviction to a fine not exceeding RM25,000.00 and further may be required to alter or demolish such renovation works. As at the LPD, save for the fine of RM5,000.00 received by the Group on 19 May 2022 by MBSJ which was subsequently paid on 25 May 2022, neither the Group's Directors nor the Group were fined or issued with any notice of non-compliance from the relevant authorities in relation to the above.

6. INFORMATION ON OUR GROUP (Cont'd)

In the event that the Group is unable to obtain the CCC for the renovation works, it may be liable to a fine of not more than RM250,000.00 and / or be required to alter or to demolish such renovation works. In any event that such renovation works cannot be demolished, the Group would then be required to relocate its head office and warehouse to another location. Nonetheless, any such relocation would not take more than 2 months and hence will not materially disrupt the operations of the Group.

- (c) Part of the premise at No. 29, Lorong Jala 14/KS 10, Jalan Telok Gong, 42000 Port Klang, Selangor has been sub-leased by DS Manufacturing to DS Packaging for its operations.

The rental of the abovementioned properties with Beh Seng Lee, Lucille Teoh Soo Lien and BL Kaizen are deemed related party transactions. Our Board has reviewed the above related party transactions and are of view that the transactions were conducted on an arm's length basis and on competitive commercial terms not more favourable to the related parties and were not detrimental to the interest of our minority shareholders. Kindly refer to Section 9.1 of this Prospectus for further details.

The Board confirms that as at the LPD, save as disclosed above, the rented properties of our Group are not in breach of any of the relevant land law and building regulations.

6.5 MATERIAL CAPITAL EXPENDITURE AND DIVESTITURE

6.5.1 Material capital expenditure

Our capital expenditures for the Financial Years Under Review and up to the LPD are set out below:

	FYE 30 June				From 1 July 2022 up to the LPD
	2019	2020	2021	2022	
	RM'000	RM'000	RM'000	RM'000	RM'000
Leasehold land and building	7,632	-	-	-	-
Plant and machinery	5,867	336	319	2,192	294
Furniture, fittings, and equipment ^(a)	380	121	51	278	164
Motor vehicles and forklift	467	41	261	55	158
Renovation and electrical installation	467	15	6	1,299	553
Total	14,813	513	637	3,824	1,169

Note:

- (a) Include computer and software.

The above material capital expenditure was for our operations in Malaysia and primarily financed by a combination of bank borrowings and internally generated funds.

For the FYE 30 June 2019, our capital expenditure of RM14.81 million mainly comprised the following:

- RM7.63 million for the acquisition of No. 27 Klang Factory;
- RM5.87 million mainly for the purchase of 1 unit of automatic flatbed die-cutting machine, 1 unit of flexographic printing machine, 1 unit of automatic folding, stitching and gluing machine;
- RM0.38 million for the purchase of furniture, fittings, office equipment, computer and software to equip our No. 27 Klang Factory;

6. INFORMATION ON OUR GROUP (Cont'd)

- RM0.47 million mainly for the purchase of 3 units of lorries and 1 unit of forklift; and
- RM0.47 million for the renovation and installation of electrical system for our No. 27 Klang Factory.

For the FYE 30 June 2020, our capital expenditure of RM0.51 million was mainly for the purchase of plant and machinery amounting to RM0.34 million comprising mainly 1 unit of automatic binding machine and 1 unit of drive-in rack machine.

For the FYE 30 June 2021, our capital expenditure of RM0.64 million was mainly for the purchase of plant and machinery amounting to RM0.32 million comprising mainly 1 unit of semi-automatic 2 joint stitching machine.

For the FYE 30 June 2022, our capital expenditure of RM3.82 million was mainly for purchase of plant and machinery amounting to RM2.19 million, comprising 1 unit of flexographic printing machine, 2 units of semi-automatic pre-feeder and 1 unit of air compressor, as well as RM1.30 million for the renovation and installation of electrical system at our Klang Factories, Nilai Factory and Puchong Facility.

From 1 July 2022 and up to the LPD, our capital expenditure of RM1.17 million was mainly for the purchase of plant and machinery amounting to RM0.29 million, comprising 1 unit of sample cutter as well as RM0.55 million for the renovation of our packaging design and innovation centre.

6.5.2 Material capital divestiture

Our capital divestitures for the Financial Years Under Review and up to the LPD are set out below:

	FYE 30 June				From 1 July
	2019	2020	2021	2022	2022 up to
	RM'000	RM'000	RM'000	RM'000	the LPD
Plant and machinery	-	-	-	403	-
Motor vehicles	-	-	-	-	41
Forklifts	28	-	-	-	-
Total	28	-	-	403	41

For the FYE 30 June 2019, our capital divestitures of RM0.03 million is 1 unit of forklift.

We do not have any capital divestitures in FYE 30 June 2020 and FYE 30 June 2021.

For the FYE 30 June 2022, our capital divestiture of RM0.40 million was for 1 unit of flexographic printing machine.

From 1 July 2022 and up to the LPD, our capital divestiture of RM0.04 million was for 1 unit of passenger vehicle.

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6. INFORMATION ON OUR GROUP (Cont'd)**6.6 EMPLOYEES**

A summary of our Group's employees as at the LPD is set out below:

Category	No. of employees					
	As at 30 June 2022			As at the LPD		
	Local	Foreign	Total	Local	Foreign	Total
Management	6	-	6	7	-	7
Sales and marketing	9	-	9	11	-	11
Administrative and accounting	22	-	22	23	-	23
Production	18	49	67	18	67	85
Total	55	49	104	59	67	126

As at the LPD, we have a total workforce of 126 employees, of which 59 are permanent employees and 67 are contractual employees. All the contractual employees are foreign employees under the production category and they hold valid employment pass which are subject to annual renewals. The increase in the total number of employees as at the LPD as compared to 30 June 2022 is mainly due to hiring of foreign workers for our business operations.

None of our employees are members of any union nor have there been any major industrial disputes in the past.

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

6.7 ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES

Our Group has implemented, and are in the midst of implementing, the following practices:

(a) Environmental

Our Group believes in preserving and caring for the environment. Our subsidiary, namely DS Packaging is currently an ISO 14001:2015 Environmental Management System certified company and has obtained a “Certificate of Green Partner” from Sony Group Corporation’s procurement centre since 2007. Besides this, our Group has adopted sustainable practices in relation to waste handling. All scheduled wastes generated are properly stored, packaged, labelled and collected for treatment and disposal in a timely manner by a licensed service provider. Please refer to Sections 6.1.2 and 6.8.6 for further details.

Furthermore, our Group is mainly involved in paper based products that are recyclable in nature such as corrugated cartons which comprises testliners and corrugating medium that are largely made from recycled corrugated carton and other paper based material. We also manufacture paper pallets in place of plastic and wooden pallets which are recyclable. One of the raw material for manufacturing of paper pallets is off-cuts of corrugated box which are mainly used for the legs of the paper pallet.

(b) Social

Our Group is committed to act responsibly to all our stakeholders in our business operations as well as to the community in which we operate.

The safety, health and welfare of our employees in our workplace is one of our top priorities. Our Group will ensure compliance with the OSHA 1994 by protecting the health and safety of our employees against the risk arising from our manufacturing processes. Our factories are well-ventilated as they are equipped with high ceiling spaces and large doorways, which is crucial in minimising infections from airborne viruses such as COVID-19. Besides this, social protection for foreign workers’ welfare is also set up by our Group. Foreign workers employed under our Group are provided with worker’s dormitories that complied with the EMShAAA 1990. Please refer to Section 6.8.7 for further details.

In addition, our Group has taken various corporate social responsibility initiatives to serve the needs of the community. For example, in 2019, our Group offered an internship programme to University Malaysia Terengganu’s students who were interested in seeking valuable work experience. Students who participated in the programme had gained educational experience in their field of study or career interest and would develop personal and professional skills for their future career advancement. In the same year, our Group had participated in Career Day which was hosted by Help University to provide guidance to students on future workplace opportunities.

(c) Governance

Our Group is committed to conduct our business ethically and in compliance with all relevant laws and regulations as disclosed in Section 6.8. In maintaining high standards of corporate governance, our Board has adopted the recommendations under the MCGG.

In addition, our Group has adopted a zero-tolerance policy towards bribery, and as such have put in place the policies and procedures to ensure strict compliance with the Malaysian Anti-Corruption Commission Act 2009 and its amendments. In relation to our Group’s risk management, our Group has put in place a Risk Management Framework to monitor closely on the risk associated with the company’s objectives and have also put in place a Whistleblowing Policy to help promote and ensure fairness in business dealings.

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

6.8 REGULATORY REQUIREMENTS AND ENVIRONMENTAL ISSUES

The relevant laws and regulations governing our Group and that are material to our operations are summarised below. The following do not purport to be an exhaustive description of all relevant laws and regulations to which our business is subject to.

6.8.1 ICA

Pursuant to the ICA, no person shall engage in any manufacturing activity unless he is issued a licence in respect of such manufacturing activity. The ICA defines “manufacturing activity” as the “making, altering, blending, ornamenting, finishing or otherwise treating or adapting any article or substance with a view to its use, sale, transport, delivery or disposal and includes the assembly of parts and ship repairing but shall not include any activity normally associated with retail or wholesale trade”. Manufacturing companies with shareholders’ funds of RM2.50 million and above or that employ 75 or more full-time paid employees are required to apply for a manufacturing licence.

Our Subsidiaries, DS Manufacturing and DS Packaging hold manufacturing licences issued by MITI. The said manufacturing licences is valid until or unless it is revoked by MITI. Pursuant to Section 6 of the ICA, if there is a breach of any condition imposed in the manufacturing licence by our Subsidiaries, the relevant licensing officer may, in his discretion, revoke the said manufacturing licence.

Our Subsidiaries are required under a condition of its manufacturing licence to ensure that its total number of full-time employees shall consist of at least 80% Malaysian citizens. Pursuant to the letter dated 18 July 2022 issued by MITI to various industry and manufacturer associations, compliance with the condition that the total full-time workforce of a company to be at least 80% Malaysian citizens in all Manufacturing Licenses which have been issued by MITI is relaxed until 31 December 2024. Such relaxation is applicable to DS Manufacturing and DS Packaging.

As at the LPD, DS Manufacturing and DS Packaging have a total full-time employees of 31 Malaysian citizens and 25 Malaysian citizens, respectively which represent 50.82% and 62.50% of the respective company’s total number of full-time employees. As DS Manufacturing and DS Packaging do not comply with the said condition, both the companies have undertaken various efforts, such as offering salaries above the minimum wage and engaging a third party agency to hire Malaysian citizens in order to comply with this condition by 31 December 2024.

The potential penalty for the non-compliance of the abovementioned conditions imposed by the relevant authorities would be a revocation of our Subsidiaries’ manufacturing licences, at the licensing officer’s discretion. Before exercising his power to revoke a licence, the licensing officer may call upon our Subsidiaries to show, within such period as may be prescribed, due cause as to why their licences should not be revoked. The licensing officer may withhold or suspend the revocation of the licence if he is satisfied that the act or omission on our Subsidiaries’ part 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.

6.8.2 Factories 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 provide for the control of factories with respect to matters relating to the safety, health and welfare of persons in the factories, the registration and inspection of machinery and other matters connected therewith.

Under Section 34 of the FMA, every person who occupies or uses any premises as a factory shall within 3 months submit particulars of the factory to the Chief Inspector of Factories and Machinery. No person shall except with the written permission of the Inspector of Factories and Machinery begin to use any premises as a factory until 1 month after the service of the notice.

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

Section 19 of the FMA further provides 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 Machinery 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.

For the purposes of FMA:

- (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:
 - (i) any machinery used for the propulsion of vehicles other than steam boilers or steam engines;
 - (ii) any machinery driven by manual power other than hoisting machines;
 - (iii) any machinery used solely for private and domestic purposes; or
 - (iv) 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.

In addition, Section 36 of the FMA provides that no person shall install or caused to be installed any machinery in any factory except with the written approval of the Inspector of Factories and Machinery.

As at the LPD, our Group holds and maintains valid approvals for use of factory issued by the Department of Occupational Safety and Health in respect of each of our Klang Factories and our Nilai Factory. DS Manufacturing also holds and maintains valid certificates of fitness in respect of the 3 unfired pressure vessels used in our operations and has obtained up-to-date installation approvals in respect of all machineries installed in each of our Klang Factories and our Nilai Factory as at the LPD. Our Puchong Facility is used as a warehouse and as such does not fall under purview of the FMA.

6.8.3 Occupational Safety and Health Act 1994 (“OSHA”)

The OSHA makes provisions for securing the safety, health and welfare of persons at work, for protecting others against risks to safety or health in connection with the activities of persons at work, and to promote an occupational environment for persons at work which is adapted to their physiological and psychological needs.

It shall be the duty of every employer to conduct its undertaking (including provision and maintenance of systems of work) in such a manner as to ensure, so far as is practicable, that he and other persons, not being its employees, who may be affected thereby are not exposed to risks to their safety or health. Every employer who provides, maintains or imports any machinery, equipment or appliance for use at work shall ensure that the same (and the installation thereof) is safe and without risks to health when properly used, carry out testing and examination as may be necessary, and ensure that the results of such tests are available.

It shall be the duty of every employer to prepare a general policy with respect to the safety and health at work of his employees and the organisation and arrangements for the time being in force for carrying out that policy. Such safety and health policy shall be revised as often as it may be appropriate and shall be brought to the notice of all employees.

6. INFORMATION ON OUR GROUP (Cont'd)

The OSHA 1994 also requires a company to notify the nearest occupational safety and health office of any accident, dangerous occurrence, occupational poisoning or occupational disease which has occurred or is likely to occur at the place of work.

The Group's Health and Safety Policy has been communicated to the employees of our Group.

6.8.4 Local Government Act 1976

Pursuant to Section 102(s) of the Local Government Act 1976, the relevant local authorities may control and supervise, by registration, licensing or otherwise, a trade, business or industry. Businesses in Kuala Lumpur are regulated by the Licensing of Trades, Businesses and Industries (Federal Territory of Kuala Lumpur) By-Laws 2016. Under Section 104 of the Local Government Act 1976, any person who breaches any by-law commits an offence and shall, on conviction be liable to a fine not exceeding RM2,000.00 or imprisonment for a term of not more than 1 year or both and a fine of RM200.00 every day during which such offence is continued after conviction.

As at the LPD, our Group holds and maintains valid business licenses issued by the relevant authorities.

6.8.5 Printing Presses and Publication Act 1984 ("PPPA")

The PPPA regulates the use of printing presses and the printing, importation, production, reproduction, publishing and distribution of publications. Under the PPPA, a licence to use a printing press is required for letterpress, lithography, gravure, intaglio or any other process of printing capable of printing at a rate of 1,000 impressions per hour or more.

As at the LPD, DS Manufacturing holds and maintains valid licences to use printing presses issued by the Ministry of Home Affairs in respect of the printing presses located at our No. 29 Klang Factory and Nilai Factory.

6.8.6 Environmental Quality Act 1974 ("EQA")

The EQA and its subsidiary regulations sets out provisions in respect of prevention, abatement, control of pollution and enhancement of the environment. In particular, it regulates the discharge of certain categories of waste which are known as scheduled wastes and are more specifically set out in the Environmental Quality (Scheduled Wastes) Regulations, 2005 ("**Scheduled Wastes Regulations**") (made pursuant to the EQA).

Under Section 34B of the EQA, no person shall without prior written approval of the Director General of Environmental Quality, (a) place or deposit, except at prescribed premises, any scheduled wastes on land or into Malaysian waters; (b) receive or send scheduled wastes in or out of Malaysia; or (c) transit scheduled wastes.

The Scheduled Wastes Regulations further regulates the handling, use, storage and disposal of scheduled wastes. It also provides that, every generator of scheduled wastes shall, within 30 days from the date of generation of scheduled wastes, notify the Director General of Environmental Quality of the new categories and quantities of scheduled wastes which are generated. In addition, a generator of scheduled wastes shall keep accurate and up-to-date inventory of the categories and quantities of scheduled wastes being generated, treated and disposed of and of materials or product recovered from such scheduled wastes for a period up to 3 years from the date the scheduled wastes were generated.

In the course of our operations, our Group generates ink wastes, which are considered scheduled wastes under the Scheduled Wastes Regulations, classified under the following waste code:

Waste code	Description
SW 417	Waste of inks, paints, pigments, lacquer, dye or varnish

We ensure that all scheduled wastes generated are properly stored, packaged, labelled and collected for treatment and disposal in a timely manner.

6. INFORMATION ON OUR GROUP (Cont'd)

We have appointed a licensed service provider to collect and transport scheduled wastes from our factory, and dispose, treat and carry out other waste management related services at premises of the licensed service provider.

Our scheduled waste comprise liquid waste where we contained in plastic drums. The plastic drums are labelled with our name, address and telephone number and other information such as waste characteristic, waste code, waste name, and date of waste generation. The plastic drums are stored in designated areas in our factories, which are built to include features such as concrete floors free of cracks and gaps, roofed and rain water or surface water prevention, to prevent spillage or leakage of scheduled wastes into the environment.

As at the LPD, our Group has duly notified the Department of Environment and has kept accurate and up-to-date inventory of scheduled waste generated, treated and disposed of by our Group with the Department of Environment, as required under the Scheduled Wastes Regulations.

6.8.7 Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 ("EMSHAAA 1990")

The EMSHAAA 1990 and its subsidiary regulations require employers and centralised accommodation providers to comply with the minimum statutory requirements relating to centralised accommodation provided to employees. A centralised accommodation provider is defined as any person who provides and manages any building used for the housing of employees employed by one or more employers and supervises the services provided in such building for one or more employers but does not include an employer who provides accommodations for his own employees.

The EMSHAAA 1990 was amended by the Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019 where effective from 1 June 2020, employers must abide by enhanced minimum standards on accommodation for employees which includes obtaining a Certificate of Accommodation from the Department of Labour Peninsular Malaysia. Notwithstanding, a 3 months' grace period up to 31 August 2020 was granted to allow employers to making necessary arrangements to ensure compliance with the EMSHAAA 1990.

As at the LPD, we have engaged centralised accommodation providers in respect of all accommodation provided to our employees and have submitted the Notice of Occupation for all our foreign employees with the Department of Labour Peninsular Malaysia. In the event additional foreign employees are employed by us, we will arrange for necessary accommodation which complies with the EMSHAAA 1990. Kaisung had applied for the certificate of accommodation in respect of Baiduri Court on 31 January 2022 and had on 22 March 2022 obtained the certification of accommodation from Department of Labour Peninsular Malaysia.

6.8.8 Street, Drainage and Building Act 1974 ("SDBA")

The SDBA is enforced by the local authorities of Peninsular Malaysia and it provides for the requirement of having CCC for the occupation of any building or any part thereof.

A person who occupies a premise without a CCC is subject to a fine of up to RM250,000, imprisonment for a term of up to 10 years, or both, under the SDBA.

Save as disclosed under Section 6.4.2 of this Prospectus, all the properties owned and rented by our Group have valid CCC.

6. INFORMATION ON OUR GROUP (Cont'd)

6.8.9 Fire Services Act 1988

The Fire Services Act 1988 provides for the effective and efficient functioning of Jabatan Bomba, for the protection of persons and property from fire risks or emergencies. The Fire Services Act 1988 provides, amongst other matters, that a fire certificate be issued only after the designated premises (for example, shops and factories) have been inspected and Jabatan Bomba is satisfied that there are adequate fire-fighting equipment or fire safety installation in relation to the use of the designated premises.

Where there is no fire certificate in force, the owners of such premises may become subject to a fine of up to RM50,000 and / or imprisonment of up to 5 years (or both). Jabatan Bomba also has a general authority to order or direct the owner or occupier of any premises to cease any activities if Jabatan Bomba is satisfied that, amongst others, any continued activity would constitute an immediate danger of fire prejudicial to the safety of life or property.

As at the LPD, our Group have complied with the Fire Services Act 1988. In addition, we will endeavour to maintain and renew the same in compliance with the relevant laws and regulations.

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6. INFORMATION ON OUR GROUP (Cont'd)

6.9 MAJOR CUSTOMERS

The table below lists our top 5 major customers for the Financial Years Under Review:

(i) FYE 30 June 2019

Major customers	Revenue contribution		Length of relationship (Years) ^(a)	Country	Main types of products / services offered
	(RM'000)	(%)			
SSCSM ^(b)	39,288	37.17	13	Malaysia	Corrugated cartons, paper and non-paper based protective packaging products, and paper pallets
Samsung Electronics ^(c)	24,675	23.35	17	Malaysia	Corrugated cartons, paper and non-paper based protective packaging products
SOEM ^(b)	16,695	15.80	6	Malaysia	Corrugated cartons, paper and non-paper based protective packaging products, and paper pallets
PAACM ^(d)	10,804	10.22	13	Malaysia	Corrugated cartons, paper and non-paper based protective packaging products
PAVC ^(d)	5,060	4.79	9	Malaysia	Corrugated cartons, paper and non-paper based protective packaging products
Total	96,522	91.33			

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6. INFORMATION ON OUR GROUP (Cont'd)
(ii) FYE 30 June 2020

Major customers	Revenue contribution		Length of relationship (Years) ^(a)	Country	Main types of products / services offered
	(RM'000)	(%)			
SSCSM ^(b)	28,209	32.84	14	Malaysia	Corrugated cartons, paper and non-paper based protective packaging products, and paper pallets
Samsung Electronics ^(c)	21,884	25.48	18	Malaysia	Corrugated cartons, paper and non-paper based protective packaging products
PAACM ^(d)	13,854	16.13	14	Malaysia	Corrugated cartons, paper and non-paper based protective packaging products
SOEM ^(b)	12,952	15.08	7	Malaysia	Corrugated cartons, paper and non-paper based protective packaging products, and paper pallets
PAVC ^(d)	1,992	2.32	10	Malaysia	Corrugated cartons, paper and non-paper based protective packaging products
Total	78,891	91.85			

(iii) FYE 30 June 2021

Major customers	Revenue contribution		Length of relationship (Years) ^(a)	Country	Main types of products / services offered
	(RM'000)	(%)			
SSCSM ^(b)	28,816	22.54	15	Malaysia	Corrugated cartons, paper and non-paper based protective packaging products, and paper pallets
Samsung Electronics ^(c)	26,300	20.57	19	Malaysia	Corrugated cartons, paper and non-paper based protective packaging products
SOEM ^(b)	25,531	19.97	8	Malaysia	Corrugated cartons, paper and non-paper based protective packaging products, and paper pallets
PAACM ^(d)	17,212	13.46	15	Malaysia	Corrugated cartons, paper and non-paper based protective packaging products
YH Precision (M) Sdn Bhd	5,465	4.27	18	Malaysia	Carton and plastic packaging, laminated PE foam and cushion
Total	103,324	80.81			

6. INFORMATION ON OUR GROUP (Cont'd)

(iv) FYE 30 June 2022

Major customers	Revenue contribution		Length of relationship (Years) ^(a)	Country	Main types of products / services offered
	(RM'000)	(%)			
Samsung Electronics ^(c)	22,915	18.90	20	Malaysia	Corrugated cartons, paper and non-paper based protective packaging products
SOEM ^(b)	22,867	18.86	9	Malaysia	Corrugated cartons, paper and non-paper based protective packaging products, and paper pallets
SSCSM ^(b)	21,570	17.80	16	Malaysia	Corrugated cartons, paper and non-paper based protective packaging products, and paper pallets
PAACM ^(d)	18,144	14.97	16	Malaysia	Corrugated cartons, paper and non-paper based protective packaging products
YH Precision (M) Sdn Bhd	6,192	5.11	19	Malaysia	Carton and plastic packaging, laminated PE foam and cushion
Total	91,688	75.64			

Notes:

- (a) Length of business relationship is determined at each of the respective FYEs.
- (b) SSCSM and SOEM are wholly-owned subsidiaries of Sony Group Corporation, a company listed on the Tokyo Stock Exchange and New York Stock Exchange.
- (c) Samsung Electronics is a wholly-owned subsidiary of Samsung Electronics Co., Ltd, a company listed on the Korea Exchange.
- (d) PAACM and PAVC are wholly-owned subsidiaries of Panasonic Corporation, a company listed on the Tokyo Stock Exchange.

6. INFORMATION OF OUR GROUP (Cont'd)

We are dependent on the following customers due to the quantum of their contribution to our revenue during the Financial Years Under Review:

(i) SSCSM

As at the LPD, SSCSM has been our customer for 16 years. Revenue from SSCSM accounted for 37.17%, 32.84%, 22.54% and 17.80% of our total revenue for the FYEs 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022 respectively.

SSCSM provides total logistics solution including logistics forwarding, international procurement centre, transportation and warehousing to Sony Group Corporation's manufacturing plants in Malaysia. As such, SSCSM undertakes the procurement and sourcing of various parts and components including precision metal, plastic and E&E parts from suppliers in Malaysia for Sony group's manufacturing operations locally and internationally.

We provide total packaging and sell our packaging products as a complete set to SSCSM where we supply corrugated cartons and protective packaging products, paper pallets and non-paper based protective packaging products such as plastic bags and sheets, and laminated PE foams as a set to SSCSM. Our sales to SSCSM are sold via the consignment arrangement where sets of packaging products are delivered to SSCSM's vendors for the packaging of their parts and components.

We also deal with 1 related company of SSCSM, namely SOEM who is also 1 of our major customers. Collectively, our revenue generated from Sony Group of Companies accounted for 52.97%, 47.92%, 42.51% and 36.66% of our total revenue for the FYEs 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022 respectively.

(ii) Samsung Electronics

As at the LPD, Samsung Electronics has been our customer for 20 years. Revenue from Samsung Electronics accounted for 23.35%, 25.48%, 20.57% and 18.90% of our total revenue for the FYEs 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022 respectively.

Samsung Electronics undertakes the manufacturing and sale of microwave ovens, printed circuit boards and magnetrons. Samsung Electronics is the only manufacturing plant that produces microwave ovens for Samsung group globally.

We supply corrugated cartons, and paper and non-paper based protective packaging products such as plastic bags and sheets, laminated PE foams, cushions and rubber packaging materials to Samsung Electronics for packaging of their microwave ovens for distribution locally and internationally.

(iii) SOEM

As at the LPD, SOEM has been our customer for 9 years. Revenue from SOEM accounted for 15.80%, 15.08%, 19.97% and 18.86% of our total revenue for the FYEs 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022 respectively.

SOEM undertakes the manufacturing of electronic audio and video equipment in Malaysia. SOEM offers a wide range of electronic products such as televisions, projectors, tablets, camera, computer peripherals, phones and video games.

We supply corrugated cartons, paper and non-paper based protective packaging products, and paper pallets such as plastic bags and sheets, and laminated PE foam to SOEM for the packaging of their televisions range.

6. INFORMATION OF OUR GROUP (Cont'd)

(iv) PAACM

As at the LPD, PAACM has been our customer for 16 years. Revenue from PAACM accounted for 10.22%, 16.13%, 13.46% and 14.97% of our total revenue for the FYEs 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022 respectively.

PAACM undertakes the manufacturing of air conditioners and related parts and components in Malaysia.

We supply corrugated cartons, and paper and non-paper based protective packaging products such as plastic bags and sheets and laminated PE foam to PAACM for their packaging of air-conditioners for distribution throughout Malaysia for retail sales.

We also deal with 4 related companies of PAACM, namely PAVC, who manufactures LCD television in Malaysia as well as Panasonic Procurement Malaysia Sdn Bhd, Panasonic Manufacturing Malaysia Berhad and Panasonic Appliances Air-Conditioning (R&D) Malaysia Sdn Bhd. Collectively, our revenue generated from Panasonic Group of Companies accounted for 15.44%, 18.80%, 16.04% and 17.87% of our total revenue for the FYEs 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022 respectively.

(v) PAVC

As at the LPD, PAVC has been our customer for 12 years. Revenue from PAVC accounted for 4.79%, 2.32%, 2.43% and 2.79% of our total revenue for the FYEs 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022 respectively.

PAVC undertakes the manufacturing of LCD television in Malaysia.

We supply corrugated cartons, and paper and non-paper based protective packaging products such as plastic bags and sheets, and laminated PE foam to PAVC for their packaging of LCD television parts and components.

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6. INFORMATION ON OUR GROUP (Cont'd)

6.10 MAJOR SUPPLIERS

The table below lists our top 5 major suppliers for the Financial Years Under Review:

(i) FYE 30 June 2019

Major suppliers	Purchase contribution		Length of relationship (Years) ^(a)	Country	Main types of products / services purchased
	(RM'000)	(%)			
GS Paperboard ^(b)	28,904	51.16	11	Malaysia	Corrugated board
Antawise Sdn Bhd	5,319	9.42	4	Malaysia	Plastic bags and sheets
Supplier A ^(c)	4,046	7.16	2	Malaysia	Corrugated cartons, paper pallets and nestings
CK Packaging & Marketing Sdn Bhd	2,963	5.25	13	Malaysia	Laminated PE foam and stretch film
Supplier B ^(d)	2,289	4.05	9	Malaysia	Corrugated cartons and paper pallets
Total	43,521	77.04			

(ii) FYE 30 June 2020

Major suppliers	Purchase contribution		Length of relationship (Years) ^(a)	Country	Main types of products / services purchased
	(RM'000)	(%)			
GS Paperboard ^(b)	16,390	34.37	12	Malaysia	Corrugated board
Ornapaper Industry (M) Sdn Bhd	7,358	15.43	1	Malaysia	Corrugated board
Supplier A ^(c)	4,688	9.83	3	Malaysia	Corrugated cartons, paper pallets and nestings
Antawise Sdn Bhd	3,963	8.31	5	Malaysia	Plastic bags and sheets
CK Packaging & Marketing Sdn Bhd	2,617	5.48	14	Malaysia	Laminated foam and stretch film
Total	35,016	73.42			

6. INFORMATION ON OUR GROUP (Cont'd)
(iii) FYE 30 June 2021

Major suppliers	Purchase contribution		Length of relationship (Years) ^(a)	Country	Main types of products / services purchased
	(RM'000)	(%)			
GS Paperboard ^(b)	23,339	32.88	13	Malaysia	Corrugated board
Far East Packaging Ind (Melaka) Sdn Bhd	15,635	22.03	2	Malaysia	Corrugated board
Supplier A ^(c)	7,908	11.14	4	Malaysia	Corrugated cartons, paper pallets and nestings
Antawise Sdn Bhd	5,793	8.16	6	Malaysia	Plastic bags and sheets
CK Packaging & Marketing Sdn Bhd	3,232	4.55	15	Malaysia	Laminated PE foam and stretch film
Total	55,907	78.76			

(iv) FYE 30 June 2022

Major suppliers	Purchase contribution		Length of relationship (Years) ^(a)	Country	Main types of products / services purchased
	(RM'000)	(%)			
GS Paperboard ^(b)	20,849	30.66	14	Malaysia	Corrugated board
Far East Packaging Ind (Melaka) Sdn Bhd	16,774	24.67	3	Malaysia	Corrugated board
Supplier A ^(c)	12,492	18.37	5	Malaysia	Corrugated cartons, paper pallets and nestings
Antawise Sdn Bhd	4,986	7.33	7	Malaysia	Plastic bags and sheets
CK Packaging & Marketing Sdn Bhd	2,539	3.74	16	Malaysia	Laminated PE foam and stretch film
Total	57,640	84.77			

6. INFORMATION ON OUR GROUP (Cont'd)

Notes:

- (a) Length of business relationship is determined at each of the respective FYEs.
- (b) GS Paperboard is a subsidiary of Oji Holdings Corporation, a company listed on the Tokyo Stock Exchange. We also deal with 1 other related company of GS Paperboard, namely GS Paperboard & Packaging Sdn Bhd in FYEs 30 June 2019 and 30 June 2020 (collectively known as **"GSPP Group"**). Collectively, our revenue generated from GSPP Group accounted for 53.27%, 34.46%, 32.88% and 30.66% of our total revenue for the FYEs 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022 respectively.
- (c) Supplier A is principally involved in the manufacturing of corrugated cartons, die-cut foams and other related products with business operations in Malacca, Malaysia. The name of Supplier A has not been disclosed to safeguard the competitive position of our Group and our supplier in the market in which we and / or our supplier operates.
- (d) Supplier B is principally involved in the manufacturing of corrugated paper pallets and edge protector, and provision of transportation services with business operations in Malacca, Malaysia. The name of Supplier B has not been disclosed to safeguard the competitive position of our Group and our supplier in the market in which we and / or our supplier operates.

In the past, we were dependent on GS Paperboard as our supplier for corrugated boards. However, in recent years, we have been reducing our dependency on GS Paperboard as evidenced by the decline in purchases from GS Paperboard from 51.16% in FYE 30 June 2019 to 34.37%, 32.88% and 30.66% in FYE 30 June 2020, FYE 30 June 2021 and FYE 30 June 2022, respectively. Since FYE 30 June 2020, we started sourcing corrugated boards from another major supplier namely Far East Packaging Ind (Melaka) Sdn Bhd which accounted for 5.29%, 22.03% and 24.67% of our total purchases in FYE 30 June 2020, FYE 30 June 2021 and FYE 30 June 2022 respectively.

As for the remaining major suppliers, we were not dependent on any individual supplier for our business operations as the types of materials and services that we purchase from these suppliers, such as corrugated cartons and protective packaging products, plastic bags and sheets and laminated PE foam, can be sourced from other suppliers.

6.11 SOURCES AND AVAILABILITY OF MATERIALS AND SERVICES

The following are the materials and services that we purchased for our business operations for the Financial Years Under Review:

	FYE 30 June							
	2019		2020		2021		2022	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Materials	48,636	86.09	41,675	87.39	60,547	85.29	53,607	78.84
Materials for manufacturing operations	30,962	54.81	27,249	57.14	41,882	59.00	38,795	57.06
- Corrugated boards	30,301	53.64	26,689	55.96	40,962	57.70	37,672	55.41
- Other materials	661	1.17	560	1.18	920	1.30	1,123	1.65
Non-paper based protective packaging products	17,674	31.28	14,426	30.25	18,665	26.29	14,812	21.78
Subcontracted products and services	7,858	13.91	6,015	12.61	10,440	14.71	14,389	21.16
Total	56,494	100.00	47,690	100.00	70,987	100.00	67,996	100.00

6. INFORMATION ON OUR GROUP (Cont'd)

We source the following materials and services for our business operations:

- **Corrugated boards:** The key input material for our manufacturing operations is corrugated boards used in the manufacture of corrugated cartons, protective packaging and paper pallets. The purchase of corrugated boards accounted for 53.64%, 55.96%, 57.70% and 55.41% of our total purchases for the FYEs 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022, respectively. We purchase 2 types of corrugated boards namely boards made from testliner (mainly using recycled paper) and boards made from kraftliner (mainly using virgin wood pulp). All our purchases of corrugated boards are from local suppliers and as at the LPD, we purchase these products from 2 suppliers.

As wood pulp is one of the raw materials required to produce paper products including corrugated boards, fluctuations in the prices of wood pulp would impact on our purchases of corrugated boards. Please refer to Section 8.1.3 of this Prospectus for further details on risk on fluctuations in material prices.

- **Other materials:** The purchases of other materials accounted for 1.17%, 1.18%, 1.30% and 1.65% of our total purchases for the FYEs 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022, respectively. Other materials include glue, stitching wire, ink, and die cut mould for our manufacturing of corrugated paper packaging products. All these purchases are from suppliers in Malaysia.
- **Non-paper based protective packaging products:** The purchases of non-paper based protective packaging products accounted for 31.28%, 30.25%, 26.29% and 21.78% of our total purchases for the FYEs 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022, respectively. This includes purchases of plastic-based products such as plastic and bubble sheets and bags, and stretch films, foam-based products such as laminated PE foam bags, EPS trays, and EPE foam, as well as rubber-based products such as rubber stoppers. All these purchases are from suppliers in Malaysia.
- **Subcontracted products and services:** The purchases of subcontracted products and services accounted for 13.91%, 12.61%, 14.71% and 21.16% of our total purchases for the FYEs 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022, respectively. We subcontract some of the manufacturing of corrugated cartons and protective packaging to external manufacturers according to our specifications. As at the LPD, we have 3 subcontractors providing these services.

6.12 EXCHANGE CONTROL

We do not have any foreign subsidiaries. As such, as at the LPD, there are no governmental law, decree, regulation or other requirement which may affect the repatriation of capital and remittance of profit by or to our Group.

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6. INFORMATION ON OUR GROUP (Cont'd)**6.13 KEY MACHINERY AND EQUIPMENT**

Our main machinery and equipment for our manufacturing operations are as follows:

	As at 30 June 2022		
	Number of units	Average age (years)	Carrying amount (RM'000)
<u>Manufacturing of corrugated cartons and protective packaging</u>			
Flexographic printing machine	3	4	3,627
Die-cut machines			
- Automatic flatbed die-cut	1	4	615
- Manual die-cut	2	17	-
Slitter machine ^(a)	2	8	5
Stitching machine			
- Automatic folding, stitching and gluing machine	1	3	1,292
- Semi-automatic 2 joint stitching machine	2	3	393
- Semi-automatic stitching machine	1	4	92
- Manual stitching machine	12	10	17
Nesting assembly machine	1	3	173
Semi-automatic pre-feeder	2	<1	357
<u>Manufacturing of paper pallets</u>			
Laminating machine	3	6	10
Gluing machine	5	9	11
<u>Processing of plastic and foam bags</u>			
Slitting / cutting machine	2	14	-
Sealing machine	1	16	-

The following sets out our equipment for testing and quality control at our Klang Factories:

	As at 30 June 2022		
	Number of units	Average age (years)	Carrying amount (RM'000)
Compression testing machine	1	16	-
Burst strength testing machine	1	16	-
Paper moisture meter	1	6	1
Grammage testing machine	1	5	1
Push pull gauge	1	5	*

Notes:

* Negligible.

(a) The slitter machine is also being used for the manufacturing of paper pallets to cut corrugated fibreboards to size before the lamination or gluing process.

6. INFORMATION ON OUR GROUP (Cont'd)

We intend to continue using the machinery and equipment which are near their average useful life or have passed their useful life, after taking into consideration the following:

- condition and efficiency of the machinery and equipment; and
- the financial impact (depreciation and maintenance cost of the existing machinery and equipment as compared to replacement of new machinery and equipment), of which is not expected to be material to our Group.

The average age of some of our key machinery and equipment is more than their respective average lifespan ranging from 5 to 10 years, and we continue to use the said machines as they are still operational, which is in line with the above considerations.

6.14 PRODUCTION CAPACITY AND OUTPUT

Our production capacity, output and utilisation rate for our main production facilities for the Financial Years Under Review are estimated below.

(i) Printing, slotting and cutting of carton blanks using flexographic printing machines

Annual	FYE 30 June			
	2019	2020	2021	2022
Production capacity ^(a) (million pieces)	21.61 ^(b)	25.23	25.23	26.09 ^(c)
Output ^(c) (million pieces)	10.00	12.29	12.20	8.18 ^(f)
Utilisation rate (%)	46.27	48.71	48.36 ^(d)	31.35 ^(f)

Notes:

- (a) Based on the production capacity of 3 units of flexographic printing machines. The production capacity is computed based on:
- average speed of machine of 2,000, 2,500 and 2,500 pieces per hour for each respective machine;
 - downtime allowance for an average of 12, 6 and 12 job changes daily for each machine respectively at an average of 15 minutes per job change;
 - allowance for scheduled and unscheduled repair and maintenance of machine estimated at an average of 10% of total operating time for each machine; and
 - assume operational time of 16 hours a day, 6 days a week less gazetted holidays averaging 302 days a year.
- (b) 1 unit of flexographic printing machine was fully operational commencing from January 2019 onwards. This resulted in the increase in production capacity in FYE 30 June 2020 as the machine operated for a full financial year.
- (c) We normally operate 1 shift of 8 hours plus 2 to 3 hours overtime per day, 6 days a week less gazetted public holidays which comes to an average of 302 days per year.
- (d) The decline in the utilisation rate for our flexographic printing machines in FYE 30 June 2021 was mainly due to the subcontracting of certain job orders to our subcontractors due to closer proximity to one of our major customers.

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

- (e) In January 2022, we acquired 1 new unit of flexographic printing machine and disposed 1 unit of flexographic printing machine that was purchased in 2004. As the new machine has a higher production capacity of an average output of 2,500 pieces per hour as compared to the average output of 2,000 pieces per hour for the flexographic printing machine that was disposed, this resulted in the increase in the overall production capacity for our flexographic printing machine in FYE 30 June 2022.
- (f) The decline in the production output and utilisation rate for our flexographic printing machines in FYE 30 June 2022 was partly due to the subcontracting of certain job orders to our subcontractors due to closer proximity to one of our major customers, coupled with a decrease in orders from some of our major customers in July 2021 and August 2021 as they faced interruptions to their business operations during NRP phase 1 period, as well as decrease in orders from a major customer that had to halt Russian product models amidst the international sanctions placed on Russia in early 2022.

During the Financial Years Under Review, the low utilisation rates of our flexographic printing machines were mainly due to the following factors:

- we operate 1 shift commonly with overtime of 2 to 3 hours per day;
- our machinery is standalone and not fully automated;
- we have space constraints;
- we face labour shortage; and
- we operate based on orders received and on JIT stockholding.

In practical terms, we could run our manufacturing operations based on 2 shifts of 8 hours per shift, giving a total capacity of 16 hours per working day. However, since we operate on 1 shift per day, effectively our utilisation rate would be reduced by 50% without overtime, and with overtime it would be reduced by approximately 30%.

Currently, our production of corrugated cartons is segmented into several stages. Firstly, the flexographic printing machine prints and cuts the corrugated board into carton blanks. These carton blanks are then transferred using a forklift to the next stage of folding and stitching. Depending on the size of the cartons, the folding and stitching may be carried out using the fully automated machine, semi-automated machine or manually using the manual stitching machine. Additionally, the final bundling and palletisation process is also manually handled by our workers using the bundling and tying machine.

These processes are not integrated to run automatically and thus require labour to transfer the semi-finished product from one stage to the next stage. In addition, space is required to stock input and output materials in each stage, as well as sufficient space for workers to carry out their duties safely and efficiently.

Therefore, due to the space constraint coupled with the shortage of labour, we are unable to ramp up production of our flexographic printing machine. As such, we were unable to handle certain type of orders, such as those that comprise high mix of products but low volume of each product, which are labour intensive. We normally pass on these types of orders to our subcontractors.

In order to resolve the issue of space constraint and shortage of labour, we intend to acquire a larger factory in Klang, and purchase automated and robotic packing machines to fully automate our corrugated carton production lines. This may subsequently resolve the issue of low utilisation rate of our flexographic printing machines. Please refer to Section 6.15.1.2 and Section 6.15.2.1 of this Prospectus for further details.

Furthermore, we operate based on orders received and JIT stockholding. Thus, we do not run our machinery to hold stocks.

6. INFORMATION ON OUR GROUP (Cont'd)**(ii) Die-cutting sheets with multi designs using fully automatic die-cut machine**

Annual	FYE 30 June			
	2019	2020	2021	2022
Production capacity ^(a) (million pieces)	8.70	8.70	8.70	8.70
Output ^(b) (million pieces)	0.72	0.81	0.92	1.93
Utilisation rate ^(c) (%)	8.28	9.31	10.57	22.18

Notes:

- (a) Based on the production capacity of 1 unit of fully automatic flatbed die-cut machine. The production capacity is computed based on:
- average speed of machine of 2,000 pieces per hour;
 - negligible downtime for job changes daily;
 - allowance for scheduled and unscheduled repair and maintenance of machine estimated at an average of 10% of total operating time for each machine; and
 - assume operational time of 16 hours a day, 6 days a week less gazetted holidays averaging 302 days a year.
- (b) We normally operate this machine for only 4 hours per day, 6 days a week less gazetted public holidays which comes to an average of 302 days per year.
- (c) The low utilisation rate of our fully automatic flatbed die-cut machine is mainly due to low orders of die-cut sheets from customers and as such, we typically only operate the said machine 4 hours daily. The low utilisation rate is also partly due to the labour constraints that our Group is facing as the die cut sheets produced from the machine require manual labour to remove the excess paper from the die cut sheets although the machine is fully automatic. Thus, we were unable to handle certain type of orders, such as those that comprise high mix of products but low volume of each product, which are labour intensive. We normally pass on these types of orders to our subcontractors.

Nevertheless, our utilisation rate of our fully automated flatbed die-cut machine has been increasing from 8.28% in FYE 30 June 2019 to 9.31% in FYE 30 June 2020, 10.57% in FYE 30 June 2021 and 22.18% in FYE 2022.

(iii) Manufacturing of paper pallets

The manufacturing of paper pallets is highly manual which involves human workforce to cut, slit, laminate and glue together multiple layers of corrugated board to form the paper pallets. As such, the computation of production capacity for the manufacturing of paper pallets is not meaningful.

(iv) Manufacturing of paper based protective packaging products

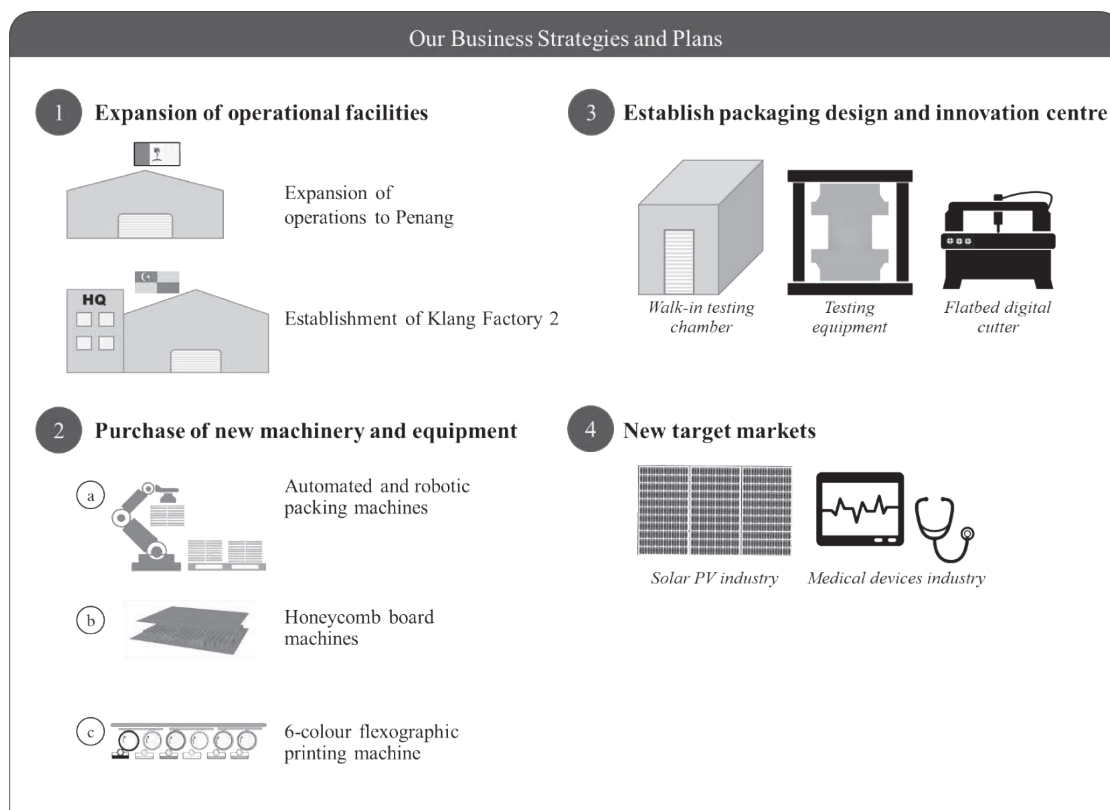
The manufacturing of paper based protective packaging products is also highly manual which involves human workforce to cut, slit, slot, fold and assemble corrugated board to form the various protective packaging products such as layer pads, edge boards and nesting. As such, the computation of production capacity for the manufacturing of paper protective packaging products is not meaningful.

6. INFORMATION ON OUR GROUP (Cont'd)

6.15 BUSINESS STRATEGIES AND PLANS

Moving forward, our strategy is to leverage on our core competency and strengths as a packaging products provider with in-house manufacturing of corrugated paper packaging products supplemented by supply of other packaging products to serve as a platform to address business opportunities and growth.

