

**NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF MINOX INTERNATIONAL GROUP BERHAD ("MINOX" OR THE "COMPANY") DATED 20 SEPTEMBER 2023 ("ELECTRONIC PROSPECTUS")**

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

**Website**

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad's ("**Bursa Securities**") website at [www.bursamalaysia.com](http://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, M & A Securities Sdn Bhd ("**M&A Securities**"), or Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Form is 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, M&A Securities and Minox 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 20 September 2023 and will close at 5.00 p.m. on 3 October 2023.

In the event the Closing Date is extended, Minox will advertise the notice of the extension in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia prior to the original Closing Date.

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.



# PROSPECTUS

Minox International Group Berhad

(202201025834 (1471531-H))

(Incorporated in Malaysia)



## Subsidiaries



**Minox Valves and Fittings Sdn Bhd** [ 200601022618 (742372-W) ]

Tel: +603-8063 7450 / +603-8063 7470 / +603-8063 8700

Email: info\_mas@minox.biz | cheeson@minox.biz



**MST Stainless Steel Sdn Bhd** [ 200401007475 (645979-K) ]

Tel: +603-8063 7450 / +603-8063 7470 / +603-8063 8700

Email: info\_mas@minox.biz | cheeson@minox.biz



**Minox Valves and Fittings Pte Ltd** [ 200720983E ]

Tel: +65 6515 9505

Email: info\_sg@minox.biz | jason.kee@minox.biz



**MST Stainless Steel (S.E.A) Pte Ltd** [ 201101089D ]

Tel: +65 6777 0557

Email: siangji.liew@minox.biz



**PT Minox Indonesia** [ 8120112241991 ]

Tel: +62 21 8795 3901 / +62 21 8795 3902

Email: info\_indo@minox.biz | gamal.abdulnashir@minox.biz



**Minox Valves & Fittings Co., Ltd** [ 0105551062766 ]

Tel: +66 2 816 9989

Email: info\_thai@minox.biz | nopparan.suwanpimolkul@minox.biz



## HYGIENIC

Food & Beverage Ind.



## ASEPTIC

Pharmaceutical Ind.



## PURITY

Semiconductor Ind.



minox

Minox International Group Berhad | PROSPECTUS



# PROSPECTUS

Minox International Group Berhad

(202201025834 (1471531-H))

(Incorporated in Malaysia)

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH OUR LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") COMPRISING:

- (I) PUBLIC ISSUE OF 90,000,000 NEW ORDINARY SHARES IN OUR COMPANY ("SHARES") IN THE FOLLOWING MANNER:
- 18,000,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
  - 10,800,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP;
  - 45,000,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY; AND
  - 16,200,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS;

AND

- (II) OFFER FOR SALE OF 18,000,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS

AT AN ISSUE/OFFER PRICE OF RM0.25 PER SHARE, PAYABLE IN FULL UPON APPLICATION.

Advisor, Sponsor, Underwriter and Placement Agent



**M & A SECURITIES SDN BHD**

(197301001503 (15017-H))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

Bursa Securities has approved our admission to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities. This Prospectus has been registered by Bursa Securities. The approval of the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities and 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 securities 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 document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus. No securities will be allotted or issued based on this Prospectus after 6 months from the date of this Prospectus.

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

**FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 192.**

**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 UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.**

THIS PROSPECTUS IS DATED 20 SEPTEMBER 2023

Our Directors, Promoters and Selling Shareholders (as defined herein) 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 there is no false or misleading statement or other facts which if omitted, would make any statement in the Prospectus false or misleading.

M & A Securities Sdn Bhd, being our Adviser, Sponsor, Underwriter and Placement Agent to our IPO (as defined herein), acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

This Prospectus, together with the Application Form (as defined herein), has also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

You should note that you may seek recourse under Sections 248, 249 and 357 of the CMSA (as defined herein) 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 Group (as defined herein).

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

Approval has been obtained from Bursa Securities for the listing of and quotation for our IPO Shares (as defined herein) on 12 May 2023. Our admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares. Bursa Securities shall not be liable for any non-disclosure on our 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 whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

The SC (as defined herein) had on 15 May 2023 approved the resultant equity structure of our Company under the equity requirements for public listed companies pursuant to our Listing (as defined herein).

Our securities 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 is 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 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.

It shall be your sole responsibility if you are or may be subject to the laws of countries or jurisdictions other than Malaysia, to consult your legal and/or other professional advisers as to whether our IPO would result in the contravention of any law of such countries or jurisdictions.

Further, it shall also be your sole responsibility to ensure that your application for our IPO Shares would be in compliance with the terms of our IPO as stated in our Prospectus and the Application Form and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected. 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 acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

No action has been or will be taken to ensure that this Prospectus complies with the laws of any country or jurisdiction other than the laws of Malaysia. It shall be your sole responsibility to consult your legal and/or other professional adviser on the laws to which our IPO or you are or might be subjected to. Neither us nor our Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

### **ELECTRONIC PROSPECTUS**

This Prospectus can also be viewed or downloaded from Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com). The contents of the Electronic 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 herein) may be subject to risks of problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt of the validity or integrity of an Electronic Prospectus, you should immediately request from us, our Adviser or Issuing House (as defined herein), a paper printed copy of this Prospectus.

In the event of any discrepancies arising between the contents of the electronic 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 are identical to the copy of the Prospectus registered with Bursa Securities, shall prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "**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:

- (a) We and our Adviser do not endorse and are not affiliated in any way with the Third Party Internet Sites and are not responsible for the availability of, or the contents or any data, information, files or other material provided on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;
- (b) We and our Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Adviser are also not responsible for any loss or damage or costs 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 of any data, information, files or other material provided by such parties; and
- (c) Any data, information, files or other material downloaded from Third Party Internet Sites is done at your own discretion and risk. We and our Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.



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

- (a) The Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions and shall not be responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions and thereafter communicated or disseminated in any manner to you or other parties; and
- (b) While all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

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

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**INDICATIVE TIMETABLE**

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*All terms used are defined under "Definitions" commencing from page vii.*

The indicative timing of events leading to our Listing is set out below:

| <b>Events</b>                                             | <b>Indicative date</b> |
|-----------------------------------------------------------|------------------------|
| Issuance of this Prospectus/Opening of Application        | 20 September 2023      |
| Closing of Application                                    | 3 October 2023         |
| Balloting of Application                                  | 6 October 2023         |
| Allotment/Transfer of IPO Shares to successful applicants | 13 October 2023        |
| Date of Listing                                           | 17 October 2023        |

If there is any change to the indicative timetable, we will advertise the notice of such change in a widely circulated English and Bahasa Malaysia daily newspapers in Malaysia, and make an announcement on Bursa Securities' website.

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**PRESENTATION OF FINANCIAL AND OTHER INFORMATION**

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*All terms used in this section are defined under "Definitions" commencing from page vii.*

All references to "Minox" and "Company" in this Prospectus are to Minox International Group Berhad (202201025834 (1471531-H)). Unless otherwise stated, references to "Group" are to our Company and our subsidiaries taken as a whole; and references to "we", "us", "our" and "ourselves" are to our Company, and, save where the context otherwise requires, our subsidiaries. Unless the context otherwise requires, references to "Management" are to our Directors and key senior management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

The word "approximately" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest thousand or million or one decimal place (for percentages) or one sen (for currency). Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Certain abbreviations, acronyms and technical terms used are defined in the "Definitions" and "Technical Glossary" appearing after this section. Words denoting singular shall include plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

All reference to dates and times are references to dates and times in Malaysia.

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

This Prospectus includes statistical data provided by our management and various third-parties and cites third-party projections regarding growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from the internal data. In each such case, the source is stated in this Prospectus. Where no source is stated, such information can be assumed to originate from us. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by the Independent Market Researcher. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate.

The information on our website, or any website directly or indirectly linked to such websites do not form part of this Prospectus.

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**FORWARD-LOOKING STATEMENTS**

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*All terms used are defined under "Definitions" commencing from page vii.*

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, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast", "project" or similar expressions and include all statements that are not historical facts.

Such forward-looking statements include, without limitations, statements relating to:

- (a) demand for our products;
- (b) our business strategies;
- (c) our future plans;
- (d) our future earnings, cash flows and liquidity; and
- (e) our ability to pay future dividends.

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

- (a) the economic, political and investment environment in the countries which we operate; and
- (b) Government policy, legislation or regulation of the countries which we operate in.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 9 – "Risk Factors" and Section 12 – "Financial Information". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

Should we become aware of any subsequent material change or development affecting matters disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment/transfer of our 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) of the Prospectus Guidelines (Supplementary and Replacement Prospectus).

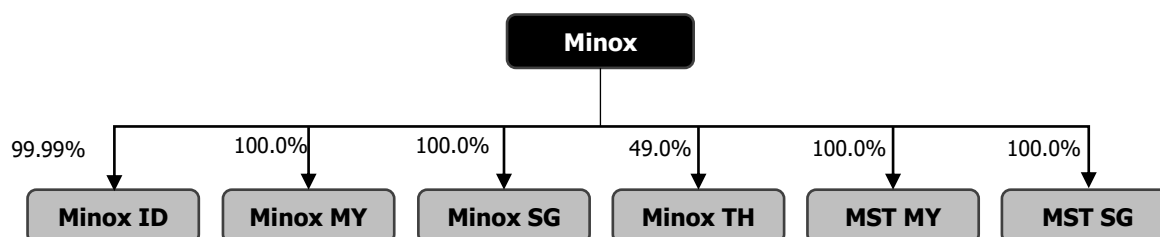


## DEFINITIONS

The following terms in this Prospectus bear the same meanings as set out below unless otherwise defined or the context requires otherwise:

### COMPANIES WITHIN OUR GROUP:

|                          |                                                               |
|--------------------------|---------------------------------------------------------------|
| "Minox" or "Company"     | : Minox International Group Berhad (202201025834 (1471531-H)) |
| "Minox Group" or "Group" | : Minox and its subsidiaries, collectively                    |
| "Minox ID"               | : PT Minox Indonesia (8120112241991)                          |
| "Minox MY"               | : Minox Valves and Fittings Sdn Bhd (200601022618 (742372-W)) |
| "Minox SG"               | : Minox Valves and Fittings Pte Ltd (200720983E)              |
| "Minox TH"               | : Minox Valves & Fittings Co., Ltd (0105551062766)            |
| "MST MY"                 | : MST Stainless Steel Sdn Bhd (200401007475 (645979-K))       |
| "MST SG"                 | : MST Stainless Steel (S.E.A) Pte Ltd (201101089D)            |



### GENERAL:

|                           |                                                                                                                                                                                                                                                                                 |
|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "ACE Market"              | : ACE Market of Bursa Securities                                                                                                                                                                                                                                                |
| "Acquisitions"            | : Acquisition of Minox ID, Acquisition of Minox MY, Acquisition of Minox SG, Acquisition of Minox TH, Acquisition of MST MY and Acquisition of MST SG, collectively                                                                                                             |
| "Acquisition of Minox ID" | : Acquisition by Minox of the entire equity interest of Minox ID for a purchase consideration of RM12.98 million which was wholly satisfied by the issuance of 75,490,000 new Shares at an issue price of approximately RM0.1719 per Share, which was completed on 24 July 2023 |
| "Acquisition of Minox MY" | : Acquisition by Minox of the entire equity interest of Minox MY for a purchase consideration of RM4.02 million which was wholly satisfied by the issuance of 23,370,000 new Shares at an issue price of approximately RM0.1719 per Share, which was completed on 8 June 2023   |
| "Acquisition of Minox SG" | : Acquisition by Minox of the entire equity interest of Minox SG for a purchase consideration of RM3.51 million which was wholly satisfied by the issuance of 20,400,000 new Shares at an issue price of approximately RM0.1719 per Share, which was completed on 15 June 2023  |

## DEFINITIONS *(Cont'd)*

|                                                                    |   |                                                                                                                                                                                                                                                                             |
|--------------------------------------------------------------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "Acquisition of Minox TH"                                          | : | Acquisition by Minox of 49.0% equity interest of Minox TH for a purchase consideration of RM2.62 million which was wholly satisfied by the issuance of 15,250,000 new Shares at an issue price of approximately RM0.1719 per Share, which was completed on 8 June 2023      |
| "Acquisition of MST MY"                                            | : | Acquisition by Minox of the entire equity interest of MST MY for a purchase consideration of RM21.37 million which was wholly satisfied by the issuance of 124,299,999 new Shares at an issue price of approximately RM0.1719 per Share, which was completed on 8 June 2023 |
| "Acquisition of MST SG"                                            | : | Acquisition by Minox of the entire equity interest of MST SG for a purchase consideration of RM1.92 million which was wholly satisfied by the issuance of 11,190,000 new Shares at an issue price of approximately RM0.1719 per Share, which was completed on 15 June 2023  |
| "Act"                                                              | : | Companies Act 2016, as amended from time to time and any re-enactment thereof                                                                                                                                                                                               |
| "ADA"                                                              | : | Authorised Depository Agent                                                                                                                                                                                                                                                 |
| "Adviser" or "Sponsor" or<br>"Underwriter" or<br>"Placement Agent" | : | M&A Securities                                                                                                                                                                                                                                                              |
| "Application(s)"                                                   | : | Application(s) for IPO Shares by way of Application Form(s), Electronic Share Application(s) or Internet Share Application(s)                                                                                                                                               |
| "Application Form(s)"                                              | : | Printed application form(s) for the application of our IPO Shares accompanying this Prospectus                                                                                                                                                                              |
| "ASEAN"                                                            | : | Association of Southeast Asian Nations                                                                                                                                                                                                                                      |
| "ATM"                                                              | : | Automated teller machine                                                                                                                                                                                                                                                    |
| "BCA"                                                              | : | Building and Construction Authority of Singapore                                                                                                                                                                                                                            |
| "BNM"                                                              | : | Bank Negara Malaysia                                                                                                                                                                                                                                                        |
| "Board"                                                            | : | Board of Directors of Minox                                                                                                                                                                                                                                                 |
| "Bursa Depository" or<br>"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"                                                      | : | Account established by Bursa Depository for a depositor for the recording and dealing in securities by the depositor                                                                                                                                                        |

## **DEFINITIONS (Cont'd)**

|                                   |                                                                                                                                                                                    |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "Central Depositories Act"        | : Securities Industry (Central Depositories) Act 1991, as amended or "SICDA"                                                                                                       |
| "Circuit Breaker Period"          | : A stay-at-home order implemented by the Singaporean government as a preventive measure in response to the COVID-19 pandemic                                                      |
| "CMSA"                            | : Capital Markets and Services Act 2007, as amended from time to time and any re-enactment thereof                                                                                 |
| "Constitution"                    | : Our constitution                                                                                                                                                                 |
| "COVID-19"                        | : Novel coronavirus disease 2019, an infectious respiratory disease which first broke out in 2019                                                                                  |
| "D&D"                             | : Design and development                                                                                                                                                           |
| "Director(s)"                     | : An executive director or a non-executive director of our Company within the meaning of Section 2 of the Act                                                                      |
| "EBIT"                            | : Earnings before interest and tax                                                                                                                                                 |
| "EBITDA"                          | : Earnings before interest, tax, depreciation and amortisation                                                                                                                     |
| "Electronic Prospectus"           | : Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium                                                          |
| "Electronic Share Application(s)" | : Application(s) for IPO Shares through a Participating Financial Institution's ATM                                                                                                |
| "Eligible Person(s)"              | : The eligible Director(s), employee(s), and person(s) who have contributed to the success of our Group who are eligible to participate in the Pink Form Allocations, collectively |
| "EPS"                             | : Earnings per share                                                                                                                                                               |
| "FPE"                             | : 4-months financial period(s) ended/ending 30 April, as the case may be                                                                                                           |
| "FYE"                             | : Financial year(s) ended/ending 31 December, as the case may be                                                                                                                   |
| "F&B"                             | : Food and beverage                                                                                                                                                                |
| "GEA Group"                       | : GEA Group AG's group of companies                                                                                                                                                |
| "Government"                      | : Government of Malaysia                                                                                                                                                           |
| "GP"                              | : Gross profit                                                                                                                                                                     |
| "Headquarters cum Warehouse 1"    | : Existing headquarters cum warehouse owned by us, located at 3, Jalan Industri PBP 11, Taman Industri Pusat Bandar Puchong, 47100 Puchong, Selangor                               |
| "IFRS"                            | : International Financial Reporting Standards                                                                                                                                      |
| "IMR" or "Protégé"                | : Protégé Associates Sdn Bhd (200401037256 (675767-H)), our Independent Market Researcher                                                                                          |

## DEFINITIONS (*Cont'd*)

|                                                   |                                                                                                                                                            |
|---------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "IMR Report"                                      | : Independent Market Research Report titled "Strategic Analysis of the Sanitary Valves and Fittings Industry in Malaysia" dated 25 August 2023             |
| "Internet Participating Financial Institution(s)" | : Participating financial institution(s) for Internet Share Application as listed in Section 16.6                                                          |
| "Internet Share Application(s)"                   | : Application(s) for IPO Shares through an online share application service provided by Internet Participating Financial Institution(s)                    |
| "Initial Public Offering" or "IPO"                | : Our initial public offering comprising the Public Issue and Offer for Sale                                                                               |
| "IPO Price"                                       | : Issue/offer price of RM0.25 per Share under our Public Issue and Offer for Sale                                                                          |
| "IPO Share(s)"                                    | : Issue Share(s) and Offer Share(s), collectively                                                                                                          |
| "Issue Share(s)"                                  | : New Share(s) to be issued under our Public Issue                                                                                                         |
| "Issuing House"                                   | : Tricor Investor & Issuing House Services Sdn Bhd (197101000970 (11324-H))                                                                                |
| "Listing"                                         | : Listing of and quotation for our entire enlarged share capital of RM68,907,431 comprising 360,000,000 Shares on the ACE Market                           |
| "Listing Requirements"                            | : ACE Market Listing Requirements of Bursa Securities, as amended from time to time                                                                        |
| "Listing Scheme"                                  | : Comprising the Public Issue, Offer for Sale and Listing, collectively                                                                                    |
| "LPD"                                             | : 21 August 2023, being the latest practicable date for ascertaining certain information contained in this Prospectus                                      |
| "M&A Securities"                                  | : M & A Securities Sdn Bhd (197301001503 (15017-H))                                                                                                        |
| "Malaysian Public"                                | : Malaysian citizens and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia                         |
| "Market Day"                                      | : Any day between Monday to Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for the trading of securities |
| "MCO"                                             | : The nationwide Movement Control Order imposed by the Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 |
| "MFRS"                                            | : Malaysian Financial Reporting Standards                                                                                                                  |
| "MIDA"                                            | : Malaysian Investment Development Authority                                                                                                               |
| "Minox PH"                                        | : Minox Valves and Fittings Phils. Inc. (CS200617426)                                                                                                      |
| "MITI"                                            | : Ministry of Investment, Trade and Industry                                                                                                               |
| "MPSJ"                                            | : Subang Jaya City Council                                                                                                                                 |

## DEFINITIONS (Cont'd)

|                                          |   |                                                                                                                           |
|------------------------------------------|---|---------------------------------------------------------------------------------------------------------------------------|
| "MST VN"                                 | : | Cong Ty TNHH MST MinoxVN (0315139580) (formerly known as Cong Ty TNHH MST Minox, Vietnam)                                 |
| "MVFM TW"                                | : | MVF Manufacturing Taiwan Co., Ltd. (82903391) (formerly known as MSTSS Manufacturing Taiwan Co., Ltd.)                    |
| "NA"                                     | : | Net assets                                                                                                                |
| "NBV"                                    | : | Net book value                                                                                                            |
| "Offer for Sale"                         | : | Offer for sale of 18,000,000 Offer Shares by our Selling Shareholders at our IPO Price                                    |
| "Offer Share(s)"                         | : | Existing Share(s) to be offered under our Offer for Sale                                                                  |
| "Official List"                          | : | A list specifying all securities which have been admitted for listing on the ACE Market                                   |
| "Participating Financial Institution(s)" | : | Participating financial institution(s) for Electronic Share Application(s) as listed in Section 16.5                      |
| "PAT"                                    | : | Profit after tax                                                                                                          |
| "PBT"                                    | : | Profit before tax                                                                                                         |
| "PE Multiple"                            | : | Price-to-earnings multiple                                                                                                |
| "Pink Form Allocations"                  | : | Allocation of 10,800,000 Issue Shares to Eligible Person(s), which forms part of our Public Issue                         |
| "Promoter(s)"                            | : | Cheong Chee Son and Looi Poo Poo, collectively                                                                            |
| "Prospectus"                             | : | This prospectus dated 20 September 2023 in relation to our IPO                                                            |
| "Public Issue"                           | : | Public issue of 90,000,000 Issue Shares at our IPO Price                                                                  |
| "QC"                                     | : | Quality control                                                                                                           |
| "ROC"                                    | : | Registrar of Companies                                                                                                    |
| "Rules of Bursa Depository"              | : | Rules of Bursa Depository and any appendices thereto as they may be amended from time to time                             |
| "SC"                                     | : | Securities Commission Malaysia                                                                                            |
| "SEA"                                    | : | Southeast Asia                                                                                                            |
| "Selling Shareholders"                   | : | Cheong Chee Son, Looi Poo Poo, Gamal Abdul Nashir and Liew Siang Ji, collectively, who are undertaking the Offer for Sale |
| "Share(s)"                               | : | Ordinary share(s) in Minox                                                                                                |
| "SOP"                                    | : | Standard operating procedures                                                                                             |
| "Specified Shareholder(s)"               | : | Cheong Chee Son and Looi Poo Poo                                                                                          |
| "sq ft"                                  | : | Square feet                                                                                                               |

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**DEFINITIONS (*Cont'd*)**

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|                          |                                                                                                                                                                                                                                                                |
|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "Tetra Pak Group"        | : Tetra Pak's group of companies                                                                                                                                                                                                                               |
| "UK"                     | : United Kingdom                                                                                                                                                                                                                                               |
| "Underwriting Agreement" | : Underwriting agreement dated 23 August 2023 entered into between our Company and M&A Securities for the purpose of our IPO                                                                                                                                   |
| "USA"                    | : United States of America                                                                                                                                                                                                                                     |
| "Warehouse 2"            | : Existing warehouse rented by us, located at 10, Jalan Industri PBP 12, Taman Industri Pusat Bandar Puchong, 47100 Puchong, Selangor                                                                                                                          |
| "Warehouse 3"            | : Existing warehouse rented by us, which serves as our distribution centre, located at 11, Jalan Industri PBP 11, Taman Industri Pusat Bandar Puchong, 47100 Puchong, Selangor                                                                                 |
| "Warehouse 4"            | : New warehouse to be constructed on vacant industrial land located at 4, Jalan Industri PBP 9, Taman Industri Pusat Bandar Puchong, 47100 Puchong, Selangor, which acquisition was completed on 13 March 2023, details of which are set out in Section 7.16.2 |

***CURRENCIES:***

|                |                                         |
|----------------|-----------------------------------------|
| "IDR"          | : Indonesian Rupiah                     |
| "EUR"          | : Euro Dollar                           |
| "RM" and "sen" | : Ringgit Malaysia and sen respectively |
| "SGD"          | : Singapore Dollar                      |
| "THB"          | : Thailand Baht                         |
| "USD"          | : United States Dollar                  |

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**DEFINITIONS (Cont'd)**

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**MCO PHASES AND PERIODS:**

|           |                                                                                                                                                                                                                                                                                                                                                                         |
|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "MCO 1.0" | : The first MCO announced by the Government                                                                                                                                                                                                                                                                                                                             |
|           | <b>Period</b><br>18 March 2020 to 3 May 2020                                                                                                                                                                                                                                                                                                                            |
| "CMCO"    | : Conditional MCO, a less restrictive phase of the MCO                                                                                                                                                                                                                                                                                                                  |
|           | <b>Period</b><br>4 May 2020 to 9 June 2020                                                                                                                                                                                                                                                                                                                              |
| "RMCO"    | : Recovery MCO, recovery phase following the CMCO                                                                                                                                                                                                                                                                                                                       |
|           | <b>Period</b><br>10 June 2020 to 31 March 2021                                                                                                                                                                                                                                                                                                                          |
| "MCO 2.0" | : Re-imposition of the MCO, CMCO and RMCO with varied restrictions among certain states                                                                                                                                                                                                                                                                                 |
|           | <b>Period</b><br>13 January 2021 to 31 May 2021                                                                                                                                                                                                                                                                                                                         |
| "FMCO"    | : Full MCO or total lockdown, tightened MCO in the face of rising cases in the nation                                                                                                                                                                                                                                                                                   |
|           | <b>Period</b><br>1 June 2021 to 4 July 2021                                                                                                                                                                                                                                                                                                                             |
| "NRP"     | : National Recovery Plan, to help the country emerge from the COVID-19 pandemic and economic fallout                                                                                                                                                                                                                                                                    |
|           | <b>Period</b><br>5 July 2021 to 31 March 2022                                                                                                                                                                                                                                                                                                                           |
|           | <b>Phases</b><br>Phase 1: 5 July 2021 to 3 September 2021 (Melaka)<br>5 July 2021 to 9 September 2021 (Selangor)<br>Phase 2: 4 September 2021 to 30 September 2021 (Melaka)<br>10 September 2021 to 30 September 2021 (Selangor)<br>Phase 3: 1 October 2021 to 17 October 2021 (Melaka and Selangor)<br>Phase 4: 17 October 2021 to 31 March 2022 (Melaka and Selangor) |

## TECHNICAL GLOSSARY

This glossary contains an explanation of certain terms used throughout this Prospectus in connection with our Group's business. The terminologies and their meanings may not correspond to the standard industry usage of these terms:

|                               |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-------------------------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "3-A/ 3-A Sanitary Standards" | : | An American standard by 3-A Sanitary Standards Inc (an USA-based independent not-for-profit corporation) dedicated to the mission of advancing food safety through hygienic design and production of equipment intended for contact with food as means of protecting consumers from potential risks of food contamination                                                                                                                                                                                       |
| "3-A Symbol"                  | : | <p>A registered mark displays on our sanitary tubes &amp; fittings which is used to identify equipment that meets 3-A Sanitary Standards for design and fabrication</p> <p>3-A Sanitary Standards Inc. implemented a third-party verification inspection and evaluation program for all 3-A Symbol holders</p>                                                                                                                                                                                                  |
| "304"                         | : | Grade 304 stainless steel contains high nickel content that is typically between 8.0% and 10.5% by weight and a high amount of chromium at approximately 18.0% and 20.0% by weight. Other major alloying elements include manganese, silicon and carbon                                                                                                                                                                                                                                                         |
| "316"                         | : | <p>Grade 316 stainless steel contains many similar chemical and mechanical properties as grade 304 stainless steel. A major difference between grade 304 and grade 316 stainless steel is the chemical composition, with grade 316 stainless steel containing a significant amount of molybdenum (typically 2.0% to 3.0% by weight) that increases corrosion resistance</p> <p>Grade 316 stainless steel has a better resistance to pitting corrosion caused by acidic media than grade 304 stainless steel</p> |
| "ASME BPE/ ASME BPE Standard" | : | <p>A company level certification for organisations manufacturing or supplying tubes &amp; fittings under the scope of the American Society of Mechanical Engineers ("<b>ASME</b>") standard Bioprocessing Equipment ("<b>BPE</b>") intended for use in the pharmaceutical industry</p> <p>This standard was developed to aid in the design and construction of fluid processing equipment used in the manufacture of biopharmaceuticals, where a defined level of purity and bioburden control is required</p>  |
| "Bioburden"                   | : | The number of contaminated organisms found on a surface or inside a device or water before undergoing a sterilising procedure                                                                                                                                                                                                                                                                                                                                                                                   |
| "Borosilicate glass"          | : | A type of glass that is highly resistant to heat which is made from silica and boron oxide                                                                                                                                                                                                                                                                                                                                                                                                                      |
| "Cleanability"                | : | Refers to the ability of an object or surface to be cleaned effectively and efficiently                                                                                                                                                                                                                                                                                                                                                                                                                         |
| "DIN"                         | : | Deutsches Institut für Normung (also known as the German Institute for Standardisation Registered Association), the German national organisation for standardisation that develops norms and standards for rationalisation, quality assurance, environmental protection, safety and communication in industry, technology, science, and government, as well as the public domain                                                                                                                                |

## TECHNICAL GLOSSARY (*Cont'd*)

|                                     |   |                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-------------------------------------|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "DS"                                | : | Danish Standards, the national standardisation organisation in Denmark, and offers standardisation services in the range from development of standards to sale of standards and related publications including training and consultancy services                                                                                                                                                                                          |
| "EHEDG"                             | : | The European Hygienic & Design Group, a European-based non-governmental organisation devoted to the advancement of hygienic design and food engineering. It consists of a consortium of food producers, equipment manufacturers, institutes and universities with the common aim to enhance food safety and quality. EHEDG provides practical guidance on hygienic design and engineering to food, pharmaceutical and cosmetics companies |
| "Electropolishing"                  | : | An electrochemical finishing process that removes a thin layer of material from a metal part, typically stainless steel or similar alloys                                                                                                                                                                                                                                                                                                 |
| "EPDM"                              | : | Ethylene propylene diene monomer, a type of synthetic rubber that is used in many applications                                                                                                                                                                                                                                                                                                                                            |
| "F&B plant(s)"                      | : | Manufacturing facility(ies) that produces or processes F&B for consumption                                                                                                                                                                                                                                                                                                                                                                |
| "FDA"                               | : | Food and Drug Administration, the USA government agency that regulates the production and sale of food, drugs, cosmetics and medical products                                                                                                                                                                                                                                                                                             |
| "FDA-compliant"                     | : | The materials used in equipment that meets all of the FDA's guidelines and is suitable for direct contact with food products                                                                                                                                                                                                                                                                                                              |
| "Forged material"                   | : | A piece of metal material that is compressed under extreme pressure to achieve a desired shape                                                                                                                                                                                                                                                                                                                                            |
| "Hygienic design"                   | : | Designs, selection of materials and surface roughness that meets strict standards for cleanliness and are required to be used in the hygienic production lines, such as in F&B and pharmaceutical industries                                                                                                                                                                                                                              |
| "Hygienic production line"          | : | A system design that consists of sanitary valves, tubes & fittings, installation components & equipment for high-purity production processes                                                                                                                                                                                                                                                                                              |
| "IDF"                               | : | The International Dairy Federation, founded in Belgium to represent the dairy sector internationally. IDF proactively contributes to the global development of science-based standards, guidelines, codes of practice and related methodologies across multiple working areas, to continuously improve regulatory environments and the promotion of quality milk and milk products across the dairy sector                                |
| "ISO"                               | : | International Organisation for Standardisation, a non-governmental organisation that develops standards to ensure the quality, safety and efficiency of products, services and systems                                                                                                                                                                                                                                                    |
| "L" or "Low carbon stainless steel" | : | Primarily iron mixed with carbon, with a carbon from 0.01% up to 0.3% by weight. It is malleable and ductile compared to other types of stainless steel and is less prone to corrosion due to its reduced carbon content                                                                                                                                                                                                                  |
| "mbar"                              | : | Millibar, a unit of air pressure in the metric system                                                                                                                                                                                                                                                                                                                                                                                     |

## TECHNICAL GLOSSARY (*Cont'd*)

|                                 |   |                                                                                                                                                                                                                                                   |
|---------------------------------|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "Non-sanitary"                  | : | Conditions that do not require hygiene and health compliance                                                                                                                                                                                      |
| "Pharmaceutical plant(s)"       | : | Manufacturing facility(ies) that produces or processes pharmaceutical products such as drugs and other medicinal products                                                                                                                         |
| "Pipeline system"               | : | A system of tubes used for transporting fluids, gas or compressed air                                                                                                                                                                             |
| "Plate"                         | : | Sheets of stainless steel made from an alloy of steel and chromium                                                                                                                                                                                |
| "Production line"               | : | A production system that is developed in a manufacturing facility which consists of machinery, equipment and components for production process to produce an end-product                                                                          |
| "Ra"                            | : | Roughness average, a measurement used to report/measure surface roughness of stainless steel                                                                                                                                                      |
| "Sanitary"                      | : | Conditions that affect hygiene and health                                                                                                                                                                                                         |
| "Sanitary-grade"                | : | Materials used to produce cleanable components/equipment/parts that are installed in hygienic production lines which needs to be non-toxic and safe for consumption                                                                               |
| "Semiconductor plant(s)"        | : | Manufacturing facility(ies) that produces semiconductor devices such as integrated circuit chips for used in a wide variety of electronic products                                                                                                |
| "SKU(s)"                        | : | Stock keeping unit(s)                                                                                                                                                                                                                             |
| "SMS"                           | : | Swedish Standard, adopted by Sweden, which applies to size/dimension, design, surface treatment and material for stainless steel sanitary tubes & fittings used in the food industry and hygienic application                                     |
| "Stainless steel"               | : | Metal alloy whose major component is iron, with chromium content of at least 10.0% by weight. Other alloying elements such as nickel, zinc, silicon and carbon may also be added. Stainless steel is characterised by its resistance to corrosion |
| "Supporting line"               | : | Secondary line that assists the main production line in carrying out specific purposes such as waste management and utilities (including system for supplying water, steam and compressed air)                                                    |
| "Supporting structure"          | : | Structure in a production plant such as elevated surfaces or walkways that provides safe access for production worker to reach machineries or storage tanks or storage areas                                                                      |
| "Square hollow section"         | : | A type of structural steel tube and has a surface area with 4 equal-sided symmetry. It is generally utilised in structural and mechanical applications                                                                                            |
| "Type EL Class I Certification" | : | Certificate that applies to our tubes of which have been inspected by an EHEDG authorised evaluation officer that our tubes fully comply with the guidelines by the EHEDG                                                                         |

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**1. CORPORATE DIRECTORY****BOARD OF DIRECTORS**

| <b>Name</b>                              | <b>Designation</b>                           | <b>Residential address</b>                                                                                                  | <b>Nationality/<br/>Profession</b>    | <b>Gender</b> |
|------------------------------------------|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|---------------------------------------|---------------|
| Alwizah Al-Yafii<br>Binti Ahmad<br>Kamal | Independent Non-<br>Executive<br>Chairperson | 9, Jalan Pantai 9/7<br>46000 Petaling Jaya<br>Selangor                                                                      | Malaysian/<br>Director                | Female        |
| Cheong Chee Son                          | Managing Director                            | 19, Jalan Jade Hills 10/2<br>Jade Hills<br>43000 Kajang<br>Selangor                                                         | Malaysian/<br>Director                | Male          |
| Looi Poo Poo                             | Executive Director                           | C-112, Condo Sri Hijauan<br>1, Jalan Bukit Hijau 26/24<br>Seksyen 26<br>40400 Shah Alam<br>Selangor                         | Malaysian/<br>Director                | Female        |
| Ng Kuan Hua                              | Independent Non-<br>Executive Director       | 4A, Taman Selamat<br>Batu 14, Jalan Cheras<br>43000 Kajang<br>Selangor                                                      | Malaysian/<br>Director                | Male          |
| Yeoh Aik Cheong                          | Independent Non-<br>Executive Director       | 6, Seri Pilmoor Bayu Timur<br>Jalan PJU 1A/1<br>Persiaran Ara Damansara<br>Ara Damansara<br>47301 Petaling Jaya<br>Selangor | Malaysian/<br>Chartered<br>Accountant | Male          |
| Wong Yen Lee                             | Independent Non-<br>Executive Director       | C-175-B, Jalan Besar<br>Gambang<br>26300 Gambang<br>Pahang                                                                  | Malaysian/<br>Chartered<br>Secretary  | Female        |

**AUDIT AND RISK MANAGEMENT COMMITTEE**

| <b>Name</b>     | <b>Designation</b> | <b>Directorship</b>                |
|-----------------|--------------------|------------------------------------|
| Yeoh Aik Cheong | Chairman           | Independent Non-Executive Director |
| Ng Kuan Hua     | Member             | Independent Non-Executive Director |
| Wong Yen Lee    | Member             | Independent Non-Executive Director |

**NOMINATION COMMITTEE**

| <b>Name</b>     | <b>Designation</b> | <b>Directorship</b>                |
|-----------------|--------------------|------------------------------------|
| Wong Yen Lee    | Chairperson        | Independent Non-Executive Director |
| Yeoh Aik Cheong | Member             | Independent Non-Executive Director |
| Ng Kuan Hua     | Member             | Independent Non-Executive Director |

**REMUNERATION COMMITTEE**

| <b>Name</b>     | <b>Designation</b> | <b>Directorship</b>                |
|-----------------|--------------------|------------------------------------|
| Ng Kuan Hua     | Chairman           | Independent Non-Executive Director |
| Yeoh Aik Cheong | Member             | Independent Non-Executive Director |
| Wong Yen Lee    | Member             | Independent Non-Executive Director |

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**1. CORPORATE DIRECTORY (*Cont'd*)**

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- COMPANY SECRETARY** : Tan Tong Lang (SSM Practising Certificate No. 202208000250)  
(MAICSA 7045482)  
*(Fellow of the Malaysian Institute of Chartered Secretaries and Administrators)*
- Thien Lee Mee (SSM Practising Certificate No. 201908002254)  
(LS0010621) (Licensed Secretary)
- B-21-1, Level 21, Tower B  
Northpoint Mid Valley City  
1, Medan Syed Putra Utara  
59200 Kuala Lumpur
- Telephone number: +603-9770 2200
- REGISTERED OFFICE** : B-21-1, Level 21, Tower B  
Northpoint Mid Valley City  
1, Medan Syed Putra Utara  
59200 Kuala Lumpur
- Telephone number: +603-9770 2200
- HEAD OFFICE** : 3, Jalan Industri PBP 11  
Taman Industri Pusat Bandar Puchong  
47100 Puchong  
Selangor
- Telephone number: +603-8063 7450
- EMAIL ADDRESS AND WEBSITE** : Website: <https://minox.biz>  
Email address: [ir@minox.biz](mailto:ir@minox.biz)
- AUDITORS AND REPORTING ACCOUNTANTS FOR OUR LISTING** : **Grant Thornton Malaysia PLT**  
(201906003682 (LLP0022494-LCA)) & (AF 0737)
- Level 11, Sheraton Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur
- Partner-in-charge: Lim Chooi Ling  
Approval number: 03537/11/2024(J)  
*(Chartered Accountant of the Malaysian Institute of Accountants and Fellow of CPA Australia)*
- Telephone number: +603-2692 4022
- ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT** : **M & A Securities Sdn Bhd**  
(197301001503 (15017-H))
- 45-11, The Boulevard  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur
- Telephone number: +603-2284 2911

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**1. CORPORATE DIRECTORY (*Cont'd*)**

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**SOLICITORS FOR OUR LISTING : Rosli Dahlan Saravana Partnership**

Level 16, Menara 1 Dutamas  
1, Jalan Dutamas 1  
Solaris Dutamas  
50480 Kuala Lumpur

Telephone number: +603-6209 5400

**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 number: +603-2783 9299

**INDEPENDENT MARKET RESEARCHER : Protégé Associates Sdn Bhd  
(200401037256 (675767-H))**

Suite C-09-12  
Plaza Mont Kiara  
2, Jalan Kiara  
Mont' Kiara  
50480 Kuala Lumpur

Telephone number: +603-6201 9301

Person-in-charge: Seow Cheow Seng  
*(Master in Business Administration from Charles Sturt University,  
Australia and Bachelor of Business majoring in Marketing from  
RMIT University, Australia)*

**LISTING SOUGHT : ACE Market**

**SHARIAH STATUS : Approved by Shariah Advisory Council of SC**

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## 2. 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.**

### 2.1 PRINCIPAL DETAILS OF 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.

|                                                                                                        |                   |
|--------------------------------------------------------------------------------------------------------|-------------------|
| <b>No. of Shares to be issued under Public Issue</b>                                                   | <b>90,000,000</b> |
| - For application by the Malaysian Public                                                              | 18,000,000        |
| - For Pink Form Allocations                                                                            | 10,800,000        |
| - For private placement to Bumiputera investors approved by MITI                                       | 45,000,000        |
| - For private placement to selected investors                                                          | 16,200,000        |
| <b>No. of Shares to be offered under Offer for Sale</b>                                                | <b>18,000,000</b> |
| - For private placement to selected investors                                                          | 18,000,000        |
| Enlarged no. of Shares upon Listing                                                                    | 360,000,000       |
| IPO Price per Share (RM)                                                                               | 0.25              |
| Market capitalisation (RM) (calculated based on our IPO Price and enlarged no. of Shares upon Listing) | 90,000,000        |

Further details of our IPO are set out in Section 4.

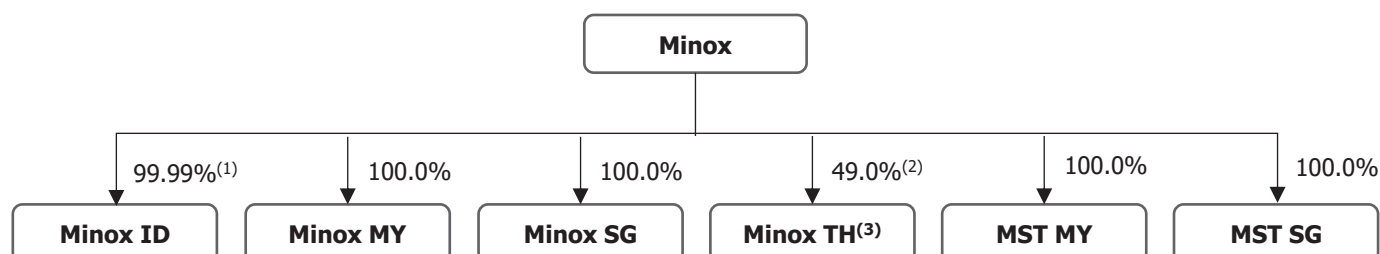
Our Specified Shareholders' entire shareholdings after our IPO will be held under moratorium for 6 months from the date of our admission to the ACE Market. Thereafter, their shareholdings amounting to 45.0% of our share capital will remain under moratorium for another 6 months. Our Specified Shareholders may sell, transfer or assign up to a maximum of one-third per annum (on a straight line basis) of their shares held under moratorium upon expiry of the second 6 month period. Furthermore, a moratorium will be imposed on the sale, transfer or assignment of the entire shareholdings held by our pre-listing investor, namely Ng Kwang Hua, for a period of 6 months from the date of our admission to the ACE Market.

Our Specified Shareholders and pre-listing investor have provided written undertakings not to sell, transfer or assign their shareholdings under moratorium during the moratorium period. Further details on the moratorium on our Shares are set out in Section 3.2.

### 2.2 GROUP STRUCTURE, BUSINESS MODEL AND OPERATIONAL HIGHLIGHTS

Our Company was incorporated in Malaysia under the Act on 18 July 2022 as a private limited company under the name of Minox International Group Sdn Bhd. On 16 December 2022, our Company was converted into a public limited company and adopted our present name.

Our Company is principally an investment holding company. There has been no material change in the manner in which we conduct our business or activities since our incorporation and up to LPD. Our Group structure as at LPD is as follows:



**Notes:**

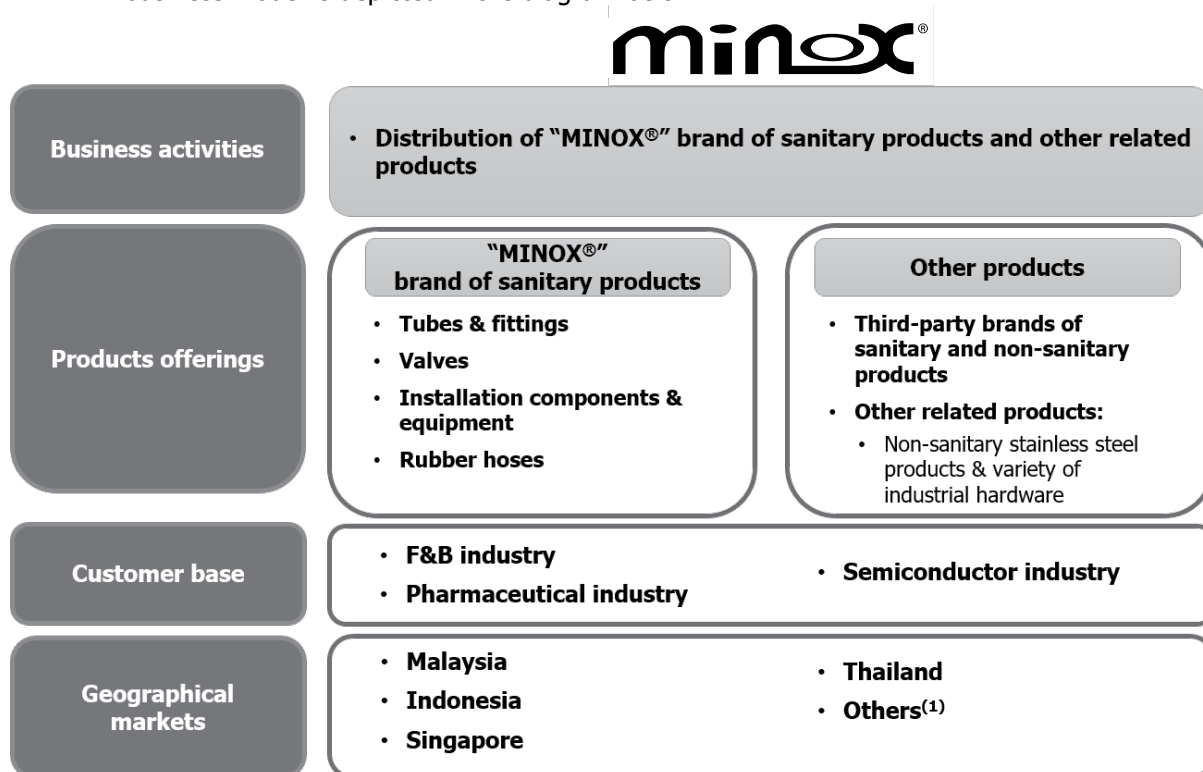
- <sup>(1)</sup> The remaining 1 ordinary share in Minox ID (representing less than 0.01%) is held by MST MY, as nominated by our Company to comply with the requirement of at least 2 shareholders for a limited liability company in Indonesia.

**2. PROSPECTUS SUMMARY (Cont'd)**

- (2) In Thailand, foreign owned companies are prohibited from engaging in most business categories in Thailand, unless a foreign business licence has been obtained from the Director-General of the Department of Commercial Registration with the approval of the Foreign Business Committee of Thailand. As such, in order for Minox TH to carry out its business activities in Thailand as a private limited company, foreign companies can only hold up to 49.0% shareholdings and it is also a requirement for a majority number of shareholders to be Thai.
- (3) The remaining 51.0% shareholdings in Minox TH are held by Nopparan Suwanpimolkul (30.0%) and Rujira Jerngmanotham (21.0%), who are Thai nationals and spouses, after the Acquisition of Minox TH to comply with the requirement in Note (2) above. Nopparan Suwanpimolkul is an executive director of Minox TH and is responsible for the day-to-day operations and business development activities of Minox TH. Rujira Jerngmanotham is the Accounts and Administrative Manager of Minox TH.

Through our subsidiaries, we are principally engaged in the distribution of stainless steel sanitary valves, tubes & fittings, installation components & equipment, rubber hoses under our "MINOX®" brand and other related products. We have a comprehensive range of products, which ranges from different types and specifications (i.e. size, dimension and material grade) that cater to our industrial end-customers' diverse requirements.

We have 25 years of operating history in the sanitary valves and fittings industry. Our Group's business model is depicted in the diagram below:

**Note:**

- (1) Comprises mainly Bahrain, Cambodia, Denmark, Germany, India, Japan, South Korea, Myanmar, Sri Lanka, Spain, Taiwan, the Philippines, United Arab Emirates and Vietnam.

Further details of our Group and business model are set out in Sections 6 and 7 respectively.

**2. PROSPECTUS SUMMARY (Cont'd)**

The breakdown of our revenue by products for FYE 2019 to 2022 and FPE 2023 is as follows:

|                                       | FYE 2019      |              | FYE 2020      |              | FYE 2021      |              | FYE 2022      |              | FPE 2023      |              |
|---------------------------------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|
|                                       | RM'000        | %            | RM'000        | %            | RM'000        | %            | RM'000        | %            | RM'000        | %            |
| Tubes & fittings                      | 29,055        | 72.3         | 29,325        | 75.6         | 24,820        | 72.2         | 32,939        | 73.1         | 10,058        | 61.2         |
| Valves                                | 5,788         | 14.4         | 4,968         | 12.8         | 4,853         | 14.1         | 6,342         | 14.4         | 2,201         | 13.4         |
| Installation components & equipment   | 2,144         | 5.3          | 2,227         | 5.7          | 2,293         | 6.7          | 2,508         | 5.6          | 731           | 4.4          |
| Rubber hoses                          | 1,879         | 4.7          | 1,671         | 4.3          | 1,702         | 5.0          | 2,057         | 4.6          | 732           | 4.5          |
| Other related products <sup>(1)</sup> | 1,329         | 3.3          | 613           | 1.6          | 691           | 2.0          | 1,174         | 2.6          | 2,707         | 16.5         |
| <b>Total</b>                          | <b>40,195</b> | <b>100.0</b> | <b>38,804</b> | <b>100.0</b> | <b>34,359</b> | <b>100.0</b> | <b>45,020</b> | <b>100.0</b> | <b>16,429</b> | <b>100.0</b> |

**Note:**

- (1) Comprises non-sanitary stainless steel products such as square hollow sections, pipes & fittings, plates and industrial hardware.

During FYE 2019 to 2022 and FPE 2023, sales of tubes & fittings and valves products categories were the largest revenue contributor to our Group as they contributed more than 74.0% of our Group's total revenue.