Our business strategies and plans are summarised in the following diagram:



We aim to implement the above business strategies and plans between 2023 and 2025. In the event of a prolonged COVID-19 pandemic and continuing containment measures, this would adversely affect our ability to implement our business strategies and plans based on the timeline set out in the sections below. Failure to implement our business strategies and plans promptly may negatively affect our business operations, prospects and financial results.

6.15.1 Expansion of operational facilities

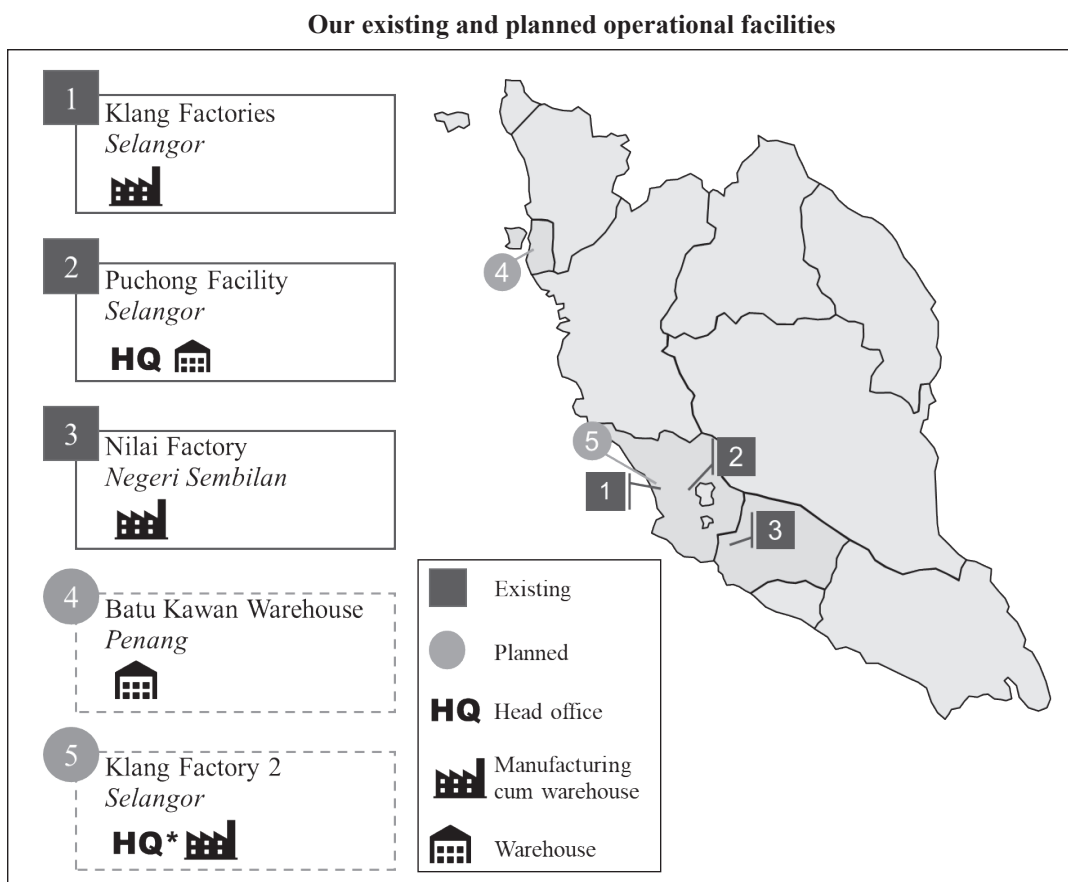
As at the LPD, we have 3 operational facilities in Peninsular Malaysia namely our Klang Factories and Puchong Facility in Selangor, and Nilai Factory in Negeri Sembilan with a total built-up area of approximately 100,973 sq. ft. We also have an annual production capacity of 26.09 million pieces of carton blanks for flexographic printing machines and 8.70 million pieces of die-cutting sheets for automatic die-cut machine as at the LPD.

The following is our plans to expand our operational facilities:

- (i) expansion of operations to Penang with the establishment of Batu Kawan Warehouse by 1st half of 2023; and
- (ii) establishment of Klang Factory 2 to expand our manufacturing operations in Selangor by 1st half of 2024.

6. INFORMATION ON OUR GROUP (Cont'd)

The following diagram depicts our existing and planned operational facilities in Malaysia:



* Upon completion, Klang Factory 2 will serve as our Group's new corporate head office.

6.15.1.1 Expansion of operations to Penang

As a packaging products provider, proximity to customer is crucial to provide a steady and reliable supply of packaging products to customers. In addition, packaging products are bulky items and by setting up a warehouse and being close to customers, we would be able to provide JIT solution where we deliver packaging products to customers when required thus minimising transportation costs for our customers. As such, we plan to expand our business operations to Penang to target new customers located in the northern region of Peninsular Malaysia. This is also in line with our plans to target new markets particularly the solar PV and medical devices industry in Penang and Kedah as explained in Section 6.15.4 below.

We plan to rent a warehouse cum office with the approximate size of 25,000 sq ft in Batu Kawan, Penang. We have identified several premises for our operations in Penang and intend to commence the rental of the warehouse cum office by 1st half of 2023. The following sets out the estimated cost to set up the Batu Kawan Warehouse:

	Estimated cost RM'000
Rental of 25,000 sq. ft. warehouse for a period of 12 to 18 months	800
Office renovation and fittings and installation of racking system	270
Purchase of 2 units of forklifts and 3 units of testing equipment ^(a)	130
Total	1,200

6. INFORMATION ON OUR GROUP (Cont'd)

Note:

- (a) Testing equipment include box compression tester, automatic burst strength tester and grammage testing machine.

We intend to allocate RM1.20 million of the proceeds from our Public Issue to fund the establishment of Batu Kawan Warehouse. If the actual cost of the expansion of operations to Penang is higher than the amount budgeted, the deficit will be funded by internally generated funds.

At the initial stage of our expansion to Penang, we plan to transport the paper packaging products from our manufacturing operations in Klang to the Batu Kawan Warehouse for fulfilment of new customers' orders. We also intend to secure the services of subcontractors operating in Penang to supplement our packaging products and help to fulfil our customers' orders, similar to the existing arrangement disclosed in Section 6.3.11.1(iv) of this Prospectus. We will engage packaging manufacturers in Penang to manufacture the packaging products according to our design and mastercard.

While we may incur additional costs in terms of warehouse rental and holding costs of finished products in Penang at the initial stage, this will only be for the short to medium term. Our Group intends to set up a manufacturing operation in Penang once we gain traction and secure continuous and sufficient quantity of orders from prospective customers. We are currently in the midst of setting up the team for our business operations in Penang have yet to secure any customers.

In terms of timing, we plan to set up a manufacturing operation within the next two years. The estimated initial set-up cost of a manufacturing operations is approximately RM8.60 million and this includes the purchase of amongst others, 1 unit of flexographic printing machine, 1 unit of automatic flatbed die-cut machine, 1 unit of automatic folding, stitching and gluing machine, forklifts, trucks as well as additional renovation works of the rented factory. We plan to utilise internally generated funds and / or bank borrowings to fund any future investments to set up a manufacturing operation in Penang.

6.15.1.2 Establishment of Klang Factory 2

To cater for our expansion in business operations, we plan to establish a new head office and factory in Klang, Selangor. We intend to acquire a detached factory with 2-storey office building with an estimated built-up area of 100,000 sq. ft. by the 1st half of 2024.

Upon completion, the new facility will serve as our Group's corporate head office to house our management and administrative employees in a main location to increase operational efficiency as well as to accommodate more employees as part of the expansion of our business. It will also provide our employees with a conducive work environment to enhance productivity and performance, and minimise employee turnover. Furthermore, with a corporate head office, we are able to enhance the visibility of our brand and elevate our corporate image amongst our customers, suppliers, employees and other stakeholders.

This new facility will also serve as our Group's main production facility with a larger production floor space. The rationale for acquiring a larger factory in Klang are as follows:

- **To streamline and automate our manufacturing of corrugated carton processes**

With a larger production floor space, our plan is to set-up a fully automated production line for the manufacturing of corrugated cartons. We intend to have a continuous and seamless manufacturing process for our corrugated cartons from the input of corrugated boards up to the finished corrugated cartons where they will be automatically bundled, palletised and ready to be delivered to customers.

Currently, the production of corrugated cartons at our Klang Factories and Nilai Factory is segmented into several stages which requires manual labour using forklifts to move the work-in-progress products in between each stage. Firstly, the flexographic printing machine prints and cuts the corrugated board into carton blanks. These carton blanks are then transferred using a forklift to the next stage of folding and stitching. Additionally, the final bundling and palletisation process is also manually carried out by our workers.

6. INFORMATION ON OUR GROUP (Cont'd)

Our plan is to set up a seamless process by using a conveyor system to connect 2 flexographic printing machines with the automatic folding, stitching and gluing machine, and attaching a robot palletiser system for the final packing and palletisation process. Please refer to Section 6.15.2 for further information on our plan to purchase new automated and robotic packing machines.

- **To automate the paper pallet manufacturing process**

Currently, our production of paper pallets is labour intensive where we allocate approximately 10 to 15 workers to carry out this process. Our workers manually cut and slit the corrugated boards to the desired size and subsequently glue them one by one to form the desired thickness for the pallet's deck and runner or leg. Currently, we are only able to produce 7 paper pallets per hour per worker. Moving forward, to scale up the production of paper pallets, we plan to invest in honeycomb board machines to produce honeycomb board. The honeycomb board will be used to form the decks and legs for the paper pallets. The proposed machine is expected to have a capacity to produce 4 to 25 metres of honeycomb board per minute where the thickness of each board is from 6 mm up to 80 mm.

Please refer to Section 6.15.2.2 for further information on our plan to purchase the honeycomb board machines.

- **To cater for expansion with the introduction of new products**

In addition to the honeycomb board and paper pallet as mentioned above, we also plan to introduce a new type of paper cartons with 6-colour printing. Please refer to Section 6.15.2.3 for further details on our plan to purchase the 6-colour flexographic printing machine. With the introduction of new products, we would need additional space to accommodate new machinery, input materials and finished goods.

As at the LPD, we have identified a few potential factories that meet our size requirement in the Klang area. We are in the midst of discussion with the respective property agents and sellers. We also plan to set-up and equip the new Klang Factory 2 with the new machinery and equipment. Subsequently, we may take up to 1 year to gradually relocate some of the machinery and equipment from our existing Klang Factories to the new location to minimise interruptions to our existing operations. The plan to consolidate is also dependent on our future orders from customers.

The following sets out the estimated cost of factory acquisition, renovation and fittings:

	Estimated cost RM'000
Acquisition of a 100,000 sq. ft. factory in Klang, Selangor	33,000
Office renovation and fittings, and installation of racking system	1,850
Purchase of 4 units of forklifts	150
Total	35,000

The total cost to establish Klang Factory 2 is estimated at RM35.00 million. The estimated cost of factory acquisition was derived after taking into consideration quotations received from developers and property agents for factories in Klang, Selangor, which we have shortlisted. We intend to allocate RM16.00 million, representing approximately 31.91% of the gross proceeds from the Public Issue to fund the establishment of Klang Factory 2 while the remaining cost of RM19.00 million will be funded via internally generated funds and / or bank borrowings.

6. INFORMATION ON OUR GROUP (Cont'd)

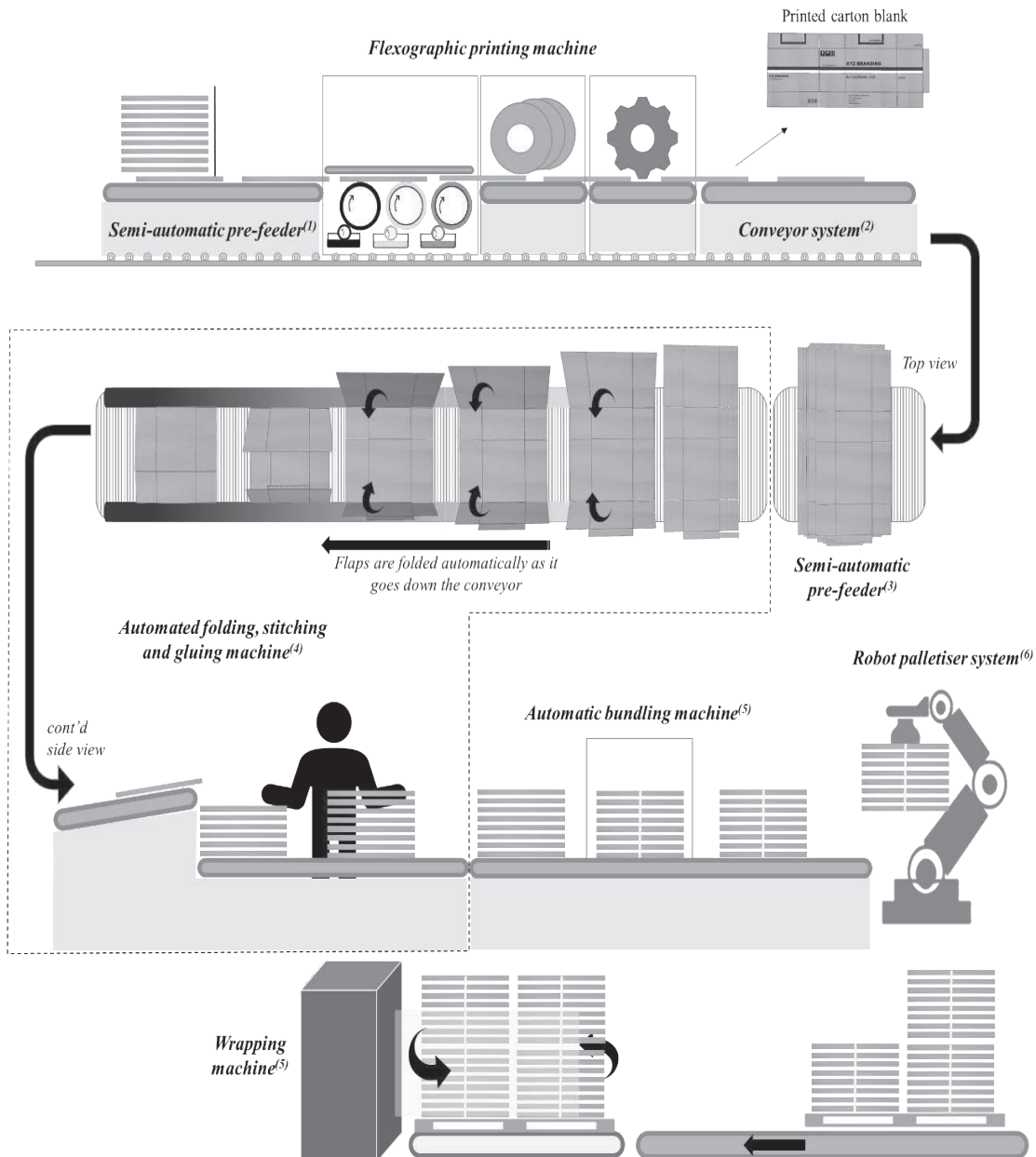
6.15.2 Purchase of new machinery and equipment

6.15.2.1 Automated and robotic packing machines

As part of our future plan to fully automate our production of corrugated cartons, we plan to purchase and install automated and robotic packing machines for our existing production lines in Klang Factories and Nilai Factory by 2nd half of 2023 as well as for Klang Factory 2 by 2nd half of 2024.

As explained in Section 6.15.1.2, currently our manufacturing operations are segmented into several processes which requires manual labour with forklifts to move the work-in-progress products in between each process. Currently, we are equipped with 3 units of flexographic printing machines and 1 unit of automatic folding, stitching and gluing machine. Our plan is to invest in conveyor systems, robotic arms as well as additional automatic folding, stitching and gluing machine combined with bundling and wrapping machine.

The following diagram depicts some combination of our proposed set up of a fully automated production line for corrugated cartons:



6. INFORMATION ON OUR GROUP (Cont'd)

The total estimated cost of our investment in these machines is approximately RM7.10 million which will be fully funded by proceeds from our Public Issue. Details of the estimated costs for these machines are as follows:

Reference	Type of machine	Function	No of unit(s)	Timing	Estimated cost (RM'000)
(1)	Semi-automatic pre-feeder	To feed corrugated boards into the flexographic printing machine	1	2023 ^(a)	200
(2)	Conveyor system	To convey the carton blanks from 2 units of flexographic printing machines to 1 unit of automatic folding, stitching and gluing machine	1	2023 ^(a)	1,600
(3)	Semi-automatic pre-feeder	To feed carton blanks into the automatic folding, stitching and gluing machine	1	2023 ^(a)	200
(4)	Automatic folding, stitching, gluing machine	To fold, stitch and glue the carton blanks into corrugated cartons	1	2024 ^(b)	2,200
(5)	Automatic bundling machine	To bundle the corrugate cartons	1	2024 ^(b)	280
(5)	Wrapping machine	To wrap the palletised cartons with shrink wrap	1	2024 ^(b)	20
(6)	Robot palletiser system	To pick and place bundled cartons onto pallets	3	2023 and 2024 ^(c)	2,600
Total					7,100

Notes:

- (a) We intend to purchase 2 units of semi-automatic pre-feeders by 1st half of 2023 and 1 unit of conveyor system by 2nd half of 2023 to combine our existing 2 units of flexographic printing machines with our existing 1 unit of automatic folding, stitching and gluing machine at No. 27 Klang Factory.
- (b) We intend to purchase 1 unit of automatic folding, stitching and gluing machine, 1 unit of automatic bundling machine and 1 unit of wrapping machine by 2nd half of 2024. This set up will be installed and connected to the new 6-colour flexographic printing machine at Klang Factory 2.
- (c) We intend to purchase 2 units of robot palletiser system for our existing Klang Factories and Nilai Factory, respectively by 2nd half of 2023 and another 1 unit for Klang Factory 2 by 2nd half of 2024.

6.15.2.2 Honeycomb board machines

We plan to introduce a new type of paper pallet using honeycomb board. Currently, our paper pallets are produced using corrugated board where our workers would cut and slit them into size and then laminate them to form the desired thickness for the pallet's deck and runner / leg.

Moving forward, to scale up the production of paper pallets, we plan to invest in honeycomb board machines to produce honeycomb boards in various thickness which will serve as the pallet's deck and runner / leg.

6. INFORMATION ON OUR GROUP (Cont'd)

Honeycomb board is a type of paperboard which has a core that is hexagonal shaped similar to a honeycomb.

Compared to the corrugated board, honeycomb board is lighter in weight and has higher compressive strength and stiffness. Additionally, it consumes lesser paper materials to achieve the same level of strength and stiffness as a corrugated board. It also has excellent cushioning and vibration isolation.

Furthermore, the honeycomb core has good heat insulation and sound insulation properties due to its closed structure which is filled with air and does not flow through each other.

The honeycomb board is suitable to produce paper pallet as the strength and stiffness can easily be adjusted. This is achievable by adjusting the thickness of the core paper, size of the hexagonal shape as well as the height of the core.

Honeycomb boards are not suitable to produce paper cartons as it has a poor folding resistance as it cannot be stapled to be formed into a box.

We intend to utilise the honeycomb board to produce paper pallets and some protective packaging products such as edge boards and layer pads. We will also plan to explore selling the honeycomb boards and core to potential customers. Besides packaging, honeycomb boards and core can be used in the furniture and construction sector. For example, the honeycomb core can be layered with wood panels to form paper honeycomb panels and used as doors and wall partitions.

We plan to purchase 2 units of honeycomb board machines which comprise the following:

(a) Honeycomb core making segment

- paper holder and unwinding unit which holds rolls of liner paper as input material to produce the honeycomb core;
- gluing unit to apply alternate strips of glue on the liner paper;
- drying unit to dry the glue applied; and
- cross-cutting unit to cut the glued paper in strips and stack them to form the honeycomb core structure.

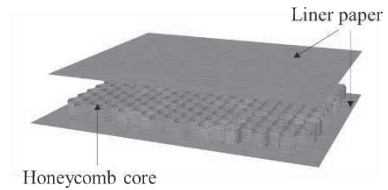
(b) Honeycomb board making segment

- paper holder and unwinding unit which holds rolls of liner paper to be fed to the gluing unit as input material to form the top and bottom layer of the honeycomb board;
- stretch platform and drying units which stretches and dry the honeycomb core;
- gluing unit to apply glue on the top and bottom of the stretched honeycomb core;
- ironing unit to apply heat and pressure on the laminated layers to dry the honeycomb board;
- cold press unit to cool down the honeycomb board;
- slitting and cross cutting units to cut and slit the board into smaller pieces; and
- stacking unit to stack the finished products.

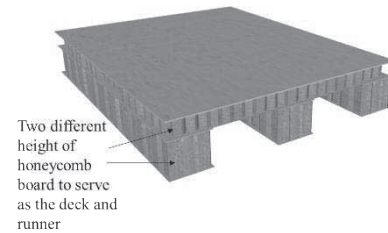
Each machine will have the capacity to produce 4 to 25 metres of honeycomb boards per minute. The machine will be able to produce board with thickness of 6mm up to 80mm.

The total estimated cost of our investment for 2 units of the said machines is approximately RM3.20 million which will be fully funded by proceeds from our Public Issue. We target to purchase 1 unit by 2nd half of 2024 for our Nilai Factory and another unit by 1st half of 2025 for Klang Factory 2.

Honeycomb board



Honeycomb paper pallet



6. INFORMATION ON OUR GROUP (Cont'd)

6.15.2.3 6-colour flexographic printing machine

We plan to introduce 6-colour printing on our corrugated cartons. As at the LPD, all our flexographic printing machine is equipped with 3 printing units in each machine which is capable of printing up to 3 colours at one time. Our planned 6-colour flexographic printing machine will have 6 printing units which will allow for printing up to 6 colours at one time. With a wider colour palette, we would be able to print more vibrant and close to true colour of images on the corrugated cartons.

In this respect, for our existing customers who are consumer electronic product manufacturers, we would be able to target a wider range of their consumer fronting retail packaging that requires more vibrant colours and images.

We plan to purchase 1 unit of 6-colour flexographic printing machine which comprises a feeder unit, 6 printing units for each ink colour, 1 slotter unit, 1 rotary die cutter unit as well as an in-line folder and gluer unit. We also intend to purchase additional units including a drying unit, automatic pre-feeder unit and bundling unit.

The total estimated cost of our investment in the said machine is approximately RM5.70 million which will be fully funded by proceeds from our Public Issue. We target to purchase the said machine by 2nd half of 2024 where it will be installed at Klang Factory 2.

6.15.3 Establish packaging design and innovation centre

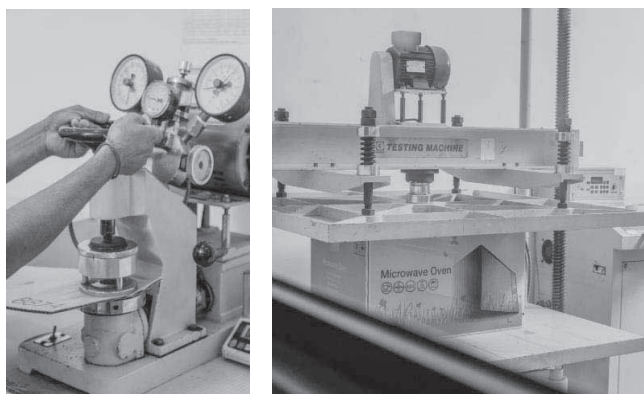
We intend to set up a dedicated area within our Klang Factories as a packaging design and innovation centre. We plan to expand our testing and prototyping facilities by purchasing a number of testing and prototyping equipment by 1st half of 2023 to facilitate our front-end value-added services.

As at the LPD, we are equipped with 1 sample cutter, 1 box compression testing machine, 1 burst strength testing machine, 1 paper moisture meter, 1 grammage testing machine and 1 push-pull gauge to carry out quality testing for new paper carton model. We are unable to carry out certain testing and measurement activities such as, among others, temperature, humidity, vibration, crush strength, incline impact and tensile strength as we do not have the required equipment. Some of these testing and measurements are carried out by independent testing company or carried out at customers' own testing facilities. Moving forward, we intend to offer these services to our customers.

These testing and measurement activities are intended to provide quality assurance of our in-house manufactured packaging products. There is no requirement to comply with any industry or regulatory standards to carry out any testing and measurements activities.

The new packaging design and innovation centre will enable our customers and their vendors for parts and components such as precision metal parts, E&E parts and plastic parts manufacturers, to work together with our team to develop ideas to solve their packaging issues or to provide innovative solutions. We aim to assist our customers to achieve overall cost savings by optimising their packaging design and dimension, as well as improving their packaging efficiency and container loading efficiency.

Our existing testing equipment at our No. 27 Klang Factory



6. INFORMATION ON OUR GROUP (Cont'd)

We have renovated an existing area on the ground level of No. 27 Klang Factory and convert the space into a packaging design and innovation centre in September 2022. The packaging design and innovation centre comprise the following areas:

- design area where we will hire 2 packaging engineers and equipped them with computer aided design software;
- prototyping area comprising computerised digital flatbed cutter to produce corrugated paper packaging prototypes; and
- testing and measurement area comprising various equipment.

The total estimated costs to establish a packaging design and innovation centre is RM1.50 million as follows:

	Estimated cost RM'000
Purchase of testing and prototyping equipment	
- 1 unit of walk-in temperature and humidity test chamber	200
- 1 unit of computerised flatbed sample cutter ^(a)	160
- 1 unit of box compression tester	150
- 1 unit of incline impact tester	140
- 1 unit of packaging clamping force tester	90
- 1 unit of computer-aided design software ^(a)	50
- 2 units of automatic burst strength tester	30
- 1 unit of single column tensile tester	25
- 1 unit of paper bending stiffness tester	20
- 1 unit of transportation vibration tester	20
- 1 unit of crush tester	15
Renovation of centre ^(b)	150
Hiring of 2 packaging engineers for 2 years	450
Total	1,500

Notes:

- (a) As at the LPD, we have purchased the computerised flatbed sample cutter and computer-aided design software using our internally generated funds.
- (b) As at the LPD, we have completed the renovation of the packaging design and innovation centre using our internally generated funds.

We intend to allocate RM1.14 million of the proceeds from our Public Issue to fund the cost of setting-up a packaging design and innovation centre. If the actual cost required is higher than the amount budgeted, the deficit will be funded by internally generated funds.

6.15.4 New target markets

Currently, we mainly serve customers in the consumer durable electronic goods sub-sector of the E&E industry where our packaging products are used for air-conditioners, televisions, microwave ovens, as well as their respective parts and components.

Moving forward, we plan to expand our target markets to serve customers within the E&E industry focusing on the solar PV and medical devices industry.

6. INFORMATION ON OUR GROUP (Cont'd)

6.15.4.1 Solar PV industry

We plan to service operators within the solar PV industry particularly those involved in manufacturing of solar PV modules. Solar PV module comprises solar cells which are susceptible to static electricity, high humidity, temperature variance, shocks and dusts. As such, special attention is required to provide adequate protective packaging for general and special handling, storage and transportation from a service provider or manufacturer to another, as well as for sales and export. In addition, solar PV modules are relatively large items where we have the experience as we commonly provide packaging for large consumer durable electronic goods such as air-conditioners, televisions and microwave ovens. Our aim is to duplicate our current products and services to meet the packaging needs of this new target group of potential customers.

Currently, many global solar PV companies have operations in Malaysia. Some of these companies are located in Penang and Kedah which we would be able to serve with our proposed Batu Kawan Warehouse. Thus, operators in this industry would require packaging products to export their products overseas as well as for domestic delivery.

As at the LPD, we have commenced sales and marketing activities to major players in the solar PV sectors but we have yet to secure any sales orders from customers.

6.15.4.2 Medical devices industry

We also intend to target customers in Penang, including medical device manufacturers. Some of the medical devices manufactured in Penang includes, among others, scientific instruments, medical electrodes, catheters, surgical equipment, orthopaedic instrumentation and programmable devices such as pacemakers and defibrillators.

Similarly, all these devices are susceptible to static electricity, high humidity, temperature variance, shocks and dusts. As such, special attention is required to provide adequate protective packaging for general and special handling, storage and transportation from a service provider or manufacturer to another, as well as for domestic sales and export. As only primary packaging (the packaging that comes in direct contact / attached to the medical device) for medical devices is regulated, we aim to provide secondary and tertiary packaging for medical devices. As such, there is no regulatory conditions or standards required to be complied with.

As at the LPD, we have commenced sales and marketing activities to secure customers in the medical devices industry. However, we have yet to secure any sales orders from customers.

6.15.5 Total estimated costs of our business strategies and plans

Summary of the estimated costs and timeline for our business strategies and plans are as follows:

	Estimated cost (RM'000)	Expected commencement date
Expansion of operational facilities		
- Expansion of operations to Penang	1,200	1 st half of 2023
- Establishment of Klang Factory 2	35,000	1 st half of 2024
Purchase of new machinery and equipment		
- Automated and robotic packing machines	7,100	1 st half of 2023
- Honeycomb board machines	3,200	2 nd half of 2024
- 6-colour flexographic printing machine	5,700	2 nd half of 2024
Establish packaging design and innovation centre	1,500	1 st half of 2023
Total	53,700	

7. INDUSTRY OVERVIEW



17 November 2022

The Board of Directors
DS Sigma Holdings Berhad
No. 36, Jalan BP 5/6
Bandar Bukit Puchong
47100 Puchong
Selangor

Vital Factor Consulting Sdn Bhd
Company No.: 199301012059 (266797-T)
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Selangor Darul Ehsan, Malaysia
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Dear Sirs and Madams

Independent Assessment of the Packaging 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 the 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 DS Sigma Holdings Berhad concerning its listing on the ACE 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.

7. INDUSTRY OVERVIEW (Cont'd)



Date of report: 17 November 2022

INDEPENDENT ASSESSMENT OF THE PACKAGING INDUSTRY IN MALAYSIA

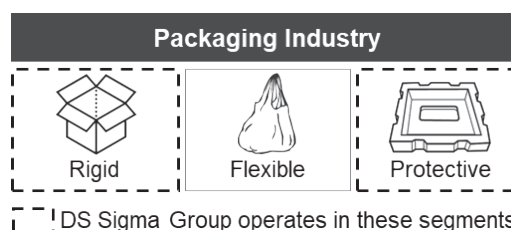
1. INTRODUCTION

- DS Sigma Holdings Berhad together with its subsidiaries, (herein referred to as DS Sigma Group) is mainly involved in the manufacturing of corrugated paper packaging products including cartons, protective packaging and paper pallets, which shall form the focus of this report. DS Sigma Group also supplies non-paper protective packaging materials mainly made of plastic materials. As such, this report will provide some coverage of the plastic packaging industry. As the Group derived all its revenue from Malaysia, all data and information in this report refer to Malaysia unless stated otherwise. The report also provides some coverage of paperboard or non-corrugating cartons as in a small number of situations, non-corrugated cartons may be used in place of corrugated cartons.

2. PACKAGING INDUSTRY STRUCTURE

2.1 Overall structure of the packaging industry

- The packaging industry can be segmented into rigid, flexible and protective packaging. Advanced packaging is excluded as it is the packaging of technological items such as packaging integrated circuits or chips in semiconductors or electronic devices.



- Rigid packaging** mainly involves external packaging in the form of a carton, box or container (collectively referred to as “carton” in this report) that is difficult to be bent or forced out of shape. It is often made of corrugated board, paperboard, rigid plastics, glass and metal. It serves to hold as well as protect the content. Rigid packaging is used for all types of industrial and consumer goods as they need to be handled, stored and transported safely and efficiently.
- Flexible packaging** uses flexible or easily yielding materials, whose shape can be readily changed to contain goods. It is often made of paper or plastics. Examples of flexible packaging include paper and plastic bags and sacks, as well as pouches for small or liquid content.
- Protective packaging** includes accessories to complement rigid packaging to protect and buffer the content in the carton from potential damage during handling, storage and transportation. Examples of protective packaging include nesting, edge protectors, plastic bags, polyethylene foam and expanded polystyrene moulded products.
- DS Sigma Group is involved in the rigid and protective packaging segments incorporating manufacturing of paper corrugated cartons and protective packaging, and supply of non-paper protective packaging mainly made of plastics.

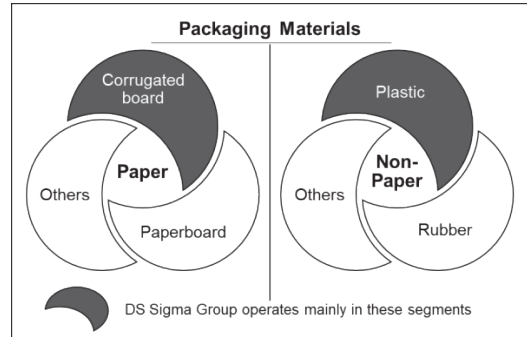
2.2 Packaging materials

- Packaging materials comprise paper and non-paper materials including plastics, rubber and many others such as glass, wood and metal.
- Within paper packaging, the two main materials are corrugated board and paperboard, which are used to manufacture rigid cartons and internal protective packaging. A corrugated board commonly comprises a wavy sheet of paper sandwiched between two flat sheets of paper referred to as liners, while a paperboard comprises thick paper (which is non-corrugated). Others include sheet and shredded paper, as well as paper pulp moulded products mainly for protective packaging.
- The most common non-paper packaging material is plastics made from various compounds including, among others, polyvinylchloride (PVC), polystyrene (PS), polyurethane (PU), polypropylene (PP), and

7. INDUSTRY OVERVIEW (Cont'd)



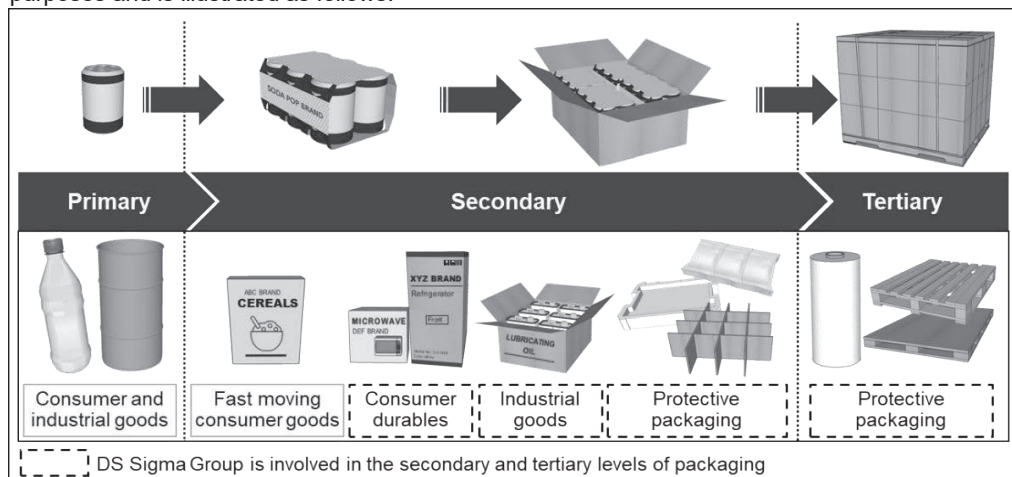
polyethylene (PE) which includes high and low density and cross-linked PE. Rubber packaging materials include natural rubber and various types of synthetic rubber such as styrene-butadiene, polybutadiene, ethylene propylene diene monomer and butyl. Plastic and rubber packaging materials can be in the form of films, sheets and in expanded forms. Expanded plastic or rubber are engineered products that are light and spongy with a flexible cellular structure that traps gas or air to provide a cushioning effect, and may be used in sheet, bag or moulded products for protective packaging. Some expanded plastic such as expanded polystyrene is rigid while some such as PE foam sheets are flexible.



- DS Sigma Group mainly uses corrugated boards as input materials for conversion to cartons and protective packaging, as well as supplies mainly plastic protective packaging.

2.3 Levels of packaging

- Packaging can be segregated into primary, secondary and tertiary levels. Each level serves different purposes and is illustrated as follows:



- Primary packaging** refers to packaging that comes into direct contact with the product itself and is used for consumer as well as industrial products.
- Secondary packaging** refers to the packaging of a group of products for ease of handling, storage and transportation. Secondary packaging often includes rigid corrugated or paperboard cartons complemented by protective packaging such as nesting and plastic foam bags to protect the content in the carton. Some consumer and industrial products only require secondary packaging without any primary packaging.
- Tertiary packaging** refers to packaging used most often by logistics operators to handle, store and transport a large group of products with primary and/or secondary packaging. Tertiary packaging provides another layer of protective outer packaging such as stretch films, edge protectors and pallets.
- Consumer-facing products commonly have appealing primary or secondary graphic design packaging to differentiate from their competitors and attract buyers. For such graphic design packaging, kraftliner, white bleached paper or treated paper are used as the outer liner of corrugated cartons, and commonly six-or-more-colour printers are used.

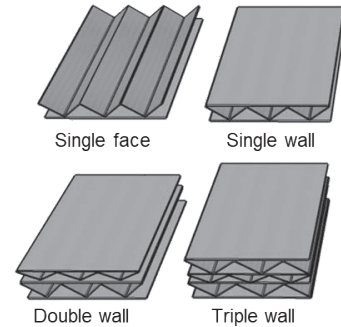
7. INDUSTRY OVERVIEW (Cont'd)



- DS Sigma Group mainly supplies packaging at the secondary and tertiary levels for consumer durable goods and industrial products.

2.4 Types of corrugated board

- Corrugated boards are the main input materials for conversion to cartons and protective packaging. Corrugated boards comprise a wavy paper, referred to as corrugating medium, commonly sandwiched between two liners which results in a sturdy board that provides cushioning and protection. Corrugated boards commonly come as a single face, single wall, double wall and triple wall to provide different levels of strength for cushioning and protection purposes.
- The strength of the corrugated board also depends on the wave, referred to as flute, of the corrugating medium. Flute within a corrugated board may vary by the number of flutes per linear foot and height of the flute to provide better cushioning and withstanding greater vertical compression. There are six common flute sizes, where generally A, B and C flutings provide better cushioning and protection compared to D, E and F flutings that provide better structural support and surface for printing.
- DS Sigma Group is involved in the manufacture of corrugated cartons and corrugated protective packaging mainly comprising double wall boards with A and B flutes for heavy consumer and industrial goods and parts.



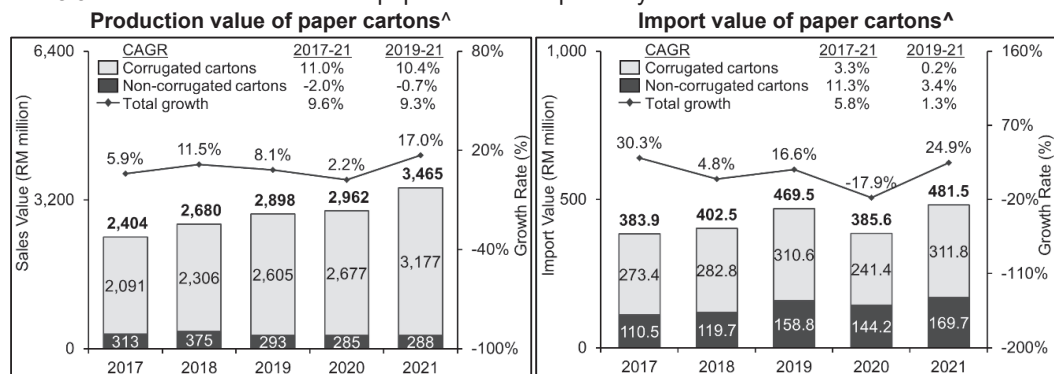
2.5 Types of paper for corrugated board

- There are three main types of paper used in manufacturing corrugated boards as follows:
 - Kraftliner** is paper predominantly made from no less than 80% virgin fibre. Virgin fibre is typically longer than fibre from recycled paper and thus is stronger in providing good tear, puncture and bursting strength, as well as a smooth surface that provides better results for multicolour printing compared to testliners.
 - Testliner** is made from secondary fibre obtained from recycled paper and commonly comprises at least 20% virgin pulp. The recycling process shortens the fibres and thus testliners are generally of lower strength and consequently lower cost compared to kraftliners.
 - Corrugating medium** is industrial brown paper mostly made of recycled paper and fluted.

3. SUPPLY AND DEMAND CONDITIONS OF PAPER CARTONS

3.1 Supply of paper cartons

- The supply of paper cartons is represented by domestic production and import of corrugated and non-corrugated cartons in Malaysia. In 2021, corrugated and non-corrugated cartons accounted for 91.7% and 8.3% of the total sales value of paper cartons respectively.



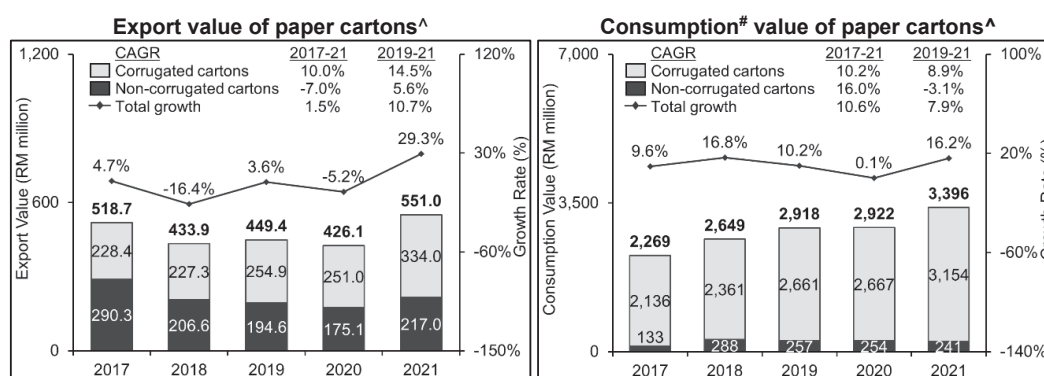
7. INDUSTRY OVERVIEW (Cont'd)



- Between 2019 and 2021, the sales value of domestically manufactured corrugated cartons grew at a CAGR of 10.4% to RM3.2 billion in 2021, while non-corrugated cartons declined at an average annual rate of 0.7% to RM0.3 billion in 2021. In 2021, the sales value of domestically manufactured paper cartons grew by 17.0%, contributed by 18.7% and 1.2% growth from corrugated and non-corrugated cartons respectively. The high growth of corrugated cartons is mainly attributed to the boom in online shopping and purchases of consumer durable goods during the COVID-19 pandemic.
- In 2021, the import value of paper cartons grew by 24.9% to RM481.5 million, contributed by 29.2% and 17.7% growth from corrugated and non-corrugated cartons respectively. The growth was mainly due to the high paper prices during the second half (H2) of 2021. In 2021, the main importing country into Malaysia for both corrugated and non-corrugated cartons was China, accounting for 59.3% and 60.1% of the total import values of corrugated and non-corrugated cartons respectively. For the first 9 months of 2022, import value of paper cartons grew by 8.7% to RM370.2 million, contributed by 6.4% and 13.0% growth from corrugated and non-corrugated cartons respectively compared to the corresponding periods in 2021.

3.2 Demand for paper cartons

- The demand for paper cartons is represented by export and domestic consumption.



[^] Include corrugated and non-corrugated cartons; [#] Based on domestic production plus imports less exports
(Source: DOSM; Vital Factor analysis)

- In 2021, the export value of paper cartons grew by 29.3% to RM551.0 million, contributed by 33.1% and 23.9% growth from corrugated and non-corrugated cartons respectively. Similarly to the import values, the growth was mainly due to the high paper prices during H2 2021. In 2021, the main exporting destination was Singapore, which accounted for 47.1% and 34.1% of the export values of corrugated and non-corrugated cartons respectively. For the first 9 months of 2022, the export value of paper cartons grew by 16.2% to RM458.7 million, contributed by 12.3% and 22.5% growth from corrugated and non-corrugated cartons respectively compared to the corresponding periods in 2021.
- Between 2019 and 2021, the domestic consumption of paper cartons grew at a CAGR of 7.9%. In 2021, the domestic consumption of paper cartons grew by 16.2% to RM3.4 billion, mainly due to the robust demand for corrugated cartons and high paper prices in 2021.

4. SUPPLY AND DEMAND CONDITIONS OF PLASTIC PACKAGING

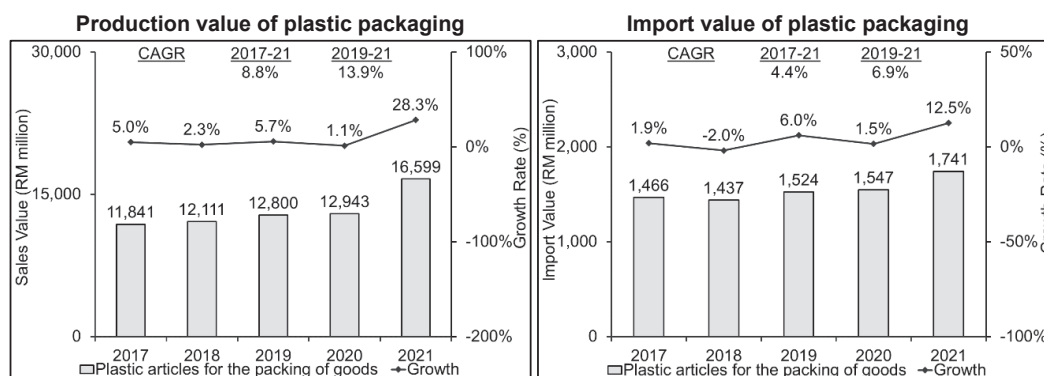
4.1 Supply of plastic packaging

- The supply of plastic packaging is represented by the domestic production and import of plastic articles for the packing of goods in Malaysia. Plastic packaging is mainly sourced locally, due to the developed petrochemical sector in Malaysia that provides a steady supply of materials for the plastic industry.
- In 2021, the sales value of domestically manufactured plastic packaging grew by 28.3% to RM16.6 billion, as the supply to essential sectors such as the food and medical sectors was not impacted by the

7. INDUSTRY OVERVIEW (Cont'd)



containment measures imposed by the government. For the first 9 months of 2022, the sales value of domestically manufactured plastic packaging grew by 30.8% to RM15.8 billion compared to the corresponding periods in 2021.

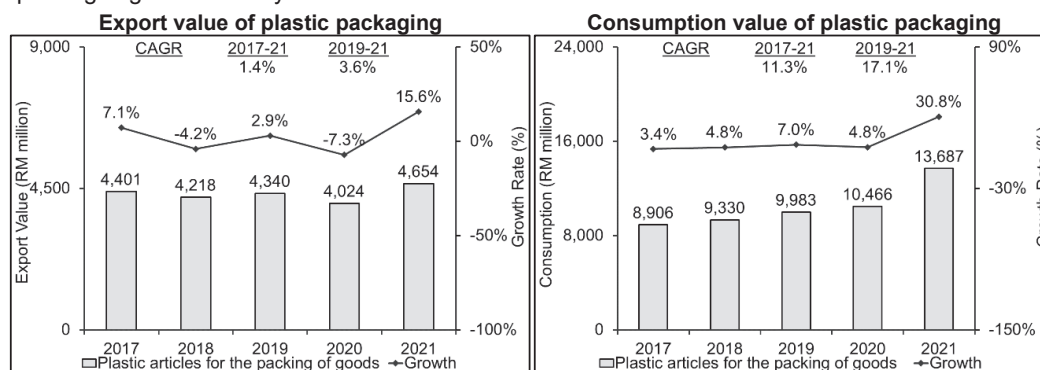


(Source: DOSM)

- In 2021, the import value of plastic packaging grew by 12.5% to RM1.7 billion. The top three importing countries into Malaysia were China, Singapore and Japan which accounted for 38.1%, 9.9% and 9.3% respectively of the total import value of plastic packaging. For the first 9 months of 2022, import value of plastic packaging grew by 20.1% to RM1.5 billion compared to the corresponding periods in 2021.

4.2 Demand for plastic packaging

- The demand side is represented by the export and domestic consumption of plastic articles for the packing of goods in Malaysia.



(Source: DOSM; Vital Factor analysis)

- In 2021, the export value of plastic packaging grew by 15.6% to RM4.7 billion. The top three exporting destinations were Singapore, the US and Australia which accounted for 23.7%, 16.5% and 11.1% respectively of the total export value of plastic packaging. For the first 9 months of 2022, export value of plastic packaging grew by 10.4% to RM3.7 billion compared to the corresponding periods in 2021.
- In 2021, domestic consumption of plastic packaging grew by 30.8% to RM13.7 billion, with a CAGR of 17.1% between 2019 and 2021. The growth was mainly due to the rise in demand for food packaging, containers for food deliveries and packaging for online shopping transactions. For the first 9 months of 2022, the domestic consumption of plastic packaging grew by 36.3% to RM13.6 billion compared to the corresponding periods in 2021. The growth was mainly due to the high selling price of plastic packaging.

5. SUPPLY AND PRICING OF KEY RAW AND INPUT MATERIALS

5.1 Supply of input materials

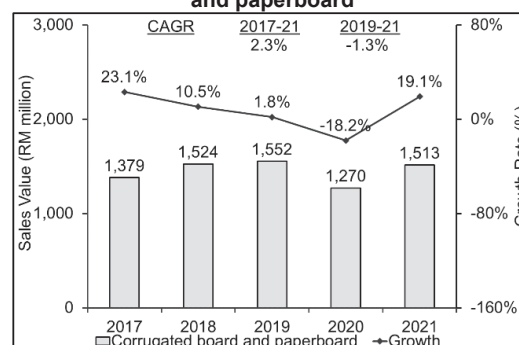
- Corrugated boards and paperboards are the key input materials to convert to cartons and protective packaging.

7. INDUSTRY OVERVIEW (Cont'd)



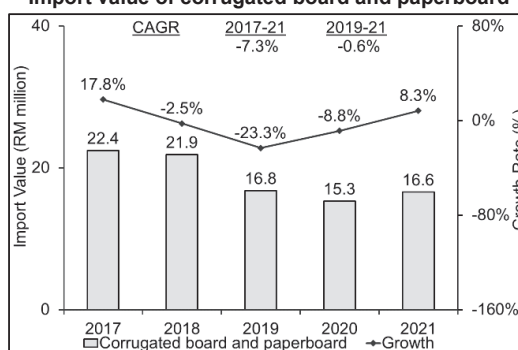
- In 2021, the sales value of domestically manufactured corrugated board and paperboard grew by 19.1% to RM 1.5 billion, which recovered to almost the production level in 2019 before the COVID-19 pandemic hits.
- In 2021, the import value of corrugated board and paperboard grew by 8.3% to RM16.6 million. The major sources of corrugated board and paperboard were Thailand and China which accounted for 63.9% and 18.1% respectively of the total import value of corrugated board and paperboard. However, the import volume of corrugated board and paperboard declined by 16.3% to 3,300 tonnes in 2021. For the first 9 months of 2022, import value of corrugated board and paperboard declined by 6.8% to RM12.2 million compared to corresponding periods in 2021.

Production value of corrugated board and paperboard



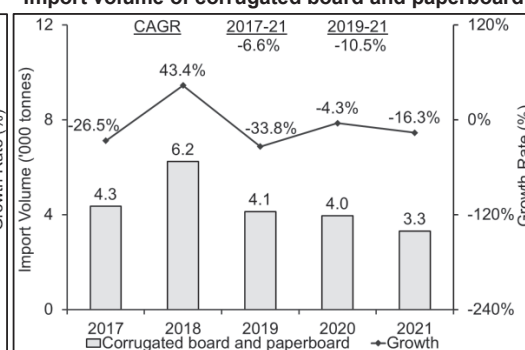
Note: There is no segmentation for corrugated board and paperboard. (Source: DOSM)

Import value of corrugated board and paperboard



Note: There is no segmentation for corrugated board and paperboard. (Source: DOSM)

Import volume of corrugated board and paperboard

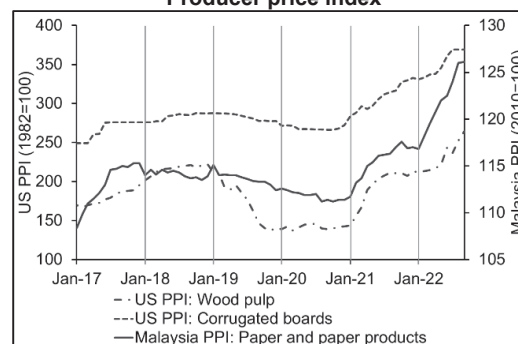


Note: There is no segmentation for corrugated board and paperboard. (Source: Vital Factor analysis)

5.2 Prices of input materials

- Wood pulp is one of the raw materials to manufacture all types of paper including writing, printing, stationery and packaging paper such as corrugated board which is used for corrugated cartons and protective packaging, as well as paper-based personal and home care products including tissue and toilet paper. Commonly, recycled paper is also used in combination with wood pulp to reduce the overall cost of paper. As such, the prices of wood pulp will have an impact on the cost of corrugated cartons and protective packaging.
- The producer price index (PPI) is used to measure the average changes in prices charged by producers or manufacturers in the industry, thereby being the proxy for price movements. The US PPIs for wood pulp and corrugated paperboards are used as a proxy for global price movements, while Malaysia's PPI for paper and paper products is used as the proxy for domestic price movements.
- Overall, all three PPIs showed similar trends between 2017 and 2021. Between February 2017 and September 2018, wood pulp prices increased by 32.2% mainly due to China's ban on

Producer price index



Note: US PPI is based on the first day of the month. Malaysia PPI is based on the last day of the month. (Source: DOSM; Vital Factor analysis)

7. INDUSTRY OVERVIEW (Cont'd)



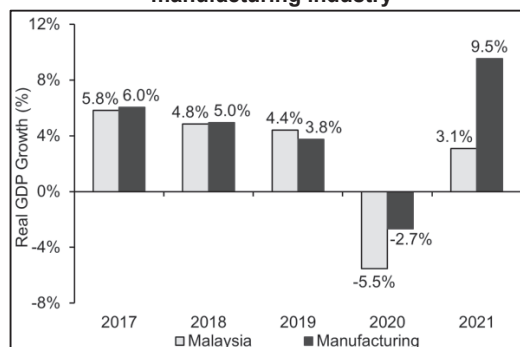
the import of unsorted waste paper, which resulted in a surge in demand for its alternative, including wood pulp. An increase in wood pulp prices will consequently cause an increase in the prices of paper products including corrugated boards. The three PPIs were relatively stable in 2018, while in 2019 they showed declining trends. Between December 2018 and November 2019, wood pulp prices declined by 38.2% mainly due to increased mill capacity leading to oversupply, coupled with weakening wood pulp demand. The three PPIs were relatively stable in 2020.

- Since January 2021, all three PPIs showed significant growth, where between January 2021 and December 2021, wood pulp prices grew rapidly by 48.0% and further increased by 24.7% between January 2022 and September 2022. This was mainly due to increasing demand supported by the surge in e-commerce as well as an increase in wood pulp demand from China due to its banning of imports of solid waste including old corrugated cartons since January 2021. Additionally, the supply of wood pulp was affected by supply chain disruption due to the global shortage of sea freight containers, increasing sea freight rates, port congestions, rising energy rates, the large-scale strike action in a paper mill in Finland from early January to end April 2022, as well as the Russia-Ukraine conflict.

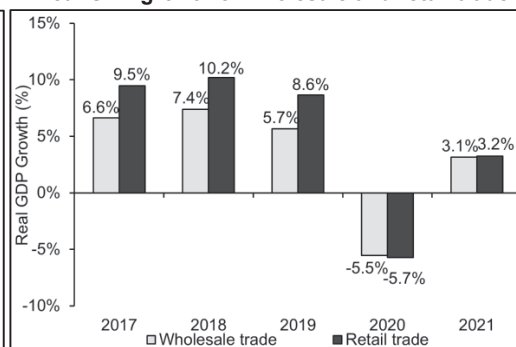
6. DEMAND DEPENDENCIES

- Packaging products are required for a very wide range of consumer and industrial goods for handling, storage and transportation including production, import and export of goods, as well as domestic distribution comprising wholesale and retail trade. DS Sigma Group is mainly involved in the supply of packaging for electrical and electronic (E&E) goods.

Real GDP growth of Malaysia's economy and manufacturing industry



Real GDP growth of wholesale and retail trade



(Source: DOSM)

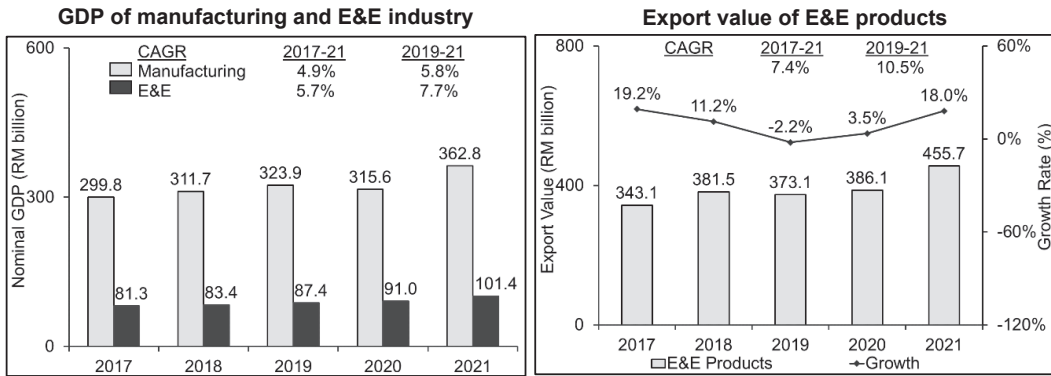
- The real Gross Domestic Product (GDP) of Malaysia's economy indicates the economic output without the impact of price inflation. In 2020, the real GDP of Malaysia's economy and manufacturing industry declined by 5.5% and 2.7% respectively as a result of the containment measures following the COVID-19 pandemic.
- In 2021, Malaysia's economy recovered to grow by 3.1% on the back of improved domestic demand, continued policy to support the economy and strong external demand, despite the reimposition of stringent containment measures in June 2021. 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: Ministry of Finance (MoF)). In 2021, the wholesale and retail trade grew by 3.1% and 3.2% respectively, mainly attributed to the reopening of more service subsectors and relaxation of containment measures. For the first 9 months of 2022, the real GDP of Malaysia's economy, manufacturing industry, wholesale trade and retail trade grew by 9.3%, 9.7%, 4.7% and 18.0% respectively compared to the corresponding periods in 2021.
- In 2021, the GDP of the manufacturing industry accounted for 23.5% of Malaysia's GDP, while the GDP of the E&E sector accounted for 28.0% of the GDP of the manufacturing industry. For the first 9 months of 2022, the GDP of the manufacturing industry and E&E sector amounted to RM308.2 billion and RM88.8 billion respectively. The E&E sector 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

7. INDUSTRY OVERVIEW (Cont'd)



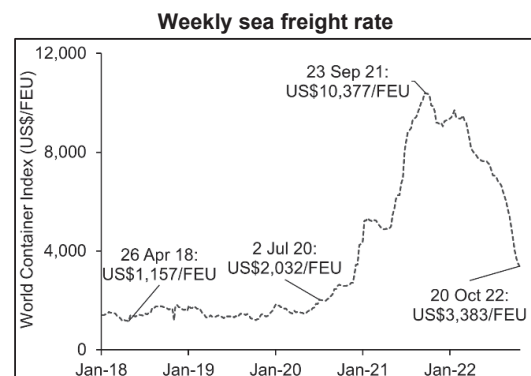
VITAL FACTOR CONSULTING
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gross exports of E&E products grew by 18.0% compared to 2020, mainly powered by robust demand for semiconductors due to remote working and learning trends as well as business digitalisation (Source: Minister of International Trade and Industry). For the first 9 months of 2022, the value of gross exports of E&E products grew by 35.4% compared to the corresponding periods in 2021.



(Source: DOSM)

- The growth of the E&E sector in 2020 and 2021 has promoted the growth of, among others, medical and energy (including solar photovoltaic (PV) cells and modules) devices. In 2021, Malaysia's export value of medical instruments and apparatus (excluding medical gloves) grew by 16.4% to RM14.2 billion. For the first 9 months of 2022, the export value of medical instruments and apparatus grew by 25.9% compared to the corresponding periods in 2021. (Source: DOSM)
- Globally, in 2020, the top three largest export countries for photosensitive semiconductor devices (including among others, solar PV cells and modules, and light emitting diodes) were China, Vietnam and Malaysia, which accounted for 40.9%, 7.6% and 7.2% of the total export value respectively (Source: Vital Factor analysis). In 2021, Malaysia's export value of photosensitive semiconductor devices grew by 15.0% to RM20.2 billion. For the first 9 months of 2022, the export value of photosensitive semiconductor devices grew by 26.7% compared to the corresponding periods in 2021. (Source: DOSM)
- Corrugated cartons and protective packaging are often used in shipping goods, hence sea freight costs affect the overall cost of goods. This is particularly pertinent for bulky goods such as consumer durable goods such as televisions and microwave ovens. The sea freight rate has been increasing since the beginning of the COVID-19 pandemic.
- In 2018, the weekly freight rate on 26 April 2018 was US\$1,157/forty-foot equivalent unit (FEU). It has been fluctuating around an average weekly rate of US\$1,518/FEU until the second half of 2020. The sea freight rate generally kept increasing from US\$2,032/FEU on 2 July 2020 to US\$10,377/FEU on 23 September 2021.



(Source: Vital Factor analysis)

- The increase in freight rates was mainly driven by the increase in demand for container shipping resulting from many economies, especially the US, bouncing back from an initial slowdown during the early part of the COVID-19 pandemic. Additionally, some economies continued to face lockdowns which caused empty containers to be stuck in these countries causing a shortage of empty containers. This situation is exacerbated by an imbalance in trade between China and the US where China exports more than it imports, thereby creating an insufficient supply of empty containers for China's export requirements. This caused the price of new containers to increase substantially, which was ultimately reflected in sea freight rates. The increase in sea freight rate largely affects consignors (sending parties) or consignees (receiving parties) as they are the ones who have to pay

7. INDUSTRY OVERVIEW (Cont'd)



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for the sea freight rates. Following the gradual relaxing of containment measures in various countries, the sea freight rate declined by 67.4% to US\$3,383/FEU on 20 October 2022 despite uncertainties remaining high due to the continuing Russia-Ukraine conflict and inflationary pressures.

7. COMPETITIVE LANDSCAPE

- As of 17 November 2022, it was estimated that there were 29 ordinary members, which are similar to DS Sigma Group as manufacturers of corrugated cartons, including both listed and private companies, and 30 associate members registered with the Malaysian Corrugated Carton Manufacturers' Association (MACCMA), while there were 762 members registered with the Malaysian Plastics Manufacturers Association (MPMA), where 111 of the members were involved in packaging activities. It should be noted that there are operators, such as DS Sigma Group, who are not registered with MACCMA or MPMA. The associations are the platform for the members to attend industry events and conferences, providing the members with network opportunities, as well as access to resources and information.
- The following are some manufacturers of corrugated cartons with operations in Malaysia, presented in descending order of group/company revenue. This is not an exhaustive list.

Company Name	FYE ⁽¹⁾	Grp/Co Rev ⁽²⁾ (RM mil)	Seg Rev (RM mil)	Grp/Co GP ⁽²⁾ (RM mil)	Grp/Co GP Margin ⁽²⁾	Grp/Co NP/(NL) ⁽²⁾ (RM mil)	Grp/Co NP/(NL) Margin ⁽²⁾
*Muda Holdings Bhd ⁽³⁾	Dec-21	1,740.7	1,572.9 ^(a)	315.0	18.1%	84.9	4.9%
*Magni-Tech Industries Bhd ⁽⁴⁾	Apr-22	989.0	101.5 ^(b)	149.8	15.1%	91.7	9.3%
*Box-Pak (Malaysia) Bhd ⁽⁵⁾	Dec-21	678.2	n.s.	28.7	4.2%	(128.8)	(19.0%)
*Ornapaper Bhd ⁽⁶⁾	Dec-21	316.4	300.5 ^(c)	36.5	11.5%	5.2	1.6%
^Far East Packaging Industrial (Johor) S/B ⁽⁷⁾	Jun-21	235.1	235.1 ^(d)	n.a.	n.a.	18.5	7.9%
*Public Packages Holdings Bhd ⁽⁸⁾	Dec-21	196.8	182.2 ^(b)	61.3	31.1%	23.7	12.0%
^OPS Paper Products S/B ⁽⁹⁾	Jul-21	179.8	179.8 ^(b)	30.1	16.8%	13.9	7.8%
*D'nonce Technology Bhd ⁽¹⁰⁾	Mar-22	166.4	n.s.	n.a.	n.a.	8.5	5.1%
*Master-Pack Group Bhd ⁽¹¹⁾	Dec-21	154.0	n.s.	n.a.	n.a.	14.5	9.4%
DS Sigma Group	Jun-22	121.2	121.2^(b)	43.0	35.5%	21.5	17.7%
*HPP Holdings Bhd ⁽¹²⁾	May-22	85.8	27.7 ^(d)	20.0	23.3%	8.5	9.9%
^Acter Carton Enterprise S/B ⁽¹³⁾	Aug-21	84.0	84.0 ^(d)	15.1	17.9%	7.4	8.9%
*Jishan Bhd ⁽¹⁴⁾	Dec-21	84.0	n.s.	19.9	23.6%	9.1	10.8%
*KYM Holdings Bhd ⁽¹⁵⁾	Jan-22	82.8	n.s.	13.6	16.4%	3.6	4.3%
^Golden Frontier Packaging S/B ⁽¹⁶⁾	Dec-21	80.9	80.9 ^(c)	n.a.	n.a.	1.9	2.4%
*Versatile Creative Bhd ⁽¹⁷⁾	Mar-22	54.7	35.0 ^(b)	10.1	18.6%	(0.6)	(1.1%)

* Public listed company on Bursa Securities; ^ Private company; FYE = financial year ended; Grp/Co = Group/Company; Rev = revenue; Seg = segment incorporating manufacturing of corrugated cartons and possibly other activities or products; mil = million; GP = gross profit; NP = net profit after tax; NL = net loss after tax; Bhd = Berhad; S/B = Sdn Bhd; n.s. = no relevant segmentation provided; n.a. = information not available; (a) Revenue for manufacturing of industrial paper, corrugated cartons and other paper packaging products; (b) Revenue for manufacturing and trading of corrugated cartons and other packaging products; (c) Revenue for manufacturing of corrugated boards and cartons; (d) Revenue for manufacturing of corrugated carton.

(1) Latest available audited financial information from annual reports, Companies Commission of Malaysia and DS Sigma Group. D'nonce Technology Bhd was based on 11-month consolidated results for the FYE 31 March 2022.

(2) At the Group or company level, which may include other business activities, products or services.

(3) Involved in manufacturing industrial paper, corrugated cartons, paper bags, paper stationery and paper-based food packaging products, and trading in paper, recovered paper and stationery products.

(4) Involved in manufacturing garments, flexible plastic packaging and corrugated cartons.

(5) Involved in manufacturing and distribution of paper boxes, cartons, general paper and board printing.

(6) Involved in manufacturing corrugated boards and cartons, paper-based stationery products, and provision of logistics services.

(7) Involved in manufacturing and trading of carton boxes.

(8) Involved in manufacturing and retailing of corrugated cartons, packing materials, gift and display boxes, trading of paper products, design and sale of papers, property investment and hospitality operations.

(9) Involved in manufacturing and trading of paper products.

(10) Provides end-to-end packaging and design solutions, precision polymer engineering services, cleanroom and contract manufacturing services, supply chain management and sales and distribution of products.

(11) Involved in manufacturing corrugated cartons and wooden packaging, and providing one-stop packaging solutions.

(12) Involved in printing and production of paper-based packaging, both corrugated and non-corrugated, as well as trading and production of rigid boxes.

(13) Involved in manufacturing corrugated cartons.

7. INDUSTRY OVERVIEW (Cont'd)



- (14) Involved in manufacturing paper and plastic packaging products.
 (15) Involved in manufacturing corrugated fibreboards and boxes, and multi-wall industrial paper bags.
 (16) Involved in manufacturing and sale of corrugated fibreboards and cartons.
 (17) Involved in manufacturing and trading of paper boxes and plastics, providing printing services, and grocery business.

- The companies above were selected based on the following criteria:
 - Involved in manufacturing of corrugated cartons and having manufacturing facilities in Malaysia; and
 - Availability of the latest financial statement.

8. MARKET SIZE AND SHARE

- The market size of the corrugated carton industry in Malaysia and the market share of DS Sigma Group are estimated below:

2021	Market Size ^{(a) (1)} (RM million)	DS Sigma Group Revenue ^{(b) (2)} (RM million)	DS Sigma Group Market Share ^(c)
Corrugated cartons	3,154	78	2.5%

Sources: (a) DOSM; (b) DS Sigma Group; (c) Vital Factor analysis;

(1) Based on the domestic consumption value of corrugated cartons (refer to section 3.2 of this report); and

(2) Based on DS Sigma Group's manufacture of corrugated cartons and protective packaging in FYE 31 June 2022 used as a proxy for the calendar year 2021.

9. INDUSTRY CONSIDERATION FACTORS

- Packaging is an essential product as most produce, processed or manufactured goods will need some form of packaging for handling, storage and transportation, except for bulk goods. Factors of demand for the packaging industry are focused on the value chain from production to processing and finally consumption. As such, the consideration factors for the packaging industry include the general well-being of the economy that stimulates the consumption of goods, the manufacturing industry, in particular, the E&E sector representing Malaysia's largest export sector, as well as domestically the wholesale and retail trade sector that focuses on the distribution of goods for consumption. In 2021, their respective real GDP growth recorded 3.1% (economy), 9.5% (manufacturing), 14.6% (E&E) and 3.1% (wholesale trade) and 3.2% (retail trade) compared to 2020 (Source: DOSM).
- The continuing increase in usage of e-commerce and rapid transition to digitalisation particularly in the retail segment will drive the demand for packaging materials. In 2021, the wholesale and retail trade grew by 3.1% and 3.2% respectively, mainly attributed to the reopening of more service subsectors and relaxation of containment measures in H2 2021. For the first 9 months of 2022, the real GDP of Malaysia's economy, manufacturing industry, E&E sector, wholesale trade and retail trade grew by 9.3%, 9.7%, 16.0%, 4.7% and 18.0% respectively compared to the corresponding periods in 2021. (Source: DOSM).
- Exports also play a major role in the packaging industry. The CAGR of exports of manufactured and E&E goods were 12.7% and 10.5% respectively between 2019 and 2021. In 2021, exports of manufactured and E&E goods grew by 25.6% and 18.0% respectively compared to 2020. For the first 9 months of 2022, exports of manufactured and E&E goods grew by 27.0% and 35.4% respectively compared to the corresponding periods in 2021. (Source: DOSM).
- The performance of the packaging industry is dependent upon, among others, the continuing recovery of Malaysia's economy as well as the global economies from the COVID-19 pandemic. 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 drive 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).
- Other considerations which will affect demand for plastic packaging include growing public awareness of environmental issues. In addressing the growing concerns with single-use plastics, the Roadmap towards Zero Single-Use Plastic 2018-2030 was launched in 2018 (Source: Ministry of Energy, Science, Technology, Environment & Climate Change).

8. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF OUR GROUP. YOU SHOULD CAREFULLY CONSIDER THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW ALONG WITH OTHER INFORMATION CONTAINED IN THIS PROSPECTUS BEFORE YOU MAKE YOUR INVESTMENT DECISION. IF YOU ARE IN ANY DOUBT AS TO THE INFORMATION CONTAINED IN THIS SECTION, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER.

8.1 RISKS RELATING TO OUR BUSINESS OPERATIONS

8.1.1 We are dependent on a concentrated group of major customers and the loss of any of these customers may affect our financial performance

For the Financial Years Under Review, we are dependent on a concentrated group of major customers namely SSCSM, Samsung Electronics, SOEM, PAACM and PAVC, which collectively accounted for 91.33%, 91.85%, 78.97% and 73.32% of our total revenue for the FYEs 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022 respectively.

Our major customers' respective revenue contributions are summarised below:

	Length of relationship as at the LPD (years)	FYE 30 June							
		2019		2020		2021		2022	
		RM'000	%	RM'000	%	RM'000	%	RM'000	%
SSCSM	16	39,288	37.17	28,209	32.84	28,816	22.54	21,570	17.80
Samsung Electronics	20	24,675	23.35	21,884	25.48	26,300	20.57	22,915	18.90
SOEM	9	16,695	15.80	12,952	15.08	25,531	19.97	22,867	18.86
PAACM	16	10,804	10.22	13,854	16.13	17,212	13.46	18,144	14.97
PAVC	12	5,060	4.79	1,992	2.32	3,116	2.43	3,380	2.79
Sub-total		96,522	91.33	78,891	91.85	100,975	78.97	88,876	73.32
Total revenue		105,682	100.00	85,891	100.00	127,858	100.00	121,218	100.00

In addition, some of our major customers are related companies of Sony Group Corporation namely SSCSM and SOEM where collectively, they accounted for 52.97%, 47.92%, 42.51% and 36.66% of our total revenue for the FYEs 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022 respectively. Meanwhile our other major customers are related companies of Panasonic Corporation namely PAACM and PAVC, which collectively they accounted for 15.01%, 18.45%, 15.89% and 17.76% of our total revenue for the FYEs 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022 respectively. Please refer to Section 6.9 for further details on our major customers.

Although we have established a long working business relationship with these major customers over the years spanning from 9 years to 20 years as at the LPD, the loss of any of these major customers, if not replaced in a timely manner, would adversely affect our financial performance.

As we operate based on purchase orders which are typically issued by our customers at their discretion, there can be no assurance that revenue contribution from these major customers will be sustained at the same level in the future. Any significant reduction in the orders from these major customers would also materially and adversely affect our financial performance.

8. RISK FACTORS (Cont'd)

8.1.2 We are susceptible to shortage in the supply of input materials

Our main input material namely corrugated board are sourced from local suppliers in accordance with our production schedule. This input material is essential to our manufacturing of corrugated paper packaging products, and we would require continuous and stable supply of such input materials from our suppliers.

Generally, we will recommend the types of corrugated board to be used for the corrugated paper packaging products to our customers. Some of our customers may also specify the type of corrugated board, in terms of flutings, paper type, and sources and we are required to source the required corrugated boards as requested by them. If we are unable to source the requested corrugated board, we will inform our customers on a timely manner and recommend an alternative. Failure to do so may expose us to the risk of losing the order or causing delays in our production which subsequently may adversely affect our reputation and financial performance.

Further, we do not enter into any long-term supply agreements with our suppliers for continuous supply of input materials. As such, there can be no assurance that we will be able to consistently source corrugated boards at competitive pricing and at the quantity required. Our production and delivery may be delayed or disrupted which will materially and adversely affect our business, results of operation and reputation.

As at the LPD, we have not faced any difficulties in sourcing the required corrugated board from our suppliers and we do not expect any immediate disruption to our manufacturing of corrugated paper packaging product activities as a result of shortage of corrugated boards. However, there is no assurance that our Group will be able to source for alternative suppliers, if the circumstances require, that are able to supply corrugated boards of similar quality and quantity at the existing prices, particularly if the COVID-19 pandemic is prolonged. This is because our local suppliers may source their materials from foreign countries with movement and business operation restrictions. Should there be a substantial increase in the cost of corrugated board, our Group may pass on such increased costs to our customers. However, there is no assurance that we will be able to pass on such increased costs to our customers and our Group's financial performance may be affected if we are unable to do so.

8.1.3 We are susceptible to the price fluctuations of paper products

Corrugated board is our main input material used in the production of our corrugated paper packaging products, including cartons, protective packaging products and paper pallets. Corrugated board accounted for approximately 53.64%, 55.96%, 57.70% and 55.41% of our total purchases of materials and subcontracted products and services for the FYEs 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022 respectively. We source all our corrugated boards from local suppliers.

As wood pulp is one of the raw materials required to produce all types of paper products including corrugated boards, fluctuations in the prices of wood pulp would have an impact on the overall cost of corrugated board. Commonly, recycled paper is also used in combination with wood pulp to reduce the overall cost of paper. As such, prices of wood pulp will have an impact on the cost of corrugated cartons and protective packaging. The fluctuation of the price of wood pulp is based on external factors such as, but not limited to global demand and supply, sanctions, changes in trade policies such as China banning the import of waste paper since 2017, global shortage of sea freight containers and increasing sea freight rates.

8. RISK FACTORS (*Cont'd*)

According to the Industry Overview Report, the prices of wood pulp and corrugated boards have been fluctuating since 2017. Between February 2017 and September 2018, wood pulp prices increased by 32.2% mainly due to China's ban on the import of unsorted waste paper, which resulted in a surge in demand for its alternative, including wood pulp. The increase in wood pulp prices consequently caused an increase in prices of paper products including corrugated boards. Subsequently, between December 2018 and November 2019, wood pulp prices declined by 38.2% mainly due to increased mill capacity leading to oversupply, coupled with weakening wood pulp demand. Prices of wood pulp and corrugated board were relatively stable in 2020. Between January 2021 and December 2021, wood pulp prices grew rapidly by 48.0% and further increased by 24.7% between January 2022 and September 2022, mainly due to the increasing demand which was supported by the surge in e-commerce, as well as an increase in wood pulp demand from China due to its banning of import of solid waste including old corrugated cartons since January 2021. Additionally, the supply of wood pulp was affected by the disruption on the supply chain due to the global shortage of sea freight containers and increasing sea freight rates, port congestions, rising energy rates, the large scale strike action in a paper mill in Finland from early January 2022 to end April 2022, as well as the Russia-Ukraine conflict.

We are usually able to pass on the increases in the cost of input materials for the production of our corrugated paper packaging products to our customers. For the Financial Years Under Review, we experienced an increase in the price of our corrugated board by 15.14% from an average of RM2.51 per kg for the FYE 30 June 2020 to an average of RM2.89 per kg for the FYE 30 June 2021 and further increased to RM3.40 per kg in FYE 30 June 2022. Correspondingly, in the FYE 30 June 2021, we started to increase the selling prices for our corrugated cartons and protective packaging by an average of 10% to 15% and our paper pallets by an average of 15% between November 2020 and May 2021. In the FYE 30 June 2022, we increased the selling prices for our corrugated cartons and protective packaging, and paper pallets between 2.5% and 10% for different customers and products in January 2022 and March 2022.

We currently adopt a quarterly pricing strategy where we review the prices of our corrugated paper packaging products every quarter to take into consideration the effects of the changes in the price of corrugated boards. Nevertheless, there is no assurance that we can pass on any future increases in the cost resulting from changes in the price of corrugated board to our customers. In the event we are unable to pass on any of the cost increases to our customers or if we are unable to do so in a timely manner, we would have to absorb the increases in the cost of input materials and this would adversely affect our profitability and financial performance.

8.1.4 We rely on the availability of foreign workers for general works in our factories

General works are low-skilled jobs which can be repetitive, tedious and physically demanding. Nevertheless, general works are important to support our manufacturing activities. Despite offering salaries above minimum wage, our Group is having difficulties to hire local workers for general works in our factories such as preparing printing plates, cutting corrugated boards, and assisting in the printing machines and other post-press machines, carrying out basic quality control and performing stock counts in our factories. As such, we rely, to a certain extent, on foreign workers for general works required for our manufacturing activities.

As at the LPD, we have 67 foreign workers (representing approximately 53.17% of our workforce) from Nepal, Myanmar and Bangladesh, all of whom are contractual employees. Among our foreign workers, 66 persons are from our production department whereas the remaining 1 person is from our QA department. Please refer to Section 6.6 of this Prospectus for further information on our employees.

8. RISK FACTORS (*Cont'd*)

Any change in foreign worker policy in Malaysia may result in difficulties for our Group to maintain a sufficient workforce for our manufacturing activities. Further, our Group's future expansion plans may require a significant amount of labour to meet the increased manufacturing activities. In the event of a delay to the hiring of new foreign workers after the expiry of the contracts of the existing foreign workers due to changes in foreign worker policy and we are unable to hire sufficient foreign workers, it would result in disruption to our operations which will in turn affect our financial performance.

In addition, the costs of foreign labour may continue to increase in the future. Any increase in the levy rate for foreign workers will increase our cost for labour, which may consequently increase our cost of sales.

8.1.5 We are dependent on independent contractors for our assembly and packing services

Our Group is dependent on independent contractors to carry out the assembly and packing services at our customers' or their vendors' premises. These independent contractors assemble the die-cut cartons, insert the customer's products into plastic or foam bags and place them into the cartons along with other protective packaging products, such as nestings and layer pads. These independent contractors are engaged when we have assembly and packaging jobs. For the Financial Years Under Review, our Group incurred a total cost of RM11.15 million, RM9.17 million, RM8.26 million and RM6.28 million representing 15.21%, 14.87%, 9.66% and 8.03% of our total cost of sales for the FYEs 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022, respectively. The average monthly number of independent contracts hired during the Financial Years Under Review was approximately 500, 400, 350 and 250 for the FYEs 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022, respectively.

As at the LPD, we only hire local Malaysians as our independent contractors on as and when needed basis, and we have not encountered any major disruption to our operations due to shortage of independent contractors. However, there is no assurance that we will be able to recruit an adequate number of independent contractors for our operations. If we are unable to hire sufficient independent contractors, it would result in disruption to our operations which in turn will affect our financial performance.

8.1.6 We are exposed to unexpected disruptions in our business operations caused by factors such as machinery and equipment failures, accidents and natural disasters

We rely on our machinery and equipment for the manufacturing of corrugated paper packaging products. Please refer to Section 6.13 of this Prospectus for further details on the key machinery and equipment owned by our Group.

These machinery and equipment may, from time to time, be out of service because of unanticipated failures or damages occurring during operations. In the event of any prolonged non-operation of our machinery and equipment, our production schedule and product delivery schedule may be affected. The relationships with our customers and our reputation in the industry may also be affected. This, in turn may impact our business negatively and may have an adverse effect on our financial condition and results of operations.

Further, our factories and warehouses are also subject to the occurrence of natural disasters such as floods as well as other accidental and operational risks, such as outbreak of fire, explosion, power shortage, sabotage and civil commotion. All of these may cause downtime, losses and / or damage to our input materials, products, factories, warehouses and office. Accordingly, any interruption to our manufacturing activities may have an adverse impact to our business operations and consequently on our financial performance.

For the Financial Years Under Review and up to the LPD, we have not experienced any past incidents of unanticipated failures or damages of our machinery and equipment, accidents and natural disasters which led to major disruptions in our operations and financial performance. Nonetheless, there is no assurance that we can prevent the occurrence of such incidents or that such incidents will not cause any disruptions to our production and delivery schedule in the future.

8. RISK FACTORS (*Cont'd*)

8.1.7 We rely on our Managing Director, Executive Directors and Key Senior Management for our business continuity

We are dependent on the efforts, commitment and abilities of our Managing Director, Executive Directors and Key Senior Management who play significant roles in the continuing success of our Group from formulation and implementation of our strategies and plans, to the day-to-day operations of our business.

Most of our Key Senior Management have been with us for more than 10 years. They are crucial to our Group as they are involved in the operational processes or act as a supporting function to our Group's business. Their knowledge and experience in our business have materially contributed to the success of our Group. Our continued success and growth in the future will depend on our ability to retain our Key Senior Management.

We have implemented a succession plan to identify and develop individuals to assume key roles in our Group in the event they are vacated. However, there can be no assurance that suitable and timely replacements can be found. The loss of our Managing Director, Executive Directors and / or any Key Senior Management without suitable and timely replacements may materially and adversely affect our business operations, prospects and future financial performance.

8.1.8 Our business was and will continue to be susceptible to the outbreak of the COVID-19 pandemic and any further lockdowns would adversely affect our financial performance

The outbreak and spread of the COVID-19 pandemic or any contagious or virulent diseases had and will continue to affect our business operations. As part of the effort to reduce and control the spread of COVID-19 in the country, the Government implemented the MCO as one of the preventive measures. The MCO involved restrictions on the movement of people within Malaysia and internationally, and restrictions on business, economic, cultural and recreational activities. The different periods of MCO are summarised in Section 6.3.18.1 of this Prospectus.

Measures such as lockdowns or movement restrictions to contain the COVID-19 pandemic have impacted the retail business, including those relating to Consumer E&E. A reduction in retail activities for Consumer E&E products will affect the demand for our products and services and adversely affect our financial performance.

In 2020, as a result of the implementation of MCO by the Government, our business operations were temporarily suspended from 18 March 2020 to 18 April 2020. Due to the closure of our business operations, our financial performance during those periods was impacted. Our revenue declined from RM8.65 million in February 2020 to RM5.33 million in March 2020 and RM0.73 million in April 2020. Our revenue in the fourth quarter of FYE 30 June 2020 (i.e. April 2020 to June 2020) recorded a decline by 25.94% compared to the previous quarter.

Upon resumption of our business operations on 20 April 2020, we received increased orders from our customers which resulted in an increase in revenue. This was reflected in the improvement in our Group's revenue in the first quarter of FYE 30 June 2021 (i.e. July 2020 to September 2020) by 116.15% compared to the previous quarter. Please refer to Section 6.3.18.2(i) of this Prospectus for further details.

In 2021, although we were able to continue our business operations during the NRP Phase 1 period, our business operations were slightly affected as some of our major customers faced interruptions in their business operations due to COVID-19 cases at their facilities. As such, we received lower orders from some of these customers in July 2021 and August 2021. This impacted our financial performance where our Group's revenue declined by 12.31% in the first quarter of FYE 30 June 2022 (i.e. July 2021 to September 2021) compared to the previous quarter. Please refer to Section 6.3.18.2(ii) of this Prospectus for further details.

8. RISK FACTORS (*Cont'd*)

Our business operations were not materially interrupted in 2022. Nevertheless, in the event of any prolonged outbreak of the COVID-19 and / or any prolonged or extended preventive measures, this could adversely affect our business operations and in turn could have an impact on our financial performance for the FYE 30 June 2023. As at the LPD, save as disclosed in Section 6.3.18.3 of this Prospectus, none of our employees were infected with COVID-19.

Although the roll-out of vaccines has started in Malaysia and some foreign countries in December 2020, there is no assurance that the COVID-19 pandemic will not persist or that there will not be another resurgence of the COVID-19 or other contagious or virulent diseases. If adverse events materialise and persists for an extended time together with movement and business operation restrictions, our business operations and financial performance may be adversely affected.

8.1.9 We are subject to regulatory requirements for our business operations

Our business is subject to various laws, rules and regulations. Please refer to Section 6.3.15 of this Prospectus for the list of our major approvals, licences and permits.

Our major approvals, licences and permits are subject to compliance with relevant conditions (if any), laws and regulations under which they were issued. In the event of non-compliance, these licences, permits and approvals may be revoked or may not be renewed upon expiry. As at the LPD, save as disclosed in Section 6.3.15 of this Prospectus, our Group has complied with the conditions imposed on all our major approvals, licences and permits from various government authorities.

Further, the relevant government authority may take action by issuing warnings, imposing penalties, suspending the approvals, licences or permits, reducing the term, imposing additional conditions or restrictions and / or revoking the approvals, licences or permits against us for any breach or non-compliance.

In addition, we may be required to comply with further and / or stricter requirements if there are changes to applicable laws, regulations or policies in Malaysia. This may affect our business operations and financial performance if we are unable to comply with the new laws, regulations or policies.

Pursuant to Section 3(1) of the ICA, manufacturing companies with shareholders' funds of RM2.50 million and above or that employ 75 or more full-time paid employees are required to have a manufacturing licence. Section 3(2) of the ICA provides that failure to comply with Section 3(1) of the ICA is an offence and on conviction, the offender is liable to a fine not exceeding RM2,000.00 or to imprisonment not exceeding 6 months and a further fine not exceeding RM1,000.00 for every day during which such default continues. We had in the past, experienced non-compliance with Section 3(1) of the ICA, which has since been rectified. Please refer to Notes (a) and (f) in Section 6.3.15 of this Prospectus for further details.

Pursuant to Section 3(1) of the PPPA, no person shall keep for use or use a printing press unless he has been granted a licence under the PPPA. Section 3(4) of the PPPA provides that any person who keeps for use or uses a printing press without a valid licence shall be guilty of an offence and shall on conviction, be liable to imprisonment for a term not exceeding 3 years or to a fine not exceeding RM20,000.00 or to both and the deposit made pursuant to the PPPA shall be liable to be forfeited. We had in the past, experienced non-compliance with Section 3(1) of the PPPA, which has since been rectified. Please refer to Note (d) in Section 6.3.15 of this Prospectus for further details.

Pursuant to Section 70(11) of the SDBA, any person who makes any alteration to any building otherwise than is provided for in the SDBA or by-laws made thereunder or without the prior written permission from the local authority shall be liable on conviction to a fine not exceeding RM25,000 and a Magistrate's Court shall, on the application of the local authority, issue a mandatory order to alter the building in any way or to demolish it. We had in the past, experienced non-compliance with Section 70(11) of the SDBA, which has since been rectified. Please refer to Note (b) in Section 6.4.2 of this Prospectus for further details.

8. RISK FACTORS (*Cont'd*)

As at the LPD, we have not experienced any difficulty in renewing our licences, permits and approvals. However, there is no assurance that the relevant authorities will renew the same within the anticipated timeframe or at all, and without imposing any additional terms and conditions in the future, particularly when there are changes to any requirements, rules and regulations imposed by the relevant authorities.

8.1.10 We may not be able to effectively execute some of our business strategies and plans

Our business strategies and plans include expansion of business operations to Penang and establishment of Klang Factory 2. We also plan to purchase and install automated and robotic packing equipment as well as introduce new products such as honeycomb boards and 6-colour printed cartons. Additionally, we intend to set up a packaging design and innovation centre, as well as expand our target markets to serve customers in the solar PV and medical devices industry. Please refer to Section 6.15 of this Prospectus for further information on our business strategies and plans.

The implementation of these business strategies and plans involves capital expenditure as well as other operating expenses such as depreciation charges, machinery and equipment maintenance costs and staff costs. The feasibility and implementation of such business strategies and plans will also depend on, amongst others, favourable economic conditions and the timing of execution.

There is a risk that we may not be able to successfully implement our business strategies and plans in a timely manner nor can we provide assurance that our business strategies will be commercially successful or that we will be able to anticipate all the business and operational risks associated with our strategies.

Our financial performance will be adversely affected if we are not able to secure sufficient purchase orders from existing and / or new customers following the implementation of the above business strategies and plans due to the additional costs incurred. There can be no assurance that the demand for our corrugated paper packaging products and newly introduced honeycomb boards and 6-colour printed cartons will match our enlarged capacity on an immediate basis. Further, any postponement or delays due to the impact of the COVID-19 pandemic or failure in executing our business strategy effectively may adversely affect our expected financial performance.

As such, there is no assurance that the execution of our business strategies and future plans will be successful, nor will we be able to anticipate all the risks and uncertainties that may arise during the implementation of these business strategies and future plans, which may materially affect the business operations and financial performance of our Group.

8.1.11 We are subject to the risk of inadequate insurance coverage

We maintain insurance coverage for our material assets and business operations. Currently, the insurance policies taken up by us include machinery and equipment insurance and fire insurance for our buildings, stock and machinery and burglary insurance. All these insurance coverages are subject to exclusions and limitations of liability both in amount and with respect to the insured events.

However, our current insurance coverage may be inadequate to cover all losses, damages or liabilities. For instance, floods, fires, storms or other events may cause damage to our production facilities in excess of the insurance coverage and may lead to significant costs incurred in connection with remedial and repair work that must be borne by us. Further, we do not have insurance coverage for certain risks such as political risks, terrorism or war. If we suffer a loss or incur a liability arising from insufficiently insured risk or any uninsured risk, our business and operating results may be adversely affected. In addition, our insurance premiums may also increase due to the insurance claims made. In such circumstances, our financial results may be materially and adversely affected.

As at the LPD, we have not encountered any insurance claims which were inadequate to cover our losses, damages or liabilities.

8. RISK FACTORS (*Cont'd*)

8.2 RISKS RELATING TO OUR INDUSTRY

8.2.1 We are subject to the demand and performance of the user-industries

As a packaging provider, we are dependent on the demand and performance of the users of our packaging products. For the Financial Years Under Review, we are dependent on the operators in consumer durable products sector as our major source of revenue, as demonstrated by our revenue contribution from these types of customers. Our revenue contribution from consumer electronic product manufacturers and procurement centre accounted for 91.77% (RM96.98 million), 92.20% (RM79.20 million), 79.12% (RM101.15 million) and 73.43% (RM89.01 million) of our revenue for FYEs 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022 respectively.

As a provider of packaging products, our business is tied to that of our major customers' business and the industry they operate in. As we have no control over the prospects and success of our major customers' business, our financial performance may be adversely affected if they lose market share, experience financial difficulties or if they face economic downturn which affects the demand for their products.

For example, in FYE 30 June 2022, we experienced a decrease in orders from a major customer since March 2022 due to their request to halt certain Russian product models amidst the international sanctions placed on Russia in early 2022.

Any downturn in the performance of the consumer durables industry or any development in the political, economic and regulatory environment, such as sanctions, where our customers operate in or serve will have a negative impact on the demand for our packaging products. Any loss or reduction of orders from operators in this industry, if not replaced, may adversely affect our business operations and financial performance.

8.2.2 We are exposed to political, economic and regulatory risks

Any development in the political, economic and regulatory environment in Malaysia or in foreign countries where our customers serve could materially or adversely affect our business operations and financial performance. Such developments include, but are not limited to, changes in political leadership, changes in general economic and business conditions, fluctuations in foreign exchange rates and interest rates, acts of terrorism, riots, wars, sanctions, expropriation, nationalisation, fiscal and monetary policies of the Government such as inflation, deflation, methods of taxation, tax policies (including SST, excise, duties and tariffs), foreign worker levy and exchange control measures, unemployment trends, deterioration of international bilateral relationships, outbreak of diseases and other matters that influence consumer confidence and spending. Our Group could also be affected by new laws, regulations and guidelines that are introduced to govern printing activities whether in general or specific to the packaging industry.

Increasing volatility in financial markets may also cause these factors to change with a greater degree of frequency and magnitude. Unfavourable developments in the socio-political environment in Malaysia may materially and adversely affect our business operations, financial performance and prospects.

For instance, the implementation of the MCO in Malaysia as well as movement and business operation restrictions in other countries due to the COVID-19 pandemic have resulted in most economic activities in the affected countries coming to a halt or being disrupted. Prolonged disruption in economic activities will adversely impact businesses, employment and consumer purchasing power. As at the LPD, we have not experienced any cancellation of orders or any indication of cancellation of orders from our customers arising from the COVID-19 pandemic. However, there is no assurance that there will be no impact on the demand for our paper-based packaging due to the COVID-19 pandemic. Any material cancellation of orders or reduction in the demand for our paper-based packaging will adversely impact our financial performance.

8. RISK FACTORS (*Cont'd*)

8.2.3 We face competition within the packaging industry

We operate in a competitive industry and we expect to face competition from existing industry players and potential new market entrants, in terms of product quality, pricing, range of postpress offerings, ability to meet quality requirements, production capabilities, timely delivery and value-added services, amongst others. In addition, industry players are continuously seeking ways to differentiate from each other, often by improving technical capabilities and increasing production capacity through acquiring additional or new machineries.

The competition we face from existing industry players and potential new market entrants may impact our revenue and profitability as we are required to be more price competitive in order to secure purchase orders. Therefore, we are exposed to the risk that we may be unable to compete effectively against our existing or potential competitors, which will have material and adverse effects on our business operations and financial performance.

As of 17 November 2022, it was estimated that there are 29 ordinary members, which are similar to our Group as manufacturers of corrugated cartons, and 30 associate members registered with the Malaysian Corrugated Carton Manufacturers' Association (MACCMA), while there are approximately 762 members registered with the Malaysian Plastics Manufacturers Association (MPMA), where 111 of the members are involved in packaging activities. It should be noted that there are operators, such as our Group, who are not registered with MACCMA or MPMA. The associations are the platform for the members to attend industry events and conferences, providing the members with network opportunities, as well as having access to resources and information. (*Source: Industry Overview Report*)

For further details on our competitors, please refer to Section 7 of this Prospectus.