Our Group's principal markets comprise both domestic and export markets across SEA including Indonesia, Singapore, Thailand and other regions. Our revenue contributions by geographical locations for FYE 2019 to 2022 and FPE 2023 is as follows:

| Countries              | FYE 2019      |              | FYE 2020      |              | FYE 2021      |              | FYE 2022      |              | FPE 2023      |              |
|------------------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|
|                        | RM'000        | %            | RM'000        | %            | RM'000        | %            | RM'000        | %            | RM'000        | %            |
| <b>Domestic market</b> |               |              |               |              |               |              |               |              |               |              |
| Malaysia               | 11,925        | 29.7         | 10,557        | 27.2         | 11,174        | 32.5         | 16,231        | 36.1         | 4,441         | 27.0         |
| <b>Overseas market</b> |               |              |               |              |               |              |               |              |               |              |
| Indonesia              | 10,428        | 25.9         | 10,057        | 25.9         | 11,123        | 32.4         | 14,592        | 32.4         | 5,689         | 34.6         |
| Singapore              | 7,304         | 18.2         | 8,728         | 22.5         | 5,166         | 15.0         | 7,735         | 17.2         | 4,244         | 25.9         |
| Thailand               | 6,141         | 15.3         | 6,533         | 16.9         | 3,989         | 11.6         | 4,224         | 9.4          | 1,289         | 7.8          |
| Others <sup>(1)</sup>  | 4,397         | 10.9         | 2,929         | 7.5          | 2,907         | 8.5          | 2,238         | 4.9          | 766           | 4.7          |
|                        | 28,270        | 70.3         | 28,247        | 72.8         | 23,185        | 67.5         | 28,789        | 63.9         | 11,988        | 73.0         |
| <b>Total</b>           | <b>40,195</b> | <b>100.0</b> | <b>38,804</b> | <b>100.0</b> | <b>34,359</b> | <b>100.0</b> | <b>45,020</b> | <b>100.0</b> | <b>16,429</b> | <b>100.0</b> |

**Note:**

- (1) Comprises mainly Bahrain, Cambodia, Denmark, Germany, India, Japan, South Korea, Myanmar, Sri Lanka, Spain, Taiwan, the Philippines, United Arab Emirates and Vietnam.

Further details on the breakdown of our revenue are set out in Section 12.2.2.

**2. PROSPECTUS SUMMARY (Cont'd)****2.3 INTERRUPTIONS IN BUSINESS****2.3.1 Impact of COVID-19 pandemic and our Group's business operations**

Due to outbreak of COVID-19, the Government implemented the MCO across several periods/phases as part of the efforts to curb the spread in the country. Upon obtaining MITI's approval and/or the uplifting of MCO, our Group resumed our operations in accordance with the applicable SOPs, including workforce capacity restrictions as set out below:

| <b>MCO 1.0</b>                                                                                                                                                        | <b>CMCO,<br/>RMCO and<br/>MCO 2.0</b> | <b>FMCO</b>                                                                                                                          | <b>NRP<br/>Phase 1</b> | <b>NRP<br/>Phases<br/>2 and 3</b> | <b>NRP<br/>Phase 4</b> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|------------------------|-----------------------------------|------------------------|
| <b>Workforce capacity</b>                                                                                                                                             |                                       |                                                                                                                                      |                        |                                   |                        |
| Nil until MITI approval on 23 April 2020 and 24 April 2020 for Minox MY and MST MY respectively. Thereafter, Minox MY and MST MY operated at 50.0% workforce capacity | 50.0%                                 | Nil until MITI approval on 5 June 2021 for Minox MY and MST MY. Thereafter, Minox MY and MST MY operated at 50.0% workforce capacity | 60.0%                  | 80.0%                             | 100.0%                 |

Our Group's operations in Indonesia, Singapore and Thailand were not affected as our regional offices in the respective countries were allowed to operate during the pandemic, subject to complying with the SOPs issued by the respective countries.

**2.3.2 Impact of COVID-19 on our sales and earnings prospects**

We temporarily ceased all our operations for Minox MY (18 March 2020 to 23 April 2020) and MST MY (18 March 2020 to 24 April 2020) prior to obtaining approval from MITI. Notwithstanding the resumption of our operations, governments around the world had enforced lockdown of varying lengths and strictness in response to the COVID-19 pandemic. As our Group operates in Malaysia, Singapore, Indonesia, and Thailand, the imposition of various COVID-19 related lockdown measures in the aforementioned countries had resulted in lower revenue for our Company for FYE 2019 to 2021.

We experienced a decline in revenue by 11.5% from FYE 2020 to FYE 2021 which was primarily caused by lower sales generated in the Singapore and Thailand markets as our industrial end-customers had rescheduled installations at their project sites, thus leading to a delay in their orders.

**2.3.3 Impact of COVID-19 and MCO on our supply chain**

Our supplies are mainly sourced from overseas. During the MCO periods, we experienced longer lead time for our supplies from our third-party manufacturers/supplier due to lockdown measures and restrictions imposed in Malaysia and countries where they are based. This had resulted in up to 2 months delay in the delivery schedule from our third-party manufacturers/supplier. However, as we have always practiced a 6-month inventory holding level, there was no material impact on our supply chain and inventory as we have sufficient inventory for our operations. We also experienced slight delays of up to 2 weeks in our delivery schedule to our customers due to logistics delay as a result of travel restrictions in Malaysia. Nevertheless, we had informed our customers of such delays in delivery and did not experience any order cancellation nor penalty for late delivery during the affected period.

## **2. PROSPECTUS SUMMARY (Cont'd)**

### **2.3.4 Impact of COVID-19 on our Group under the "transition to endemic" phase of COVID-19**

Beginning 1 April 2022, Malaysia entered into the "transition to endemic" phase of COVID-19 whereby COVID-19 restrictions and SOPs were further relaxed as the country prepared to return to near normalcy. We did not experience any material impact on our operations since the commencement of the "transition to endemic" phase. Notwithstanding the relaxed restrictions and SOPs, we continue to implement in-house COVID-19 related SOPs to reduce the risk of COVID-19 amongst our employees.

Further details on the impact of COVID-19 and our measures to commence and continue operations are set out in Section 7.8.

## **2.4 COMPETITIVE STRENGTHS**

Our Directors believe that our business sustainability and future growth is built on the following competitive strengths:

- (a) We are committed to supplying high quality stainless steel sanitary products. Our "MINOX®" brand of sanitary tubes & fittings for the F&B industry have been authorised to use the 3-A Symbol after strict evaluation to comply with 3-A Sanitary Standards. Additionally, our "MINOX®" brand of sanitary tubes for the F&B industry have been certified with Type EL Class I Certification by EHEDG that complies with EHEDG's hygienic design criteria;
- (b) We offer a comprehensive range of sanitary products including valves, tubes & fittings, installation components & equipment and rubber hoses under our "MINOX®" brand in terms of types and specifications (i.e. size, dimension and material grade) that comply with international standards to cater to the varying needs of our customers. As at LPD, we carry and distribute a total of approximately 7,480 SKUs;
- (c) We are able to distribute our products in Malaysia, across various SEA countries and neighbouring countries through our headquarters in Malaysia, regional offices in Indonesia, Singapore and Thailand and our representative agents in Taiwan, the Philippines and Vietnam;
- (d) We have 25 years of track record in supplying various stainless steel sanitary products to both local and overseas customers. From 1 January 2022 up to LPD, our Group has a customer base of approximately 1,700 active and recurring customers comprising project consultants, contractors and industrial end-customers. As at LPD, our major customers have been dealing with our Group for between 5 to 13 years;
- (e) Since the introduction of our "MINOX®" brand in 2004, we have developed a network of third-party manufacturers/supplier from different countries as we engage third-party manufacturers/supplier to supply our products. As at LPD, we work with 13 third-party manufacturers and 1 supplier, that supply us with our "MINOX®" brand of sanitary products;
- (f) We are able to provide prompt response to our customers as our team of 9 sales engineers which are based in Malaysia (2) who also virtually support Minox TH through phone or video calls, text messages or emails, Singapore (1) and Indonesia (6), are available year-round to respond promptly to our industrial end-customers, to identify and diagnose issues regarding their production lines where our "MINOX®" brand of sanitary products are installed. Also, each of our regional offices are equipped with warehouses that carries sizeable inventories which ensures that our products are readily available whenever the need arises from customers in a particular country; and



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## **2. PROSPECTUS SUMMARY (Cont'd)**

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- (g) Our products can be used by industrial end-customers from the F&B, pharmaceutical and semiconductor industries, with high emphasis on stringent hygiene and cleanliness requirements.

Further details of our competitive strengths are set out in Section 7.15.

### **2.5 BUSINESS STRATEGIES**

Our business objectives are to maintain sustainable growth and create long-term shareholder value. To achieve our business objectives, we will implement the following business strategies over the period of 36 months from the date of our Listing:

- (a) In line with our business expansion into the semiconductor industry, we intend to introduce different types of vacuum fittings and valves to expand our products offerings for the semiconductor industry;
- (b) We intend to construct Warehouse 4 to store our inventories. On 4 November 2022, we entered into a sale and purchase agreement to acquire a vacant land measuring approximately 22,560 sq ft at 4, Jalan Industri PBP 9, Taman Industri Pusat Bandar Puchong, 47100 Puchong, Selangor, for the construction of Warehouse 4; and
- (c) We intend to expand our market coverage in Singapore by penetrating further into the semiconductor industry in Singapore. We intend to set-up another warehouse in Singapore to store our new vacuum fittings and valves as set out in (a) above, and to accommodate the storage of inventories that caters for our customers in Singapore and other overseas market (save for Malaysia, Thailand, Indonesia, the Philippines, Vietnam and Taiwan, which inventories are delivered from Warehouse 3 in Puchong, Selangor).

Further details of our business strategies are set out in Section 7.16.

### **2.6 RISK FACTORS**

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risk factors as set out in Section 9. Some of the more important risk factors are summarised below:

- (a) We are highly dependent on our third-party manufacturers/supplier for the supplies of our products and we do not have long-term agreements with them. As our third-party manufacturers/supplier are also responsible for the raw materials (i.e. stainless steel) sourcing and purchasing, any significant increase in manufacturing cost charged by them due to increase in the raw material prices will lead to an increase in our cost of purchases;
- (b) We face the risk of infringement of intellectual property rights and any unauthorised use of our brand name by third-parties may adversely affect our business and reputation;
- (c) Our third-party manufacturers/supplier may not be able to implement QC procedures effectively to meet our requirements. Any significant deterioration, deviation and failure to implement and uphold QC policies and procedures could lead to production of defective or substandard products, delay in delivery of our products as well as replacement of defective or substandard products and therefore damage our reputation;

**2. PROSPECTUS SUMMARY (Cont'd)**

- (d) We are subject to foreign operations risks such as political, economic and regulatory risks and conditions in countries in Asia and Europe, amongst others, which are entirely out of our Group's control. During FYE 2019 to 2022 and FPE 2023, our overseas revenue amounted to RM28.27 million, RM28.25 million, RM23.19 million, RM28.79 million and RM11.99 million, or 70.3%, 72.8%, 67.5%, 63.9% and 73.0% of our total revenue respectively;
- (e) We are dependent on our industrial end-customers from the F&B industry. A negative performance from the industrial end-customers in the F&B industry may result in lower demand for our products due to reduction in maintenance activities such as replacement of wear and tear parts and thus, may adversely affect our business operations and financial performance;
- (f) We do not have long-term contracts with our customers. The absence of long-term contracts may result in the fluctuation of our Group's sales and result in uncertainties in our overall financial performance since they are not obliged to continue purchasing our products;
- (g) We are dependent on our continued ability to identify and keep abreast with the latest industrial process systems. If we are unable to identify and meet the market requirements or fails to offer products that address our customers' needs, our operations and profitability may be adversely affected;
- (h) We are dependent on our Executive Directors and key senior management. The loss of any of them simultaneously or within a short period of time may create unfavourable impact on our Group's operations and the future growth of our business; and
- (i) We are exposed to fluctuations in the foreign exchange rates as our purchases are predominantly denominated in USD. There can be no assurance that there will not be any material fluctuation in foreign exchange in the future that could result in us recording a higher cost of sales or lower revenue recorded and adversely affect our GP margin and thus, our financial performance.

**2.7 DIRECTORS AND KEY SENIOR MANAGEMENT**

Our Directors and key senior management are as follows:

| <b>Name</b>                        | <b>Designation</b>                    |
|------------------------------------|---------------------------------------|
| <b>Directors</b>                   |                                       |
| Alwizah Al-Yafii Binti Ahmad Kamal | Independent Non-Executive Chairperson |
| Cheong Chee Son                    | Managing Director                     |
| Looi Poo Poo                       | Executive Director                    |
| Ng Kuan Hua                        | Independent Non-Executive Director    |
| Wong Yen Lee                       | Independent Non-Executive Director    |
| Yeoh Aik Cheong                    | Independent Non-Executive Director    |
| <b>Key senior management</b>       |                                       |
| Yap Choo Cheng                     | Chief Financial Officer               |
| Low Yoke Kiew                      | Sales and Marketing Manager           |
| Wong Siew Lum                      | Operations Manager                    |
| Gamal Abdul Nashir                 | Director of Minox ID                  |
| Shum Mei Yau                       | Finance and Administrative Manager    |

Further details of our Directors and key senior management are set out in Section 5.

## 2. PROSPECTUS SUMMARY (Cont'd)

### 2.8 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The shareholdings of our Promoters and substantial shareholders in our Company before and after IPO are set out below:

| Name                                          | Nationality | <sup>(1)</sup> Before IPO |      |               | <sup>(2)</sup> After IPO |               |          |
|-----------------------------------------------|-------------|---------------------------|------|---------------|--------------------------|---------------|----------|
|                                               |             | Direct                    |      | Indirect      | Direct                   |               | Indirect |
|                                               |             | No. of Shares             | %    | No. of Shares | %                        | No. of Shares | %        |
| <b>Promoters and substantial shareholders</b> |             |                           |      |               |                          |               |          |
| Cheong Chee Son                               | Malaysian   | 188,901,800               | 70.0 | -             | -                        | 185,061,800   | 51.4     |
| Looi Poo Poo                                  | Malaysian   | 42,833,500                | 15.9 | -             | -                        | 37,433,500    | 10.4     |
| <b>Substantial shareholder</b>                |             |                           |      |               |                          |               |          |
| Gamal Abdul Nashir <sup>(3)</sup>             | Indonesian  | 24,911,700                | 9.2  | -             | -                        | 17,711,700    | 4.9      |

**Notes:**

- (1) Based on our share capital of 270,000,000 Shares before our IPO.
  - (2) Based on our enlarged share capital of 360,000,000 Shares after our IPO.
  - (3) After the Offer for Sale, he will cease to be our substantial shareholder.
- Further details of our Promoters and substantial shareholders are set out in Section 5.

### 2.9 UTILISATION OF PROCEEDS

The estimated gross proceeds to be raised from our Public Issue of RM22.50 million shall be utilised in the following manner:

| Utilisation of proceeds                 | RM'000        | %            | <sup>(1)</sup> Estimated timeframe for utilisation |
|-----------------------------------------|---------------|--------------|----------------------------------------------------|
| Product development and deployment      | 4,000         | 17.8         | Within 24 months                                   |
| Construction of Warehouse 4             | 4,000         | 17.8         | Within 24 months                                   |
| Setting up a new warehouse in Singapore | 5,010         | 22.3         | Within 36 months                                   |
| Repayment of bank borrowings            | 4,500         | 20.0         | Within 6 months                                    |
| General working capital                 | 1,590         | 7.0          | Within 12 months                                   |
| Estimated listing expenses              | 3,400         | 15.1         | Within 1 month                                     |
| <b>Total</b>                            | <b>22,500</b> | <b>100.0</b> |                                                    |

**Note:**

- (1) From the date of listing of our Shares.
- There is no minimum subscription to be raised from IPO.
- Detailed information on our utilisation of proceeds is set out in Section 4.9.

**2. PROSPECTUS SUMMARY (Cont'd)****2.10 FINANCIAL HIGHLIGHTS****2.10.1 Combined statements of profit or loss and other comprehensive income**

The following table sets out the financial highlights based on our combined statements of profit or loss and other comprehensive income for FYE 2019 to 2022 and FPE 2022 to 2023:

|                                                          | <b>Audited</b>  |                 |                 |                 | <b>Unaudited</b> | <b>Audited</b>  |
|----------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|
|                                                          | <b>FYE 2019</b> | <b>FYE 2020</b> | <b>FYE 2021</b> | <b>FYE 2022</b> | <b>FPE 2022</b>  | <b>FPE 2023</b> |
|                                                          | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>    | <b>RM'000</b>   |
| Revenue                                                  | 40,195          | 38,804          | 34,359          | 45,020          | 13,471           | 16,429          |
| GP                                                       | 20,777          | 18,547          | 22,830          | 26,598          | 7,066            | 8,544           |
| PBT                                                      | 10,248          | 5,568           | 10,756          | 13,493          | 2,060            | 2,272           |
| Total comprehensive income for the financial year/period | 8,672           | 3,852           | 8,182           | 10,319          | 2,066            | 3,360           |
| PAT attributable to owners of our Company                | 7,505           | 3,552           | 7,915           | 10,304          | 1,480            | 1,861           |
| GP margin (%) <sup>(1)</sup>                             | 51.7            | 47.8            | 66.4            | 59.1            | 52.5             | 52.0            |
| PAT margin (%) <sup>(2)</sup>                            | 18.7            | 9.2             | 23.0            | 22.9            | 11.0             | 11.3            |
| Basic EPS (sen) <sup>(3)</sup>                           | 2.8             | 1.3             | 2.9             | 3.8             | 0.5              | 0.7             |
| Diluted EPS (sen) <sup>(4)</sup>                         | 2.1             | 1.0             | 2.2             | 2.9             | 0.4              | 0.5             |

**Notes:**

- (1) Calculated based on GP over revenue.
- (2) Calculated based on PAT attributable to owners of our Company divided by revenue.
- (3) Calculated based on PAT attributable to owners of our Company divided by our share capital of 270,000,000 Shares before our IPO.
- (4) Calculated based on PAT attributable to owners of our Company divided by our enlarged share capital of 360,000,000 Shares after our IPO.

There were no exceptional items during the financial years/period under review. Our audited combined financial statements for the past financial years/period under review were not subject to any audit qualifications. Further details on the financial information are set out in Sections 12 and 13.

**2.10.2 Pro forma combined statements of financial position**

The following table sets out a summary of the pro forma statements of financial position of our Group to show the effects of the Acquisitions, Public Issue and utilisation of proceeds. It is presented for illustrative purposes only and should be read together with the pro forma statements of financial position as set out in Section 14.

|                          |                            | <b>I</b>                  | <b>II</b>                       | <b>III</b>                                  |
|--------------------------|----------------------------|---------------------------|---------------------------------|---------------------------------------------|
|                          | <b>As at 30 April 2023</b> | <b>After Acquisitions</b> | <b>After I and Public Issue</b> | <b>After II and utilisation of proceeds</b> |
|                          | <b>RM'000</b>              | <b>RM'000</b>             | <b>RM'000</b>                   | <b>RM'000</b>                               |
| <b>ASSETS</b>            |                            |                           |                                 |                                             |
| Total non-current assets | -                          | 43,262                    | 43,262                          | 43,262                                      |
| Total current assets     | (1)-                       | 49,554                    | 72,054                          | 64,154                                      |
| <b>TOTAL ASSETS</b>      | <b>(1)-</b>                | <b>92,816</b>             | <b>115,316</b>                  | <b>107,416</b>                              |

**2. PROSPECTUS SUMMARY (Cont'd)**

|                                       |                     | I             | II             | III            |
|---------------------------------------|---------------------|---------------|----------------|----------------|
|                                       |                     | After         | After I and    | After II and   |
|                                       | As at 30 April 2023 | Acquisitions  | Public Issue   | utilisation of |
|                                       | RM'000              | RM'000        | RM'000         | proceeds       |
| <b>EQUITY AND LIABILITIES</b>         |                     |               |                | RM'000         |
| Share capital                         | (1)-                | 46,407        | 68,907         | 67,999         |
| Legal reserve                         | -                   | 12            | 12             | 12             |
| Foreign exchange translation reserves | -                   | 1,114         | 1,114          | 1,114          |
| Retained earnings                     | (12)                | 42,734        | 42,734         | 40,242         |
| Merger deficit                        | -                   | (40,516)      | (40,516)       | (40,516)       |
|                                       | (12)                | <b>49,751</b> | <b>72,251</b>  | <b>68,851</b>  |
| Non-controlling interest              | -                   | 3,035         | 3,035          | 3,035          |
| <b>TOTAL EQUITY</b>                   | (12)                | <b>52,786</b> | <b>75,286</b>  | <b>71,886</b>  |
| Total non-current liabilities         | -                   | 27,002        | 27,002         | 22,839         |
| Total current liabilities             | 12                  | 13,028        | 13,028         | 12,691         |
| <b>TOTAL LIABILITIES</b>              | -                   | <b>40,030</b> | <b>40,030</b>  | <b>35,530</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>   | (1)-                | <b>92,816</b> | <b>115,316</b> | <b>107,416</b> |
| No. of Shares in issue ('000)         | (2)-                | 270,000       | 360,000        | 360,000        |
| NA per Share (RM)                     | -                   | 0.18          | 0.20           | 0.19           |
| Borrowings                            | -                   | 31,748        | 31,748         | 27,248         |
| Gearing (times)                       | -                   | 0.64          | 0.44           | 0.40           |

**Notes:**

(1) Representing RM1.00.

(2) Representing 1 share.

**2.11 DIVIDEND POLICY**

Our Company presently does not have any formal dividend policy. It is our intention to pay dividends to shareholders in the future, however, such payments will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant by our Board.

During FYE 2019 to 2022, we declared and paid the following dividends:

|                             | FYE 2019 | FYE 2020 | FYE 2021 | FYE 2022 |
|-----------------------------|----------|----------|----------|----------|
|                             | RM'000   | RM'000   | RM'000   | RM'000   |
| Dividends declared and paid | 1,372    | 1,202    | 3,408    | 1,500    |

Subsequent to FYE 2022 and up to LPD, there were no further dividends declared and paid by our Group. Further, we do not intend to declare and pay any dividends from LPD up to our Listing. Further details of our dividend policy are set out in Section 12.17.

**3. APPROVALS AND CONDITIONS****3.1 APPROVALS AND CONDITIONS****3.1.1 Bursa Securities approval**

Bursa Securities had, vide its letter dated 12 May 2023, approved our admission to the Official List of the ACE Market, the listing of and quotation for our entire enlarged issued share capital on the ACE Market and the approval-in-principle for the registration of the Prospectus. The approval from Bursa Securities is subject to the following conditions:

| <b>No.</b> | <b>Details of conditions imposed</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>Status of compliance</b> |
|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| (1)        | Submit the following information in respect of the moratorium on the shareholdings of the Specified Shareholders to Bursa Depository: <ul style="list-style-type: none"> <li>(i) Name of shareholders;</li> <li>(ii) Number of Shares; and</li> <li>(iii) Date of expiry of the moratorium for each block of Shares.</li> </ul>                                                                                                                                                                                                                 | 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;                                                                                                                                                                                                                                                                                                                                                                                                         | Complied                    |
| (4)        | Make the relevant announcement pursuant to Paragraphs 8.1 and 8.2 of Guidance Note 15 of the Listing Requirements;                                                                                                                                                                                                                                                                                                                                                                                                                              | To be complied              |
| (5)        | Furnish to Bursa Securities a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of Minox on the first day of Listing;                                                                                                                                                                                                                                                                                                                           | To be complied              |
| (6)        | In relation to the Public Issue to be undertaken by Minox, to announce at least 2 market days prior to the Listing date, the result of the offering including the following: <ul style="list-style-type: none"> <li>(i) Level of subscription of public balloting and placement;</li> <li>(ii) Basis of allotment/allocation;</li> <li>(iii) A table showing the distribution for placement tranche; and</li> <li>(iv) Disclosure of placees who become substantial shareholders of Minox arising from the Public Issue, if any; and</li> </ul> | To be complied              |
| (7)        | Minox/M&A Securities to furnish to Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission of Minox to the Official List.                                                                                                                                                                                                                                                                                                                                 | To be complied              |

**3. APPROVALS AND CONDITIONS (Cont'd)****3.1.2 SC approval**

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

The SC had, vide its letter dated 15 May 2023, approved our resultant equity structure pursuant to our Listing under the Bumiputera equity requirement for public listed companies. The approval from the SC is subject to the following conditions:

| <b>No.</b> | <b>Details of conditions imposed</b>                                                                                                                                    | <b>Status of compliance</b> |
|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| (a)        | Minox is to allocate shares equivalent to 12.5% of its enlarged number of issued shares at the point of Listing to Bumiputera investors to be approved by the MITI; and | Complied                    |
| (b)        | Minox is to make available at least 50.0% of the shares offered to the Malaysian public investors via balloting to Bumiputera public investors at the point of Listing. | Complied                    |

The effects of our Listing on our equity structure are as follows:

| <b>Category of shareholders</b>                   | <b>As at 30 November 2022</b> |              | <b>After our Listing</b>  |              |
|---------------------------------------------------|-------------------------------|--------------|---------------------------|--------------|
|                                                   | <b>No. of Shares</b>          | <b>%</b>     | <b>No. of Shares</b>      | <b>%</b>     |
| <b>Bumiputera</b>                                 |                               |              |                           |              |
| - Bumiputera investors to be approved by the MITI | -                             | -            | <sup>(1)</sup> 45,000,000 | 12.5         |
| - Bumiputera public investors via balloting       | -                             | -            | <sup>(1)</sup> 9,000,000  | 2.5          |
| - Others                                          | -                             | -            | <sup>(2)</sup> 450,000    | 0.1          |
| <b>Total Bumiputera</b>                           | <b>-</b>                      | <b>-</b>     | <b>54,450,000</b>         | <b>15.1</b>  |
| Non-Bumiputera                                    | 1                             | 100.0        | 279,255,800               | 77.6         |
| <b>Malaysian</b>                                  | <b>1</b>                      | <b>100.0</b> | <b>333,705,800</b>        | <b>92.7</b>  |
| Foreigners                                        | -                             | -            | 26,294,200                | 7.3          |
| <b>Total</b>                                      | <b>1</b>                      | <b>100.0</b> | <b>360,000,000</b>        | <b>100.0</b> |

**Notes:**

- (1) Based on the assumption that Shares offered to Bumiputera investors to be approved by MITI and Bumiputera public investors via balloting shall be fully subscribed.
- (2) Based on the assumption that Shares offered to Alwizah Al-Yafii Binti Ahmad Kamal, our Independent Non-Executive Chairperson, under the Pink Form Allocations shall be fully subscribed.

The Shariah Advisory Council of SC had, vide its letter dated 8 September 2023, classified our Shares as shariah-compliant based on our audited combined financial statements for FYE 2022.

**3.1.3 MITI approval**

The MITI had, vide its letters dated 10 February 2023 and 19 May 2023, taken note and has no objection to our Listing.

### 3. APPROVALS AND CONDITIONS (*Cont'd*)

#### 3.2 MORATORIUM ON OUR SHARES

In accordance with Rule 3.19(1) of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of those Shares held by our Specified Shareholders as follows:

- (a) The moratorium applies to the entire shareholdings of our Specified Shareholders for a period of 6 months from the date of our admission to the ACE Market ("**First 6-Month Moratorium**");
- (b) Upon the expiry of the First 6-Month Moratorium, our Company must ensure that our Specified Shareholders' aggregate shareholdings amounting to at least 45.0% of the total number of issued ordinary shares remain under moratorium for another period of 6 months ("**Second 6-Month Moratorium**"); and
- (c) On the expiry of the Second 6-Month Moratorium, our Specified Shareholders may sell, transfer or assign up to a maximum of 1/3 per annum (on a straight line basis) of those Shares held under moratorium.

In accordance with Rule 3.19A of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of the entire shareholdings held by any investor who is not our Specified Shareholders, for a period of 6 months from the date of our admission to the ACE Market if such investor has acquired our Shares:

- (i) within 12 months from the date of submission of our listing application to Bursa Securities; and
- (ii) at a price lower than our IPO Price.

On 14 June 2022, Ng Kwang Hua became a shareholder of Minox SG upon subscription of 240,000 new ordinary shares in Minox SG at an issue price of SGD1.00 each. Pursuant to the Acquisition of Minox SG, our Company had then acquired from Ng Kwang Hua his shares in Minox SG where we issued 4,896,000 new Shares to him at an issue price of approximately of RM0.1719 each. As such, pursuant to Rule 3.19A of the Listing Requirements, Ng Kwang Hua is deemed as a pre-listing investor.



### 3. APPROVALS AND CONDITIONS (Cont'd)

Details of our Shares which will be subject to the abovesaid moratorium, are set out below:

|                               | Year 1                                                |             |                                                        |             | Year 2             |             | Year 3            |             |
|-------------------------------|-------------------------------------------------------|-------------|--------------------------------------------------------|-------------|--------------------|-------------|-------------------|-------------|
|                               | Moratorium shares during the First 6-Month Moratorium |             | Moratorium shares during the Second 6-Month Moratorium |             | Moratorium shares  |             | Moratorium shares |             |
|                               | (1)No. of Shares                                      | (2)%        | (1)No. of Shares                                       | (2)%        | (1)No. of Shares   | (2)%        | (1)No. of Shares  | (2)%        |
| <b>Specified Shareholders</b> |                                                       |             |                                                        |             |                    |             |                   |             |
| Cheong Chee Son               | 185,061,800                                           | 51.4        | 134,744,471                                            | 37.4        | 89,829,647         | 25.0        | 44,914,824        | 12.5        |
| Looi Poo Poo                  | 37,433,500                                            | 10.4        | 27,255,529                                             | 7.6         | 18,170,353         | 5.0         | 9,085,176         | 2.5         |
| <b>Pre-listing investor</b>   |                                                       |             |                                                        |             |                    |             |                   |             |
| Ng Kwang Hua                  | 4,896,000                                             | 1.4         | -                                                      | -           | -                  | -           | -                 | -           |
|                               | <b>227,391,300</b>                                    | <b>63.2</b> | <b>162,000,000</b>                                     | <b>45.0</b> | <b>108,000,000</b> | <b>30.0</b> | <b>54,000,000</b> | <b>15.0</b> |

#### Notes:

(1) After Offer for Sale.

(2) Based on our enlarged share capital of 360,000,000 Shares after our IPO.

The moratorium has been fully accepted by our Specified Shareholders and pre-listing investor, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the abovementioned moratorium period.

The moratorium restrictions are specifically endorsed on the share certificates representing the Shares under moratorium held by the Specified Shareholders and pre-listing investor to ensure that our Share Registrar does not register any transfer that contravenes with such restrictions.

**4. DETAILS OF OUR IPO****4.1 OPENING AND CLOSING OF APPLICATION PERIOD**

The Application period will open at 10.00 a.m. on 20 September 2023 and will remain open until 5.00 p.m. on 3 October 2023. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

**4.2 INDICATIVE TIMETABLE**

| <b>Events</b>                                             | <b>Indicative date</b> |
|-----------------------------------------------------------|------------------------|
| Issuance of this Prospectus/ Opening of Application       | 20 September 2023      |
| Closing of Application                                    | 3 October 2023         |
| Balloting of Application                                  | 6 October 2023         |
| Allotment/Transfer of IPO Shares to successful applicants | 13 October 2023        |
| Date of Listing                                           | 17 October 2023        |

In the event there is any change to the indicative timetable, we will advertise the notice of change in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia, and make an announcement on Bursa Securities' website.

**4.3 DETAILS OF OUR IPO****4.3.1 Listing scheme****(a) Public Issue**

A total of 90,000,000 Issue Shares, representing 25.0% of our enlarged share capital are offered at our IPO Price. The Issue Shares shall be allocated in the following manner:

**(i) Malaysian Public**

18,000,000 Shares, representing 5.0% of our enlarged share capital, are reserved for application by the Malaysian Public, to be allocated via balloting process as follows:

(aa) 9,000,000 Shares, representing 2.5% of our enlarged share capital, made available to public investors; and

(bb) 9,000,000 Shares, representing 2.5% of our enlarged share capital, made available to Bumiputera public investors.

**(ii) Eligible Persons**

10,800,000 Shares, representing 3.0% of our enlarged share capital, are reserved for our Eligible Persons under the Pink Form Allocations. Further details of our Pink Form Allocations are set out in Section 4.3.2.

**(iii) Private placement to Bumiputera investors approved by MITI**

45,000,000 Shares, representing 12.5% of our enlarged share capital, are reserved for private placement to Bumiputera investors approved by MITI.

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

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

16,200,000 Shares, representing 4.5% of our enlarged share capital, are reserved for private placement to selected investors.

The basis of allocation of the Issue Shares shall take into account our Board's intention to distribute the Issue Shares to a reasonable number of applicants to broaden our Company's shareholding base to meet the public spread requirements, and to establish a liquid and adequate market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Directors.

Upon completion of our Public Issue, our share capital will increase from RM46.41 million comprising 270,000,000 Shares to RM68.91 million comprising 360,000,000 Shares. There is no over-allotment or 'greenshoe' option that will increase the number of our IPO Shares.

Our Public Issue is subject to the terms and conditions of this Prospectus.

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4. DETAILS OF OUR IPO (Cont'd)

(b) Offer for Sale

A total of 18,000,000 Offer Shares, representing 5.0% of our enlarged share capital, are offered by our Selling Shareholders to selected investors by way of private placement at our IPO Price. Our Offer for Sale is subject to the terms and conditions of this Prospectus. Details of our Selling Shareholders are as follows:

| Name/<br>Residential address                                                                                           | Material<br>relationship with<br>our Group                        | (1) Before IPO   |      | Offer Shares offered |      | After IPO        |      |
|------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|------------------|------|----------------------|------|------------------|------|
|                                                                                                                        |                                                                   | No. of<br>Shares | (2)% | No. of<br>Shares     | (2)% | No. of<br>Shares | (3)% |
| Cheong Chee Son/<br>19, Jalan Jade Hills 10/2<br>Jade Hills<br>43000 Kajang<br>Selangor                                | Promoter, Managing<br>Director and<br>substantial<br>shareholder  | 188,901,800      | 70.0 | 3,840,000            | 1.4  | 185,061,800      | 51.4 |
| Looi Poo Poo/<br>C-112, Condo Sri Hijauan<br>1, Jalan Bukit Hijau 26/24<br>Seksyen 26<br>40400 Shah Alam<br>Selangor   | Promoter, Executive<br>Director and<br>substantial<br>shareholder | 42,833,500       | 15.9 | 5,400,000            | 2.0  | 37,433,500       | 10.4 |
| Gamal Abdul Nashir/<br>Puri Alam Kencana Blok PI No. 03<br>Nanggewer Mekar<br>Cibinong Bogor<br>West Java<br>Indonesia | Director of Minox ID<br>and shareholder                           | 24,911,700       | 9.2  | 7,200,000            | 2.7  | 17,711,700       | 4.9  |
| Liew Siang Ji/<br>222, Jurong East<br>Street 21 #03-911<br>Singapore 600222                                            | Director of MST SG<br>and shareholder                             | 3,357,000        | 1.2  | 1,560,000            | 0.6  | 1,797,000        | 0.5  |

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

**Notes:**

- (1) After completion of the Acquisitions but before our IPO.
- (2) Based on our share capital of 270,000,000 Shares before our IPO.
- (3) Based on our enlarged share capital of 360,000,000 Shares after our IPO.

**(c) Listing**

Upon completion of our IPO, our Company's entire enlarged share capital of RM68.91 million comprising 360,000,000 Shares shall be listed on the ACE Market.

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**4. DETAILS OF OUR IPO (Cont'd)****4.3.2 Pink Form Allocations**

We have allocated 10,800,000 Issue Shares under the Pink Form Allocations to our Eligible Persons as follows:

| <b>Category</b>                                          | <b>No. of Eligible Persons</b> | <b>Aggregate no. of Issue Shares allocated</b> |
|----------------------------------------------------------|--------------------------------|------------------------------------------------|
| Eligible Directors                                       | 4                              | 1,800,000                                      |
| Eligible employees                                       | 68                             | 8,396,250                                      |
| Persons who have contributed to the success of our Group | 9                              | 603,750                                        |
|                                                          | <b>81</b>                      | <b>10,800,000</b>                              |

Entitlements which are not accepted by certain Eligible Persons will be re-allocated among the Eligible Persons at the discretion of our Board.

**(a) Allocation to eligible Directors**

The criteria for allocation to our eligible Directors are based on amongst others their anticipated contribution to our Group.

Cheong Chee Son (our Managing Director) and Looi Poo Poo (our Executive Director) have opted not to participate in the Pink Form Allocations as they are already undertaking the Offer for Sale.

Details of the proposed allocation to our other Directors are as follows:

| <b>Name</b>                        | <b>Designation</b>                    | <b>No. of Issue Shares allocated</b> |
|------------------------------------|---------------------------------------|--------------------------------------|
| Alwizah Al-Yafii Binti Ahmad Kamal | Independent Non-Executive Chairperson | 450,000                              |
| Ng Kuan Hua                        | Independent Non-Executive Director    | 450,000                              |
| Yeoh Aik Cheong                    | Independent Non-Executive Director    | 450,000                              |
| Wong Yen Lee                       | Independent Non-Executive Director    | 450,000                              |
|                                    |                                       | <b>1,800,000</b>                     |

**(b) Allocation to our eligible employees (including directors of our subsidiaries)**

The criteria of allocation to our eligible employees (as approved by our Board) are based on, inter-alia, the following factors:

- (i) Our employees must be an eligible and confirmed employee and on the payroll of our Group;
- (ii) The number of shares allocated to our eligible employees are based on their seniority, position, length of service and respective contribution made to our Group as well as other factors deemed relevant to our Board; and
- (iii) Full time employee of at least 18 years of age.

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

Included in the allocation to our eligible employees are the proposed allocations to:

**(i) Directors of our subsidiaries**

| <b>Name</b>            | <b>Designation</b>   | <b>No. of Issue Shares allocated</b> |
|------------------------|----------------------|--------------------------------------|
| Kee Kong Beng Jason    | Director of Minox SG | 400,000                              |
| Nopparan Suwanpimolkul | Director of Minox TH | 400,000                              |
|                        |                      | <b>800,000</b>                       |

Gamal Abdul Nashir (our Director of Minox ID) and Liew Siang Ji (our director of MST SG) have opted not to participate in the Pink Form Allocations as they are already undertaking the Offer for Sale.

**(ii) Key senior management**

| <b>Name</b>    | <b>Designation</b>                 | <b>No. of Issue Shares allocated</b> |
|----------------|------------------------------------|--------------------------------------|
| Yap Choo Cheng | Chief Financial Officer            | 500,000                              |
| Low Yoke Kiew  | Sales and Marketing Manager        | 500,000                              |
| Shum Mei Yau   | Finance and Administrative Manager | 500,000                              |
| Wong Siew Lum  | Operations Manager                 | 500,000                              |
|                |                                    | <b>2,000,000</b>                     |

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

Persons who have contributed to the success of our Group include business associates, customers and suppliers.

The number of Issue Shares to be allotted to those persons who have contributed to the success of our Group are based on amongst others, the nature and terms of their business relationship with us, length of their relationship with us and the level of contribution and support to our Group.

**4.3.3 Placement and underwriting arrangement**

Our Underwriter will underwrite 28,800,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. The balance 61,200,000 Issue Shares and 18,000,000 Offer Shares available for application by Bumiputera investors approved by MITI and selected investors will not be underwritten and will be placed out by our Placement Agent.

Any of our Issue Shares not subscribed by the Malaysian Public and Pink Form Allocations shall be subject to the following clawback and reallocation provisions:

- (a) If any Issue Shares allocated to the Malaysian Public are undersubscribed, the balance portion will be allocated for excess application by our Eligible Persons. Likewise, any Issue Shares which are not taken up by our Eligible Persons, will be allocated to the Malaysian Public.
- (b) After (a) above, the remaining portion will be made available for application by way of private placement to selected investors to be identified.
- (c) Thereafter, any remaining Issue Shares that are not subscribed for will be subscribed by our Underwriter based on the terms and conditions of the Underwriting Agreement.

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

The allocation of Issue Shares to identified Bumiputera investors shall be subject to the allocation as approved by MITI. Such Issue Shares shall be subject to the following clawback and reallocation provisions:

- (a) Any unsubscribed Issue Shares allocated to Bumiputera investors approved by MITI shall firstly be reallocated to Malaysian institutional investors. If after the above reallocation, there are still Issue Shares not taken up, the said unsubscribed Issue Shares shall then be offered to Bumiputera public investors via public balloting.
- (b) After (a) above, the remaining portion will be made available for:
  - (i) Malaysian Public, in the event of an oversubscription; or
  - (ii) application by way of private placement to selected investors to be identified, the proportion of which will be determined by our Board and Placement Agent.

The clawback and reallocation shall not apply in the event of over-application of the Issue Shares allocated to the Malaysian Public, Pink Form Allocations and private placement to Bumiputera investors approved by MITI.

##### **4.3.4 Minimum and over-subscription**

There is no minimum subscription to be raised from our IPO. However, in order to comply with the public spread requirements of Bursa Securities, the minimum subscription in terms of the number of IPO Shares will be the number of IPO Shares required to be held by public shareholders to comply with the public spread requirements as set out in 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 ballot to be conducted in a manner approved by our Directors. Our Board will ensure that any excess IPO Shares will be allocated on a fair and equitable manner.

Under the Listing Requirements, at least 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum of 200 public shareholders, each holding not less than 100 Shares upon our admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing on the ACE Market. In such an event, we will return in full, without interest, all monies paid in respect of all applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

As at LPD, save as disclosed in Section 4.3.2, to the extent known to our Company:

- (a) there are no substantial shareholder(s), Directors or key senior management of our Company who have indicated to our Company that they intend to subscribe for the IPO Shares; and
- (b) there are no person(s) who have indicated to our Company that they intend to subscribe for more than 5.0% of the IPO Shares.



**4. DETAILS OF OUR IPO (Cont'd)****4.4 SHARE CAPITAL, CLASSES OF SHARES AND RANKINGS**

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

| <b>Details</b>                                 | <b>No. of Shares</b> | <b>RM</b>         |
|------------------------------------------------|----------------------|-------------------|
| <b>Share capital</b>                           |                      |                   |
| As at date of incorporation                    | 1                    | 1                 |
| Issued pursuant to the Acquisitions            | 269,999,999          | 46,407,430        |
| <b>As at date of this Prospectus</b>           | <b>270,000,000</b>   | <b>46,407,431</b> |
| To be issued under our Public Issue            | 90,000,000           | 22,500,000        |
| <b>Enlarged share capital upon our Listing</b> | <b>360,000,000</b>   | <b>68,907,431</b> |

Our Offer for Sale will not have any effect on our share capital.

As at date of this Prospectus, we have only one class of shares, being ordinary shares, all of which rank equally amongst one another.

Our Issue Shares will, upon allotment and issuance, rank equally in all respects with our existing ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of allotment of our Issue Shares.

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

Subject to any special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the amount paid-up on 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 any surplus if our Company is liquidated in accordance with our Constitution.

Each of our shareholders shall be entitled to vote at any of our general meetings in person or by proxy or by other duly authorised representative. On a poll, every shareholder present in person or by proxy or other duly authorised representative shall have one vote for each ordinary share held.

**4.5 PURPOSES OF OUR IPO**

The purposes of our IPO are as follows:

- (a) To enable our Group to raise funds for the purposes specified in Section 4.9 herein;
- (b) To gain recognition through our listing status to enhance our reputation in terms of marketing our products and to retain and attract new employees;
- (c) To provide an opportunity for the Malaysian Public, including our Eligible Persons to participate in our equity; and
- (d) To enable us to tap into the equity capital market for future fund raising and to provide us the financial flexibility to pursue future growth opportunities as and when they arise.

**4. DETAILS OF OUR IPO (Cont'd)****4.6 BASIS OF ARRIVING AT OUR IPO PRICE**

Our IPO Price was determined and agreed upon by us and M&A Securities, as our Adviser, Sponsor, Underwriter and Placement Agent, after taking into consideration the following factors:

- (a) Our pro forma NA per Share of RM0.19, calculated based on our pro forma NA after our IPO and utilisation of proceeds as at 30 April 2023 of approximately RM68.85 million and enlarged share capital of 360,000,000 Shares upon Listing;
- (b) The PE Multiple of our IPO Price of approximately 10.68 times based on our EPS of approximately 2.34 sen for FYE 2022, calculated based on our PAT attributable to owners of the Company of RM8.41 million for FYE 2022 (after adjusting for one-off gain from disposal of property of RM1.89 million) and enlarged share capital of 360,000,000 Shares upon Listing;
- (c) Our historical financial track record as follows:

|                                           | <b>FYE 2019</b> | <b>FYE 2020</b> | <b>FYE 2021</b> | <b>FYE 2022</b> | <b>FPE 2023</b> |
|-------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                           | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   |
| Revenue                                   | 40,195          | 38,804          | 34,359          | 45,020          | 16,429          |
| GP                                        | 20,777          | 18,547          | 22,830          | 26,598          | 8,544           |
| PAT attributable to owners of our Company | 7,505           | 3,552           | 7,915           | 10,304          | 1,861           |

- (d) Our competitive strengths as set out in Section 7.15; and
- (e) Our business strategies and prospects as set out in Section 7.16.

You should note that our market price upon Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares. You should form your own views on the valuation of our IPO Shares before deciding to invest in them. You are reminded to carefully consider the risk factors as set out in Section 9 before deciding to invest in our Shares.

**4.7 TOTAL MARKET CAPITALISATION UPON LISTING**

Based on our IPO Price and enlarged share capital of 360,000,000 Shares upon Listing, our total market capitalisation will be RM90.00 million.

**4. DETAILS OF OUR IPO (Cont'd)****4.8 DILUTION**

Dilution is the amount by which our IPO Price exceeds our pro forma NA per Share immediately after our IPO. The following table illustrates such dilution on a per Share basis:

|                                                                                                         | <b>RM</b> |
|---------------------------------------------------------------------------------------------------------|-----------|
| IPO Price                                                                                               | 0.25      |
| Pro forma NA per Share as at 30 April 2023 after Acquisitions but before Public Issue                   | 0.18      |
| Pro forma NA per Share as at 30 April 2023 after Acquisitions, Public Issue and utilisation of proceeds | 0.19      |
| Increase in pro forma NA per Share attributable to existing shareholders                                | 0.01      |
| Dilution in pro forma NA per Share to our new public investors                                          | 0.06      |
| Dilution in pro forma NA per Share as a percentage of our IPO Price                                     | 24.0%     |

Further details of our pro forma NA per Share as at 30 April 2023 is set out in Section 14.

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

| <b>Shareholders</b> | <b><sup>(1)</sup>No. of Shares<br/>received</b> | <b><sup>(2)</sup>Total<br/>consideration<br/>RM</b> | <b>Average effective<br/>cost per Share<br/>RM</b> |
|---------------------|-------------------------------------------------|-----------------------------------------------------|----------------------------------------------------|
| Cheong Chee Son     | 188,901,800                                     | 32,468,396                                          | 0.1719                                             |
| Looi Poo Poo        | 42,833,500                                      | 7,362,282                                           | 0.1719                                             |
| Gamal Abdul Nashir  | 24,911,700                                      | 4,281,994                                           | 0.1719                                             |
| Kee Kong Beng Jason | 5,100,000                                       | 876,485                                             | 0.1719                                             |
| Liew Siang Ji       | 3,357,000                                       | 576,849                                             | 0.1719                                             |
| Ng Kwang Hua        | 4,896,000                                       | 841,425                                             | 0.1719                                             |
|                     | <b>270,000,000</b>                              | <b>46,407,431</b>                                   |                                                    |

**Notes:**

<sup>(1)</sup> Issued under the Acquisitions and 1 subscriber share.

<sup>(2)</sup> Being the consideration for the Acquisitions and 1 subscriber share.

Save as disclosed above and the Pink Form Allocations to our eligible Directors and key senior management, there has been no acquisition or subscription of any of our Shares by our Directors or key senior management, substantial shareholders or persons connected with them, or any transaction entered into by them which grants them the right to acquire any of our existing Shares, in the past 3 years up to LPD.

**4. DETAILS OF OUR IPO (Cont'd)****4.9 UTILISATION OF PROCEEDS****4.9.1 Public Issue**

The estimated gross proceeds from our Public Issue of RM22.50 million will accrue entirely to us and are planned to be utilised in the following manner:

| Utilisation of proceeds                 | Notes | RM'000        | %            | <sup>(1)</sup> Estimated timeframe for utilisation |
|-----------------------------------------|-------|---------------|--------------|----------------------------------------------------|
| Product development and deployment      | (a)   | 4,000         | 17.8         | Within 24 months                                   |
| Construction of Warehouse 4             | (b)   | 4,000         | 17.8         | Within 24 months                                   |
| Setting up a new warehouse in Singapore | (c)   | 5,010         | 22.3         | Within 36 months                                   |
| Repayment of bank borrowings            | (d)   | 4,500         | 20.0         | Within 6 months                                    |
| General working capital                 | (e)   | 1,590         | 7.0          | Within 12 months                                   |
| Estimated listing expenses              | (f)   | 3,400         | 15.1         | Within 1 month                                     |
| <b>Total</b>                            |       | <b>22,500</b> | <b>100.0</b> |                                                    |

Pending the deployment of the proceeds raised from our Public Issue as aforementioned, the funds will be placed in short-term deposits with financial institutions.

**Notes:**

<sup>(1)</sup> From the date of our Listing.

**(a) Product development and deployment**

In our current "MINOX®" brand of sanitary product offerings, we distribute sanitary-grade tubes & fittings, valves, installation components & equipment and rubber hoses. In line with our business expansion into the semiconductor industry, we intend to introduce different types of vacuum fittings and valves for the semiconductor industry. These new vacuum fittings and valves to be developed and deployed for use in the semiconductor industry include fittings (unions and flange connections) and valves (ball valves).

Currently, we distribute tubes & fittings that are mainly used in F&B and pharmaceutical industries with specifications focused to withstand pressure arising from fluid flowing through the pipelines during manufacturing process. We also distribute tubes & fittings such as tees and elbows for the semiconductor industry.

The vacuum fittings and valves that we intend to develop on the other hand are unions, flange connections and ball valves which are used in production lines for semiconductor industry such as electronic components, solar cells, storage media and light-emitting diode manufacturing plants.