Although our Group has our strengths and advantages as a packaging provider, there is no assurance that we will be able to compete effectively against our peers. If we are unable to remain competitive, this may result in a reduction in our profit margins and / or reductions in orders or the loss of business from customers, all of which would adversely affect our financial performance.

8.3 RISKS RELATING TO OUR SHARES

8.3.1 There has been no prior market for our Shares

Prior to our Listing, there has been no public market for our Shares. Hence, there is no assurance that upon Listing, an active market for our Shares will develop, or, if developed, that such market can be sustained. The IPO Price was determined after taking into consideration several factors including but not limited to our business strategies and our financial and operating history.

There can be no assurance that the IPO Price will correspond to the price at which our Shares will trade on the ACE Market upon our Listing and the market price of our Shares will not decline below the IPO Price.

8.3.2 The trading price and volume of our Shares upon Listing may be volatile

The performance of Bursa Securities is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiment is also largely driven by internal factors such as economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our listed Shares.

In addition, the market price of our Shares may be highly volatile and could fluctuate significantly and rapidly in response to, among others, the following factors, some of which are beyond our control:

- (i) material variations in our financial results and operations;

8. RISK FACTORS (*Cont'd*)

- (ii) success or failure of our management in implementing future plans, and business and growth strategies;
- (iii) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- (iv) changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other related events or factors;
- (v) changes in market valuations and share prices of companies with similar businesses to our Group that may be listed on Bursa Securities;
- (vi) additions or departures of key personnel;
- (vii) fluctuations in stock market prices and volumes; or
- (viii) involvement in claims, litigation, arbitration or other form of dispute resolution.

8.3.3 Our Promoters will continue to hold a majority of our Shares after the IPO

Upon Listing, our Promoters will directly and indirectly hold approximately 66.69% of our enlarged issued share capital upon Listing. As a result, they will be able to effectively control the business direction and management of our Group. They may also be able to influence the outcome of certain matters requiring the vote of our shareholders, unless they are required to abstain from voting either by law and / or by the relevant guidelines or regulations.

8.3.4 There may be a potential delay to or failure of our Listing

The occurrence of any one or more of the following events may cause a delay in or cancellation of our Listing:

- (i) the MITI approved Bumiputera investors fail to acquire the Shares allocated to them under the Public Issue;
- (ii) our Sole Underwriter exercising its rights pursuant to the Underwriting Agreement to discharge itself from its obligations thereunder;
- (iii) the revocation of approvals from the relevant authorities for the Listing and / or admission for whatever reason; or
- (iv) our inability to meet the public shareholding spread requirement of the Listing Requirements, i.e. at least 25.00% of our issued share capital for which listing is sought must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the point of our Listing.

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 repay all monies paid in respect of the applications for our Public Issue 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% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA; or
- (ii) our Listing is aborted, investors will not receive any of our Public Issue Shares, all monies paid in respect of all applications for our Public Issue Shares will be refunded free of interest.

8. RISK FACTORS (*Cont'd*)

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 Public Issue 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; or
- (ii) our Listing is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders can 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:
 - (a) 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
 - (b) the sanction of our shareholders by special resolution in a general meeting supported by a solvency statement from our Directors.

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9. RELATED PARTY TRANSACTIONS

Pursuant to the Listing Requirements, subject to certain exemptions, a “related party transaction” is a transaction entered into by a listed issuer or its subsidiary, which involves the interest, direct or indirect, of a related party. A “related party” is defined as a director, major shareholder or person connected with such director or major shareholder (including a person who is or was a director or major shareholder within the preceding 6 months before the transaction was entered into). “Major shareholder” means a shareholder with a shareholding of 10% or more (or 5% or more where such person is the largest shareholder in the company) of all the voting shares in the company.

9.1 RELATED PARTY TRANSACTIONS

9.1.1 Material related party transactions entered into by our Group

Save as disclosed below and the Acquisitions as set out in Section 4.1.1 of this Prospectus, our Board has confirmed that there are no other material related party transactions that we had entered into with related parties in respect of the Financial Years Under Review and up to the LPD:

No.	Companies within our Group	Transacting parties	Nature of relationship	Nature of transaction	FYE 30 June				1 July 2022 up to LPD ^(a) (RM'000)
					2019 (RM'000)	2020 (RM'000)	2021 (RM'000)	2022 (RM'000)	
1.	DS Packaging	BL Kaizen	<ul style="list-style-type: none"> Lucille Teoh Soo Lien being the Promoter, substantial shareholder and Managing Director of DS Sigma, is also a director and shareholder of BL Kaizen. Beh Seng Lee being the Promoter, substantial shareholder and Executive Director of DS Sigma, is also a director and shareholder of BL Kaizen. 	Rental of premise located at No. 36, Jalan BP 5/6, Bandar Bukit Puchong, 47100 Puchong, Selangor ^(b)	60 (0.40% of our Group's PAT for FYE 30 June 2019)	60 (0.60% of our Group's PAT for FYE 30 June 2020)	60 (0.28% of our Group's PAT for FYE 30 June 2021)	72 (0.34% of our Group's PAT for FYE 30 June 2022)	30

9. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Companies within our Group	Transacting parties	Nature of relationship	Nature of transaction	FYE 30 June				1 July 2022 up to LPD ^(a) (RM'000)
					2019 (RM'000)	2020 (RM'000)	2021 (RM'000)	2022 (RM'000)	
2.	DS Packaging	Lucille Teoh Soo Lien and Beh Seng Lee	<ul style="list-style-type: none"> Lucille Teoh Soo Lien is the Promoter, substantial shareholder and Managing Director of DS Sigma, is also a director and shareholder of BL Kaizen. Beh Seng Lee is the Promoter, substantial shareholder and Executive Director of DS Sigma, is also a director and shareholder of BL Kaizen. 	Rental of premise located at No. 38, Jalan BP 5/6, Bandar Bukit Puchong, 47100 Puchong, Selangor ^(c)	-	-	-	72 (0.34% of our Group's PAT for FYE 30 June 2022)	30
3.	DS Packaging	Beh Seng Trading	<ul style="list-style-type: none"> Beh Peng Seng, being the sole proprietor of Beh Seng Trading, is a person connected with Beh Seng Lee, who is the Promoter, substantial shareholder and Executive Director of DS Sigma. 	Provision of transport services	96 (0.64% of our Group's PAT for FYE 30 June 2019)	63 (0.63% of our Group's PAT for FYE 30 June 2020)	86 (0.41% of our Group's PAT for FYE 30 June 2021)	86 (0.40% of our Group's PAT for FYE 30 June 2022)	26

9. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Companies within our Group	Transacting parties	Nature of relationship	Nature of transaction	FYE 30 June				1 July 2022 up to LPD ^(a) (RM'000)
					2019 (RM'000)	2020 (RM'000)	2021 (RM'000)	2022 (RM'000)	
4.	DS Manufacturing	Lucille Teoh Soo Lien and Beh Seng Lee	<ul style="list-style-type: none"> Lucille Teoh Soo Lien is the Promoter, substantial shareholder and Managing Director of DS Sigma, is also a director and shareholder of BL Kaizen. Beh Seng Lee is the Promoter, substantial shareholder and Executive Director of DS Sigma, is also a director and shareholder of BL Kaizen. 	Rental of No. 29 Klang Factory ^(d)	396 (2.65% of our Group's PAT for FYE 30 June 2019)	396 (3.99% of our Group's PAT for FYE 30 June 2020)	396 (1.88% of our Group's PAT for FYE 30 June 2021)	420 (1.96% of our Group's PAT for FYE 30 June 2022)	175
5.	DS Manufacturing	GSL Seng Enterprise	<ul style="list-style-type: none"> Loi Guak Seng, being the sole proprietor of GSL Seng Enterprise, is a person connected with Loi Guak Lian, who is a shareholder of DS Sigma, the director of DS Manufacturing and a Key Senior Management. 	Provision of transport services	316 (2.12% of our Group's PAT for FYE 30 June 2019)	20 (0.20% of our Group's PAT for FYE 30 June 2020)	-	-	-

9. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Companies within our Group	Transacting parties	Nature of relationship	Nature of transaction	FYE 30 June				1 July 2022 up to LPD ^(a) (RM'000)
					2019 (RM'000)	2020 (RM'000)	2021 (RM'000)	2022 (RM'000)	
6.	DS Manufacturing	Loi Guak Ket	<ul style="list-style-type: none"> Loi Guak Ket, is a person connected with Loi Guak Lian, who is a shareholder of DS Sigma, the director of DS Manufacturing and a Key Senior Management. 	Provision of transport services	-	-	3 (0.01% of our Group's PAT for FYE 30 June 2021)	*	-
7.	DS Manufacturing	NCM Global Resources (M) Sdn Bhd	<ul style="list-style-type: none"> Yong Chong Long, being the director and major shareholder of NCM Global Resources (M) Sdn Bhd, is a shareholder of DS Sigma and was a director of DS Manufacturing. Yong Chong Long has resigned as a director of DS Manufacturing on 27 May 2021. 	Purchase of stitching wire	135 (0.90% of our Group's PAT for FYE 30 June 2019)	87 (0.88% of our Group's PAT for FYE 30 June 2020)	102 (0.48% of our Group's PAT for FYE 30 June 2021)	114 (0.53% of our Group's PAT for FYE 30 June 2022)	10

9. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Companies within our Group	Transacting parties	Nature of relationship	Nature of transaction	FYE 30 June				1 July 2022 up to LPD ^(a) (RM'000)
					2019 (RM'000)	2020 (RM'000)	2021 (RM'000)	2022 (RM'000)	
8.	DS Manufacturing	NCM Transport Express	<ul style="list-style-type: none"> Yong Choong Kiat, being the sole proprietor of NCM Transport Express, is a person connected with Yong Chong Long, who is a shareholder of DS Sigma and was a director of DS Manufacturing. Yong Chong Long has resigned as a director of DS Manufacturing on 27 May 2021. 	Provision of transport services	390 (2.61% of our Group's PAT for FYE 30 June 2019)	357 (3.60% of our Group's PAT for FYE 30 June 2020)	498 (2.36% of our Group's PAT for FYE 30 June 2021)	444 (2.07% of our Group's PAT for FYE 30 June 2022)	89
9.	Kaisung	Lucille Teoh Soo Lien and Beh Seng Lee	<ul style="list-style-type: none"> Lucille Teoh Soo Lien is the Promoter, substantial shareholder and Managing Director of DS Sigma, is also a director and shareholder of BL Kaizen. Beh Seng Lee is the Promoter, substantial shareholder and Executive Director of DS Sigma, is also a director and shareholder of BL Kaizen. 	Rental of premise located at No. 38, Jalan BP 5/6, Bandar Bukit Puchong, 47100 Puchong, Selangor ^(c)	60 (0.40% of our Group's PAT for FYE 30 June 2019)	60 (0.60% of our Group's PAT for FYE 30 June 2020)	60 (0.28% of our Group's PAT for FYE 30 June 2021)	-	-

9. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Companies within our Group	Transacting parties	Nature of relationship	Nature of transaction	FYE 30 June				1 July 2022 up to LPD ^(a) (RM'000)
					2019 (RM'000)	2020 (RM'000)	2021 (RM'000)	2022 (RM'000)	
10.	Kaisung	Beh Seng Trading	<ul style="list-style-type: none"> Beh Peng Seng, being the sole proprietor of Beh Seng Trading, is a person connected with Beh Seng Lee, who is the Promoter, substantial shareholder and Executive Director of DS Sigma. 	Provision of transport services	92 (0.62% of our Group's PAT for FYE 30 June 2019)	91 (0.92% of our Group's PAT for FYE 30 June 2020)	126 (0.60% of our Group's PAT for FYE 30 June 2021)	101 (0.47 % of our Group's PAT for FYE 30 June 2022)	33

Notes:

* Negligible.

- (a) Percentage of contributions are not available as there are no audited financial statements for the period from 1 July 2022 up to the LPD.
- (b) DS Packaging had entered into tenancy agreements dated 1 July 2019 and 1 July 2020 with BL Kaizen for the rental of a terrace factory located at No. 36, Jalan BP 5/6, Bandar Bukit Puchong, 47100 Puchong, Selangor for a term of 1 year each, commencing on the date of the agreement, at a rate of RM5,000.00 per month, with an option to renew for a further term of 1 year subject to monthly rental to be negotiated and having regard to the prevailing market rate. On 1 July 2021, DS packaging and BL Kaizen entered into a new tenancy agreement for the premise. The tenancy has a tenure of 3 years at a rental rate of RM6,000.00 per month, with an option to renew for a further 3 years subject to monthly rental at the prevailing market rate at the time of renewal, as determined by an independent valuer and subject to the approval of DS Packaging's board of directors. DS Packaging shall give to the landlord notice in writing of its desire on the renewal of tenancy not later than 3 months prior to the expiration of the tenancy agreement.
- (c) DS Packaging had on 1 July 2021 entered into a tenancy agreement with Lucille Teoh Soo Lien and Beh Seng Lee for the rental of a terrace factory located at No. 38, Jalan BP 5/6, Bandar Bukit Puchong, 47100 Puchong, Selangor. The tenancy has a tenure of 3 years at a rental rate of RM6,000.00 per month, with an option to renew for a further 3 years subject to monthly rental at the prevailing market rate at the time of renewal, as determined by an independent valuer and subject to the approval of DS Packaging's board of directors. DS Packaging shall give to the landlord notice in writing of its desire on the renewal of tenancy not later than 3 months prior to the expiration of the tenancy agreement. Currently, Kaisung is renting a portion of this premise from DS Packaging.

9. RELATED PARTY TRANSACTIONS *(Cont'd)*

- (d) DS Manufacturing had on 1 March 2016 entered into a tenancy agreement with Lucille Teoh Soo Lien and Beh Seng Lee for the rental of No. 29 Klang Factory. The tenancy was for a period commencing on the date of the agreement up to 28 February 2019 at a rental rate of RM33,000.00 per month. The tenancy agreement was later extended via a letter dated 1 March 2019. On 1 July 2021, DS Manufacturing entered into a new tenancy agreement with Lucille Teoh Soo Lien and Beh Seng Lee for the premise. The tenancy has a tenure of 3 years at a rental rate of RM35,000.00 per month, with an option to renew for a further 3 years subject to monthly rental at the prevailing market rate at the time of renewal, as determined by an independent valuer and subject to the approval of DS Manufacturing's board of directors. DS Manufacturing shall give to the landlord notice in writing of its desire on the renewal of tenancy not later than 3 months prior to the expiration of the tenancy agreement. Currently, DS Packaging is renting a portion of this premise from DS Manufacturing.
- (e) Kaisung had entered into tenancy agreements dated 1 July 2019 and 1 July 2020 with Lucille Teoh Soo Lien and Beh Seng Lee for the rental of a terrace office located at No. 38, Jalan BP 5/6, Bandar Bukit Puchong, 47100 Puchong, Selangor for a term of 1 year each, commencing on the date of the agreement at a rate of RM5,000.00 per month, with an option to renew for a further term of 1 year subject to monthly rental to be negotiated and having regard to the prevailing market rate.

As at the LPD, there are no other RPTs entered into but not yet effected.

Our Board, having considered all aspects of the related party transactions, are of the opinion that all the above transactions were carried out on an arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the interest of our Group.

After the Listing, we will be required to seek our shareholders' approval each time we enter into material related party transactions 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. The interested person shall abstain from voting on resolutions pertaining to the respective transaction. Under the Listing Requirements, related party transactions may be aggregated to determine its materiality if the transactions occur within a 12-month period, are entered into with the same party or with parties related to one another or if the transactions involve the acquisition or disposal of securities or interests in one corporation / asset or of various parcels of land contiguous to each other.

Upon Listing, the Audit and Risk Management Committee will review the terms of any related party transactions and ensure that any related party transactions (including any recurrent related party transactions) are carried out on terms not more favourable to the related party than those generally available to the third parties dealing at arm's length basis with our Group and are not detrimental to the interest of our minority shareholders. Our Group will seek such relevant shareholders' approval where required. We will make disclosures in our annual report of the aggregate value of the recurrent related party transactions entered into by us based on the nature of the transactions made, names of the related parties involved and their relationship with our Group during the financial year and in the annual reports for the subsequent financial years.

9. RELATED PARTY TRANSACTIONS (Cont'd)

9.2 RELATED PARTY TRANSACTIONS THAT ARE UNUSUAL IN NATURE OR CONDITION

Our Board has confirmed that there are no transactions that were unusual in its nature or condition, involving goods, services, tangible or intangible assets, to which we were a party in respect of the Financial Years Under Review and up to the LPD.

9.3 OUTSTANDING LOANS AND / OR FINANCIAL ASSISTANCE MADE TO OR FOR THE BENEFIT OF THE RELATED PARTIES

Save as disclosed below, our Board has confirmed that there are no outstanding loans and / or financial assistance (including guarantees of any kind) made by our Group to or for the benefit of the related parties for the Financial Years Under Review and up to the LPD.

9.3.1 Outstanding loans

No.	Loans made to or for the benefit of related parties	Interested related party and nature of relationship	Nature of transaction and purpose	Outstanding amount				1 July 2022 up to the LPD RM'000
				FYE 30 June				
				2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	
1.	Advances made to DS Manufacturing by Lucille Teoh Soo Lien, Beh Seng Lee, Loi Guak Lian and Yong Chong Long	<p>Beh Seng Lee is our Promoter, substantial shareholder and Executive Director.</p> <p>Lucille Teoh Soo Lien is our Promoter, substantial shareholder and Managing Director.</p> <p>Loi Guak Lian is a shareholder of DS Sigma, a director of DS Manufacturing and a Key Senior Management.</p> <p>Yong Chong Long, who is a shareholder of DS Sigma, was a director and shareholder of DS Manufacturing prior to the Acquisitions.</p>	Advances for working capital	1,880	1,880	-	-	

9. RELATED PARTY TRANSACTIONS (*Cont'd*)

9.3.2 Financial assistance (including guarantees of any kind)

Personal Guarantees

(i) DS Packaging

Beh Seng Lee and Lucille Teoh Soo Lien have provided personal guarantees for banking and / or credit facilities extended by Public Bank Berhad (“PBB”) and BMW Credit (Malaysia) Sdn Bhd (“BMW Credit”) (collectively, “**Financiers of DS Packaging**”) to DS Packaging.

In conjunction with the Listing, we have applied to the Financiers of DS Packaging to obtain a release and / or discharge of the guarantees by substituting the same with a corporate guarantee from our Company in a form acceptable to the Financiers of DS Packaging. Until such release and / or discharge are obtained from the respective Financiers of DS Packaging, Beh Seng Lee and Lucille Teoh Soo Lien will continue to guarantee the facilities extended to DS Packaging. As at the LPD, we have received conditional approval from the Financiers of DS Packaging to discharge the personal guarantees for the credit and banking facilities subject to the completion of the Listing and the execution of a corporate guarantee by the Company.

(ii) DS Manufacturing

Beh Seng Lee and Lucille Teoh Soo Lien, Loi Guak Lian, director of DS Manufacturing and Yong Chong Long, a shareholder of DS Manufacturing prior to the Acquisitions, have provided personal guarantees for banking facilities extended by Hong Leong Bank Berhad (“HLBB”) to DS Manufacturing.

In conjunction with the Listing, we have applied to the HLBB to obtain a release and / or discharge of the guarantees by substituting the same with a corporate guarantee from our Company in a form acceptable to HLBB. Until such release and / or discharge are obtained from HLBB, Beh Seng Lee and Lucille Teoh Soo Lien, Loi Guak Lian and Yong Chong Long will continue to guarantee the banking facilities extended to DS Manufacturing.

As at the LPD, we have received conditional approval from HLBB to discharge the above guarantees, subject to the following conditions:

- (i) completion of the Listing;
- (ii) execution of corporate guarantees by our Company;
- (iii) confirmation from panel solicitor / company secretary of DS Sigma that there is no breach of Section 225 of the Act;
- (iv) obtaining consent from Syarikat Jaminan Pembiayaan Perniagaan Berhad; and
- (v) DS Manufacturing Vendors shall maintain as the largest direct or indirect shareholders in DS Sigma.

10. CONFLICT OF INTEREST

10.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS AND OUR SUPPLIERS

As at the LPD, none of our Directors and / or substantial shareholders has any interest, whether direct or indirect, in any businesses or corporations in which are carrying on a similar or related trade as that of our Group or which are our customers or suppliers of our Group.

10.2 DECLARATION BY ADVISERS ON CONFLICT OF INTEREST

10.2.1 Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent

PIVB, being our Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent, is a wholly-owned subsidiary of PBB. PIVB together with PBB and its other subsidiary companies (“**PBB 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.

PBB Group has engaged and may in the future, engage in transactions with and perform services for our Group and / or our affiliates, in addition to the roles set out in this Prospectus. In addition, in the ordinary course of business, any member of the PBB Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of our Group, our shareholders, our and / or their affiliates and / or any other entity or person, hold long or short positions in securities issued by our Company and / or our affiliates, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity services or senior loans of any member of our Group and / or our affiliates.

This is a result of the businesses of the PBB Group generally acting independently of each other, and accordingly, there may be situations where parts of PBB Group and / or its customers now have or in the future, may have interest or take actions that may conflict with the interest of our Group. Nonetheless, PBB Group is required to comply with applicable laws and regulations issued by the relevant authorities, which required, among others, segregation between dealing and advisory activities and Chinese Wall between different business divisions within the PBB Group.

As at the LPD, PBB, has in its ordinary course of business, granted credit facilities to DS Packaging of RM9.00 million. As at the LPD, the outstanding balance of the total credit facilities extended by PBB to DS Packaging is approximately RM5.08 million. Our Group is proposing to partly repay the borrowings owing to PBB using the proceeds raised from the Public Issue.

Notwithstanding the above, PIVB is of the view that the abovementioned does not give rise to an existing or potential conflict of interest situation in its capacity as Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent due to the following:

- (a) PBB is a licensed commercial bank and the extension of credit facilities to our Group arose in the ordinary course of business of PBB;
- (b) The conduct of PBB in its banking business is strictly regulated by among others, the Financial Services Act, 2013 as well as PBB’s own internal controls and checks;
- (c) the outstanding balance of the total credit facilities granted to DS Packaging by PBB, which represents less than 0.01% of the latest available audited net assets of PBB as at 31 December 2021 is considered immaterial;
- (d) PIVB’s role as the Principal Adviser for our IPO has been carried out professionally and objectively in accordance with the relevant terms of the due diligence planning memorandum. The due diligence processes and the verification exercises (which were participated by our Directors and Key Senior Management, our Reporting Accountants, our solicitors, PIVB and other relevant advisers) have been duly undertaken and performed in relation to the preparation of relevant documents relating to our IPO; and

10. CONFLICT OF INTEREST (*Cont'd*)

- (e) PIVB does not receive or derive any financial interest or benefit from our IPO other than the normal advisory and underwriting / placement fees charged.

10.2.2 Solicitors to our Company as to the laws of Malaysia

Jeff Leong, Poon & Wong has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Solicitors to our Group in relation to the Listing.

10.2.3 External Auditors and Reporting Accountants

GT has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the External Auditors and Reporting Accountants to our Group in relation to the Listing.

10.2.4 Independent Market Researcher

Vital Factor has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the IMR to our Group in relation to the Listing.

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11. FINANCIAL INFORMATION

11.1 HISTORICAL AUDITED COMBINED FINANCIAL INFORMATION

The historical audited combined financial information of our Group for the Financial Years Under Review presented in this section have been extracted from the Accountants' Report set out in Section 12 of this Prospectus, which deals with the audited combined financial statements of our Group for the Financial Years Under Review.

You should read the historical audited combined financial information below together with:

- Management's Discussion and Analysis of Financial Conditions and Results of Operations set out in Section 11.3 of this Prospectus; and
- Accountants' Report set out in Section 12 of this Prospectus.

The historical audited combined financial information included in this Prospectus does not reflect our Group's results of operations, financial position and cash flows in the future. Moreover, our Group's past operating results are not indicative of our Group's future operating performance.

(a) Historical audited combined statements of profit or loss and other comprehensive income of our Group

	Audited FYE 30 June			
	2019 (RM'000)	2020 (RM'000)	2021 (RM'000)	2022 (RM'000)
Revenue	105,682	85,891	127,858	121,218
Cost of sales	(73,285)	(61,648)	(85,508)	(78,213)
GP	32,397	24,243	42,350	43,005
Finance income	198	210	130	289
Other income	16	56	20	153
Selling and distribution expenses	(720)	(446)	(507)	(834)
Administrative expenses	(11,689)	(10,427)	(13,824)	(13,088)
Finance costs	(599)	(751)	(529)	(678)
PBT	19,603	12,885	27,640	28,847
Tax expense	(4,672)	(2,963)	(6,524)	(7,376)
PAT / Total comprehensive income for the financial year	14,931	9,922	21,116	21,471
PAT attributable to:				
Equity holders of the Group	14,977	9,699	20,320	21,005
Non-controlling interest	(46)	223	796	466
	14,931	9,922	21,116	21,471
GP margin ^(a) (%)	30.66	28.23	33.12	35.48
PBT margin ^(b) (%)	18.55	15.00	21.62	23.80
PAT margin ^(c) (%)	14.13	11.55	16.52	17.71
Effective tax rate ^(d) (%)	23.83	23.00	23.60	25.57
EBITDA ^(e) (RM'000)	21,776	15,113	29,802	31,720
Assumed number of Shares in issue ^(f) ('000)	480,000	480,000	480,000	480,000
Basic and diluted EPS ^(g) (sen)	3.12	2.02	4.23	4.38

11. FINANCIAL INFORMATION (Cont'd)

Notes:

- (a) GP margin is calculated based on GP divided by revenue.
- (b) PBT margin is calculated based on PBT divided by revenue.
- (c) PAT margin is calculated based on PAT divided by revenue.
- (d) Effective tax rate is calculated based on income tax expense divided by PBT.
- (e) EBITDA is calculated as follows:

	Audited FYE 30 June			
	2019 (RM'000)	2020 (RM'000)	2021 (RM'000)	2022 (RM'000)
PBT	19,603	12,885	27,640	28,847
<i>Add:</i>				
Finance costs	599	751	529	678
Depreciation of PPE	1,772	1,687	1,763	2,484
<i>Less:</i>				
Finance income	(198)	(210)	(130)	(289)
EBITDA	21,776	15,113	29,802	31,720

- (f) The assumed number of Shares in issue after our Public Issue.
- (g) Basic EPS is calculated based on PAT attributable to equity holders of the Group divided by the assumed number of Shares in issue. Diluted EPS are the same as basic EPS as there were no potential dilutive ordinary shares existing during the respective years.

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11. FINANCIAL INFORMATION (Cont'd)

(b) Historical audited combined statements of financial position of our Group

	Audited			
	As at 30 June			
	2019 (RM'000)	2020 (RM'000)	2021 (RM'000)	2022 (RM'000)
ASSETS				
Non-current assets				
PPE	23,519	22,345	21,205	25,557
Total non-current assets	23,519	22,345	21,205	25,557
Current assets				
Inventories	2,816	2,924	2,791	2,084
Trade receivables	10,145	12,006	18,524	18,759
Other receivables	310	294	936	2,073
Tax recoverable	85	148	-	-
Fixed deposits with a licensed bank	-	-	-	12,000
Cash and bank balances	11,609	9,814	9,805	19,021
Total current assets	24,965	25,186	32,056	53,937
TOTAL ASSETS	48,484	47,531	53,261	79,494
EQUITY AND LIABILITIES				
Equity				
Share capital	1,750	1,750	2,700	2,700
Retained earnings	17,851	20,451	23,771	44,776
	19,601	22,201	26,471	47,476
Non-controlling interests	379	602	2,348	2,814
TOTAL EQUITY	19,980	22,803	28,819	50,290
LIABILITIES				
Non-current liabilities				
Lease liabilities ^(a)	3,007	1,096	324	3,347
Borrowings	9,173	8,702	8,829	8,172
Deferred tax liabilities	478	644	833	1,327
Total non-current liabilities	12,658	10,442	9,986	12,846
Current liabilities				
Trade payables	5,677	7,262	7,855	8,544
Other payables ^(b)	4,973	3,555	1,637	3,825
Lease liabilities ^(a)	2,828	1,941	971	1,184
Borrowings	1,434	1,471	2,435	685
Tax payable	934	57	1,558	2,120
Total current liabilities	15,846	14,286	14,456	16,358
TOTAL LIABILITIES	28,504	24,728	24,442	29,204
TOTAL EQUITY AND LIABILITIES	48,484	47,531	53,261	79,494

11. FINANCIAL INFORMATION (Cont'd)

Notes:

- (a) Include hire purchase for machineries and motor vehicles.
- (b) Include non-trade payables, accruals, and sales tax payables. For the FYE 30 June 2019 and FYE 30 June 2020, it also includes amount due to Directors.

(c) Historical audited combined statements of cash flows of our Group

	Audited FYE 30 June			
	2019 (RM'000)	2020 (RM'000)	2021 (RM'000)	2022 (RM'000)
Operating activities				
PBT:	19,603	12,885	27,640	28,847
Adjustments for:				
Depreciation of PPE	1,771	1,687	1,763	2,484
Gain on disposal of PPE	(2)	-	-	(100)
PPE written off	-	-	14	20
Finance income	(198)	(210)	(130)	(289)
Finance cost	599	751	529	678
Operating profit before changes in working capital	21,773	15,113	29,816	31,640
<u>Changes in working capital:</u>				
Inventories	(258)	(108)	133	707
Receivables	3,599	(1,845)	(7,160)	(1,372)
Payables	(3,204)	167	574	2,877
Cash generated from operations	21,910	13,327	23,363	33,852
Interest received	198	210	130	289
Interest paid	(599)	(750)	(529)	(678)
Tax paid	(4,565)	(3,785)	(4,684)	(6,322)
Tax refunded	53	47	-	-
Net cash from operating activities	16,997	9,049	18,280	27,141
Investing activities				
Purchase of PPE	(7,469)	(489)	(437)	(1,996)
Proceeds from disposal of PPE	2	-	-	100
Placement of fixed deposits with maturity of more than 3 months	-	-	-	(5,000)
Net cash used in investing activities	(7,467)	(489)	(437)	(6,896)
Financing activities				
Dividends paid	(11,500)	(7,100)	(17,000)	-
Repayments of lease liabilities	(1,823)	(2,821)	(1,943)	(1,622)
Repayments of borrowings	(276)	(434)	(709)	(2,407)
Drawdown of borrowings	6,000	-	1,800	-
Proceeds from issuance of new shares	-	-	-	*
Net cash used in financing activities	(7,599)	(10,355)	(17,852)	(4,029)

11. FINANCIAL INFORMATION (Cont'd)

	Audited FYE 30 June			
	2019 (RM'000)	2020 (RM'000)	2021 (RM'000)	2022 (RM'000)
Cash and cash equivalents				
Net changes	1,931	(1,795)	(9)	16,216
At the beginning of financial year	9,678	11,609	9,814	9,805
At the end of financial year	11,609	9,814	9,805	26,021

Note:

* Negligible.

11.2 CAPITALISATION AND INDEBTEDNESS

The following table sets out our Group's capitalisation and indebtedness:

- (i) as at 31 October 2022, after taking into account the Acquisitions but before Public Issue and use of proceeds; and
- (ii) after adjusting for the proceeds arising from our Public Issue and use of proceeds from Public Issue.

	Unaudited as at 31 October 2022 (RM'000)	After Public Issue and use of proceeds (RM'000)
Capitalisation		
Share capital, representing total capitalisation	29,162	78,491
Total capitalisation	29,162	78,491
Indebtedness		
Current		
<u>Secured and guaranteed:</u>		
Term loans	706	706
Lease liabilities	421	421
<u>Secured but not guaranteed</u>		
Lease liabilities	719	719
	1,846	1,846
Non-current		
<u>Secured and guaranteed:</u>		
Term loans	7,877	1,877
Lease liabilities	1,009	1,009
<u>Secured but not guaranteed</u>		
Lease liabilities	2,057	2,057
	10,943	4,943
Total indebtedness	12,789	6,789
Total capitalisation and indebtedness	41,951	85,280

The contingent liabilities of our Group are set out in Section 11.3.14(ii) of this Prospectus.

11. FINANCIAL INFORMATION (Cont'd)

11.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

The following discussion and analysis should be read together with the Accountants' Report and related notes as set out in Section 12 of this Prospectus.

11.3.1 Overview of our business operations

We are a packaging products provider with in-house manufacturing of corrugated paper packaging products including cartons, protective packaging and paper pallets. We also supply non-paper based protective packaging products such as plastic, foam and rubber products.

We focus on providing packaging for industrial and consumer durable goods packaging. Our industrial packaging refers to packaging of parts and components for various stages of the manufacturing process. Some of these include metal, plastic, E&E parts and components. Meanwhile, our consumer durable goods packaging refers to the containment and protection of finished goods, such as television and microwave ovens, for handling, storage and transportation.

Our business involves the provision of total and partial packaging including sales of individual packaging items. In total packaging, we sell our packaging products as a complete set, which may comprise a combination of our in-house manufactured products such as corrugated cartons, protective packaging and paper pallets, as well as externally purchased non-paper based protective packaging materials. For partial packaging, part of the packaging materials is purchased by our customers separately to complement our packaging materials.

We also provide value-added services for some of our customers including provision of front-end value-added services such as design support and packaging optimisation, and assembly and packing services. Assembly and packing services are provided to customers based on their requirement, and the charges are built into our packaging product pricing.

Please refer to Section 6 of this Prospectus for further information about our business activities.

11.3.2 Segmental analysis by revenue

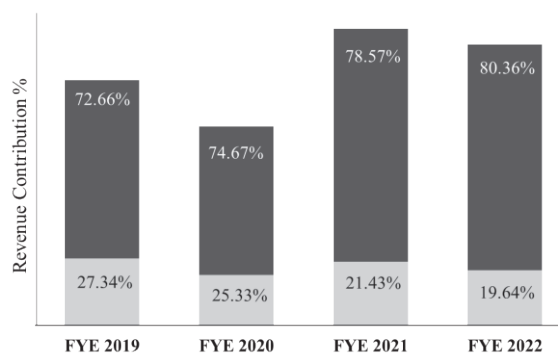
Our revenue stream is derived from two business segments:

- (i) Manufacture of corrugated paper packaging products; and
- (ii) Supply of protective packaging products.

Generally, our revenue from the sales of goods or services is recognised at the point when the control over the goods has been transferred to our customers upon their acceptance of the delivery of goods.

Between FYE 30 June 2019 and FYE 30 June 2022, our revenue increased at a CAGR of 4.68%, from RM105.68 million in FYE 30 June 2019 to RM121.22 million in FYE 30 June 2022. The growth was mainly contributed by our manufacturing operations.

Revenue by business activities



	FYE 30 June			
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Manufacture	76,786	64,135	100,455	97,410
Supply	28,896	21,756	27,403	23,808
Total revenue	105,682	85,891	127,858	121,218

11. FINANCIAL INFORMATION (Cont'd)

Our revenue in FYE 30 June 2020 decreased by 18.73% or RM19.79 million to RM85.89 million mainly due to the decrease in orders from major customers as a result of global consumer electronic competition which affected our customer's business. The decrease was also as partly due to the temporary suspension of our business operations between March 2020 and April 2020 as a result of the MCO.

Our revenue in FYE 30 June 2022 decreased by 5.19% or RM6.64 million to RM121.22 million mainly due to the decrease in orders from some of our major customers as they faced interruptions in their business operations during the NRP phase 1 period in July 2021 and August 2021.

Our manufacturing operations accounted for 72.66% (RM76.79 million), 74.67% (RM64.14 million), 78.57% (RM100.46 million) and 80.36% (RM97.41 million) of our total revenue for the FYEs 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022 respectively. This was mainly contributed by sales of cartons and protective packaging products.

Supply of protective packaging products accounted for 27.34% (RM28.90 million), 25.33% (RM21.76 million), 21.43% (RM27.40 million) and 19.64% (RM23.81 million) of our total revenue for the FYEs 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022 respectively. This was mainly contributed by sales of LDPE and HDPE bags, foams and laminated PE foam bags. Please refer to Section 11.3.2(i) of this Prospectus for the year-on-year analysis of revenue by business activities and products.

For the Financial Years Under Review, our revenue is derived from Malaysia and transacted in RM.

(i) Revenue by business activities and products

The table below sets out the breakdown of our total revenue by business activities and products:

	FYE 30 June							
	2019		2020		2021		2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Manufacture of corrugated paper packaging products	76,786	72.66	64,135	74.67	100,455	78.57	97,410	80.36
- <i>Cartons and protective packaging</i>	63,549	60.13	55,121	64.18	80,593	63.03	77,668	64.07
- <i>Paper pallets</i>	13,237	12.53	9,014	10.49	19,862	15.54	19,742	16.29
Supply of protective packaging products ^(a)	28,896	27.34	21,756	25.33	27,403	21.43	23,808	19.64
Group revenue	105,682	100.00	85,891	100.00	127,858	100.00	121,218	100.00

Note:

- (a) Includes plastic and foam bags which we converted from bulk plastic or foam sheets and accounted for less than 1.00% of our total revenue for each respective financial year.

(a) FYE 30 June 2020 compared to FYE 30 June 2019

Our revenue decreased by 18.73% or RM19.79 million from RM105.68 million in FYE 30 June 2019 to RM85.89 million in FYE 30 June 2020. This was mainly due to the decrease in orders from major customers as a result of global consumer electronic competition which affected our customers' business. In addition, the decrease in our Group's revenue was partly contributed by the temporary suspension of our business operations between March 2020 and April 2020 as a result of the MCO. Our revenue declined from RM8.65 million in February 2020 to RM5.33 million in March 2020 and RM0.73 million in April 2020.

11. FINANCIAL INFORMATION (*Cont'd*)

Manufacture of corrugated paper packaging products

Our revenue from the manufacture of corrugated paper packaging products decreased by 16.48% or RM12.65 million from RM76.79 million in FYE 30 June 2019 to RM64.14 million in FYE 30 June 2020. This was mainly attributed to the following factors:

- decrease in revenue from cartons and protective packaging products by 13.26% or RM8.43 million which was in line with the decrease in sales volume of these packaging products by 10.15%. This was mainly attributable to lower orders from our major customers, namely consumer electronic product procurement centre and manufacturers due to competition of consumer electronic products globally which affected our customers' business in FYE 30 June 2020.

In addition, the drop in orders was partly affected by the temporary suspension in our business operations between March 2020 and April 2020 as a result of the MCO.

The decrease in revenue was also partially due to a decrease in overall average sales per unit by 3.46% arising from a slight decrease in selling prices of some of our corrugated cartons and protective packaging.

- decrease in revenue from sales of paper pallets by 31.90% or RM4.22 million was mainly due to the decrease in sales volume by 18.98% and decrease in overall average sales per unit by 15.95% mainly arising from different product mix (pallet type and dimension of pallet deck) where higher sales of lower priced paper pallets were recorded. The decrease in sales volume of paper pallets was mainly contributed by lower orders from major customers and the temporary suspension of the Group's business operations between March 2020 and April 2020 as a result of the MCO. In FYE 30 June 2020, several customers bought more of the lower priced laminated board pallets and less of the thick board pallets.

Supply of protective packaging products

As a packaging products provider and to complement our in-house manufactured corrugated paper packaging products, we also source and supply a variety of protective packaging products which are non-paper based to meet our customers' needs.

Our revenue from the supply of protective packaging products decreased by 24.71% or RM7.14 million from RM28.90 million in FYE 30 June 2019 to RM21.76 million in FYE 30 June 2020. This was in line with the decrease in the sales volume of protective packaging products by 13.67%, mainly due to lower orders for HDPE bags, laminated PE foam bags, and foams from our major customers, namely consumer electronic product procurement centre and manufacturers. The decrease in sales volume of protective packaging products were mainly contributed by lower orders from major customers and the temporary suspension of our business operations between March 2020 and April 2020 as a result of the MCO.

Additionally, the decrease in revenue from the supply of protective packaging products was partially due to the decrease in the overall average sales per unit of protective packaging by 4.58% due to sale of different product mix of protective packaging where higher sales of lower priced product were recorded in FYE 30 June 2020.

11. FINANCIAL INFORMATION (*Cont'd*)

(b) FYE 30 June 2021 compared to FYE 30 June 2020

Our revenue increased by 48.86% or RM41.97 million, from RM85.89 million in FYE 30 June 2020 to RM127.86 million in FYE 30 June 2021. This was attributed to the following:

Manufacture of corrugated paper packaging products

Our revenue from the manufacture of corrugated paper packaging products increased by 56.63% or RM36.32 million, from RM64.14 million in FYE 30 June 2020 to RM100.46 million in FYE 30 June 2021. This was mainly attributed to the increase in revenue from the following products:

- increase in revenue from cartons and protective packaging by 46.21% or RM25.47 million, which was in line with the increase in sales volume of these respective packaging products by 28.51%. This was mainly attributed to the increase in orders from our major customers, namely consumer electronic product manufacturers and precision metal part manufacturer.

Furthermore, the increase in revenue was partly contributed by an increase in the overall average sales per unit of the corrugated cartons and protective packaging products by 13.77%. Due to the rising cost of corrugated boards as input materials at the end of year 2020, we increased our selling prices for corrugated cartons and protective packaging products between November 2020 and February 2021. In FYE 30 June 2021, our average purchase price of corrugated boards increased by 15.14% from RM2.51 per kg in FYE 30 June 2020 to RM2.89 per kg in FYE 30 June 2021. Correspondingly, we increased the selling prices of our corrugated cartons and protective packaging by an average of 10% to 15% between November 2020 and May 2021.

- increase in revenue from paper pallets by 120.35% or RM10.85 million, which was in line with the increase in sales volume of paper pallets by 89.56%. This was mainly attributed to the increase in orders from one of our major customers, namely a consumer electronic product manufacturer. The increase in revenue was also attributed to the increase in the overall average sales per unit of paper pallets by 16.24% attributed by the increase in selling price of our paper pallets by an average of 15% between November 2020 and May 2021. This was due to the rising cost of corrugated boards as input materials at the end of year 2020, as mentioned above.

Supply of protective packaging products

Revenue from the supply of protective packaging products also increased by 25.96% or RM5.65 million, from RM21.76 million in FYE 30 June 2020 to RM27.40 million in FYE 30 June 2021. This was mainly contributed by the increase in orders from some of our major customers, namely consumer electronic product manufacturers for the supply of non-paper based protective packaging products to complement our corrugated paper packaging.

This was in line with the increase in our sales volume of protective packaging products by 34.03%, mainly from an increase in orders for LDPE bags, HDPE bags, and foams. This was partially offset by the decrease in the overall average sales per unit of protective packaging by 1.88% due to different mix of products where higher sales of lower priced protective packaging products were recorded in FYE 30 June 2021.

11. FINANCIAL INFORMATION (*Cont'd*)

(c) FYE 30 June 2022 compared to FYE 30 June 2021

Our revenue decreased by 5.19% or RM6.64 million, from RM127.86 million in FYE 30 June 2021 to RM121.22 million in FYE 30 June 2022. This was mainly due to the decrease in orders from some of our major customers as they faced interruptions in their business operations during the NRP phase 1 period, coupled with the decrease in orders from a major customer that had to halt Russian product models amidst the international sanctions placed on Russia in early 2022.

Manufacture of corrugated paper packaging products

Our revenue from the manufacture of corrugated paper packaging products decreased by 3.03% or RM3.05 million, from RM100.46 million in FYE 30 June 2021 to RM97.41 million in FYE 30 June 2022. This was mainly attributed to the following factors:

- decrease in revenue from corrugated cartons and protective packaging products by 3.63% or RM2.93 million which was in line with the decrease in sales volume of these packaging products by 41.98% and offset by the increase in average sales per unit by 64.97%. The decrease in sales volume was mainly contributed by lower orders from our major customers, namely consumer electronic product manufacturers due to interruptions in their business operations during the NRP phase 1 period as well as request by a major customer that had to halt certain Russian product models amidst international sanctions placed on Russia in early 2022.

The increase in our average sales per unit of corrugated cartons and protective packaging was partly due to the increase in selling prices coupled with the sales of different product mix where there were higher sales of higher priced products. The increase in selling prices was to defray the increased cost of our input materials. Due to the rising cost of corrugated boards as input materials, in FYE 30 June 2022, we further increased our selling prices for corrugated cartons and protective packaging products. In FYE 30 June 2022, our average purchase price of corrugated boards increased by 17.65% from RM2.89 per kg in FYE 30 June 2021 to RM3.40 per kg in FYE 30 June 2022. Subsequently, we increased our selling prices for corrugated cartons and protective packaging to a major customer by 10% in January 2022 and two other major customers by 2.50% in March 2022.

- slight decrease in revenue from paper pallets by 0.60% or RM0.12 million mainly due to the decrease in sales volume by 24.40% and offset by the increase in overall average sales per unit by 33.14%. The decrease in sales volume was mainly contributed by lower orders from our major customers, namely consumer electronic product manufacturers due to interruptions in their business operations during the NRP phase 1 period as mentioned above. The overall increase in average sales per unit was mainly due to sales of different product mix (pallet type and dimension of pallet deck) where there were increased sales of higher priced paper pallets in FYE 30 June 2022 coupled with an increase in selling price for paper pallets by 2.5% to a major customer in March 2022.

11. FINANCIAL INFORMATION (Cont'd)**Supply of protective packaging products**

Our revenue from the supply of protective packaging products decreased by 13.12% or RM3.60 million from RM27.40 million in FYE 30 June 2021 to RM23.81 million in FYE 30 June 2022. This was in line with the decrease in sales volume by 27.69% mainly due to lower orders for laminated foam bags and HDPE antistatic bags from our major customers, namely consumer electronic product procurement centre and manufacturers. As mentioned above, the lower orders from our major customers were mainly due to interruptions in their business operations during the NRP phase 1 period as well as request by a major customer to halt certain Russian product models amidst international sanctions placed on Russia in early 2022. Additionally, the decrease in sales volume of protective packaging products was partially offset by the increase in the average sales per unit by 21.56% mainly due to sales of different product mix where there were increased sales of higher priced products.

11.3.3 Segmental analysis by cost of sales**(i) Cost of sales by compositions**

The table below sets out the breakdown of our cost of sales by compositions:

Cost of sales	FYE 30 June							
	2019		2020		2021		2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Materials and services costs	56,294	76.82	46,905	76.09	70,702	82.69	65,341	83.54
Labour costs	13,443	18.34	11,436	18.55	10,888	12.73	8,701	11.13
Other costs ^(a)	3,548	4.84	3,307	5.36	3,918	4.58	4,171	5.33
Total	73,285	100.00	61,648	100.00	85,508	100.00	78,213	100.00

Note:

- (a) Include mainly factory overheads such as depreciation costs, rental, transportation and handling, utility costs as well as upkeep and maintenance of factory, plant and machinery.

(ii) Cost of sales by business activities and products

The table below sets out the breakdown of our cost of sales by business activities and products:

Cost of sales	FYE 30 June							
	2019		2020		2021		2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Manufacture of corrugated paper packaging products	53,994	73.68	46,296	75.10	66,330	77.57	63,440	81.11
- Cartons and protective packaging	49,166	67.09	42,162	68.39	59,161	69.19	56,908	72.76
- Paper pallets	4,828	6.59	4,134	6.71	7,169	8.38	6,532	8.35
Supply of protective packaging products	19,291	26.32	15,352	24.90	19,178	22.43	14,773	18.89
Total	73,285	100.00	61,648	100.00	85,508	100.00	78,213	100.00

11. FINANCIAL INFORMATION (*Cont'd*)

(a) Materials and services costs

Materials and services costs constituted the largest component in our cost of sales which accounted for 76.82% (RM56.29 million), 76.09% (RM46.91 million), 82.69% (RM70.70 million) and 83.54% (RM65.34 million) of our total cost of sales for the FYE 30 June 2019, FYE 30 June 2020, FYE 30 June 2021 and FYE 30 June 2022 respectively.