As compared to the fittings and valves that are used in F&B and pharmaceutical industries that have fluid flowing in them, vacuum fittings and valves that are used in semiconductor industry generally transport gas or compressed air. As such, we intend to develop vacuum fittings and valves that are highly leak-tight down to leak rate of  $10^{-8}$  mbar. These vacuum fittings and valves will be manufactured by stainless steel grade 304L (for non-corrosive gas or compressed air) or 316L (for corrosive gas or compressed air), with contaminants-free surface.

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

As at LPD, we have identified 2 new third-party manufacturers in China to manufacture our new vacuum fittings and valves. We have allocated RM4.00 million of our proceeds for the development and deployment of our new vacuum fittings and valves, details of which are as follows:

| Purpose                                 | Description                                                                                                                                                                                                  | Estimated cost | Total estimated cost |
|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------|
|                                         |                                                                                                                                                                                                              | RM'000         | RM'000               |
| Developmental costs                     | <ul style="list-style-type: none"> <li>Prototype development for new vacuum fittings and valves via our third-party manufacturers<sup>(1)</sup></li> </ul>                                                   | 140            |                      |
|                                         | <ul style="list-style-type: none"> <li>Ancillary expenses such as lodging and transportation costs for our product design and development team to our third-party manufacturers</li> </ul>                   | 52             | 192                  |
| Inventories <sup>(2)</sup>              | Purchase of new vacuum fittings and valves from third-party manufacturer(s) for deployment upon completion of product development and inspection of process and production line of third-party manufacturers |                | 3,295                |
| Machineries and software <sup>(3)</sup> | To ensure that the vacuum fittings and valves manufactured meets our quality standards, we will acquire the following:                                                                                       |                |                      |
|                                         | <ul style="list-style-type: none"> <li>1 unit of spectrometer (Used to analyse chemical composition metal)</li> </ul>                                                                                        | 295            |                      |
|                                         | <ul style="list-style-type: none"> <li>1 unit of helium test equipment (Used to perform leak detection and leak-tightness testing)</li> </ul>                                                                | 118            |                      |
|                                         | <ul style="list-style-type: none"> <li>1 material inspection and test certificate software (which will link to our inventory management system)</li> </ul>                                                   | 50             | 463                  |
| Marketing expenses <sup>(4)</sup>       | <ul style="list-style-type: none"> <li>Participation in semiconductor exhibition in Malaysia</li> </ul>                                                                                                      | 30             |                      |
|                                         | <ul style="list-style-type: none"> <li>Design and printing of marketing catalogues</li> </ul>                                                                                                                | 20             | 50                   |
| <b>Total</b>                            |                                                                                                                                                                                                              |                | <b>4,000</b>         |

**Notes:**

- (1) As at LPD, we have finalised our vacuum fittings and valves prototypes with our third-party manufacturers. By end August 2023 to early September 2023, we intend to send our D&D team to China to inspect the process and production line of third-party manufacturers before engaging them for mass production.
- (2) We will time the purchases of such vacuum fittings and valves over a period of 12 to 18 months.
- (3) These machineries and software will be purchased locally, which costs were estimated based on quotations received from supplier of the machineries and software. The spectrometer and helium test equipment to be acquired are specifically to be used for the testing of our new vacuum fittings and valves, and will be utilised in Warehouse 3.

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

(4) The estimated costs in the table above were based on past experiences from our Group's marketing activities.

Please refer to Section 7.16.1 for further details.

**(b) Construction of Warehouse 4**

We currently operate 3 warehouses in Malaysia as at LPD, details of which are as follows:

| <b>Location</b>                                                                               | <b>Description of property</b>                     | <b>Main function</b>                 | <b>Approximate land area/<br/>built-up area<br/>sq ft</b> |
|-----------------------------------------------------------------------------------------------|----------------------------------------------------|--------------------------------------|-----------------------------------------------------------|
| <b>Owned</b>                                                                                  |                                                    |                                      |                                                           |
| 3, Jalan Industri PBP 11<br>Taman Industri Pusat Bandar Puchong<br>47100 Puchong<br>Selangor  | Single storey<br>warehouse with<br>3-storey office | Headquarters and<br>Warehouse 1      | 22,599.8/<br>14,367.0                                     |
| <b>Rented</b>                                                                                 |                                                    |                                      |                                                           |
| 10, Jalan Industri PBP 12<br>Taman Industri Pusat Bandar Puchong<br>47100 Puchong<br>Selangor | Single storey<br>warehouse with<br>3-storey office | Warehouse 2                          | 21,352.7/<br>13,720.0                                     |
| 11, Jalan Industri PBP 11<br>Taman Industri Pusat Bandar Puchong<br>47100 Puchong<br>Selangor | Single storey<br>warehouse with<br>3-storey office | Warehouse 3<br>(distribution centre) | 22,599.8/<br>12,240.0                                     |

As at LPD, our 3 warehouses in Puchong, Selangor have an average utilisation rate of approximately 85.4%, further details of which are set out in Section 7.3. In view of the high utilisation rate for our 3 local warehouses and in line with our business expansion, we intend to construct Warehouse 4 to store our inventories.

On 4 November 2022, our subsidiary namely, MST MY (as purchaser) entered into a sale and purchase agreement with Documation Sdn Bhd (as vendor) for the acquisition of a vacant land located behind our current headquarters measuring approximately 22,560 sq ft at 4, Jalan Industri PBP 9, Taman Industri Pusat Bandar Puchong, 47100 Puchong, Selangor for a cash consideration of RM11.00 million, which is earmarked for our Warehouse 4. The cash consideration of RM11.00 million was financed by a combination of bank borrowings (RM8.50 million) and internally-generated funds (RM2.50 million). Such acquisition was completed on 13 March 2023. As at LPD, we are in the midst of preparing the planning permission for submission to MPSJ, which we target to submit end October 2023.

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

We have allocated RM4.00 million of our proceeds for the construction of Warehouse 4, and the remaining RM0.85 million will be funded via internally-generated funds and/or bank borrowings to be obtained by our Group. The approximate construction costs for Warehouse 4 are as follows:

| <b>Description</b>                                                                       | <sup>(a)</sup> <b>Total</b>            | <b>%</b>     |
|------------------------------------------------------------------------------------------|----------------------------------------|--------------|
|                                                                                          | <b>estimated cost</b><br><b>RM'000</b> |              |
| Construction works (including mechanical and electrical as well as infrastructure works) | 3,257                                  | 67.2         |
| Professional fees                                                                        | 321                                    | 6.6          |
| Authority fees                                                                           | 201                                    | 4.2          |
| Interior fit-out and furniture                                                           | 565                                    | 11.7         |
| Installation of racking platform system                                                  | 310                                    | 6.4          |
| Preliminaries                                                                            | 191                                    | 3.9          |
| <b>Total</b>                                                                             | <b>4,845</b>                           | <b>100.0</b> |

**Note:**

(a) Based on fees estimation by our professional consultants.

The indicative timeline for the construction of Warehouse 4 is as follows:

| <b>Timeline</b> | <b>Details</b>                                                                                                                       |
|-----------------|--------------------------------------------------------------------------------------------------------------------------------------|
| March 2023      | Completion of acquisition of 4, Jalan Industri PBP 9, Taman Industri Pusat Bandar Puchong, 47100 Puchong, Selangor                   |
| October 2023    | Submission of planning permission to MPSJ                                                                                            |
| January 2024    | <ul style="list-style-type: none"> <li>Approved planning permission obtained</li> <li>Submission of building plan to MPSJ</li> </ul> |
| June 2024       | Approved building plan obtained                                                                                                      |
| July 2024       | Commencement of construction works                                                                                                   |
| February 2025   | Completion of construction works, installation of racking platform system and interior fit-out                                       |
| March 2025      | Application for CCC                                                                                                                  |
| May 2025        | CCC obtained                                                                                                                         |
| June 2025       | Commencement of operations in Warehouse 4                                                                                            |

Please refer to Section 7.16.2 for further details.

**(c) Setting up a new warehouse in Singapore**

As at LPD, we currently have 3 warehouses in Singapore with aggregate storage space of 5,550 sq ft, of which 2 are located at Yishun Industrial Street, Singapore and 1 is located at Old Toh Tuck Road, Singapore. As at LPD, these warehouses in Singapore have an average utilisation rate of approximately 82.0%, further details of which are set out in Section 7.3.

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

With the ongoing growth and expansion of our business, we intend to set up a new warehouse in Singapore. As at LPD, we are in the midst of identifying a suitable property to rent for our new warehouse, (with built-up area of approximately 10,000 sq ft), ideally located in Tampines, Singapore, which is in near proximity to our existing Singapore warehouses. The new warehouse in Singapore will provide us additional capacity to store our new vacuum fittings and valves for the semiconductor industry as set out in Section 4.9.1(a) above.

We currently store bulk of our finished products that are delivered by our third-party manufacturers/supplier in Warehouse 3 (distribution centre) in Puchong, Selangor and conduct quality checks prior to onward distribution to our regional offices in Singapore, Thailand and Indonesia as well as our representative agents in the Philippines, Vietnam and Taiwan. With the set-up of this new warehouse in Singapore, we intend to store inventories that caters for our customers in Singapore and other overseas market (such as Bahrain, Cambodia, Denmark, Germany, India, Japan, South Korea, Myanmar, Sri Lanka, Spain, and United Arab Emirates) and directly deliver such customers' orders from this new warehouse.

With this new warehouse in Singapore, we will be able to benefit from lower average cost per unit of sanitary products delivered to overseas customers as Singapore has a number of free trade agreements that aims to reduce or eliminate barriers to trade, such as tariffs and other trade barriers on all originating goods. This will in return improve our financial performance.

Save for Warehouse 3 (distribution centre) in Puchong, Selangor and this new warehouse to be set-up in Tampines, Singapore, the other warehouses of our Group store inventories for customers in its respective countries.

We intend to allocate approximately RM5.01 million of our proceeds as set-up costs for our new warehouse in Singapore, details of which are as follows:

| <b>Description</b>                                                   | <b>Estimated cost</b> | <b>Total estimated cost</b> | <b>(2)Estimated timeframe for utilisation</b> |
|----------------------------------------------------------------------|-----------------------|-----------------------------|-----------------------------------------------|
|                                                                      | <b>(1)RM'000</b>      | <b>(1)RM'000</b>            |                                               |
| Renovation costs                                                     |                       |                             |                                               |
| • Mechanical and electrical works                                    | 52                    |                             |                                               |
| • Installation of racking system                                     | 413                   | (3)465                      | Within 12 months                              |
| Staff costs                                                          |                       | (4)1,800                    | Within 36 months                              |
| Acquisition of:                                                      |                       |                             |                                               |
| • Office furniture                                                   | 39                    |                             |                                               |
| • 1 unit of spectrometer <sup>(5)</sup>                              | 295                   |                             |                                               |
| • 1 material inspection and test certificate software <sup>(5)</sup> | 50                    |                             |                                               |
| • 1 unit of accounting software                                      | 21                    |                             |                                               |
| • 1 unit of overhead crane                                           | 175                   |                             |                                               |
| • 1 unit of lorry                                                    | 295                   | 875                         | Within 12 months                              |
| Operating expenses                                                   |                       | (6)1,870                    | Within 36 months                              |
|                                                                      |                       | <b>5,010</b>                |                                               |



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

- (1) Based on the closing rate of SGD1.00 = RM3.4263 as at LPD as extracted from BNM's website.
- (2) From the date of our Listing.
- (3) Based on fees estimation by our professional consultants.
- (4) Comprises staff cost for additional permanent employees (i.e. 1 general manager, 4 warehouse staff, 1 logistic crew and 1 lorry driver), to be utilised over a period of 24 months from the commencement of operations of our new warehouse (estimated to be in June 2024 as stated in the indicative timeline below).
- (5) Relates to test instrument and software to be used for this new warehouse in Singapore.
- (6) Comprises rental, utilities, security, internet and general upkeep and maintenance, to be utilised over a period of 24 months from the commencement of operations of our new warehouse in Singapore (estimated to be in September 2024 as stated in the indicative timeline below).

Upon signing the tenancy agreement for our new warehouse, we will submit the building plan to BCA. The indicative timeline to set up our new warehouse in Singapore is as follows:

| <b>Timeline</b>              | <b>Estimated timeline</b> | <b>Details</b>                                       |
|------------------------------|---------------------------|------------------------------------------------------|
| T (from date of our Listing) | October 2023              | Execution of tenancy agreement for our new warehouse |
| T + 1 month                  | November 2023             | Submission of building plan to the BCA               |
| T + 7 months                 | May 2024                  | Approved building plan obtained                      |
| T + 8 months                 | June 2024                 | Commencement of renovation                           |
| T + 10 months                | August 2024               | Completion of renovation                             |
| T + 11 months                | September 2024            | Commence operations in new warehouse                 |

Once the renovation works are completed, we will prompt our third-party manufacturers/supplier and instruct them via our purchase orders to segregate inventories to be delivered to Warehouse 3 (distribution centre) or this new warehouse in Singapore. As part of our QC management, our new warehouse in Singapore will also be equipped with test instruments (i.e. spectrometer, surface roughness tester, calliper, filler gauge, dial gauge and helium test equipment) to perform incoming QC. Save for the spectrometer of which we have allocated our proceeds to acquire, we intend to use our internally-generated funds for the acquisition of surface roughness tester, calliper, filler gauge, dial gauge and helium test equipment.

Please refer to Section 7.16.3 for further details.

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

We have allocated RM4.50 million to partially repay our Group's outstanding borrowings. The details of which are set out as follows:

| <b>Financial institution/<br/>Type of facility</b> | <b>Purpose</b>                                                                | <b>Interest rate</b> | <b>Maturity date</b> | <b>Principal amount</b> | <b>Balance as at LPD</b> | <b>Amount to be repaid from gross proceeds</b> |
|----------------------------------------------------|-------------------------------------------------------------------------------|----------------------|----------------------|-------------------------|--------------------------|------------------------------------------------|
|                                                    |                                                                               | <b>%</b>             |                      | <b>RM'000</b>           | <b>RM'000</b>            | <b>RM'000</b>                                  |
| United Overseas Bank Limited/<br>Term loan         | Part finance the acquisition of our warehouse Yishun, Singapore               | 4.8                  | April 2038           | 2,769                   | 2,273                    | 2,270                                          |
| United Overseas Bank Limited/<br>Term loan         | Part finance the acquisition of our office and warehouse in Yishun, Singapore | 4.8                  | December 2035        | 2,695                   | 1,866                    | 1,860                                          |
| United Overseas Bank Limited/<br>Term loan         | Working capital                                                               | 4.8                  | April 2025           | 891                     | 243                      | 240                                            |
| AmBank Islamic Berhad/<br>Term loan                | Working capital                                                               | 7.7                  | April 2027           | 3,500                   | 2,694                    | 130                                            |
| <b>Total</b>                                       |                                                                               |                      |                      | <b>9,855</b>            | <b>7,076</b>             | <b>4,500</b>                                   |

The expected annual interest savings from the repayment of the bank borrowings is approximately RM0.22 million based on the interest rates ranging from 4.8% to 7.7% per annum for the banking facilities. However, the actual interest savings may vary depending on the then applicable interest rates.

Our selection to repay the above financing facilities was determined after taking into consideration the following factors:

- (i) to secure the release and/or discharge of personal guarantees provided as set out in Section 10.2.2(b);
- (ii) interest cost of such financing facilities; and
- (iii) outstanding loan amount.

Our total outstanding borrowings (excluding lease liabilities arising from rental of warehouse of RM0.87 million) as at 30 April 2023 is RM31.75 million. After the proposed repayment, our Group's total borrowings will amount to RM27.25 million. The proposed repayment of bank borrowings coupled with the increase in total equity from the issuance of new Shares under our Public Issue will reduce our pro forma gearing level from 0.44 times (after the Public Issue but prior to utilisation of proceeds) to 0.40 times (after the utilisation of proceeds) as set out in Section 12.4.

**4. DETAILS OF OUR IPO (Cont'd)****(e) General working capital**

A total of RM1.59 million of our proceeds has been earmarked to replenish our existing inventories to support our business growth.

**(f) Estimated listing expenses**

An amount of RM3.40 million is allocated to meet the estimated cost of our Listing. The following summarises the estimated expenses incidental to our Listing to be borne by us:

| <b>Estimated listing expenses</b>          | <b>RM'000</b> |
|--------------------------------------------|---------------|
| Professional fees <sup>(1)</sup>           | 2,454         |
| Underwriting, placement and brokerage fees | 682           |
| Fees payable to the authorities            | 77            |
| Printing and contingencies <sup>(2)</sup>  | 187           |
|                                            | <b>3,400</b>  |

**Notes:**

- (1) Includes advisory/professional fees for, amongst others, our Adviser, solicitors, reporting accountants, IMR and Issuing House.
- (2) Other incidental or related expenses in connection with our IPO.

Any variations from the amounts budgeted above, save for item (e), shall be adjusted towards or against, as the case may be, the proceeds allocated for our working capital requirements. Where applicable and required under Rule 8.24 of the Listing Requirements, we will seek shareholders' approval for any material variation to the intended utilisation of proceeds.

**4.9.2 Offer for Sale**

The Offer for Sale is expected to raise gross proceeds of approximately RM4.50 million which will accrue entirely to our Selling Shareholders and we will not receive any of the proceeds.

The Selling Shareholders shall bear all of the expenses relating to the Offer Shares, the aggregate of which is estimated to be approximately RM0.11 million.

**4.10 BROKERAGE FEES, PLACEMENT FEES AND UNDERWRITING COMMISSION****4.10.1 Brokerage fees**

Brokerage is payable in respect of the Issue Shares at the rate of 1.0% of our IPO Price in respect of successful applicants which bear the stamp of member companies of Bursa Securities, member of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or Issuing House.

**4.10.2 Placement fees**

Our Placement Agent will place out a total of 61,200,000 Issue Shares and 18,000,000 Offer Shares to Bumiputera investors approved by MITI and selected investors.

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

We will pay our Placement Agent a placement fee of 2.5% of our IPO Price multiplied by the number of Issue Shares placed out by our Placement Agent.

The placement fee of 2.5% of the value of those Offer Shares placed out by our Placement Agent will be paid by our Selling Shareholders.

##### **4.10.3 Underwriting commission**

Our Underwriter has agreed to underwrite 28,800,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. We will pay our Underwriter an underwriting commission of 3.0% of our IPO Price multiplied by the number of Shares underwritten.

#### **4.11 SALIENT TERMS OF THE UNDERWRITING AGREEMENT**

We have entered into the Underwriting Agreement with M&A Securities, to underwrite 28,800,000 Issue Shares ("**Underwritten Shares**") as set out in Section 4.3.3.

The salient terms in the Underwriting Agreement are as follows:

##### **4.11.1 Conditions precedent**

- (a) The several obligations of the Underwriter under this Underwriting Agreement shall further be conditional upon ("**Conditions Precedent**"):
  - (i) the acceptance of the listing proposal from Bursa Securities and the lodgement of registrable prospectus with the ROC respectively together with copies of all documents required under Section 154 of the Companies Act prior to the issuance of the Prospectus to the public;
  - (ii) the issuance of the Prospectus (including all procedures, requirements, letters and documents) required under Section 154 of the Act to the public within 3 months from the date hereof or such extension as consented by the Underwriter;
  - (iii) there having been, as at any time hereafter up to and including the last date for acceptance and receipt of the Application ("**Closing Date**"), no material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise of our Group (which in the reasonable opinion of the Underwriter is or will be material in the context of the issue of the Issue Shares) from that set forth in this Prospectus, nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect to an extent which is or will be material in any of the representations, warranties and undertakings contained in the Underwriting Agreement, if they are repeated on and as of the Closing Date;
  - (iv) the issue, offering and subscription of the Issue Shares in accordance with the provisions hereof and this Prospectus not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities);
  - (v) all necessary approvals and consents required in relation to the Public Issue including but not limited to governmental approvals having been obtained and are in full force and effect;

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

- (vi) the Underwriter having been satisfied that arrangements have been made by our Company to ensure payment of the expenses referred to in the Underwriting Agreement;
  - (vii) the delivery to the Underwriter prior to the date of registration of the Prospectus of (i) a copy certified as a true copy by an authorised officer of our Company of all the resolutions of the Directors of our Company and the shareholders in general meeting approving this Underwriting Agreement, this Prospectus, the Public Issue and authorising the execution of this Underwriting Agreement and the issuance of the Prospectus; (ii) a certificate dated the date of the Prospectus signed by duly authorised officers of our Company stating that, after having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in Section 4.11.1(a)(iii) above;
  - (viii) the delivery to the Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from the Board as the Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of this Underwriting Agreement that will adversely affect the performance or financial position of our Group nor the occurrence of any event rendering, untrue or incorrect, to a material extent any representations and/or warranties contained in the Underwriting Agreement as though they have been given and/or made on such date; and
  - (ix) the Underwriter being satisfied that our Company will, following completion of the Public Issue be admitted to the Official List and its issued share capital listed and quoted on the ACE Market without undue delay.
- (b) In the event any of the Conditions Precedent are not satisfied by the Closing Date, the Underwriter shall thereupon be entitled but not bound to terminate this Underwriting Agreement by notice given to our Company not later than 3 market days after the Closing Date and upon such termination our Company and the Underwriter shall be released and discharged from their obligations save for our Company's obligations pursuant to the Underwriting Agreement and none of the parties shall have a claim against the other save for antecedent breaches by our Company and claims arising therefrom. Each party shall in such event return all monies paid to the other under this Underwriting Agreement within 72 hours of the receipt of such notice (except for monies paid by our Company for the payment of the expenses as provided in the Underwriting Agreement). The Underwriter reserves the right to waive or modify any of the conditions aforesaid and such waiver or modification shall not prejudice the Underwriter's rights under the Underwriting Agreement.

##### **4.11.2 Termination**

- (a) Notwithstanding anything herein contained, the Underwriter may by notice in writing to our Company given at any time on or before the allotment and issuance of the Issue Shares, terminate and cancel and withdraw its commitment to underwrite the Underwritten Shares if:
  - (i) there is any breach by our Company of any of the representations, warranties or undertakings, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to our Company, or by the Closing Date, whichever is earlier, or withholding of information of a material nature from the Underwriter, which is required to be disclosed pursuant to the Underwriting Agreement which, in the opinion of the 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 Public Issue, or the distribution of the Public Issue Shares; or

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

- (ii) there is withholding of information of a material nature from the Underwriter, which, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to our Company, which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group and the success of the Public Issue, or the distribution of the Issue Shares; or
- (iii) there shall have occurred, happened or come into effect in the opinion of the Underwriter any material and/or adverse change to the business or financial condition of our Group; or
- (iv) there shall have occurred, happened or come into effect any of the following circumstances:
  - (aa) 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; or
  - (bb) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of our Company and/or the Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents); which, (in the reasonable opinion of the Underwriter), would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of our Group and the success of the Public Issue, or the distribution of the Issue Shares, or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or
  - (cc) the FTSE Bursa Malaysia KLCI Index ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:
    - (1) on or after the date of the Underwriting Agreement; and
    - (2) prior to the allotment of the Issue Shares,
 

lower than 90.0% of the level of the Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to such date and remains at or below that level for at least 3 Market Days; or
  - (dd) in the event of national disorder, outbreak of war or the declaration of a state of national emergency; or
- (v) there is failure on the part of our Company to perform any of their respective obligations herein contained; or
- (vi) any matter which arose immediately before the date of this Prospectus would have constituted a material and adverse omission in the context of the Public Issue; or

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

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- (vii) any event, act or omission which gives or is likely to give rise to any liability which will have a material and adverse effect on our Company pursuant to the indemnities contained under the Underwriting Agreement.
- (b) Upon such notice(s) being given, the Underwriter shall be released and discharged of its obligations 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 our Company shall remain liable in respect of its obligations and liabilities for the payment of the costs and expenses already incurred prior to or in connection with such termination, for the payment of any taxes, duties or levies or such outstanding fees, and for any antecedent breach, and its undertaking to indemnify the Underwriter.

**4.12 TRADING AND SETTLEMENT IN SECONDARY MARKET**

Our Shares will be admitted to the Official List of the ACE Market and an official quotation will commence after, among others, the receipt of confirmation from Bursa Depository that all of our IPO Shares have been duly credited into the respective CDS Accounts of the successful applicants and the notices of allotment have been issued and despatched to all the successful applicants.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as securities to be deposited into the CDS. Following this, we will deposit our Shares directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the SICDA and Depository Rules. We will not issue any share certificates to successful applicants.

Upon our Listing, transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS Account being debited with the number of Shares sold and the buyer's CDS Account being credited with the number of Shares acquired.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares will trade under the odd lot board. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the second Market Day following the transaction date, and payment for the securities is generally settled on the second Market Day following the transaction date.

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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 shareholdings of our Promoters and substantial shareholders in our Company before and after our IPO are set out below:

| Name                                          | Nationality | <sup>(1)</sup> Before IPO |      |               | <sup>(2)</sup> After IPO |      |               |
|-----------------------------------------------|-------------|---------------------------|------|---------------|--------------------------|------|---------------|
|                                               |             | Direct                    |      | Indirect      | Direct                   |      | Indirect      |
|                                               |             | No. of Shares             | %    | No. of Shares | No. of Shares            | %    | No. of Shares |
| <b>Promoters and substantial shareholders</b> |             |                           |      |               |                          |      |               |
| Cheong Chee Son                               | Malaysian   | 188,901,800               | 70.0 | -             | 185,061,800              | 51.4 | -             |
| Looi Poo Poo                                  | Malaysian   | 42,833,500                | 15.9 | -             | 37,433,500               | 10.4 | -             |
| <b>Substantial shareholder</b>                |             |                           |      |               |                          |      |               |
| Gamal Abdul Nashir <sup>(3)</sup>             | Indonesian  | 24,911,700                | 9.2  | -             | 17,711,700               | 4.9  | -             |

#### Notes:

- <sup>(1)</sup> Based on our share capital of 270,000,000 Shares before our IPO.
- <sup>(2)</sup> Based on our enlarged share capital of 360,000,000 Shares after our IPO.
- <sup>(3)</sup> After the Offer for Sale, he will cease to be our substantial shareholder.

Our Promoters and substantial shareholders do not have different voting rights from other shareholders of our Group.

#### 5.1.2 Profiles of Promoters and substantial shareholders

The profiles of Cheong Chee Son, Looi Poo Poo and Gamal Abdul Nashir, who are also our Managing Director, Executive Director and Director of Minox ID respectively, are set out in Sections 5.2.2 and 5.3.3.



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

### 5.1.1.3 Changes in Promoters' and substantial shareholders' shareholdings

The changes in our Promoters and substantial shareholders' respective shareholdings in our Company since our incorporation are as follows:

| Name                                          | As at incorporation |       |               | As at 31 December 2022 |   |               | (1)Before IPO |   |               | (2)After IPO |      |               |
|-----------------------------------------------|---------------------|-------|---------------|------------------------|---|---------------|---------------|---|---------------|--------------|------|---------------|
|                                               | Direct              | %     | No. of Shares | Direct                 | % | No. of Shares | Direct        | % | No. of Shares | Direct       | %    | No. of Shares |
| <b>Promoters and substantial shareholders</b> |                     |       |               |                        |   |               |               |   |               |              |      |               |
| Cheong Chee Son                               | 1                   | 100.0 | -             | -                      | - | 1             | 100.0         | - | -             | 188,901,800  | 70.0 | -             |
| Looi Poo Poo                                  | -                   | -     | -             | -                      | - | -             | -             | - | -             | 42,833,500   | 15.9 | -             |
| <b>Substantial shareholder</b>                |                     |       |               |                        |   |               |               |   |               |              |      |               |
| Gamal Abdul Nashir <sup>(3)</sup>             | -                   | -     | -             | -                      | - | -             | -             | - | -             | 24,911,700   | 9.2  | -             |
|                                               |                     |       |               |                        |   |               |               |   |               | 17,711,700   | 4.9  | -             |

**Notes:**

- (1) Based on our share capital of 270,000,000 Shares before our IPO.
- (2) Based on our enlarged share capital of 360,000,000 Shares after our IPO.
- (3) After the Offer for Sale, he will cease to be our substantial shareholder.

#### 5.1.1.4 Persons exercising control over the corporation

Save for our Promoters as set out in Section 5.1.1, there is no other person who is able to, directly or indirectly, jointly or severally, exercise control over our Company. As at LPD, there is no arrangement between our Company, the Promoters and our substantial shareholders with any third-party which may result in a change in control of our Company at a date subsequent to our Listing.

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

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

Save for the issuance of our Shares as consideration for the Acquisitions, dividends paid or intended to be paid to our Promoters and substantial shareholders as disclosed below; and aggregate remuneration and benefits paid or proposed to be paid for services rendered to our Group in all capacities as disclosed in Sections 5.2.4 and 5.3.5, there are no other amounts or benefits that have been paid or intended to be paid to our Promoters and substantial shareholders within the 2 years preceding the date of this Prospectus:

|                                           | Dividends declared and paid |          |          | 1 May 2023 up to<br>LPD |
|-------------------------------------------|-----------------------------|----------|----------|-------------------------|
|                                           | FYE 2021                    | FYE 2022 | FPE 2023 |                         |
| Promoters and substantial<br>shareholders | RM'000                      | RM'000   | RM'000   | RM'000                  |
| Cheong Chee Son                           | 1,944                       | 1,125    | -        | -                       |
| Looi Poo Poo                              | 227                         | 375      | -        | -                       |

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

**5.2 DIRECTORS**

**5.2.1 Directors' shareholdings**

The shareholdings of our Directors in our Company before and after our IPO assuming that they will fully subscribe for their respective entitlements under the Pink Form Allocations are set out below:

| Name                               | Designation/<br>Nationality                         | <sup>(1)</sup> Before IPO |      |               |   | <sup>(2)</sup> After IPO |      |               |   |
|------------------------------------|-----------------------------------------------------|---------------------------|------|---------------|---|--------------------------|------|---------------|---|
|                                    |                                                     | Direct                    |      | Indirect      |   | Direct                   |      | Indirect      |   |
|                                    |                                                     | No. of Shares             | %    | No. of Shares | % | No. of Shares            | %    | No. of Shares | % |
| Alwizah Al-Yafii Binti Ahmad Kamal | Independent Non-Executive Chairperson/<br>Malaysian | -                         | -    | -             | - | 450,000                  | 0.1  | -             | - |
| Cheong Chee Son                    | Managing Director/<br>Malaysian                     | 188,901,800               | 70.0 | -             | - | 185,061,800              | 51.4 | -             | - |
| Looi Poo Poo                       | Executive Director/<br>Malaysian                    | 42,833,500                | 15.9 | -             | - | 37,433,500               | 10.4 | -             | - |
| Ng Kuan Hua                        | Independent Non-Executive Director/<br>Malaysian    | -                         | -    | -             | - | 450,000                  | 0.1  | -             | - |
| Wong Yen Lee                       | Independent Non-Executive Director/<br>Malaysian    | -                         | -    | -             | - | 450,000                  | 0.1  | -             | - |
| Yeoh Aik Cheong                    | Independent Non-Executive Director/<br>Malaysian    | -                         | -    | -             | - | 450,000                  | 0.1  | -             | - |

**Notes:**

- (1) Based on our share capital of 270,000,000 Shares before our IPO.
- (2) Based on our enlarged share capital of 360,000,000 Shares after our IPO.

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

### **5.2.2 Profiles of Directors**

The profiles of our Directors are as follows:

#### **(a) Alwizah Al-Yafii Binti Ahmad Kamal**

Alwizah Al-Yafii Binti Ahmad Kamal, a Malaysian female aged 49, is our Independent Non-Executive Chairperson. She was appointed to our Board on 1 November 2022.

She obtained a Bachelor of Laws (Honours) from University of Bristol, UK in 1997. She then completed her post-graduate studies at the Institute of Chartered Secretaries and Administrators at Kensington School of Business, London, UK in 1999. In 2000, she was admitted as an Advocate and Solicitor with the High Court of Malaya and became a member of the Bar Council Malaysia until 2006. She was an Associate Member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") in 2007 and was subsequently elected to the Fellowship in 2016. She is also a licenced secretary under the Companies Commission of Malaysia since 2020.

She commenced her legal career as a Legal Associate in Zaid Ibrahim & Co. (presently known as ZICO Law) in 2000 in the capital markets and banking departments. During her tenure, she was involved in various corporate exercises, including mergers and acquisitions, legal due diligence exercises, securitisation transactions and corporate finance.

She left Zaid Ibrahim & Co. and joined Zul Rafique & Partners as a Legal Associate in 2003. During her tenure, she represented local and international financial institutions in restructuring exercises involving public listed companies. She also provided legal advisory services on compliance with capital markets regulations and related activities.

She left Zul Rafique & Partners and joined Intellectual Property Services Sdn Bhd (presently known as ZICO Corporate Services Sdn Bhd) in 2006 as Manager, and was promoted to Executive Director in 2010. During her tenure, she provided legal and corporate secretarial services which included assisting in setting up of companies and foundations, and ensuring compliance with the Act and circulars issued by the Companies Commission of Malaysia.

In 2013, she left Intellectual Property Services Sdn Bhd and founded AKAL Corporate Advisors Sdn Bhd. She presently provides advisory services via AKAL Corporate Advisors Sdn Bhd on corporate secretarial, human resource and accounting matters to private limited companies, public listed companies, financial institutions and foundations. She subsequently founded AKAL Advisors PLT in 2014 to facilitate the provision of accounting and payroll services, and related training courses and seminars.

In 2021, she was appointed as the Independent Non-Executive Director of Cnnergz Berhad and Infoline Tec Group Berhad (both listed on the ACE Market). In 2022, she was appointed as the Independent Non-Executive Director of Revenue Group Berhad (listed on the Main Market of Bursa Securities), a role she held until March 2023. In May 2023, she was appointed as the Independent Non-Executive Director of Sarawak Cable Berhad (listed on the Main Market of Bursa Securities). Since 2014, she has also been a member of the Board of Trustees of Tun Suffian Foundation Incorporated, a not-for-profit organisation which award Tun Suffian Scholarships to Malaysian students pursuing their degrees and post-graduate studies.

Kindly refer to Section 5.2.3(a) for her involvement in other business activities outside our Group.

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

### (b) Cheong Chee Son

Cheong Chee Son, a Malaysian male aged 54, was appointed to our Board on 18 July 2022 and he is our Promoter, substantial shareholder and Managing Director. He is responsible for composing our Group's business direction, managing the business development activities and is responsible for our Group's D&D activities for new product development. He also oversees the strategic direction of the overseas subsidiaries, in Thailand, Singapore and Indonesia.

In May 1991, he obtained his Diploma in Business Studies from the Institute of Commercial Management, UK (TL Management Centre, Petaling Jaya campus).

He started his career in July 1991 as a Filing Clerk at Majlis Perbandaran Petaling Jaya (presently known as Majlis Bandaraya Petaling Jaya), where he was mainly involved in performing filing job in the valuation department. He then left Majlis Perbandaran Petaling Jaya to join Edaran Otomobil Nasional Berhad in 1992 as a Clerk with the stock allocation department, where he was responsible for providing daily stock movement and stock allocation reports. After leaving Edaran Otomobil Nasional Berhad in March 1993, he had a short stint with Hessco (M) Sdn Bhd from April 1993 to July 1993, as their Service Assistant providing administrative support at the company's service department. From August 1993 to 1995, he was attached with Jayaratnam & Chong as an Office Administrator, responsible for general administrative and human resource functions.

In 1995, he joined Schwarzenbach (M) Sdn Bhd as a Sales Executive, where he was in-charge for establishing and operating consignment counters at departmental stores. He left Schwarzenbach (M) Sdn Bhd to join Len Brothers Shoe Manufactory Sdn Bhd in January 1998 as their Marketing and Sales Manager, where he oversaw the newly set-up retail department. In August 1998, he left Len Brothers Shoe Manufactory Sdn Bhd and established Spring Sport Supply, an enterprise that was involved in the supply of athletic apparel and footwear.

In 2001, he ceased Spring Sport Supply to join his brother, the late Cheong Chee Hoo's business namely, MST Stainless Steel Enterprise, where he served as a Sales Assistant and assisted in the management of business operations and establishing new business relationships with vendors. He co-founded MST MY and Minox MY with the late Cheong Chee Hoo and the late Kow Kai Meng in 2004 and 2006 respectively. As a Director, he was responsible for overseeing the sale and marketing of both local and overseas markets which includes developing and implementing sales and marketing strategies, identifying potential sales opportunities for business growth as well as building and maintaining relationships with both local and overseas customers. He subsequently assumed his current position in 2011.

Kindly refer to Section 5.2.3(b) for his involvement in other business activities outside our Group.

### (c) Looi Poo Poo

Looi Poo Poo, a Malaysian female aged 54, is our Promoter, substantial shareholder and Executive Director. She was appointed to our Board on 1 November 2022. She is responsible for overseeing the day-to-day operations, administrative and human resource functions of MST MY and Minox MY.

She completed her secondary education at Treacher Methodist Girls' School, Taiping, Perak in 1986.

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

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From 1986 to 1992, she worked as a seamstress where she was involved in tailoring of clothes. From 1992 to 1993, she worked as an Assistant Merchandiser at Borneo Sumatra Group, where she was involved in providing product merchandising support. In 1994, she assisted her spouse, the late Kow Kai Meng, to manage their general hardware business, ESK Engineering Hardware (M) Sdn Bhd until 2019, where she served as Manager and was responsible for sales administration works and shop management. Her years of experience in the hardware business exposed her to various aspects of the hardware market such as business operations, sales and marketing, supplier and customer relationships management.

In 1998, she was invited by the late Cheong Chee Hoo to set up MST Stainless Steel Enterprise. Although she was not involved in the day-to-day operations, she assisted to source for general industrial hardware for MST Stainless Steel Enterprise, leveraging on the business networks she established throughout her career.

In 2013, she held a non-executive director role in MST MY and Minox MY. In 2019, she took over the shareholding of her late husband, Kow Kai Meng in MST MY (25.0%) and Minox MY (25.0%). In 2020, she was appointed as Executive Director of MST MY and Minox MY and assumed her current responsibilities.

Kindly refer to Section 5.2.3(c) for her involvement in other business activities outside our Group.

**(d) Ng Kuan Hua**

Ng Kuan Hua, a Malaysian male aged 45, is our Independent Non-Executive Director. He was appointed to our Board on 1 November 2022. He is the Chairman of our Remuneration Committee and member of our Audit and Risk Management Committee and Nomination Committee.

He obtained a higher Diploma in Business Administration from Inti College Malaysia in 1998. Subsequently, he obtained a Bachelor of Arts in Accounting from the University of Hertfordshire, UK and a Master's Degree in Commerce (Applied Finance) from the University of Queensland, Australia in 1999 and 2001, respectively.

He began his career as a Business Analyst in Bumiputra-Commerce Bank Berhad (presently known as CIMB Bank Berhad) from 2001 to 2003, where he was responsible for evaluating loan applications. In 2003, he joined Anuarul Azizan Chew Consulting Sdn Bhd as a Senior Auditor and was promoted to Business Consultant in 2005, where he was responsible for special audit projects involving initial public offering exercises. He then joined Perdana Petroleum Berhad (listed on the Main Market of Bursa Securities) as Senior Corporate Executive from 2005 to 2007, responsible for assisting on financial reporting and all corporate exercises.

From 2007 to 2008, he joined Fortune Laboratories Sdn Bhd as Finance and Operation Manager, where he was responsible for its day-to-day operations and financial matters. In 2008, he joined World Equipments Sdn Bhd as a Corporate Finance Manager until 2010.

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

From 2010 to 2011, he joined Nextnation Network Sdn Bhd as Corporate Finance Manager, where he was responsible for all its corporate exercises. In 2011, he re-joined World Equipments Sdn Bhd as Corporate Finance Manager until 2013, responsible for all its corporate exercises including the listing of Only World Group Holdings Berhad (listed on the Main Market of Bursa Securities). In 2013, he was appointed as an Executive Director of Only World Group Holdings Berhad and held his role until September 2019, responsible for its day-to-day operations and financial matters.

He also served as Executive Director of Goodway Integrated Industries Berhad (presently known as GIIB Holdings Berhad, listed on the Main Market of Bursa Securities) for a short stint, from October 2019 to December 2019. He joined Oil Hub Explorer Sdn Bhd from 2020 to April 2022 as a director, where he was responsible for overseeing the finance functions of the company.

From 2020 to September 2022, he was the Independent Non-Executive Director of MOG Holdings Limited (listed on the Main Board of the Stock Exchange of Hong Kong Limited). In June 2022, he was also appointed as a Director of Equitic Asset Sdn Bhd, a venture capital management company, where he is responsible for reviewing investment proposals and preparing investment reports.

In December 2022, he joined Masons Advisory Sdn Bhd as Consultant on a contractual basis, where he is involved in providing advisory services for corporate exercises undertaken by the company's clients.

Kindly refer to Section 5.2.3(d) for his involvement in other business activities outside our Group.

### **(e) Wong Yen Lee**

Wong Yen Lee, a Malaysian female aged 50, is our Independent Non-Executive Director. She was appointed to our Board on 1 November 2022. She is the Chairperson of our Nomination Committee and member of our Audit and Risk Management Committee and Remuneration Committee.

She was admitted to the graduateship of MAICSA's UK Qualifying Programme in 2001, and was subsequently elected as an Associate and a Fellow of MAICSA in 2002 and 2015 respectively. She completed her post-graduate studies at the University of Malaya in 2009 with a Master of Business Administration majoring in Finance. She is also a Professional Member of the Institute of Internal Auditors Malaysia since 2017.

She spent the early years of her career in corporate secretarial practice in both the professional and commercial sectors. In 1996, while studying for MAICSA's UK Qualifying Programme, she briefly worked as an Accounts Assistant at Ansah Sdn Bhd, where she performed basic accounting tasks. In 1997, she left Ansah Sdn Bhd and joined C.L Yeo Tax & Management Services Sdn Bhd as a Secretarial Assistant and was promoted to Assistant Company Secretary in 2001, where she took charge of various secretarial duties until 2002. From 2002 to 2005, she continued to perform company secretarial work in several local secretarial firms. In 2005, she joined Country Heights Holdings Bhd group (listed on the Main Market of Bursa Securities) as Senior Secretarial Executive and assisted in the group's in-house secretarial matters until 2009. Subsequently, she was attached to Nextnation Communication Berhad group (presently known as Nexgram Holdings Berhad, listed on the ACE Market) as Secretarial Manager from 2009 to 2011 where she administrated the group's secretarial activities.



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

In 2012, she joined Bonia Corporation Berhad group (listed on the Main Market of Bursa Securities) as Secretarial Manager and managed the secretarial matters of the group's portfolio of listed and non-listed local and foreign-based entities. She was promoted to Senior Manager in 2014, where she led the corporate secretarial function of the group. Apart from the daily secretarial and advisory roles, she also handled the group's various corporate exercises and was involved in risk management and reporting. In 2017, she left Bonia Corporation Berhad group and was appointed as the Senior Director of Innex Corporate Partners Sdn Bhd (since 2018) and Coresec Advisory Sdn Bhd (since 2021), where she is currently overseeing the operation and performance of the secretarial and advisory businesses of these companies.

Kindly refer to Section 5.2.3(e) for her involvement in other business activities outside our Group.

### (f) Yeoh Aik Cheong

Yeoh Aik Cheong, a Malaysian male aged 51, is our Independent Non-Executive Director. He was appointed to our Board on 1 November 2022. He is the Chairman of our Audit and Risk Management Committee and member of our Nomination Committee and Remuneration Committee.

He obtained a Bachelor of Accounting (Honours) from University of Malaya in 1997. He has been a Chartered Accountant with the Malaysian Institute of Accountants since 2001 and a Certified Public Accountant with the Malaysian Institute of Certified Public Accountant since 2008. In 2015, he completed the Directors Certification Programme and became a graduate member under the Thai Institute of Directors.

He began his career as Audit Assistant in 1997 with BDO Binder Public Accountants and subsequently promoted to Audit Senior II in 2000, where he was involved in audit and due diligence exercises. He left to join Bausch and Lomb (M) Sdn Bhd ("**Bausch and Lomb**") in March 2001 as Business Analyst cum Accountant. He was promoted to Finance Manager in November 2001 and subsequently redesignated to Regional Finance Manager of SEA in 2003, where he oversaw the company's regional finance and accounting operations. In 2004, he was promoted to the role of Financial Controller, where he was responsible for amongst others, leading the finance department, financial planning and management accounting. After leaving Bausch and Lomb in 2006, he joined Stryker Corporation (Malaysia) Sdn Bhd as Financial Controller, Southern Asia overseeing the finance and accounting functions of the company's businesses in SEA and India. In 2007, he re-joined Bausch and Lomb as its Finance Director of SEA. He took on additional roles in 2008, where he was also responsible for managing the Asia Pacific finance shared service centre of the company.

He then left Bausch and Lomb and joined Disposable Soft Goods (M) Sdn Bhd in 2010, a subsidiary of DSG International (Thailand) PLC ("**DSG**") (listed on the Stock Exchange of Thailand) as Finance Director, where he was responsible for overseeing the finance and accounting operations. In 2011, he moved to Thailand where he was subsequently appointed as an Executive Director of DSG and was involved in the management of the company. In 2013, he was subsequently appointed and further assumed the role of Chief Financial Officer of DSG where he was responsible for the financial management for SEA.

In 2019, he left DSG International (Thailand) PLC and moved back to Malaysia where he founded SE Strategic Sdn Bhd, a boutique strategic management firm that provides strategic advisory and consulting services.



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

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From 2020 to August 2022, he was the Independent Non-Executive Director of Onetech Solutions Holdings Berhad (listed on the LEAP Market of Bursa Securities). In December 2022, he was appointed as the Executive Director of Taisun Int'l (Holding) Corp. In January 2023, he assumed the role of Chief Executive Officer of Taisun Int'l (Holding) Corp where he is responsible for the overall management of the company.

Kindly refer to Section 5.2.3(f) for his involvement in other business activities outside our Group.

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

### 5.2.3 Principal business performed outside our Group

Save as disclosed below, none of our Directors has any other principal directorship and/or principal business activities performed outside our Group in the past 5 years up to LPD:

#### (a) Alwizah Al-Yafii Binti Ahmad Kamal

| Company                                              | Principal activities                                                                                                                                                                                                          | Position held                                  | Date of appointment | Date of resignation/cessation | % of shareholdings held |          |
|------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|---------------------|-------------------------------|-------------------------|----------|
|                                                      |                                                                                                                                                                                                                               |                                                |                     |                               | Direct                  | Indirect |
| Present involvement                                  |                                                                                                                                                                                                                               |                                                |                     |                               |                         |          |
| AKAL Advisors PLT                                    | Business management consultancy services, accounting, bookkeeping and auditing activities and tax consultancy                                                                                                                 | Partner                                        | 22 May 2014         | -                             | -                       | -        |
| AKAL Corporate Advisors Sdn Bhd                      | Advisors and consultants to render secretarial, management, commercial, financial, treasury and other related services                                                                                                        | Director/Shareholder                           | 1 October 2013      | -                             | 59.9                    | -        |
| Cnnergz Berhad (listed on the ACE Market)            | Investment holding company of subsidiaries involved in the provision of electronic manufacturing solutions, specialising in surface mount technology manufacturing solutions for the electronics and semiconductor industries | Independent Non-Executive Director/Shareholder | 23 September 2021   | -                             | <0.1                    | -        |
| Infoline Tec Group Berhad (listed on the ACE Market) | Investment holding company of subsidiaries involved in the provision of IT infrastructure and cyber security solutions                                                                                                        | Independent Non-Executive Director/Shareholder | 1 November 2021     | -                             | <0.1                    | -        |
| Nuri Corporation Sdn Bhd                             | Dormant, with no intended principal activity                                                                                                                                                                                  | Shareholder                                    | -                   | -                             | 1.4                     | -        |

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

| Company                                                              | Principal activities                                                                                                                                                                                                                                                                                                       | Position held                      | Date of appointment | Date of resignation/cessation | % of shareholdings held |          |
|----------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|---------------------|-------------------------------|-------------------------|----------|
|                                                                      |                                                                                                                                                                                                                                                                                                                            |                                    |                     |                               | Direct                  | Indirect |
| Sarawak Cable Berhad (listed on the Main Market of Bursa Securities) | Investment holding company of subsidiaries involved in manufacture and sale of telecommunication and power cables, undertaking of engineering and construction projects and provision of power lines and construction, inspection and maintenance services and provision of chartered or non-scheduled helicopter services | Independent Non-Executive Director | 31 May 2023         | -                             | -                       | -        |
| <b>Past involvement</b>                                              |                                                                                                                                                                                                                                                                                                                            |                                    |                     |                               |                         |          |
| Artisan Shack Sdn Bhd                                                | Dissolved on 27 June 2019                                                                                                                                                                                                                                                                                                  | Shareholder                        | -                   | -                             | 89.9                    | -        |
| ETC Technology Malaysia Sdn Bhd                                      | Repair and maintenance of industrial machinery and equipment                                                                                                                                                                                                                                                               | Director                           | 20 January 2017     | 31 October 2022               | -                       | -        |
| Revenue Group Berhad (listed on the Main Market of Bursa Securities) | Investment holding company of subsidiaries mainly involved in the provision of cashless payment solutions                                                                                                                                                                                                                  | Independent Non-Executive Director | 1 June 2022         | 14 March 2023                 | -                       | -        |
| SRL Advisory Sdn Bhd                                                 | Dissolved on 26 April 2021                                                                                                                                                                                                                                                                                                 | Director/Shareholder               | 16 November 2017    | 26 April 2021                 | 33.3                    | -        |
| <b>(b) Cheong Chee Son</b>                                           |                                                                                                                                                                                                                                                                                                                            |                                    |                     |                               |                         |          |
| Company                                                              | Principal activities                                                                                                                                                                                                                                                                                                       | Position held                      | Date of appointment | Date of resignation/cessation | % of shareholdings held |          |
|                                                                      |                                                                                                                                                                                                                                                                                                                            |                                    |                     |                               | Direct                  | Indirect |

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

| Company                                               | Principal activities                                                                   | Position held        | Date of appointment | Date of resignation/cessation                                            | % of shareholdings held |                     |
|-------------------------------------------------------|----------------------------------------------------------------------------------------|----------------------|---------------------|--------------------------------------------------------------------------|-------------------------|---------------------|
|                                                       |                                                                                        |                      |                     |                                                                          | Direct                  | Indirect            |
| Past involvement                                      |                                                                                        |                      |                     |                                                                          |                         |                     |
| Kirin Hills Capital Sdn Bhd                           | Dissolved on 23 November 2021                                                          | Director/Shareholder | 16 November 2016    | 23 November 2021                                                         | 50.0                    | -                   |
| Minox Kleanline Sdn Bhd                               | Dissolved on 27 January 2023                                                           | Director/Shareholder | 2 November 2012     | 27 January 2023                                                          | 75.0                    | -                   |
| Minox PH <sup>(2)</sup>                               | Trading of sanitary products and non-sanitary products in the Philippines              | Director/Shareholder | 6 November 2006     | Ceased to be a director and shareholder on 14 July 2022                  | 35.0                    | -                   |
| MST Manufacturing Sdn Bhd                             | Dissolved on 29 November 2022                                                          | Director/Shareholder | 3 September 2012    | 29 November 2022                                                         | 50.0                    | -                   |
| MVFM TW                                               | Manufacturing and trading of sanitary products in Taiwan                               | Director/Shareholder | 17 June 2019        | Ceased to be a director on 7 April 2022 and shareholder on 19 July 2022  | -                       | <sup>(1)</sup> 55.0 |
| MST VN <sup>(3)</sup>                                 | Trading of sanitary products and non-sanitary products in Vietnam                      | Director/Shareholder | 2 July 2018         | Ceased to be a director and shareholder on 15 April 2022                 | 100.0                   | -                   |
| Spektrum Cemerlang Engineering Sdn Bhd <sup>(4)</sup> | Construction of engineering projects (i.e. installation of machineries for F&B plants) | Director/Shareholder | 27 March 2017       | Ceased to be a director on 12 March 2021 and shareholder on 28 July 2022 | 25.0                    | -                   |

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

| Company                                                                  | Principal activities                                           | Position held            | Date of appointment | Date of resignation/cessation                | % of shareholdings held |          |
|--------------------------------------------------------------------------|----------------------------------------------------------------|--------------------------|---------------------|----------------------------------------------|-------------------------|----------|
|                                                                          |                                                                |                          |                     |                                              | Direct                  | Indirect |
| Tarkka Tools & Equipments Sdn Bhd                                        | Dissolved on 14 March 2022                                     | Director/<br>Shareholder | 9 January 2013      | 14 March 2022                                | 75.0                    | -        |
| Zhejiang Meinuox Technology Co., Ltd., China ("Zhejiang") <sup>(5)</sup> | Computerised numeric manufacturing and trading company control | Shareholder              | -                   | Ceased to be a shareholder on 22 August 2022 | 55.0                    | -        |

### Notes:

(1) Deemed interested through his shareholding in MST MY pursuant to Section 8(4) of the Act. MST MY disposed its entire shareholdings to Tan Kok Hooi, a non-related party whom is the owner of Top Steels (one of our major suppliers) on 19 July 2022 as Cheong Chee Son had limited knowledge in the technical manufacturing processes (of which MVFM TW's customers' will need constant feedback from him on the manufacturing processes as part of MVFM TW's after sales service) and decided to focus on distribution of "MINOX®" brand of sanitary products. Cheong Chee Son was aware of Tan Kok Hooi's strong technical knowledge in manufacturing processes and enquired if he was interested in the acquisition of MVFM TW, as to have a more secure inventory of products. In respect of "MINOX®" brand of sanitary products, MVFM TW has by way of a letter of undertaking dated 19 July 2022 undertaken to only manufacture the same for our Group and to not sell any manufactured "MINOX®" brand of sanitary products to Minox PH, MST VN or any other third parties. In addition, MVFM TW undertakes to distribute and supply "MINOX®" brand of sanitary products pursuant to the terms and conditions of the trademark licensing agreement entered into between MVFM TW and our Group. This letter of undertaking is valid and shall not be terminated unless with the prior written consent of our Group.