This includes the following:

- cost of input materials mainly consist of corrugated boards, stitching wire, glue and ink as well as printing block and mould charges for the manufacturing of corrugated paper packaging products;
- cost of non-paper based protective packaging products which consist of plastic-based products such as plastic and bubble sheets and bags, air cushion bags, and stretch films, foam-based products such as sheets, bags and trays, expanded plastic products such as moulds, as well as rubber-based products such as rubber stoppers; and
- cost of subcontracted products and services where we subcontract some of the manufacturing of corrugated cartons and protective packaging to external manufacturers according to our specifications. Such subcontracted products and services include the subcontracting of complete paper packaging set (including paper cartons, protective packaging, and paper pallets) or paper cartons, protective packaging and paper pallets only, depending on the order. Generally, we would subcontract orders that are small in quantity and labour-intensive such as orders requiring small nesting and small die-cuts. In addition, we would use subcontractors whose manufacturing facilities are closer to our customers' delivery destinations such as in Malacca and Johor.

For the FYE 30 June 2020, our materials and services costs decreased by 16.68% or RM9.39 million which was in line with the decrease in our revenue by 18.73%, mainly as a result of lower customer orders for packaging products. For further information on the analysis of our revenue, please refer to Section 11.3.2(i)(a) of this Prospectus. The decrease in material costs was also partly contributed by the temporary suspension of business operations between March 2020 and April 2020 as a result of the MCO.

For the FYE 30 June 2021, our materials and services costs increased by 50.73% or RM23.80 million which was in tandem with the increase in our revenue by 48.86%, mainly due to increase in customer orders for our packaging products. For further information on the analysis of our revenue, please refer to Section 11.3.2(i)(b) of this Prospectus.

For the FYE 30 June 2022, our materials and services costs decreased by 7.58% or RM5.36 million which was in line with the decrease in our revenue by 5.19%, mainly as a result of lower customer orders for packaging products amidst the interruptions in our customers' business operations during the NRP phase 1 period as well as request by a customer to halt certain Russian product models amidst the international sanctions placed on Russia in early 2022. For further information on the analysis of our revenue, please refer to Section 11.3.2(i)(c) of this Prospectus.

11. FINANCIAL INFORMATION (Cont'd)**(b) Labour costs**

Our labour costs consist of direct labour, independent contractors and subcontracted labour costs. Direct labour costs comprise salaries, allowances, bonuses and other related staff costs for our full-time employees at our manufacturing operations. Independent contractor costs comprise payment to independent contractors for the provision of assembly and packing services. Subcontracted labour costs comprise salaries of contract workers hired to supplement our production floor workers mainly in FYE 30 June 2019.

The following is a breakdown of our labour costs:

Labour costs	FYE 30 June							
	2019		2020		2021		2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Direct labour costs	1,617	12.03	2,233	19.53	2,626	24.12	2,423	27.85
Independent contractor costs	11,148	82.93	9,171	80.19	8,262	75.88	6,278	72.15
Subcontracted labour costs	678	5.04	32	0.28	-	-	-	-
Total	13,443	100.00	11,436	100.00	10,888	100.00	8,701	100.00

For FYE 30 June 2020, labour costs decreased by 14.93% or RM2.01 million mainly due to the decrease in independent contractor costs by 17.73% or RM1.98 million. As part of our front-end value-added services, we provide design support and packaging optimisation to improve our customer's packaging including reducing the complexity of the assembly and packing of customer's products into the cartons. As such, during the FYE 30 June 2020, we required lesser independent contractors to carry out the assembly and packing services due to the lower complexity of work needed to be carried out. In addition, due to the lower complexity of work carried out, we lowered the rates per job paid to the independent contractors.

Additionally, in FYE 30 June 2020, subcontracted labour costs for our manufacturing operations also decreased by RM0.65 million as we managed to employ additional production floor workers during the financial year. This was offset by the increase in direct labour cost by 38.10% or RM0.62 million in FYE 30 June 2020 mainly due to the increased number of production floor workers from 45 workers in FYE 30 June 2019 to 92 workers in FYE 30 June 2020.

For the FYE 30 June 2021, labour costs decreased by 4.79% or RM0.55 million which was mainly due to the decrease in independent contractor costs by 9.91% or RM0.91 million. During the FYE 30 June 2021, we required lesser independent contractors to carry out assembly and packing services due to the lower complexity of work needed to be carried out. Additionally, we lowered the rates per job paid to the independent contractors due to the lower complexity of work carried out. The decrease in total labour costs was offset by the increase in direct labour cost by 17.60% or RM0.39 million in FYE 30 June 2021 due to the increase in overtime salaries paid to our production floor workers during the financial year.

For the FYE 30 June 2022, labour costs decreased by 20.09% or RM2.19 million which was mainly due to the decrease in independent contractor costs by 24.01% or RM1.98 million. During the FYE 30 June 2022, we utilised lesser independent contractors to carry out assembly and packing services due to lower orders from our major customers coupled with the lower complexity of assembly and packing works needed to be carried out. Additionally, the decrease in total labour costs was also attributed to the decrease in direct labour cost by 7.73% or RM0.20 million in FYE 30 June 2022 due to decrease in overtime salaries paid to the production floor workers as a result of lower orders during the financial year.

11. FINANCIAL INFORMATION (*Cont'd*)

(c) Other costs

Other costs mainly comprise factory overheads such as depreciation, rental, transportation and handling, utility costs as well as upkeep and maintenance of factory, plant and machinery.

For the FYE 30 June 2020, other costs decreased by 6.79% or RM0.24 million mainly due to the lower costs incurred on transportation and handling costs, as well as upkeep and maintenance of factory, plant and machinery caused by the temporary suspension of our business operations between March 2020 and April 2020.

For the FYE 30 June 2021, other costs increased by 18.48% or RM0.61 million and this was mainly due to the increase in transportation and handling costs which was in line with the growth of our business where our revenue increased by 48.86% compared to FYE 30 June 2020.

For the FYE 30 June 2022, other costs increased by 6.46% or RM0.25 million mainly due to the increase in depreciation and upkeep of plant and machinery as a result of the purchase of new machineries during the year. The increase in other costs was offset by the decrease in transportation and handling costs attributed by the decrease in customers' orders in FYE 30 June 2022.

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11. FINANCIAL INFORMATION (Cont'd)

11.3.4 Segmental analysis by GP and GP margin

(i) GP and GP margin by business activities and products

	FYE 30 June											
	2019			2020			2021			2022		
	GP RM'000	% of total GP	GP margin (%)	GP RM'000	% of total GP	GP margin (%)	GP RM'000	% of total GP	GP margin (%)	GP RM'000	% of total GP	GP margin (%)
GP and GP margin												
Manufacture of corrugated paper packaging products	22,792	70.35	29.68	17,839	73.58	27.81	34,125	80.58	33.97	33,970	78.99	34.87
- <i>Cartons and protective packaging</i>	14,383	44.40	22.63	12,959	53.45	23.51	21,432	50.61	26.59	20,760	48.27	26.73
- <i>Paper pallets</i>	8,409	25.95	63.53	4,880	20.13	54.14	12,693	29.97	63.91	13,210	30.72	66.91
Supply of protective packaging products	9,605	29.65	33.24	6,404	26.42	29.44	8,225	19.42	30.01	9,035	21.01	37.95
Total	32,397	100.00	30.66	24,243	100.00	28.23	42,350	100.00	33.12	43,005	100.00	35.48

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11. FINANCIAL INFORMATION (*Cont'd*)

(a) FYE 30 June 2020 compared to FYE 30 June 2019

Our total GP decreased by 25.17% or RM8.15 million to RM24.24 million in FYE 30 June 2020 and the GP margin also decreased from 30.66% in FYE 30 June 2019 to 28.23% in FYE 30 June 2020. This was mainly due to the following:

Manufacture of corrugated paper packaging products

Our GP for the manufacture of corrugated paper packaging products decreased by 21.73% or RM4.95 million and GP margin decreased from 29.68% in FYE 30 June 2019 to 27.81% in FYE 30 June 2020.

The decrease in GP was in line with the decrease in our revenue by 16.48% from our manufacturing segment which was contributed by the lower customer orders for our corrugated paper packaging as well as the temporary suspension of our business operations between March 2020 and April 2020 as a result of the MCO. For further information on the analysis of our revenue, please refer to Section 11.3.2(i)(a) of this Prospectus.

The decrease in GP margin was mainly contributed by the GP margin of our paper pallets which decreased from 63.53% in FYE 30 June 2019 to 54.14% in FYE 30 June 2020. This was mainly due to different product mix (pallet type and dimension of pallet deck) where higher sales of lower priced and margin paper pallets were recorded in FYE 30 June 2020. In FYE 30 June 2020, several customers purchased more of the lower priced laminated board pallets and less of the more expensive thick board pallets as the lower priced laminated board paper pallets are more cost effective as compared to the thick board pallets.

Supply of protective packaging products

Our GP for the supply of protective packaging products decreased by 33.33% or RM3.20 million and GP margin decreased from 33.24% in FYE 30 June 2019 to 29.44% in FYE 30 June 2020. The decrease in GP was in line with the decrease in revenue of 24.71% for this segment, mainly due to the decrease in orders from some of our major customers coupled with the temporary suspension of our business operations between March 2020 and April 2020 as a result of the MCO. For further information on the analysis of our revenue, please refer to Section 11.3.2(i)(a) of this Prospectus.

The decrease in GP margin of non-paper based protective packaging products was mainly due to sale of different product mix of protective packaging where there were lower sales of higher priced and margin product, namely HDPE antistatic plastic bags in FYE 30 June 2020.

(b) FYE 30 June 2021 compared to FYE 30 June 2020

Our total GP increased by 74.69% or RM18.11 million in FYE 30 June 2021 and the GP margin improved from 28.23% in FYE 30 June 2020 to 33.12% in FYE 30 June 2021. This was due to the following:

Manufacture of corrugated paper packaging products

Our GP for the manufacture of corrugated paper packaging products increased by 91.29% or RM16.29 million and the GP margin improved from 27.81% in FYE 30 June 2020 to 33.97% in FYE 30 June 2021.

The increase in GP was in tandem with the increase in revenue of 56.63% from the manufacture of corrugated paper packaging products mainly due to the increase in customer orders from some of our major customers as explained above.

11. FINANCIAL INFORMATION (*Cont'd*)

The improvement in GP margin for this segment in FYE 30 June 2021 was mainly contributed by higher volume of corrugated paper packaging products which resulted in a decrease in unit manufacturing cost arising from lower unit labour cost and other cost such as transportation charges, depreciation and rental. The decrease in unit labour cost was mainly due to the decrease in the independent contractor cost arising from the lower complexity of assembly and packing services.

The improvement in GP margin was also partly contributed by the increase in sales volume of higher margin products, namely paper pallets. In FYE 30 June 2021, our sales volume of paper pallets increased by 89.56% and this was partly contributed by increased orders for a higher margin product namely laminated board pallets with larger dimensions, additional layers and custom top deck with die-cut holes.

Supply of protective packaging products

Our GP for the supply of protective packaging products increased by 28.44% or RM1.82 million in the FYE 30 June 2021 which was in tandem with the increase in our revenue by 25.96%, mainly due to the increase in orders from some of our major customers. For further information on the analysis of our revenue, please refer to Section 11.3.2(i)(b) of this Prospectus.

GP margin for supply of protective packaging increase slightly from 29.44% in FYE 30 June 2020 to 30.01% in FYE 30 June 2021.

(c) FYE 30 June 2022 compared to FYE 30 June 2021

Our total GP increased by 1.55% or RM0.66 million to RM43.01 million in FYE 30 June 2022 while our GP margin improved from 33.12% in FYE 30 June 2021 to 35.48% in FYE 30 June 2022. This was mainly due to the following:

Manufacture of corrugated paper packaging products

GP from the manufacture of corrugated paper packaging products decreased by 0.45% or RM0.16 million while GP margin improved from 33.97% in FYE 30 June 2021 to 34.87% in FYE 30 June 2022.

The decrease in GP of this segment was mainly due to the decrease in GP for cartons and protective packaging by 3.14% or RM0.67 million arising from the decrease in revenue from corrugated cartons and protective packaging products by 3.63% amidst lower sales to our major customers, as mentioned above. This was partially offset by the increase in GP for paper pallets by 4.07% or RM0.52 million mainly due to sales of different product mix (pallet type and dimension of pallet deck) where there were increased sales of higher priced and margin paper pallets recorded in FYE 30 June 2022.

The improvement in GP margin for this segment was largely due to the improvement in GP margin for paper pallets from 63.91% in FYE 30 June 2021 to 66.91% in FYE 30 June 2022. This was mainly contributed by an increase in sales of higher margin paper pallets in FYE 30 June 2022. Additionally, the GP margin for cartons and protective packaging also improved slightly from 26.59% in FYE 30 June 2021 to 26.73% in FYE 30 June 2022. This was largely due to the lower cost incurred for independent contractor as the assembly and packing works were less complex in FYE 30 June 2022.

Supply of protective packaging products

The GP for the supply of protective packaging products increased by 9.85% or RM0.81 million and GP margin improved from 30.01% in FYE 30 June 2021 to 37.95% in FYE 30 June 2022. The increase in GP and GP margin was mainly due to the sales of different product mix with increased sales of higher margin protective packaging coupled with the decrease in independent contractor costs as the assembly and packing works were less complex in FYE 30 June 2022.

11. FINANCIAL INFORMATION (Cont'd)

11.3.5 Finance and other income

The table below presents the breakdown of our finance and other income:

Finance and other income	FYE 30 June							
	2019		2020		2021		2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Finance income	198	92.52	210	78.95	130	86.67	289	65.38
Other income ^(a)	16	7.48	56	21.05	20	13.33	153	34.62
Total	214	100.00	266	100.00	150	100.00	442	100.00

Note:

- (a) Includes mainly sales of scrap corrugated boards and one-off wage subsidy received from the Government. Generally, we would generate waste from our manufacturing operations, and this includes off-cuts and misprints. For those that are reusable, we would reuse them in the production of paper pallets and protective packaging, while for those that are unusable, it would be sold as scrap. In FYE 30 June 2022, it also included gain on disposal of PPE.

FYE 30 June 2020 compared to FYE 30 June 2019

For FYE 30 June 2020, our finance and other income increased by 24.30% or RM0.05 million. This was mainly due to the wage subsidy of RM48,000 which DS Manufacturing received from the Government as part of the economic stimulus package amidst the COVID-19 pandemic.

FYE 30 June 2021 compared to FYE 30 June 2020

For FYE 30 June 2021, our finance and other income decreased by 43.61% or RM0.12 million. This was mainly due to the decrease in finance income by RM0.08 million due to lower interest rates on our interest-yielding current account. Additionally, we received lower wage subsidy of RM7,200 which Kaisung received from the Government in FYE 30 June 2021.

FYE 30 June 2022 compared to FYE 30 June 2021

For FYE 30 June 2022, our finance and other income increased by 194.67% or RM0.29 million. This was mainly due to increase in finance income by RM0.16 million on our interest-yielding current account, as well as gain on disposal of 1 unit of flexographic printing machine of RM0.10 million.

11. FINANCIAL INFORMATION (Cont'd)**11.3.6 Selling and distribution expenses**

The table below presents the breakdown of our selling and distribution expenses:

Selling and distribution expenses	FYE 30 June							
	2019		2020		2021		2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Sales commission	551	76.53	330	73.99	423	83.43	735	88.13
Other costs ^(a)	169	23.47	116	26.01	84	16.57	99	11.87
Total	720	100.00	446	100.00	507	100.00	834	100.00

Note:

(a) Includes entertainment costs, petrol claim, toll and parking charges.

FYE 30 June 2020 compared to FYE 30 June 2019

For FYE 30 June 2020, our selling and distribution expenses decreased by 38.06% or RM0.27 million mainly due to the decrease in sales commission as a result of the decrease in sales during the financial year coupled with the resignation of a sales personnel in September 2019.

FYE 30 June 2021 compared to FYE 30 June 2020

For FYE 30 June 2021, our selling and distribution expenses increased by 13.68% or RM0.06 million. This was mainly due to the increase in sales commission in line with the increase in sales during the financial year.

FYE 30 June 2022 compared to FYE 30 June 2021

For FYE 30 June 2022, our selling and distribution expenses increased by 64.50% or RM0.33 million mainly due to the increase in sales commission by RM0.31 million. The lower sales commission expenses in FYE 30 June 2021 were mainly due to resignation of a sales personnel in September 2019, whereby his customer account was only taken over by the Sales Manager effective July 2021 and no commission was paid to any sales personnel in respect of the customer between September 2019 until June 2021.

11.3.7 Administrative expenses

The table below presents the breakdown of our administrative expenses:

Administrative expenses	FYE 30 June							
	2019		2020		2021		2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Directors' fee and remuneration	7,305	62.50	6,378	61.17	9,368	67.77	6,856	52.38
Staff related costs ^(a)	2,967	25.38	2,833	27.17	3,185	23.04	4,412	33.71
Depreciation expenses	678	5.80	559	5.36	606	4.38	683	5.22
Others ^(b)	739	6.32	657	6.30	665	4.81	1,137	8.69
Total	11,689	100.00	10,427	100.00	13,824	100.00	13,088	100.00

11. FINANCIAL INFORMATION (*Cont'd*)

Notes:

- (a) Includes staff salaries and allowances, overtime, bonuses, employee contributions and other related expenses.
- (b) Includes mainly rental expenses, upkeep of office, office equipment, and motor vehicles, insurance, printing and stationery, utilities, auditors' remuneration and bank charges. In FYE 30 June 2022, it included IPO related expenses.

FYE 30 June 2020 compared to FYE 30 June 2019

For FYE 30 June 2020, our administrative expenses decreased by 10.80% or RM1.26 million, which was mainly attributed to the following:

- decrease in directors' fee by RM0.93 million due to the weaker financial performance of our Group during the FYE 30 June 2020;
- decrease in staff related costs by RM0.13 million due to the decrease in staff bonuses; and
- decrease in depreciation expenses by RM0.12 million due to adjustment of depreciation rate in relation to Nilai Factory.

FYE 30 June 2021 compared to FYE 30 June 2020

For FYE 30 June 2021, our administrative expenses increased by 32.58% or RM3.40 million and this was mainly attributed to the following:

- increase in directors' fees by RM1.79 million due to better financial performance of our Group during the FYE 30 June 2021;
- increase in directors' remuneration by RM1.20 million due to adjustments of directors' remuneration package under Kaisung; and
- increase in staff related costs by RM0.35 million due to the increase in staff bonuses.

FYE 30 June 2022 compared to FYE 30 June 2021

For FYE 30 June 2022, our administrative expenses decreased by 5.32% or RM0.74 million and this was mainly attributed to the decrease in directors' fees and remuneration by RM2.51 million arising from the resignation of a director in April 2021 and offset by bonus payment to directors.

The decrease in administrative expenses was partially offset by the increase in the following expenses:

- increase in staff related costs by RM1.23 million mainly due to the hiring of new employees with higher salary package coupled with an increase in staff bonus;
- increase in other administrative expenses by RM0.47 million mainly due to the recognition of IPO related expenses of RM0.34 million in FYE 30 June 2022 as well as increase in professional fees such as auditors' remuneration, legal fees and secretarial fees, and increase in upkeep of office, office equipment, and motor vehicles; and
- increase in depreciation expenses by RM0.08 million mainly due to the recognition of depreciation of rights-of-use assets in FYE 30 June 2022 upon the commencement of 3-year leasing arrangement for rental of Puchong Facility.

11. FINANCIAL INFORMATION (Cont'd)**11.3.8 Finance costs**

The table below presents the breakdown of our finance costs:

	FYE 30 June							
	2019		2020		2021		2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Finance costs								
Interest expenses on:								
- Term loan	374	62.44	401	53.40	311	58.79	350	51.62
- Lease liabilities ^(a)	155	25.88	292	38.88	202	38.19	282	41.59
- Bankers' acceptances	70	11.68	58	7.72	16	3.02	46	6.79
Total	599	100.00	751	100.00	529	100.00	678	100.00

Note:

- (a) Pertains to interest on hire purchase. In FYE 30 June 2022, it also includes interest on lease liabilities.

FYE 30 June 2020 compared to FYE 30 June 2019

For FYE 30 June 2020, our finance costs increased by 25.38% or RM0.15 million. This was mainly due to the increase in interest expenses on finance lease liabilities from the purchase of additional machinery and equipment as at 30 June 2020 including 1 unit of automatic flatbed die-cutting machine and 1 unit of flexographic printing machine.

FYE 30 June 2021 compared to FYE 30 June 2020

For FYE 30 June 2021, our finance costs decreased by 29.56% or RM0.22 million. This was mainly due to the decrease in interest expenses on term loans and finance lease liabilities resulting from the repayment of these borrowings. In addition, our interest expenses on bankers' acceptances also decrease in FYE 30 June 2021 due to lower interest rates during the financial year.

FYE 30 June 2022 compared to FYE 30 June 2021

For FYE 30 June 2022, our finance costs increased by 28.17% or RM0.15 million. This was mainly due to the recognition of interest on lease liabilities of RM0.11 million. Additionally, our interest expenses on term loan increased by RM0.04 million due to the drawdown of RM1.00 million special relief fund loan from the bank in FYE 30 June 2022 for working capital purposes.

11. FINANCIAL INFORMATION (Cont'd)**11.3.9 PBT, taxation and PAT**

The table below presents our PBT, effective tax rate and PAT:

	FYE 30 June			
	2019	2020	2021	2022
PBT (RM'000)	19,603	12,885	27,640	28,847
PBT margin (%)	18.55	15.00	21.62	23.80
Tax expense (RM'000)	4,672	2,963	6,524	7,376
Effective tax rate (%)	23.83	23.00	23.60	25.57
Statutory tax rate (%)	24.00 ^(a)	24.00 ^(b)	24.00 ^(c)	24.00 ^(d)
PAT (RM'000)	14,931	9,922	21,116	21,471
PAT margin (%)	14.13	11.55	16.52	17.71

Notes:

- (a) Our Subsidiaries were subjected to tax at the statutory tax rate of 17.00% on the first RM500,000 of chargeable income. The statutory tax rate of 24.00% was applicable on chargeable income of our Subsidiaries in excess of RM500,000.
- (b) DS Manufacturing and Kaisung were subjected to tax at the statutory tax rate of 17.00% on the first RM600,000 of chargeable income. The statutory tax rate of 24.00% was applicable on chargeable income of DS Manufacturing and Kaisung that was in excess of RM600,000. As for DS Packaging, it was subjected to tax at the statutory tax rate of 24.00% on chargeable income.
- (c) Kaisung was subjected to tax at the statutory tax rate of 17.00% on the first RM600,000 of chargeable income. The statutory tax rate of 24.00% was applicable on chargeable income of Kaisung that was in excess of RM600,000. DS Packaging was subjected to tax at the statutory tax rate of 24.00% while DS Manufacturing is subjected or expected to be subjected to tax at the statutory tax rate of 24.00%. The tax return of DS Manufacturing for year of assessment 2021 and 2022 are yet to be filed due to the change of its financial year end from 31 December to 30 June and the deadline to file the income tax returns has been extended to 28 February 2023. As such, the tax rate can only be confirmed when the tax return is filed.
- (d) Based on provisional tax computation, Kaisung is expected to be subjected to tax at the statutory tax rate of 17% on the first RM600,000 of chargeable income. The statutory tax rate of 24.00% was applicable on chargeable income of Kaisung that was in excess of RM600,000. DS Packaging and DS Manufacturing are expected to be subjected to tax at the statutory tax rate of 24.00%.

FYE 30 June 2020 compared to FYE 30 June 2019

Our PBT decreased by 34.27% or RM6.72 million in FYE 30 June 2020, which was in line with the decrease in our revenue and GP for the FYE 30 June 2020. This was mainly contributed by the decrease in customer orders and our business was also affected by the temporary suspension in our business operations between March 2020 and April 2020. For further information on the analysis of our revenue, please refer to Section 11.3.2(i)(a) of this Prospectus.

Our PBT margin decreased from 18.55% in FYE 30 June 2019 to 15.00% in FYE 30 June 2020 which was in line with the decline in GP margin from 30.66% in FYE 30 June 2019 to 28.23% in FYE 30 June 2020. This was mainly due to sale of different product mix where there were higher sales of lower priced and margin products in FYE 30 June 2020.

For the FYE 30 June 2020, our tax expenses were RM2.96 million which was lower compared to the previous financial years as a result of the overall decline in our revenue and PBT.

11. FINANCIAL INFORMATION (*Cont'd*)

For the FYE 30 June 2019, our effective tax rate of 23.83% approximates the statutory tax rate of 24.00%. As for the FYE 30 June 2020, our effective tax rate of 23.00% was lower than the statutory tax rate of 24.00%. This was mainly due to the tax deductions for capital allowance on new machinery purchased during the financial year.

Our PAT had also decreased by 33.55% or RM5.01 million to RM9.92 million in FYE 30 June 2020 following from the decrease in PBT. Similarly, the PAT margin had also reduced from a PAT margin of 14.13% in FYE 30 June 2019 to 11.55% in FYE 30 June 2020.

FYE 30 June 2021 compared to FYE 30 June 2020

Our PBT increased by 114.51% or RM14.76 million in FYE 30 June 2021 which was in tandem with the growth in our revenue and GP by 48.86% and 74.69% respectively for the corresponding period. The growth was due to the increase in customer orders. For further information on the analysis of our revenue, please refer to Section 11.3.2(i)(b) of this Prospectus.

Our PBT margin improved from 15.00% in FYE 30 June 2020 to 21.62% in FYE 30 June 2021 which was mainly due to the improvement in GP margin from the production of paper pallets as well as cartons and protective packaging. This was mainly due to the higher volume of corrugated paper packaging products which resulted in a decrease in unit manufacturing cost arising from lower unit labour cost and other cost such as transportation charges, depreciation and rental.

For the FYE 30 June 2021, our tax expenses were RM6.52 million, which was higher compared to the previous financial years as a result of overall growth in our revenue and PBT.

For FYE 30 June 2021, we recorded an effective tax rate of 23.60% which approximates the statutory tax rate of 24.00%.

Our PAT had also improved by 112.82% or RM11.20 million to RM21.12 million in FYE 30 June 2021 following from the improvement in PBT. Similarly, the PAT margin had also improved from a PAT margin of 11.55% in FYE 30 June 2020 to 16.52% in FYE 30 June 2021.

FYE 30 June 2022 compared to FYE 30 June 2021

Our PBT increased by 4.37% or RM1.21 million to RM28.85 million in FYE 30 June 2022. This was mainly due to the growth in our GP by 1.55% or RM0.66 million coupled with the decrease in administrative expenses by 5.32% or RM0.74 million. The growth in GP was mainly due to sales of different product mix where there were increased sales of higher GP packaging products in FYE 30 June 2022 coupled with the decrease in labour cost attributed from the lower independent contractor costs, as mentioned above. The decrease in administrative expenses was mainly due to the decrease in directors' fee and remuneration arising from the resignation of a director in April 2021. For further information on the analysis of our GP and administrative expenses, please refer to Section 11.3.4(i)(c) and Section 11.3.7 of this Prospectus.

Our PBT margin improved from 21.62% in FYE 30 June 2021 to 23.80% in FYE 30 June 2022 which was mainly due to the improvement in GP margin from the higher sales of higher margin packaging products in FYE 30 June 2022.

For the FYE 30 June 2022, the tax expense was RM7.38 million, which was higher compared to the previous financial years as a result of the growth in our PBT.

For the FYE 30 June 2022, we recorded an effective tax rate of 25.57% which is slightly higher than the statutory tax rate of 24.00%. This was mainly due to the increase in tax effect in respect of non-allowable expenses and under provision of deferred and current tax in prior years.

Our PAT improved slightly by 1.68% or RM0.36 million to RM21.47 million in FYE 30 June 2022 following the improvement of PBT. Similarly, the PAT margin also improved from 16.52% in FYE 30 June 2021 to 17.71% in FYE 30 June 2022.

11. FINANCIAL INFORMATION (*Cont'd*)

11.3.10 Significant factors materially affecting our operations and financial results

Significant factors affecting our business include, but not limited to, the following:

(i) Customers' demand for our packaging products

Our business performance is dependent on the customers' demand for packaging products which is based on purchase orders. As such, any reduction in our customers' purchase orders may adversely affect our business, financial condition, and results of operations. This is supported by the variation in our revenue for the Financial Years Under Review where we experienced a decrease of 18.73% in our revenue for the FYE 30 June 2020 due to lower orders from our customers and the adverse impact from the containment measures as a result of COVID-19 pandemic while we experienced an increase of 48.86% in revenue for the FYE 30 June 2021 due to higher orders from our customers. In FYE 30 June 2022, we recorded a decrease of 5.19% in our revenue due to lower orders from some of our major customers as these customers faced interruptions in business operations during NRP phase 1, coupled with the decrease in orders from a major customer due to request to halt Russian product models amidst the international sanctions placed on Russia in early 2022. Please refer to Section 11.3.2 for year-on-year analysis for our revenue.

(ii) Reliance on a concentrated group of customers and our ability to retain our major customers

We are reliant on a concentrated group of major customers namely SSCSM, Samsung Electronics, SOEM, PAACM and PAVC, which collectively accounted for 91.33%, 91.85%, 78.97% and 73.32% of our total revenue for the FYEs 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022 respectively. As the purchase orders are typically issued by our customers at their discretion, there can be no assurance that purchase orders will be issued at all times. Any significant reduction in the purchase orders from these customers or the loss of any of our major customers, if not replaced in a timely manner, would materially and adversely affect our financial performance.

Nevertheless, we have established a strong relationship with our major customers over the years, spanning from 9 years to 20 years with a proven track record of meeting their requirements and timely delivery throughout the years. We have managed and will continuously strive to meet our customers' expectations by paying close attention to their feedback and working together to meet their requirements with the aim of continuously improving the quality of our products and services. We believe our established track record provides us with the platform to continue to address growth and opportunities within the packaging industry.

For example, in FYE 30 June 2022, we experienced a decrease in orders from a major customer since March 2022 due to their request to halt certain Russian product models amidst the international sanctions placed on Russia in early 2022. However, due to our strong and long-term relationship with the said major customer coupled with our proven track record, we were able to secure other product models from the said customer since June 2022.

Please refer to Section 8.1.1 of this Prospectus for further details on the risk pertaining to dependency on our major customers.

11. FINANCIAL INFORMATION (Cont'd)

(iii) Dependency on independent contractors for our assembly and packing services

Our Group is dependent on independent contractors to carry out the assembly and packing services at our customers' or their vendors' premises. These independent contractors assemble the die-cut cartons, insert the customer's products into plastic or foam bags and place them into the cartons along with other protective packaging products such as nestings and layer pads. These independent contractors are engaged as and when needed. For the Financial Years Under Review, our Group's cost of engaging independent contractors amounted to RM11.15 million, RM9.17 million, RM8.26 million and RM 6.28 million representing 15.21%, 14.88%, 9.66% and 8.03% of our total cost of sales for the FYEs 30 June 2019, 30 June 2020 and 30 June 2021, and 30 June 2022 respectively.

As at the LPD, we have not encountered any major disruption to our operations due to shortage of independent contractors. However, there is no assurance that we will be able to recruit an adequate number of independent contractors for our operations. If we are unable to hire sufficient independent contractors, it would result in disruption to our operations which in turn will affect our financial performance.

Please refer to Section 8.1.5 of this Prospectus for further details on the risk pertaining to dependency on independent contractors.

(iv) Fluctuations in material prices

Corrugated board is the main material used in the production of our corrugated paper packaging products including cartons, protective packaging products and paper pallets. As wood pulp is one of the raw materials required to produce all types of paper products including corrugated boards, fluctuations in the prices of wood pulp would have an impact on the overall cost of corrugated board. Commonly, recycled paper is also used in combination with wood pulp to reduce the overall cost of paper. The fluctuation of the price of wood pulp is based on external factors such as, but not limited to global demand and supply, sanctions, changes in trade policies such as China banning the import of waste paper since 2017, global shortage of sea freight containers and increasing sea freight rates.

According to the Industry Overview Report, the prices of wood pulp and corrugated boards have been fluctuating since 2017. Between February 2017 and September 2018, wood pulp prices increased by 32.2% mainly due to China's ban on the import of unsorted waste paper, which resulted in a surge in demand for its alternative, including wood pulp. Subsequently, between December 2018 and November 2019, wood pulp prices declined by 38.2% mainly due to increased mill capacity leading to oversupply, coupled with weakening wood pulp demand. Prices of wood pulp and corrugated board were relatively stable in 2020. Between January 2021 and December 2021, wood pulp prices grew rapidly by 48.0% and further increased by 24.7% between January 2022 and September 2022. This was mainly due to the increasing demand which was supported by the surge in e-commerce, as well as an increase in wood pulp demand from China due to its banning of import of solid waste including old corrugated cartons since January 2021. Additionally, the supply of wood pulp was affected by the disruption on the supply chain due to the global shortage of sea freight containers, increasing sea freight rates, port congestions, rising energy rates, the large-scale strike action in a paper mill in Finland from early January to end April 2022, as well as the Russia-Ukraine conflict.

11. FINANCIAL INFORMATION (*Cont'd*)

We are usually able to pass on the increases in the cost of input materials to produce our corrugated paper packaging products to our customers. For the Financial Years Under Review, we have experienced an increase in the price of corrugated board. In FYE 30 June 2021, our average purchase price of corrugated boards increased by 15.14% from RM2.51 per kg in FYE 30 June 2020 to RM2.89 per kg in FYE 30 June 2021. Correspondingly, we increased the selling prices for our corrugated cartons and protective packaging by an average of 10% to 15%, and our paper pallets by an average of 15% between November 2020 and May 2021. Similarly, in FYE 30 June 2022, our average purchase price of corrugated boards increased by 17.65% from RM2.89 per kg in FYE 30 June 2021 to RM3.40 per kg in FYE 30 June 2022. Correspondingly, we increased the selling prices for our corrugated cartons and protective packaging, and paper pallets between 2.5% and 10% for different customers and products in January 2022 and March 2022.

We currently adopt a quarterly pricing strategy where we review the prices of our corrugated paper packaging products every quarter to take into consideration the effects of the changes in the price of corrugated boards. Nevertheless, there is no assurance that we can pass on any future increases in the cost resulting from changes in the price of corrugated board to our customers. In the event we are unable to pass on any of the cost increases to our customers or if we are unable to do so in a timely manner where we have to absorb the increases in the cost of input materials, this would adversely affect our profitability and financial performance.

Please refer to Section 8.1.3 of this Prospectus for further details on the risk pertaining to price fluctuations of paper products.

(v) **Impact of the COVID-19 pandemic**

The prolonged outbreak and spread of the COVID-19 pandemic had and will continue to affect our business operations. In association with the COVID-19 pandemic, there were various containment measures implemented such as lockdowns, movement restrictions and temporary suspension of our business operations as well as our customers' operations. The interruptions in our operations as well as our customers' operations will also affect the demand for our products and subsequently affect our financial performance. This was demonstrated by the fact that our revenue performance for the FYE 30 June 2020 and FYE 30 June 2022 was partially affected by the temporary suspension of our business operations between March 2020 and April 2020 as a result of the MCO, as well as interruptions to our customer's operations during NRP Phase 1 in July 2021 and August 2021 as explained in Section 6.3.18 of this Prospectus under interruptions to our business and operations. Furthermore, if any of our employees are infected, we may be required to temporarily shut down our operations to contain the spread and this would adversely affect our manufacturing operations and result in delays in our delivery schedules, which would subsequently affect our financial performance.

Please refer to Section 6.3.18 of this Prospectus for further details on the impact of the COVID-19 pandemic.

(vi) **Impact on interest rate fluctuations**

As at 30 June 2022, our total borrowings were RM10.80 million (excluding lease liabilities arising from right-of-use assets of RM2.59 million), of which all were interest bearing, and was based on floating and fixed interest rates. Our finance costs increased from RM0.60 million for the FYE 30 June 2019 to RM0.75 million for the FYE 30 June 2020 and subsequently decreased to RM0.53 million for the FYE 30 June 2021. In FYE 30 June 2022, our finance costs increased to RM0.68 million. In this respect, any increase in interest rates may negatively impact our financial performance. Our finance costs mainly comprises interest charges on banking facilities including term loans, finance lease liabilities, and bankers' acceptance, that are granted by bank and financial institutions.

11. FINANCIAL INFORMATION (*Cont'd*)

With the exception of finance lease liabilities, all our borrowings were based on prevailing bank's base lending rate or base financing rate plus / minus a margin agreed with banking institutions when respective loans and financing were granted. Meanwhile, our finance lease liabilities were charged based on fixed rates.

In this respect, we face financial risks relating to the increase in interest rates that may impact our financial performance including profitability and margins. For the Financial Years Under Review and up to the LPD, we have not defaulted on any payments of either principal sums and / or interests in relation to our borrowings.

(vii) Impact of inflation

Our financial performances for the Financial Years Under Review were not materially affected by the impact of inflation. However, we believe that we would not be able to pass on all future increases in costs of materials and services of our operations to our customers. Accordingly, there can be no assurance that future inflation would not have an impact on our business and financial performance.

(viii) Government / economic / fiscal / monetary policies

Our business is subject to risks relating to government, economic, fiscal or monetary policies in Malaysia. Any unfavourable changes in such government policies, economic conditions, or fiscal or monetary policies may materially affect our operations in Malaysia. Please refer to Section 8.2.2 of this Prospectus for further details on political, economic and regulatory risks.

11.3.11 Liquidity and capital resources

(i) Working capital

Our business has been financed by both internal and external sources of funds. Our internal sources of funds comprise cash generated from our business operations and shareholders' equity, while our external sources were mainly credit facilities from financial institutions. These funds were used for our business operations and growth.

As at 30 June 2022, our cash and bank balances amounted to RM19.02 million and our total borrowings were RM10.80 million (excluding lease liabilities arising from right-of-use assets of RM2.59 million). As at 30 June 2022, our gearing ratio is 0.21 times and current ratio is 3.30 times. As at the LPD, we have banking facilities namely trade facilities of RM4.80 million which have not been utilised.

Based on the Pro Forma Combined Statements of Financial Position of our Group as at 30 June 2022 (after Acquisitions but before Public Issue), our NA stood at RM50.29 million and our gearing ratio is 0.27 times. Our NA position and gearing ratio after Acquisitions and Public Issue (and utilisation of proceeds) are RM96.04 million and 0.08 times, respectively.

Pursuant to the above and taking into consideration of our funding requirements for our committed capital expenditure, expected cash flow to be generated from our operations and the impact of the COVID-19 pandemic on our business, the amount that is available under our existing banking facilities, as well as proceeds to be raised from the Public Issue, our Board believes that we have adequate working capital to meet our present and foreseeable requirements for a period of 12 months from the date of this Prospectus.

11. FINANCIAL INFORMATION (Cont'd)**(ii) Cash flows**

The following is the summary of our combined statements of cash flows for the Financial Years Under Review. This should be read in conjunction with the Accountants' Report as set out in Section 12 of this Prospectus.

	FYE 30 June			
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
Net cash from operating activities	16,997	9,049	18,280	27,141
Net cash used in investing activities	(7,467)	(489)	(437)	(6,896)
Net cash used in financing activities	(7,599)	(10,355)	(17,852)	(4,029)
Net increase / (decrease) in cash and cash equivalents	1,931	(1,795)	(9)	16,216
Cash and cash equivalents at the beginning	9,678	11,609	9,814	9,805
Cash and cash equivalents at the end ^(a)	11,609	9,814	9,805	26,021

Note:

(a) The components of our cash and cash equivalents are set out as below:

	FYE 30 June			
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with a licensed bank	-	-	-	12,000
Cash and bank balances	11,609	9,814	9,805	19,021
	11,609	9,814	9,805	31,021
<i>Less:</i>				
Fixed deposits with maturity of more than 3 months	-	-	-	(5,000)
Cash and cash equivalents	11,609	9,814	9,805	26,021

(a) Net cash from operating activities**FYE 30 June 2019**

For the FYE 30 June 2019, our net cash from operating activities was RM17.00 million after taking into account the following:

- decrease in receivables of RM3.60 million mainly due to lower billings during last month of FYE 30 June 2019;
- decrease in payables of RM3.20 million due to decrease in trade payables by RM2.16 million arising from lower purchases in the end of FYE 30 June 2019 as well as decrease in other payables by RM1.04 million arising from the decrease in accruals for purchases of machinery that has been paid off; and
- increase in inventories of RM0.26 million mainly due to some stocks pending for delivery to customers.

11. FINANCIAL INFORMATION (*Cont'd*)

Other payments include tax payment of RM4.57 million and interest payment of RM0.60 million. This was partially offset by RM0.20 million of interest received and a tax refund of RM0.05 million.

FYE 30 June 2020

For the FYE 30 June 2020, our net cash from operating activities was RM9.05 million after taking into account the increase in receivables by RM1.84 million, increase in inventories by RM0.11 million and increase in payables by RM0.17 million. These increases were mainly due to the increase in activities in the last two months of FYE 30 June 2020 upon the resumption of our operations on 20 April 2020 after the MCO 1.0 period.

Other payments include tax payment of RM3.78 million and interest payment of RM0.75 million. This was partially offset by RM0.21 million of interest received and a tax refund of RM0.05 million.

FYE 30 June 2021

For the FYE 30 June 2021, our net cash from operating activities was RM18.28 million after taking into account the following:

- increase in receivables of RM7.16 million mainly due to higher billings and sales in the last quarter of FYE 30 June 2021 compared to the corresponding period in the FYE 30 June 2020;
- increase in payables of RM0.57 million mainly due to increase in purchases during the last quarter of FYE 30 June 2021 for our manufacturing and supply operations to meet the increased orders from customers; and
- decrease in inventories of RM0.13 million mainly due to lower inventories of finished goods which was in line with higher sales in the last quarter of FYE 30 June 2021 compared to the corresponding period in the FYE 30 June 2020.

Other payments include tax payment of RM4.68 million and interest payment of RM0.53 million. This was partially offset by RM0.13 million of interest received.

FYE 30 June 2022

For the FYE 30 June 2022, our net cash from operating activities was RM27.14 million after taking into account the following:

- increase in receivables of RM1.37 million mainly due to the increase in other receivables by RM1.14 million attributed largely to the increase in prepayment for IPO listing expenses of RM1.46 million;
- increase in payables of RM2.88 million mainly due the increase in other payables by RM2.19 million. This was largely attributed to the increase in accruals by RM1.57 million arising mainly from accruals of sales commission, and staff salaries and bonuses in FYE 30 June 2022 which were subsequently paid out in the next financial year; and
- decrease in inventories of RM0.71 million mainly due to lower inventories of raw materials and finished goods at the end of 30 June 2022. This was mainly due to higher sales in June 2022 of RM10.54 million compared to June 2021 of RM9.04 million.

Other payments include tax payment of RM6.32 million and interest payment of RM0.68 million. This was partially offset by RM0.29 million of interest received.

11. FINANCIAL INFORMATION (Cont'd)

(b) Net cash used in investing activities**FYE 30 June 2019**

For the FYE 30 June 2019, our net cash used in investing activities was RM7.47 million which was mainly used to fund part of the purchases of PPE totalling RM14.81 million. This was mainly attributed to cash payment of RM8.92 million as follows:

- RM7.63 million of cash was used to fund the acquisition of No. 27 Klang Factory where RM6.00 million was through term loan and the remaining RM1.63 million was funded through internally generated funds;
- RM0.47 million of cash was used to fund the renovation works and electrical installation for the newly purchased No. 27 Klang Factory;
- RM0.42 million of cash was mainly used to fund the purchase of furniture, fittings, office equipment, computers, and forklifts; and
- RM0.40 million of cash was used to fund part of the purchase of machinery, equipment and motor vehicles including mainly 1 unit of flexographic printing machine and 1 unit of automatic folding, stitching and gluing machine.

This was partially offset by the drawdown of hire purchase totalling RM1.45 million for 1 unit of fully automatic die-cut machine and 1 unit of automatic inserting machine that was purchased in the previous financial year.

FYE 30 June 2020

For the FYE 30 June 2020, our net cash used in investing activities was RM0.49 million which was mainly cash used to fund part of purchases of PPE totalling RM0.51 million. This was mainly attributed to the following:

- RM0.34 million of cash was used to fund the total purchases of machinery and equipment including 1 unit of automatic bundling machine, 1 unit of wrapping machine and 1 unit of drive-in rack machine; and
- the remaining RM0.15 million of cash used was mainly to part fund the purchase of 1 unit of motor vehicle as well as purchases of office furniture and equipment, computer and software products, and renovation works.

FYE 30 June 2021

For the FYE 30 June 2021, our net cash used in investing activities was RM0.44 million which was mainly cash used to fund part of the total capital expenditure of RM0.64 million during FYE 30 June 2021 and the balance RM0.20 million was funded through bank borrowings. This was mainly attributed to the following:

- RM0.32 million of cash was used to fund the total purchases of machinery and equipment including 1 unit of tying machine and 1 unit of 2 joint stitching machine;
- RM0.06 million of cash was used to fund part of the purchases of 1 unit of motor vehicle amounting to RM0.26 million, while the remaining RM0.20 million was funded through bank borrowings; and
- the remaining RM0.06 million of cash used was mainly to fund the purchases of office furniture and equipment, and computer and software products.

11. FINANCIAL INFORMATION (*Cont'd*)

FYE 30 June 2022

For the FYE 30 June 2022, our net cash used in investing activities was RM6.90 million which was mainly attributed to the following:

- RM5.00 million of cash was placed to fixed deposits with maturity of more than 3 months to earn finance income; and
- RM2.00 million of cash was used to fund part of the purchase of plant and machinery amounting to RM2.19 million, comprising 1 unit of flexographic printing machine, 2 units of semi-automatic pre-feeder and 1 unit of air compressor, as well as RM1.30 million for the renovation and installation of electrical system at our Klang Factories, Nilai Factory and Puchong Facility.

This was partially offset by cash inflow from the proceeds of RM0.10 million from the disposal of 1 unit of flexographic printing machine which has been fully depreciated.

(c) Net cash used in financing activities

FYE 30 June 2019

For the FYE 30 June 2019, our net cash used in financing activities was RM7.60 million. This was mainly attributed to the dividend payments of RM11.50 million to shareholders of DS Packaging and Kaisung, as well as repayment of lease liabilities of RM1.82 million and borrowings of RM0.28 million.

The net cash used in financing activities was partially offset by net cash inflow of RM6.00 million from the drawdown of term loan for the acquisition of No. 27 Klang Factory.

FYE 30 June 2020

For the FYE 30 June 2020, our net cash used in financing activities was RM10.36 million. This was mainly attributed to the dividend payments of RM7.10 million to shareholders of DS Packaging and Kaisung, as well as repayments of lease liabilities of RM2.82 million and borrowings of RM0.43 million.

FYE 30 June 2021

For the FYE 30 June 2021, our net cash used in financing activities was RM17.85 million. This was mainly attributed to the dividend payments of RM17.00 million to shareholders of DS Packaging and Kaisung, as well as repayments of lease liabilities of RM1.94 million and borrowings of RM0.71 million.

The net cash used in financing activities was partially offset by net cash inflow of RM1.80 million from the drawdown of bankers' acceptances to finance our purchases of corrugated board.

FYE 30 June 2022

For the FYE 30 June 2022, our net cash used in financing activities was RM4.03 million. This was mainly attributed to the repayments of borrowings of RM2.41 million and lease liabilities of RM1.62 million.

11. FINANCIAL INFORMATION (Cont'd)**(iii) Borrowings**

As at 30 June 2022, our Group's total borrowings were RM10.80 million (excluding lease liabilities arising from right-of-use assets of RM2.59 million), all of which were interest bearing and denominated in RM. The details of our bank borrowings (excluding lease liabilities arising from right-of-use assets) are set out below:

Type of borrowings	Effective interest rates (%)	As at 30 June 2022		
		Payable within 12 months	Payable after 12 months	Total
		RM'000	RM'000	RM'000
Term loans ^(a)	3.17 to 4.60	685	8,172	8,857
Finance lease liabilities ^(b)	2.08 to 3.76	700	1,238	1,938
Total		1,385	9,410	10,795
Gearing ratio^(c)				0.21

Notes:

- (a) Term loans were used to purchase the No. 27 Klang Factory and Nilai Factory as well as for working capital.
- (b) Pertains to finance lease commitments for the purchase of 1 unit of fully automatic die-cutting machine, 1 unit of flexographic printing machine, 1 unit of automatic folding, stitching and gluing machine, 1 unit of inserting machine and 10 units of motor vehicles.
- (c) Calculated based on total borrowings (excluding lease liabilities arising from right-of-use assets) divided by total equity.