(2) Disposed his entire shareholdings in the company to Innovest Holdings Limited, which is wholly-owned by Tan Kok Hooi, a non-related party on 14 July 2022. Tan Kok Hooi acquired Minox PH via Innovest Holdings Limited, as he intends to penetrate the Philippines market by first distributing the Group's sanitary products and subsequently expand by distributing other range of products which Top Steels offer (i.e. packaging material). In respect of "MINOX®" brand of sanitary products, Innovest Holdings Limited has by way of a letter of undertaking dated 14 July 2022 undertaken to take all necessary steps to ensure that Minox PH will only distribute and supply the same pursuant to the terms and conditions of the trademark licensing agreement entered into between Minox PH and our Group. In addition, Minox PH shall only obtain "MINOX®" brand of sanitary products directly from our Group and shall not deal directly with MVFM TW, Top Steels or any of its third-party manufacturers in respect of "MINOX®" brand of sanitary products.

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

- (3) Disposed his entire shareholdings in the company to Phung Thuy Hoa, a non-related party through a management buyout on 15 April 2022. Since its incorporation, Phung Thuy Hoa, a non-related party, has been responsible for the day-to-day operations of MST VN. As it was difficult for the Group's "MINOX®" brand to penetrate the sanitary valves and fittings market in Vietnam and to roll-out marketing strategies due to the vast difference in quality standards between the Group's "MINOX®" brand and third-party brands of sanitary products, Cheong Chee Son decided to focus on its existing markets in Malaysia, Singapore, Thailand and Indonesia and disposed his shareholdings to Phung Thuy Hoa which was interested in the acquisition of MST VN.
- (4) Disposed his entire shareholdings in the company to Kong Wing Onn (existing director and shareholder of Spektrum Cemerlang) and Phang Sheau Pyng (spouse of Kong Wing Onn), both whom are non-related parties on 28 July 2022 as he intends to focus on his existing distribution of "MINOX®" brand of sanitary products business.
- (5) Disposed his entire shareholding in Zhejiang to Innovest Holdings Limited, which is wholly-owned by Tan Kok Hooi, a non-related party on 22 August 2022 as Cheong Chee Son had limited knowledge in technical manufacturing processes and decided to focus on his existing distribution of "MINOX®" brand of sanitary products. Cheong Chee Son was aware of Tan Kok Hooi's strong technical knowledge in manufacturing processes and enquired if he was interested in the acquisition of Zhejiang.

In addition to the undertakings by MVFM TW and Innovest Holdings Limited as set out in Notes (1) and (2) respectively above:

- (a) Top Steels Holdings Limited ("**Top Steels**") (which is one of our Group's major supplier, further details are set out in Note (1) of Section 7.12), of which Tan Kok Hooi is also the sole director and shareholder, has by way of a letter of undertaking dated 14 July 2022 undertaken to not sell or supply any "MINOX®" brand of sanitary products directly to Minox PH and MVFM TW or deal with them directly in any way. In addition, Top Steels has undertaken to take all necessary steps to ensure that its third-party manufacturers do not sell or supply any "MINOX®" brand of sanitary products to Minox PH and MVFM TW or deal with them directly in any way. This letter of undertaking is valid and shall not be terminated unless with the prior written consent of our Group; and
- (b) Tan Kok Hooi has also undertaken to take all steps necessary to ensure that Top Steels, Minox PH and MVFM TW comply with their respective undertakings as set out in Notes (1) and (2) as well as item (a) above.

**(c) Looi Poo Poo**

| Company | Principal activities | Position held | Date of appointment | Date of resignation/cessation | % of shareholdings held |          |
|---------|----------------------|---------------|---------------------|-------------------------------|-------------------------|----------|
|         |                      |               |                     |                               | Direct                  | Indirect |

**Present involvement**

Nil

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

| Company                              | Principal activities                                     | Position held        | Date of appointment | Date of resignation/cessation            | % of shareholdings held |          |
|--------------------------------------|----------------------------------------------------------|----------------------|---------------------|------------------------------------------|-------------------------|----------|
|                                      |                                                          |                      |                     |                                          | Direct                  | Indirect |
| Past involvement                     |                                                          |                      |                     |                                          |                         |          |
| ESK Engineering Hardware (M) Sdn Bhd | Trading of hardware                                      | Director             | 31 December 2002    | 23 December 2021                         | -                       | -        |
| Fancy Synergy Sdn Bhd                | Dormant, with no intended principal activity             | Director             | 8 September 2011    | 23 December 2021                         | -                       | -        |
| Minox Kleanline Sdn Bhd              | Dissolved on 27 January 2023                             | Director/Shareholder | 15 July 2019        | 27 January 2023                          | 25.0                    | -        |
| MST Manufacturing Sdn Bhd            | Dissolved on 29 November 2022                            | Director/Shareholder | 15 July 2019        | 29 November 2022                         | 50.0                    | -        |
| MVFM TW                              | Manufacturing and trading of sanitary products in Taiwan | Shareholder          | -                   | Ceased to be shareholder on 19 July 2022 | -                       | (1)55.0  |
| Star Prestige Services Sdn Bhd       | Auto Car care services                                   | Director             | 21 November 2013    | 28 November 2018                         | -                       | -        |
| Tarkka Tools & Equipments Sdn Bhd    | Dissolved on 14 March 2022                               | Director/Shareholder | 27 March 2017       | 14 March 2022                            | 25.0                    | -        |

**Note:**

<sup>(1)</sup> Deemed interested through her shareholding in MST MY pursuant to Section 8(4) of the Act.

**(d) Ng Kuan Hua**

| Company               | Principal activities          | Position held | Date of appointment | Date of resignation/cessation | % of shareholdings held |          |
|-----------------------|-------------------------------|---------------|---------------------|-------------------------------|-------------------------|----------|
|                       |                               |               |                     |                               | Direct                  | Indirect |
| Present involvement   |                               |               |                     |                               |                         |          |
| Equitic Asset Sdn Bhd | Assets / portfolio management | Director      | 22 June 2022        | -                             | -                       |          |

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

| Company                                                                                                                       | Principal activities                                                                                                                                  | Position held                      | Date of appointment | Date of resignation/cessation                                               | % of shareholdings held |          |
|-------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|---------------------|-----------------------------------------------------------------------------|-------------------------|----------|
|                                                                                                                               |                                                                                                                                                       |                                    |                     |                                                                             | Direct                  | Indirect |
| Medical Devices Corporation Sdn Bhd                                                                                           | Manufacturing and trading in medical devices                                                                                                          | Shareholder                        | -                   | -                                                                           | 2.6                     | -        |
| Seers Berhad (listed on the LEAP Market of Bursa Securities)                                                                  | Investment holding company of subsidiaries involved in the water heater and water-related appliances business                                         | Shareholder                        | -                   | -                                                                           | 3.5                     | -        |
| <b>Past involvement</b>                                                                                                       |                                                                                                                                                       |                                    |                     |                                                                             |                         |          |
| GIIB Holdings Berhad (formerly known as Goodway Integrated Industries Berhad) (listed on the Main Market of Bursa Securities) | Investment holding company of subsidiaries involved in rubber compound manufacturing, property development and gloves                                 | Executive Director                 | 24 October 2019     | 30 December 2019                                                            | -                       | -        |
| Hikmat Duta Holdings Berhad                                                                                                   | Investment holding company of subsidiaries involved in the provision of water supply and sewerage engineering works and other civil engineering works | Independent Non-Executive Director | 19 May 2022         | 30 November 2022                                                            | -                       | -        |
| MOG Holdings Limited (listed on the Main Board of the Stock Exchange of Hong Kong Limited)                                    | Investment holding company of subsidiaries involved in the sales of optical products and franchise and license management                             | Independent Non-Executive Director | 23 March 2020       | 21 September 2022                                                           | -                       | -        |
| Oil Hub Explorer Sdn Bhd                                                                                                      | General maintenance works                                                                                                                             | Director/Shareholder               | 16 August 2011      | Ceased to be a director on 28 February 2022 and shareholder on 7 April 2022 | 0.3                     | -        |



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

| Company                                                                          | Principal activities                                                                                                                                      | Position held        | Date of appointment | Date of resignation/cessation              | % of shareholdings held |          |
|----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|---------------------|--------------------------------------------|-------------------------|----------|
|                                                                                  |                                                                                                                                                           |                      |                     |                                            | Direct                  | Indirect |
| Only World Group Holdings Berhad (listed on the Main Market of Bursa Securities) | Investment holding company of subsidiaries involved in operating and managing F&B and leisure related brands, found in popular resorts and shopping malls | Executive Director   | 14 June 2013        | 28 February 2019                           | -                       | -        |
| TCS Group Holdings Berhad (listed on the ACE Market)                             | Investment holding company of subsidiaries involved in the provision of construction services for buildings, infrastructure, civil and structural works   | Shareholder          | -                   | Ceased to be a shareholder on 22 June 2023 | 0.3                     | -        |
| WHH Global Ventures Sdn Bhd                                                      | Dissolved on 13 July 2021                                                                                                                                 | Director/Shareholder | 13 March 2015       | 13 July 2021                               | 15.0                    | -        |

**(e) Wong Yen Lee**

| Company                           | Principal activities                      | Position held        | Date of appointment | Date of resignation/cessation | % of shareholdings held |          |
|-----------------------------------|-------------------------------------------|----------------------|---------------------|-------------------------------|-------------------------|----------|
|                                   |                                           |                      |                     |                               | Direct                  | Indirect |
| <b>Present involvement</b>        |                                           |                      |                     |                               |                         |          |
| Coresec Advisory Sdn Bhd          | Provision of company secretarial services | Director/Shareholder | 22 November 2021    | -                             | 50.0                    | -        |
| Innext Corporate Partners Sdn Bhd | Provision of company secretarial services | Director/Shareholder | 1 January 2018      | -                             | 45.0                    | -        |
| <b>Past involvement</b>           |                                           |                      |                     |                               |                         |          |

Nil

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

**(f) Yeoh Aik Cheong**

| Company                     | Principal activities                                                                                                    | Position held        | Date of appointment | Date of resignation/cessation            | % of shareholdings held |          |
|-----------------------------|-------------------------------------------------------------------------------------------------------------------------|----------------------|---------------------|------------------------------------------|-------------------------|----------|
|                             |                                                                                                                         |                      |                     |                                          | Direct                  | Indirect |
| Present involvement         |                                                                                                                         |                      |                     |                                          |                         |          |
| 3Prop Sdn Bhd               | Petrol station operator                                                                                                 | Director/Shareholder | 13 February 2019    | -                                        | 40.0                    | -        |
| Amanpuri Leisure Sdn Bhd    | Provision of leisure yacht services                                                                                     | Shareholder          | -                   | -                                        | 24.0                    | -        |
| Brightgas Sdn Bhd           | Petrol station operator                                                                                                 | Director/Shareholder | 7 September 2020    | -                                        | 30.0                    | -        |
| Mulia Jaguh Sdn Bhd         | Petrol station operator                                                                                                 | Director/Shareholder | 6 May 2019          | -                                        | 45.0                    | -        |
| Plugins Network Sdn Bhd     | Provision of co-working spaces and marketing                                                                            | Shareholder          | 1 December 2019     | Ceased to be a director on 27 April 2022 | 15.0                    | -        |
| Polysage Properties Sdn Bhd | Petrol station operator                                                                                                 | Director/Shareholder | 1 December 2019     | -                                        | 30.0                    | -        |
| SE Strategic Sdn Bhd        | Provision of management consultancy services                                                                            | Director/Shareholder | 27 December 2018    | -                                        | 100.0                   | -        |
| NHTC Unison Holding Limited | Investment holding company of Taisun Int'l (Holding) Corp                                                               | Executive Director   | 19 December 2022    | -                                        | -                       | -        |
| Taisun Int'l (Holding) Corp | Investment holding company of subsidiaries involved in the manufacture of personal care products for infants and adults | Executive Director   | 21 December 2022    | -                                        | -                       | -        |

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

| Company                                  | Principal activities                                                                                                            | Position held              | Date of appointment | Date of resignation/cessation                                                 | % of shareholdings held |          |
|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|----------------------------|---------------------|-------------------------------------------------------------------------------|-------------------------|----------|
|                                          |                                                                                                                                 |                            |                     |                                                                               | Direct                  | Indirect |
| AB Care (Singapore) Pte Ltd              | Investment holding company of subsidiaries involved in the manufacture of personal hygiene care products for infants and adults | Director                   | 6 February 2023     | -                                                                             | -                       | -        |
| Taisun Asia (Thailand) Company Limited   | Manufacture of personal hygiene care products                                                                                   | Director                   | 7 April 2023        | -                                                                             | -                       | -        |
| Greenext Trading Co., Ltd                | Trading of personal hygiene care products                                                                                       | Director                   | 19 April 2023       | -                                                                             | -                       | -        |
| Winsun (Cambodia) Co., Ltd               | Manufacture and trading of personal hygiene care products                                                                       | Director                   | 28 April 2023       | -                                                                             | -                       | -        |
| <b>Past involvement</b>                  |                                                                                                                                 |                            |                     |                                                                               |                         |          |
| Adelphi Real Estate Management Co., Ltd  | Real estate investment management company                                                                                       | trust Director/Shareholder | 1 October 2019      | Ceased to be a director on 7 October 2020 and shareholder on 25 February 2022 | 5.0                     | -        |
| Amanpuri Leisure Sdn Bhd                 | Provision of leisure yacht services                                                                                             | Director                   | 23 May 2019         | 24 December 2021                                                              | -                       | -        |
| Disposable Soft Goods (Malaysia) Sdn Bhd | Trading of baby and adult disposable diapers                                                                                    | Director                   | 27 July 2010        | 31 March 2019                                                                 | -                       | -        |
| Disposable Soft Goods (S) Pte Ltd        | Trading of baby and adult disposable diapers                                                                                    | Director                   | 27 July 2010        | 31 March 2019                                                                 | -                       | -        |
| DSG (Malaysia) Sdn Bhd                   | Manufacturing of baby and adult disposable diapers                                                                              | Director                   | 27 July 2010        | 31 March 2019                                                                 | -                       | -        |

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

| Company                                                                           | Principal activities                                                                                  | Position held                      | Date of appointment | Date of resignation/cessation                                                 | % of shareholdings held |          |
|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|------------------------------------|---------------------|-------------------------------------------------------------------------------|-------------------------|----------|
|                                                                                   |                                                                                                       |                                    |                     |                                                                               | Direct                  | Indirect |
| DSG International (Thailand) PLC (listed on the Stock Exchange of Thailand)       | Manufacturing and trading of baby and adult disposable diapers                                        | Executive Director                 | 27 May 2011         | 9 November 2018                                                               | -                       | -        |
| DSG Management Services (Thailand) Co., Ltd                                       | Provision of management service to subsidiaries                                                       | Director                           | 12 September 2013   | 22 January 2019                                                               | -                       | -        |
| Ikatan Ikhwan Sdn Bhd                                                             | Provision of management consultancy services                                                          | Director                           | 3 June 2019         | Ceased to be a director and shareholder on 28 September 2021                  | 45.0                    | -        |
| Onetech Solutions Holdings Berhad (listed on the LEAP Market of Bursa Securities) | Investment holding company of subsidiaries involved in the provision of enterprise software solutions | Independent Non-Executive Director | 18 August 2020      | 26 August 2022                                                                | -                       | -        |
| Prestij Gemilang Sdn Bhd                                                          | Dormant, with intended principal activity as a petrol station operator                                | Director                           | 21 October 2020     | Ceased to be a director on 21 October 2020 and shareholder on 26 January 2022 | 40.0                    | -        |
| PT Surya Mas Indonesia                                                            | Manufacturing of baby and adult disposable diapers                                                    | Director                           | 6 December 2015     | 29 March 2019                                                                 | -                       | -        |
| PT Trading Surya Mas Indonesia                                                    | Trading of baby and adult disposable diapers                                                          | Director                           | 31 May 2017         | 19 March 2019                                                                 | -                       | -        |
| Puncak Sentiasa Sdn Bhd                                                           | Dormant, with intended principal activity as a petrol station operator                                | Director                           | 3 October 2019      | Ceased to be a director on 3 October 2019 and shareholder on 3 February 2020  | 50.0                    | -        |

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

| Company               | Principal activities       | Position held            | Date of appointment | Date of resignation/cessation | % of shareholdings held |          |
|-----------------------|----------------------------|--------------------------|---------------------|-------------------------------|-------------------------|----------|
|                       |                            |                          |                     |                               | Direct                  | Indirect |
| Teak Capital Co., Ltd | Dissolved on 3 August 2020 | Director/<br>Shareholder | 23 September 2019   | 3 August 2020                 | 49.0                    | -        |

As at LPD, the directorships of our Directors in other companies are in compliance with Rule 15.06 of the Listing Requirements as they do not hold more than 5 directorships in public listed companies on Bursa Securities. The involvement of our Directors in those business activities outside our Group does not give rise to any conflict of interest situation with our business.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)****5.2.4 Directors' remuneration and benefits**

The remuneration of our Directors including fees, salaries, bonuses, other emoluments and benefits-in-kind, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board. The Director's fees and any benefits payable to Directors shall be subject to annual approval by our shareholders pursuant to an ordinary resolution passed at a general meeting in accordance with our Constitution. Please refer to Section 15.3 for further details.

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for FYE 2021 to 2023 are as follows:

|                                    | Directors' fees | Salaries | Bonuses | Other emolument <sup>(1)</sup> | Benefits-in-kind | Total |
|------------------------------------|-----------------|----------|---------|--------------------------------|------------------|-------|
|                                    | RM'000          |          |         |                                |                  |       |
| <b>FYE 2021 (Paid)</b>             |                 |          |         |                                |                  |       |
| Cheong Chee Son                    | (3)100          | 863      | 100     | 420                            | 21               | 1,504 |
| Looi Poo Poo                       | (2)168          | (2)-     | 21      | -                              | -                | 189   |
| <b>FYE 2022 (Paid)</b>             |                 |          |         |                                |                  |       |
| Alwizah Al-Yafii Binti Ahmad Kamal | 12              | -        | -       | -                              | -                | 12    |
| Cheong Chee Son                    | (3)91           | 826      | 120     | 624                            | 21               | 1,682 |
| Looi Poo Poo                       | (2)168          | (2)29    | 15      | 11                             | -                | 223   |
| Ng Kuan Hua                        | 10              | -        | -       | -                              | -                | 10    |
| Wong Yen Lee                       | 10              | -        | -       | -                              | -                | 10    |
| Yeoh Aik Cheong                    | 10              | -        | -       | -                              | -                | 10    |
| <b>FYE 2023 (Proposed)</b>         |                 |          |         |                                |                  |       |
| Alwizah Al-Yafii Binti Ahmad Kamal | 72              | -        | -       | -                              | -                | 72    |
| Cheong Chee Son <sup>(4)</sup>     | (3)159          | 1,016    | 162     | 575                            | 21               | 1,933 |
| Looi Poo Poo <sup>(4)</sup>        | -               | 356      | 33      | -                              | -                | 389   |
| Ng Kuan Hua                        | 60              | -        | -       | -                              | -                | 60    |
| Wong Yen Lee                       | 60              | -        | -       | -                              | -                | 60    |
| Yeoh Aik Cheong                    | 60              | -        | -       | -                              | -                | 60    |

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

**Notes:**

- (1) Comprises monthly tax deduction borne by our Group, travelling allowances and commissions based on collections of our receivables.
- (2) Looi Poo Poo had voluntarily elected not to receive salaries for FYE 2021 and from January to November 2022 as she received directors' fees and dividends was paid to her as a shareholder of MST MY. However, upon formalisation of our Board and Remuneration Committee in November 2022, our Remuneration Committee has recommended that Looi Poo Poo will be remunerated in salaries instead of directors' fee from December 2022 onwards in view of her capacity as our Executive Director.
- (3) Relates to director's fees paid or to be paid by Minox SG and MST SG.
- (4) Upon the recommendation of our Remuneration Committee, Cheong Chee Son and Looi Poo Poo will be remunerated in salaries instead of directors' fees moving forward in view of their capacity as our Executive Directors who are responsible for overseeing our Group's business directions and the day-to-day operations, administrative and human resource functions of MST MY and Minox MY respectively.

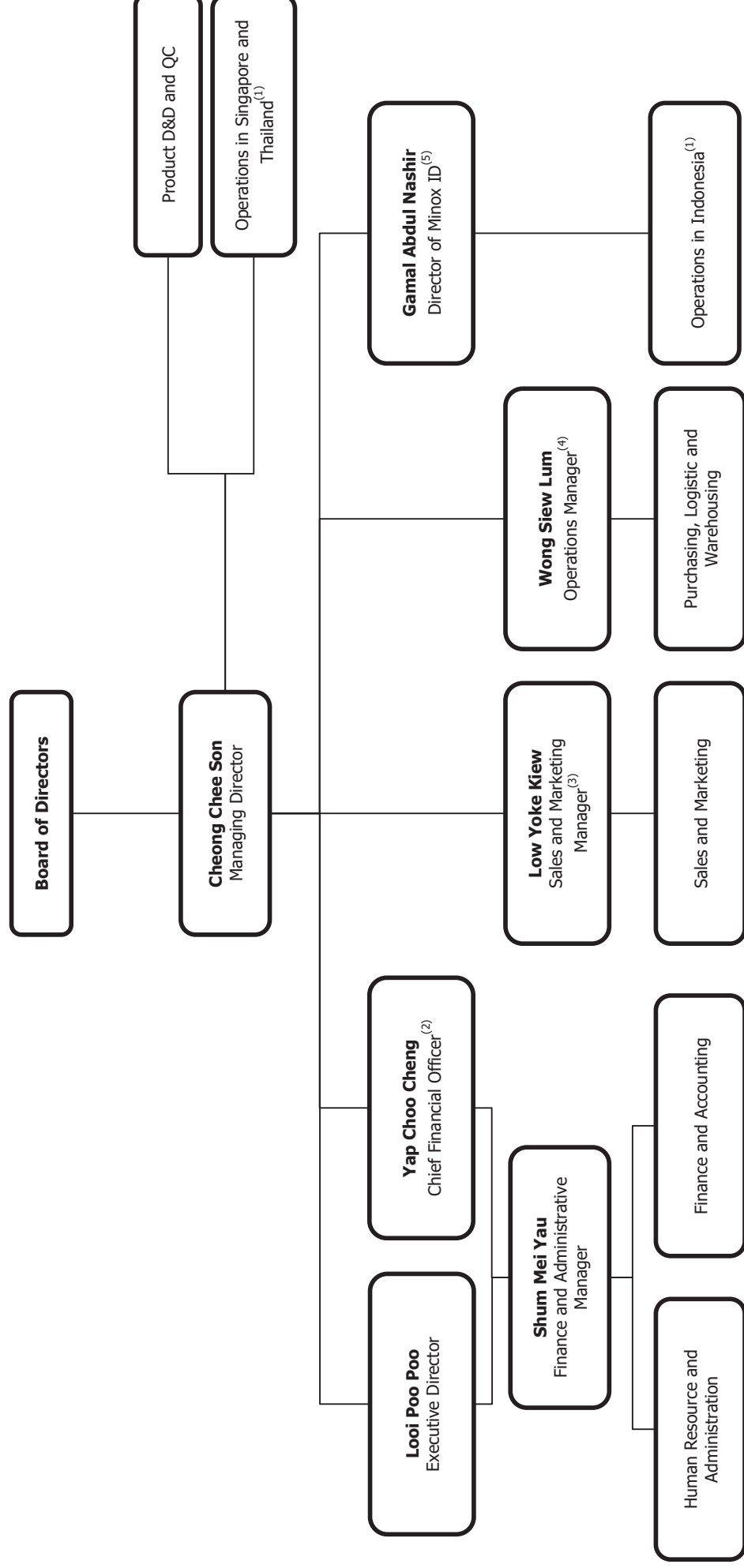
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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.3 KEY SENIOR MANAGEMENT

5.3.1 Management structure

The management reporting structure of our Group is as follows:





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

**Notes:**

- (1) There are separate management personnel responsible for the operations, human resource and administration, finance and accounting, sales operations as well as warehousing functions of Singapore, Indonesia and Thailand respectively.
- (2) Responsible for overseeing the finance and accounting of our Group.
- (3) Responsible for overseeing our Group's marketing activities as well as overseeing sales operations for the Malaysia region only.
- (4) Responsible for overseeing the purchasing, logistic and warehousing of our Group.
- (5) He is responsible for the day-to-day operations of Minox ID.

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

### 5.3.2 Key senior management shareholdings

The shareholdings of our key senior management in our Company before and after our IPO, save for Cheong Chee Son and Looi Poo Poo, which are disclosed in Sections 5.1.1 and 5.2.1, assuming that they will fully subscribe for their respective entitlements under the Pink Form Allocations are set out below:

| Name               | Designation/<br>Nationality                         | <sup>(1)</sup> Before IPO |     |                  | <sup>(2)</sup> After IPO |     |                  |
|--------------------|-----------------------------------------------------|---------------------------|-----|------------------|--------------------------|-----|------------------|
|                    |                                                     | Direct                    |     | Indirect         | Direct                   |     | Indirect         |
|                    |                                                     | No. of<br>Shares          | %   | No. of<br>Shares | No. of<br>Shares         | %   | No. of<br>Shares |
| Yap Choo Cheng     | Chief Financial Officer/<br>Malaysian               | -                         | -   | -                | 500,000                  | 0.1 | -                |
| Low Yoke Kiew      | Sales and Marketing Manager/<br>Malaysian           | -                         | -   | -                | 500,000                  | 0.1 | -                |
| Wong Siew Lum      | Operations Manager/<br>Malaysian                    | -                         | -   | -                | 500,000                  | 0.1 | -                |
| Gamal Abdul Nashir | Director of Minox ID/<br>Indonesian                 | 24,911,700                | 9.2 | -                | 17,711,700               | 4.9 | -                |
| Shum Mei Yau       | Finance and Administrative<br>Manager/<br>Malaysian | -                         | -   | -                | 500,000                  | 0.1 | -                |

#### Notes:

- (1) Based on our share capital of 270,000,000 Shares before our IPO.
- (2) Based on our enlarged share capital of 360,000,000 Shares after our IPO.

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

### **5.3.3 Profiles of key senior management**

Save for the profiles of Cheong Chee Son and Looi Poo Poo, which are set out in Section 5.2.2, the profiles of the other key senior management of our Group are as follows:

#### **(a) Yap Choo Cheng**

Yap Choo Cheng, a Malaysian female aged 49, is our Chief Financial Officer. She is responsible for our Group's finance and accounting functions.

She obtained her Bachelor of Science with Honours in Accountancy from the Queen's University of Belfast in Northern Ireland, UK in 1996. She is a member of the Association of Chartered Certified Accountants and the Malaysian Institute of Accountants since 2000 and 2001 respectively. In 2005, she was admitted as a Fellow Member of the Association of Chartered Certified Accountant.

She began her career with KPMG Desa Megat & Co in 1996 as an Audit Assistant and later promoted to Audit Senior in 1999, where she was involved in statutory audit as well as transaction services for listing exercises, and mergers and acquisitions. She left KPMG Desa Megat & Co in 2000 to join Petra Resources Sdn Bhd in 2001, a then subsidiary of Petra Perdana Berhad (presently known as Perdana Petroleum Berhad) ("**Perdana Petroleum**"), a company listed on the Main Market of Bursa Securities, as an Assistant Accounts Manager where she was responsible for the financial reporting and taxation matters of the company. In 2005, she was promoted to Group Accountant of Perdana Petroleum, where she was in charge of the group's financial reporting, tax planning and corporate treasury management. In 2012, she was promoted to Financial Controller. During her tenure with Perdana Petroleum, she was involved in a number of the company's corporate exercises. She left Perdana Petroleum in 2015 to pursue her personal interests until 2016.

She returned to the corporate sector in 2017 when she joined Only World Group Berhad (listed on the Main Market of Bursa Securities), as its Chief Financial Officer. She was responsible for managing the finance department where she oversees the financial planning, budgeting, implementation of accounting policies and procedures of the company and its subsidiaries. She left Only World Group Berhad in 2018 and subsequently joined TCS Group Holdings Berhad (listed on the ACE Market), as its Chief Financial Officer where she was responsible for overseeing the group's financial functions which include financial planning and review, cash flow management and financial reporting. She left TCS Group Holdings Berhad in 2022 to join our Group as Chief Financial Officer, a position she holds till today. Prior to her appointment as the Chief Financial Officer of our Group, Shum Mei Yau (our Finance and Administrative Manager) was in charge of our finance and accounting functions. Please refer to Section 5.3.3(e) below for Shum Mei Yau's profile.

Kindly refer to Section 5.3.3(a) for her involvement in other business activities outside our Group.

#### **(b) Low Yoke Kiew**

Low Yoke Kiew, a Malaysian female aged 44, is our Sales and Marketing Manager. She is responsible for overseeing our Group's marketing activities as well as overseeing local sales operations and customers' affairs.

She completed her secondary education at Sekolah Menengah Puterijaya Kuala Lumpur in 1997.

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

In 1998, she commenced her career as a Production Coordinator at Oversea Colourscan Sdn Bhd where she was responsible for coordinating the prepress process of education book production from manuscript to offset printing stage. She then left to join Global Colour Separation Sdn Bhd from 2000 until 2002 in a similar role as a Production Coordinator. From 2002 to 2005, she joined RDC Tech Group (M) Sdn Bhd (presently known as RDC Publishing Sdn Bhd) as their Production Coordinator and was responsible for coordinating the pre-press production and dealing with the editorial team at the publishing house. She was then re-designated to as Customer Service Representative at RDC Publishing Group Sdn Bhd in 2005 and was responsible for handling customer service. By 2009, she was promoted as the General Manager where she was responsible for overseeing and leading the sales and marketing team.

After leaving RDC Publishing Sdn Bhd in 2010, she served as an Art and Photo Editor at Oxford Fajar Sdn Bhd, where she was involved in photographs research, dealing with photograph copyright issue and liaising with editor and designer. She left Oxford Fajar Sdn Bhd in 2012 to join Minox MY as a Sales Executive where she was responsible for sales and marketing activities. She was promoted to Assistant Marketing Manager in 2014 and subsequently assumed her current position in 2015.

Presently, she does not hold any directorships in any private and public limited companies.

### (c) **Wong Siew Lum**

Wong Siew Lum, a Malaysian male aged 45, is our Operations Manager. He is responsible for overseeing the overall procurement activities and storage management of our Group.

He obtained his Diploma in Science from Tunku Abdul Rahman College in 2001.

In 2001, he commenced his career as a Production Operator and Store Keeper at Wacker Chemicals (South Asia) Pte Ltd in Singapore, where he assisted in scheduling raw materials to be used during the manufacturing of silicone sealants up to 2003.

In 2003, he returned to Malaysia and joined Efficient Parts Sdn Bhd (presently known as Bumi LT Sdn Bhd) as a Sales Coordinator and was responsible for sales team coordination and inventory monitoring. In 2004, he left Efficient Parts Sdn Bhd and joined MST MY as a Sales Representative where he was involved in sales and marketing activities.

He left MST MY in 2007 and joined HS Sdn Bhd as Purchasing Assistant Manager, a company principally involved in supplying stainless steel sanitary products, where it sourced and procured stainless steel sanitary products from China for MST MY. As Purchasing Assistant Manager of HS Sdn Bhd, he was based in China and was responsible for sourcing and coordinating the deliveries on all "MINOX®" brand of sanitary products from our third-party manufacturers to Malaysia. He re-joined MST MY in 2008, upon returning from China, as an Assistant Sales Manager and was responsible for providing assistance to our Managing Director on local sales activities.

He then left MST MY in 2009 to join his brother's business, M-Ledz Sdn Bhd, a company that is involved in supply and installation of sound and lighting system, and served as the Operations Manager where he was involved in managing and monitoring the light-emitting diode light installation for renovation of retail outlets. In 2011, he left the business and re-joined MST MY and assumed his current position.

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

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Kindly refer to Section 5.3.3(b) for his involvement in other business activities outside our Group.

**(d) Gamal Abdul Nashir**

Gamal Abdul Nashir, an Indonesian male aged 47, is the Director of Minox ID. He is responsible for the day-to-day business operations of Minox ID which includes identifying sales growth opportunities and strategies, managing and handling any customer related matters, liaising with our headquarters on inventories and overall Indonesia operational matters as well as overseeing the employees at our Indonesia office and warehouses.

He completed his mechanical engineering course from Bridgestone Engineering Vocational College, Bekasi, Indonesia in 1997.

He began his career in 1997 as a Mechanic at PT. Perfetti Van Melle Indonesia, where he was involved in performing preventive and corrective maintenance activities to ensure the production machineries are working effectively. He left PT. Perfetti Van Melle Indonesia in 2002 to join PT. Cadbury Indonesia as its Engineering Team Leader, where he was responsible for leading the engineering team and assigning tasks to engineering and technical personnel.

In 2007, he left PT. Cadbury Indonesia to join Hanson Industries Sdn Bhd as its Engineer Supervisor and was subsequently promoted to Engineering Manager in 2010, where he was responsible for leading the engineering and technical department in new machineries installation and improvement, as well as maintenance and reconditioning of old machineries.

In 2012, he left Hanson Industries Sdn Bhd and became a shareholder and Director of Minox ID in 2013, where he assumed his current responsibilities.

Presently, he does not hold any directorships in any private and public limited companies.

**(e) Shum Mei Yau**

Shum Mei Yau, a Malaysian female aged 42, is the Finance and Administrative Manager of our Group. She assists our Chief Financial Officer on our Group's financial matters and also manages the human resource and administrative functions of our local subsidiaries, namely MST MY and Minox MY and reports such matters to our Executive Director.

She obtained her London Chamber of Commerce and Industry Higher Group Diploma in Accounting from EU Institute, Petaling Jaya in 2001.

In 2001, she began her career as an Accounts Assistant at Armstrong Engineering Pte Ltd in Singapore, where she was responsible for handling the company's accounts. She left Armstrong Engineering Pte Ltd to join Palladine Technology Pte Ltd in 2003 as an Accounts and Administrative Assistant where she was tasked to perform general accounting and administration support tasks.

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

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Upon returning to Malaysia in June 2004, she had a short stint with Scientific Adwa (M) Sdn Bhd as an Administrative Executive, providing secretarial and administrative support to the Accounts Manager. She left Scientific Adwa (M) Sdn Bhd in August 2004 to join Tenaga Teknik Maju Sdn Bhd as an Accounts Officer, where she was responsible for handling the company's accounts, components purchase planning and assist in audit activities.

In 2008, she left Tenaga Teknik Maju Sdn Bhd to join HS Sdn Bhd, a company principally involved in supplying stainless steel sanitary products, as an Accounts Executive where she was responsible for handling the company's accounts, liaison with suppliers and issuance of purchase orders.

In 2009, she left HS Sdn Bhd to join MST MY as Accounts Executive, where she was responsible for managing and supervising its accounting functions. Subsequently in 2014, she was promoted to her current position.

Presently, she does not hold any directorships in any private and public limited companies.

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

### 5.3.4 Principal business performed outside our Group

Save as disclosed in Section 5.2.3 and below, none of our key senior management has any other principal directorship and/or principal business activities performed outside our Group within the last 5 years up to LPD.

The involvement of our key senior management in those business activities outside our Group does not give rise to any conflict of interest situation with our business. Their involvement in those business activities does not require a significant amount of time, and hence does not affect their ability to perform their executive roles and responsibilities to our Group.

#### (a) Yap Choo Cheng

| Company             | Principal activities | Position held | Date of appointment | Date of resignation | % of shareholding held |          |
|---------------------|----------------------|---------------|---------------------|---------------------|------------------------|----------|
|                     |                      |               |                     |                     | Direct                 | Indirect |
| Present involvement |                      |               |                     |                     |                        |          |

#### Past involvement

|                             |                                                                                                                                |                                    |             |                  |   |   |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-------------|------------------|---|---|
| Hikmat Duta Holdings Berhad | Investment subsidiaries involved in provision of water supply and sewerage engineering works and other civil engineering works | Independent Non-Executive Director | 19 May 2022 | 30 November 2022 | - | - |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-------------|------------------|---|---|

#### (b) Wong Siew Lum

| Company             | Principal activities | Position held | Date of appointment | Date of resignation | % of shareholding held |          |
|---------------------|----------------------|---------------|---------------------|---------------------|------------------------|----------|
|                     |                      |               |                     |                     | Direct                 | Indirect |
| Present involvement |                      |               |                     |                     |                        |          |

#### Past involvement

|                |                                                      |          |              |                  |   |   |
|----------------|------------------------------------------------------|----------|--------------|------------------|---|---|
| M-Ledz Sdn Bhd | Supply and installation of sound and lighting system | Director | 23 July 2008 | 14 February 2022 | - | - |
|----------------|------------------------------------------------------|----------|--------------|------------------|---|---|

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

### 5.3.5 Key senior management remuneration and benefits

The remuneration of our key senior management including salaries, bonuses, other emoluments and benefits-in-kind, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board.

The aggregate remuneration and material benefits-in-kind (in bands of RM50,000) paid and proposed to be paid to our key senior management (save for our Directors which are disclosed in Section 5.2.4) for services rendered in all capacities to our Group for FYE 2021 to 2023 are as follows:

|                    | <sup>(1)</sup> Remuneration band |                 | <sup>(2)</sup> FYE 2023 |
|--------------------|----------------------------------|-----------------|-------------------------|
|                    | FYE 2021 (Paid)                  | FYE 2022 (Paid) | (Proposed)              |
|                    | RM'000                           |                 |                         |
| Yap Choo Cheng     | -                                | 100 – 150       | 250 – 300               |
| Low Yoke Kiew      | 250 – 300                        | 400 – 450       | 400 – 450               |
| Wong Siew Lum      | 350 – 400                        | 350 – 400       | 400 – 450               |
| Gamal Abdul Nashir | 200 – 250                        | 250 – 300       | 300 – 350               |
| Shum Mei Yau       | 400 – 450                        | 400 – 450       | 400 – 450               |

#### Notes:

- (1) The remuneration for key senior management includes salaries, bonuses, allowances and other emoluments.
- (2) The proposed remuneration of our key senior management for FYE 2023 was determined based on, amongst others, their length of service and past performance/contributions to our Group. Any revision to our key senior management's remuneration in the future will be subject to recommendation of our Remuneration Committee and approval by our Board.

## 5.4 BOARD PRACTICE

### 5.4.1 Board

Our Board has adopted the following responsibilities for effective discharge of its functions:

- to provide leadership and oversee the overall conduct of our Group's businesses to ensure that our businesses are being properly managed;
- to review and adopt strategic plans for our Group and to ensure that such strategic plans and the risk, performance and sustainability thereon are effectively integrated and appropriately balanced;
- to review and adopt corporate governance best practices throughout our Group in all its business dealings in respect of our shareholders and other stakeholders and to ensure compliance with applicable laws and regulations;
- to ensure that our Company has effective Board committees as required by the applicable laws, regulations, rules, directives and guidelines and as recommended by the Malaysian Code on Corporate Governance;
- to review and approve our annual business plans, annual budget, financial statements and annual reports;



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

- (f) to monitor the relationship between our Group and our management, shareholders and stakeholders, and to develop and implement an investor relations programme or effective shareholders' communications policy for our Group;
- (g) to ensure that our key senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of our board and key senior management;
- (h) to ensure the integrity of our Group's financial and non-financial reporting; and
- (i) to appoint our Board committees, to delegate powers to such committees, to review the composition, performance and effectiveness of such committees, and to review the reports prepared by our Board committees and deliberate on the recommendations thereon.

In accordance with our Constitution, an election of Directors shall take place each year. At the first Annual General Meeting ("**AGM**") of the Company, all the Directors shall retire from office, and at the AGM in every subsequent year, one-third (1/3) of the Directors for the time being or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election provided always that all Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires whether adjourned or not.

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

| <b>Name</b>                        | <b>Date of appointment</b> | <b>Date of expiration of the current term in office</b> | <b>Approximate no. of months in office as at LPD</b> |
|------------------------------------|----------------------------|---------------------------------------------------------|------------------------------------------------------|
| Alwizah Al-Yafii Binti Ahmad Kamal | 1 November 2022            | At the 2023 AGM of our Company                          | 10                                                   |
| Cheong Chee Son                    | 18 July 2022               | At the 2023 AGM of our Company                          | 13                                                   |
| Looi Poo Poo                       | 1 November 2022            | At the 2023 AGM of our Company                          | 10                                                   |
| Ng Kuan Hua                        | 1 November 2022            | At the 2023 AGM of our Company                          | 10                                                   |
| Wong Yen Lee                       | 1 November 2022            | At the 2023 AGM of our Company                          | 10                                                   |
| Yeoh Aik Cheong                    | 1 November 2022            | At the 2023 AGM of our Company                          | 10                                                   |

The members of our Board are set out in Section 5.2. The composition of our Board is in compliance with the Malaysian Code on Corporate Governance.

### 5.4.2 Audit and Risk Management Committee

The members of our Audit and Risk Management Committee as at LPD are as follows:

| <b>Name</b>     | <b>Designation</b> | <b>Directorship</b>                |
|-----------------|--------------------|------------------------------------|
| Yeoh Aik Cheong | Chairman           | Independent Non-Executive Director |
| Ng Kuan Hua     | Member             | Independent Non-Executive Director |
| Wong Yen Lee    | Member             | Independent Non-Executive Director |

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

The main function of our Audit and Risk Management Committee is to assist our Board in fulfilling its oversight responsibilities. Our Audit and Risk Management Committee has full access to internal and external auditors who in turn have access at all times to the Chairman of our Audit and Risk Management Committee.

The key duties and responsibilities of our Audit and Risk Management Committee include, amongst others, the following:

- (a) to review the engagement, compensation, performance, qualification and independence of our external auditors, its conduct of the annual statutory audit of our financial statements, and the engagement of external auditors for all other services;
- (b) to review and recommend our quarterly and annual financial statements for approval by our Board before announcement to regulatory bodies, focusing in particular on any changes in or implementation of major accounting policies and practices, significant and unusual events, significant adjustments arising from our audit, going concern assumption and compliance with accounting standards and other regulatory or legal requirements;
- (c) to review and monitor any related party transaction/business dealings entered into by our Group and any conflict of interest situation that may arise within our Group to ensure that they are conducted on arms' length basis and based on terms that are fair to our Group;
- (d) to oversee and recommend the risk management framework of our Group;
- (e) to 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;
- (f) to implement and maintain a sound risk management framework which identifies, assesses, manages and monitors our Group's business risks;
- (g) to review the risk profile of our Group and to evaluate the measure taken to mitigate the business risks;
- (h) to review the adequacy of our management's response to issues identified to risk registers, ensuring that our risks are managed within our Group's risk appetite;
- (i) 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 conducts its business and affairs;
- (j) to discuss and review the major findings of internal investigations and our management's response;
- (k) to do the following:
  - (i) consider and approve the appointment of internal auditors and any question of resignation;
  - (ii) 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;
  - (iii) review the internal audit plan and results of the internal audit assessments and investigation undertaken, and ensure that the appropriate action is taken on the recommendation of the internal auditors;

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

- (iv) consider the internal audit reports and findings by the internal auditors, fraud investigation and actions and steps taken by our management in response to audit findings;
- (v) appraise or assess the performance of members of the internal audit function; and
- (vi) monitor the overall performance of our Company's internal audit function.
- (l) to consider other areas as defined by our Board or as may be prescribed by Bursa Securities or any other relevant authority from time to time; and
- (m) to perform such other functions that may be mutually agreed upon by our Audit and Risk Management Committee and our Board.

The recommendations of our Audit and Risk Management Committee are subject to the approval of our Board.

### 5.4.3 Nomination Committee

The members of our Nomination Committee as at LPD are as follows:

| <b>Name</b>     | <b>Designation</b> | <b>Directorship</b>                |
|-----------------|--------------------|------------------------------------|
| Wong Yen Lee    | Chairperson        | Independent Non-Executive Director |
| Yeoh Aik Cheong | Member             | Independent Non-Executive Director |
| Ng Kuan Hua     | Member             | Independent Non-Executive Director |

Our Nomination Committee undertakes, among others, the following functions:

- (a) to assist our Board in ensuring that our Board is of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- (b) to ensure appropriate selection criteria and processes and to identify and recommend to our Board, candidates for directorships of our Company and members of the relevant Board committees;
- (c) to evaluate the effectiveness of our Board and our Board committees;
- (d) to undertake formal assessment on the effectiveness of our Board as a whole and the effectiveness of each Director;
- (e) to ensure that all Directors receive appropriate continuous training in order to broaden their perspectives and to keep abreast with developments in the market place and with changes in new statutory and regulatory requirements;
- (f) to ensure an appropriate framework and succession planning for our Board, including our Executive Directors; and
- (g) to consider and examine such other matters as our Nomination Committee considers appropriate.

The recommendations of our Nomination Committee are subject to the approval of our Board.

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

### 5.4.4 Remuneration Committee

The members of our Remuneration Committee as at LPD are as follows:

| <b>Name</b>     | <b>Designation</b> | <b>Directorship</b>                |
|-----------------|--------------------|------------------------------------|
| Ng Kuan Hua     | Chairman           | Independent Non-Executive Director |
| Yeoh Aik Cheong | Member             | Independent Non-Executive Director |
| Wong Yen Lee    | Member             | Independent Non-Executive Director |

The main function of our Remuneration Committee is to assist our Board in fulfilling its responsibility on matters relating to our Group's compensation, bonuses, incentives and benefits. The Remuneration Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

- (a) to recommend a remuneration framework for our Executive Directors and key senior management for our Board's approval to ensure corporate accountability and governance with respect to our Board's remuneration and compensation. There should be a balance in determining the remuneration package, which should be sufficient to attract and retain Directors of calibre, and yet not excessive. The framework should cover all aspects of remuneration including Director's fee, salaries, allowance, bonuses, options and benefits-in-kind;
- (b) to recommend specific remuneration packages for our Executive Directors and key 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 independent directors, the level of remuneration should be linked to their level of responsibilities undertaken and contribution to the effective functioning of our Board;
- (c) to ensure the establishment of a formal and transparent procedure for developing policies, strategies and framework for the remuneration of our Executive Directors and key senior management;
- (d) to implement the policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of our Board and key senior management; and
- (e) to perform any other functions as defined by our Board.

The recommendations of our Remuneration Committee are subject to the approval of our Board.

## 5.5 RELATIONSHIPS AND/OR ASSOCIATIONS

There are no family relationships or association between or amongst our Promoters, substantial shareholders, Directors and key senior management as at LPD.

## 5.6 EXISTING OR PROPOSED SERVICE AGREEMENTS

As at LPD, there are no existing or proposed service agreements entered into between our Company with any Directors; or between any companies within our Group with any key senior management which provide for benefits upon termination of employment.

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

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**5.7 DECLARATIONS FROM PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT**

As at LPD, none of our Promoters, Directors or key senior management is or has been involved in any of the following events (whether within or outside Malaysia):

- (a) in the last 10 years, a petition under any bankruptcy or insolvency law filed (and not struck out) against him or any partnership in which he was a partner or any corporation of which he was a Director or a member of key senior management;
- (b) disqualified from acting as a Director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (c) in the last 10 years, charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (d) in the last 10 years, any judgment that was entered against him, 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;
- (e) in the last 10 years, was 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;
- (f) being 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;
- (g) in the last 10 years, has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and
- (h) has any unsatisfied judgment against him.

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## 6. INFORMATION ON OUR GROUP

### 6.1 INFORMATION ON OUR COMPANY

Our Company was incorporated in Malaysia under the Act on 18 July 2022 as a private limited company under the name of Minox International Group Sdn Bhd. On 16 December 2022, our Company was converted into a public limited company and adopted our present name.

Our Company is principally an investment holding company. There has been no material change in the manner in which we conduct our business or activities since our incorporation and up to LPD. Through our subsidiaries, we are principally involved in the distribution of stainless steel sanitary valves, tubes & fittings, installation components & equipment, rubber hoses under our "MINOX®" brand and other related products. Please refer to Section 7.1 for detailed information of our Group's history.

As at LPD, our share capital is RM46,407,431 comprising 270,000,000 Shares, which have been issued and fully paid-up. The movements in our share capital since the date of our incorporation are set out below:

| Date of allotment | No. of Shares allotted | Consideration/<br>Types of issue                    | Cumulative share capital<br>RM |
|-------------------|------------------------|-----------------------------------------------------|--------------------------------|
| 18 July 2022      | 1                      | RM1/<br>Subscriber's share                          | 1                              |
| 1 August 2023     | 269,999,999            | RM46,407,430/<br>Consideration for the Acquisitions | 46,407,431                     |

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

Upon completion of our IPO, our enlarged share capital will increase to RM68.91 million comprising 360,000,000 Shares.

### 6.2 GROUP RESTRUCTURING

#### 6.2.1 Pre-listing investor

On 14 June 2022, Minox SG undertook a bonus issue of 730,000 new ordinary shares in Minox SG ("**Minox SG Shares**") by way of capitalisation of its retained earnings, which increased its share capital of SGD10,000 comprising 10,000 Minox SG Shares to SGD740,000 comprising 740,000 Minox SG Shares ("**Bonus Issue**").

Thereafter on the same day, Ng Kwang Hua subscribed for 240,000 Minox SG Shares at an issue price of SGD1.00 each. The issue price was derived based on the NA per Minox SG Share calculated based on its unaudited NA as at 31 December 2021 of SGD0.74 million, divided by 740,000 Minox SG Shares (after taking into account the Bonus Issue).

Ng Kwang Hua, a Malaysian male aged 53, is the Chairman of MOG Holdings Limited, a company publicly listed on the Hong Kong Stock Exchange. Ng Kwang Hua was introduced to Cheong Chee Son, our Managing Director through common acquaintances. He was invited by Cheong Chee Son to invest as a passive shareholder in Minox SG in view of his extensive network in Singapore, Indonesia and Hong Kong where he will be able to advise our Group in expanding our customer base and market presence. He does not hold any executive role in our Group. Upon completion of our IPO, he will hold 1.4% equity interest in our Company. Further details on the moratorium imposed on his Shares are set out in Section 3.2.

**6. INFORMATION ON OUR GROUP (Cont'd)****6.2.2 Details of the Acquisitions**

In preparation for our Listing, we have undertaken the Acquisitions. On 1 December 2022, we entered into the following agreements:

- (a) conditional share sale agreement with Cheong Chee Son and Gamal Abdul Nashir to acquire the entire equity interest in Minox ID comprising 25,500 ordinary shares for a purchase consideration of RM12.98 million which was satisfied by the issuance of 75,490,000 new Shares to Cheong Chee Son and Gamal Abdul Nashir at an issue price of approximately RM0.1719 each, and supplemented by a supplemental share sale agreement dated 15 February 2023 whereby our Company nominated MST MY to hold 1 ordinary share in Minox ID;
- (b) conditional share sale agreement with Cheong Chee Son and Looi Poo Poo to acquire the entire equity interest in Minox MY comprising 200,000 ordinary shares for a purchase consideration of RM4.02 million which was satisfied by the issuance of 23,370,000 new Shares to Cheong Chee Son and Looi Poo Poo at an issue price of approximately RM0.1719 each;
- (c) conditional share sale agreement with Cheong Chee Son, Looi Poo Poo, Ng Kwang Hua and Kee Kong Beng Jason to acquire the entire equity interest in Minox SG comprising 1,000,000 ordinary shares for a purchase consideration of RM3.51 million which was satisfied by the issuance of 20,400,000 new Shares to Cheong Chee Son, Looi Poo Poo, Ng Kwang Hua and Kee Kong Beng Jason at an issue price of approximately RM0.1719 each;
- (d) conditional share sale agreement with Cheong Chee Son to acquire 49.0% equity interest in Minox TH comprising 9,800 ordinary shares for a purchase consideration of RM2.62 million which was satisfied by the issuance of 15,250,000 new Shares to Cheong Chee Son at an issue price of approximately RM0.1719 each;
- (e) conditional share sale agreement with Cheong Chee Son and Looi Poo Poo to acquire the entire equity interest in MST MY comprising 1,500,000 ordinary shares for a purchase consideration of RM21.37 million which was satisfied by the issuance of 124,299,999 new Shares to Cheong Chee Son and Looi Poo Poo at an issue price of approximately RM0.1719 each; and
- (f) conditional share sale agreement with Cheong Chee Son and Liew Siang Ji to acquire the entire equity interest in MST SG comprising 50,000 ordinary shares for a purchase consideration of RM1.92 million which was satisfied by the issuance of 11,190,000 new Shares to Cheong Chee Son and Liew Siang Ji at an issue price of approximately RM0.1719 each.

Details of the Acquisitions and the number of Shares issued to the vendors under the Acquisitions are set out below:

**(a) Acquisition of Minox ID**

| <b>Vendors of Minox ID</b> | <b>Shareholdings in Minox ID</b>            |                           | <b>Purchase consideration</b> | <b>No. of Shares issued</b> |
|----------------------------|---------------------------------------------|---------------------------|-------------------------------|-----------------------------|
|                            | <b>No. of shares acquired<sup>(1)</sup></b> | <b>% of share capital</b> |                               |                             |
|                            |                                             |                           | <b>RM'000</b>                 |                             |
| Cheong Chee Son            | 17,085                                      | 67.0                      | 8,694                         | 50,578,300                  |
| Gamal Abdul Nashir         | 8,415                                       | 33.0                      | 4,282                         | 24,911,700                  |
|                            | <b>25,500</b>                               | <b>100.0</b>              | <b>12,976</b>                 | <b>75,490,000</b>           |

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

- (1) Pursuant to the supplemental share sale agreement entered into between our Company and the vendors of Minox ID dated 15 February 2023, whereby our Company nominated MST MY to hold 1 ordinary share in Minox ID.

The purchase consideration for the Acquisition of Minox ID of RM12.98 million was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of Minox ID as at 30 June 2022 of RM12.98 million.

**(b) Acquisition of Minox MY**

| <b>Vendors of Minox MY</b> | <b>Shareholdings in Minox MY</b> |                           | <b>Purchase consideration</b> | <b>No. of Shares issued</b> |
|----------------------------|----------------------------------|---------------------------|-------------------------------|-----------------------------|
|                            | <b>No. of shares acquired</b>    | <b>% of share capital</b> |                               |                             |
|                            |                                  |                           | <b>RM'000</b>                 |                             |
| Cheong Chee Son            | 150,000                          | 75.0                      | 3,013                         | 17,527,500                  |
| Looi Poo Poo               | 50,000                           | 25.0                      | 1,004                         | 5,842,500                   |
|                            | <b>200,000</b>                   | <b>100.0</b>              | <b>4,017</b>                  | <b>23,370,000</b>           |

The purchase consideration for the Acquisition of Minox MY of RM4.02 million was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of Minox MY as at 30 June 2022 of RM4.02 million.

**(c) Acquisition of Minox SG**

| <b>Vendors of Minox SG</b> | <b>Shareholdings in Minox SG</b> |                           | <b>Purchase consideration</b> | <b>No. of Shares issued</b> |
|----------------------------|----------------------------------|---------------------------|-------------------------------|-----------------------------|
|                            | <b>No. of shares acquired</b>    | <b>% of share capital</b> |                               |                             |
|                            |                                  |                           | <b>RM'000</b>                 |                             |
| Cheong Chee Son            | 220,000                          | 22.0                      | 771                           | 4,488,000                   |
| Looi Poo Poo               | 290,000                          | 29.0                      | 1,017                         | 5,916,000                   |
| Kee Kong Beng              | 250,000                          | 25.0                      | 877                           | 5,100,000                   |
| Jason                      |                                  |                           |                               |                             |
| Ng Kwang Hua               | 240,000                          | 24.0                      | 841                           | 4,896,000                   |
|                            | <b>1,000,000</b>                 | <b>100.0</b>              | <b>3,506</b>                  | <b>20,400,000</b>           |

The purchase consideration for the Acquisition of Minox SG of RM3.51 million was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of Minox SG as at 30 June 2022 of RM3.51 million.

**(d) Acquisition of Minox TH**

| <b>Vendor of Minox TH</b> | <b>Shareholdings in Minox TH</b> |                           | <b>Purchase consideration</b> | <b>No. of Shares issued</b> |
|---------------------------|----------------------------------|---------------------------|-------------------------------|-----------------------------|
|                           | <b>No. of shares acquired</b>    | <b>% of share capital</b> |                               |                             |
|                           |                                  |                           | <b>RM'000</b>                 |                             |
| Cheong Chee Son           | 9,800                            | 49.0                      | 2,621                         | 15,250,000                  |
|                           | <b>9,800</b>                     | <b>49.0</b>               | <b>2,621</b>                  | <b>15,250,000</b>           |



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

The purchase consideration for the Acquisition of Minox TH of RM2.62 million was arrived at on a "willing-buyer willing-seller" basis after taking into consideration 49.0% of the audited NA of Minox TH as at 30 June 2022 of RM5.35 million.

**(e) Acquisition of MST MY**

| <b>Vendors of MST MY</b> | <b>Shareholdings in MST MY</b> |                           | <b>Purchase consideration</b> | <b>No. of Shares issued</b> |
|--------------------------|--------------------------------|---------------------------|-------------------------------|-----------------------------|
|                          | <b>No. of shares acquired</b>  | <b>% of share capital</b> |                               |                             |
|                          |                                |                           | <b>RM'000</b>                 |                             |
| Cheong Chee Son          | 1,125,000                      | 75.0                      | 16,024                        | 93,224,999                  |
| Looi Poo Poo             | 375,000                        | 25.0                      | 5,342                         | 31,075,000                  |
|                          | <b>1,500,000</b>               | <b>100.0</b>              | <b>21,366</b>                 | <b>124,299,999</b>          |

The purchase consideration for the Acquisition of MST MY of RM21.37 million was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of MST MY as at 30 June 2022 of RM21.37 million.

**(f) Acquisition of MST SG**

| <b>Vendors of MST SG</b> | <b>Shareholdings in MST SG</b> |                           | <b>Purchase consideration</b> | <b>No. of Shares issued</b> |
|--------------------------|--------------------------------|---------------------------|-------------------------------|-----------------------------|
|                          | <b>No. of shares acquired</b>  | <b>% of share capital</b> |                               |                             |
|                          |                                |                           | <b>RM'000</b>                 |                             |
| Cheong Chee Son          | 35,000                         | 70.0                      | 1,346                         | 7,833,000                   |
| Liew Siang Ji            | 15,000                         | 30.0                      | 577                           | 3,357,000                   |
|                          | <b>50,000</b>                  | <b>100.0</b>              | <b>1,923</b>                  | <b>11,190,000</b>           |

The purchase consideration for the Acquisition of MST SG of RM1.92 million was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of MST SG as at 30 June 2022 of RM1.92 million.

The Acquisitions are subject to the following conditions precedent, as stipulated under the respective conditional share sale agreements:

- Bursa Securities' approval for the Listing being obtained;
- the approval-in-principle by Bursa Securities for the registration of the Prospectus being obtained; and
- any other approvals required in relation to the Acquisitions being obtained, if any.

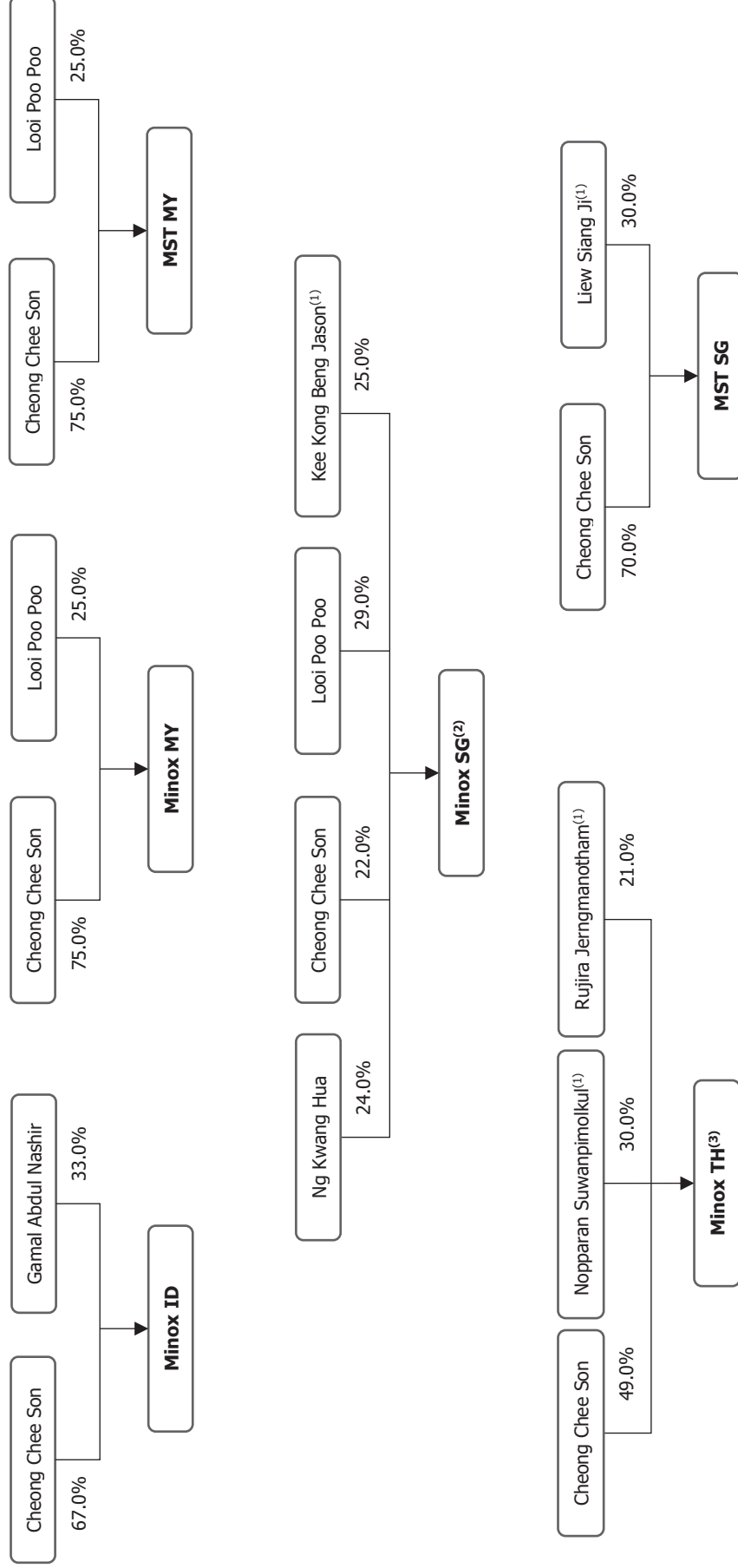
The Acquisitions were completed on 8 June 2023 (MST MY, Minox MY and Minox TH), 15 June 2023 (MST SG and Minox SG) and 24 July 2023 (Minox ID). Thereafter, MST MY, MST SG, Minox ID, Minox MY and Minox SG became our wholly-owned subsidiaries and Minox TH became our 49.0%-owned subsidiary, as set out in our group structure in Section 6.3.

The new Shares issued under the Acquisitions rank equally in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and/or other distributions, the entitlement date of which is subsequent to the date of issuance of the new Shares.

6. INFORMATION ON OUR GROUP (Cont'd)

6.3 GROUP STRUCTURE

Before the Acquisitions



Notes:

(1) Kee Kong Beng Jason, Nopparan Suwanpimolkul and Rujira Jerngmanotham, and Liew Siang Ji are the co-founders of Minox SG, Minox TH and MST SG respectively.

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

- (2) By way of an agreement entered into between Cheong Chee Son (our Managing Director) and Looi Poo Poo (our Executive Director) on 19 July 2019 in respect of their shareholdings in MST MY and Minox MY (supplemented by an addendum dated 14 June 2022 in respect of their shareholdings in Minox SG), they have both agreed to cooperate with each other in respect of their shareholdings in MST MY, Minox MY and Minox SG to maintain their consolidated control and management of the companies, and to achieve decisions on an unanimous basis on all major affairs relating to the companies. Cheong Chee Son and Looi Poo Poo are not associates as they do not fall under the category of "associate" based on the Listing Requirements.

Pursuant to the agreement, Cheong Chee Son and Looi Poo Poo agree to, amongst others:

- (i) to adopt a consensus-building approach with the aim of achieving decisions on a unanimous basis on all major affairs relating to the companies, including matters required to be approved by the shareholders of the companies under the respective constitutions of the companies; and
- (ii) to exercise their voting rights and cast unanimous votes collectively as a group for or against all matters and resolutions put to discussion at shareholders' meetings of the respective companies relating to major affairs of the companies.

Major affairs of the companies include but are not limited to the following:

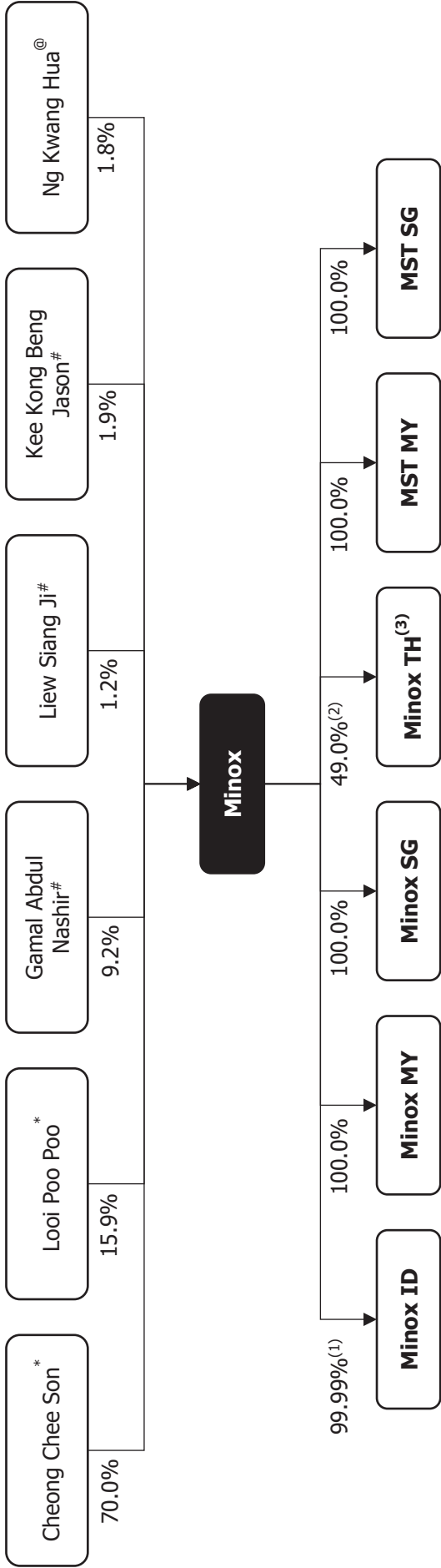
- (i) any material change to the business of the companies;
- (ii) any acquisition, disposal, transfer, mortgage or charge of any undertaking, property and/or assets of the companies or any agreement to do so, other than an acquisition, disposal, transfer, mortgage or charge carried out in the ordinary course of business;
- (iii) any incurring of any capital expenditure or otherwise acquiring/purchasing any assets outside the ordinary course of business;
- (iv) any increase, reduction, amalgamation, sub-division or other alteration to the issued share capital of the companies;
- (v) any declaration, making and payment of any dividend or distribution (whether in cash or in kind and including the payment of any dividend in specie, bonus shares, rights or other distribution of the profit); and
- (vi) any alteration of or amendment to the constitution of the companies.

In addition, Cheong Chee Son and Looi Poo Poo collectively hold 51.0% shareholdings in Minox SG before the Acquisition of Minox SG, and are also the Promoters and substantial shareholders of our Group after the Acquisitions. As such, Minox SG is under the common control as it is controlled by the same parties both before and after the Acquisition of Minox SG.

- (3) By way of a shareholders' agreement entered into between Cheong Chee Son, Nopparan Suwanpimolkul and Rujira Jerngmanotham on 1 July 2013, Cheong Chee Son (our Managing Director) has the power to appoint the majority of the board of directors in Minox TH ("Minox TH Board"), as well as the full and exclusive authority in the management and control of Minox TH. Upon completion of Acquisition of Minox TH (i.e. when our Company is registered as shareholder of Minox TH), such power to appoint the majority of Minox TH Board as well as the management and control in Minox TH would be vested in our Company by way of a deed of adherence entered into by our Company on 1 December 2022. As such, Minox TH will be deemed as a subsidiary of our Company pursuant to the Act and the applicable accounting standards due to the aforementioned power and control that our Company will have over Minox TH.

6. INFORMATION ON OUR GROUP (Cont'd)

After Acquisitions but before our IPO



Notes:

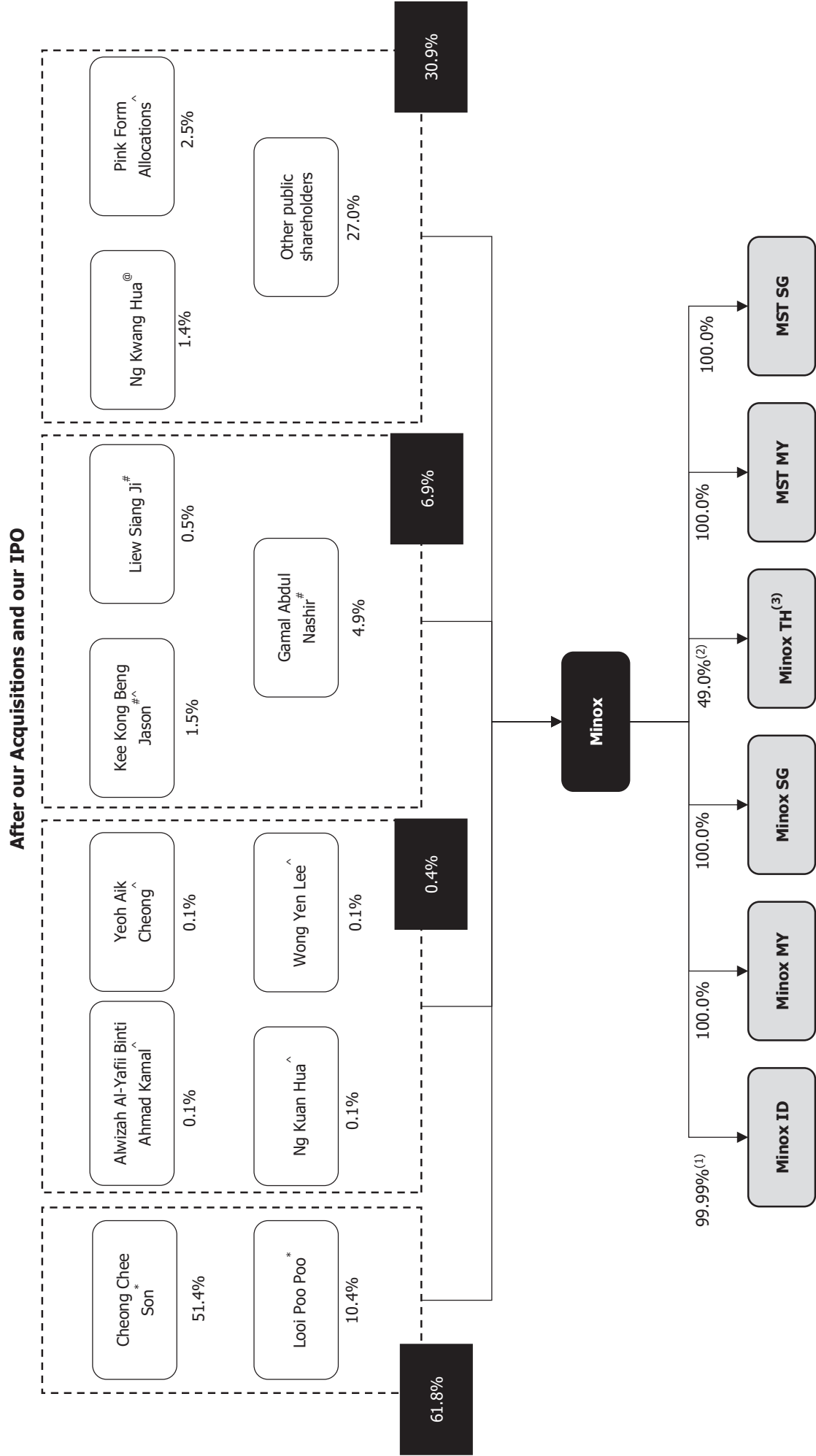
- <sup>\*</sup> Relates to Promoters.
- <sup>#</sup> Relates to directors of our subsidiaries.
- <sup>@</sup> Relates to our pre-listing investor.

(1) The remaining 1 ordinary share in Minox ID (representing less than 0.01%) is held by MST MY, as nominated by our Company to comply with the requirement of at least 2 shareholders for a limited liability company in Indonesia.

(2) In Thailand, foreign owned companies are prohibited from engaging in most business categories in Thailand, unless a foreign business licence has been obtained from the Director-General of the Department of Commercial Registration with the approval of the Foreign Business Committee of Thailand. As such, in order for Minox TH to carry out its business activities in Thailand as a private limited company, foreign companies can only hold up to 49.0% shareholdings and it is also a requirement for a majority number of shareholders to be Thai.

(3) The remaining 51.0% shareholdings in Minox TH are held by Nopparan Suwanpimolkul (30.0%) and Rujira Jerngmanotham (21.0%) who are Thai nationals and spouses. Nopparan Suwanpimolkul is an executive director of Minox TH and is responsible for the day-to-day operations and business development activities of Minox TH. Rujira Jerngmanotham is the Accounts and Administrative Manager of Minox TH.

6. INFORMATION ON OUR GROUP (Cont'd)



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

### Notes:

- \* Relates to Promoters.
- ^ Assuming that all the Eligible Persons will subscribe for the Pink Form Allocations.
- # Relates to directors of our subsidiaries.
- @ Relates to our pre-listing investor.
- (1) The remaining 1 ordinary share in Minox ID (representing less than 0.01%), as nominated by our Company to comply with the requirement of at least 2 shareholders for a limited liability company in Indonesia.
- (2) In Thailand, foreign owned companies are prohibited from engaging in most business categories in Thailand, unless a foreign business licence has been obtained from the Director-General of the Department of Commercial Registration with the approval of the Foreign Business Committee of Thailand. As such, in order for Minox TH to carry out its business activities in Thailand as a private limited company, foreign companies can only hold up to 49.0% shareholdings and it is also a requirement for a majority number of shareholders to be Thai.
- (3) The remaining 51.0% shareholdings in Minox TH are held by Nopparan Suwanpimolkul (30.0%) and Rujira Jerngmanotham (21.0%) who are Thai nationals and spouses, after the Acquisition of Minox TH to comply with the requirement in Note (2) above. Nopparan Suwanpimolkul is an executive director of Minox TH and is responsible for the day-to-day operations and business development activities of Minox TH. Rujira Jerngmanotham is the Accounts and Administrative Manager of Minox TH.

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

### 6.4 SUBSIDIARIES AND ASSOCIATED COMPANIES

As at LPD, we do not have any joint venture or associated company. Details of our subsidiaries as at LPD are summarised as follows:

| Company/<br>Registration No.            | Date/<br>Place of incorporation | Principal<br>place of<br>business | Issued share<br>capital            | Effective<br>equity<br>interest<br>% | Principal activities                                                                                                                                                                                                 |
|-----------------------------------------|---------------------------------|-----------------------------------|------------------------------------|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Minox ID/<br>8120112241991              | 7 February 2013/<br>Indonesia   | Indonesia                         | IDR2,550,000,000<br>(1)(RM775,200) | (4)100.0                             | Distribution of stainless steel sanitary valves, tubes & fittings, installation components & equipment, rubber hoses under our "MINOX®" brand and other related products (to Indonesian customers)                   |
| Minox MY/<br>200601022618<br>(742372-W) | 27 July 2006/<br>Malaysia       | Malaysia                          | RM200,000                          | 100.0                                | Distribution of stainless steel sanitary valves, tubes & fittings, installation components & equipment, rubber hoses under our "MINOX®" brand and other related products (to local customers)(5)                     |
| Minox SG/<br>200720983E                 | 12 November 2007/<br>Singapore  | Singapore                         | SGD10,000<br>(2)(RM34,263)         | 100.0                                | Distribution of stainless steel sanitary valves, tubes & fittings, installation components & equipment, rubber hoses under our "MINOX®" brand and other related products (to local Singapore customers)(6)           |
| Minox TH/<br>0105551062766              | 13 June 2008/<br>Thailand       | Thailand                          | THB2,000,000<br>(3)(RM263,888)     | 49.0                                 | Distribution of stainless steel sanitary valves, tubes & fittings, installation components & equipment, rubber hoses under our "MINOX®" brand and other related products (to Thai customers)                         |
| MST MY/<br>200401007475<br>(645979-K)   | 18 March 2004/<br>Malaysia      | Malaysia                          | RM1,500,000                        | 100.0                                | Import of stainless steel sanitary valves, tubes & fittings, installation components & equipment, rubber hoses under our "MINOX®" brand and other related products for onward distribution to our subsidiaries(5)(7) |

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

| Company/<br>Registration No. | Date/<br>Place of incorporation | Principal<br>place of<br>business | Issued share<br>capital     | Effective<br>equity<br>interest<br>% | Principal activities                                                                                                                                                                                            |
|------------------------------|---------------------------------|-----------------------------------|-----------------------------|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MST SG/<br>201101089D        | 11 January 2011/<br>Singapore   | Singapore                         | SGD50,000<br>(2)(RM171,315) | 100.0                                | Distribution of stainless steel sanitary valves, tubes & fittings, installation components & equipment, rubber hoses under our "MINOX®" brand and other related products (to overseas customers) <sup>(6)</sup> |

**Notes:**

- (1) Based on the closing rate of IDR100.00 = RM0.0304 as at LPD as extracted from BNM's website.
- (2) Based on the closing rate of SGD1.00 = RM3.4263 as at LPD as extracted from BNM's website.
- (3) Based on the closing rate of THB100.00 = RM13.1944 as at LPD as extracted from BNM's website.
- (4) Deemed interest of less than 0.01% in Minox ID through our Company's shareholdings in MST MY pursuant to Section 8(4) of the Act.
- (5) We incorporated 2 subsidiaries in Malaysia to separate the principal activities of each subsidiary (i.e. Minox MY - to focus on local distribution of products to industrial end-customers; MST MY - to focus on onward distribution of products from our suppliers to our regional offices and representative agents).
- (6) We incorporated 2 subsidiaries in Singapore to separate the principal activities of each subsidiary (i.e. Minox SG - to distribute our products to industrial end-customers in Singapore; MST SG - to expand our presence in the SEA region and facilitate better implementation and execution of multinational companies' projects throughout SEA). In the event that Singaporean customers approach MST SG, MST SG will then refer the customers to Minox SG. On the contrary, in the event that overseas customers approach Minox SG, Minox SG will then refer the customers to MST SG.
- (7) Not involved in the distribution of our products to the customers in Malaysia.

Details of the share capital of our subsidiaries are set out in Section 15.2.



**6. INFORMATION ON OUR GROUP (Cont'd)****6.5 MATERIAL CONTRACTS**

Save as disclosed below, there were no contracts which are or may be material (not being contracts entered into in the ordinary course of business) entered into by our Group for FYE 2019 to 2022, FPE 2023 and up to LPD:

- (a) option to purchase granted by Starpal Pte. Ltd. (as vendor) to MST SG (as purchaser) on 22 May 2018, as accepted on 15 January 2019, for the acquisition of a unit located in a 9-storey light industrial building measuring approximately 4,618 sq ft at 15 Yishun Industrial Street 1, #02-29 Win 5, Singapore 768091 for a cash consideration of SGD898,000.00, which was completed on 3 April 2019;
- (b) option to purchase granted by Minox SG (as vendor) to TRD Consultancy Pte Ltd (as purchaser) on 27 October 2020, as accepted on 20 November 2020, for the disposal of a unit located in a 5-storey multi-user warehouse building measuring approximately 3,111 sq ft at 32 Old Toh Tuck Road, #04-02 I.Biz Centre, Singapore 597658 for a total cash consideration of SGD638,000.00, which was completed on 15 January 2021;
- (c) sale and purchase agreement between MST MY (as vendor) and Fulif Sdn Bhd (as purchaser) dated 15 March 2022 for the disposal of 2 pieces of freehold land measuring approximately 26,996 sq ft respectively together with a single-storey warehouse with an integral 3-storey office building erected thereon at 7 and 9, Jalan TP 3, Taman Perindustrian Bukit Rambai, 75250 Melaka for a cash consideration of RM4.60 million, which was completed on 28 July 2022;
- (d) sale and purchase agreement between Documation Sdn Bhd (as vendor) and MST MY (as purchaser) dated 4 November 2022 for the acquisition of one piece of freehold land measuring approximately 22,560 sq ft at 4, Jalan Industri PBP 9, Taman Perindustrian Pusat Bandar Puchong, 47100 Puchong, Selangor for a total cash consideration of RM11.00 million, which was completed on 13 March 2023;
- (e) conditional share sale agreement dated 1 December 2022 with Cheong Chee Son and Gamal Abdul Nashir to acquire the entire equity interest in Minox ID comprising 25,500 ordinary shares for a purchase consideration of RM12.98 million which was satisfied by the issuance of 75,490,000 new Shares to Cheong Chee Son and Gamal Abdul Nashir at an issue price of approximately RM0.1719 each, which was completed on 24 July 2023, and supplemented by a supplemental share sale agreement dated 15 February 2023 whereby our Company nominated MST MY to hold 1 ordinary share in Minox ID;
- (f) conditional share sale agreement dated 1 December 2022 with Cheong Chee Son and Looi Poo Poo to acquire the entire equity interest in Minox MY comprising 200,000 ordinary shares for a purchase consideration of RM4.02 million which was satisfied by the issuance of 23,370,000 new Shares to Cheong Chee Son and Looi Poo Poo at an issue price of approximately RM0.1719 each, which was completed on 8 June 2023;
- (g) conditional share sale agreement dated 1 December 2022 with Cheong Chee Son, Looi Poo Poo, Ng Kwang Hua and Kee Kong Beng Jason to acquire the entire equity interest in Minox SG comprising 1,000,000 ordinary shares for a purchase consideration of RM3.51 million which was satisfied by the issuance of 20,400,000 new Shares to Cheong Chee Son, Looi Poo Poo, Ng Kwang Hua and Kee Kong Beng Jason at an issue price of approximately RM0.1719 each, which was completed on 15 June 2023;

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

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- (h) conditional share sale agreement dated 1 December 2022 with Cheong Chee Son to acquire 49.0% equity interest in Minox TH comprising 9,800 ordinary shares for a purchase consideration of RM2.62 million which was satisfied by the issuance of 15,250,000 new Shares to Cheong Chee Son at an issue price of approximately RM0.1719 each, which was completed on 8 June 2023;
- (i) conditional share sale agreement dated 1 December 2022 with Cheong Chee Son and Looi Poo Poo to acquire the entire equity interest in MST MY comprising 1,500,000 ordinary shares for a purchase consideration of RM21.37 million which was satisfied by the issuance of 124,299,999 new Shares to Cheong Chee Son and Looi Poo Poo at an issue price of approximately RM0.1719 each, which was completed on 8 June 2023;
- (j) conditional share sale agreement dated 1 December 2022 with Cheong Chee Son and Liew Siang Ji to acquire the entire equity interest in MST SG comprising 50,000 ordinary shares for a purchase consideration of RM1.92 million which was satisfied by the issuance of 11,190,000 new Shares to Cheong Chee Son and Liew Siang Ji at an issue price of approximately RM0.1719 each, which was completed on 15 June 2023; and
- (k) underwriting agreement dated 23 August 2023 between our Company and M&A Securities for the underwriting of 28,800,000 Issue Shares for an underwriting commission of 3.0% of the IPO Price multiplied by the number of Issue Shares underwritten.

**6.6 PUBLIC TAKE-OVERS**

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

- (a) No public take-over offers by third parties in respect of our Shares; and
- (b) No public take-over offers by our Company in respect of other companies' shares.

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

### 6.7 MAJOR APPROVALS AND LICENCES

As at LPD, there are no other major approvals, major licences and permits issued to our Group in order for us to carry out our operations other than those disclosed below:

| No. | Licencee | Issuing authority/<br>Country | Date of issue/<br>Date of expiry     | Nature of approval/licences                                                                                                                                                                       | Equity and/or major conditions imposed                                                     | Status of compliance |
|-----|----------|-------------------------------|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|----------------------|
| (a) | MST MY   | MPSJ/<br>Malaysia             | 17 November 2022/<br>5 February 2024 | Business premises and signboard license for Headquarters cum Warehouse 1<br><br>Licensed premise:<br>3, Jalan Industri PBP 11<br>Taman Industri Pusat Bandar Puchong<br>47100 Puchong<br>Selangor | Application to renew must be submitted to MPSJ at least 3 months prior to the expiry date. | Noted                |
| (b) | Minox MY | MPSJ/<br>Malaysia             | 15 November 2022/<br>9 February 2024 | Business premises and signboard license for Headquarters cum Warehouse 1<br><br>Licensed premise:<br>3, Jalan Industri PBP 11<br>Taman Industri Pusat Bandar Puchong<br>47100 Puchong<br>Selangor | Application to renew must be submitted to MPSJ at least 3 months prior to the expiry date. | Noted                |
| (c) | MST MY   | MPSJ/<br>Malaysia             | 30 June 2023/<br>28 September 2024   | Business premises and signboard license for Warehouse 2<br><br>Licensed premise:<br>10, Jalan Industri PBP 12<br>Taman Industri Pusat Bandar Puchong<br>47100 Puchong<br>Selangor                 | Application to renew must be submitted to MPSJ at least 3 months prior to the expiry date. | Noted                |

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

| <b>No.</b> | <b>Licencee</b> | <b>Issuing authority/<br/>Country</b>                                     | <b>Date of issue/<br/>Date of expiry</b>         | <b>Nature of approval/licences</b>                                                                                                                                                | <b>Equity and/or<br/>conditions imposed</b>                                                                                                                                                                           | <b>Status of<br/>compliance</b> |
|------------|-----------------|---------------------------------------------------------------------------|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|
| (d)        | MST MY          | MPSJ/<br>Malaysia                                                         | 12 April 2023/<br>23 May 2024                    | Business premises and signboard license for Warehouse 3<br><br>Licensed premise:<br>11, Jalan Industri PBP 11<br>Taman Industri Pusat Bandar Puchong<br>47100 Puchong<br>Selangor | Application to renew must be submitted to MPSJ at least 3 months prior to the expiry date.                                                                                                                            | Noted                           |
| (e)        | Minox ID        | Online Single Submission system ("OSS System")/<br>Indonesia              | 19 December 2018/<br>Not applicable              | Business Identification Number ( <i>Nomor Induk Berusaha</i> )                                                                                                                    | Nil                                                                                                                                                                                                                   | Not applicable                  |
| (f)        | Minox ID        | Head of One-Stop Integrated Service and Investment Services/<br>Indonesia | 16 March 2018/<br>Not applicable                 | Trading Business License ( <i>Surat Izin Usaha Perdagangan</i> )                                                                                                                  | Nil                                                                                                                                                                                                                   | Not applicable                  |
| (g)        | Minox ID        | Minister of Trade/<br>Indonesia                                           | 14 October 2022/<br>13 April 2023 <sup>(1)</sup> | Import approval for irons, steel, alloy steel and its derivative products <sup>(2)</sup>                                                                                          | Minox ID shall submit an import realisation report on a monthly basis (no later than the 15 <sup>th</sup> day of each month) which shall be made electronically through the Indonesian National Single Window System. | Complied                        |

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

| No. | Licencee | Issuing authority/<br>Country   | Date of issue/<br>Date of expiry   | Nature of approval/licences                                                                                                                                                             |              | Equity conditions imposed | major | Status of compliance |
|-----|----------|---------------------------------|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|---------------------------|-------|----------------------|
|     |          |                                 |                                    | Value added tax ("VAT")                                                                                                                                                                 | registration |                           |       |                      |
| (h) | Minox TH | Revenue Department/<br>Thailand | 1 August 2013/<br>Not applicable   | Value added tax certificate<br><br>Licensed premise:<br>888/8, Moo 9<br>Nai Khlong Bang Pla Kot Sub-district<br>Phra Samut Chedi District<br>Samut Prakan Province<br>10290, Thailand   |              | Nil                       |       | Not applicable       |
| (i) | Minox TH | Revenue Department/<br>Thailand | 19 October 2017/<br>Not applicable | VAT registration certificate<br><br>Licensed premise:<br>888/10, Moo 9<br>Nai Khlong Bang Pla Kot Sub-district<br>Phra Samut Chedi District<br>Samut Prakan Province<br>10290, Thailand |              | Nil                       |       | Not applicable       |

### Notes:

- (1) The application to renew the import approval has been submitted on 18 April 2023 and is pending approval.
- Pursuant to the Minister of Trade Regulation No. 20 of 2021 as amended by Minister of Trade Regulation No. 25 of 2022 ("MOTR 20/2021"), the import approval for irons, steel, alloy steel, and its derivative products can be issued based on the determination of the nation's need and consumption of the irons and steel imports ("Commodity Balance") or if the Commodity Balance has not been issued yet, the technical consideration of the Minister of Industry Indonesia ("MOI"). The Minister of Trade, Indonesia ("MOT") has discretion under the MOTR 20/2021 to determine (a) whether to issue such import approval to a company based on either Commodity Balance or technical consideration and (b) validity period of the import approval. In the past, Minox's ID import approval has always been issued based on technical consideration, which normally has a validity of 6 months. In addition, Minox ID has not experienced any non-renewal of such import approval in the past.

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

Pursuant to a letter issued by the MOI on 1 December 2022, it was announced that the Commodity Balance will be implemented commencing 1 January 2023 and that the Commodity Balance will be used as a basis for consideration for the issuance of all import approval in 2023, subject to the Commodity Balance being determined. As compared with import approval issued based on technical consideration, import approval issued based on Commodity Balance has a maximum validity period of 1 year. However, pending the outcome of discussions between MOI with other relevant governmental authorities to determine the Commodity Balance resulting in the delayed implementation of the same, import approvals may still be issued by MOT based on technical consideration. Further information on the relevant regulation in respect of the issuance of this import approval is set out in Section 6.10.2(d).

However, our Group is unable to determine the expected date of approval for such renewal as discussions by the MOI in relation to the Commodity Balance is still ongoing. As such, this affects players in the Indonesian market with import approval that are issued or to be issued based on Commodity Balance. In the event that the import approval is not renewed, Minox ID's inventory level is sufficient until at least March 2024, pursuant to our practice of generally maintaining a minimum inventory level of 6 months. However, based on Minox ID's utilisation of inventories and actual inventory level as at LPD, Minox ID's inventory level for products which requires this import approval is estimated to be sufficient until October 2024. In the event the import approval is not renewed by October 2024, our operations in Indonesia are not expected to be materially impacted as Minox ID will also be able to source sanitary products from other Indonesian importers and/or manufacturers who have obtained import approvals based on technical consideration, if needed. In the past, Minox ID has sourced from an Indonesian importer as certain SKUs of our "MINOX®" brand of sanitary products were not included in Minox ID's import approval at that point in time.

This import approval is only applicable for certain SKUs of our "MINOX®" brand of sanitary products to be imported into Indonesia such as tubes and fittings (i.e. certain SKUs of tubes, ASME BPE tubes & fittings, pipe hangers, unions, flange connections, tees, elbows and reducers) and installation components & equipment (i.e. certain SKUs of manhole covers, spray balls, tank sight glasses and inline sight glasses), representing 40.7%, 54.9%, 51.2%, 54.8% and 32.8% of Minox ID's total revenue for the FYE 2019 to 2022 and FPE 2023 respectively. For avoidance of doubt, the other remaining SKUs of our "MINOX®" brand of sanitary products can be imported into Indonesia without any import approval.

In the event of non-renewal of said import approval and in the unlikely event of not being able to procure any of our products from other Indonesian importers and/or manufacturers, our Group's financially performance in terms of revenue will decrease between 10.6% and 17.8%, based on the financial years/period under review.

- (2) Includes the approval for Minox ID to import certain SKUs of our "MINOX®" brand of sanitary products which are stipulated under the MOTR 20/2021 into Indonesia, where examples are set out in Note (1) above. As such, failure of Minox ID to obtain the renewal of its import approval would only affect its ability to import specific products as stipulated under the aforementioned regulation, and would not limit Minox ID from importing other products which do not require such import approval. For FYE 2019 to 2022 and FPE 2023, such SKUs of our "MINOX®" brand of sanitary products to be imported into Indonesia which require this import approval represent 10.6%, 14.2%, 16.6%, 17.8% and 11.3% of our Group's total revenue respectively.

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

In respect of our business operations in Singapore, there is no specific business licence required to be maintained by Minox SG and MST SG save for general registration under the Companies Act 1967 with the Accounting and Corporate Regulatory Authority of Singapore.

In addition, there is no import approval required by our Group for our products in Singapore and Thailand. Our representative agents also do not require import approval in Vietnam, Taiwan and the Philippines.

Save as disclosed in Note (1) above, as at LPD, our Group has not faced any issues in relation to renewal of its licences or any breach of the conditions imposed in the licences (where applicable).

6.8 TRADEMARKS

Save the following, we do not own other trademarks which we are dependent on as at LPD:

| Trademarks                                                                            | Trademark no. | Class/<br>Description | Status     | Place of registration | Validity period                      |
|---------------------------------------------------------------------------------------|---------------|-----------------------|------------|-----------------------|--------------------------------------|
|    | 03013703      | 6/ -(1)               | Registered | Malaysia              | 18 April 2023 to 9 October 2033      |
|   | T0624727D     | 6/ -(2)               | Registered | Singapore             | 21 August 2007 to 16 November 2026   |
|  | TM279977      | 6/ -(3)               | Registered | Thailand              | 20 November 2006 to 19 November 2026 |
|  | 42006500453   | 6/ -(2)               | Registered | Philippines           | 29 October 2007 to 29 October 2027   |



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

| Trademarks                                                                          | Trademark no. | Class/<br>Description | Status     | Place of registration | Validity period                      |
|-------------------------------------------------------------------------------------|---------------|-----------------------|------------|-----------------------|--------------------------------------|
|  | IDM000473886  | 6/ -(4)               | Registered | Indonesia             | 11 August 2022 to 8 January 2033     |
|  | 02022204      | 6/ -(5)               | Registered | Taiwan                | 16 November 2019 to 15 November 2029 |
|  | 40118908000   | 6/ -(6)               | Registered | Vietnam               | 6 February 2009 to 6 December 2026   |

**Notes:**

- (1) Stainless steel tee, bend, butterfly valve, seat valve, diaphragm valve and other valves for F&B and pharmaceutical industries use.
- (2) Butterfly valves of metal (other than parts of machines) for controlling fluid flow; check valves of metal (other than parts of machines); clack valves of metal (other than parts of machines); cocks (valves) of metal (other than parts of machines); control valves (manual) for controlling the flow of liquids (other than parts of machines); control valves (manual) for controlling the flow of moveable solids (other than parts of machines); metal disc flushing valves; metal double tube valves; drain traps (valves) of metal; flow control devices (valves) other than parts of machines; flow isolating valves of metal; joints of metal for valve assemblies; metal safety valves (other than parts of machines); metal valves for controlling the flow of liquids in pipelines; non-return valves of metal (other than parts of machines); stop valves of metal (other than parts of machine, or being regulating or safety apparatus for water and gas); valves (manual) of metal for regulating fluid flow; valves (taps) of metal for controlling the flow of liquid into containers; valves (taps) of metal for controlling flow of liquid out of containers; manhole covers of metal; steel balls; filter cases of metal; bend pipes of metal; metal pipe fittings; pipe fittings (junctions) of metal; clamp connectors of metal for pipes (other than parts of machines) clamps of metal for pipes (other than parts of machines).
- (3) Metal valves (other than parts of machines) for controlling fluid flow; joints of metal for valve assemblies; manhole covers of metal; filter cases of metal; bend pipes of metal; metal pipe fittings; clamp connectors of metal for pipes (other than parts of machine).
- (4) Metal valves (other than parts of machines) for controlling fluid flow; manhole covers of metal; filter cases of metal; metal pipes fittings; connectors of metal for pipes (other than parts machine).