As at 30 June 2022, our Group's floating and fixed rate borrowings are set out below:

	RM'000
Floating rate borrowings ^(a)	8,857
Fixed rate borrowings ^(b)	1,938
Total borrowings (excluding lease liabilities arising from right-of-use assets)	10,795

Notes:

- (a) Include term loans.
- (b) Include finance lease liabilities.

As at the LPD, we do not have any borrowings which are non-interest bearing and / or in foreign currencies. Our Group has not defaulted on payments of principal sums and / or interests in relation to any borrowings for the Financial Years Under Review and up to 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 investments by holders or securities in our Company.

As at the LPD, save as disclosed above, our Group did not use any other financial instruments.

11. FINANCIAL INFORMATION (*Cont'd*)

11.3.12 Treasury policies and objectives

Our Group's operations have been funded through shareholder's equity, cash generated from our business operations and external sources of funds. The external sources of funds consist primarily of credit facilities from financial institutions. The normal credit terms granted by our suppliers range from 1 days to 120 days.

As at the LPD, our Group's credit facilities from financial institutions mainly consist of the following:

- bankers' acceptance for working capital purposes;
- term loans used to fund purchase of factories and working capital; and
- finance lease liabilities used for the purchase of motor vehicles, and plant and machinery.

The interest rates for our bank borrowings are based on the market rates prevailing at the dates of the respective transactions. As at the LPD, our Group has available banking facilities namely trade facilities amounting to RM4.80 million which have not been utilised.

The main objective of our capital management is to maintain sustainable shareholder's equity to ensure 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 our business requirements and prevailing economic conditions.

11.3.13 Financial instruments for hedging purposes

For the Financial Years Under Review and up to the LPD, we do not use any financial instrument for hedging purposes.

11.3.14 Material litigation, contingent liabilities and material commitment for capital expenditure

(i) Material litigation

As at the LPD, neither our Company nor our subsidiaries are involved in any material litigation, claim or arbitration either as plaintiff or defendant or any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially or adversely affect our position or business.

(ii) Material contingent liabilities

As at the LPD, our Group do not have any material contingent liabilities which upon becoming enforceable may have a material impact on the financial performance and position of our Group.

(iii) Material commitment for capital expenditure

Save as disclosed below, as at the LPD, we do not have any material capital commitments for capital expenditure, which upon becoming enforceable, may have a material effect on the financial position of our Group.

	<u>RM'000</u>
Approved but not contracted for:	
• Expansion of operational facilities ^(a)	35,400
• Purchase of new machinery and equipment ^(b)	16,000
• Set up of packaging design and innovation centre ^(c)	690
Total	<u>52,090</u>

11. FINANCIAL INFORMATION (Cont'd)

Notes:

- (a) We intend to expand our operations to Penang as well as to establish Klang Factory 2.
- (b) We intend to purchase several units of automated and robotic packing machines including semi-automatic pre-feeder, conveyor system, automatic folding, stitching and gluing machine, automatic bundling machine, wrapping machine and robot palletiser system, as well as 2 units of honeycomb board machines, and 1 unit of 6-colour flexographic printing machine.
- (c) We intend to purchase several units of testing and prototyping equipment for our packaging design and innovation centre located at No. 27 Klang Factory.

Further details on the use of proceeds are set out in Section 4.4 of this Prospectus and details on our business strategies and plans are set out in Section 6.15 of this Prospectus.

11.3.15 Key financial ratios

The following table provides the key financial ratios based on our audited combined financial statements for the Financial Years Under Review:

	FYE 30 June			
	2019	2020	2021	2022
Average trade receivables turnover period (days) ^(a)	40	48	44	57
Average trade payables turnover period (days) ^(b)	34	39	33	39
Average inventory turnover period (days) ^(c)	13	17	12	12
Current ratio (times) ^(d)	1.58	1.76	2.22	3.30
Gearing ratio (times) ^(e)	0.82	0.58	0.44	0.21

Notes:

- (a) Based on average trade receivables as at the beginning and end of the respective financial years over total revenue of the respective financial years and multiplied by 365 days.
- (b) Based on average trade payables as at the beginning and end of the respective financial years over total cost of sales of the respective financial years and multiplied by 365 days.
- (c) Based on average inventory as at the beginning and end of the respective financial years over total cost of sales of the respective financial years and multiplied by 365 days.
- (d) Based on current assets over current liabilities.
- (e) Based on total borrowings (excluding lease liabilities arising from right-of-use assets) over total equity.

11. FINANCIAL INFORMATION (Cont'd)**(i) Trade receivables**

The breakdown of our Group's trade receivables is as set out below:

	FYE 30 June			
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
Trade receivables	10,145	12,006	18,524	18,759
Revenue	105,682	85,891	127,858	121,218
Average trade receivables turnover period (days) ^(a)	40	48	44	57

Note:

- (a) Based on average trade receivables as at the beginning and end of the respective financial years over total revenue of the respective financial years, and multiplied by 365 days.

We deal with our customers on credit terms. The credit terms that we generally grant to our customers are as follows:

	FYE 30 June			
	2019	2020	2021	2022
Normal credit terms (days)	1 to 75	1 to 90	1 to 90	1 to 90

The credit terms granted to our customers are assessed and approved on a case-by-case basis. The factors that are taken into consideration when determining the credit period granted to customers include their creditworthiness, payment history, quantum of amount owing to us and length of relationship with us.

As part of our credit control process, our finance team closely monitor our ageing report and assess the collectability of trade receivables on an individual customer basis regularly to ensure prompt payment within the credit period granted. For any trade receivables which have exceeded the normal credit period granted to customers, we will follow up with calls and send reminders and where appropriate, provide for specific impairment on those trade receivables where recoverability is uncertain based on our dealings with the customers.

Our average trade receivables turnover period ranges from 40 days to 57 days which is within the credit period granted to our customers.

Our average trade receivables turnover period increased from 40 days in FYE 30 June 2019 to 48 days in FYE 30 June 2020. This was mainly due to the increase in trade receivables as at 30 June 2020 attributed to the improvement in sales towards the end of the financial year, in May 2020 and June 2020, upon the resumption of our operations on 20 April 2020 after the MCO 1.0 period.

For the FYE 30 June 2021, our average trade receivables turnover period improved from 48 days in FYE 30 June 2020 to 44 days in FYE 30 June 2021. This was mainly attributed to the timely collections from customers.

For the FYE 30 June 2022, our average trade receivables turnover period increased from 44 days in FYE 30 June 2021 to 57 days in FYE 30 June 2022. This was mainly attributed to higher sales recorded in June 2022 of which such receivables were still within the credit period. The higher average trade receivables turnover period was also partly due to the lower revenue by 5.19% or RM6.64 million recorded in FYE 30 June 2022.

11. FINANCIAL INFORMATION (Cont'd)

Our trade receivables ageing analysis as at 30 June 2022 is as follows:

	Not past due	Past due (days)				Total
		1 – 30	31 – 60	61 – 90	> 90	
Trade receivables (RM'000)	15,304	3,185	261	3	6	18,759
<i>Proportion of trade receivables (%)</i>	<i>81.59</i>	<i>16.98</i>	<i>1.39</i>	<i>0.02</i>	<i>0.03</i>	<i>100.00</i>
Subsequent collections as at the LPD (RM'000)	15,296	3,185	261	3	6	18,751
Net trade receivables after subsequent collections (RM'000)	8	-	-	-	-	8
<i>Proportion of trade receivables after subsequent collections (%)</i>	<i>100.00</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>100.00</i>

As at the LPD, 99.96% or RM18.75 million of our total trade receivables outstanding as at 30 June 2022 has been collected.

(ii) Trade payables

The breakdown of our Group's trade payables is as set out below:

	FYE 30 June			
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
Trade payables	5,677	7,262	7,855	8,544
Cost of sales	73,285	61,648	85,509	78,213
Average trade payables turnover period (days) ^(a)	34	39	33	39

Note:

- (a) Based on average trade payables as at the beginning and end of the respective financial years over total cost of sales of the respective financial years and multiplied by 365 days.

We deal with our corrugated board suppliers on cash terms while for other suppliers, we deal with them on credit terms. Our suppliers generally grant us credit terms as follows:

	FYE 30 June			
	2019	2020	2021	2022
Normal credit terms (days)	1 to 90	1 to 120	1 to 120	1 to 120

Our average trade payables turnover period, which ranges from 33 days to 39 days, fell within the credit period given by our suppliers.

For FYE 30 June 2020, our average trade payables turnover period increased from 34 days in FYE 30 June 2019 to 39 days in FYE 30 June 2020. This was mainly due to the increase in our purchases during the last quarter of FYE 30 June 2020 upon the resumption of our operations on 20 April 2020 after the MCO 1.0 period.

11. FINANCIAL INFORMATION (Cont'd)

For FYE 30 June 2021, our average trade payables turnover period decreased from 39 days in FYE 30 June 2020 to 33 days in FYE 30 June 2021 as our purchases during the year was mostly based on cash terms.

For FYE 30 June 2022, our average trade payables turnover period increased from 33 days in FYE 30 June 2021 to 39 days in FYE 30 June 2022. This was mainly due to purchases made by our Group in June 2022 in line with the increase in our sales in June 2022. The increase in the average trade payables turnover period was partly due to the decrease in cost of sales for the FYE 30 June 2022 by 8.53% or RM7.30 million.

Our trade payables ageing analysis as at 30 June 2022 is as follows:

	Not past due	Past due (days)				Total
		1 – 30	31 – 60	61 – 90	> 90	
Trade payables (RM'000)	7,784	737	2	21	-	8,544
<i>Proportion of trade payables (%)</i>	<i>91.10</i>	<i>8.63</i>	<i>0.02</i>	<i>0.25</i>	<i>-</i>	<i>100.00</i>
Subsequent payments as at the LPD (RM'000)	7,784	737	2	21	-	8,544
Net trade payables after subsequent payments (RM'000)	-	-	-	-	-	-
<i>Proportion of trade payables after subsequent payments (%)</i>	-	-	-	-	-	-

As at the LPD, all our trade payables outstanding as at 30 June 2022 of RM8.54 million has been paid.

(iii) Inventory turnover

The breakdown of our Group's inventories is as set out below:

	FYE 30 June			
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
Total inventory	2,816	2,924	2,791	2,084
Consisting of:				
- Raw materials	143	123	232	112
- Work in progress	-	-	-	30
- Finished goods	2,673	2,801	2,559	1,942
Cost of sales	73,285	61,648	85,509	78,213
Average inventory turnover period (days) ^(a)	13	17	12	12
- <i>Raw materials</i> ^(b)	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>
- <i>Work in progress</i> ^(c)	<i>-</i>	<i>-</i>	<i>-</i>	<i>*</i>
- <i>Finished goods</i> ^(d)	<i>12</i>	<i>16</i>	<i>11</i>	<i>11</i>

* Less than 0.1 days

11. FINANCIAL INFORMATION (Cont'd)

Notes:

- (a) Based on average inventory as at the beginning and end of the respective financial years over total cost of sales of the respective financial years and multiplied by 365 days.
- (b) Based on average raw materials as at the beginning and end of the respective financial years over total cost of sales of the respective financial years and multiplied by 365 days.
- (c) Based on average work in progress as at the beginning and end of the respective financial years over total cost of sales of the respective financial years and multiplied by 365 days.
- (d) Based on average finished goods as at the beginning and end of the respective financial years over total cost of sales of the respective financial years and multiplied by 365 days.

Our inventory comprises the following:

- raw materials including corrugated boards, stitching wires, glue and printing inks;
- work in progress including die-cut trays which is yet to be assembled with foam; and
- finished goods including products manufactured such as corrugated paper packaging products, and non-paper protective packaging products purchased from suppliers. These finished goods are stored as stock in our factory as well as in our consignee's premises.

Our average inventory turnover period increased from 13 days in FYE 30 June 2019 to 17 days in FYE 30 June 2020. This was mainly due to the increase in our average inventory turnover period for finished goods from 12 days in FYE 30 June 2019 to 16 days in FYE 30 June 2020. This increase in the average inventory turnover period for finished goods was mainly due to the increase in purchases of inventories such as plastic protective packaging in May 2020 and June 2020 following the closure of business operations between March 2020 and April 2020 during the MCO 1.0 period.

For the FYE 30 June 2021, our average inventory turnover period improved from 17 days in FYE 30 June 2020 to 12 days in FYE 30 June 2021. This was mainly due to the improvement of our average inventory turnover period for finished goods from 16 days in FYE 30 June 2020 to 11 days in FYE 30 June 2021. The improvement of our average inventory turnover period for finished goods were mainly due to the higher sales volume of packaging products resulting in lower inventory of finished goods. This was also reflected in our revenue growth of 48.86% in FYE 30 June 2021.

For the FYE 30 June 2022, our average inventory turnover period maintained at 12 days.

(iv) Current ratio

The table below sets out a summary of our current ratio for the financial years indicated:

	FYE 30 June			
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
Current assets	24,965	25,186	32,056	53,937
Current liabilities	15,846	14,286	14,456	16,358
Current ratio (times) ^(a)	1.58	1.76	2.22	3.30

11. FINANCIAL INFORMATION (Cont'd)

Note:

- (a) Based on current assets over current liabilities.

As at 30 June 2020, our current ratio was 1.76 times, which was higher compared to 1.58 times as at 30 June 2019. This was mainly due to the decrease in current liabilities by RM1.56 million attributed mainly to the decrease in other payables and accruals mainly due to the reduction in accruals of bonus in FYE 30 June 2020.

As at 30 June 2021, our current ratio was 2.22 times, which was higher compared to 1.76 times as at 30 June 2020. This was mainly due to higher trade receivables as at 30 June 2021 at RM18.52 million compared to RM12.01 million as at 30 June 2020.

As at 30 June 2022, our current ratio was 3.30 times, which was higher compared to 2.22 times as at 30 June 2021. This was mainly due to higher cash and bank balances of RM9.22 million coupled with the placement fixed deposits of RM12.00 million as at 30 June 2022. There was no placement of fixed deposits in FYE 30 June 2021.

(v) Gearing ratio

The table below sets out a summary of our gearing ratio for the financial years indicated:

	FYE 30 June			
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
Total borrowings (excluding lease liabilities arising from right-of-use assets)	16,442	13,210	12,559	10,795
Total equity	19,980	22,803	28,819	50,290
Gearing ratio (times) ^(a)	0.82	0.58	0.44	0.21

Note:

- (a) Based on total borrowings (excluding lease liabilities arising from right-of-use assets) over total equity.

As at 30 June 2020, our gearing ratio was 0.58 times, which was lower compared to 0.82 times as at 30 June 2019. This was mainly due to the repayment of term loans and finance lease liabilities coupled with the increase in retained earnings.

As at 30 June 2021, our gearing ratio was 0.44 times, which was lower compared to 0.58 times as at 30 June 2020. This was mainly due to the increase in retained earnings and increase in share capital arising from the issuance of new ordinary shares in DS Manufacturing.

As at 30 June 2022, our gearing ratio was 0.21 times, which was lower compared to 0.44 times as at 30 June 2021. This was mainly due to the increase in retained earnings as there were no dividends declared and paid in the FYE 30 June 2022. The lower gearing ratio was also attributed to the decrease in borrowings as there were no bankers' acceptances outstanding as at 30 June 2022.

11. FINANCIAL INFORMATION (*Cont'd*)

11.3.16 Trend analysis

As at the LPD, save as disclosed in this Prospectus and to the best of our Board's knowledge and belief, our operations have not been and 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 and operations, save as disclosed in this section and Sections 6 and 8 of this Prospectus;
- (ii) material commitment for capital expenditure, as set out in Section 11.3.14 of this Prospectus;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected our financial performance, position and operations, save as disclosed in this section and Sections 6 and 8 of this Prospectus;
- (iv) known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our revenue and / or profits as well as our liquidity and capital resources, save as disclosed in this section and Sections 6, 7 and 8 of this Prospectus; and
- (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, save as disclosed in this section and Sections 6 and 8 of this Prospectus.

Our Board is optimistic about the future prospects of our Group after taking into consideration our Group's competitive advantages and key strengths, as well as business strategies as set out in Section 6 of this Prospectus.

11.3.17 Order book

We do not maintain an order book as we are involved mainly in the manufacturing and supply of packaging products whereby our sales are carried out based on purchase orders received from our customers on an on-going basis.

11.3.18 Significant changes

Save as disclosed in Sections 6 and 8 of this Prospectus in relation to interruptions to our business and operations pursuant to the COVID-19 pandemic, there are no significant changes that have occurred which may have material effect on the financial position and results of our Group subsequent to the FYE 30 June 2021 and up to the LPD.

11.3.19 Accounting policies which are peculiar to our Group

There are no accounting policies which are peculiar to our Group. For further information on the significant accounting policies of our Group, please refer to Note 4 of the Accountants' Report included in Section 12 of this Prospectus.

11. FINANCIAL INFORMATION (*Cont'd*)

11.4 DIVIDEND POLICY

It is our Board's policy to recommend dividends to allow our shareholders to participate in the profits of our Group. Nonetheless, our Company does not have any formal dividend policy.

As we are a holding company, our ability to declare and pay dividends or make other distributions to our shareholders are dependent upon the dividends we receive from our Subsidiaries, present and future. The payment of dividends by our Subsidiaries is dependent upon various factors, including but not limited to, their distributable profits, financial performance, and cash flow requirements for operations and capital expenditures, as well as other factors that their respective boards of Directors deem relevant. Save for certain financial covenants which our Subsidiaries are subject to, there is no other dividend restriction being imposed on our Group as at the LPD.

In addition to the factors above which may affect the ability of our Subsidiaries to pay dividends to us, our Board will also consider, among others the following, when recommending the actual dividends for approval by shareholders or when declaring any interim dividends:

- (i) the level of our cash, gearing, return on equity and retained earnings;
- (ii) our expected financial performance;
- (iii) our working capital requirements;
- (iv) our other investment plans;
- (v) any material impact on tax laws and other regulatory requirements; and
- (vi) any restrictive covenants contained in our current and future financial arrangements.

The payment and amount of any dividends and distributions to our shareholders will be at the discretion of our Board and will depend on the factors mentioned above (which may not be exhaustive). We cannot assure you that we will be able to pay dividends or that our Board will declare dividends in the future. There can also be no assurance that future dividends declared by our Board, if any, will not differ materially from historical dividend levels. No inference should or can be made from any of the statements above as to our actual future profitability and our ability to pay dividends in the future.

The dividends declared and paid for the Financial Years Under Review are as follows:

	FYE 30 June		
	2019	2020	2021
	RM'000	RM'000	RM'000
Dividend declared and paid	11,500	7,100	17,000
PAT	14,931	9,922	21,116
Dividend payout ratio (%)	77.02	71.56	80.51

No dividend declared or payable by our Group for the FYE 30 June 2022 and from 1 July 2022 up to the LPD.

During the Financial Years Under Review, all the dividend declared and paid was funded entirely by internally generated funds.

11. FINANCIAL INFORMATION *(Cont'd)*

**11.5 REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA
COMBINED STATEMENTS OF FINANCIAL POSITION**

DS SIGMA HOLDINGS BERHAD
Registration No: 202101030362 (1430662-K)
(Incorporated in Malaysia)

**PRO FORMA COMBINED STATEMENTS OF
FINANCIAL POSITION
AS AT 30 JUNE 2022**

GRANT THORNTON MALAYSIA PLT
CHARTERED ACCOUNTANTS
Member Firm of Grant Thornton International Ltd.

11. FINANCIAL INFORMATION (*Cont'd*)

**REPORTING ACCOUNTANTS' REPORT ON THE
COMPILATION OF PRO FORMA COMBINED
STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022**
(Prepared for inclusion in the Prospectus)

15 November 2022

The Board of Directors
DS Sigma Holdings Berhad
No. 36, Jalan BP 5/6
Bandar Bukit Puchong
47100 Puchong
Selangor

Dear Sirs,

**DS SIGMA HOLDINGS BERHAD
REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF
FINANCIAL POSITION AS AT 30 JUNE 2022**

We have completed our assurance engagement to report on the compilation of the pro forma combined statements of financial position of DS Sigma Holdings Berhad ("DS Sigma" or "the Company") and its subsidiaries ("DS Sigma Group" or "the Group") as at 30 June 2022 ("Pro Forma Combined Statements of Financial Position"), together with the notes and assumptions thereto (which we have stamped for the purpose of identification). The Pro Forma Combined Statements of Financial Position 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 issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("the Listing").

The Pro Forma Combined Statements of Financial Position as at 30 June 2022 have been compiled by the Directors of the Company, for illustrative purposes only, to show the effects of the Listing on the Combined Statements of Financial Position presented had the Listing been effected at the date stated. As part of this process, information about the Group's Combined Statements of Financial Position has been extracted by the Directors of the Company from the Group audited combined financial statements as at 30 June 2022.

Directors' Responsibility for the Pro Forma Combined Statements of Financial Position

The Directors of the Company are responsible for compiling the Pro Forma Combined Statements of Financial Position on the basis set out in the Note to the Pro Forma Combined Statements of Financial Position ("Applicable Criteria").

Grant Thornton Malaysia PLT

Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

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Chartered Accountants

Grant Thornton Malaysia PLT [201906003682 [LLP0022494-LCA] & AF 0737] is a Limited Liability Partnership and is a member firm of Grant Thornton International Ltd (GTIL), a private company limited by guarantee, incorporated in England and Wales.

Grant Thornton Malaysia PLT was registered on 1 January 2020 and with effect from that date, Grant Thornton Malaysia (AF 0737), a conventional partnership was converted to a Limited Liability Partnership.

11. FINANCIAL INFORMATION (*Cont'd*)**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 Control ("ISQC") 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and 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, as required by Prospectus Guidelines, about whether the Pro Forma Combined 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 Combined 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 Combined 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 Combined Statements of Financial Position.

The purpose of the Pro Forma Combined Statements of Financial Position included in the Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the Group 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 at that date would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Combined 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 Combined 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 Combined Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

11. FINANCIAL INFORMATION (Cont'd)



Our Responsibility (cont'd)

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 Combined Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Combined 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 Combined Statements of Financial Position have been compiled, in all material respects, on the basis set out in the notes thereon to the Pro Forma Combined Statements of Financial Position and in accordance with requirements of Prospectus Guidelines.

Other Matter

This letter has been prepared solely for the purpose of 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
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

Kuala Lumpur

LIM SOO SIM
(NO: 03335/11/2023 J)
CHARTERED ACCOUNTANT

11. FINANCIAL INFORMATION (Cont'd)

DS SIGMA HOLDINGS BERHAD AND ITS SUBSIDIARIES
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022

The Pro Forma Combined Statements of Financial Position of the Group as at 30 June 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 Combined Statements of Financial Position on the assumption that these transactions were completed on 30 June 2022, and should be read in conjunction with the notes accompanying to the Pro Forma Combined Statements of Financial Position.

	Note	As at 30 June 2022 RM	Adjustments for Acquisitions RM	Pro Forma I After Acquisitions RM	Adjustments for Public Issue RM	Pro Forma II After Pro Forma I and Public Issue RM	Adjustments for Utilisation of Proceeds RM	Pro Forma III After Pro Forma II and Utilisation of Proceeds RM
ASSETS								
Non-current asset								
Property, plant and equipment	3.1	-	25,557,314	25,557,314	-	25,557,314	33,090,000	58,647,314
Total non-current asset		-	25,557,314	25,557,314	-	25,557,314	33,090,000	58,647,314
Current assets								
Inventories		-	2,084,170	2,084,170	-	2,084,170	-	2,084,170
Trade receivables		-	18,759,071	18,759,071	-	18,759,071	-	18,759,071
Other receivables	3.2	-	2,072,455	2,072,455	-	2,072,455	(1,556,274)	516,181
Fixed deposits with a licensed bank		-	12,000,000	12,000,000	-	12,000,000	-	12,000,000
Cash and bank balances	3.3	2	19,020,945	19,020,947	50,149,000	69,169,947	(41,933,726)	27,236,221
Total current assets		2	53,936,641	53,936,643	50,149,000	104,085,643	(43,490,000)	60,595,643
Total assets		2	79,493,955	79,493,957	50,149,000	129,642,957	(10,400,000)	119,242,957

11. FINANCIAL INFORMATION (Cont'd)

DS SIGMA HOLDINGS BERHAD AND ITS SUBSIDIARIES**PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022 (CONT'D)**

The Pro Forma Combined Statements of Financial Position of the Group as at 30 June 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 Combined Statements of Financial Position on the assumption that these transactions were completed on 30 June 2022, and should be read in conjunction with the notes accompanying to the Pro Forma Combined Statements of Financial Position (cont'd).

	Note	As at 30 June 2022 RM	Adjustments for Acquisitions RM	Pro Forma I After Acquisitions RM	Adjustments for Public Issue RM	Pro Forma II After Pro Forma I and Public Issue RM	Adjustments for Utilisation of Proceeds RM	Pro Forma III After Pro Forma II and Utilisation of Proceeds RM
EQUITY AND LIABILITIES								
Equity attributable to owners of the Company:								
Share capital	3.4	2	29,161,499	29,161,501	50,149,000	79,310,501	(819,480)	78,491,021
Merger deficit	3.5	-	(26,461,499)	(26,461,499)	-	(26,461,499)	-	(26,461,499)
Retained earnings	3.6	(364,305)	47,954,033	47,589,728	-	47,589,728	(3,580,520)	44,009,208
Total equity		(364,303)	50,654,033	50,289,730	50,149,000	100,438,730	(4,400,000)	96,038,730
LIABILITIES								
Non-current liabilities								
Lease liabilities	3.7	-	3,347,216	3,347,216	-	3,347,216	-	3,347,216
Borrowings	3.7	-	8,171,987	8,171,987	-	8,171,987	(6,000,000)	2,171,987
Deferred tax liabilities		-	1,327,300	1,327,300	-	1,327,300	-	1,327,300
Total non-current liabilities		-	12,846,503	12,846,503	-	12,846,503	(6,000,000)	6,846,503

11. FINANCIAL INFORMATION (Cont'd)

DS SIGMA HOLDINGS BERHAD AND ITS SUBSIDIARIES**PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022 (CONT'D)**

The Pro Forma Combined Statements of Financial Position of the Group as at 30 June 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 Combined Statements of Financial Position on the assumption that these transactions were completed on 30 June 2022, and should be read in conjunction with the notes accompanying to the Pro Forma Combined Statements of Financial Position (cont'd).

	Note	As at 30 June 2022 RM	Adjustments for Acquisitions RM	Pro Forma I After Acquisitions RM	Adjustments for Public Issue RM	Pro Forma II After Pro Forma I and Public Issue RM	Adjustments for Utilisation of Proceeds RM	Pro Forma III After Pro Forma II and Utilisation of Proceeds RM
Current liabilities								
Trade payables		-	8,543,764	8,543,764	-	8,543,764	-	8,543,764
Other payables		364,305	3,460,500	3,824,805	-	3,824,805	-	3,824,805
Lease liabilities	3.7	-	1,184,617	1,184,617	-	1,184,617	-	1,184,617
Borrowings	3.7	-	684,606	684,606	-	684,606	-	684,606
Tax payable		-	2,119,932	2,119,932	-	2,119,932	-	2,119,932
Total current liabilities		364,305	15,993,419	16,357,724	-	16,357,724	-	16,357,724
Total liabilities		364,305	28,839,922	29,204,227	-	29,204,227	(6,000,000)	23,204,227
Total equity and liabilities		2	79,493,955	79,493,957	50,149,000	129,642,957	(10,400,000)	119,242,957
Number of shares assumed to be in issue	3.4	20	388,819,980	388,820,000	91,180,000	480,000,000	-	480,000,000
Net assets per share (RM)				0.13		0.21		0.20
Borrowings (RM)	3.7			13,388,426		13,388,426		7,388,426
Gearing (Times)				0.27		0.13		0.08

11. FINANCIAL INFORMATION (Cont'd)**DS SIGMA HOLDINGS BERHAD AND ITS SUBSIDIARIES****PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022 (CONT'D)****1. BASIS OF PREPARATION**

The Pro Forma Combined Statements of Financial Position of DS Sigma have been prepared for illustrative purposes and on the assumptions that all the transactions mentioned as per Note 2 to the Pro Forma Combined Statements of Financial Position had taken place on 30 June 2022.

The Pro Forma Combined Statements of Financial Position have been prepared based on accounting policies and basis which are consistent with those disclosed in the audited combined financial statements of DS Sigma, for the financial year ended 30 June 2022 and in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Prospectus Guidelines.

The Pro Forma Combined Statements of Financial Position as at 30 June 2022 are adjusted for the impact of the Listing Scheme as set out in Note 2 of this Pro Forma Combined Statements of Financial Position.

2. LISTING SCHEME**(i) Pro Forma I: Acquisitions**

The Acquisitions involve the acquisition of Dai Suwon Packaging Sdn Bhd, Dai Suwon Manufacturing Sdn Bhd and Kaisung Industries Sdn Bhd by the Company for an aggregate purchase consideration of RM29,161,498.50 satisfied by the issuance of 388,819,980 new ordinary shares of DS Sigma at an issue price of RM0.075 per share.

(ii) Pro Forma II: Public Issue

The Listing involves a public issue of 91,180,000 new ordinary shares in DS Sigma at an indicative issue price of RM0.55 per share which includes offer for sale of 38,420,000 existing shares in DS Sigma at an indicative offer price of RM0.55 per share.

In conjunction with the Listing, the Company would seek the listing of and quotation for its entire enlarged issued share capital comprising 480,000,000 ordinary shares in DS Sigma on the ACE Market of Bursa Securities.

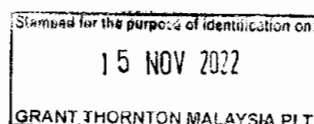
(iii) Pro Forma III: Utilisation of Proceeds

Gross proceeds from the Listing of RM50,149,000 are expected to be utilised as follows:

Details of utilisation	Estimated timeframe for utilisation upon listing	RM
Expansion of operational facilities	Within 24 months	17,200,000 *
Purchase of new machinery and equipment	Within 24 months	16,000,000
Establish packaging design and innovation centre	Within 24 months	1,140,000 #
Repayment of bank borrowings	Within 12 months	6,000,000
Working capital	Within 12 months	5,409,000
Estimated listing expenses	Within 3 months	4,400,000
Total estimated proceeds		50,149,000

* Include RM800,000 related to payments of rental

Include RM450,000 related to payments of salaries



11. FINANCIAL INFORMATION (Cont'd)**DS SIGMA HOLDINGS BERHAD AND ITS SUBSIDIARIES****PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022 (CONT'D)****3. NOTES TO PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION****3.1 PROPERTY, PLANT AND EQUIPMENT**

The movements of the property, plant and equipment are as follows:

	<u>Amount</u> RM
As at 30 June 2022	-
Pursuant to Acquisitions	<u>25,557,314</u>
As per Pro Forma I/As per Pro Forma II	25,557,314
Pursuant to Utilisation of Proceeds	<u>33,090,000</u>
As per Pro Forma III	<u>58,647,314</u>

3.2 OTHER RECEIVABLES

As at 30 June 2022	-
Pursuant to Acquisitions	<u>2,072,455</u>
As per Pro Forma I/ As per Pro Forma II	2,072,455
Pursuant to Utilisation of Proceeds	<u>(1,556,274)</u>
As per Pro Forma III	<u>516,181</u>

3.3 CASH AND BANK BALANCES

The movements of cash and bank balances are as follows:

	<u>Amount</u> RM
As at 30 June 2022	2
Pursuant to Acquisitions	<u>19,020,945</u>
As per Pro Forma I	19,020,947
Pursuant to Public Issue	<u>50,149,000</u>
As per Pro Forma II	69,169,947
Pursuant to Utilisation of Proceeds	<u>(41,933,726)</u>
As per Pro Forma III	<u>27,236,221</u>

Stamped for the purpose of identification on:
15 NOV 2022
GRANT THORNTON MALAYSIA PLT

11. FINANCIAL INFORMATION (Cont'd)**PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022 (CONT'D)****3. NOTES TO PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)****3.4 SHARE CAPITAL**

The assumed movements of the issued share capital are as follows:

	Number of <u>shares</u> Units	<u>Amount</u> RM
As at 30 June 2022	20	2
Pursuant to Acquisitions	388,819,980	29,161,499
As per Pro Forma I	388,820,000	29,161,501
Pursuant to Public Issue	91,180,000	50,149,000
As per Pro Forma II	480,000,000	79,310,501
Pursuant to Utilisation of Proceeds		
- portion of estimated listing expenses set-off against issued share capital	-	(819,480)
As per Pro Forma III	480,000,000	78,491,021

3.5 MERGER DEFICIT

	<u>Amount</u> RM
As at 30 June 2022	-
Pursuant to Acquisitions	(26,461,499)
As per Pro Forma I/As per Pro Forma II/ As per Pro Forma III	(26,461,499)

3.6 RETAINED EARNINGS

The movements of the retained earnings are as follows:

	<u>Amount</u> RM
As at 30 June 2022	(364,305)
Pursuant to Acquisitions	47,954,033
As per Pro Forma I/As per Pro Forma II	47,589,728
Pursuant to Utilisation of Proceeds	
- portion of estimated listing expenses set-off against profit or loss	(3,580,520)
As per Pro Forma III	44,009,208

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15 NOV 2022
GRANT THORNTON MALAYSIA PLT

11. FINANCIAL INFORMATION (Cont'd)

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022 (CONT'D)

3. NOTES TO PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

3.7 LEASE LIABILITIES AND BORROWINGS

	<u>Amount</u> RM
As at 30 June 2022	-
Pursuant to Acquisitions	13,388,426
As per Pro Forma I/ As per Pro Forma II	13,388,426
Pursuant to Utilisation of Proceeds	(6,000,000)
As per Pro Forma III	<u>7,388,426</u>

12. ACCOUNTANTS' REPORT

DS SIGMA HOLDINGS BERHAD
Registration No: 202101030362 (1430662-K)
(Incorporated in Malaysia)

ACCOUNTANTS' REPORT
FOR THE FINANCIAL YEARS ENDED
30 JUNE 2022, 30 JUNE 2021, 30 JUNE 2020 AND 30 JUNE 2019

GRANT THORNTON MALAYSIA PLT
CHARTERED ACCOUNTANTS
Member of Grant Thornton International Ltd

12. ACCOUNTANTS' REPORT (Cont'd)



Date: 15 November 2022

The Board of Directors
DS Sigma Holdings Berhad
 No. 36, Jalan BP 5/6
 Bandar Bukit Puchong
 47100 Puchong
 Selangor

Dear Sirs,

Grant Thornton Malaysia PLT

Level 11, Sheraton Imperial Court
 Jalan Sultan Ismail
 50250 Kuala Lumpur
 Malaysia

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Reporting Accountants' Opinion on the Financial Information contained in the Accountants' Report of DS Sigma Holdings Berhad ("the Company" or "DS Sigma")

Opinion

We have audited the accompanying combined financial statements ("Financial Information") of DS Sigma Holdings Berhad and its combining entities (collectively known as "the Group" or "DS Sigma Group") which comprise the combined statements of financial position of the Group as at 30 June 2022, 30 June 2021, 30 June 2020 and 30 June 2019, combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the financial years ended 30 June 2022, 30 June 2021, 30 June 2020 and 30 June 2019, and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 55.

In our opinion, the accompanying Financial Information give a true and fair view of the combined financial position of the Group as at 30 June 2022, 30 June 2021, 30 June 2020 and 30 June 2019 and of its combined financial performance and combined cash flows for the financial 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.

Chartered Accountants

Grant Thornton Malaysia PLT [201906003682 [LLP0022494-LCA] & AF 0737] is a Limited Liability Partnership and is a member firm of Grant Thornton International Ltd (GTIL), a private company limited by guarantee, incorporated in England and Wales.

Grant Thornton Malaysia PLT was registered on 1 January 2020 and with effect from that date, Grant Thornton Malaysia (AF 0737), a conventional partnership was converted to a Limited Liability Partnership.

12. ACCOUNTANTS' REPORT (Cont'd)

*Responsibilities of the Directors 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 reporting accountants' report that includes our opinion. Reasonable assurance is a high level of assurance, but is 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.
- 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.

12. ACCOUNTANTS' REPORT (Cont'd)



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):-

- 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 represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Financial Information of the entities 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 identified during our audit.

Other Matter

This report has been prepared solely to comply with the Prospectus Guidelines issued by the Securities Commission Malaysia and for inclusion in the prospectus of DS Sigma in connection with the listing of and quotation for the entire enlarged issued share capital of DS Sigma on the ACE Market of Bursa Malaysia Securities Berhad 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
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

LIM SOO SIM
(NO.: 03335/11/2023 J)
CHARTERED ACCOUNTANT

Kuala Lumpur

12. ACCOUNTANTS' REPORT (Cont'd)

DS SIGMA HOLDINGS BERHAD

(Incorporated in Malaysia)

**COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022, 30 JUNE 2021, 30 JUNE 2020 AND 30 JUNE 2019**

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	25,557,314	21,205,305	22,344,621	23,518,761
Total non-current assets		<u>25,557,314</u>	<u>21,205,305</u>	<u>22,344,621</u>	<u>23,518,761</u>
Current assets					
Inventories	6	2,084,170	2,790,859	2,923,728	2,816,041
Trade receivables	7	18,759,071	18,523,562	12,005,628	10,144,692
Other receivables	8	2,072,455	936,277	294,250	310,433
Tax recoverable		-	-	148,369	85,000
Fixed deposits with a licensed bank		12,000,000	-	-	-
Cash and bank balances		19,020,947	9,805,038	9,814,103	11,608,641
Total current assets		<u>53,936,643</u>	<u>32,055,736</u>	<u>25,186,078</u>	<u>24,964,807</u>
Total assets		<u>79,493,957</u>	<u>53,261,041</u>	<u>47,530,699</u>	<u>48,483,568</u>
EQUITY AND LIABILITIES					
EQUITY					
Share capital	9	2,700,002	2,700,000	1,750,000	1,750,000
Retained earnings		44,776,272	23,771,007	20,450,462	17,851,307
		47,476,274	26,471,007	22,200,462	19,601,307
Non-controlling interests	10	2,813,456	2,347,836	602,250	379,091
Total equity		<u>50,289,730</u>	<u>28,818,843</u>	<u>22,802,712</u>	<u>19,980,398</u>
LIABILITIES					
Non-current liabilities					
Lease liabilities	11	3,347,216	323,641	1,096,408	3,007,358
Borrowings	12	8,171,987	8,828,743	8,701,500	9,172,593
Deferred tax liabilities	13	1,327,300	833,781	643,931	478,000
Total non-current liabilities		<u>12,846,503</u>	<u>9,986,165</u>	<u>10,441,839</u>	<u>12,657,951</u>
Current liabilities					
Trade payables	14	8,543,764	7,854,798	7,261,580	5,677,271
Other payables	15	3,824,805	1,636,800	3,555,602	4,972,866
Lease liabilities	11	1,184,617	970,906	1,940,836	2,827,538
Borrowings	12	684,606	2,434,918	1,471,095	1,433,685
Tax payable		2,119,932	1,558,611	57,035	933,859
Total current liabilities		<u>16,357,724</u>	<u>14,456,033</u>	<u>14,286,148</u>	<u>15,845,219</u>
Total liabilities		<u>29,204,227</u>	<u>24,442,198</u>	<u>24,727,987</u>	<u>28,503,170</u>
Total equity and liabilities		<u>79,493,957</u>	<u>53,261,041</u>	<u>47,530,699</u>	<u>48,483,568</u>

The accompanying notes form an integral part of the financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

DS SIGMA HOLDINGS BERHAD

(Incorporated in Malaysia)

**COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE FINANCIAL
YEARS ENDED 30 JUNE 2022, 30 JUNE 2021, 30 JUNE 2020 AND 30 JUNE 2019**

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
Revenue	16	121,218,073	127,858,416	85,890,508	105,681,577
Cost of sales		<u>(78,212,596)</u>	<u>(85,508,818)</u>	<u>(61,647,941)</u>	<u>(73,285,077)</u>
Gross profit		43,005,477	42,349,598	24,242,567	32,396,500
Finance income		288,544	129,879	209,905	198,451
Other income		152,899	19,716	56,459	15,513
Selling and distribution expenses		(833,737)	(507,012)	(445,981)	(719,914)
Administrative expenses		(13,088,343)	(13,823,364)	(10,427,303)	(11,688,655)
Finance cost		<u>(677,620)</u>	<u>(528,836)</u>	<u>(750,354)</u>	<u>(598,742)</u>
Profit before tax	17	28,847,220	27,639,981	12,885,293	19,603,153
Tax expense	18	<u>(7,376,335)</u>	<u>(6,523,850)</u>	<u>(2,962,979)</u>	<u>(4,672,302)</u>
Net profit/total comprehensive income for the financial year		<u>21,470,885</u>	<u>21,116,131</u>	<u>9,922,314</u>	<u>14,930,851</u>
Attributable to:					
Equity holders of the Group		21,005,265	20,320,545	9,699,155	14,977,340
Non-controlling interests		<u>465,620</u>	<u>795,586</u>	<u>223,159</u>	<u>(46,489)</u>
		<u>21,470,885</u>	<u>21,116,131</u>	<u>9,922,314</u>	<u>14,930,851</u>
Earnings per share attributable to equity holders of the Group:					
Basic	19	<u>7.78</u>	<u>11.56</u>	<u>5.54</u>	<u>8.56</u>
Diluted	19	<u>7.78</u>	<u>11.56</u>	<u>5.54</u>	<u>8.56</u>

The accompanying notes form an integral part of the financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

DS SIGMA HOLDINGS BERHAD

(Incorporated in Malaysia)

COMBINED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDED
30 JUNE 2022, 30 JUNE 2021, 30 JUNE 2020 AND 30 JUNE 2019

	Note	Share capital RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total RM
Balance at 1 July 2018		1,750,000	14,373,967	16,123,967	425,580	16,549,547
Transaction with owners of the Group						
- Dividends	20	-	(11,500,000)	(11,500,000)	-	(11,500,000)
Total comprehensive income/(loss) for the financial year		-	14,977,340	14,977,340	(46,489)	14,930,851
Balance at 30 June 2019		1,750,000	17,851,307	19,601,307	379,091	19,980,398
Transaction with owners of the Group						
- Dividends	20	-	(7,100,000)	(7,100,000)	-	(7,100,000)
Total comprehensive income for the financial year		-	9,699,155	9,699,155	223,159	9,922,314
Balance at 30 June 2020		1,750,000	20,450,462	22,200,462	602,250	22,802,712
Transactions with owners of the Group						
- Issuance of new shares	9	950,000	-	950,000	950,000	1,900,000
- Dividends	20	-	(17,000,000)	(17,000,000)	-	(17,000,000)
Total transactions with owners of the Group		950,000	(17,000,000)	(16,050,000)	950,000	(15,100,000)
Total comprehensive income for the financial year		-	20,320,545	20,320,545	795,586	21,116,131
Balance at 30 June 2021		2,700,000	23,771,007	26,471,007	2,347,836	28,818,843
Transactions with owners of the Group						
- Issuance of new shares	9	2	-	2	-	2
Total comprehensive income for the financial year		-	21,005,265	21,005,265	465,620	21,470,885
Balance at 30 June 2022		2,700,002	44,776,272	47,476,274	2,813,456	50,289,730

The accompanying notes form an integral part of the financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)**DS SIGMA HOLDINGS BERHAD**

(Incorporated in Malaysia)

**COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL
YEARS ENDED 30 JUNE 2022, 30 JUNE 2021, 30 JUNE 2020 AND 30 JUNE 2019**

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
OPERATING ACTIVITIES					
Profit before tax		28,847,220	27,639,981	12,885,293	19,603,153
Adjustments for:					
Depreciation of property, plant and equipment		2,484,174	1,762,590	1,686,972	1,771,638
Gain on disposal of property, plant and equipment		(100,000)	-	-	(1,999)
Property, plant and equipment written off		19,351	14,155	-	-
Finance income		(288,544)	(129,879)	(209,905)	(198,451)
Finance cost		677,620	528,836	750,354	598,742
Operating profit before working capital changes		31,639,821	29,815,683	15,112,714	21,773,083
Changes in working capital:-					
Inventories		706,689	132,869	(107,687)	(258,014)
Receivables		(1,371,687)	(7,159,961)	(1,844,753)	3,598,927
Payables		2,876,971	574,416	167,045	(3,204,211)
Cash generated from operations		33,851,794	23,363,007	13,327,319	21,909,785
Interest received		288,544	129,879	209,905	198,451
Interest paid		(677,620)	(528,836)	(750,354)	(598,742)
Tax paid		(6,321,495)	(4,684,055)	(3,784,731)	(4,564,642)
Tax refunded		-	-	47,490	52,657
Net cash from operating activities		27,141,223	18,279,995	9,049,629	16,997,509
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	A	(1,996,333)	(437,429)	(488,832)	(7,469,131)
Proceed from disposal of property, plant and equipment		100,000	-	-	2,000
Placement of fixed deposits with maturity of more than 3 months		(5,000,000)	-	-	-
Net cash used in investing activities		(6,896,333)	(437,429)	(488,832)	(7,467,131)
FINANCING ACTIVITIES					
Dividends paid		-	(17,000,000)	(7,100,000)	(11,500,000)
Repayments of lease liabilities	B	(1,621,915)	(1,942,697)	(2,821,652)	(1,823,559)
Repayments of borrowings		(2,407,068)	(708,934)	(433,683)	(275,734)
Drawdown of borrowings		-	1,800,000	-	6,000,000
Proceeds from issuance of new shares		2	-	-	-
Net cash used in financing activities		(4,028,981)	(17,851,631)	(10,355,335)	(7,599,293)
CASH AND CASH EQUIVALENTS					
Net changes		16,215,909	(9,065)	(1,794,538)	1,931,085
At the beginning of financial year		9,805,038	9,814,103	11,608,641	9,677,556
At the end of financial year	C	26,020,947	9,805,038	9,814,103	11,608,641

12. ACCOUNTANTS' REPORT (Cont'd)**DS SIGMA HOLDINGS BERHAD**

(Incorporated in Malaysia)

**COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL
YEARS ENDED 30 JUNE 2022, 30 JUNE 2021, 30 JUNE 2020 AND 30 JUNE 2019 (CONT'D)****NOTES TO THE STATEMENTS OF CASH FLOWS****A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
	RM	RM	RM	RM
Total additions	6,855,534	637,429	512,832	14,812,637
Acquired through lease arrangements	(4,859,201)	(200,000)	(24,000)	(7,343,506) *
Cash payment	<u>1,996,333</u>	<u>437,429</u>	<u>488,832</u>	<u>7,469,131</u>

* Includes 2 machines acquired through lease arrangements in the financial year ended 30 June 2018 amounting to RM1,452,000 where the leases were drawdown during the financial year ended 30 June 2019.

B. CASH OUTFLOWS FOR LEASE AS A LESSEE

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
	RM	RM	RM	RM
<i>Included in net cash from operating activities:</i>				
Payment relating to short-term leases	251,580	725,960	682,485	686,180
Payment relating to lease of low value assets	17,838	17,090	14,835	15,135
Interest paid in relation to lease liabilities	282,085	202,329	292,463	155,499
<i>Included in net cash used in financing activities:</i>				
Payment of lease liabilities	<u>1,621,915</u>	<u>1,942,697</u>	<u>2,821,652</u>	<u>1,823,559</u>
	<u>2,173,418</u>	<u>2,888,076</u>	<u>3,811,435</u>	<u>2,680,373</u>

C. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following items:-

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
	RM	RM	RM	RM
Cash and bank balances	19,020,947	9,805,038	9,814,103	11,608,641
Fixed deposits with a licensed bank	<u>12,000,000 *</u>	<u>-</u>	<u>-</u>	<u>-</u>
	31,020,947	9,805,038	9,814,103	11,608,641
Less: Placement of fixed deposits with maturity of more than 3 months	<u>(5,000,000) *</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>26,020,947</u>	<u>9,805,038</u>	<u>9,814,103</u>	<u>11,608,641</u>

* Fixed deposits with a licensed bank earned interest at rates range from 1.9% to 2.6% (2021, 2020 and 2019: Nil) per annum.