6. INFORMATION ON OUR GROUP (Cont'd)

- (5)

Metal valves other than mechanical parts; metal valves for water pipes; steel pipes; metal pipes; metal hose; metal water valve; metal pipe joint; metal water pipe; gold pressure water pipes; metal fittings.
- (6)

Metal valves (other than parts of machines) for controlling fluid flow; joints of metal for valve assemblies; manhole covers of metal; metal pipes (other than parts of machines, engines or sanitary installations); metal pipe fittings including clamp connectors of metal for pipes, coupling (joints) made of metal pipes and seals of metal for pipes.

Our Group's business and profitability are dependent on the above trademarks as our Group principally distributes "MINOX®" brand of sanitary products and our Group has been building on the "MINOX®" brand since its launch in 2004. Over the years, our Group has evolved from a stainless steel sanitary valves, tubes & fittings trading company serving the domestic market, to an established distributor of stainless steel sanitary valves, tubes & fittings, installation components & equipment, rubber hoses under our "MINOX®" brand and other related products serving end-customers in various industries locally and regionally. Nonetheless, if the trademarks are not granted renewal, our Group is still entitled as proprietor of the unregistered trademarks to continue using them in the ordinary course of our Group's business.

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**6. INFORMATION ON OUR GROUP (Cont'd)****6.9 PROPERTY, PLANT AND EQUIPMENT****6.9.1 Properties owned by our Group**

The summary of the material properties owned by our Group as at LPD are set out below:

| No. | Postal address/<br>Title details                                                                                                                                                                                                                                      | Description of property/<br>Existing use/<br>Expiry of lease (if any)/<br>Category of land use (if any)              | Beneficial<br>owner | Land area/<br>Built-up<br>area<br>sq ft | Date of<br>purchase/<br>Date of<br>CCC    | Encumbrance                                                                                                                   | Audited<br>NBV as at 30<br>April 2023<br>RM'000 |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|---------------------|-----------------------------------------|-------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
|     |                                                                                                                                                                                                                                                                       |                                                                                                                      |                     |                                         |                                           |                                                                                                                               |                                                 |
| (a) | 3, Jalan Industri PBP 11                                                                                                                                                                                                                                              | Single storey warehouse with 3-<br>storey office/<br>Headquarters cum Warehouse 1/<br>Freehold/<br>Industrial        | MST MY              | 22,599.8/<br>14,367.0                   | 14 June<br>2016/<br>24 February<br>2021   | Private caveat<br>lodged by<br>Ambank Islamic<br>Berhad                                                                       | 7,426                                           |
|     | Taman Industri Pusat Bandar Puchong<br>47100 Puchong<br>Selangor/<br><br>HS(D) 121071, PT 39491<br>Mukim Petaling<br>Daerah Petaling<br>Selangor                                                                                                                      |                                                                                                                      |                     |                                         |                                           |                                                                                                                               |                                                 |
| (b) | 11, Jalan Meranti Puchong<br>D'25@ Meranti Puchong<br>Dengkil Sepang<br>47120 Puchong<br>Selangor/<br><br>GRN 336733, Lot 103503<br>Mukim Dengkil<br>Daerah Sepang, Selangor<br>(formerly known as HS(D) 34034<br>PT 47785, Mukim Dengkil<br>Daerah Sepang, Selangor) | 1.5 storey semi-detached factory/<br>Tenanted to AEV Asia Sdn Bhd<br>(non-related party)/<br>Freehold/<br>Industrial | MST MY              | 9,633.7/<br>6,711.0                     | 15 January<br>2010/<br>25 October<br>2011 | Private caveat<br>lodged by<br>Ambank (M)<br>Berhad<br><br>Charged to<br>Ambank (M)<br>Berhad and<br>Ambank Islamic<br>Berhad | 3,800                                           |
|     |                                                                                                                                                                                                                                                                       |                                                                                                                      |                     |                                         |                                           |                                                                                                                               |                                                 |

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

| <b>No.</b> | <b>Postal address/<br/>Title details</b>                                                                                                                                                               | <b>Description of property/<br/>Existing use/<br/>Expiry of lease (if any)/<br/>Category of land use (if any)</b>                                                                                       | <b>Beneficial<br/>owner</b> | <b>Land area/<br/>Built-up<br/>area<br/>sq ft</b> | <b>Date of<br/>purchase/<br/>Date of<br/>CCC</b> | <b>Encumbrance</b>                                   | <b>Audited<br/>NBV as at 30<br/>April 2023<br/>RM'000</b> |
|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|---------------------------------------------------|--------------------------------------------------|------------------------------------------------------|-----------------------------------------------------------|
|            |                                                                                                                                                                                                        |                                                                                                                                                                                                         |                             |                                                   |                                                  |                                                      |                                                           |
| (c)        | G-9, 1-9 & 2-9, Jalan Puteri 7/15<br>The Cube, Bandar Puteri<br>47100 Puchong<br>Selangor/<br><br>HS(D) 312604, PT 82424<br>Mukim Petaling<br>Daerah Petaling<br>Selangor                              | 3-storey semi-detached shop<br>office/<br>Tenanted to Weunic Sdn Bhd (non-<br>related party)/<br>Freehold/<br>Building                                                                                  | Minox MY                    | 5,500.3/<br>6,372.0                               | 6 September<br>2013/<br>30 November<br>2012      | Charged<br>Alliance<br>Malaysia Berhad<br>to<br>Bank | 5,700                                                     |
| (d)        | 15 Yishun Industrial Street 1<br>#02-30 Win 5<br>Singapore 768091/<br><br>Whole of Lot U72945C of Mukim 19<br>comprised in Subsidiary Strata<br>Certificate of Title ("SSCT") Volume<br>2045 Folio 172 | A unit located in a 9-storey light<br>industrial building/<br>Regional office and warehouse/<br>Leasehold expiring on 4 December<br>2042 (Approximately 20<br>remaining years as at LPD)/<br>Industrial | MST SG                      | Not<br>applicable/<br>4,617.7                     | 16 November<br>2015/<br>20 December<br>2018      | Charged to United<br>Overseas Bank<br>Limited        | 2,468                                                     |
| (e)        | 15 Yishun Industrial Street 1<br>#02-29 Win 5<br>Singapore 768091/<br><br>Whole of Lot U72943X of Mukim 19<br>comprised in SSCT Volume 2045 Folio<br>181                                               | A unit located in a 9-storey light<br>industrial building/<br>Warehouse/<br>Leasehold expiring on 4 December<br>2042 (Approximately 20<br>remaining years as at LPD)/<br>Industrial                     | MST SG                      | Not<br>applicable/<br>4,617.7                     | 15 January<br>2019/<br>20 December<br>2018       | Charged to United<br>Overseas Bank<br>Limited        | 2,649                                                     |

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

| No. | Postal address/<br>Title details                                                                                                                                                  | Description of property/<br>Existing use/<br>Expiry of lease (if any)/<br>Category of land use (if any)                                                                                                    | Beneficial<br>owner | Land area/<br>Built-up<br>area<br>sq ft | Date of<br>purchase/<br>Date of<br>CCC      | Encumbrance                                                           | Audited<br>NBV as at 30<br>April 2023<br>RM'000 |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-----------------------------------------|---------------------------------------------|-----------------------------------------------------------------------|-------------------------------------------------|
|     |                                                                                                                                                                                   |                                                                                                                                                                                                            |                     |                                         |                                             |                                                                       |                                                 |
| (f) | 32 Old Toh Tuck Road<br>#04-01 I.Biz Centre<br>Singapore 597658/<br>Whole of Lot U73328C of Mukim 5<br>comprised in SSCT Volume 1750 Folio<br>134                                 | A unit located in a 5-storey multi-<br>user industrial building/<br>Regional office and warehouse/<br>Leasehold expiring on 28 June<br>2041 (Approximately 18<br>remaining years as at LPD)/<br>Industrial | Minox SG            | Not<br>applicable/<br>3,067.7           | 13 April<br>2012/<br>9 January<br>2014      | Charged<br>to<br>Oversea-Chinese<br>Banking<br>Corporation<br>Limited | 1,382                                           |
| (g) | 888/8, Moo 9<br>Nai Khlong Bang Pla Kot Sub-district<br>Phra Samut Chedi District<br>Samut Prakan Province<br>10290, Thailand/<br><br>Land title deed No. 59585, Land<br>No.151   | A double storey warehouse with<br>office/<br>Regional office and warehouse/<br>Freehold/<br>Commercial                                                                                                     | Minox TH            | 5,786.7/<br>4,305.6                     | 2 June 2011/<br>10<br>September<br>2004     | Nil                                                                   | 519                                             |
| (h) | 888/10, Moo 9<br>Nai Khlong Bang Pla Kot Sub-district<br>Phra Samut Chedi District<br>Samut Prakan Province<br>10290, Thailand/<br><br>Land title deed No. 32662, Land<br>No.1583 | A double storey warehouse/<br>Warehouse/<br>Freehold/<br>Commercial                                                                                                                                        | Minox TH            | 5,599.4/<br>4,208.7                     | 20 June<br>2017/<br>10<br>September<br>2004 | Nil                                                                   | 1,012                                           |

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

| No. | Postal address/<br>Title details                                                                                                                                            | Description of property/<br>Existing use/<br>Expiry of lease (if any)/<br>Category of land use (if any) | Beneficial<br>owner | Land area/<br>Built-up<br>area<br>sq ft | Date of<br>purchase/<br>Date of<br>CCC   | Encumbrance                                    | Audited<br>NBV as at 30<br>April 2023<br>RM'000 |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|---------------------|-----------------------------------------|------------------------------------------|------------------------------------------------|-------------------------------------------------|
|     |                                                                                                                                                                             |                                                                                                         |                     |                                         |                                          |                                                |                                                 |
| (i) | 4, Jalan Industri PBP 9<br>Taman Industri Pusat Bandar Puchong<br>47100 Puchong<br>Selangor/<br><br>HS(D) 121074, PT 39494<br>Mukim Petaling<br>Daerah Petaling<br>Selangor | Vacant land/<br>Earmarked for Warehouse 4/<br>Freehold/<br>Industrial                                   | MST MY              | 22,599.8/<br>Not<br>applicable          | 4 November<br>2022/<br>Not<br>applicable | Charged to<br>Alliance Bank<br>Malaysia Berhad | 11,509                                          |

The properties owned by our Group are not in breach of any land use conditions, statutory requirements, land rules or building regulations/by-laws, which will have material adverse impact on our operations as at LPD. All our properties have obtained all the necessary licenses and certificates, including the fire certificate (if applicable).

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**6. INFORMATION ON OUR GROUP (Cont'd)****6.9.2 Properties rented by our Group**

The summary of the material properties rented by our Group as at LPD are set out below. All our properties are rented from non-related parties.

| No. | Postal address                                                                                   | Landlord/<br>Tenant                                  | Description/<br>Existing use                                                                 | Land area/<br>Built-up area |       | Date of CCC     | Period of tenancy/<br>Rental per annum                                                   |
|-----|--------------------------------------------------------------------------------------------------|------------------------------------------------------|----------------------------------------------------------------------------------------------|-----------------------------|-------|-----------------|------------------------------------------------------------------------------------------|
|     |                                                                                                  |                                                      |                                                                                              |                             | sq ft |                 |                                                                                          |
| (a) | 10, Jalan Industri PBP 12<br>Taman Industri Pusat Bandar<br>Puchong<br>47100 Puchong<br>Selangor | Kumpulan Lian See<br>Hup Sdn Bhd/<br>MST MY          | Single-storey<br>warehouse with 3-<br>storey office/<br>Warehouse 2                          | 21,352.7/<br>13,720.0       |       | 15 August 2005  | 15 January 2023 to 14<br>January 2025/<br>RM252,000                                      |
| (b) | 11, Jalan Industri PBP 11<br>Taman Industri Pusat Bandar<br>Puchong 47100 Puchong<br>Selangor    | Kota Hardware &<br>Engineering Sdn<br>Bhd/<br>MST MY | Single-storey<br>warehouse with 3-<br>storey office/<br>Warehouse 3<br>(distribution centre) | 22,599.8/<br>12,240.0       |       | 31 October 2005 | 15 October 2022 to 14<br>October 2024/<br>RM336,000                                      |
| (c) | Lot No. II-B, Kadumanggu<br>Babakan Madang<br>Bogor Regency<br>West Java<br>Indonesia            | Edi Rahardja/<br>Minox ID                            | Single-storey<br>warehouse/<br>Warehouse                                                     | 9,149.3/<br>4,574.7         |       | 14 August 2020  | 15 March 2021 to 14<br>March 2025/<br>IDR21,250,000<br>( <sup>(1)</sup> )(RM6,460)       |
| (d) | Lot No. II-K, Kadumanggu<br>Babakan Madang<br>Bogor Regency<br>West Java<br>Indonesia            | Edi Rahardja/<br>Minox ID                            | Single-storey<br>warehouse with<br>double-storey office/<br>Regional office and<br>warehouse | 9,687.5/<br>3,487.5         |       | 6 October 2011  | 1 September 2023 to 31<br>August 2025/<br>IDR150,000,000<br>( <sup>(1)</sup> )(RM45,600) |

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

| No. | Postal address                                                               | Landlord/<br>Tenant         | Description/<br>Existing use          | Land area/<br>Built-up area | Date of CCC     | Period of tenancy/<br>Rental per annum                                                        |
|-----|------------------------------------------------------------------------------|-----------------------------|---------------------------------------|-----------------------------|-----------------|-----------------------------------------------------------------------------------------------|
|     |                                                                              |                             |                                       | sq ft                       |                 |                                                                                               |
| (e) | Lot No. II-D, Kadumanggu Babakan Madang Bogor Regency West Java Indonesia    | Edi Rahardja/<br>Minox ID   | Single-storey warehouse/<br>Warehouse | 10,763.9/<br>5,368.5        | 11 January 2019 | 2 November 2019 to 1 November 2023 <sup>(2)</sup> /<br>IDR25,000,000 <sup>(1)</sup> (RM7,600) |
| (f) | Taman Pondok Jati A06-B Geluran, Taman, Sidoarjo Regency East Java Indonesia | Mega Soewignjo/<br>Minox ID | Double-storey warehouse/<br>Warehouse | 893.4/<br>446.7             | 27 March 2002   | 12 July 2022 to 11 July 2024/<br>IDR55,000,000 <sup>(1)</sup> (RM16,720)                      |

### Notes:

<sup>(1)</sup> Based on the closing rate of IDR100.00 = RM0.0304 as at LPD as extracted from BNM's website.

<sup>(2)</sup> We will renew this tenancy upon its expiry.

Our Group's business operations are not expected to be materially impacted in the event that the abovementioned tenancies are not granted renewal. In the event of any non-renewal of tenancies, our Group will rent similar properties within close proximity of the current rented properties.

The properties rented by our Group are not in breach of any other land use conditions, statutory requirements, land rules or building regulations/by-laws, which will have material adverse impact on our operations as at LPD.

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

### 6.9.3 Acquisition of properties

Save as disclosed below, our Group has not acquired nor entered into any agreements to acquire any properties during FYE 2019 to 2022, FPE 2023 and up to LPD:

| No. | Date of purchase   | Postal address/<br>Title No.                                                                                                                                                | Description of property/<br>Existing use/<br>Expiry of lease (if any)/<br>Category of land use (if any)                                                                    | Land area/<br>Built-up area |       | Date of CCC      | Purchase value                       |
|-----|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-------|------------------|--------------------------------------|
|     |                    |                                                                                                                                                                             |                                                                                                                                                                            |                             | sq ft |                  |                                      |
| (a) | 15 January 2019    | 15 Yishun Industrial Street 1 #02-29 Win 5 Singapore 768091/<br><br>Whole of Lot U72943X of Mukim 19 comprised in SSCT Volume 2045 Folio 181                                | A unit located in a 9-storey light industrial building/<br>Warehouse/<br>Leasehold expiring on 4 December 2042 (Approximately 20 remaining years as at LPD)/<br>Industrial | Not applicable/<br>4,617.7  |       | 20 December 2018 | SGD898,000.00<br>(1)(RM2,721,927.80) |
| (b) | 4 November 2022(2) | 4, Jalan Industri PBP 9<br>Taman Industri Pusat Bandar Puchong<br>47100 Puchong<br>Selangor/<br><br>HS(D) 121074, PT 39494<br>Mukim Petaling<br>Daerah Petaling<br>Selangor | Vacant land/<br>Earmarked as Warehouse 4/<br>Freehold/<br>Industrial                                                                                                       | 22,599.8/<br>Not applicable |       | Not applicable   | RM11,000,000                         |

#### Notes:

- (1) Based on the closing rate of SGD1.00 = RM3.0311 as at 15 January 2019 as extracted from BNM's website.
- (2) The acquisition was completed on 13 March 2023 i.e. the date of payment of the balance purchase price to the vendor's solicitors as stakeholders. The title of the property was transferred to our Group on 30 March 2023.



**6. INFORMATION ON OUR GROUP (Cont'd)****6.9.4 Material capital expenditures and divestitures****(a) Material capital expenditures**

Save for the expenditures disclosed below, there were no other capital expenditures made by us for FYE 2019 to 2022, FPE 2023 and up to LPD:

| Capital expenditures                | At cost              |                    |                    |                   |                       | 1 May 2023 up to LPD |
|-------------------------------------|----------------------|--------------------|--------------------|-------------------|-----------------------|----------------------|
|                                     | FYE 2019             | FYE 2020           | FYE 2021           | FYE 2022          | FPE 2023              |                      |
|                                     | RM'000               | RM'000             | RM'000             | RM'000            | RM'000                | RM'000               |
| <b>Building</b>                     |                      |                    |                    |                   |                       |                      |
| - Malaysia                          | -                    | -                  | -                  | -                 | <sup>(8)</sup> 11,509 | -                    |
| - Singapore                         | <sup>(1)</sup> 2,797 | -                  | -                  | -                 | -                     | -                    |
| - Thailand                          | -                    | 18                 | -                  | -                 | -                     | 17                   |
| <b>Renovation and installation</b>  |                      |                    |                    |                   |                       |                      |
| - Malaysia                          | <sup>(2)</sup> 1,105 | <sup>(2)</sup> 201 | <sup>(2)</sup> 180 | <sup>(6)</sup> 50 | -                     | -                    |
| - Singapore                         | -                    | <sup>(4)</sup> 5   | <sup>(4)</sup> 4   | -                 | -                     | -                    |
| - Indonesia                         | <sup>(3)</sup> 267   | <sup>(5)</sup> 179 | -                  | <sup>(7)</sup> 67 | -                     | <sup>(5)</sup> 199   |
| <b>Plant and machinery</b>          |                      |                    |                    |                   |                       |                      |
| - Malaysia                          | 197                  | -                  | 2                  | 1                 | 6                     | 2                    |
| <b>Motor vehicles</b>               |                      |                    |                    |                   |                       |                      |
| - Malaysia                          | 420                  | -                  | 53                 | 912               | 427                   | -                    |
| - Thailand                          | -                    | -                  | 94                 | -                 | -                     | 397                  |
| - Indonesia                         | 5                    | -                  | -                  | -                 | -                     | -                    |
| <b>Warehouse and tool equipment</b> |                      |                    |                    |                   |                       |                      |
| - Malaysia                          | 125                  | -                  | -                  | 2                 | 193                   | -                    |
| <b>Furniture and fittings</b>       |                      |                    |                    |                   |                       |                      |
| - Malaysia                          | 314                  | 1                  | -                  | 24                | 4                     | -                    |
| - Singapore                         | -                    | 8                  | -                  | -                 | -                     | -                    |
| - Thailand                          | -                    | -                  | -                  | -                 | -                     | 1                    |
| - Indonesia                         | -                    | -                  | -                  | -                 | 1                     | 20                   |
| <b>Office equipment</b>             |                      |                    |                    |                   |                       |                      |
| - Malaysia                          | 234                  | 5                  | -                  | 63                | 2                     | -                    |
| - Singapore                         | -                    | 3                  | -                  | 2                 | -                     | -                    |
| - Thailand                          | 18                   | 1                  | 9                  | 5                 | 11                    | 23                   |
| - Indonesia                         | 4                    | 34                 | 4                  | 41                | 5                     | 1                    |
| <b>Computer and software</b>        |                      |                    |                    |                   |                       |                      |
| - Malaysia                          | 95                   | 24                 | 1                  | 18                | 12                    | -                    |
| - Singapore                         | 11                   | 2                  | 10                 | 5                 | -                     | -                    |
| - Thailand                          | -                    | 2                  | -                  | -                 | -                     | 7                    |
| - Indonesia                         | -                    | 2                  | -                  | -                 | -                     | -                    |
| <b>Construction in progress</b>     |                      |                    |                    |                   |                       |                      |
| - Indonesia                         | -                    | -                  | -                  | -                 | <sup>(3)</sup> 47     | -                    |
|                                     | <b>5,592</b>         | <b>485</b>         | <b>359</b>         | <b>1,190</b>      | <b>12,217</b>         | <b>667</b>           |

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

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**Notes:**

- ^ Represents less than RM1,000.
- (1) Relates to a property on Yishun Industrial Street in Singapore which is currently being used as our warehouse.
- (2) Relates to renovation costs incurred for our Headquarters cum Warehouse 1 located in Puchong, Selangor.
- (3) Relates to renovation costs incurred and cost for installation of mezzanine racking system for our rented warehouse in West Java, Indonesia (Lot No. II-D).
- (4) Relates to renovation costs incurred for our warehouse on Old Toh Tuck Road, Singapore.
- (5) Relates to renovation costs incurred for our rented warehouse in West Java, Indonesia (Lot No. II-B).
- (6) Relates to renovation costs incurred for Warehouse 3 (distribution centre) in Puchong, Selangor.
- (7) Relates to renovation costs incurred for our rented warehouse in West Java, Indonesia (Lot No. II-K).
- (8) Relates to acquisition of vacant land in Puchong, Selangor, earmarked for Warehouse 4, which comprises the purchase price (RM11.00 million), stamp duty and professional fees (RM0.51 million).

The above capital expenditures were primarily financed by a combination of bank borrowings and internally generated funds. Our capital expenditures are mainly driven by our business growth as well as for replacement purposes.

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**6. INFORMATION ON OUR GROUP (Cont'd)****(b) Material capital divestitures**

Save for the divestitures disclosed below, there were no other capital divestitures made by us for FYE 2019 to 2022, FPE 2023 and up to LPD:

| Capital divestitures               | At cost    |           |              |              |            | 1 May 2023 up to LPD |
|------------------------------------|------------|-----------|--------------|--------------|------------|----------------------|
|                                    | FYE 2019   | FYE 2020  | FYE 2021     | FYE 2022     | FPE 2023   |                      |
|                                    | RM'000     | RM'000    | RM'000       | RM'000       | RM'000     | RM'000               |
| <b>Building</b>                    |            |           |              |              |            |                      |
| - Malaysia                         | -          | -         | -            | (2)3,056     | -          | -                    |
| - Singapore                        | -          | -         | (1)1,934     | -            | -          | -                    |
| <b>Renovation and installation</b> |            |           |              |              |            |                      |
| - Singapore                        | -          | -         | -            | 15           | -          | -                    |
| <b>Motor vehicles</b>              |            |           |              |              |            |                      |
| - Malaysia                         | 349        | -         | 28           | 427          | 360        | -                    |
| - Singapore                        | -          | -         | 270          | -            | -          | -                    |
| <b>Office equipment</b>            |            |           |              |              |            |                      |
| - Singapore                        | -          | -         | -            | 4            | -          | -                    |
| - Indonesia                        | -          | 11        | -            | -            | -          | -                    |
| <b>Computer and software</b>       |            |           |              |              |            |                      |
| - Singapore                        | -          | -         | -            | 14           | -          | -                    |
|                                    | <b>349</b> | <b>11</b> | <b>2,232</b> | <b>3,516</b> | <b>360</b> | <b>-</b>             |

**Notes:**

- (1) Relates to disposal of a leasehold property on Old Toh Tuck Road, Singapore. Such disposal was undertaken as we were not using such property which was left vacant for a full year in 2020.
- (2) Relates to disposal of 2 pieces of freehold land together with a single-storey warehouse with an integral 3-storey office building erected thereon in Melaka for a cash consideration of RM4.60 million. Such disposal was undertaken as we intend to improve and better manage our business operations by centralising our warehousing operations in Malaysia in near proximity to each other. In December 2022, we relocated our operations in Melaka to Warehouse 3 (distribution centre) in Puchong, Selangor.

Save for the foregoing, our capital divestitures were carried out in the ordinary course of business as part of the periodic review of our fixed asset register to identify and eliminate those assets which have been fully depreciated or no longer in use or obsolete or surpassed their useful lives.

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

As at LPD, other than the proposed utilisation of proceeds from our Public Issue for our capital expenditure as disclosed in Section 4.9.1 and the material capital commitments as set out in Section 12.6, we do not have any material capital expenditures and divestitures currently in progress, within or outside Malaysia.

### 6.9.5 Material plans to construct, expand or improve our facilities

Save for the proposed utilisation of proceeds from our Public Issue to finance the capital expenditure as set out in Section 4.9.1 and the material capital commitments as set out in Section 12.6, our Group does not have any other immediate plans to construct, expand or improve our facilities as at LPD.

## 6.10 RELEVANT LAWS, REGULATIONS, RULES OR REQUIREMENTS

The following is an overview of the major laws, regulations, rules and requirements governing the conduct of our Group's business and environmental issue which may materially affect our business operations:

### 6.10.1 Malaysia

#### (a) Local Government Act 1976 ("LGA")

The LGA empowers every local authority to grant licence or permit for any trade, occupation or premise through by-laws. Every licence or permit granted shall be subject to such conditions and restrictions as the local authority may think fit and shall be revocable by the local authority at any time without assigning any reason therefor. Our business premises in Malaysia come under the jurisdiction of the MPSJ.

The relevant by-laws governing the conduct of our business would be the Licencing of Trades, Business and Industries (MPSJ) By-Laws 2007 ("**Business By-Laws 2007**") and Advertisement (MPSJ) By-Laws 2007 ("**Advertisement By-Laws 2007**"):

- (i) Business By-Laws 2007 provides that it is an offence for a person to operate any activity of trade, business and industry or use any place or premise in the local area for any activity of trade, business and industry without a licence issued by the MPSJ. Any person who contravenes any provision of the Business By-Laws 2007 commits an offence and shall, on conviction be liable to a fine not exceeding RM2,000 or to imprisonment for a term not exceeding 1 year or both and in the case of a continuing offence to a fine not exceeding RM200 for each day during which such offence is continued after conviction.
- (ii) Advertisement By-Laws 2007 provides that no person shall exhibit any advertisement without a license issued by the MPSJ. Any person who contravenes any of the provision of the Advertisement By-Laws 2007 shall be guilty of an offence and shall upon conviction be liable to a fine not exceeding RM2,000 or to imprisonment for a term not exceeding 1 year or both such fine and imprisonment and in the case of a continuing offence to a fine not exceeding RM200 for each day during which such offence is continued after conviction.

As at LPD, our subsidiaries, namely MST MY and Minox MY, hold and maintain valid business premises licences for all our operating business premises in Malaysia.

**6. INFORMATION ON OUR GROUP (Cont'd)****(b) Customs (Prohibition of Imports) Order 2017 ("Customs Order 2017")**

Pursuant to the Customs Order 2017, the importation into Malaysia of goods specified in columns (2) and (3) of Part I of the Fourth Schedule (i.e. ceramic pipes and pipe fittings, unglazed and glazed ceramic tiles, ceramic wash basins, ceramic water closet pans without flushing cisterns, ceramic water closet pans with flushing cisterns, ceramic bidets and urinals (floor or wall mounted), ceramic flushing cisterns (close couple, medium level, high level or concealed) equipped with mechanism, ceramic flushing cisterns (close couple, medium level, high level or concealed) not equipped with mechanism, plastic flushing cisterns equipped with mechanism (close couple, medium level, high level or concealed)), originating from all countries is prohibited, unless the import is accompanied by a certificate of approval issued by or on behalf of the Chief Executive of the Construction Industry Development Board ("**CIDB**") certifying that the import conforms to the approved Malaysian standards.

For example, in Item 23 of the Fourth Schedule, welded, riveted, open seam or similarly closed tubes, pipes and hollow profiles (other than having circular cross-sections, the external diameter of which exceeds 406.4 mm), of iron or steel with tariff code starting with 7306 (excluding 7306.20.0000), which are imported from all countries must be accompanied by a certificate of approval or a letter of exemption issued by or on behalf of the Chief Executive of the CIDB for the construction sector or SIRIM Berhad for the non-construction sector.

Pursuant to the Customs Act 1967, whoever is concerned in importing or exporting any uncustomed goods or any prohibited goods contrary to such prohibition whether such uncustomed or prohibited goods be shipped, unshipped, delivered or not, shall be guilty of an offence and shall, on conviction (in the case of prohibited goods other than cigarettes containing tobacco and intoxicating liquor), be liable for the first offence to a fine of not less than 10 times the value of the goods or RM50,000, whichever is the greater amount; and of not more than 20 times the value of the goods or RM500,000, whichever is the greater amount, or to imprisonment for a term not exceeding 5 years or to both. For a second offence or any subsequent offence, such person shall be liable to a fine of not less than 20 times the value of the goods or RM100,000, whichever is the greater amount; and of not more than 40 times the value of the goods or RM1.00 million, whichever is the greater amount, or to imprisonment for a term not exceeding 7 years or to both. However, where the value of the goods cannot be ascertained, the penalty may amount to a fine not exceeding RM500,000 or to imprisonment for a term not exceeding 5 years or to both.

As at LPD, our subsidiary, namely MST MY has obtained valid certificates of approval issued by SIRIM QAS International Sdn Bhd for importation of all its products which are set out in the Customs Order 2017.

**6. INFORMATION ON OUR GROUP (Cont'd)****(c) Foreign Exchange Policy Notices**

Under the Foreign Exchange Policy Notices issued by BNM pursuant to Section 214 of the Financial Services Act 2013 ("**FSA 2013**"), a resident entity (including a body corporate incorporated in Malaysia) with domestic RM borrowing is allowed to invest in foreign currency asset up to RM50.00 million equivalent (computed in aggregate based on the resident entity and other resident entity with parent-subsidiary relationship's investment in foreign currency asset) per calendar year ("**Foreign Investment Threshold**") using funds sourced from the aggregate of –

- (i) conversion of RM into foreign currency;
- (ii) trade foreign currency account;
- (iii) a borrowing in foreign currency from a licensed bank in Malaysia for purposes other than direct investment abroad; and
- (iv) swapping of a RM-denominated financial asset in Malaysia for a financial asset in a Labuan entity or outside Malaysia.

Any person who contravenes the Foreign Exchange Policy Notices commits an offence and shall on conviction be liable to imprisonment for a term not exceeding 10 years or to a fine not exceeding RM50.00 million or to both pursuant to the FSA 2013.

In view of the allocated utilisation of IPO proceeds as set out in Sections 4.9.1(c) and (d) for setting up of a new warehouse in Singapore and repayment of bank borrowings from Singapore, as well as the Acquisition of Minox ID, Acquisition of Minox SG, Acquisition of Minox TH and Acquisition of MST SG as set out in Section 6.2, our Group has not exceeded the Foreign Investment Threshold and therefore does not require approval from BNM.

The expected investment in foreign currency asset by our Group are summarised as follows:

| <b>Investment in foreign currency asset</b>                                                             | <b>RM'000</b> |
|---------------------------------------------------------------------------------------------------------|---------------|
| Setting up new warehouse in Singapore (as set out in Section 4.9.1(c))                                  | 5,010         |
| Repayment of Singapore bank borrowings to United Overseas Bank Limited (as set out in Section 4.9.1(d)) | 4,370         |
| Acquisition of Minox ID, Acquisition of Minox SG, Acquisition of Minox TH and Acquisition of MST SG     | 21,026        |
|                                                                                                         | <b>30,406</b> |

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


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**(d) Employment Act 1955 ("EA 1955")**

The EA 1955 regulates all labour related matters including contracts of service, payment of wages, employment of women, maternity protection, rest days, hours of work, holidays, termination, lay-off and retirement benefits, employment of foreign employees and keeping of registers of employees.

Any person who commits any offence under, or contravenes any provision of the EA 1955, or any regulations, order or other subsidiary legislation whatsoever made thereunder, in respect of which no penalty is provided, shall be liable, on conviction, to a fine not exceeding RM50,000.

As at LPD, MST MY and Minox MY comply with the relevant requirements under the EA 1955.

**(e) Occupational Safety and Health Act 1994 ("OSHA 1994")**

The OSHA 1994 makes provisions for securing the safety, health and welfare of persons at work, to protect others against risks to safety or health in connection with the activities of persons at work, as well as to promote an occupational environment for persons at work.

It shall be the duty of every employer to conduct its undertaking in such a manner as to ensure, as far as possible, that he and other persons, not being its employees who may be affected thereby are not exposed to risks to their safety or health. It shall also be the duty of every employer to prepare a general policy with respect to the safety and health of his employees and the organisation and arrangements for the time being in force for carrying out that policy. The policy shall be revised as needed and shall be brought to the notice of all employees.

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.

A person who contravenes these provisions under the OSHA 1994 shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 2 years or to both. As at LPD, MST MY and Minox MY comply with the relevant requirements under the OSHA 1994.

**6.10.2 Indonesia****(a) Business Identification Number (*Nomor Induk Berusaha* - "NIB")**

Pursuant to the Government Regulation No. 5 of 2021 concerning Implementation of Risk-Based Business Licensing ("**GR No. 5 of 2021**") in conjunction with Minister of Trade Regulation No. 76 of 2018 concerning the Implementation of Company Registration, every company domiciled and running its business in the territory of the Republic of Indonesia must be registered in the company register. NIB is an identity for business actors as proof of registration/application of business actors to carry out business activities. Furthermore, every business actor is required to have a NIB.

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

Pursuant to Article 413 of GR No. 5 of 2021, every business actor who based on the result of the supervision are found to have non-conformity or violation toward Business Licensing in the trade sector, including NIB, shall be subject to administrative sanctions in the form of: (a) written warning, (b) withdrawal of goods from distribution, (c) temporary suspension of business activities, (d) warehouse closure, (e) administrative fines, and/or (f) revocation of business licensing.

Furthermore, NIB will be required in many processes in respect of business activities of the company. The NIB of the company will be required to open a bank account in Indonesia, registration of company's Tax Registration Number (NPWP), registration of mandatory social security (BPJS) and many others which related to the business activity of the company. Without obtaining the NIB, it will be difficult for the company to conduct its business activity and may cause the company to violate other sector of law (e.g., tax violations due to not having an NPWP, violations of labour law, etc).

As at LPD, our subsidiary, namely Minox ID holds a valid NIB. This NIB applies as the identity of Minox ID in conducting business activities and it shall be valid as long as Minox ID conduct its business activities. The NIB is also valid as custom access, registration of health social services and manpower social services, as well as first report of mandatory manpower report.

### (b) Trading Business License (*Surat Izin Usaha Perdagangan – "SIUP"*)

Pursuant to Law No. 7 of 2014 concerning Trade as amended by Law No. 11 of 2020 concerning Job Creation and Minister of Trade Regulation No. 36/M-DAG/PER/2007 concerning Issuance of Trading Business License, as amended by Minister of Trade Regulation No. 07/M-DAG/PER/2017 concerning the Third Amendment to the Minister of Trade Regulation No. 36/M-DAG/PER/2007 concerning Issuance of Trading Business License in conjunction with Minister of Trade Regulation No. 8 of 2020, as amended by Minister of Trade Regulation No. 64 of 2020 concerning Electronically Integrated Business Licensing Services in the Trade Sector, every company conducting a trading business activity is required to have a SIUP. As of the enactment of GR No. 5 of 2021, business actors conducting Minox ID's business activities is only required to have SIUP, and therefore, the sanctions as mentioned in Section 6.10.2(a) above shall become applicable.

As at LPD, our subsidiary, namely Minox ID holds a valid SIUP. The SIUP shall be valid as long as Minox ID conducts its activities.

### (c) Customs Access (*Akses Kepabeanan*)

Pursuant to the Minister of Finance Regulation No. 219/PMK.04/2019 concerning Simplification of Customs Registration ("**MOFR No. 219/2019**") in conjunction with Director General of Customs and Excise Regulation No. PER-35/BC/2019 of 2019 concerning Instructions for Implementation of Customs Registration ("**Director General of Customs and Excise Regulation No. PER-35/2019**"), every service user who acts as a customs service administrator is obliged to register the customs registration with the Director General of Customs and Excise, to be granted customs access.



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

Upon the issuance of MOFR No. 219/2019 and Director General of Customs and Excise Regulation No. 35/2019, the Director General of Customs and Excise no longer issues a Customs Identity Number (*Nomor Identitas Kepabeanan* - "**NIK**") as customs access as it has been replaced with the Taxpayer Registration Number (*Nomor Pokok Wajib Pajak* - "**NPWP**"), which functions as an identity in fulfilling rights and obligations in the field of customs and identity numbers for the customs access for customs service users to connect with the customs service system. Although the NIK has not been reissued by the Director General of Customs and Excise, pursuant to the MOFR No. 219/2019, NIK is still considered valid and treated the same as NPWP. NIB issued by the OSS System also applies as NIK. Since NIB also applies as NIK, the sanctions as mentioned in 6.10.2(a) above shall become applicable.

As at LPD, our subsidiary, namely Minox ID holds a valid NIB. Pursuant to the NIB, Minox ID has customs access rights.

**(d) General Import License (*Angka Pengenal Impor* – "**API**")**

Pursuant to the Minister of Trade Regulation No. 20 of 2021 concerning Import Policies and Arrangements, importers must possess NIB which serve as an API. Since NIB serves as API, the sanctions as mentioned in 6.10.2(a) above shall become applicable.

As at LPD, our subsidiary, namely Minox ID holds a valid NIB which allows Minox ID to act as importer. However, to import specific goods as stipulated under the MOTR 20/2021, Minox ID shall obtain import approval issued by the MOT in respect of the importing of certain irons, steel, and its derivative products. The import approval specifies the type and quantity of items that the permit holder may import within the validity period. Pursuant to the MOTR 20/2021, such import approval can be issued by the MOT in its discretion based on the Commodity Balance or technical consideration of the MOI. The maximum validity period for the import approval which is issued based on Commodity Balance is 1 year, whereas the maximum validity period for the import approval which is issued based on technical consideration of MOI is 6 months. The determination of the validity period is subject to the discretion of the MOT.

As at LPD, Minox ID's import approval for certain irons, steel, and its derivative products (includes "MINOX®" brand of sanitary products) is pending renewal. Further details are set out in Note (1) of Section 6.7.

**(e) The Law of Republic Indonesia Nr. 13 of 2003 concerning Manpower ("Manpower Law")**

The Manpower law has been recently amended for several times, by the issuance of Law of Republic of Indonesia Nr. 11 Year 2020 concerning Job Creation Law ("**Job Creation Law**") which amend several laws in Indonesia including the Manpower Law, and lastly the Job Creation Law has been revoked by the issuance of Government Regulation in lieu of Law of Republic of Indonesia Nr. 2 of 2022 concerning Job Creation ("**Job Creation GRL**").

The Manpower Law and its amendment, as well its implementing regulations provides the regulations of most of labour related matters since the hiring process by sets out the regulation regarding, foreign workers, outsourcing, working hours, overtime, leave, salary, general terms on the protection of children and women workers, obligation to have "Company Regulation", until the employment termination including the termination procedures, the reasons of termination and the severance pay.

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

Meanwhile, mandatory social security has been regulated under the Law of Republic of Indonesia Nr. 40 Year 2004 concerning National Social Security System ("**Social Security Law**") which govern national security system in Indonesia including social security for worker, and its implementing regulations.

Based on Social Security Law, the employer are required to register and pay the premium of mandatory social security for workers consisting of: (1) health social security; (2) work accident social security; (3) death social security; (4) old age social security; (5) pension social security and (6) loss job social security.

Employers who do not comply with certain provisions stipulated in the Manpower Law and Social Security Law may be subject to administrative sanctions or criminal sanctions, whether imprisonment and/or fines, depending on the kind of violation. The maximum criminal sanction is imprisonment of up to 4 years and/or a maximum fine of IDR400.00 million.

The employees may also file a dispute for a certain non-compliance of Manpower Law or Social Security Law by the employer, wherein employees may demand employment termination with severance pay as stipulated under the Manpower Law and its implementing regulation. The dispute can be filed in accordance with the Law of Republic of Indonesia Nr. 2 Year 2004 concerning the Settlement of Industrial Relation Dispute.

As at LPD, Minox ID complies with all relevant laws and regulations under the Manpower law.

**(f) The Law of Republic Indonesia Nr. 1 of 1970 concerning Occupational Safety ("Occupational Safety Law")**

The Occupational Safety Law provides only general terms regarding the obligations of the employer which shall be regulated in more detail in the Company Regulations or company policies which are the employer's obligation under the Manpower Law.

Based on the Occupational Safety Law, the employer is required to provide safety and health protection for their employees. Under the Occupational Safety Law, occupational safety and health efforts are intended to provide guarantee of safety and increase the level of health of the employees by preventing occupational accidents and disease, controlling hazards in the workplace, health promotion, medical care and rehabilitation. Pursuant to that matter, the employer is obliged to provide occupational safety and health management which shall be integrated with the company management system.

As at LPD, Minox ID complies with all relevant laws and regulations under the Occupational Safety Law.

**6.10.3 Singapore**

**(a) Employment Act 1968 of Singapore ("Employment Act 1968")**

The Employment Act 1968 is administered by the Ministry of Manpower of Singapore and sets out the basic terms and conditions of employment and the rights and responsibilities of employers as well as employees who are covered under the Employment Act 1968.

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

In particular, Part IV of the Employment Act 1968 sets out requirements for rest days, hours of work and other conditions of service for workmen who receive salaries not exceeding SGD4,500 a month and employees (other than workmen or persons employed in managerial or executive positions) who receive salaries not exceeding SGD2,600 a month. Section 38(8) of the Employment Act 1968 provides that an employee is not allowed to work for more than 12 hours in any 1 day except in specified circumstances, such as where the work is essential to the life of the community, defence or security. In addition, Section 38(5) limits the extent of overtime work that an employee can perform to 72 hours a month.

Employers must seek the prior approval of the Commissioner for Labour in writing for exemption if they require an employee or class of employees to work for more than 12 hours a day or more than 72 overtime hours a month. The Commissioner for Labour may, after considering the operational needs of the employer and the health and safety of the employee or class of employees, by order in writing, exempt such employees from the overtime limits subject to such conditions as the Commissioner for Labour thinks fit.

Where such exemptions have been granted, the employer shall display the order or a copy thereof conspicuously in the place where such employees are employed.

An employer who breaches the above provisions shall be guilty of an offence and shall be liable on conviction to a fine not exceeding SGD5,000, and for a second or subsequent offence to a fine not exceeding SGD10,000 or to imprisonment for a term not exceeding 12 months or to both.

From 1 April 2016, all employers are required to make and keep employee records, give written records of key employment terms and give itemised payslips to employees covered by the Employment Act 1968.

As at LPD, MST SG and Minox SG comply with the relevant requirements under the Employment Act 1968.

### **(b) Workplace Safety and Health Act 2006 of Singapore ("WSH Act 2006")**

Under the WSH Act 2006, every employer has the duty to take, so far as is reasonably practicable, measures that are necessary to ensure the safety and health of its employees at work, as well as persons who may be affected by any undertaking carried on by it in the workplace. The measures necessary to ensure the safety and health of persons at work include:

- (i) providing and maintaining for those persons a work environment which is safe, without risk to health, and adequate as regards facilities and arrangements for their welfare at work;
- (ii) ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by those persons;
- (iii) ensuring that those persons are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace, or near their workplace and under the control of the employer;
- (iv) developing and implementing procedures for dealing with emergencies that may arise while those persons are at work; and

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

- (v) ensuring that those persons at work have adequate instruction, information, training and supervision as is necessary for them to perform their work.

A "workplace" means any premises where a person is at work or is to work, for the time being works, or customarily works.

The Commissioner for Workplace Safety and Health ("**CWSH**") may serve a remedial or stop-work order under the WSH Act 2006 if he is satisfied that:

- (aa) the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any work or process carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of persons at work;
- (bb) any person has contravened any duty imposed by the WSH Act 2006; or
- (cc) any person has done any act, or has refrained from doing any act which, in the opinion of the CWSH, poses or is likely to pose a risk to the safety, health and welfare of persons at work.

The remedial order shall direct the person served with the order to take such measures, to the satisfaction of the CWSH, to remedy any danger so as to enable the work or process in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work, or to comply with any duty imposed under the WSH Act 2006, or to do or refrain from doing any act which, in the opinion of the CWSH, poses or is likely to pose a risk to the safety, health and welfare of persons at work. The stop-work order shall direct the person served with the order to immediately cease to carry on any work indefinitely or until such measures as are required by the CWSH have been taken, to the satisfaction of the CWSH, to remedy any danger so as to enable the work or process in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

The Workplace Safety and Health (General Provisions) Regulations sets out more specific duties of employers regarding workplace safety and health. For example, employers have the duty to take effective measures to protect persons in the workplace from overcrowding, excessive heat or cold and harmful radiations, or exposure to infectious agents or biohazardous material. Employers must also ensure that there is sufficient ventilation, lighting, floor drainage and sanitary conveniences at the workplace.

The penalty under the WSH Act 2006 varies depending on the provisions being breached. Where the provisions do not expressly provide for a penalty, a person guilty of an offence under the WSH Act 2006 shall be liable on conviction: (i) in the case of a natural person, to a fine not exceeding SGD200,000 or to imprisonment for a term not exceeding 2 years or to both; and (ii) in the case of a body corporate, to a fine not exceeding SGD500,000. In the case of a continuing breach after the conviction, the person shall be guilty of a further offence and shall be liable to a fine: (i) in the case of a natural person, not exceeding SGD2,000 for every day or part of a day during which the offence continues after conviction; or (ii) in the case of a body corporate, not exceeding SGD5,000 for every day or part of a day during which the offence continues after conviction.

As at LPD, MST SG and Minox SG comply with all relevant requirements under the WSH Act 2006.

**6. INFORMATION ON OUR GROUP (Cont'd)****6.10.4 Thailand****(a) Foreign Business Act B.E. 2542 (1999) ("FBA 1999")**

The FBA 1999 provides a legal framework which regulates the carrying on of business in Thailand by a foreign person or legal entity considered a "foreigner" as defined under the FBA 1999. Under the FBA 1999, a Thai company in which half or more of its shares is held by a foreign person or foreign legal entity is considered a "foreign" and is prohibited from carrying out certain types of business unless permission from the relevant authorities is obtained. A person who contravenes this provision 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 ranging between THB100,000 to THB1,000,000 or to both, and the court may order the cessation of the business operation or the cessation of the undertaking or order the cessation of shareholding or partnership, as the case may be.

Based on the shareholding structure of Minox TH as at LPD, Minox TH is not considered a "foreigner" under the FBA 1999 and is therefore not subject to the requirement set out above.

As at LPD, Minox TH holds a valid Certificate of registration of Juristic Person issued by the Department of Business Development Ministry of Commerce Thailand. Minox TH is not subject to any particular laws or regulations of Thailand other than those generally applicable to companies incorporated and/or operating in Thailand.

**(b) Thailand Revenue Code**

Any person or entity who regularly supplies goods or provides services in Thailand and has an annual turnover exceeding THB 1.80 million is subject to VAT in Thailand. Service is deemed to be provided in Thailand if the service is performed in Thailand regardless where it is utilised or if it is performed elsewhere and utilised in Thailand. Under VAT, taxable goods mean all types of property, tangible or intangible, whether they are available for sales, for own use, or for any other purposes.

Any person or entity who is liable to VAT in Thailand must register to be VAT registered person or entity before the operation of business or within 30 days after its income reaches the threshold. The registration application must be submitted to Area Revenue Offices if the business is situated in Bangkok or to the Area Revenue Branch Offices if it is situated elsewhere. Should taxpayer have several branches, registration application must be submitted to the Revenue Office where the headquarter is situated. A person who contravenes this provision shall be liable to penalties which include a double tax rate for any revenue above THB1.80 million and a monthly interest rate of 1.5% being imposed.

As at LPD, Minox TH holds valid VAT Registration Certificates.

**(c) Land Code Act B.E. 2497 (1954) ("Land Code 1954")**

Under the Thailand Civil and Commercial Code, foreigners in principle have the same property rights that are available to Thai nationals. However, the Land Code 1954 prohibits foreigners to own or possess land in Thailand.

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

Under the Land Code 1954, a company is defined as “foreign” or “alien” if more than 49.0% of its capital is owned by foreigners or more than half of whose shareholders are foreigners. Then, the private limited company must have a minimum of 3 shareholders at all times and to be considered Thai under the Land Code 1954, the company must have at least 2 Thai shareholders opposite 1 foreign shareholder who may hold up to 49.0% of the share. Thai law allows land ownership by partly foreign owned Thai company as long as the foreign shareholding does not exceed 49.0% of the shares and the majority of the shareholders are of Thai nationality regarding to Section 97 of the Land Code 1954.

All the land which an alien has acquired unlawfully or without permission shall be disposed of within the time limit prescribed by the Director-General of the Land Department (Thailand), which shall not be less than 180 days and not more than 1 year. If the land is not disposed of within the time prescribed the Director-General of the Land Department (Thailand) shall have the power to dispose of it. Any person who has acquired land as a Thai national and later changes his nationality shall have the right to hold as much land as such alien may have, and land apart from that shall be disposed of in accordance with the aforesaid provision. Any person who violates or fails to comply with these provisions under the Land Code 1954 shall be liable to a fine not exceeding THB 20,000 or imprisonment for a term not exceeding 2 years or both.

Based on the shareholding structure of Minox TH as at LPD, Minox TH is not considered as a foreign or alien company under the Land Code 1954. As such, Minox TH complies with the Land Code 1954.

**(d) Labour Protection Act 1998 (“LPA”)**

Thailand has a civil law system. The rights and duties of an employer and an employee are generally governed by the LPA, the Labour Relations Act 1975 and the Civil and Commercial Code, and the LPA being the principal statute governing employment. Thailand’s employment law is generally considered to be “fair and reasonable” and is intended to ensure that employees are not disadvantaged by the stronger position of employers. Thai employment law applies to all employees working in Thailand, regardless of nationality. It is impossible to avoid the applicability of Thai law through the use of the choice of law provisions and parties cannot contract out of minimum statutory rights under Thai law.

Pursuant to the LPA, employees are entitled to at least 6 working days of paid annual leave each year once they have completed one year of service. There are also 13 official public holidays each year. Employees are entitled to paid sick leave of up to 30 working days each year. The maximum working hours are generally 8 hours per day or 48 hours per week. A working day can be extended by mutual agreement but working time cannot exceed 48 hours a week. For work performed in excess of the maximum number of hours fixed by regulation, employees would generally be entitled to overtime compensation.

Employers with 10 or more employees must also issue work regulations and announcements. Work regulations must be written in Thai language or must be translated to Thai if it is in another language. Work regulations must be kept at the establishment of the employer and must be available for inspection by the labour inspector during business hours. In principle, work regulations are considered conditions of employment. Employers are not permitted to unilaterally amend the work regulations unless such amendment is more favourable to the employee only. The work regulations need to be announced at the workplace for employees.



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

A person who contravenes any of the provisions under the LPA shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding THB20,000.

As at LPD, Minox TH complies with all relevant laws and regulations under the LPA.

### **(e) Occupational Safety, Health and Environment Act B.E. 2554 (2011) ("OSH Act 2011")**

The OSH Act 2011 is the primary legislation to regulate occupational safety and health in Thailand. The OSH Act 2011 outlines responsibilities and duties of employers and employees as well as those of governments. The employer shall provide a safe working environment for employees. Employees shall cooperate with employer to establish and encourage a safe working environment.

In principle, the OSH Act 2011 outlines qualifications and requirements for the appointment of safety officers, a safety committee, and a safety department in the workplace for several types of businesses depending on the safety risk in the workplace.

The penalty pursuant to the OSH Act 2011 varies depending on the provisions being breached. A person who contravenes any provisions under the OSH Act 2011 are liable to a fine not exceeding THB50,000 (minimum penalty) or imprisonment for a term not exceeding 2 years or a fine not exceeding THB 800,000 or both (maximum penalty).

As at LPD, Minox TH complies with all relevant laws and regulations under the OSH Act 2011.

Details of the major approvals, licences and permits issued to our Group in order for us to carry out our operations are set out in Section 6.7. Save as disclosed therein, as at LPD, there are no other material laws, regulations, rules or requirements governing the conduct of our business and/or major environmental issue which may materially affect our operations.

## **6.11 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 by adopting sustainable practices in our business activities. The measures that we have taken or plan to take (as the case may be) include the following:

- adopting a policy of reusing wooden pallets in organising our storage space in our warehouses, and re-purpose scrap packaging as fillers and cushioning materials for products to be packed into carton boxes prior to delivery.
- practising paperless initiative where our Group is moving towards digitalising our marketing materials such as catalogue and brochure, and uploading such marketing materials to our website to reduce paper printing. As for our office administrative function, our Group has discouraged unnecessary printing and encouraged our employees to rely on digital copies.

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

- most of our sanitary products are manufactured using "L Grade" stainless steel (304/304L and 316/316L) which is less prone to corrosion with better resistance to majority hostile chemical compounds. Hence, the durability of our stainless steel products significantly contributes to the minimisation of resources. In addition, stainless steel is recyclable and has no adverse effects on the environment.
- providing waste-sorting bins (paper, plastic, e-waste, and general waste) at our headquarters and warehouses with waste-sorting labels to ensure proper segregation of wastes which enhance efficiency for waste collection for reuse or recycling.

### **(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 in.

The safety, health and welfare of our employees in our workplace is one of our top priorities. Our Group has established a warehouse safety and security policy and emergency preparedness and response procedures to protect the health and safety of our employees against the risk arising from our operational processes. Besides, safety tools and equipment such as safety shoes and gloves are provided to employees to prevent any injuries. Our warehouses are well-ventilated, which is crucial in minimising infections from airborne viruses such as COVID-19. Our Group has implemented precautionary measures across our premises, as required, and is in compliance with the relevant laws and regulations made pursuant to the outbreak of COVID-19 in operating our business activities.

In addition, our Group has taken various corporate social responsibility initiatives to serve the needs of the community. From 2020 to 2023, our Group has made donations and sponsorship to non-governmental organisations, namely Universiti Malaya, Persatuan Bola Tampar Kuala Lumpur and Special Olympics Selangor as well as donation of essential packs including but not limited to drinking water, glove, facemask and toothpaste to the hospital during the COVID-19 pandemic.

### **(c) Governance**

Our Group is committed to conduct our business ethically and in compliance with all relevant laws, regulations, rules and requirements as disclosed in Section 6.10. In maintaining high standards of corporate governance, our Board has progressively adopted all the applicable principles and practices as promulgated in the MCCG in particularly on embracing board gender diversity.

In addition, our Group has adopted a zero-tolerance policy towards bribery where we have put in place the policies and procedures to ensure strict compliance with the Malaysian Anti-Corruption Commission Act 2009. 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 our Group's business as well as the Whistleblowing Policy and Personal Data Protection Policy to ensure and promote fairness in business dealings.



**6. INFORMATION ON OUR GROUP (Cont'd)****6.12 EMPLOYEES**

As at LPD, we have a total workforce of 77 employees, of which 39 are local employees, comprising 38 permanent employees and 1 contractual employee. As at LPD, the Group has 38 foreign employees for our operations in Singapore, Indonesia and Thailand, comprising 34 permanent employees and 4 contractual employees.

The breakdown of our employees as at 30 April 2023 and LPD are as follows:

|                                    | No. of employees  |         |                    |         | Total employees |
|------------------------------------|-------------------|---------|--------------------|---------|-----------------|
|                                    | Permanent         |         | Contract/temporary |         |                 |
|                                    | Local (Malaysian) | Foreign | Local (Malaysian)  | Foreign |                 |
| As at 30 April 2023                |                   |         |                    |         |                 |
| Department                         |                   |         |                    |         |                 |
| Executive Directors <sup>(1)</sup> | 3                 | 3       | -                  | -       | 6               |
| Key senior management              | 4                 | -       | -                  | -       | 4               |
| Sales and marketing                | 10                | 14      | -                  | 2       | 26              |
| Finance and accounting             | 5                 | 4       | -                  | 1       | 10              |
| Human resource and administration  | 1                 | 2       | -                  | -       | 3               |
| Purchasing and logistic            | 3                 | 1       | -                  | -       | 4               |
| Product D&D and QC                 | 5                 | -       | -                  | -       | 5               |
| Warehousing                        | 7                 | 8       | 1                  | 2       | 18              |
| Total                              | 38                | 32      | 1                  | 5       | 76              |
| Countries                          |                   |         |                    |         |                 |
| Malaysia                           | 36                | -       | 1                  | -       | 37              |
| Singapore                          | 2                 | 4       | -                  | -       | 6               |
| Indonesia                          | -                 | 16      | -                  | 5       | 21              |
| Thailand                           | -                 | 12      | -                  | -       | 12              |
|                                    | 38                | 32      | 1                  | 5       | 76              |
| As at LPD                          |                   |         |                    |         |                 |
| Department                         |                   |         |                    |         |                 |
| Executive Directors <sup>(1)</sup> | 3                 | 3       | -                  | -       | 6               |
| Key senior management              | 4                 | -       | -                  | -       | 4               |
| Sales and marketing                | 10                | 14      | -                  | 2       | 26              |
| Finance and accounting             | 5                 | 6       | -                  | -       | 11              |
| Human resource and administration  | 1                 | 2       | -                  | -       | 3               |
| Purchasing and logistic            | 3                 | 1       | -                  | -       | 4               |
| Product D&D and QC                 | 5                 | -       | -                  | -       | 5               |
| Warehousing                        | 7                 | 8       | 1                  | 2       | 18              |
| Total                              | 38                | 34      | 1                  | 4       | 77              |
| Countries                          |                   |         |                    |         |                 |
| Malaysia                           | 36                | -       | 1                  | -       | 37              |
| Singapore                          | 2                 | 4       | -                  | -       | 6               |
| Indonesia                          | -                 | 17      | -                  | 4       | 21              |
| Thailand                           | -                 | 13      | -                  | -       | 13              |
| Total                              | 38                | 34      | 1                  | 4       | 77              |

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

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**Note:**

<sup>(1)</sup> Includes the executive directors of our subsidiaries.

There were no significant changes in the number of employees of our Group from 30 April 2023 up to LPD.

None of our employees belong to any labour union and as at LPD, there has been no material dispute between our management and our employees. Over FYE 2019 to 2022 and FPE 2023, there has not been any incident of work stoppage or labour dispute that has materially affected our operations.

Our Group is in compliance with the Government's directive on COVID-19 screening for all our foreign workers.

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## 7. BUSINESS OVERVIEW

### 7.1 HISTORY OF OUR GROUP

#### 7.1.1 Ownership and group structure

Our Company was incorporated in Malaysia on 18 July 2022 under the Act as a private limited company and was subsequently converted to a public limited company on 16 December 2022. Our Company was incorporated to facilitate the Listing.

Our history started in 1998 with the incorporation of MST Stainless Steel Enterprise (expired in April 2005), a partnership business involved in the trading of stainless steel sanitary valves, tubes & fittings, by the late Cheong Chee Hoo (50.0%) (the brother of Cheong Chee Son, our Managing Director) who passed away in 2010 and Looi Poo Poo, our Executive Director (50.0%). The trading business started with a small workforce of 3 personnel and we began by providing such products to small engineering companies serving end-customers in the F&B industry.

In 2001, Cheong Chee Son joined MST Stainless Steel Enterprise as Sales Assistant, where he assisted in the management of business operations and establishing business relationships with vendors.

#### **MST MY and Minox MY**

In 2004, as our business continued to grow, Cheong Chee Son (33.4%) incorporated MST MY with Cheong Chee Hoo (33.3%) and the late Kow Kai Meng (husband of Looi Poo Poo) who passed away in 2021 (33.3%) and took over the entire business of MST Stainless Steel Enterprise. Between 2005 and 2007, by way of allotment of new shares, their shareholdings in MST MY were restructured resulting in Cheong Chee Son, Cheong Chee Hoo and Kow Kai Meng holding 18.8%, 56.2% and 25.0% in MST MY respectively. In 2010, Cheong Chee Hoo disposed his entire 56.2% shareholdings in MST MY to Cheong Chee Son at a cash consideration of RM562,000 being his original cost of investment, resulting in Cheong Chee Son and Kow Kai Meng holding 75.0% and 25.0% equity interest respectively in MST MY.

In 2006, Cheong Chee Son (33.4%) incorporated Minox MY with Cheong Chee Hoo (33.3%) and Kow Kai Meng (33.3%). In 2010, Cheong Chee Son acquired Cheong Chee Hoo's 33.3% shareholdings in Minox MY at a cash consideration of RM1 being his original cost of investment. In 2013, by way of allotment of new shares, the shareholdings in Minox MY were restructured resulting in Cheong Chee Son and Kow Kai Meng holding 75.0% and 25.0% equity interest respectively in Minox MY.

In 2013, Looi Poo Poo was appointed as a director of MST MY and Minox MY (both non-executive role). Subsequently in 2019, she became a shareholder of both MST MY and Minox MY and took over 25.0% equity interest in both companies from Kow Kai Meng at a cash consideration of RM375,000 and RM50,000 respectively being his original cost of investment. In 2020, she was appointed as our Executive Director.

In 2019, MVFM TW was incorporated by MST MY (55.0%) and 5 other Taiwanese shareholders namely, Wu Xin-Pei (2.0%), Liang Bi-Yu (4.0%), Wang Ren-Cun (7.0%), Huang Qiu-Xue (12.0%) and Lai Ying-Ying (20.0%). Subsequently in 2022, MST MY disposed its entire shareholdings (55.0%) to Tan Kok Hooi, a non-related party, at a consideration of 11.00 million Taiwanese Dollar (equivalent to approximately RM1.60 million) being MST MY's original cost of investment.

**7. BUSINESS OVERVIEW (Cont'd)****Minox SG**

In 2007, Cheong Chee Son (11.0%) co-founded Minox SG with Cheong Chee Hoo (40.0%), Kee Kong Beng Jason (17.0%) and 2 other passive shareholders namely, Tan Yeow Hwee (16.0%) and Teo Siow Ai (16.0%), to tap into the Singapore market. In 2008, Tan Yeow Hwee and Teo Siow Ai exited to pursue their personal interests and sold their entire equity interest to Kee Kong Beng Jason at a cash consideration of SGD32 being their original cost of investment, resulting in him holding 49.0% equity interest in Minox SG.

In February 2012, Cheong Chee Son and his sister, Cheong Mei Leng inherited Cheong Chee Hoo's 40.0% shareholdings in Minox SG in equal proportions. Shortly thereafter, Cheong Mei Leng sold her 20.0% shareholdings to Cheong Chee Son at a cash consideration of SGD2,000 being her original cost of investment, resulting in Cheong Chee Son and Kee Kong Beng Jason holding 51.0% and 49.0% equity interest respectively in Minox SG.

In June 2022, due to the entry of Ng Kwang Hua (a passive shareholder) and Looi Poo Poo, Minox SG undertook the following transactions: (1) issuance of bonus shares to Cheong Chee Son and Kee Kong Beng Jason; (2) new subscription of shares by each of Cheong Chee Son and Kee Kong Beng Jason; (3) investment by Ng Kwang Hua (a passive shareholder); and (4) acquisition by Looi Poo Poo of 29.0% equity interest from Cheong Chee Son (16.7%) at a cash consideration of SGD167,400 both being their original cost of investment and from Kee Kong Beng Jason (12.3%) at a cash consideration of SGD122,600 both being their original cost of investment. This resulted in Cheong Chee Son, Kee Kong Beng Jason, Looi Poo Poo and Ng Kwang Hua holding 22.0%, 25.0%, 29.0% and 24.0% equity interest respectively in Minox SG.

**Minox TH**

In 2008, Minox TH was co-founded by Cheong Chee Son (38.0%), Nopparan Suwanpimolkul (28.0%), Rujira Jerngmanotham (5.0%) and 4 other passive shareholders (namely Napchanok Suwanpimolkul (20.5%) and Jaruwan Suwanpimolkul (5.0%) who are family members of Nopparan Suwanpimolkul, Boonmee Jernmanotham (0.5%) who is a family member of Rujira Jerngmanotham and Kanyawee Tanakulasi (3.0%), a non-related party). In 2009, Kanyawee Tanakulasi disposed her entire shareholding in Minox TH (3.0%) at a cash consideration of THB60,000 being her original cost of investment, to Nopparan Suwanpimolkul, resulting in him holding 31.0% shareholdings in Minox TH. In 2013, Napchanok Suwanpimolkul (20.5%), Jaruwan Suwanpimolkul (5.0%), Boonmee Jernmanotham (0.5%) disposed their shareholdings to the current shareholders in Minox TH at an aggregate cash consideration of THB520,000 being their original cost of investment. In the same year, Nopparan Suwanpimolkul also disposed some of his shareholdings to Cheong Chee Son and Rujira Jerngmanotham at an aggregate cash consideration of THB520,000 being his original cost of investment. This resulted in Cheong Chee Son, Nopparan Suwanpimolkul and Rujira Jerngmanotham holding 49.0%, 30.0% and 21.0% equity interest respectively in Minox TH.

**MST SG**

In 2011, Cheong Chee Son (70.0%) co-founded MST SG with Liew Siang Ji (30.0%) to expand our presence in the SEA region.

## 7. BUSINESS OVERVIEW (Cont'd)

### Minox ID

In 2013, Minox ID was incorporated by a passive shareholder, Mariati (80.0%) and Gamal Abdul Nashir (20.0%). In 2019, Mariati exited to pursue her personal interests and disposed her entire shareholdings to Cheong Chee Son and Gamal Abdul Nashir at a cash consideration of IDR368,500,000 and IDR71,500,000 respectively being her original cost of investment, resulting in them holding 67.0% and 33.0% respectively. Cheong Chee Son was also appointed as Commissioner of Minox ID in the same year.

In December 2022, we undertook the Acquisitions as part of our Listing which resulted in the formalisation of our Group structure.

### 7.1.2 Business

In 1998, upon establishment of MST Stainless Steel Enterprise, we operated out of a rented shoplot located at Bandar Bukit Puchong, Selangor with a built-up area of approximately 2,000 sq ft. During this period, our customers were mainly small engineering companies handling replacement, maintenance and small fabrication works for F&B plants.

In 2003, we secured our first project order from Dutch Lady Milk Industries Berhad, a leading dairy company listed on the Main Market of Bursa Securities (a subsidiary of a Dutch multinational dairy cooperative) which is principally involved in the manufacturing and distribution of a wide range of dairy products under various brand names, who still remains our customer till date, to supply stainless steel sanitary valves, tubes & fittings for the installation of its new automated processing plant in Petaling Jaya, Selangor. In 2003, "MINOX®" brand was successfully registered by Cheong Chee Hoo and was subsequently transferred to our Group in 2013.

In 2004, recognising the importance of branding and marketing, we officially launched our in-house brand, "MINOX®", and worked with third-party manufacturers based in China, Taiwan and Europe to manufacture our "MINOX®" brand of sanitary products. Our founders incorporated MST MY to take over the business of MST Stainless Steel Enterprise, and began distributing our "MINOX®" brand of stainless steel sanitary valves, tubes & fittings. In the same year, we successfully penetrated into the pharmaceutical industry, beginning with an order from Duopharma (M) Sdn Bhd to supply stainless steel sanitary tubes & fittings. Since then, we continue to grow our business in the pharmaceutical industry with new customers such as Biocon Sdn Bhd, Xepa-Soul Pattison (Malaysia) Sdn Bhd, Solution Biologics Sdn Bhd, Millennium Technology Systems Sdn Bhd, Deltaflex Sdn Bhd and Puretech Engineering Sdn Bhd, who are our Group's active customers to-date.

Also in 2004, we established a dedicated sales and marketing team to increase our business development as well as marketing efforts to secure more orders. Through these endeavours, we successfully secured new purchase orders from both local and multinational companies which includes F&N Coca-Cola (M) Sdn Bhd (presently known as F&N Beverages Marketing Sdn Bhd) (2004), Malaysia Milk Sdn Bhd (2005), Unilever Foods (M) Sdn Bhd (2005), Kerry Ingredients Sdn Bhd (2006) and Johnson & Johnson (M) Sdn Bhd (2007). Save for Unilever Foods (M) Sdn Bhd, these companies are still our Group's customers to-date. In the same year, we started distributing our "MINOX®" brand of sanitary products in Thailand, via our then Thai representative agent.

## 7. BUSINESS OVERVIEW (Cont'd)

In 2005, we further expanded our overseas market coverage to Vietnam. As part of our business growth, we also expanded our "MINOX®" brand product offerings from only stainless steel sanitary valves, tubes & fittings to include sanitary installation components & equipment such as pumps and tank equipment. In the same year, we commenced distribution of ContiTech Schlauch GmbH ("**ContiTech**", a German-based functional parts, components and systems manufacturer supporting the oil and gas, food, water management, chemical/petrochemical, mining, mechanical engineering and others industries)'s flexible rubber hoses.

In 2006, Minox MY was incorporated to streamline the overall business and focus. Minox MY focuses on the local distribution of "MINOX®" brand of sanitary products to industrial end-customers while MST MY focuses on onward distribution to our regional offices and representative agents. In the same year, we became a member of EHEDG, allowing us to access EHEDG's guidelines and resources. This enabled us to understand the latest product design criteria and developments as well as keep abreast with current and new guidelines in relation to the production of sanitary products. We also continuously develop our "MINOX®" brand of sanitary products in line with EHEDG's latest guidelines on hygienic design.

In 2007, we relocated our operations to 2 adjacent shoplots in Puchong, Selangor with a built-up area of approximately 8,200 sq ft to support our business growth. In the same year, we also penetrated into the Philippines market and incorporated Minox SG to distribute our products to industrial end-customers in Singapore.

In 2008, we incorporated Minox TH to directly distribute our "MINOX®" brand of sanitary products in Thailand and cease to distribute our products via our then Thai representative agent. In the same year, we commenced distribution of Rubber Fab Gasket & Molding Inc ("**Rubber Fab**", a supplier of sanitary gaskets, rubber hoses and fittings for hygienic process industries based in USA)'s flexible rubber hoses and gaskets. We also commenced distribution of TEMPRESS A/S ("**TEMPRESS**", a mechanical pressure and temperature instruments manufacturer based in Denmark)'s non-sanitary pressure gauges and thermometers. Later in 2017, we appointed TEMPRESS as our third-party manufacturer to manufacture our "MINOX®" brand of sanitary-grade pressure gauges and thermometers.

In tandem with growing demand for our products as well as the need to maintain and assure the quality and inventory level of our products, we constructed a warehouse in Melaka in 2011 with a built-up area of approximately 40,660 sq ft. This property has been disposed in July 2022 as we intend to improve and better manage our business operations by centralising our warehousing operations in Malaysia in near proximity to each other. In December 2022, we relocated our operations in Melaka to Warehouse 3 (distribution centre) in Puchong Selangor.

Additionally, in 2011, MST SG was incorporated to cater for our regional expansion and facilitate better implementation and execution of multinational companies' projects throughout SEA.

In 2013, we incorporated Minox ID and extended our market reach to Indonesia. We have since built up market presence in Indonesia particularly in the F&B industry.

In 2016, we received our largest order to date of approximately RM2.00 million, where we supplied stainless steel sanitary valves, tubes & fittings to a project from PureCircle Sdn Bhd (a subsidiary of PureCircle Ltd, a USA-based producer and innovator of stevia sweeteners then for the global F&B industry).

In 2017, we expanded our "MINOX®" brand range of sanitary products to include FDA-compliant rubber hoses for end-customers across diverse industries.

## 7. BUSINESS OVERVIEW (Cont'd)

In 2018, we commenced distribution of GECITech Sas ("**GECITech**", a French-based flexible hoses and stainless steel fittings manufacturer supporting the food, chemical, pharmaceutical, biotechnology and cosmetic industries)'s flexible rubber hoses.

In 2019, to cater for our business expansion, we relocated from the 2 adjacent shoplots in Puchong, Selangor to our Headquarters cum Warehouse 1 with an approximate built-up area of 14,367 sq ft. Additionally, we also successfully ventured into the semiconductor industry by securing an order from Tialoc Malaysia Sdn Bhd to supply sanitary tubes & fittings to SunPower Malaysia Manufacturing Sdn Bhd, a company involved in the manufacturing of semiconductors and related solid-state devices. Since then, we have successfully expanded our customer base in the semiconductor industry to include Leeden Gas Sdn Bhd, Faeth Asia Pacific Sdn Bhd, Gases System Engineering Services Sdn Bhd, Reliance Engineering Solutions Sdn Bhd and Advanced Ceramics Technology (M) Sdn Bhd, who are our Group's active customers to-date.

In 2019, we also incorporated MVFM TW with the intention to manufacture "MINOX®" brand and third-party brands of sanitary products. Since its incorporation, Cheong Chee Son was appointed as Director of MVFM TW and was responsible for its sales. As part of its after sales service, MVFM TW's customers' will need constant feedback from him on the manufacturing processes. However, due to his limited knowledge in the technical manufacturing processes, Cheong Chee Son decided to focus on his expertise, which is the distribution of "MINOX®" brand of sanitary products. As such, Cheong Chee Son ceased to be a director in April 2022 and MST MY disposed its entire shareholdings in MVFM TW (55.0%) to Tan Kok Hooi (non-related party) in July 2022 at MST MY's original cost of investment. MVFM TW still remains our Group's representative agent to distribute our "MINOX®" brand of sanitary products in Taiwan as well as our Group's third-party manufacturer for "MINOX®" brand of valves.

In 2021, our "MINOX®" brand of sanitary fittings for the F&B industry have been authorised to use the 3-A Symbol, which states our sanitary fittings are in compliance with 3-A Sanitary Standards, thereby fostering greater confidence and assurance in our "MINOX®" brand amongst our customers. Our customers comprise of industrial end-customers as well as project consultants and contractors (i.e. the process system providers to the F&B, pharmaceutical and semiconductor industries). In the same year, we expanded our market reach to Taiwan.

In 2022, our "MINOX®" brand of sanitary tubes for the F&B industry have been certified by EHEDG with the Type EL Class I Certification, which is a testament of our product quality.

In June 2023, our "MINOX®" brand of sanitary tubes for the F&B industry have been authorised to use the 3-A Symbol. This achievement further signifies our ongoing dedication to maintaining standards of hygiene and quality in our products.

Over the years, our Group has evolved from a stainless steel sanitary valves, tubes & fittings trading company serving the domestic market, to an established distributor of stainless steel sanitary valves, tubes & fittings, installation components & equipment, rubber hoses under our "MINOX®" brand and other related products serving end-customers in various industries locally and regionally.



## 7. BUSINESS OVERVIEW (Cont'd)

### 7.2 KEY ACHIEVEMENTS AND MILESTONES

Our Group's key achievements and milestones are listed in the table below:

| Year | Achievement or Milestones                                                                                                                                                                                                                                                                                                                                      |
|------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1998 | <ul style="list-style-type: none"> <li>Establishment of MST Stainless Steel Enterprise and commencement of trading of stainless steel sanitary valves, tubes &amp; fittings to small engineering companies serving end-customers in the F&amp;B industry</li> </ul>                                                                                            |
| 2003 | <ul style="list-style-type: none"> <li>Registered "MINOX®" brand</li> </ul>                                                                                                                                                                                                                                                                                    |
| 2004 | <ul style="list-style-type: none"> <li>Officially launched our "MINOX®" brand of sanitary products</li> <li>Incorporation of MST MY to take over the entire business of MST Stainless Steel Enterprise</li> <li>Penetrated into the pharmaceutical industry</li> <li>Ventured into Thailand market</li> </ul>                                                  |
| 2005 | <ul style="list-style-type: none"> <li>Ventured into Vietnam market</li> <li>Expanded product offerings to include sanitary installation components &amp; equipment</li> <li>Commenced distribution of ContiTech's flexible rubber hoses</li> </ul>                                                                                                            |
| 2006 | <ul style="list-style-type: none"> <li>Incorporation of Minox MY to manage the local distribution of our "MINOX®" products to industrial end-customers while MST MY focused on onward distribution to our regional offices and representative agents</li> <li>Became a member of EHEDG</li> </ul>                                                              |
| 2007 | <ul style="list-style-type: none"> <li>Ventured into the Philippines market</li> <li>Incorporation of Minox SG to manage the distribution of our "MINOX®" brand of sanitary products to industrial end-customers in Singapore</li> </ul>                                                                                                                       |
| 2008 | <ul style="list-style-type: none"> <li>Minox TH was incorporated to directly manage the distribution of our "MINOX®" products to industrial end-customers in Thailand</li> <li>Commenced distribution of Rubber Fab's flexible rubber hoses and gaskets</li> <li>Commenced distribution of TEMPRESS's non-sanitary pressure gauges and thermometers</li> </ul> |
| 2011 | <ul style="list-style-type: none"> <li>Set up our warehouse (distribution centre) in Melaka</li> <li>Incorporation of MST SG to manage the supply of our "MINOX®" products to multinational companies' projects throughout SEA</li> </ul>                                                                                                                      |
| 2013 | <ul style="list-style-type: none"> <li>Incorporation of Minox ID to venture into the Indonesia market</li> </ul>                                                                                                                                                                                                                                               |
| 2016 | <ul style="list-style-type: none"> <li>Received our largest order to date amounting to approximately RM2.00 million from a project from PureCircle Sdn Bhd</li> </ul>                                                                                                                                                                                          |
| 2017 | <ul style="list-style-type: none"> <li>Expanded product offerings to include "MINOX®" FDA-compliant rubber hoses</li> </ul>                                                                                                                                                                                                                                    |
| 2018 | <ul style="list-style-type: none"> <li>Commenced distribution of GECITech's flexible rubber hoses</li> </ul>                                                                                                                                                                                                                                                   |
| 2019 | <ul style="list-style-type: none"> <li>Penetrated into the semiconductor industry</li> </ul>                                                                                                                                                                                                                                                                   |



**7. BUSINESS OVERVIEW (Cont'd)**

| <b>Year</b> | <b>Achievement or Milestones</b>                                                                                                                                                                       |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2021        | <ul style="list-style-type: none"> <li>• Our "MINOX®" brand of sanitary fittings for the F&amp;B industry have been authorised to use the 3-A Symbol</li> <li>• Ventured into Taiwan market</li> </ul> |
| 2022        | <ul style="list-style-type: none"> <li>• Our "MINOX®" brand of sanitary tubes for the F&amp;B industry have been certified by EHEDG with the Type EL Class I Certification</li> </ul>                  |
| 2023        | <ul style="list-style-type: none"> <li>• Our "MINOX®" brand of sanitary tubes for the F&amp;B industry have been authorised to use the 3-A Symbol</li> </ul>                                           |

**7.3 DESCRIPTION OF OUR BUSINESS**

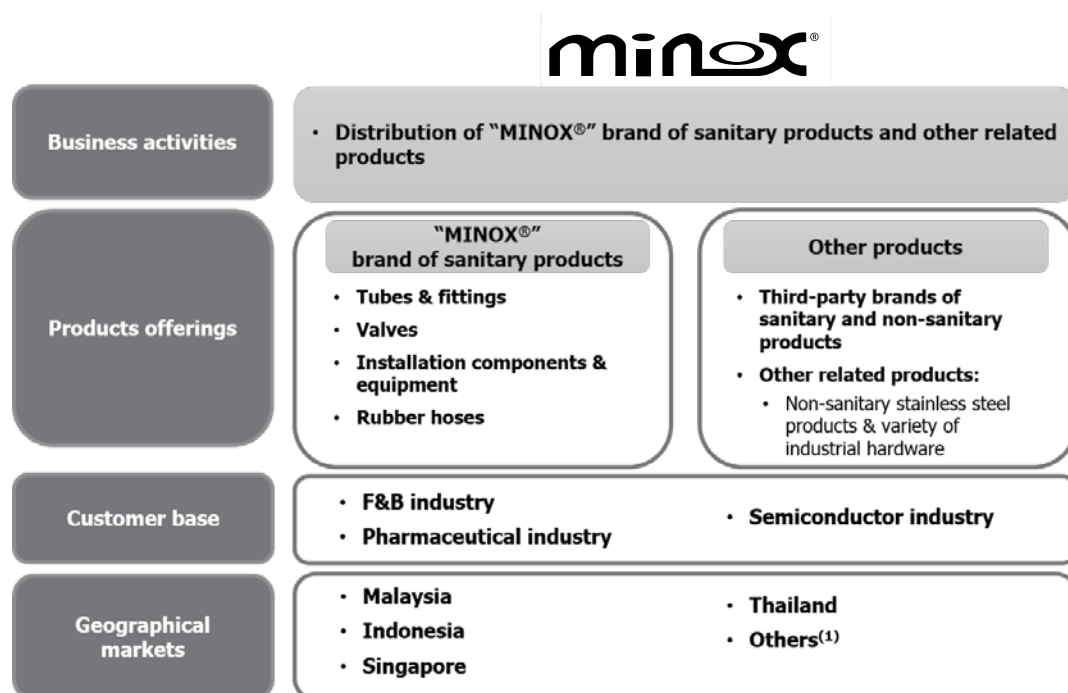
Our Group is principally engaged in the distribution of stainless steel sanitary valves, tubes & fittings, installation components & equipment, rubber hoses under our "MINOX®" brand and other related products. We have a comprehensive range of products, which ranges from different types and specifications (i.e. size, dimension and material grade) that cater to our industrial end-customers' diverse requirements. We supply our products to industrial end-customers either directly, or indirectly via project consultants or contractors who are responsible for the design, development and installation of the production lines. Some of our industrial end-customers have their own in-house engineering team to design and install its production lines, and will directly purchase products required or replacement parts from us.

As our products are used in production plants mainly in the F&B (for food production lines such as dairy and cereal products, food ingredients, food-grade flavourings and fragrances, pet foods as well as beverage production lines such as brewery, soft drink, juice and energy drinks, etc.), pharmaceutical (for production lines including powder/tablet/liquid forms of medicine and supplement products) and semiconductor (for production lines including electronic components, solar cells, storage media and light-emitting diode) industries, we strive to ensure that our "MINOX®" brand of sanitary products are of high quality and standards. In terms of product D&D, we undertake our product D&D activities in-house and subsequently we work with our third-party manufacturers to manufacture prototypes/finished products, i.e. "MINOX®" brand of sanitary products, which are in line with EHEDG's latest guidelines on hygienic design and to comply with international industry standards such as 3-A, DIN, DS, IDF and SMS (for all our sanitary products that are used in the F&B industry), and ASME BPE (for all our sanitary products that are used in the pharmaceutical industry). As for the semiconductor industry, smooth surfaces and leak-proofed design are important specifications although there is no specific certification is required. As such, we comply to such requirements to ensure the quality and reliability of our sanitary products that are used in the semiconductor industry. As our product D&D activities are performed in-house, the product design rights are owned by our Group. As at LPD, our Group has 13 third-party manufacturers and 1 supplier that supply us with our "MINOX®" brand of sanitary products.

In addition to our "MINOX®" brand of sanitary products, we also distribute third-party brands such as Rubber Fab, TEMPRESS, ContiTech and GECITech. Presently, we do not have any exclusive distributorship agreement with these third-party brands. Depending on customers' requirement, we can also source other types of non-sanitary stainless steel products such as square hollow sections, pipes & fittings, plates and various types of industrial hardware. These products are provided as part of our value-added services to our existing customers. With our experience and industry expertise, we also offer product customisation services on a project-to-project basis as and when requested in order to address our industrial end-customers' specific requirements. Such product customisation services will generally take approximately 3 to 6 months, depending on the customer's requirements.

**7. BUSINESS OVERVIEW (Cont'd)**

The following diagram illustrates our Group's business model:

**Note:**

- <sup>(1)</sup> Comprises mainly Bahrain, Cambodia, Denmark, Germany, India, Japan, South Korea, Myanmar, Sri Lanka, Spain, Taiwan, the Philippines, United Arab Emirates and Vietnam.

The products we distribute can be grouped into 2 main categories, namely:

- (i) "MINOX®" brand of sanitary products, which constitutes 95.9%, 97.8%, 97.4%, 96.4% and 82.8% of our Group's total revenue for FYE 2019 to 2022 and FPE 2023 respectively, are segmented as follows:
- tubes & fittings;
  - valves;
  - installation components & equipment; and
  - rubber hoses.

In addition, we also distribute third-party brands of sanitary and non-sanitary products such as RubberFab, ContiTech, GECITech and TEMPRESS brands, which constitutes 0.8%, 0.6%, 0.6%, 1.0% and 0.7% of our total revenue for FYE 2019 to 2022 and FPE 2023 respectively.

- (ii) Other related products which includes non-sanitary stainless steel products and a variety of industrial hardware, constitutes 3.3%, 1.6%, 2.0%, 2.6% and 16.5% of our total revenue for FYE 2019 to 2022 and FPE 2023 respectively.

**7. BUSINESS OVERVIEW (Cont'd)**

Our core business is in the distribution of our "MINOX®" brand of sanitary products. We carry and distribute a total of approximately 7,480 SKUs as at LPD, of which the breakdown by product segments are as follows:

|                                     | No. of SKUs as at LPD               |                    |
|-------------------------------------|-------------------------------------|--------------------|
|                                     | "MINOX®" brand of sanitary products | Third-party brands |
| Tubes & fittings                    | 5,397                               | -                  |
| Valves                              | 1,129                               | -                  |
| Installation components & equipment | 758                                 | 12                 |
| Rubber hoses                        | 73                                  | 80                 |
| Other related products              | -                                   | 31                 |
|                                     | <b>7,357</b>                        | <b>123</b>         |

The products which we distribute as at LPD are as segmentised and depicted below:

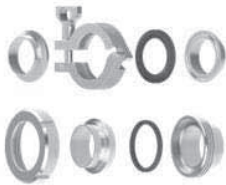
**(i) "MINOX®" brand of sanitary products**

The table below lists the types of "MINOX®" brand of sanitary products as at LPD:

**(a) Tubes & fittings**

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Sanitary tubes that are manufactured in specific stainless steel grade (304/304L and 316/316L) with inner surface finishing as low as <math>Ra \leq 0.8</math> micrometre<sup>(1)</sup> that are used in fluid or gas and compressed air handling process which hygiene and cleanliness are of critical importance</li> <li>Our Group's "MINOX®" brand of sanitary tubes for the F&amp;B industry is EHEDG certified as it is in compliance with Type EL Class I Certification by EHEDG</li> </ul>                                                        |                                                                                                                                                                                                                                                                                                                                                                       |
| <p><u>Tubes</u></p>  <ul style="list-style-type: none"> <li>Applicable for F&amp;B and semiconductor industries</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                    | <p><u>ASME BPE Tubes &amp; Fittings</u></p>  <ul style="list-style-type: none"> <li>The ASME BPE Standard tubes &amp; fittings is developed to provide high level of purity and bioburden control in a pipeline system</li> <li>Applicable for pharmaceutical industry</li> </ul> |
| <ul style="list-style-type: none"> <li>Sanitary fittings are products used in the pipeline systems, to connect straight sections of pipeline system to change and divert the flow of fluids. They are designed for use in F&amp;B, pharmaceutical and semiconductor applications where cleanliness and sterility are of the utmost importance</li> <li>Our Group's "MINOX®" brand of sanitary tubes &amp; fittings for the F&amp;B industry have been authorised to use the 3-A Symbol, which states such sanitary tubes &amp; fittings are in compliance with 3-A Sanitary Standards</li> </ul> |                                                                                                                                                                                                                                                                                                                                                                       |

## 7. BUSINESS OVERVIEW (Cont'd)

|                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>We offer a variety of sanitary fittings which include pipe hangers, unions, flange connections, tees, elbows, reducers and FDA-compliant rubber gaskets/seal rings as illustrated below:</li> </ul>                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <p><u>Pipe hangers</u></p>  <ul style="list-style-type: none"> <li>Used to suspend pipeline system from ceilings or overhead beams</li> <li>Applicable for F&amp;B, pharmaceutical and semiconductor industries</li> </ul> | <p><u>Unions</u></p>  <ul style="list-style-type: none"> <li>Used to unite two pipeline systems which can be detached without causing any deformation to the pipeline systems</li> <li>Manufactured using forged materials with higher mechanical strength</li> <li>We currently offer unions product range in different standard which includes clamp unions, SMS unions, DIN 11853/11864 standards unions (DIN hygienic unions/DIN aseptic unions), IDF unions, ring joint type unions and DS unions</li> <li>Applicable for F&amp;B and pharmaceutical industries</li> </ul> | <p><u>Flange connections</u></p>  <ul style="list-style-type: none"> <li>Used to connect piping and components in a pipeline system by use of bolted connections and gaskets</li> <li>Manufactured using forged materials with higher mechanical strength</li> <li>We currently offer flange connections products range in different standard which includes DIN 11853/11864 standards hygienic flange connections and aseptic flange connections</li> <li>Applicable for F&amp;B industry</li> </ul> |

## 7. BUSINESS OVERVIEW (Cont'd)

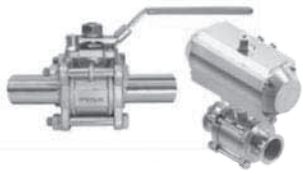
| Tees                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Elbows                                                                                                                                                                                                                                           | Reducers                                                                                                                                                                                                                                                                                                            |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <ul style="list-style-type: none"> <li>• Used to change and divert the flow direction of fluids</li> <li>• We currently offer a variety of tee products such as equal tees, short branch tees, reducing tees, short branch reducing tees and cross tees</li> <li>• Applicable for F&amp;B and semiconductor industries</li> </ul> <p><u>FDA-compliant rubber gaskets/seal rings</u></p>  |  <ul style="list-style-type: none"> <li>• Used to change the flow direction of fluids</li> <li>• Applicable for F&amp;B and semiconductor industries</li> </ul> |  <ul style="list-style-type: none"> <li>• Used in the piping process to reduce the pipeline size from a larger bore to a smaller bore (inner diameter)</li> <li>• Applicable for F&amp;B and semiconductor industries</li> </ul> |
| <ul style="list-style-type: none"> <li>• Used to fill the space between 2 mating surfaces to ensure a tight fit and to prevent leakage from or into joined objects while under compression</li> <li>• Applicable for F&amp;B and pharmaceutical industries</li> </ul>                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                     |

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**7. BUSINESS OVERVIEW (Cont'd)****(b) Valves**

|                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                               |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Valves are mechanical devices that control and divert the flow and pressure of fluids (for F&amp;B and pharmaceutical industries) or gas and compressed air (for semiconductor industry) within a production line</li> </ul>                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                               |
| <p><u>Butterfly valves</u></p>  <ul style="list-style-type: none"> <li>An on-off valve used to shut off the flow of fluids in a pipeline system</li> <li>We currently offer 2 types of butterfly valve namely multi-position manual operating valves and pneumatic valves</li> <li>Applicable for F&amp;B industry</li> </ul>     | <p><u>Seat valves</u></p>  <ul style="list-style-type: none"> <li>Used to divert or control the flow of fluids in a pipeline system</li> <li>We currently offer 2 types of seat valves namely manual (by turning handle) and pneumatic (with air actuator) seat valves</li> <li>Applicable for F&amp;B industry</li> </ul> | <p><u>Control heads/Positioners</u></p>  <ul style="list-style-type: none"> <li>Control head is an electronic automatic feedback positioner and sensor that monitors and ensures optimum valve control</li> <li>Applicable for F&amp;B industry</li> </ul> |
| <p><u>Diaphragm valves</u></p>  <ul style="list-style-type: none"> <li>Used to control the flow of fluids</li> <li>We currently offer 2 types of diaphragm valves namely manual (by turning handle) and pneumatic (with air actuator) diaphragm valves</li> <li>Applicable for F&amp;B and pharmaceutical industries</li> </ul> | <p><u>Non-return valves</u></p>  <ul style="list-style-type: none"> <li>Used to prevent backflow of fluids inside the pipeline system</li> <li>Applicable for F&amp;B industry</li> </ul>                                                                                                                                | <p><u>Floating valves</u></p>  <ul style="list-style-type: none"> <li>Used to control the level of fluids inside a tank</li> <li>Applicable for F&amp;B industry</li> </ul>                                                                              |

**7. BUSINESS OVERVIEW (Cont'd)**

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><u>3-piece body sanitary ball valves</u></p>  <ul style="list-style-type: none"> <li>• A valve that swings open on both ends, allowing easy access to the valve's internals during maintenance and repair</li> <li>• We currently offer 2 types of 3-piece body sanitary ball valves namely manual (by turning handle) and pneumatic (with air actuator) 3-piece body sanitary ball valves</li> <li>• Applicable for F&amp;B and semiconductor industries</li> </ul> | <p><u>2-piece sanitary ball valves</u></p>  <ul style="list-style-type: none"> <li>• This is the most common ball valve which has two openings where the pipeline system is connected to the valve</li> <li>• Applicable for F&amp;B industry</li> </ul> | <p><u>Flow control valves</u></p>  <ul style="list-style-type: none"> <li>• A flow regulating valve that regulates the flow or pressure of fluids</li> <li>• Applicable for F&amp;B industry</li> </ul>                                   |
| <p><u>Air release valves</u></p>  <ul style="list-style-type: none"> <li>• A valve that is often fitted at the highest point of the pipeline system to continually release unwanted air during production</li> <li>• Applicable for F&amp;B industry</li> </ul>                                                                                                                                                                                                       | <p><u>Pressure relief valves</u></p>  <ul style="list-style-type: none"> <li>• A type of safety valve used to control or limit the pressure in a pipeline system</li> <li>• Applicable for F&amp;B industry</li> </ul>                                 | <p><u>Sampling valves</u></p>  <ul style="list-style-type: none"> <li>• A type of valve used for sample collecting for the purpose of identification, QC or regulatory assessment</li> <li>• Applicable for F&amp;B industry</li> </ul> |

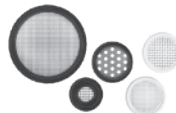
**7. BUSINESS OVERVIEW (Cont'd)****(c) Installation components & equipment**

|                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                               |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>We offer a variety of installation components &amp; equipment which includes tank equipment, filtration equipment, gauges and pumps as illustrated below:</li> </ul>                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                               |
| <u>Tank equipment</u>                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                               |
| <p><u>Level gauges</u></p>  <ul style="list-style-type: none"> <li>To observe the level of fluid content in the tank</li> <li>Applicable for F&amp;B industry</li> </ul>                                                                                                      | <p><u>Manhole covers</u></p>  <ul style="list-style-type: none"> <li>These are covers that are welded on all tanks with various opening devices for different applications</li> <li>We currently offer 3 types of manhole cover namely round manhole cover, pressure manhole cover and oval manwaydoor with different sizes</li> <li>Applicable for F&amp;B industry</li> </ul> | <p><u>Air vents</u></p>  <ul style="list-style-type: none"> <li>Used to prevent vacuum or pressure relief from occurring in a tank</li> <li>Applicable for F&amp;B industry</li> </ul>                                                                     |
| <p><u>Spray balls</u></p>  <ul style="list-style-type: none"> <li>Cleaning nozzles installed in tank for self-cleaning</li> <li>We currently offer 2 types of spray ball namely rotary spray head and static spray ball</li> <li>Applicable for F&amp;B industry</li> </ul> | <p><u>Breather vent filters</u></p>  <ul style="list-style-type: none"> <li>Used for hygienic ventilation of stationary and mobile storage tanks</li> <li>Applicable for F&amp;B industry</li> </ul>                                                                                                                                                                          | <p><u>Tank sight glasses</u></p>  <ul style="list-style-type: none"> <li>Used for observation of the internal condition of a normally closed tank or container to observe the level of fluids within</li> <li>Applicable for F&amp;B industry</li> </ul> |



## 7. BUSINESS OVERVIEW (Cont'd)

|  |                                                                                                                                                                                                                                                                                                                   |  |
|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
|  | <p><u>Inline sight glasses</u></p>  <ul style="list-style-type: none"> <li>• Used for visual observation and the tracking of colour consistency within the pipeline system</li> <li>• Applicable for F&amp;B industry</li> </ul> |  |
|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|

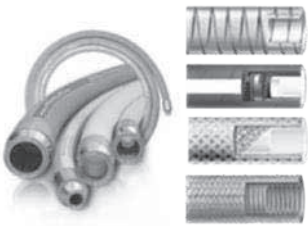
| <u>Filtration equipment</u>                                                                                                                                                                                                                                       |                                                                                                                 |                                                                                                                                                                                                                                                                                                                                          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><u>Angle filters</u></p>  <ul style="list-style-type: none"> <li>• Used to filter out particles and unnecessary solids</li> <li>• Applicable for F&amp;B industry</li> </ul> | <p><u>Inline filters</u></p>  | <p><u>Screen gaskets</u></p>  <ul style="list-style-type: none"> <li>• A wire-mesh filter made to fit into sanitary pipeline system and filter out impurities from fluids</li> <li>• Applicable for F&amp;B and pharmaceutical industries</li> </ul> |

| <u>Gauges</u>                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><u>Pressure gauges</u></p>  <ul style="list-style-type: none"> <li>• An instrument for measuring the pressure condition from fluids</li> <li>• Applicable for F&amp;B and pharmaceutical industries</li> </ul> | <p><u>Thermometers</u></p>  <ul style="list-style-type: none"> <li>• An instrument that measures the fluid temperature</li> <li>• Applicable for F&amp;B and pharmaceutical industries</li> </ul> |

**7. BUSINESS OVERVIEW (Cont'd)**

| <u>Pumps</u>                                                                                                           |                                                                                                                                                                                                                                                                                 |
|------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <u>Sanitary centrifugal pumps</u><br> | <ul style="list-style-type: none"> <li>• Most common type of pump used to transfer low viscosity fluids at a high flow rate and low pressure.</li> <li>• Applicable for transporting fluids and cleaning in place solution for F&amp;B and pharmaceutical industries</li> </ul> |

**(d) Rubber hoses**

|                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                       |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Rubber hoses are used for fluids or food transfer where a degree of natural flexibility is required and are specifically designed for sanitary suction and discharge applications</li> <li>• We offer a range of flexible rubber hoses that is FDA-compliant and is suitable for direct contact with food products</li> </ul> |                                                                                                                                                                                                                                                                                                                                                                       |
| <u>FDA-compliant rubber hoses</u><br>                                                                                                                                                                                                                                                | <ul style="list-style-type: none"> <li>• Used in F&amp;B and pharmaceutical industries to transfer fluids or food from tanks to tanks or from pipeline system to tanks at a determined temperature or pressure range</li> <li>• We offer a variety of FDA-compliant flexible rubber hoses made with different materials such as EPDM, nitrile and silicone</li> </ul> |

**Note:**

- (1) The surface roughness of  $Ra \leq 0.8$  micrometre is a surface finish measurement recommended by the EHEDG. The higher the level of purity demanded in the finished product, the finer the surface finish (lower Ra value) that will be required in the manufacturing applications.

We provide product warranty for all our "MINOX®" brand of sanitary products to our customers which is valid up to 12 months upon delivery (i.e. commencement of product warranty period is based on the date of delivery as stated in the delivery order). Any warranty claim received will be subjected to visual inspection by our QC personnel. We will provide one-to-one replacement warranty for any defective products that are not caused by improper application and usage by customers. We are able to claim warranty against our third-party manufacturers/supplier where issues arise on the functionality of mechanical parts on our products. Examples of issues on functionality of mechanical parts on our products include amongst other:

- (i) A pneumatic actuator does not function when supplied with air due to air leaking or spring issue; and
- (ii) A butterfly valve cannot be closed tightly against the gasket due to the size and roundness of the disc.