The accompanying notes form an integral part of the financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)**DS SIGMA HOLDINGS BERHAD**

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL INFORMATION**1. GENERAL INFORMATION****1.1 Introduction**

This report has been prepared solely to comply with the Prospectus Guidelines issued by the Securities Commission Malaysia and for inclusion in the prospectus of DS Sigma Holdings Berhad ("the Company" or "DS Sigma") in connection with the listing of and quotation for the entire enlarged issued share capital of DS Sigma on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") (hereinafter defined as "the Listing"), 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 registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.

The principal place of business of the Company is located at No. 36, Jalan BP 5/6, Bandar Bukit Puchong, 47100 Puchong, Selangor.

1.3 Principal activities

The Company's principal activities are investment holding and manufacturing, supplying and trading in packaging materials and paper products.

Details of the combining entities of DS Sigma are as follows:

Name of companies	Principal activities	Date of incorporation	Country of incorporation	Effective ownership			
				2022	2021	2020	2019
				%	%	%	%
Dai Suwon Packaging Sdn Bhd	Manufacture of corrugated paper packaging products and supply of protective packaging products.	16 June 2003	Malaysia	100	100	100	100
Dai Suwon Manufacturing Sdn Bhd	Manufacture of corrugated paper packaging products.	12 April 2004	Malaysia	50	50	50	50
Kaisung Industries Sdn Bhd	Supply of protective packaging products.	26 April 2002	Malaysia	100	100	100	100

12. ACCOUNTANTS' REPORT (Cont'd)**1. GENERAL INFORMATION (CONT'D)****1.3 Principal activities (cont'd)**

There were no significant changes in the nature of the principal activities of DS Sigma and its combining entities during the financial year.

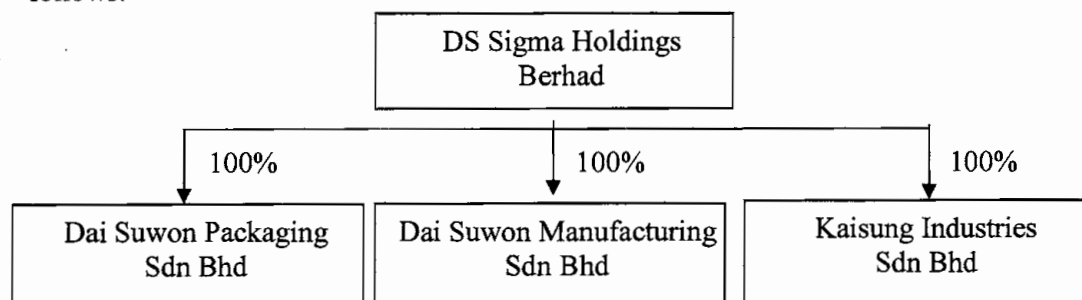
1.4 Acquisition**DS Sigma Group**

The DS Sigma Group will be formed pursuant to the completion of acquisition of Dai Suwon Packaging Sdn Bhd, Dai Suwon Manufacturing Sdn Bhd and Kaisung Industries Sdn Bhd by DS Sigma to facilitate the listing on the ACE Market of Bursa Malaysia Securities Berhad.

DS Sigma acquired the entire issued share capital of Dai Suwon Packaging Sdn Bhd, Dai Suwon Manufacturing Sdn Bhd and Kaisung Industries Sdn Bhd comprising 3,900,000 ordinary shares ("Acquisition").

The aggregate purchase consideration for the above Acquisition is RM29,161,498.50 satisfied by the issuance of 388,819,980 new ordinary shares at an issue price of RM0.075 per share. The Acquisition has been completed on 29 August 2022.

Following the completion of the Acquisition, the group structure of DS Sigma is as follows:-



The Group is regarded as a continuing entity resulting from the Acquisition since the management of all the entities which took major part in the Acquisition were controlled by the certain Directors and substantially under same major shareholders before and immediately after the Acquisition. Consequently, immediately after the Acquisition, there was a continuation of the control over entities' financial and operating policy decisions and risks and benefits to the ultimate shareholders that existed prior to the Acquisition. The Acquisition has been accounted for as an acquisition under common control in a manner similar to pooling of interests. Accordingly, the combined financial statements for the financial years ended 30 June 2022, 30 June 2021, 30 June 2020 and 30 June 2019 have been prepared comprise the financial statements of the combining entities which were under common control of the ultimate shareholders that existed prior to the Acquisition during the relevant periods or since their respective dates of incorporation.

12. ACCOUNTANTS' REPORT (Cont'd)**2. RELEVANT FINANCIAL YEARS**

The combined financial statements of DS Sigma Group reflect the financial information of DS Sigma Holdings Berhad, Dai Suwon Packaging Sdn Bhd, Dai Suwon Manufacturing Sdn Bhd and Kaisung Industries Sdn Bhd except for the financial years ended 30 June 2021, 30 June 2020 and 30 June 2019 which the financial information of DS Sigma Holdings Berhad have not been presented in these combined financial statements as the Company was only incorporated on 20 September 2021.

The relevant financial years of the audited financial statements presented for the purpose of this report ("Relevant Financial Years") and the Auditors of the respective companies within the Group are as follows:-

Companies	Relevant Financial Years	Statutory Auditors
DS Sigma Holdings Berhad	FYE 30 June 2022	Grant Thornton Malaysia PLT
Dai Suwon Packaging Sdn Bhd	FYE 30 June 2019* FYE 30 June 2020* FYE 30 June 2021 FYE 30 June 2022	K.W.Ong & Partners K.W.Ong & Partners Grant Thornton Malaysia PLT Grant Thornton Malaysia PLT
Dai Suwon Manufacturing Sdn Bhd	FYE 30 June 2019# FYE 30 June 2020# FYE 30 June 2021# FYE 30 June 2022	N/A# N/A# N/A# Grant Thornton Malaysia PLT
Kaisung Industries Sdn Bhd	FYE 30 June 2019* FYE 30 June 2020* FYE 30 June 2021 FYE 30 June 2022	K.W.Ong & Partners K.W.Ong & Partners Grant Thornton Malaysia PLT Grant Thornton Malaysia PLT

* Reaudited by Grant Thornton Malaysia PLT for the purposes of these combined financial statements

The statutory financial year end is 31 December and the statutory auditors for the latest statutory financial year ended 31 December 2020 were ChengCo PLT. However, the financial statements for financial years ended 30 June 2021, 30 June 2020 and 30 June 2019 were reaudited by Grant Thornton Malaysia PLT for the purposes of these combined financial statements

The auditors' reports on the financial statements of Dai Suwon Packaging Sdn Bhd, Dai Suwon Manufacturing Sdn Bhd and Kaisung Industries Sdn Bhd for the Relevant Financial Years reported above were not subject to any qualification or modification.

12. ACCOUNTANTS' REPORT (*Cont'd*)

3. BASIS OF PREPARATION

3.1 Statement of compliance

The combined financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs") based on the Guidance Note on 'Combined Financial Statements' issued by the Malaysian Institute of Accountants in relation to the Listing.

The combined financial statements consist of the financial statements of the combining entities ("the Group") as disclosed in Note 2 to this report, which were under common control throughout the reporting years by virtue of common controlling shareholders.

The combined financial statements have been prepared using financial information obtained from the records of the combining entities during the reporting years.

The financial information as presented in the combined financial statements do not correspond to the combined financial statements of the Group, as the combined financial statements reflect business combinations under common control for the purpose of the Listing. Consequently, the financial information from the combined financial statements do not purport to predict the financial positions, results of operations and cash flows of the combining entities during the reporting years.

3.2 Basis of measurement

The combined financial statements of the Group are prepared under 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.

3.3 Functional and presentation currency

The combined financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's functional currency and all values are rounded to the nearest RM except when otherwise stated.

3.4 Adoption of new standards/amendments/improvements to MFRSs

The Group has applied the accounting policies set out in Note 4 to all financial years presented in these combined financial statements, except for the changes below.

The Group adopted new standards/amendments/improvements to MFRSs which have been applied using the full retrospective approach.

Initial application of the new standards/amendments/improvements to the standards did not have a material impact on the combined financial statements of the Group.

12. ACCOUNTANTS' REPORT (Cont'd)

3. BASIS OF PREPARATION (CONT'D)

3.5 Standards issued but not yet effective

The new and amended standards that are issued, but not yet effective, up to the date of issuance of the Group's combined financial statements are disclosed below. The Group intends to adopt these new and amended standards, if applicable, when they become effective.

Amendments to MFRSs effective 1 January 2022:

Amendments to MFRS 3	Business Combinations - Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds Before Intended Use
Amendments to MFRS 137*	Provisions, Contingent liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018-2020	

MFRS and Amendments to MFRSs effective 1 January 2023:

Amendments to MFRS 4*	Insurance Contracts - Extension of the Temporary Exemption from Applying MFRS 9
MFRS 17* and Amendments to MFRS 17*	Insurance Contracts
Amendments to MFRS 17*	Initial application of MFRS 17 and 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

Amendments to MFRSs - effective date deferred indefinitely:

Amendments to MFRS 10 and 128*	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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* Not applicable to the Group's operation

The initial application of the above new standards and amendments are not expected to have any financial impact to the combined financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

3. BASIS OF PREPARATION (CONT'D)**3.6 Significant accounting estimates and judgements**

Estimates, assumptions concerning the future and judgements are made in the preparation of the combined financial statements. They affect the application of the Group's accounting policies and reported amounts of assets, liabilities, income, 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.

3.6.1 Estimation uncertainty

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Useful lives of depreciable assets

Management estimates the useful lives of the property, plant and equipment to be within 4 to 74 years and reviews the useful lives of depreciable assets at each reporting date. At the 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 resulting the adjustment to the Group's assets.

The carrying amount of the Group's property, plant and equipment at the reporting date is disclosed in Note 5 to the combined financial statements.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the assets 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 interest 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. 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.

12. ACCOUNTANTS' REPORT (Cont'd)

3. BASIS OF PREPARATION (CONT'D)**3.6 Significant accounting estimates and judgements (cont'd)****3.6.1 Estimation uncertainty (cont'd)**Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made. The Group's core business is subject to economical factors which may cause selling prices to change rapidly and the Group's profit to change.

The carrying amount of the Group's inventories at the reporting date is disclosed in Note 6 to the combined financial statements.

Provision for expected credit losses ("ECLs") of trade receivables

The Group uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

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. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing and trading sector, the historical default rates are adjusted. 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 ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances 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.

Income taxes

Significant judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain in the ordinary course of business. The Group recognises 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 differences will impact the income tax and deferred tax provisions in the years in which such determination is made.

12. ACCOUNTANTS' REPORT (Cont'd)

3. BASIS OF PREPARATION (CONT'D)**3.6 Significant accounting estimates and judgements (cont'd)****3.6.1 Estimation uncertainty (cont'd)**Leases – estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

3.6.2 Significant management judgementDetermining the lease term of contracts with renewal options – as lessee

The Group determines the lease term with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has lease contracts that include extension. The Group applies judgement in evaluating whether to exercise the option to renew or terminate 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 (e.g if significant leasehold improvements or significant customisation to the leased assets).

The Group includes the renewal period as part of the lease term for such leases of premises with non-cancellable period (ie. two-three years). The Group typically exercises its option to renew for these leases because the Group is using the premises for operations purpose.

12. ACCOUNTANTS' REPORT (Cont'd)**4. SIGNIFICANT ACCOUNTING POLICIES**

The Group applies the significant accounting policies, as summarised below, consistently throughout all years presented in the combined financial statements.

4.1 Consolidation**4.1.1 Basis of consolidation**

The Group's combined financial statements consolidate the audited 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 date.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full in preparing the combined financial statements. Intragroup losses may indicate an impairment that requires recognition in the combined financial statements. Temporary differences arising from the elimination of profits and losses resulting from intragroup transactions will be treated in accordance with MFRS 112 Income Taxes.

Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

4.1.2 Common control business combination

A business combination involving entities under common control is a business combination in which all the combining entities or business are ultimately controlled by the same party or parties both before or after the business combination and that control is not transitory.

For such common control business combinations, the merger accounting principles are used to account for the assets, liabilities, results, equity changes and cash flows of the combining entities in the combined financial statements.

Under the merger method of accounting, the results of the subsidiary companies are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the end of transfer.

On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit differences is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference are classified and presented as movement in other capital reserves.

The effect of all transactions and balances between the combining entities, whether occurring before or after the combination are eliminated in preparing the combined financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.1 Consolidation (cont'd)****4.1.3 Subsidiary companies**

Subsidiary companies are entities, including structured entity, 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 less any impairment losses in the Company's statement of financial position, unless the investment is held for sale or distribution.

Upon the disposal of investment in subsidiary companies, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

4.1.4 Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. 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, 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 a financial asset depending on the level of influence retained.

4.1.5 Non-controlling interests

Non-controlling interests at the end of the reporting year being the equity in a subsidiary company not attributable directly or indirectly to the equity holders of the Group, are presented in the combined statement of financial position and combined statement of changes in equity within equity, separately from equity attributable to the owners of the Group. Non-controlling interests in the results of the Group is presented in the combined statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the financial year between non-controlling interests and the owners of the Group.

Losses applicable to the non-controlling interests in a subsidiary company are allocated to the non-controlling interests even if that results in a deficit balance.

4.2 Property, plant and equipment

All property, plant and equipment, are measured at cost less accumulated depreciation and less any impairment losses. 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.

12. ACCOUNTANTS' REPORT (Cont'd)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.2 Property, plant and equipment (cont'd)**

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bring the assets 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. All other repair and maintenance costs are recognised in profit or loss as incurred.

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. Other property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

Freehold building	2%
Leasehold land and building	over 74 years
Computer and software	20%
Furniture, fittings and office equipment	10%
Plant and machineries	10%-20%
Motor vehicles	20%
Renovation and electrical installation	10%
Premises	4 to 6 years

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 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 on 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 years in which the asset is derecognised.

4.3 Impairment of non-financial of assets

At the end of each reporting date, the Group review the carrying amounts of its non-financial assets to determine whether there is any indication of impairment by comparing its carrying amount with its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

12. ACCOUNTANTS' REPORT (Cont'd)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 Impairment of non-financial of assets (cont'd)**

Impairment losses recognised in respect of a cash-generating unit or group of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to those units or group of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised as an expense in profit or loss immediately.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior financial years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as revaluation increase.

4.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.4.1 Financial assets**Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss.

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. 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 fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

12. ACCOUNTANTS' REPORT (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.4 Financial instruments (cont'd)****4.4.1 Financial assets (cont'd)****Initial recognition and measurement (cont'd)**

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

At the reporting date, the Group carries only financial assets at amortised cost on its statements of financial position.

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") 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 includes trade and other receivables (excluding prepayments), fixed deposits with a licensed bank and cash and cash equivalents.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but have transferred control of the asset.

12. ACCOUNTANTS' REPORT (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.4 Financial instruments (cont'd)****4.4.1 Financial assets (cont'd)****Derecognition (cont'd)**

When the Group has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group measures loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group are exposed to credit risk.

The Group estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

12. ACCOUNTANTS' REPORT (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.4 Financial instruments (cont'd)****4.4.1 Financial assets (cont'd)****Impairment (cont'd)**

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group assesses whether the financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or 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 assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

4.4.2 Financial liabilities**Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at amortised cost

After initial recognition, carrying amounts are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

At the reporting date, the Group carries only financial liabilities at amortised cost on its statements of financial position. The Group's financial liabilities include trade and other payables (excluding sales tax payable) and borrowings.

12. ACCOUNTANTS' REPORT (Cont'd)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.4 Financial instruments (cont'd)****4.4.2 Financial liabilities (cont'd)****Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

4.4.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the combined 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.

4.5 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of inventories are determined on a first-in-first-out basis. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less any estimated costs necessary to make the sale.

4.6 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and fixed deposits with a licensed bank which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.7 Equity and reserves

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.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transactions cost.

Retained earnings include all current year's profit and prior years' retained earnings.

Dividends are accounted for in shareholders' equity as an appropriation of retained earnings and recognised as a liability in the period in which they are declared.

12. ACCOUNTANTS' REPORT (Cont'd)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.8 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.

4.8.1 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 depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land and building	over 74 years
Plant and machineries	10%
Motor vehicles	20%
Premises	4 to 6 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, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment test as set out in Note 4.3 to the combined financial statements.

On the combined statements of financial position, right-of-use assets have been included in property, plant and equipment.

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 include fixed payments (including in-substance fixed payments) less any lease 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 an 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.

12. ACCOUNTANTS' REPORT (Cont'd)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.8 Leases (cont'd)****4.8.1 As a lessee (cont'd)****Lease liabilities (cont'd)**

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.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term lease (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies for the lease of low-value assets recognition exemption to lease of that are considered to be low-value. Lease payments on short-term lease and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

4.9 Revenue**4.9.1 Revenue from contracts with customers**

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e when the "control" of the goods or services underlying the particular performance obligation is transferred to customer.

The Group recognises the revenue arising from sale of goods or services at a point in time unless one of the following over time criteria is met:-

- (a) The customer simultaneously receives and consumes the benefits provided; or
- (b) The Group's performance creates or enhances an asset that the customer control as the assets is created or enhanced; or
- (c) The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

The Group is in the business of manufacturing of corrugated paper packaging products and supplying of protective packaging products. Revenue from contracts with customers is recognised when control of the goods is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

4.9.2 Interest income

Interest income is recognised on time proportion basis, by references to the principal outstanding and at interest rate applicable.

12. ACCOUNTANTS' REPORT (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.10 Employee benefits****4.10.1 Short-term benefits**

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial years, in which the associated services are rendered by the 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 are incurred.

4.10.2 Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into independent 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 years.

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 Employee Provident Fund ("EPF").

4.11 Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss.

4.11.1 Current tax

Income tax on the profit or loss for the financial period comprises current and deferred tax. Current tax expense is the expected amount of income taxes payable in respect of the taxable profit for the financial period and are measured using the tax rates that have been enacted or substantively enacted by the reporting date.

4.11.2 Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the combined statement of financial position and their tax bases. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting year.

12. ACCOUNTANTS' REPORT (Cont'd)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.11 Tax expense (cont'd)****4.11.2 Deferred tax (cont'd)**

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 and liabilities will be realised simultaneously.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.12 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when 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.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at 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 provisions are reversed. Where the effect of the time 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.

4.13 Operating segment

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.

12. ACCOUNTANTS' REPORT (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.14 Earnings per share****4.14.1 Basic**

Basic earnings per share for the year is calculated by dividing the net profit for the financial year attributable to common controlling shareholders by the weighted average number of ordinary shares in issue.

4.14.2 Diluted

Diluted earnings per share is calculated by dividing the net profit for the financial 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. Diluted earnings per share equals basic earnings per share as the Group does not have potential dilutive equity instruments that would give a diluted effect to the basic earnings per share.

12. ACCOUNTANTS' REPORT (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

	<u>Freehold land</u> RM	<u>Freehold building</u> RM	<u>Leasehold land and building</u> RM	<u>Computer and software</u> RM	<u>Furniture, fittings and office equipment</u> RM	<u>Plant and machineries</u> RM	<u>Motor vehicles</u> RM	<u>Renovation and electrical installation</u> RM	<u>Premises</u> RM	<u>Total</u> RM
Cost										
At 1 July 2018	2,288,473	3,915,831	-	332,134	1,752,071	4,528,958	788,050	525,643	-	14,131,160
Additions	-	-	7,632,029	5,618	374,085	5,905,893	428,272	466,740	-	14,812,637
Disposals	-	-	-	-	-	(28,000)	-	-	-	(28,000)
Written off	-	-	-	-	(22)	-	-	-	-	(22)
At 30 June 2019	2,288,473	3,915,831	7,632,029	337,752	2,126,134	10,406,851	1,216,322	992,383	-	28,915,775
Additions	-	-	-	6,159	114,351	336,100	41,352	14,870	-	512,832
At 30 June 2020	2,288,473	3,915,831	7,632,029	343,911	2,240,485	10,742,951	1,257,674	1,007,253	-	29,428,607
Additions	-	-	-	23,697	27,764	318,553	260,915	6,500	-	637,429
Written off	-	-	-	(16,205)	(29,589)	(168,310)	-	-	-	(214,104)
At 30 June 2021	2,288,473	3,915,831	7,632,029	351,403	2,238,660	10,893,194	1,518,589	1,013,753	-	29,851,932
Additions	-	-	-	80,110	181,927	2,191,889	54,623	1,292,872	3,054,113	6,855,534
Disposal	-	-	-	-	-	(403,000)	-	-	-	(403,000)
Written off	-	-	-	(24,001)	-	(205,052)	(2,450)	-	-	(231,503)
At 30 June 2022	2,288,473	3,915,831	7,632,029	407,512	2,420,587	12,477,031	1,570,762	2,306,625	3,054,113	36,072,963

12. ACCOUNTANTS' REPORT (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	<u>Freehold land</u> RM	<u>Freehold building</u> RM	<u>Leasehold land and building</u> RM	<u>Computer and software</u> RM	<u>Furniture, fittings and office equipment</u> RM	<u>Plant and machineries</u> RM	<u>Motor vehicles</u> RM	<u>Renovation and electrical installation</u> RM	<u>Premises</u> RM	<u>Total</u> RM
Accumulated depreciation										
At 1 July 2018	-	162,172	-	244,702	553,907	2,052,865	399,369	240,382	-	3,653,397
Charge for the financial year	-	263,336	103,136	59,394	65,397	958,346	209,124	112,905	-	1,771,638
Disposals	-	-	-	-	-	(27,999)	-	-	-	(27,999)
Written off	-	-	-	-	(22)	-	-	-	-	(22)
At 30 June 2019	-	425,508	103,136	304,096	619,282	2,983,212	608,493	353,287	-	5,397,014
Charge for the financial year	-	79,700	103,136	14,017	185,694	991,796	212,789	99,840	-	1,686,972
At 30 June 2020	-	505,208	206,272	318,113	804,976	3,975,008	821,282	453,127	-	7,083,986
Charge for the financial year	-	79,498	103,136	18,018	209,950	1,022,093	230,836	99,059	-	1,762,590
Written off	-	-	-	(16,205)	(29,269)	(154,475)	-	-	-	(199,949)
At 30 June 2021	-	584,706	309,408	319,926	985,657	4,842,626	1,052,118	552,186	-	8,646,627
Charge for the financial year	-	60,123	103,135	22,162	203,661	1,214,700	213,184	160,599	506,610	2,484,174
Disposals	-	-	-	-	-	(403,000)	-	-	-	(403,000)
Written off	-	-	-	(23,998)	-	(185,704)	(2,450)	-	-	(212,152)
At 30 June 2022	-	644,829	412,543	318,090	1,189,318	5,468,622	1,262,852	712,785	506,610	10,515,649
Net carrying amounts										
At 30 June 2022	2,288,473	3,271,002	7,219,486	89,422	1,231,269	7,008,409	307,910	1,593,840	2,547,503	25,557,314
At 30 June 2021	2,288,473	3,331,125	7,322,621	31,477	1,253,003	6,050,568	466,471	461,567	-	21,205,305
At 30 June 2020	2,288,473	3,410,623	7,425,757	25,798	1,435,509	6,767,943	436,392	554,126	-	22,344,621
At 30 June 2019	2,288,473	3,490,323	7,528,893	33,656	1,506,852	7,423,639	607,829	639,096	-	23,518,761

12. ACCOUNTANTS' REPORT (Cont'd)**5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

Freehold and leasehold land and buildings of the Group with net carrying amount of RM12,778,961 (2021: RM12,942,219, 2020: RM13,124,853 and 2019: RM13,307,689) have been charged to licensed banks to secure banking facilities granted to the Group. The details of these banking facilities are disclosed in Note 12 to the combined financial statements.

Information on right-of-use assets are as follows:

	Carrying amount RM	Depreciation for the year RM	Additions RM
<u>2022</u>			
Leasehold land and building	7,219,486	103,135	-
Plant and machineries	5,640,546	878,382	1,759,184
Motor vehicles	235,328	140,605	54,623
Premises	2,547,503	506,610	3,054,113
Total right-of-use assets	<u>15,642,863</u>	<u>1,628,732</u>	<u>4,867,920</u>
<u>2021</u>			
Leasehold land and building	7,322,621	103,136	-
Plant and machineries	4,759,744	702,463	-
Motor vehicles	466,468	230,836	260,915
Total right-of-use assets	<u>12,548,833</u>	<u>1,036,435</u>	<u>260,915</u>
<u>2020</u>			
Leasehold land and building	7,425,757	103,136	-
Plant and machineries	5,462,207	702,463	-
Motor vehicles	436,389	181,125	41,352
Total right-of-use assets	<u>13,324,353</u>	<u>986,724</u>	<u>41,352</u>
<u>2019</u>			
Leasehold land and building	7,528,893	103,136	7,632,029
Plant and machineries	6,164,670	702,463	5,449,633
Motor vehicles	576,162	177,460	428,272
Total right-of-use assets	<u>14,269,725</u>	<u>983,059</u>	<u>13,509,934</u>

The right-of-use assets are included in the same items as where the corresponding underlying assets would be presented if they were owned.

12. ACCOUNTANTS' REPORT (Cont'd)**6. INVENTORIES**

	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
At cost				
Finished goods	1,941,839	2,559,019	2,801,166	2,673,201
Raw materials	112,251	231,840	122,562	142,840
Work in progress	30,080	-	-	-
Total inventories	<u>2,084,170</u>	<u>2,790,859</u>	<u>2,923,728</u>	<u>2,816,041</u>
Recognised in profit or loss				
Inventories recognised at cost of sales	<u>64,893,651</u>	<u>74,274,800</u>	<u>49,992,712</u>	<u>58,817,766</u>

7. TRADE RECEIVABLES

The normal trade credit terms granted by the Group range from 1 to 90 days (2021 and 2020: 1 to 90 days and 2019: 1 to 75 days).

8. OTHER RECEIVABLES

	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
Non-trade receivables	107,355	4,438	8,790	1,239
Deposit	355,689	700,577	189,079	189,079
Prepayment				
- Initial public offering listing expenses	1,556,274	93,068	-	-
- Others	53,137	138,194	96,381	120,115
	<u>2,072,455</u>	<u>936,277</u>	<u>294,250</u>	<u>310,433</u>

12. ACCOUNTANTS' REPORT (Cont'd)**9. SHARE CAPITAL**

	DS Sigma Holdings <u>Berhad</u> Units	Dai Suwon Packaging <u>Sdn Bhd</u> Units	Dai Suwon Manufacturing <u>Sdn Bhd</u> Units	Kaisung Industries <u>Sdn Bhd</u> Units	<u>Total</u> Units
Issued and fully paid up with no par value:-					
At 1 July 2018/30					
June 2019/30					
June 2020	-	1,000,000	250,000	500,000	1,750,000
Add: Issuance of new shares	-	-	950,000	-	950,000
At 30 June 2021	-	1,000,000	1,200,000	500,000	2,700,000
Add: Issuance of new shares	20	-	-	-	20
At 30 June 2022	20	1,000,000	1,200,000	500,000	2,700,020

The holders of ordinary shares are entitled to receive dividends as and when declared by the Group. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Group's residual assets.

	DS Sigma Holdings <u>Berhad</u> RM	Dai Suwon Packaging <u>Sdn Bhd</u> RM	Dai Suwon Manufacturing <u>Sdn Bhd</u> RM	Kaisung Industries <u>Sdn Bhd</u> RM	<u>Total</u> RM
At 1 July 2018/30					
June 2019/30					
June 2020	-	1,000,000	250,000	500,000	1,750,000
Add: Issuance of new shares	-	-	950,000	-	950,000
At 30 June 2021	-	1,000,000	1,200,000	500,000	2,700,000
Add: Issuance of new shares	2	-	-	-	2
At 30 June 2022	2	1,000,000	1,200,000	500,000	2,700,002

10. NON-CONTROLLING INTERESTS

	Dai Suwon Manufacturing Sdn Bhd			
	<u>2022</u> %	<u>2021</u> %	<u>2020</u> %	<u>2019</u> %
Non-controlling interests	50	50	50	50

12. ACCOUNTANTS' REPORT (Cont'd)**10. NON-CONTROLLING INTERESTS (CONT'D)**

The summarised financial information relating to the subsidiary above is provided below.
This information is based on amounts before inter-company eliminations.

	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
(i) Summarised statement of financial position				
Non-current assets	10,664,390	7,246,472	7,438,028	7,857,032
Current assets	9,072,736	9,578,639	5,867,283	4,800,618
Non-current liabilities	(6,247,228)	(3,817,681)	(3,479,012)	(3,811,455)
Current liabilities	<u>(7,862,987)</u>	<u>(8,311,759)</u>	<u>(8,621,800)</u>	<u>(8,088,014)</u>
Net assets	<u>5,626,911</u>	<u>4,695,671</u>	<u>1,204,499</u>	<u>758,181</u>
(ii) Summarised statement of comprehensive income				
Revenue	60,125,648	61,391,271	39,312,213	44,796,402
Net profit/(loss)/total comprehensive income/(loss) for the financial year	931,239	1,591,172	446,318	(92,978)
Profit/(loss) attributable to equity holders of the Company	465,619	795,586	223,159	(46,489)
Profit/(loss) attributable to non-controlling interests	<u>465,620</u>	<u>795,586</u>	<u>223,159</u>	<u>(46,489)</u>
(iii) Summarised cash flows information				
Cash flows (used in)/generated from:				
Operating activities	1,809,387	(1,619,262)	484,250	571,559
Investing activities	(358,622)	(323,830)	(32,877)	(341,590)
Financing activities	<u>(2,734,916)</u>	<u>3,194,227</u>	<u>(254,884)</u>	<u>(252,992)</u>
Net changes in cash and cash equivalents	<u>(1,284,151)</u>	<u>1,251,135</u>	<u>196,489</u>	<u>(23,023)</u>

12. ACCOUNTANTS' REPORT (Cont'd)**11. LEASE LIABILITIES**

	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
At beginning of financial year	1,294,547	3,037,244	5,834,896	314,949
Additions	4,859,201	200,000	24,000	7,343,506
Lease payments/cash outflow	(1,621,915)	(1,942,697)	(2,821,652)	(1,823,559)
Lease interest	282,085	202,329	292,463	155,499
Payments for lease interest	(282,085)	(202,329)	(292,463)	(155,499)
At end of financial year	<u>4,531,833</u>	<u>1,294,547</u>	<u>3,037,244</u>	<u>5,834,896</u>
Presented as:				
- Current	1,184,617	970,906	1,940,836	2,827,538
- Non-current	<u>3,347,216</u>	<u>323,641</u>	<u>1,096,408</u>	<u>3,007,358</u>
	<u>4,531,833</u>	<u>1,294,547</u>	<u>3,037,244</u>	<u>5,834,896</u>

The lease liabilities are secured by the related underlying assets.

The maturity analysis of lease liabilities is disclosed in Note 26 to the combined financial statements.

The Group also has certain leases of premises, motor vehicles, office equipment and server with short-term leases and low-value assets. The Group applies "short-term leases" and "lease of low-value assets" recognition exemption for such leases.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use assets can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The Group are prohibited from selling or pledging the underlying leased assets as securities.

The Group's leasing activities by type of right-of-use assets are recognised in property, plant and equipment on the combined statements of financial position as disclosed in Note 5 to the combined financial statements.

The table below describes the nature of the Group's leasing activities by type of right-of-use assets recognised in property, plant and equipment on the combined statements of financial position:

<u>Right-of-use assets</u>	<u>Range of remaining term</u>	<u>Number of leases with extension options</u>	<u>Number of leases with variable payment linked to an index</u>	<u>Number of leases with termination options</u>
<u>2022</u>				
Leasehold land and building	71 years	-	-	-
Plant and machineries	1 to 4 years	-	-	-
Motor vehicles	1 to 2 years	-	-	-
Premises	3 to 5 years	3	-	-

12. ACCOUNTANTS' REPORT (Cont'd)**11. LEASE LIABILITIES (CONT'D)**

The table below describes the nature of the Group's leasing activities by type of right-of-use assets recognised in property, plant and equipment on the combined statements of financial position:

Right-of-use assets (cont'd)	Range of remaining term	Number of leases with extension options	Number of leases with variable payment linked to an index	Number of leases with termination options
<u>2021</u>				
Leasehold land and building	72 years	-	-	-
Plant and machineries	1 to 2 years	-	-	-
Motor vehicles	1 to 3 years	-	-	-
<u>2020</u>				
Leasehold land and building	73 years	-	-	-
Plant and machineries	1 to 3 years	-	-	-
Motor vehicles	1 to 4 years	-	-	-
<u>2019</u>				
Leasehold land and building	74 years	-	-	-
Plant and machineries	1 to 4 years	-	-	-
Motor vehicles	1 to 5 years	-	-	-

The effective interest rates of the lease liabilities ranged from 2.08% to 3.76% (2021: 2.08% to 3.51%, 2020: 2.47% to 3.51% and 2019: 2.47% to 2.90%) per annum.

12. BORROWINGS

	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
Non-current liabilities				
Term loans	<u>8,171,987</u>	<u>8,828,743</u>	<u>8,701,500</u>	<u>9,172,593</u>
Current liabilities				
Term loans	684,606	634,918	471,095	433,685
Bankers' acceptance	<u>-</u>	<u>1,800,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
	<u>684,606</u>	<u>2,434,918</u>	<u>1,471,095</u>	<u>1,433,685</u>
Total borrowings	<u>8,856,593</u>	<u>11,263,661</u>	<u>10,172,595</u>	<u>10,606,278</u>

12. ACCOUNTANTS' REPORT (Cont'd)**12. BORROWINGS (CONT'D)**

The above borrowings are secured by way of:

- (a) legal charge over freehold and leasehold land and buildings of the Group;
- (b) joint and several guarantee by certain Directors of the Group; and
- (c) corporate guarantee by a combining entity.

The term loans bear interest at rates ranging from 2.00% to 2.30% (2021, 2020 and 2019: 2.00% to 2.30%) per annum below the respective banks' base lending rate and are repayable by 66 to 240 equal monthly instalments.

In prior year, the bankers' acceptance bore interest rates ranging from 3.70% to 3.71% (2020: 4.06% to 6.44% and 2019: 6.44% to 6.64%) per annum.

13. DEFERRED TAX LIABILITIES

	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
At beginning of the financial year	833,781	643,931	478,000	307,000
Recognised in profit or loss	<u>493,519</u>	<u>189,850</u>	<u>165,931</u>	<u>171,000</u>
At end of financial year	<u>1,327,300</u>	<u>833,781</u>	<u>643,931</u>	<u>478,000</u>

The deferred tax liabilities are made up of tax impact on temporary differences arising from carrying amount of qualifying property, plant and equipment in excess of their tax base.

14. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 1 to 120 days (2021, 2020: 1 to 120 days and 2019: 1 to 90 days).

15. OTHER PAYABLES

	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
Other payables	635,267	8,451	373,044	1,342,033
Accruals	3,187,979	1,619,600	1,298,081	1,750,707
Amount due to certain Directors	-	-	1,879,648	1,879,648
Sales tax payable	<u>1,559</u>	<u>8,749</u>	<u>4,829</u>	<u>478</u>
	<u>3,824,805</u>	<u>1,636,800</u>	<u>3,555,602</u>	<u>4,972,866</u>

The amount due to certain Directors was non-trade in nature, unsecured, interest free and repayable on demand.

12. ACCOUNTANTS' REPORT (Cont'd)**16. REVENUE**

Revenue represents the invoiced value of goods sold, net of discounts and returns.

All of the Group's revenue are recognised at a point in time and generated in Malaysia.

No revenue was recognised from performance obligations satisfied in previous years.

The Group has no contract liabilities and therefore there was no revenue recognised that was included in contract liabilities at the beginning of the financial years.

17. PROFIT BEFORE TAX

Profit before tax has been determined after charging amongst others, the following items:-

	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
Auditor's remuneration				
- statutory audit	115,000	63,500	26,925	30,511
- others	260,000	-	-	-
Expenses relating to short-term leases				
- rental of office	-	139,200	139,200	139,200
- rental of motor vehicles	158,400	182,260	156,885	159,080
- rental of factory	-	376,800	376,800	376,800
- rental of hostel	93,180	27,700	9,600	11,100
Expenses relating to lease of low-value assets				
- rental of office equipment	11,358	10,910	8,840	8,770
- rental of server	6,480	6,180	5,995	6,365

18. TAX EXPENSE

	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
Current tax:				
- current year provision	6,770,646	6,334,000	2,758,538	4,535,859
- under/(over) provision in prior years	112,170	-	38,510	(34,557)
	<u>6,882,816</u>	<u>6,334,000</u>	<u>2,797,048</u>	<u>4,501,302</u>
Deferred tax:				
- current year provision	255,453	82,850	209,450	135,000
- under/(over) provision in prior years	238,066	107,000	(43,519)	36,000
	<u>493,519</u>	<u>189,850</u>	<u>165,931</u>	<u>171,000</u>
Total tax expense	<u>7,376,335</u>	<u>6,523,850</u>	<u>2,962,979</u>	<u>4,672,302</u>

12. ACCOUNTANTS' REPORT (Cont'd)**18. TAX EXPENSE (CONT'D)**

Malaysian income tax is calculated at the statutory rate of 24% (2021, 2020 and 2019: 24%) of the estimated assessable profit for the financial years.

A reconciliation of the tax expense on profit before tax with the applicable statutory income tax rate is as follows:-

	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
Profit before tax	<u>28,847,220</u>	<u>27,639,981</u>	<u>12,885,293</u>	<u>19,603,153</u>
Malaysian income tax rate of 24% (2021, 2020 and 2019: 24%)	6,923,333	6,633,595	3,092,470	4,704,757
Tax effect in respect of:-				
Non-allowable expenses	144,766	123,913	58,827	270,715
Tax savings for first RM600,000 (2021 and 2020: RM600,000, 2019: RM500,000) taxed at 17%	(42,000)	(42,000)	(84,000)	(87,613)
Under provision of deferred tax in current year not recognised	-	(187,000)	-	(217,000)
Under provision of current tax in current year not recognised	-	(111,658)	(99,309)	-
Under/(over) provision of deferred tax in prior years	238,066	107,000	(43,519)	36,000
Under/(over) provision of current tax in prior years	<u>112,170</u>	<u>-</u>	<u>38,510</u>	<u>(34,557)</u>
Total tax expense	<u>7,376,335</u>	<u>6,523,850</u>	<u>2,962,979</u>	<u>4,672,302</u>

12. ACCOUNTANTS' REPORT (Cont'd)**19. EARNINGS PER SHARE**Basic earnings per share

Basic earnings per share is calculated by dividing net profit for the financial year attributable to ordinary equity holders of the Group over the weighted average number of ordinary shares in issue during the financial year as follows:

	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
Net profit for the financial year attributable to equity holders of the Group (RM)	<u>21,005,265</u>	<u>20,320,545</u>	<u>9,699,155</u>	<u>14,977,340</u>
Weighted average number of ordinary shares in issue (units)	<u>2,700,015</u>	<u>1,757,830</u>	<u>1,750,000</u>	<u>1,750,000</u>
Basic earnings per share (RM)	<u>7.78</u>	<u>11.56</u>	<u>5.54</u>	<u>8.56</u>

Diluted earnings per share

Diluted earnings per share equals basic earnings per share because there are no potential dilutive instruments in existence at the reporting date.

12. ACCOUNTANTS' REPORT (Cont'd)**20. DIVIDENDS**

The following dividends have been paid by the Group:-

	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
First interim single-tier dividends declared in respect of financial year ended 30 June 2021:-				
300% per share on 1,000,000 ordinary shares paid on 25 January 2021	-	3,000,000	-	-
200% per share on 500,000 ordinary shares paid on 25 January 2021	-	1,000,000	-	-
850% per share on 1,000,000 ordinary shares paid on 30 June 2021	-	8,500,000	-	-
100% per share on 500,000 ordinary shares paid on 29 June 2021	-	500,000	-	-
First interim single-tier dividends declared in respect of financial year ended 30 June 2020:-				
250% per share on 1,000,000 ordinary shares paid on 14 January 2020	-	-	2,500,000	-
200% per share on 500,000 ordinary shares paid on 14 January 2020	-	-	1,000,000	-
300% per share on 1,000,000 ordinary shares paid on 30 October 2020	-	3,000,000	-	-
200% per share on 500,000 ordinary shares paid on 30 October 2020	-	1,000,000	-	-
First interim single-tier dividends declared in respect of financial year ended 30 June 2019:-				
500% per share on 1,000,000 ordinary shares paid on 14 January 2019	-	-	-	5,000,000
200% per share on 500,000 ordinary shares paid on 14 January 2019	-	-	-	1,000,000
400% per share on 1,000,000 ordinary shares paid on 20 May 2019	-	-	-	4,000,000
300% per share on 500,000 ordinary shares paid on 20 May 2019	-	-	-	1,500,000
300% per share on 1,000,000 ordinary shares paid on 3 October 2019	-	-	3,000,000	-
120% per share on 500,000 ordinary shares paid on 3 October 2019	-	-	600,000	-
	<u>-</u>	<u>17,000,000</u>	<u>7,100,000</u>	<u>11,500,000</u>

There were no dividends proposed, declared or paid by the Group since the end of previous financial year.

12. ACCOUNTANTS' REPORT (Cont'd)**21. EMPLOYEE BENEFITS EXPENSES**

	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
Salaries and other emoluments	17,776,074	20,964,988	18,544,375	21,458,236
Defined contribution plan	1,757,971	1,453,465	1,206,217	1,223,584
Social security contribution	52,415	51,454	46,400	29,752
Other benefits	<u>1,088,289</u>	<u>478,575</u>	<u>420,017</u>	<u>726,276</u>
	<u>20,674,749</u>	<u>22,948,482</u>	<u>20,217,009</u>	<u>23,437,848</u>

Included in the above is the Directors' remuneration during the financial year as follows:

	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
Salaries and other emoluments	6,727,790	6,000,000	4,800,000	4,800,000
Defined contribution plan	1,271,740	1,140,000	912,000	912,000
Other benefits	3,046	1,847	1,847	1,847
Fee	<u>128,612</u>	<u>3,367,522</u>	<u>1,578,008</u>	<u>2,504,553</u>
	<u>8,131,188</u>	<u>10,509,369</u>	<u>7,291,855</u>	<u>8,218,400</u>

22. COMMITMENTS

	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
Authorised and contracted for:				
- property, plant and equipment	<u>478,588</u>	<u>1,742,721</u>	<u>-</u>	<u>-</u>

23. LEASE COMMITMENTS**As lessee**

As at the reporting date, the Group was committed to short-term leases and the total commitment as at reporting date was Nil (2021: RM336,500, 2020: RM264,000 and 2019: RM271,200).

12. ACCOUNTANTS' REPORT (Cont'd)**24. RELATED PARTY DISCLOSURES**

- (a) Related party transactions have been entered into the normal course of business under normal trade terms. The related party transactions during the financial year are as follows:-

	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
Rental of premises paid to certain Directors	492,000	456,000	456,000	456,000
Rental of premises paid to a company connected to the certain Directors	72,000	60,000	60,000	60,000
Purchases from a company in which certain shareholders have substantial financial interests	203,578	221,709	126,450	134,600
Transportation charges paid to companies connected to relatives of certain Directors	187,085	215,311	174,467	503,824
Transportation charges paid to a company connected to relative of a shareholder of a subsidiary	<u>443,857</u>	<u>497,892</u>	<u>356,511</u>	<u>389,683</u>

- (b) Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the group either directly or indirectly.

The remuneration of key management personnel is same as the Directors' remuneration as disclosed in Note 21 to the combined financial statements. The Group has no other members of key management personnel apart from the Board of Directors.

25. SEGMENTAL REPORTING**Business segments**

The Group is principally involved in manufacturing, supplying and trading in packaging materials and paper products.

Due to the interrelated nature of manufacturing, supplying and trading in packaging materials and paper products and similar operational characteristic of managing the same field, management is of the view that it is overseeing a single reportable segment. Hence, the Group does not present its results by industry or product segment.

Geographical segments

The Group's business is operated entirely within Malaysia and as such, no segment information based on geographical location is presented.

12. ACCOUNTANTS' REPORT (Cont'd)**25. SEGMENTAL REPORTING (CONT'D)****Major customers**

The following are major customers with revenue equal or more than 10 percent of the Group's revenue:-

	RM	%
2022		
Customer A	22,915,394	19
Customer B	22,866,668	19
Customer C	21,570,589	18
Customer D	18,143,537	15
	<u>85,496,188</u>	<u>71</u>
2021		
Customer A	28,815,633	23
Customer B	26,300,158	21
Customer C	25,531,022	20
Customer D	17,211,563	13
	<u>97,858,376</u>	<u>77</u>
2020		
Customer A	28,209,486	33
Customer B	21,883,694	25
Customer C	13,854,151	16
Customer D	12,952,150	15
	<u>76,899,481</u>	<u>89</u>
2019		
Customer A	39,287,880	37
Customer B	24,675,089	23
Customer C	16,695,436	16
Customer D	10,803,947	10
	<u>91,462,352</u>	<u>86</u>

26. FINANCIAL INSTRUMENTS**26.1 Financial risk management**

The Group is exposed to financial risks arising from their operations and the use of financial instruments. The Group's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing their risks. The Group operates within policies that are approved by the Directors and the Group's policies are not to engage in speculative transactions.

12. ACCOUNTANTS' REPORT (Cont'd)**26. FINANCIAL INSTRUMENTS (CONT'D)****26.1 Financial risk management (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows:-

(a) 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. It is the Group's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the Group's counterparties whose aggregate credit exposure is significant in relation of the Group's total credit exposure. The Group's portfolio of financial instrument is broadly diversified along industry, product and geographical lines, and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

Following are the areas where the Group is exposed to credit risk:-

i. Receivables

At the reporting date, the maximum exposure to credit risk arising from receivables is limited to the carrying amounts in the combined statements of financial position.

With a credit policy in place to ensure the credit risk is monitored on an on-going basis, management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. The Group uses aging 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.

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 pattern (i.e., by geographical region, product type, customer type and rating. 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 the past events, current conditions and forecasts of future economic conditions.

Generally, the gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities. The Group does not hold collateral as security.

12. ACCOUNTANTS' REPORT (Cont'd)**26. FINANCIAL INSTRUMENTS (CONT'D)****26.1 Financial risk management (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows (cont'd):-

(a) Credit risk (cont'd)

Following are the areas where the Group is exposed to credit risk (cont'd):-

i. Receivables (cont'd)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Expected credit loss rate %	Total gross carrying amount RM	Expected credit loss RM
<u>2022</u>			
Not past due	-	15,304,289	-
Past due 1 to 30 days	-	3,185,353	-
Past due 31 to 60 days	-	260,972	-
Past due 61 to 90 days	-	3,048	-
Past due more than 91 days	-	5,409	-
		<u>18,759,071</u>	-
<u>2021</u>			
Not past due	-	12,478,655	-
Past due 1 to 30 days	-	5,877,247	-
Past due 31 to 60 days	-	152,851	-
Past due 61 to 90 days	-	11,107	-
Past due 91 to 120 days	-	2,769	-
Past due more than 120 days	-	933	-
		<u>18,523,562</u>	-
<u>2020</u>			
Not past due	-	10,958,003	-
Past due 1 to 30 days	-	968,565	-
Past due 31 to 60 days	-	52,897	-
Past due 61 to 90 days	-	14,232	-
Past due 91 to 120 days	-	7,303	-
Past due more than 120 days	-	4,628	-
		<u>12,005,628</u>	-

12. ACCOUNTANTS' REPORT (Cont'd)**26. FINANCIAL INSTRUMENTS (CONT'D)****26.1 Financial risk management (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows (cont'd):-

(a) Credit risk (cont'd)

Following are the areas where the Group is exposed to credit risk (cont'd):-

i. Receivables (cont'd)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix (cont'd):

	Expected credit <u>loss rate</u> %	Total gross <u>carrying amount</u> RM	Expected credit <u>loss</u> RM
2019			
Not past due	-	6,886,636	-
Past due 1 to 30 days	-	3,038,806	-
Past due 31 to 60 days	-	160,600	-
Past due 61 to 90 days	-	54,520	-
Past due 91 to 120 days	-	2,617	-
Past due more than 120 days	-	1,513	-
		<u>10,144,692</u>	<u>-</u>

The net carrying amount of trade receivables is considered a reasonable approximate of their fair value. The maximum exposure to credit risk is the carrying value of each class of receivables mentioned above.

In respect of trade receivables, the Group has significant concentration of credit risk of which 45% (2021: 42%, 2020: 66% and 2019: 71%) were due from 2 (2021: 2, 2020: 2 and 2019: 3) customers. As at the reporting date, there was no indication that these receivables are not recoverable.

ii. Cash and cash equivalents

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

iii. Financial guarantees

The maximum exposure to credit risk is RM4,719,752 (2021: RM5,573,909, 2020: RM6,039,494 and 2019: RM6,453,547) in respect of corporate guarantees given to financial institutions in respect of loans given to certain Directors. The Group monitors on an on-going basis the repayments made by certain Directors.

All the corporate guarantee given to banks for banking facilities utilised by certain Directors of the Group has been discharged by the banks subsequent to the financial year end.

12. ACCOUNTANTS' REPORT (Cont'd)**26. FINANCIAL INSTRUMENTS (CONT'D)****26.1 Financial risk management (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows (cont'd):-

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due as a result of shortage of funds. In managing its exposures to liquidity risk, the Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it 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 flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

The summary of the maturity profile based on the contractual undiscounted repayment obligation are set out as follows:-

	Carrying amount RM	Contractual cash flows RM	Current Less than 1 year RM	Non-current 1 to 5 years RM	More than 5 years RM
2022					
Secured:					
Lease liabilities	4,531,833	4,984,715	1,379,018	3,605,697	-
Borrowings	8,856,593	11,073,909	996,264	4,464,895	5,612,750
	<u>13,388,426</u>	<u>16,058,624</u>	<u>2,375,282</u>	<u>8,070,592</u>	<u>5,612,750</u>
Unsecured:					
Trade payables	8,543,764	8,543,764	8,543,764	-	-
Other payables excluding sales tax payable	3,823,246	3,823,246	3,823,246	-	-
	<u>12,367,010</u>	<u>12,367,010</u>	<u>12,367,010</u>	<u>-</u>	<u>-</u>
Total	<u>25,755,436</u>	<u>28,425,634</u>	<u>14,742,292</u>	<u>8,070,592</u>	<u>5,612,750</u>
Financial guarantees	-	4,719,752	-	-	-

12. ACCOUNTANTS' REPORT (Cont'd)**26. FINANCIAL INSTRUMENTS (CONT'D)****26.1 Financial risk management (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows (cont'd):-

(b) Liquidity risk (cont'd)

The summary of the maturity profile based on the contractual undiscounted repayment obligation are set out as follows (cont'd):-

	Carrying amount RM	Contractual cash flows RM	Current Less than 1 year RM	Non-current	
				1 to 5 years RM	More than 5 years RM
<u>2021</u>					
Secured:					
Lease liabilities	1,294,547	1,433,889	1,083,024	350,865	-
Borrowings	11,263,661	14,229,821	2,796,264	4,663,862	6,769,695
	12,558,208	15,663,710	3,879,288	5,014,727	6,769,695
Unsecured:					
Trade payables	7,854,798	7,854,798	7,854,798	-	-
Other payables excluding sales tax payable	1,628,051	1,628,051	1,628,051	-	-
	9,482,849	9,482,849	9,482,849	-	-
Total	22,041,057	25,146,559	13,362,137	5,014,727	6,769,695
Financial guarantees	-	5,573,909	-	-	-
<u>2020</u>					
Secured:					
Lease liabilities	3,037,244	3,366,635	2,133,048	1,233,587	-
Borrowings	10,172,595	12,898,314	1,835,368	3,601,300	7,461,646
	13,209,839	16,264,949	3,968,416	4,834,887	7,461,646
Unsecured:					
Trade payables	7,261,580	7,261,580	7,261,580	-	-
Other payables excluding sales tax payable	3,550,773	3,550,773	3,550,773	-	-
	10,812,353	10,812,353	10,812,353	-	-
Total	24,022,192	27,077,302	14,780,769	4,834,887	7,461,646
Financial guarantees	-	6,039,494	-	-	-

12. ACCOUNTANTS' REPORT (Cont'd)**26. FINANCIAL INSTRUMENTS (CONT'D)****26.1 Financial risk management (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows (cont'd):-

(b) Liquidity risk (cont'd)

The summary of the maturity profile based on the contractual undiscounted repayment obligation are set out as follows (cont'd):-

	Carrying amount RM	Contractual cash flows RM	Current Less than 1 year RM	Non-current 1 to 5 years RM	Non-current More than 5 years RM
<u>2019</u>					
Secured:					
Lease liabilities	5,834,896	6,454,230	3,121,854	3,332,376	-
Borrowings	10,606,278	14,069,354	1,811,638	4,021,962	8,235,754
	<u>16,441,174</u>	<u>20,523,584</u>	<u>4,933,492</u>	<u>7,354,338</u>	<u>8,235,754</u>
Unsecured:					
Trade payables	5,677,271	5,677,271	5,677,271	-	-
Other payables excluding sales tax payable	4,972,388	4,972,388	4,972,388	-	-
	<u>10,649,659</u>	<u>10,649,659</u>	<u>10,649,659</u>	<u>-</u>	<u>-</u>
Total	<u>27,090,833</u>	<u>31,173,243</u>	<u>15,583,151</u>	<u>7,354,338</u>	<u>8,235,754</u>
Financial guarantees	-	6,453,547	-	-	-

(c) Interest rate 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.

Fixed rate instruments are exposed to a risk of change in its fair value due to changes in interest rates. Variable rate instruments are exposed to a 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 the interest expense consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group targets a mix of fixed and floating debt based on assessment of its existing exposure and desired interest rate profile.

12. ACCOUNTANTS' REPORT (Cont'd)**26. FINANCIAL INSTRUMENTS (CONT'D)****26.1 Financial risk management (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows (cont'd):-

(c) Interest rate risk (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 date is as follows:-

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
	RM	RM	RM	RM
Fixed rate instruments				
Fixed deposits with a licensed bank	12,000,000	-	-	-
Lease liabilities	(4,531,833)	(1,294,547)	(3,037,244)	(5,834,896)
Borrowings:-				
- Term loans	<u>(765,184)</u>	<u>(937,148)</u>	<u>-</u>	<u>-</u>
	<u>(6,702,983)</u>	<u>(2,231,695)</u>	<u>(3,037,244)</u>	<u>(5,834,896)</u>
Variable rate instruments				
Borrowings:-				
- Term loans	(8,091,409)	(8,526,513)	(9,172,595)	(9,606,278)
- Bankers' acceptance	<u>-</u>	<u>(1,800,000)</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>
	<u>(8,091,409)</u>	<u>(10,326,513)</u>	<u>(10,172,595)</u>	<u>(10,606,278)</u>

Sensitivity analysis for fixed rate instruments:-

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the financial years would not affect profit or loss.

12. ACCOUNTANTS' REPORT (Cont'd)**26. FINANCIAL INSTRUMENTS (CONT'D)****26.1 Financial risk management (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows (cont'd):-

(c) Interest rate risk (cont'd)***Sensitivity analysis for variable rate instruments:-***

The following table illustrates the sensitivity of net profit/equity to a reasonably possible change in interest rates of +/- 0.5%. 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 rate for each year, and the financial instruments held at each reporting date that are sensitive to changes in interest rates with all other variables held constant.

	Increase/(decrease) in net profit/equity for the financial year	
	+0.5%	-0.5%
	RM	RM
Variable rate instruments		
2022	(40,457)	40,457
2021	(51,633)	51,633
2020	(50,863)	50,863
2019	(53,031)	53,031

26.2 Reconciliation of liabilities arising from financing activities

	At 1.7.2021 RM	Acquisition* RM	Drawdown RM	Repayments RM	At 30.6.2022 RM
Lease liabilities	1,294,547	4,859,201	-	(1,621,915)	4,531,833
Borrowings	11,263,661	-	-	(2,407,068)	8,856,593
	12,558,208	4,859,201	-	(4,028,983)	13,388,426

	At 1.7.2020 RM	Acquisition* RM	Drawdown RM	Repayments RM	At 30.6.2021 RM
Lease liabilities	3,037,244	200,000	-	(1,942,697)	1,294,547
Borrowings	10,172,595	-	1,800,000	(708,934)	11,263,661
	13,209,839	200,000	1,800,000	(2,651,631)	12,558,208

12. ACCOUNTANTS' REPORT (Cont'd)**26. FINANCIAL INSTRUMENTS (CONT'D)****26.2 Reconciliation of liabilities arising from financing activities (cont'd)**

	At 1.7.2019 RM	Acquisition* RM	Drawdown RM	Repayments RM	At 30.6.2020 RM
Lease liabilities	5,834,896	24,000	-	(2,821,652)	3,037,244
Borrowings	10,606,278	-	-	(433,683)	10,172,595
	<u>16,441,174</u>	<u>24,000</u>	<u>-</u>	<u>(3,255,335)</u>	<u>13,209,839</u>
	At 1.7.2018 RM	Acquisition* RM	Drawdown RM	Repayments RM	At 30.6.2019 RM
Lease liabilities	314,949	7,343,506	-	(1,823,559)	5,834,896
Borrowings	4,882,012	-	6,000,000	(275,734)	10,606,278
	<u>5,196,961</u>	<u>7,343,506</u>	<u>6,000,000</u>	<u>(2,099,293)</u>	<u>16,441,174</u>

* *Arising from acquisition of property, plant and equipment under lease arrangements.*

26.3 Fair value of financial instruments

The carrying amounts of financial assets and financial liabilities of the Group at the reporting date approximate their fair values due to their short-term nature or that they are variable rate instruments that are re-priced to market interest rates on or near the reporting date or have immaterial discounting impact.

26.4 Fair value hierarchy

No fair value hierarchy disclosed as the Group does not have financial instrument measured at fair value.

27. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder's value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, sell assets to reduce debts or issue new share capital.

There was no change in the Group's approach to capital management for the financial years ended 30 June 2022, 30 June 2021, 30 June 2020 and 30 June 2019.

12. ACCOUNTANTS' REPORT (*Cont'd*)

28. SIGNIFICANT EVENT DURING AND AFTER THE REPORTING PERIOD

The World Health Organisation declared the 2019 Novel Coronavirus infection ('COVID-19') a pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ('MCO') on 18 March 2020 and has subsequently entered into various phases of the MCO and total lockdown with recovery phase to prepare the Country to enter into endemic.

The Group has performed assessments on the overall impact of the situation on the Group's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there is no material adverse effect on the financial statements for the financial year ended 30 June 2022.

Given the Covid-19 transitioning from pandemic to endemic situation currently, the Group will still continue to monitor for any impact arising from the Covid-19 and take appropriate and timely measures to minimise the impact of the outbreak on the Group's operations.

13. ADDITIONAL INFORMATION

13.1 SHARE CAPITAL

- (i) None of the share capital of our Group is under any option or agreed conditionally or unconditionally to be put under any option.
- (ii) Save for the Pink Form Allocation as disclosed in Section 4.1.1 of this Prospectus,
 - (a) no person including Directors or employees of our Group has been or is entitled to be given or has exercised any option to subscribe for any shares or debentures, warrants, options, convertible securities or uncalled capital of our Company or our Subsidiaries; and
 - (b) there is currently no other scheme involving our Directors and employees of our Group and other persons who have contributed to the success of our Group in the share capital of our Company or our Subsidiaries.
- (iii) Save for the issuance of our subscribers' shares upon our incorporation and the new Shares issued for the Acquisitions and to be issued for the Public Issue as disclosed in Section 4.1.1 of this Prospectus, no shares, debentures, warrants, options, convertible securities or uncalled capital of our Group have been or are proposed to be issued as fully or partly paid-up, in cash or otherwise than in cash, within the 2 years preceding the date of this Prospectus.
- (iv) As at the date of this Prospectus, our Group does not have any outstanding convertible debt securities, options, warrants or uncalled capital.

13.2 EXTRACTS OF OUR CONSTITUTION

The following provisions are extracted from our Constitution and are qualified in its entirety by the provisions of our Constitution and by applicable law. Terms defined in our Constitution shall have the same meaning when used here unless they are otherwise defined here or the context otherwise requires.

13.2.1 Share capital

Clause 7.2 – Issue of shares

Without prejudice to any special rights previously conferred on the holders of any existing Shares or class of Shares and subject to the provisions of this Constitution, the Applicable Laws, the Act and the provisions of any resolution of the Company, Shares in the Company may be issued by the Directors, who may allot, or otherwise dispose of such Shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights, and subject to such restrictions and at such times as the Directors may determine but the Directors in making any issue of Shares shall comply with the following conditions:

- (a) no Shares shall be issued which shall have the effect of transferring a controlling interest in the Company without the prior approval of the Members in meeting of Members;
- (b) in the case of Shares of a class, other than ordinary shares, no special rights shall be attached until the same have been expressed in this Constitution and in the resolution creating the same;
- (c) every issue of Shares or options to employees and / or Directors shall be approved by the Members in meeting of Members and such approval shall specifically detail the amount of Shares or options to be issued to such employees and / or Directors; and only Directors holding office in an executive capacity shall participate in such an issue of Shares or options Provided Always that a Director not holding office in an executive capacity may so participate in an issue of Shares pursuant to public offer or a public issue;

13. ADDITIONAL INFORMATION (Cont'd)

- (d) except in the case of an issue of Securities on a pro rata basis to Members or pursuant to a back-to-back placement or dividend reinvestment scheme undertaken in compliance with the Listing Requirements, a Director, major shareholders, Chief Executive or person connected to any Director, major shareholder or Chief Executive of the Company shall not participate, directly or indirectly, in an issue of ordinary Shares or other Securities with rights of conversion to ordinary Shares unless the Members in meeting of Members have approved the specific allotment to be made to the Director major shareholders, Chief Executive or person connected to any Director, major shareholder or Chief Executive and the Director, major shareholders, Chief Executive or person connected to any Director, major shareholder or Chief Executive has abstained from voting on the relevant resolution;

In this Clause, “Major Shareholder”, “Chief Executive” and “Person connected to any Director, major shareholder or Chief Executive” shall have the same meaning described thereto in the Listing Requirements.

Clause 7.3 – Commission on subscription of Shares

The Company may exercise the powers as conferred by the Act to pay a commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, or procuring or agreeing to procure subscription, whether absolute or conditional, for any Shares in the Company provided that the rate of the commission shall not exceed 10% of the price at which such shares are issued, or an amount equivalent to such percentage of that price, and the requirements of the Act whichever is lesser and that the requirements of Section 80 of the Act shall be duly complied with. The said commission may be satisfied by payment in cash or shares (fully or partly paid shares) or partly in one way and partly in the other.

Clause 7.5 – Trusts not to be recognised

Except as required by the Applicable Laws, this Constitution or pursuant to any order by the court, no person shall be recognised by the Company as holding any Share upon any trust and the Company shall not, be bound by or required to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Share or unit of Share or (except only as by this Constitution or by the Applicable Laws otherwise provided) any other rights in respect of any Share except in an absolute right to the entirety thereof in the registered holder.

Clause 7.7 – Allotment and despatch of notice of allotment

Subject to the provisions of the Act, the SICDA, the Listing Requirements and the Rules, the Company must issue and allot the Securities and despatch notices of allotment to the allottees and make application for the quotation of such Securities within the stipulated time frame as may be prescribed by the Exchange and deliver to the Central Depository the appropriate certificate, if any, in such denomination as may be specified by the Central Depository registered in the name of Central Depository or its nominee company.

13.2.2 Transfer of Shares

Clause 11.1 – Transfer in writing and to be left at the Office

For the purpose of registration of a transfer of Shares that are not Deposited Securities, every instrument of transfer which is executed in accordance with the Applicable Laws, shall be left at the Office together with such fee not exceeding RM3.00 or as the Directors may determine, where a share certificate has been issued for the Share to be transferred, the certificate of the Shares and such other evidence as the Company may require to prove the title of the transferor or his right to transfer the Shares, and thereupon the Company shall subject to the powers vested in the Directors by this Constitution register the transferee as the Member within 30 days from receipt of such duly executed and stamped instrument of transfer.

13. ADDITIONAL INFORMATION (*Cont'd*)

Clause 11.2 – Transfer of Securities

The transfer of any Deposited Security shall be by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of Deposited Security.

Clause 11.5 – Directors may refuse registration of transfer

Subject to the provisions of the Act, the SICDA, the Listing Requirements and the Rules, the Directors may, in their discretion and without assigning any reason therefor, refuse to register, the transfer of any Share, not being a fully paid share, and whether or not the Company claims lien on the same.

Clause 11.6 – Closing of registration of transfers

The registration of transfers may be closed at such times and for such periods as the Directors may from time to time determine but not exceeding in the whole 30 days in any calendar year. In relation to the closure, the Company shall give written notice in accordance with the Rules to the Central Depository to issue the relevant appropriate Record of Depositors.

The Company shall before it closes such register:

- (a) give notice of such intended book closure (in the case of the Register) in accordance with Section 55 of the Act; and
- (b) give notice of such intended closure to the Exchange for such period as prescribed by the Exchange or the Applicable Laws before the intended date of such closure including in such notice, such date, the reason for such closure and the address of the share registry at which documents will be accepted for registration.

Clause 11.7 – Limitation of liability

Neither the Company nor the Directors nor any of its officers shall incur any liability for authorising or causing the registering or acting upon a transfer of Securities apparently made by sufficient parties, although the same may by reason of any fraud or other cause not known to the Company or the Directors or other officers be legally inoperative or insufficient to pass the property in the securities proposed or professed to be transferred, and although transferred, the transfer may, as between the transferor and the transferee, be liable to be set aside, and notwithstanding that, the Company may have notice that such instrument or transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee of the particulars of the Securities transferred, or otherwise in defective manner. In every such case, the person registered as the transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such securities and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

13.2.3 Transmission of Shares

Clause 12.1 – Transmission of Securities between registers

Where –

- (a) the Securities of the Company are listed on another stock exchange; and
- (b) the Company is exempted from compliance with Section 14 of the SICDA or Section 29 of the Securities Industry (Central Depositories) (Amendment) (No. 2) Act 1998, as the case may be, under the Rules in respect of such Securities,

13. **ADDITIONAL INFORMATION (Cont'd)**

the Company shall, upon request of a Securities holder, permit a transmission of Securities held by such Securities holder from the register of holders maintained by the share registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the share registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such Securities.

Clause 12.2 – Death of Member

In the case of the death of a Member, the survivor or survivors, where the deceased was a joint holder, and the legal personal representative(s) of the deceased, whether the deceased was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the Shares, but nothing herein contained shall release the estate of a deceased Member from any liability in respect of any Share which had been held by the deceased Member or jointly held by the deceased Member with other persons.

Clause 12.3 – Share of deceased or bankrupt Member or liquidation

Any person becoming entitled to a Share (that is not a Deposited Security) in consequence of the death or bankruptcy (or in the case of a body corporate, liquidation, otherwise than for the purpose of reconstruction or amalgamation) of a Member may, upon such evidence being produced as may from time to time properly be required by the Directors and subject as hereinafter provided, elect either to be registered himself as holder of the Share or debentures or to have some person nominated by him registered as the transferee thereof, but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by that Member before his death, bankruptcy or liquidation, as the case may be. Where the Share is a Deposited Security, subject to the provisions of the SICDA, the Rules and any written law, a transfer or withdrawal or transmission of the Share may be carried out by the person becoming so entitled.

Clause 12.4 – Notice to elect oneself or another to be registered

If any person so becoming entitled to a Security in consequence of the death or bankruptcy of a Member elects to register himself as the holder of the Security, he shall deliver or send to the Company, a notice in writing signed by him and stating that he so elects, provided that where the Security is a Deposited Security and the person becoming entitled elects to have the Security transferred to him, the aforesaid notice must be served by him on the Bursa Depository. If he elects to have another person registered, he shall evidence his election by executing to that person a transfer of the Security. All the limitations, restrictions and provisions of this Constitution relating to the right to transfer and the registration of transfers of Security shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer is a transfer signed by that Member.

Clause 12.5 – Persons entitled may receive dividends without being registered as Member, but may not vote

A person entitled to Securities in consequence of the death or bankruptcy of a Member shall be entitled upon the production of such evidence as may from time to time be properly required by the Directors and the Central Depository in that behalf and subject to the SICDA and the Rules, to receive and may give a discharge for all dividends and other moneys payable in respect of the Securities, but he shall not be entitled to receive notice of or to attend or vote at any meeting, or, save as aforesaid, to exercise any of the rights and privileges of a Member or debenture holder, unless and until he shall have become a Member or debenture holder in respect of the Securities. Where two or more persons are jointly entitled to any Securities in consequence of the death of the holder of the Securities they shall, for the purposes of these Clauses, be deemed to be the joint holders of the Securities.

13. ADDITIONAL INFORMATION *(Cont'd)*

13.2.4 Alteration of capital

Clause 15.1 – Company may alter its capital in certain ways

Subject to the Applicable Laws, the Company may from time to time by Ordinary Resolution:

- (a) consolidate and divide all or any of its share capital into Shares of larger amount than its existing shares;
- (b) subdivide its share capital or any part thereof into shares of smaller amount than is fixed by this Constitution by subdivision of its existing shares or any of them, subject nevertheless to the provisions of the Act and so that as between the resulting shares, 1 or more of such shares may, by the resolution by which such subdivision is effected, be given any preference or advantage as regards dividends, return of capital, voting or otherwise over the others or any other of such shares;
- (c) 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;
- (d) convert all or any of its issued Shares into stock and reconvert that stock into paid up Shares; and
- (e) subject to the provisions of this Constitution and the Act, convert and / or re-classify any class of Shares into any other class of Shares.

Clause 15.2 – Power to reduce capital

The Company may by Special Resolution, reduce its share capital in any manner permitted or authorised under and in compliance with the Applicable Laws.

Clause 15.4 – Purchase of own Shares

Subject to the provisions of the Act and / or the Applicable Laws, the Company may, with the sanction of an Ordinary Resolution of the Members in meeting of Members, purchase its own Shares and make payment in respect of the purchase and / or give financial assistance to any person for the purpose of purchasing its own Shares on such date(s), terms and manner as may be determined from time to time by the Directors. Any Shares in the Company so purchased by the Company shall be dealt with in accordance with the Act and / or the Applicable Laws. The provision of Clauses 15.1 and 15.2 hereof shall not affect the power of the Company to cancel any Shares or reduce its share capital pursuant to any exercise of the Company's power under this Clause.

13.2.5 Increase of capital and variation rights

Clause 16.4 – Rights of preference shareholders

- (a) A holder of preference shares must have a right to vote in each of the following circumstances:
 - (i) when the dividend or part of the dividend on the share is in arrears for more than 6 months;
 - (ii) on a proposal to reduce the Company's share capital;
 - (iii) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
 - (iv) on a proposal that affects the rights and privileges attached to the preference shares;

13. ADDITIONAL INFORMATION (Cont'd)

- (v) on a proposal to wind up the Company; and
- (vi) during the winding up of the Company.
- (b) 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 accounts and attending meetings.
- (c) A holder of a preference share shall be entitled to a return of capital in preference to holders of ordinary shares if the Company is wound up; and
- (d) The Company shall have the power to issue further preference capital ranking equally with, or in priority to, preference shares already issued subject to the observation of the provision in Clause 16.3.

Clause 16.6 – Offer of new Shares to existing Members

Subject to any direction to the contrary that may be given by the Company in meeting of Members, all new Shares or other convertible Securities shall, before issue, be offered to such persons who as at the date of the offer, are entitled to receive notices from the Company of meetings of Members, in proportion, as nearly as 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, will be deemed to be declined, and, after the expiration of such 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, subject to this Constitution, dispose of those Shares or Securities in such manner as they think most beneficial to the Company. The Directors may likewise so 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 17 – Variation on rights

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 75% of the issued shares of that class or with the sanction of a Special Resolution passed at a separate meeting of the holders of the Shares of that class. To every such separate meeting the provisions of this Constitution relating to meeting of Members shall mutatis mutandis apply so that the necessary quorum shall be 2 persons at least holding or representing by proxy at least 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.

13.2.6 Remuneration of Directors

Clause 21.4 – Remuneration

The Directors shall be paid by way of remuneration for their services such fixed sum as shall from time to time be determined by the Company in meeting of Members, and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine PROVIDED ALWAYS that:

- (a) fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover and which shall not exceed the amount approved by the shareholders in general meeting;
- (b) remuneration and other emoluments (including bonus, benefits or any other emoluments) payable to executive Directors may not include a commission on or percentage of turnover;

13. ADDITIONAL INFORMATION *(Cont'd)*

- (c) fees payable to Directors and any benefits payable to Directors shall be subject to annual approval by an Ordinary Resolution at a meeting of Members;
- (d) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter; and
- (e) the fees and / or benefits payable to non-executive Directors who is also Director of the subsidiary(ies) includes fees, meeting allowances, travelling allowances, benefits, gratuity and compensation for loss of employment of Director or former Director of the Company provided by the Company and subsidiary(ies), but does not include insurance premium or any issue of Securities.

Clause 21.5 – Reimbursement

In addition to the remuneration provided under Clause 21.4, each Director shall be paid such reasonable travelling, hotel and other expenses as he shall incur in attending and returning from meetings of the Directors or any committee of the Directors or meeting of Members or which they may otherwise incur in connection with the business of the Company.

Clause 22.3 – Remuneration of Managing Director

The remuneration of a Managing Director shall be fixed by the Directors, and may be by way of fixed salary or commission or participation in profits or by any or all of those modes, but shall not include a commission on or percentage of turnover but it may be a term of his appointment that he shall receive pension, gratuity or other benefits upon his retirement.

13.2.7 Power and duties of Directors

Clause 21.3 – Alternate Directors

Any Director may from time to time appoint any person to act as his alternate provided that:

- (a) such person is not a Director of the Company;
- (b) such person does not act as an alternate for more than one Director of the Company;
- (c) the appointment is approved by a majority of the other Directors to be an alternate Director of the Company; and
- (d) any fee paid by the Company to the alternate Director shall be deducted from his appointor's remuneration.

Any appointment so made may be revoked at any time by the appointer or by a majority of the Directors. All appointments and removals of alternate Directors made by any Director in pursuance of the provisions of this Constitution shall be in writing under the hand of the Director making the same and left at the Office.

An alternate Director shall be entitled to receive notices of and attend all meetings of the Directors, and to vote as a Director at any such meeting at which the Director appointing him is not present, and generally in the absence of his appointer to perform all the functions of his appointer as a Director. An alternate Director may be removed from office by resolution of the Board, and shall ipso facto cease to be an alternate Director if his appointer ceases for any reason to be a Director or becomes bankrupt or unsound mind or on the happening of any event which render him legally disqualified from acting as a Director.

13. ADDITIONAL INFORMATION (Cont'd)

The nomination of an alternate Director may be made in writing and sent by hand, post, facsimile or in any other form or manner, electronic or otherwise, as approved by the Directors, provided that such nomination shall be confirmed within 3 months from the date of such notice by a written nomination complying with the above mentioned requirements, and any act done by the alternate Director nominated in such notice between the date thereof and the date of the receipt within the prescribed period by the Company of the written nomination shall be as valid and effectual as if such alternate Director had been duly appointed in the fit instance, whether such written nomination shall be received by the Company within the prescribed period or not.

Clause 23.1 – Powers and duties of Directors

The business and affairs of the Company shall be managed by, or under the direction of the Directors who may pay all such expenses of and preliminary and incidental to the promotion, formation, establishment and registration of the Company as they think fit, and may exercise all such powers of the Company and do on behalf of the Company all such acts as may be exercised and done by the Company, and as are not by law or by this Constitution required to be exercised or done by the Company in meeting of Members, but the exercise of all such powers shall be subject to and in accordance with the provisions of any law and of this Constitution and shall also be subject to and in accordance with any resolution made by the Company in meeting of Members, provided that no resolution so passed shall invalidate any prior act of the Directors which would have been valid if such resolution had not been made. The general powers by this Clause shall not be limited or restricted by any special authority or power given to the Directors by any other Clauses.

Clause 23.2 – Directors' borrowing powers

- (a) The Directors may from time to time at their discretion raise or borrow such sums of money as they think proper and may secure the repayment of such sums in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds, perpetual or redeemable, debentures or debenture stock or any mortgage or guarantee, charge or security on the undertaking of the whole or any part of the property of the Company (both present and future), including its uncalled capital for the time being and borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property, or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of any subsidiary, associated or other companies or persons. Provided that the Directors shall not issue any debt securities convertible to ordinary shares without the prior approval of the Company in meeting of members.
- (b) Any debentures, debenture stock, bonds or other securities may be issued with any special privileges as to redemption, surrender, drawings, allotment of Shares, attending and voting at meeting of members of the Company, appointment of Directors and otherwise.
- (c) If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company in its ordinary course of business, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or other persons so becoming liable as aforesaid from any loss in respect of such liability.
- (d) The Directors shall cause a proper register to be kept in accordance with Section 362 of the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of Section 352 of the Act as regards the registration of mortgages and charges therein specified or otherwise.

13. ADDITIONAL INFORMATION (Cont'd)

Clause 23.6 – Power to execute cheques and receipts

All cheques, promissory notes, drafts, bills of exchange, other negotiable or transferable instruments and all receipts for money paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manners the Directors shall determine by resolution from time to time.

Clause 23.7 – Directors' power to appoint attorney of the Company

The Directors may from time to time by power of attorney under the Seal appoint any corporation, firm or person or body of persons, whether nominated directly or indirectly by the Board to be the attorney / attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under this Constitution) and for such period and subject to such conditions as they may think fit and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him.

Clause 23.11 – Declaration of interest by a Director

A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest in accordance with the provisions of the Act. Save as by the next following paragraph of this Clause otherwise provided and subject always to the Act and / or Listing Requirements, a Director shall not vote in respect of any contract or proposed contract or arrangement in which he is directly or indirectly interested. The Directors will not be considered as interested in the following circumstances:

- (a) any arrangement for giving to him any security or indemnity in respect of money lent by him or obligations undertaken by him for the benefit of the Company;
- (b) 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 he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security;
- (c) any contract by him to subscribe for or underwrite share; or debentures of the Company; or
- (d) any contract or arrangement with any other company in which he is interested only as a director or other officer or creditor of or as a shareholder in or beneficially interested in the Shares of the Company.

13.2.8 Proceedings of Directors

Clause 24.8 – Chairman's casting vote

In case of an equality of votes, the chairman shall have a second or casting vote provided always that the chairman of a meeting at which only 2 Directors form a quorum or at which only 2 Directors are competent to vote on the questions at issue, shall not have a second or casting vote.

Clause 24.9 – Chairman

The Directors shall elect a chairman and may elect 1 or more vice-chairman from their number and the Directors may determine the period for which such officers shall respectively hold office. The chairman or in the absence of the chairman / the vice-chairman (if any) or in the event that there are more than 1 vice-chairman, the senior in appointment amongst them shall preside at the meeting of Directors. If no officers are present within 15 minutes after the time appointed for holding of the meeting of Directors, the Directors present shall choose 1 of their number to be chairman of the meeting. For the avoidance of doubt, an alternative director may be elected as the chairman of the Board Meeting by a resolution passed at the meeting.

13. ADDITIONAL INFORMATION *(Cont'd)*

13.3 LIMITATION ON THE RIGHT TO OWN SECURITIES

There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares imposed by law or by constituent documents of our Company.

13.4 PUBLIC TAKE-OVERS

During the last financial year and up to the LPD, there were no:

- (i) public take-over offers by third parties in respect of our Group's shares; and
- (ii) public take-over offers by our Group in respect of other companies' shares.

13.5 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 Financial Years Under Review up to the date of this Prospectus:

- (i) memorandum of sale dated 6 July 2018 entered into between DS Packaging, Ye Jaya Holding Sdn Bhd and United Overseas Bank (Malaysia) Bhd in relation to a public auction sale, whereby DS Packaging was proclaimed as the purchaser of No. 27 Klang Factory for a purchase price of RM7,920,000.00. This transaction was completed on 7 May 2019;
- (ii) a conditional share sale and purchase agreement dated 7 February 2022 entered into between the DS Manufacturing Vendors and DS Sigma for the Acquisition of DS Manufacturing, as detailed in Section 4.1.1(a)(i) of this Prospectus. The Acquisition of DS Manufacturing was completed on 29 August 2022;
- (iii) a conditional share sale and purchase agreement dated 7 February 2022 entered into between the DS Packaging Vendors, Kaisung Vendors and DS Sigma for the Acquisition of DS Packaging and Acquisition of Kaisung, as detailed in Section 4.1.1(a)(ii) and Section 4.1.1(a)(iii) of this Prospectus. The Acquisition of DS Packaging and Acquisition of Kaisung were completed on 29 August 2022;
- (iv) the Underwriting Agreement; and
- (v) placement agreement entered into between our Company and PIVB on 3 November 2022 where our Company agreed to appoint PIVB to place out 57,380,000 IPO Shares made available under the placement to selected investors as well as selected Bumiputera Investors approved by MITI.

13. ADDITIONAL INFORMATION *(Cont'd)*

13.6 CONSENTS

- (i) The written consents of the Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent, Solicitors for the Listing, Share Registrar, Issuing House and Company Secretary 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 External Auditors and Reporting Accountants for the inclusion in this Prospectus of their name, the Accountants' Report and the Reporting Accountants' Report on the Compilation of Pro Forma Combined Statements of Financial Position in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus, and has not subsequently been withdrawn.
- (iii) The written consent of the IMR for the inclusion in this Prospectus of its name and Industry Overview Report 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.

13.7 RESPONSIBILITY STATEMENTS

- (i) PIVB 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 the 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. 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.

13.8 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 Report referred to in Section 7 of this Prospectus;
- (iii) the Reporting Accountants' Report on the Compilation of Pro Forma Combined Statements of Financial Position of our Group as at 30 June 2022 referred to in Section 11.5 of this Prospectus;
- (iv) the Accountants' Report as included in Section 12 of this Prospectus;
- (v) the material contracts as set out in Section 13.5 of this Prospectus;
- (vi) the letters of consent referred to in Section 13.6 of this Prospectus;
- (vii) the audited financial statements of DS Sigma for the financial period from 20 September 2021 (date of incorporation) to 30 June 2022; and
- (viii) the audited financial statements of DS Packaging and Kaisung for the FYE 30 June 2019, FYE 30 June 2020, FYE 30 June 2021 and FYE 30 June 2022 and DS Manufacturing for the FYE 31 December 2018, FYE 31 December 2019, FYE 31 December 2020 and 18-month financial period ended 30 June 2022.

14. 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 OUR 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 our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

14.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 13 DECEMBER 2022

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 21 DECEMBER 2022

Applications for the IPO Shares will open and close at the times and dates stated above.

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

Late Applications will not be accepted.

14.2 METHODS OF APPLICATIONS

14.2.1 Application for our IPO Shares by the Malaysian Public and the Eligible Persons

Applications must accord with this Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

<u>No.</u>	<u>Types of Application and category of investors</u>	<u>Application method</u>
(a)	Applications by Malaysian Public:	
	(i) Individuals	<ul style="list-style-type: none"> ▪ WHITE Application Form; or ▪ Electronic Share Application; or ▪ Internet Share Application
	(ii) Non-Individuals	<ul style="list-style-type: none"> ▪ WHITE Application Form only
(b)	Applications by Eligible Persons	<ul style="list-style-type: none"> ▪ PINK Application Form only

14.2.2 Application by selected investors via Placement

<u>No.</u>	<u>Types of Application</u>	<u>Application method</u>
(a)	Applications by selected investors	The Sole Placement Agent will contact the selected investors directly. They should follow the Sole Placement Agent's instructions.
(b)	Applications by Bumiputera Investors approved by MITI	The Sole Placement Agent will contact the Bumiputera Investors approved by MITI directly. They should follow the Sole Placement Agent's instructions.

14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

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.

14.3 ELIGIBILITY

14.3.1 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 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.

14.3.2 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfil all of the following:

- (i) you must be one 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.

14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

14.3.3 Application by Eligible Persons

The Eligible Persons (including any entities, wherever established) 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 instruction in the said document and where relevant, in this Prospectus.

The Eligible Persons 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, PIVB, Participating Organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

The Eligible Persons are not precluded from making additional application under the Malaysian Public category using either the White Application Form, Electronic Share Application, or Internet Share Application.

14.4 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 our 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 RM0.55 for each IPO Share.

Payment must be made out in favour of “**TIHH SHARE ISSUE ACCOUNT NO. 729**” 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 (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 the following address:

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 21 December 2022 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.

14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

14.5 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.

14.6 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.

14.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

- (i) reject Applications which:
 - (a) do not conform to the instructions of our 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 14.9 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 anytime 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.

14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

14.8 OVER / UNDER-SUBSCRIPTION

In the event of over-subscription, the 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 Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on our Issuing House's website at <https://tiih.online> within one market day after the balloting date.

Pursuant to the Listing Requirements we are required to have a minimum of 25% of our Company's enlarged issued share capital to be held by at least 200 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 Persons, subject to the underwriting arrangements and reallocation as set out in Section 4.1.1(b) of our Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Sole Underwriter based on the terms of the Underwriting Agreement.

14.9 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.

14.9.1 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).

14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

14.9.2 For applications by way of Electronic Share Application and Internet Share Application

- (i) The 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 the 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 will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The 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.

14.10 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 Prescribed Securities. As such, our IPO Shares issued / offered through our 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.

14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

14.11 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. (603) 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 IPO Shares derived from successful balloting will be made available to the public at the Issuing House website at <https://tiih.online> within **one 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 the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities.

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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 our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

1. OPENING AND CLOSING OF APPLICATION

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 13 DECEMBER 2022

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 21 DECEMBER 2022

Applications for the IPO Shares will open and close at the times and dates stated above.

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

Late Applications will not be accepted.

2. METHODS OF APPLICATIONS

2.1 Application for our IPO Shares by the Malaysian Public and the Eligible Persons

Applications must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

<u>Types of Application and category of investors</u>	<u>Application Method</u>
Applications by Malaysian Public:	
(i) Individuals	<ul style="list-style-type: none">• WHITE Application Form; or• Electronic Share Application; or• Internet Share Application
(ii) Non-Individuals	<ul style="list-style-type: none">• WHITE Application Form only
Applications by Eligible Persons	<ul style="list-style-type: none">• PINK Application Form only

2.2 Application by selected investors via Placement

<u>Types of Application</u>	<u>Application Method</u>
(a) Applications by selected investors	The Sole Placement Agent will contact the selected investors directly. They should follow the Sole Placement Agent's instructions.
(b) Applications by Bumiputera investors approved by MITI	The Sole Placement Agent will contact the Bumiputera Investors approved by MITI directly. They should follow the Sole Placement Agent's instructions.

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.

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 Section 12 below. 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 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 the Issuing House or an immediate family member of a director or employee of the Issuing House; and
- (iii) You must submit an Application by using only one of the following methods:
 - (a) White Application Form; or
 - (b) Electronic Share Application; or
 - (c) Internet Share Application.

3.3 Application by Eligible Persons

The Eligible Persons (including any entities, wherever established) 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 our Prospectus

The Eligible Persons 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, PIVB, Participating Organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

The Eligible Persons are not precluded from making additional application under the Malaysian Public category using the White Application Form, Electronic Share Application, or Internet Share Application.

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 our 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 **RM0.55** for each IPO Share.

Payment must be made out in favour of **“TIHH SHARE ISSUE ACCOUNT NO. 729”** and crossed **“A/C PAYEE ONLY”** and endorsed on the reverse side with your name and address.

Each application for our IPO Shares must be made using the correct type of Application Form. The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

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.

The Malaysian Public must follow the following procedures in making their applications through the White Application Form.

- a) Obtain the relevant Application Form together with the Official “A” and “B” envelopes and our Prospectus.

The **White** Application Forms together with our Prospectus, can be obtained subject to availability from Public Investment Bank Berhad, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia or Malaysian Investment Banking Association and the Issuing House.

- b) In accordance with Section 232(2) of the CMSA, the Application Forms are accompanied by our Prospectus. You are advised to read and understand our Prospectus before making your Application.

- d) Complete the relevant Application Form legibly and **STRICTLY** in accordance with the notes and instructions printed on it and in our Prospectus, including:
- (i) 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.
 - (ii) Stating your CDS account number in the space provided in the Application Form. Invalid, nominee or third party CDS accounts will not be accepted.
 - (iii) Stating the details of your payment in the appropriate boxes provided in the Application Form.
 - (iv) Stating the number of shares applied. Applications must be for at least 100 IPO Shares or multiples of 100 IPO Shares.

- e) Prepare the appropriate form of payment in RM for the FULL amount payable based on the IPO Price of RM0.55 for each IPO Share.

Payment must be made out in favour of “**TIH SHARE ISSUE ACCOUNT NO. 729**” 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 Application Forms.

- f) Insert the relevant 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).

- g) 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 (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 21 December 2022** or by such other time and date specified in any change to the date or time for closing. We will not accept late Applications.

We, together with the 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 the Issuing House.

5. APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

5.1 Participating Financial Institutions

Malaysian individuals may apply for our IPO Shares through the ATM of the following Participating Financial Institutions and their branches. 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.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of relevant Participating Financial Institution.

5.2 Procedures for Electronic Share Application

The procedures 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 OUR 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. 729**;
- 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 the 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 our 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 our 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 Institution and Bursa Depository of information pertaining to yourself and your account with the Participating Financial Institution and Bursa Depository to the 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 the 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) the 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 the Issuing House, Bursa Depository or the Participating Financial Institution, and irrevocably agree that if:-
 - (a) our Company or the 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 the Issuing House,

you shall be deemed not to have made an Electronic Share Application and shall not make any claim whatsoever against our Company, the 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, the 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 the 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 our 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) the 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

Applications for our IPO Shares by the Malaysian Public Individuals may be made through the Internet financial services website of the Internet Participating Financial Institutions.

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	www.affinOnline.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
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.

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.

PLEASE READ THE TERMS OF OUR 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 and conditions:

- (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 Personal Identification Numbers (“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 our 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 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, prior to making your Internet Share Application, received and/or have had access to a printed/electronic copy of our 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 our Prospectus and have carefully considered the risk factors as well as all other information and statements set out in our 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 Service 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 our 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 our 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 the 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 our 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, the Issuing House and our Company and irrevocably agree that if:
- (a) our Company, the 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, the 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, the 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 THE 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. The Issuing House, on the authority of our Board reserves the right to:-

- (i) reject Applications which:-
 - (a) do not conform to the instructions of our 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), by
 - (a) ordinary post through the self-addressed and stamped Official “A” envelope which you have provided to the Issuing House;
 - (b) crediting into your bank account for the purposes of cash dividend / distribution if you have provided such bank account information to Bursa Depository; or
 - (c) ordinary / registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the 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, the 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 Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on our Issuing House’s website <https://tiuh.online> within one 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 200 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 persons, subject to the underwriting arrangements as set out in Section 4.1.1 (b) of our Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Sole Underwriter 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 refunded 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 ten (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 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) 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 the 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 ten (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 two (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 Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institution) within two (2) Market Days after the receipt of confirmation from the 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 the 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 ten (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 Institution will be informed of the unsuccessful or partially successful Applications within two (2) Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within two (2) Market Days after the receipt of confirmation from the 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 Prescribed Securities. As such, our IPO Shares issued / offered through our 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.

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. (603) 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 IPO Shares derived from successful balloting will be made available to the public at the Issuing House website at <https://tiih.online>, within **one Market Day** after the balloting date.

You may also check the status of your Application at the above website, **five 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
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, 21-25 th 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	3 rd 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

Name	Address and Telephone Number	Broker Code
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 Damanela 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
KAF-SEAGROATT & CAMPBELL SECURITIES 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

Name	Address and Telephone Number	Broker Code
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
MIDF AMANAH INVESTMENT BANK BHD	9-12 th Floor, Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2173 8888	026-001
PM SECURITIES SDN BHD	11 th Floor, Menara Public Bank 2 No, 78, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03 – 3368 3000	064-001
PUBLIC INVESTMENT BANK BHD	27 th Floor, Bangunan Public Bank No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No.: 03-2268 3000	051-001

Name	Address and Telephone Number	Broker Code
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 BHD	34 th 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
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
<u>SELANGOR DARUL EHSAN</u>		
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

Name	Address and Telephone Number	Broker Code
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
CGS-CIMB SECURITIES SDN BHD	1 st 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	1 st 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

Name	Address and Telephone Number	Broker Code
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	16 th 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, 2 nd 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 Mutiarra 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
MALACCA SECURITIES SDN. BHD.	No. 54M, Mezzanine Floor Jalan SS2/67 47300 Petaling Jaya Selangor Darul Ehsan Tel No.: 03 – 7876 1533	012-001

Name	Address and Telephone Number	Broker Code
MAYBANK INVESTMENT BANK BERHAD	Wisma Bently Music Level 1, No. 3, Jalan PJU 7/2 Mutiarra 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.	1 st 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
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

Name	Address and Telephone Number	Broker Code
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, 3 rd 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
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
M & A SECURITIES SDN. BHD.	5 th , 6 th & Unit 8A M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No.: 05-2419 800	057-001

Name	Address and Telephone Number	Broker Code
MALACCA SECURITIES SDN. BHD.	1 st 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
TA SECURITIES HOLDINGS BHD	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

Name	Address and Telephone Number	Broker Code
UOB KAY HIAN SECURITIES (M) SDN. BHD.	153A Jalan Raja Musa Aziz 30300 Ipoh Perak Darul Ridzuan Tel No.: 05-2411 290	078-002
<u>PENANG</u>		
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
JF APEX SECURITIES BERHAD	368-2-5 Jalan Burmah Belissa Row 10350 Pulau Tikus Penang Tel No.: 04-2289 118	079-005

Name	Address and Telephone Number	Broker Code
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 Lebuhr 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
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

Name	Address and Telephone Number	Broker Code
RHB INVESTMENT BANK BHD	Ground Floor– Tingkat 3 & Tingkat 5 – Tingkat 8 64 & 64-D Lebuah 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 BHD	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
<u>KEDAH DARUL AMAN</u>		
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
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

Name	Address and Telephone Number	Broker Code
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 Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04-7322 111	078-007
<u>NEGERI SEMBILAN DARUL KHUSUS</u>		
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
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

Name	Address and Telephone Number	Broker Code
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
<u>MELAKA</u>		
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 Legenda 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 BHD	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

Name	Address and Telephone Number	Broker Code
TA SECURITIES HOLDINGS BHD	7A, Jalan Genuang Perdana Taman Genuang Perdana 85000 Segamat Johor Darul Takzim Tel No.: 07-9435 278	058-009
TA SECURITIES HOLDINGS BHD	15, Jalan Molek 1/5A Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel no.: 07-3647 388	058-011
TA SECURITIES HOLDINGS BHD	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
<u>KELANTAN DARUL NAIM</u>		
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

Name	Address and Telephone Number	Broker Code
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 BHD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No.: 09-7433 388	058-004
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
<u>PAHANG DARUL MAKMUR</u>		
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

Name	Address and Telephone Number	Broker Code
<u>TERENGGANU DARUL IMAN</u>		
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
<u>SABAH</u>		
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

Name	Address and Telephone Number	Broker Code
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
<u>SARAWAK</u>		
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
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

Name	Address and Telephone Number	Broker Code
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
TA SECURITIES HOLDINGS BHD	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