**7. BUSINESS OVERVIEW (Cont'd)**

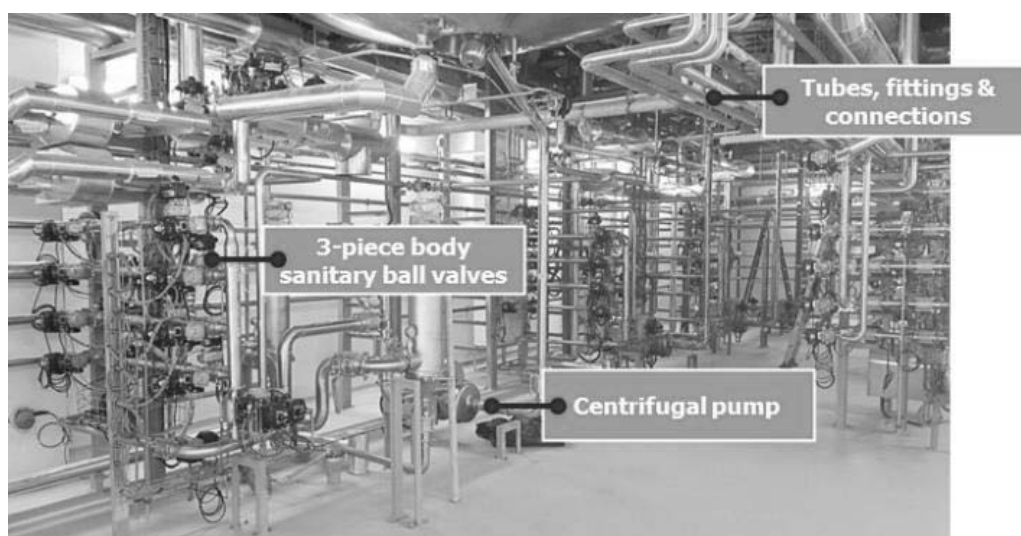
Nevertheless, the customers' claims that we received are often not for issues on functionality of mechanical parts on our products, and hence we do not claim warranty against our third-party manufacturers/supplier. This includes fixing rubber hose crimping (tightness) issues, pipe fitting issues due to roughness, roundness or thickness and/or butterfly valve gasket issues when old gasket design is wrongly delivered with new gasket design. During FYE 2019 to 2022 and FPE 2023, the warranty claims made against our products are as follows:

|                                                          | <b>FYE 2019</b> | <b>FYE 2020</b> | <b>FYE 2021</b> | <b>FYE 2022</b> | <b>FPE 2023</b> |
|----------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                                          | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   |
| "MINOX®" brand of sanitary products                      | 34              | 11              | 3               | 8               | 2               |
| Third-party brands of sanitary and non-sanitary products | -               | 4               | (1)-            | (1)-            | (1)-            |

**Note:**

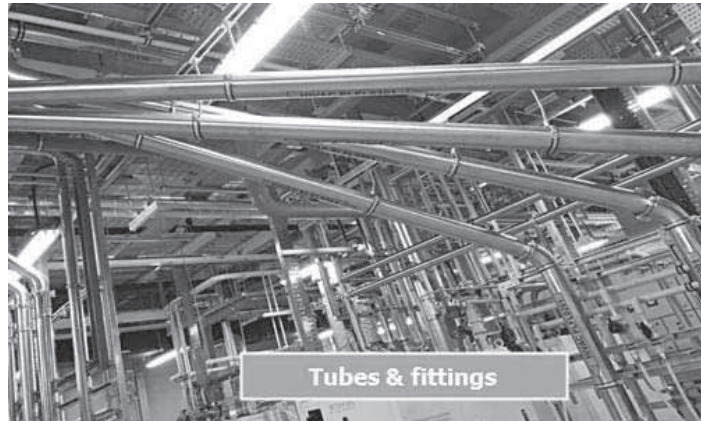
(1) Less than RM1,000.

Examples of our product's applications in different industrial end-customers' plants are illustrated below:

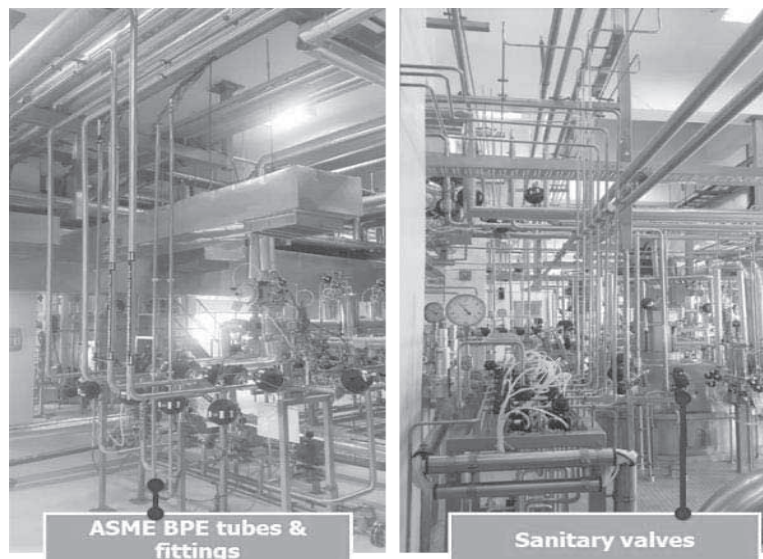


F&B hygienic production line

## 7. BUSINESS OVERVIEW (Cont'd)



Semiconductor production line



Pharmaceutical hygienic production line

In addition, we also distribute third-party brands of sanitary and non-sanitary products as follows:

- **Rubber Fab:** FDA-compliant flexible sanitary rubber hoses and gaskets
- **ContiTech:** FDA-compliant flexible sanitary rubber hoses
- **GECITech:** FDA-compliant flexible sanitary rubber hoses
- **TEMPRESS:** Non-sanitary pressure gauges and thermometers

In respect of third-party brands of sanitary and non-sanitary products, our suppliers do not provide any product warranty (save for non-sanitary products such as pressure gauges and thermometers which has a 18-months warranty period). For any claim(s) made by our customers on defective pressure gauges and thermometers, we will first do a one-to-one replacement with our customers and subsequently claim against our suppliers.

**7. BUSINESS OVERVIEW (Cont'd)****(ii) Other related products**

We provide value-added services to our customers by supplying other types of non-sanitary stainless steel products such as square hollow sections, plates (used for construction of supporting structures), pipes & fittings (used for installation of supporting lines), as well as a variety of industrial hardware, which includes tools, fasteners such as nuts and bolts, and other components.

The revenue contribution by our "MINOX®" brand of sanitary products as well as third-party brands of sanitary and non-sanitary products for FYE 2019 to 2022 and FPE 2023 are as follows:

|                                                                 | <b>Audited</b>  |              |                 |              |                 |              |                 |              |                 |              |
|-----------------------------------------------------------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|
|                                                                 | <b>FYE 2019</b> |              | <b>FYE 2020</b> |              | <b>FYE 2021</b> |              | <b>FYE 2022</b> |              | <b>FPE 2023</b> |              |
|                                                                 | <b>RM'000</b>   | <b>%</b>     | <b>RM'000</b>   | <b>%</b>     | <b>RM'000</b>   | <b>%</b>     | <b>RM'000</b>   | <b>%</b>     | <b>RM'000</b>   | <b>%</b>     |
| <b>"MINOX®" brand of sanitary products</b>                      | 38,549          | 95.9         | 37,976          | 97.8         | 33,458          | 97.4         | 43,407          | 96.4         | 13,597          | 82.8         |
| <b>Third-party brands of sanitary and non-sanitary products</b> |                 |              |                 |              |                 |              |                 |              |                 |              |
| • Rubber Fab                                                    | 188             | 0.5          | 99              | 0.3          | 81              | 0.2          | 226             | 0.5          | 89              | 0.5          |
| • ContiTech                                                     | 16              | 0.1          | 27              | 0.1          | 17              | 0.1          | 86              | 0.2          | 3               | (1)-         |
| • GECITech                                                      | 13              | (1)-         | 13              | (1)-         | 3               | (1)-         | 5               | (1)-         | 3               | (1)-         |
| • TEMPRESS                                                      | 100             | 0.2          | 76              | 0.2          | 109             | 0.3          | 122             | 0.3          | 30              | 0.2          |
| • Others <sup>(2)</sup>                                         | 1,329           | 3.3          | 613             | 1.6          | 691             | 2.0          | 1,174           | 2.6          | 2,707           | 16.5         |
|                                                                 | 1,646           | 4.1          | 828             | 2.2          | 901             | 2.6          | 1,613           | 3.6          | 2,832           | 17.2         |
|                                                                 | <b>40,195</b>   | <b>100.0</b> | <b>38,804</b>   | <b>100.0</b> | <b>34,359</b>   | <b>100.0</b> | <b>45,020</b>   | <b>100.0</b> | <b>16,429</b>   | <b>100.0</b> |

**Notes:**

(1) Less than 0.1%.

(2) Comprises non-sanitary stainless steel products (no brand) such as square hollow sections, pipes & fittings, plates and industrial hardware.

We take a proactive approach in inventory management and generally maintain a minimum inventory level of 6 months in particular for products which are commonly requested by our customers. For new project implementation, upon delivery of product to customers, we will ensure that there is a 15.0% to 20.0% inventory level of the same products for the duration of the project (generally up to a year) as part of our commitment to minimise disruption to our industrial end-customers' project.

Post project implementation, it is vital for us to continue to maintain sufficient inventory level to ensure availability of different SKUs of our sanitary products post project implementation and/or to support our industrial end-customers' continuous replacement/maintenance of their manufacturing facilities. This is because our industrial end-customers are manufacturing facilities in the F&B, semiconductor and pharmaceutical industries and they cannot afford major downtime in their production activities. As such, they rely on us for timely replacement of our sanitary products in the event there is a production line malfunction.

## 7. BUSINESS OVERVIEW (Cont'd)

Furthermore, as we source our "MINOX®" brand of sanitary products from overseas third-party manufacturers, we endeavour to minimise any potential delay risk for the delivery of products from our third-party manufacturers. We will conduct monthly sales forecasts to estimate the demand for our products and manage our inventory level. In order to ensure that our inventory is sufficient to support the distribution of our "MINOX®" brand of sanitary products between our regional offices, representative agents and customers, we will generally maintain a minimum inventory of 6 months. Should our regional office in Singapore, Indonesia or Thailand have any immediate delivery orders to fulfil and are out of the required inventories, we are able to support our regional offices by either arranging delivery from our nearest regional office or representative agents, or arrange air freight delivery from Warehouse 3 (distribution centre). We have not experienced any inventory shortages in the past as we recognised the importance of maintaining sufficient inventory level to cater for our customers' needs.

Our Group currently operates from the following locations:



- Our Group also has representative agents in Taiwan, the Philippines and Vietnam to market and distribute our "MINOX®" brand of sanitary products in these countries

In terms of our warehouse capacities, the existing floor area of our warehouses used as storage space for our products and the utilisation rate as at LPD is as below:

| Locations                                                                  | Storage area<br>(sq ft) | Capacity <sup>(1)</sup> | Usage <sup>(2)</sup> | Utilisation<br>rate (%) <sup>(3)</sup> |
|----------------------------------------------------------------------------|-------------------------|-------------------------|----------------------|----------------------------------------|
| <b>Malaysia</b>                                                            |                         |                         |                      |                                        |
| Headquarters cum Warehouse 1                                               | 6,270                   | 480                     | 398                  | 82.9                                   |
| Warehouse 2                                                                | 6,150                   | 170                     | 123                  | 72.4                                   |
| Warehouse 3 (distribution centre)                                          | 10,620                  | 880                     | 785                  | 89.2                                   |
| <b>Indonesia</b>                                                           |                         |                         |                      |                                        |
| Lot No. II-D, Kadumanggu Babakan Madang, Bogor Regency West Java Indonesia | 4,800                   | 160                     | 95                   | 59.4                                   |



**7. BUSINESS OVERVIEW (Cont'd)**

| <b>Locations</b>                                                                                                                                     | <b>Storage area<br/>(sq ft)</b> | <b>Capacity<sup>(1)</sup></b> | <b>Usage<sup>(2)</sup></b> | <b>Utilisation<br/>rate (%)<sup>(3)</sup></b> |
|------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-------------------------------|----------------------------|-----------------------------------------------|
| Lot No. II-K, Kadumanggu<br>Babakan Madang, Bogor<br>Regency<br>West Java<br>Indonesia                                                               | 2,500                           | 200                           | 165                        | 82.5                                          |
| Lot No. II-B, Kadumanggu<br>Babakan Madang, Bogor<br>Regency<br>West Java<br>Indonesia                                                               | 3,600                           | 65                            | 30                         | 46.2                                          |
| Taman Pondok Jati A06-B<br>Geluran, Taman, Sidoarjo<br>Regency<br>East Java<br>Indonesia                                                             | 250                             | 12                            | 11                         | 91.7                                          |
| <b>Singapore</b><br>32 Old Toh Tuck Road<br>#04-01 I.Biz Centre<br>Singapore 597658                                                                  | 1,800                           | 115                           | 93                         | 80.9                                          |
| 15 Yishun Industrial Street 1<br>#02-30 Win 5<br>Singapore 768091                                                                                    | 2,500                           | 156                           | 130                        | 83.3                                          |
| 15 Yishun Industrial Street 1<br>#02-29 Win 5<br>Singapore 768091                                                                                    | 1,250                           | 18                            | 14                         | 77.8                                          |
| <b>Thailand</b><br>888/8, Moo 9<br>Nai Khlong Bang Pla Kot Sub-<br>district<br>Phra Samut Chedi District<br>Samut Prakan Province<br>10290, Thailand | 2,400                           | 112                           | 98                         | 87.5                                          |
| 888/10, Moo 9<br>Nai Khlong Bang Pla Kot Sub-<br>district<br>Phra Samut Chedi District<br>Samut Prakan Province<br>10290, Thailand                   | 2,000                           | 30                            | 23                         | 76.7                                          |

**Notes:**

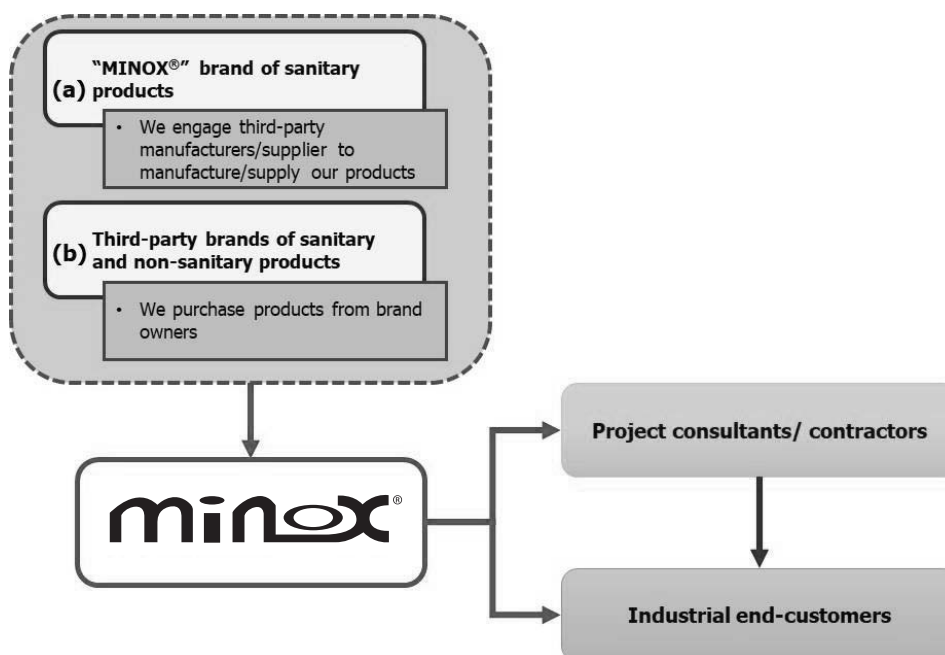
- <sup>(1)</sup> Calculated based on storage space available in the warehouse to store the maximum units of standard size pallet (measurement of 10.2 sq ft per pallet).

## 7. BUSINESS OVERVIEW (Cont'd)

- (2) Calculated based on actual number of standard size pallet utilised.
- (3) Calculated based on usage over capacity.

### 7.4 BUSINESS PROCESSES

The key stages of our business are as follows:



The following process flows details the distribution of our "MINOX®" brand of sanitary products as well as third-party brands of sanitary and non-sanitary products:

#### (a) "MINOX®" brand of sanitary products



#### Sales initiation

- Purchase order received (existing product range)

Upon receiving purchase order from our customers, we will proceed to check our inventory level and prepare our internal order fulfilment form. We will first review the orders to determine the required quantity of the order and its delivery timeline. We will then check the existing finished goods in our warehouses to determine whether new orders are required to be made with our third-party manufacturers/supplier.



## 7. BUSINESS OVERVIEW (Cont'd)

- Product D&D

Our product D&D and QC team undertakes new product development in-house based on the current market trend and requirement in terms of the latest production lines applied within the industrial end-customer industries (i.e. F&B, pharmaceutical and semiconductor industries). We also take into account feedbacks that we receive from our customers to further improve our existing products.

### **Place order with third-party manufacturers/supplier**

- Existing product range

For products in our existing product range that are low in inventory or out of stock, we will proceed to place orders with our third-party manufacturers/supplier for them to commence production. We have 13 overseas third-party manufacturers, namely in China (5), Denmark (2), Italy (2), South Korea (1), Taiwan (1), Thailand (1) and Turkey (1), and 1 supplier in Hong Kong. Generally, our third-party manufacturers/supplier will take approximately 2 to 5 months for delivery depending on the quantity of orders.

- New products

Once the new product development outcome has met our requirements and are finalised, we will then engage our third-party manufacturer(s) to manufacture the product. We work closely with our third-party manufacturer(s) by providing them with the new product development information and detailed specifications (i.e. size, dimension and material grade). We will first request our third-party manufacturer(s) to produce a prototype based on such specifications. Our product D&D and QC team will then inspect the prototype against our specifications to ensure that such prototype is consistent with our requirements prior to us engaging them for mass production.

Our third-party manufacturers will generally take approximately 3 to 6 months (depending on specifications) to fulfil our new products' production order, beginning from prototype production up to mass production and final delivery to us.

In terms of raw materials, our third-party manufacturers are responsible for the sourcing and procurement of raw materials and related supplies required for the production process. While for in-manufacturing QC, it will be handled by our third-party manufacturers/supplier and we will conduct rigorous incoming quality checks.

### **Incoming product inspection**

Finished products are then delivered by our third-party manufacturers/supplier to our distribution centre for QC before distributing to the respective regional offices' warehouses and representative agents. We will conduct a sampling test on all incoming products to ensure that they comply with our specifications as well as customers' requirements before accepting the incoming products. If a defective product is detected from the sampling test, we will then test the whole batch order for that particular product. In the event that further inspection identifies further defective products, we will return the entire batch of products to our third-party manufacturers/supplier. Please refer to Section 7.13 for further details of our incoming QC procedures.

**7. BUSINESS OVERVIEW (Cont'd)****Warehousing and delivery**

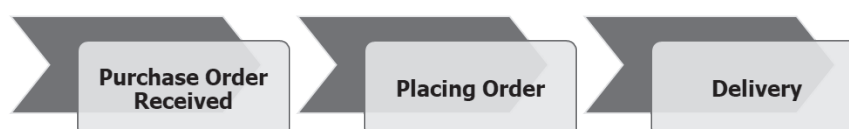
Once the finished products pass our internal QC, they will then be stored at our warehouses. The products are then repacked into carton boxes based on customers' order quantity prior to delivery to our customers via third-party logistics services. Prior to delivery of our products to our customers, outgoing quality checks will also be performed to ensure the order quantity and products tally with the respective delivery order.

We provide our customers with product warranty for all "MINOX®" brand of sanitary products which is valid up to 12 months upon delivery (i.e. commencement of product warranty period is based on the date of delivery as stated in the delivery order). Upon receiving the warranty claim order from our customers, our QC personnel will perform visual inspection to assess the condition of the products. We provide our customers with one-to-one replacement warranty for any defective products not caused by improper application and usage by customers.

- Inventory control

We have an inventory control procedure where we maintain adequate inventory in our warehouse to provide timely delivery to fulfil our customers' orders. In practice, we conduct sales forecasts on monthly basis to estimate the demand for our products and to manage the required inventory. We generally maintain a minimum inventory of 6 months to avoid disruption for our sanitary products supplied to our customers. When there is a low level of inventory, we will replenish our inventory level from our third-party manufacturers/supplier. By maintaining sufficient level of inventory, our Group is able to stay competitive in the market where we can provide prompt response to our customers' as our industrial-end customers industries (F&B, semiconductor and pharmaceutical industries) relies on products being readily available for immediate replacement in the event there is a production line malfunction.

Upon receiving our products from our third-party manufacturers/supplier, we will conduct incoming product inspection and the quantity count against the delivery order. Any discrepancies will be reported to our third-party manufacturers/supplier for follow-up action. After the products are received, we will record such data into our inventory system and store them in their designated storage areas according to the product categories, for easy and speedy retrieval. We also conduct annual assessments of our inventory value and will impair if the net realisable value of the inventories is below their cost in accordance with our inventory management policy.

**(b) Third-party brands of sanitary and non-sanitary products**

**7. BUSINESS OVERVIEW (Cont'd)**Purchase order received

Upon receiving purchase order from our customers, we will proceed to check our inventory level and prepare the internal order fulfilment form. We will first review the order to determine the required quantity of the order and its delivery timeline. We will then check the available stock in our warehouses to determine whether new orders or additional quantity orders are required to be made with our suppliers.

Placing order

For the products that are low in inventory or out of stock, we will proceed to place orders directly with the respective suppliers. We mainly source/import the products directly from our suppliers who are based in Denmark, Germany, France and USA.

Delivery

Generally, our suppliers will take approximately 2 to 12 weeks to deliver our orders. Once we receive the products from our suppliers, our QC personnel will conduct inspection upon receipt to ensure that the products received matches the delivery orders and specifications. Any products that do not meet the order and specifications are returned to our suppliers.

All outgoing products will be checked by our warehouse personnel against the purchase order before being delivered to our customers.

**7.5 PRINCIPAL MARKETS AND SEGMENTS**

Our Group's principal markets comprise both domestic and export markets across SEA including Indonesia, Singapore, Thailand and other regions.

Our revenue contributions by geographical locations for FYE 2019 to 2022 and FPE 2023 are as follows:

| Countries               | Audited       |              |               |              |               |              |               |              |               |              |
|-------------------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|
|                         | FYE 2019      |              | FYE 2020      |              | FYE 2021      |              | FYE 2022      |              | FPE 2023      |              |
|                         | RM'000        | %            | RM'000        | %            | RM'000        | %            | RM'000        | %            | RM'000        | %            |
| <b>Domestic market:</b> |               |              |               |              |               |              |               |              |               |              |
| Malaysia                | 11,925        | 29.7         | 10,557        | 27.2         | 11,174        | 32.5         | 16,231        | 36.1         | 4,441         | 27.0         |
| <b>Overseas market:</b> |               |              |               |              |               |              |               |              |               |              |
| Indonesia               | 10,428        | 25.9         | 10,057        | 25.9         | 11,123        | 32.4         | 14,592        | 32.4         | 5,689         | 34.6         |
| Singapore               | 7,304         | 18.2         | 8,728         | 22.5         | 5,166         | 15.0         | 7,735         | 17.2         | 4,244         | 25.9         |
| Thailand                | 6,141         | 15.3         | 6,533         | 16.8         | 3,989         | 11.6         | 4,224         | 9.4          | 1,289         | 7.8          |
| Others <sup>(1)</sup>   | 4,397         | 10.9         | 2,929         | 7.6          | 2,907         | 8.5          | 2,238         | 4.9          | 766           | 4.7          |
|                         | 28,270        | 70.3         | 28,247        | 72.8         | 23,185        | 67.5         | 28,789        | 63.9         | 11,988        | 73.0         |
| <b>Total</b>            | <b>40,195</b> | <b>100.0</b> | <b>38,804</b> | <b>100.0</b> | <b>34,359</b> | <b>100.0</b> | <b>45,020</b> | <b>100.0</b> | <b>16,429</b> | <b>100.0</b> |

**Note:**

- (1) Comprises mainly Bahrain, Cambodia, Denmark, Germany, India, Japan, South Korea, Myanmar, Sri Lanka, Spain, Taiwan, the Philippines, United Arab Emirates and Vietnam.

**7. BUSINESS OVERVIEW (Cont'd)**

From FYE 2019 to 2022 and FPE 2023, local sales contributed 29.7%, 27.2%, 32.5% 36.1% and 27.0% of our Group's total revenue respectively while the remaining 70.3%, 72.8%, 67.5%, 63.9% and 73.0% respectively were contributed from overseas sales. Amongst the countries, Indonesia, Singapore and Thailand are our Group's major overseas markets, collectively contributing a total of 59.4%, 65.2%, 59.0%, 59.0% and 68.3% respectively of our Group's revenue in FYE 2019 to 2021 and FPE 2022 respectively.

Our product segments are categorised into tubes & fittings, valves, installation components & equipment, rubber hoses and other related products as follows:

|                                       | <b>Audited</b>  |              |                 |              |                 |              |                 |              |                 |              |
|---------------------------------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|
|                                       | <b>FYE 2019</b> |              | <b>FYE 2020</b> |              | <b>FYE 2021</b> |              | <b>FYE 2022</b> |              | <b>FPE 2023</b> |              |
|                                       | <b>RM'000</b>   | <b>%</b>     | <b>RM'000</b>   | <b>%</b>     | <b>RM'000</b>   | <b>%</b>     | <b>RM'000</b>   | <b>%</b>     | <b>RM'000</b>   | <b>%</b>     |
| Tubes & fittings                      | 29,055          | 72.3         | 29,325          | 75.6         | 24,820          | 72.2         | 32,939          | 73.1         | 10,058          | 61.2         |
| Valves                                | 5,788           | 14.4         | 4,968           | 12.8         | 4,853           | 14.1         | 6,342           | 14.1         | 2,201           | 13.4         |
| Installation components & equipment   | 2,144           | 5.3          | 2,227           | 5.7          | 2,293           | 6.7          | 2,508           | 5.6          | 731             | 4.4          |
| Rubber hoses                          | 1,879           | 4.7          | 1,671           | 4.3          | 1,702           | 5.0          | 2,057           | 4.6          | 732             | 4.5          |
| Other related products <sup>(1)</sup> | 1,329           | 3.3          | 613             | 1.6          | 691             | 2.0          | 1,174           | 2.6          | 2,707           | 16.5         |
|                                       | <b>40,195</b>   | <b>100.0</b> | <b>38,804</b>   | <b>100.0</b> | <b>34,359</b>   | <b>100.0</b> | <b>45,020</b>   | <b>100.0</b> | <b>16,429</b>   | <b>100.0</b> |

**Note:**

- (1) Comprises non-sanitary stainless steel products such as square hollow sections, pipes & fittings, plates and industrial hardware.

During FYE 2019 to 2022 and FPE 2023, tubes & fittings and valves product categories were the largest revenue contributor to our Group as it contributed more than 74.0% of our Group's total revenue respectively.

**7.6 MARKETING ACTIVITIES**

Our sales and marketing team comprises 26 personnel as at LPD and they report directly to our Sales and Marketing Manager, Low Yoke Kiew. Our marketing approach and strategies are aimed at promoting our Group and products and introducing our products to potential customers.

The sales and marketing strategies adopted by our Group are as follows:

**(a) Direct approach**

Our sales and marketing team actively approaches industrial end-customers in various industries to market our products as well as showcase our capabilities. The team will also approach potential customers in the industries we currently serve as well as other industries as a means to expand our customer base.

Our sales and marketing team are also responsible for managing the sales accounts for our existing customers in order to maintain and continue developing our business relationships with them. This enables us to achieve repeat business from our existing customers.

**7. BUSINESS OVERVIEW (Cont'd)**

Additionally, we will obtain feedback from our existing customers regarding our product offerings to better understand their preferences and the ever-changing market trends. This allows us to develop new products or improve our existing products more effectively in order to meet the needs of our customers and the market.

**(b) Regional offices and representative agents**

Our customer network covers both the local and overseas markets through our regional offices located in Malaysia, Indonesia, Singapore and Thailand. These regional offices enable us to better serve our existing customers. Further, our active participation in reaching out to target customers in these countries also allows us to create awareness of our Group and product offerings. In addition, we also work with our representative agents to secure customers in Taiwan, the Philippines and Vietnam.

**(c) Participation in trade exhibitions**

Our Group recognises that participation in trade exhibitions not only provide valuable insight into the market, but also allows us to increase our brand visibility as well as enable us to promote our products and services while reaching out to potential customers and keeping abreast with latest industry trends and standards. Since inception, we have participated in numerous trade exhibitions. The major trade exhibitions that we participated from FYE 2019 to 2022, FPE 2023 and up to LPD are as follows:

| <b>Year</b> | <b>Name of trade exhibition</b>                               | <b>Organiser</b>                            | <b>Location</b>           |
|-------------|---------------------------------------------------------------|---------------------------------------------|---------------------------|
| 2019        | ProPak Asia                                                   | Informa Markets                             | Bangkok, Thailand         |
| 2019        | ALLPacK INDONESIA                                             | Krista Exhibitions (PT Kristamedia Pratama) | Jakarta, Indonesia        |
| 2019        | ProPak Myanmar                                                | Informa Markets                             | Yangon, Myanmar           |
| 2019        | AsiaFood Expo                                                 | Marketing & Exhibitions Inc                 | Manila, the Philippines   |
| 2019        | ProPak Vietnam                                                | Informa Markets                             | Ho Chi Minh City, Vietnam |
| 2020        | ProPak Asia Virtual Exhibition                                | Informa Markets                             | Virtual                   |
| 2022        | ProPak Asia                                                   | Informa Markets                             | Bangkok, Thailand         |
| 2022        | ALLPacK INDONESIA                                             | Krista Exhibitions (PT Kristamedia Pratama) | Jakarta, Indonesia        |
| 2022        | 33 <sup>rd</sup> Malaysia International Machinery Fair (MIMF) | ES International Event Management           | Kuala Lumpur, Malaysia    |

**7. BUSINESS OVERVIEW (Cont'd)**

| <u>Year</u> | <u>Name of trade exhibition</u> | <u>Organiser</u>    | <u>Location</u>   |
|-------------|---------------------------------|---------------------|-------------------|
| 2023        | SEMICON Southeast Asia          | SEMI Southeast Asia | Penang, Malaysia  |
| 2023        | ProPak Asia                     | Informa Markets     | Bangkok, Thailand |

**(d) Referrals from existing customers**

We have been able to attract new customers through referrals made through our existing customers. Our sales and marketing team will follow up closely with both our existing customers while also working towards procuring new customers.

**7.7 TECHNOLOGY USED OR TO BE USED**

We utilise the following technology in our business operations:

| <u>Technology</u>                     | <u>Description</u>                                                                                                                                                                                | <u>Unit(s)</u>         | <u>NBV as at 30 April 2023 (RM)</u> |
|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-------------------------------------|
| Spectrometer                          | A mobile metal analyser used to analyse and identify chemical composition in metal (i.e. stainless steel 304, 304L, 316 and 316L)                                                                 | 2                      | -(1)                                |
| Surface roughness tester              | A device used to determine the surface finishing (i.e. surface texture or surface roughness) of our products                                                                                      | 2                      | 287                                 |
| Calliper, dial gauge and filler gauge | Devices used to check critical dimension i.e. diameter, thickness (calliper), roundness (dial gauge) and perpendicularity (filler gauge)                                                          | 8                      | -(1)                                |
| AutoCount                             | Computer software that an organisation uses to manage day-to-day business activities such as accounting, inventory control, invoicing, procurement management, warehouse and logistics management | 5 software licences    | -(1)                                |
| AutoCount On-The-Go                   | A cloud-native application that complements the AutoCount software which allows an organisation to access basic data, accounting records and accounting functions through the internet            | 1 subscription licence | Not applicable                      |

**7. BUSINESS OVERVIEW (Cont'd)**

| <b>Technology</b> | <b>Description</b>                                                                         | <b>Unit(s)</b>     | <b>NBV as at 30 April 2023<br/>(RM)</b> |
|-------------------|--------------------------------------------------------------------------------------------|--------------------|-----------------------------------------|
| SolidWorks        | A computer-aided design and drafting software application to create 2-dimensional drawings | 1 software licence | -(1)                                    |

**Note:**

(1) Fully depreciated.

**7.8 INTERRUPTIONS IN BUSINESS**

Save as disclosed below, our Group has not experienced any interruption that had significant effect on our operations during the past 12 months preceding LPD.

**7.8.1 Impact of the COVID-19 pandemic on our Group's business operations**

(a) Impact of COVID-19 on our business operations in Malaysia

Throughout 2020 and 2021, the Government implemented various stages of the MCO to curb the spread of the COVID-19 pandemic, details of which are set out below together with the implications on our operations:

|                                                    | <b>MST MY</b>                                                                                                               | <b>Minox MY</b>                                                                                                           |
|----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
| <b>MCO 1.0</b><br>(18 March 2020 to 3 May 2020)    | Our employees were restricted from working in our premises from 18 March 2020 to 24 April 2020.                             | Our employees were restricted from working in our premises from 18 March 2020 to 23 April 2020.                           |
| <b>CMCO</b><br>(4 May 2020 to 9 June 2020)         | Allowed to resume operations with a 50.0% workforce capacity after obtaining the approval from the MITI on 24 April 2020.   | Allowed to resume operations with a 50.0% workforce capacity after obtaining the approval from the MITI on 23 April 2020. |
| <b>RMCO</b><br>(10 June 2020 to 31 March 2021)     | Allowed to resume operations with a 50.0% workforce capacity after obtaining the approval from the MITI on 24 April 2020.   | Allowed to resume operations with a 50.0% workforce capacity after obtaining the approval from the MITI on 23 April 2020. |
| <b>MCO 2.0</b><br>(13 January 2021 to 31 May 2021) | Allowed to resume operations with a 50.0% workforce capacity after obtaining the approval from the MITI on 12 January 2021. |                                                                                                                           |
| <b>FMCO</b><br>(1 June 2021 to 4 July 2021)        | Allowed to resume operations with a 50.0% workforce capacity after obtaining the approval from the MITI on 5 June 2021.     |                                                                                                                           |

**7. BUSINESS OVERVIEW (Cont'd)**

|                                                                                                                           | <b>MST MY</b>                                                                                                                            | <b>Minox MY</b> |
|---------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| <b>NRP Phase 1</b><br>(5 July 2021 to 3 September 2021 (Melaka), 5 July 2021 to 9 September 2021 (Selangor))              | Allowed to continue business operations with a 60.0% workforce capacity after obtaining the approval from the MITI on 25 August 2021.    |                 |
| <b>NRP Phase 2</b><br>(4 September 2021 to 30 September 2021 (Melaka), 10 September 2021 to 30 September 2021 (Selangor)) | Allowed to continue business operations with a 80.0% workforce capacity after obtaining the approval from the MITI on 25 September 2021. |                 |
| <b>NRP Phase 3</b><br>(1 October 2021 to 17 October 2021 (Melaka and Selangor))                                           | Allowed to continue business operations with a 80.0% workforce capacity after obtaining the approval from the MITI on 15 October 2021.   |                 |
| <b>NRP Phase 4</b><br>(17 October 2021 to 31 March 2022 (Melaka and Selangor))                                            | Allowed to continue business operations with a 100.0% workforce capacity                                                                 |                 |

**Measures to commence and continue our business operations**

Although the Ministry of Health Malaysia had announced the transition of COVID-19 into endemic phase from 1 April 2022, followed by the Government's latest decision in relaxing various SOPs which has taken effect from 1 May 2022, we have continued the implementation of COVID-19 safety and health instructions and procedures to safeguard the health and safety conditions of our employees, as detailed below:

- (i) ensuring all our employees and visitors wear face masks at all times and practise social distancing;
- (ii) any employee that show symptoms must inform our human resource personnel immediately, refer to any medical facilities and to undergo home quarantine; and
- (iii) placing hand sanitisers at various areas and regular cleaning, sanitising and disinfecting common areas of our premises.

From FYE 2020 up to LPD, our Group incurred expenses of RM0.07 million for the implementation of health and safety measures which includes the purchase of sanitisers, disinfectants, thermometers, personal protective equipment and self-test kits.

**(b) Impact of COVID-19 on our business operations in Indonesia**

The Indonesian government had on 31 March 2020 declared a public health emergency which led to the imposition of stringent social restrictions and different levels of lockdown policies due to the outbreak of COVID-19 in the country. Nevertheless, our Indonesian operations was allowed to operate during these periods while complying with the control measures issued by the Indonesian government and local authorities.



## 7. BUSINESS OVERVIEW (Cont'd)

### (c) Impact of COVID-19 on our business operations in Singapore

In response to the COVID-19 pandemic, the Singaporean government had announced various stages of lockdown measures at different point in time. This included the Circuit Breaker Period which commenced on 7 April 2020, the subsequent different phases of reopening of the economy (Phases 1,2 and 3), as well as heightened alert measures during the various phases in response to increasing number of cases and multiple variants and strains of the virus. During the different stages, various safe distancing measures and restrictions were put in place to limit the spread of the virus. These measures include closing non-essential workplaces, mandating work-from-home measures, implementing contact tracing, COVID-19 workplace testing requirements and travel restrictions, and closing Singapore's international borders. The Singaporean government has since introduced a multi-phase approach to resume more economic and social activities safely and manage the COVID-19 pandemic after the Circuit Breaker Period.

Nevertheless, our Singapore operations were allowed to operate during the Circuit Breaker Period while complying with the control measures issued by the Singaporean government, such as operating with a reduced workforce by 50.0% in our facility or implementing work-from-home measures where possible in order to curb the spread of the virus.

### (d) Impact of COVID-19 on our business operations in Thailand

The Royal Thai government has on 26 March 2020 declared a state of emergency, and had since extended the same multiple times until 31 September 2022. Thailand's state of emergency is a decree which gives the Royal Thai government autonomy to set restrictions and measures such as nationwide curfews, restrictions on movements, closures, suspension or restrictions in operating hours of certain business activities to combat the spread of COVID-19. In addition, The Royal Thai government had declared an Emergency Decree on Electronic Meeting B.E. 2563 (2020) on 18 April 2020 to facilitate meetings of directors and shareholders via electronic means during the COVID-19 pandemic, include allowing all attendees to attend meetings via electronic means and removing the requirement for physical attendance in such meetings.

Nevertheless, our Thailand operations was allowed to operate during these periods while complying with the control measures issued by the Royal Thai government and local authorities.

### 7.8.2 Impact of COVID-19 on our sales and earnings prospects

We temporarily ceased all our operations for Minox MY (18 March to 23 April 2020) and MST MY (18 March 2020 to 24 April 2020) prior to obtaining approval from MITI. Notwithstanding the resumption of our operations, governments around the world had enforced lockdown of varying lengths and strictness in response to the COVID-19 pandemic. As our Group operates in Malaysia, Singapore, Indonesia, and Thailand, the imposition of various COVID-19 related lockdown measures in the aforementioned countries had adversely impacted our financial performance for FYE 2019 to 2021. We experienced a decline in revenue by 11.5% from FYE 2020 to FYE 2021 which was primarily caused by lower sales generated in the Singapore and Thailand markets as our industrial end-customers had rescheduled installations at their project sites, thus leading to a delay in their orders.

## **7. BUSINESS OVERVIEW (Cont'd)**

Nevertheless, we remained in constant communication with our customers during the various lockdowns throughout 2020 and 2021 and received quotation orders amounting to RM4.82 million. However, as a result of the travel restrictions and delay in our industrial end-customers' projects such as installation of production lines for their F&B plants, they were unable to issue their purchase orders to us. Taking into consideration the projects in the pipeline, we began to increase our inventory in preparation for future demand. Subsequently in FYE 2022 when COVID-19 restrictions and SOPs were relaxed, we recognised the delayed sales as our customers issued their purchase orders which led to the increase in our total revenue of RM10.66 million or 31.0% from RM34.36 million in FYE 2021 as compared to RM45.02 million FYE 2022.

We are of the view that the COVID-19 pandemic will not have a material adverse impact on our prospects in the long run, taking into consideration the gradual recovery of Malaysia's economy, coupled with the country entering the "transition to endemic phase" of COVID-19 from 1 April 2022. This is evidenced by our Group generating revenue of RM45.02 million in FYE 2022 compared to RM34.36 million in FYE 2021.

### **7.8.3 Impact of COVID-19 and MCO on our supply chain**

Our supplies are mainly sourced from overseas. During the MCO periods, we experienced longer lead time for our supplies from our third-party manufacturers/supplier due to lockdown measures and restrictions imposed in Malaysia and countries where our third-party manufacturers/supplier are based. This had resulted in up to 2 months delay in the delivery schedule from our third-party manufacturers/supplier. However, we have always practiced a 6-month inventory holding level, there was no material impact on our supply chain and inventory as we have sufficient inventory for our operations. We also experienced slight delays in delivery of our products due to logistics delay as a result of travel restrictions in Malaysia. This had resulted in delays of up to 2 weeks in our delivery schedule to our customers. Nevertheless, we had informed our customers of any delays in delivery and we have not experienced any order cancellation during the affected period.

### **7.8.4 Impact of COVID-19 on our Group under the "transition to endemic" phase of COVID-19**

Beginning 1 April 2022, Malaysia entered into the "transition to endemic" phase of COVID-19 whereby COVID-19 restrictions and SOPs were further relaxed as the country prepared to return to near normalcy. In light of the relaxed restrictions, we did not experience any material impact on operations since the commencement of the "transition to endemic" phase. Notwithstanding the relaxed restrictions and SOPs, we continue to implement in-house COVID-19 related SOPs to reduce the risk of COVID-19 amongst our employees.

## **7.9 SEASONALITY**

Our operations and sales are not subject to any seasonality factors.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.10 MAJOR CUSTOMERS

Our top 5 customers according to their revenue contribution for FYE 2019 to 2022 and FPE 2023 are as follows:

| No.      | Name                           | Country of operations             | Type of customers/<br>Principal activities                                                         | Revenue |      | Main products provided                                                 | <sup>(7)</sup> Length of relationship as at end of FYE |
|----------|--------------------------------|-----------------------------------|----------------------------------------------------------------------------------------------------|---------|------|------------------------------------------------------------------------|--------------------------------------------------------|
|          |                                |                                   |                                                                                                    | RM'000  | %    |                                                                        |                                                        |
| FYE 2019 |                                |                                   |                                                                                                    |         |      |                                                                        |                                                        |
| 1.       | GEA Group <sup>(1)</sup>       | Singapore, Thailand and Indonesia | Project consultant/<br>Systems provider for the F&B and pharmaceutical industries                  | 3,319   | 8.3  | Tubes & fittings, rubber hoses and installation components & equipment | 9                                                      |
| 2.       | Ichita Co Ltd <sup>(2)</sup>   | Thailand                          | Project consultant/<br>Water treatment and process solution provider                               | 1,801   | 4.5  | Valves, tubes & fittings                                               | 8                                                      |
| 3.       | Minox PH <sup>(3)</sup>        | Philippines                       | Representative agent/<br>Trading of sanitary products and non-sanitary products in the Philippines | 1,647   | 4.1  | All "MINOX®" sanitary products supplied by us                          | 13                                                     |
| 4.       | MST VN <sup>(4)</sup>          | Vietnam                           | Representative agent/<br>Trading of sanitary products non-sanitary products in Vietnam             | 1,578   | 3.9  | All "MINOX®" sanitary products supplied by us                          | 1                                                      |
| 5.       | Tetra Pak Group <sup>(5)</sup> | Malaysia, Singapore and Indonesia | Project consultant and process equipment manufacturer/<br>Food packaging and processing            | 1,116   | 2.8  | Tubes & fittings and rubber hoses                                      | 7                                                      |
|          |                                |                                   |                                                                                                    | 9,461   | 23.6 |                                                                        |                                                        |

## 7. BUSINESS OVERVIEW (Cont'd)

| No.      | Name                            | Country of operations                       | Type of customers/<br>Principal activities                                                 | Revenue |      | Main products provided                                                 | (7)Length of relationship as at end of FYE<br>Years |
|----------|---------------------------------|---------------------------------------------|--------------------------------------------------------------------------------------------|---------|------|------------------------------------------------------------------------|-----------------------------------------------------|
|          |                                 |                                             |                                                                                            | RM'000  | %    |                                                                        |                                                     |
| FYE 2020 |                                 |                                             |                                                                                            |         |      |                                                                        |                                                     |
| 1.       | GEA Group <sup>(1)</sup>        | Singapore, Thailand, Indonesia and Japan    | Project consultant/<br>Systems provider for the F&B and pharmaceutical industries          | 3,809   | 9.8  | Tubes & fittings, rubber hoses and installation components & equipment | 10                                                  |
| 2.       | MST VN <sup>(4)</sup>           | Vietnam                                     | Representative agent/<br>Trading of sanitary products and non-sanitary products in Vietnam | 2,005   | 5.2  | All "MINOX®" sanitary products supplied by us                          | 2                                                   |
| 3.       | Tetra Pak Group <sup>(5)</sup>  | Malaysia, Singapore, Indonesia and Thailand | Project consultant and process equipment manufacturer/<br>Food packaging and processing    | 1,772   | 4.6  | Tubes & fittings and rubber hoses                                      | 8                                                   |
| 4.       | Ichita Co Ltd <sup>(2)</sup>    | Thailand                                    | Project consultant/<br>Water treatment and process solution provider                       | 1,719   | 4.4  | Tubes & fittings and valves                                            | 9                                                   |
| 5.       | Krones Izumi Processing Pte Ltd | Singapore                                   | Project consultant/<br>F&B industry solutions provider                                     | 1,597   | 4.1  | Tubes & fittings                                                       | 3                                                   |
|          |                                 |                                             |                                                                                            | 10,902  | 28.1 |                                                                        |                                                     |

**7. BUSINESS OVERVIEW (Cont'd)**

| No.      | Name                           | Country of operations                              | Type of customers/<br>Principal activities                                                         | Revenue |      | Main products provided                                                 | (7)Length of relationship as at end of FYE |
|----------|--------------------------------|----------------------------------------------------|----------------------------------------------------------------------------------------------------|---------|------|------------------------------------------------------------------------|--------------------------------------------|
|          |                                |                                                    |                                                                                                    | RM'000  | %    |                                                                        |                                            |
|          |                                |                                                    |                                                                                                    |         |      |                                                                        |                                            |
| FYE 2021 |                                |                                                    |                                                                                                    |         |      |                                                                        |                                            |
| 1.       | GEA Group <sup>(1)</sup>       | Singapore, Thailand, Indonesia, Malaysia and Japan | Project consultant/<br>Systems provider for the F&B and pharmaceutical industries                  | 1,652   | 4.8  | Tubes & fittings, rubber hoses and installation components & equipment | 11                                         |
| 2.       | Tetra Pak Group <sup>(5)</sup> | Malaysia, Singapore, Indonesia and India           | Project consultant and process equipment manufacturer/<br>Food packaging and processing            | 1,546   | 4.5  | Tubes & fittings and rubber hoses                                      | 9                                          |
| 3.       | MST VN <sup>(4)</sup>          | Vietnam                                            | Representative agent/<br>Trading of sanitary products and non-sanitary products in Vietnam         | 1,207   | 3.5  | All "MINOX®" sanitary products supplied by our Group                   | 3                                          |
| 4.       | Dterm (M) Sdn Bhd              | Malaysia                                           | Project consultant/<br>Supply and installation of process systems for the F&B industry             | 840     | 2.4  | Tubes & fittings, valves and rubber hoses                              | 6                                          |
| 5.       | Minox PH <sup>(3)</sup>        | Philippines                                        | Representative agent/<br>Trading of sanitary products and non-sanitary products in the Philippines | 625     | 1.8  | All "MINOX®" sanitary products supplied by our Group                   | 15                                         |
|          |                                |                                                    |                                                                                                    | 5,870   | 17.0 |                                                                        |                                            |

**7. BUSINESS OVERVIEW (Cont'd)**

| No       | Name                                    | Country of operations                    | Type of customers/<br>Principal activities                                                 | Revenue |      | Main products provided                                                 | (7)Length of relationship as at the end of FYE<br>Years |
|----------|-----------------------------------------|------------------------------------------|--------------------------------------------------------------------------------------------|---------|------|------------------------------------------------------------------------|---------------------------------------------------------|
|          |                                         |                                          |                                                                                            | RM'000  | %    |                                                                        |                                                         |
| FYE 2022 |                                         |                                          |                                                                                            |         |      |                                                                        |                                                         |
| 1.       | GEA Group <sup>(1)</sup>                | Singapore, Thailand, Indonesia and Japan | Project consultant/<br>Systems provider for the F&B and pharmaceutical industries          | 4,898   | 10.9 | Tubes & fittings, rubber hoses and installation components & equipment | 12                                                      |
| 2.       | SiccaDania (SEA) Pte Ltd <sup>(6)</sup> | Singapore                                | Project consultant/<br>Systems provider for the F&B and pharmaceutical industries          | 1,985   | 4.4  | Tubes & fittings, rubber hoses and installation components & equipment | 4                                                       |
| 3.       | Dterm (M) Sdn Bhd                       | Malaysia                                 | Project consultant/<br>Supply and installation of process systems for the F&B industries   | 1,540   | 3.4  | Tubes & fittings, valves and rubber hoses                              | 7                                                       |
| 4.       | Tetra Pak Group <sup>(5)</sup>          | Malaysia, Singapore and Indonesia        | Project consultant and process equipment manufacturer/<br>Food packaging and processing    | 1,514   | 3.4  | Tubes & fittings and rubber hoses                                      | 10                                                      |
| 5.       | MST VN <sup>(4)</sup>                   | Vietnam                                  | Representative agent/<br>Trading of sanitary products and non-sanitary products in Vietnam | 1,490   | 3.3  | All "MINOX®" sanitary products supplied by our Group                   | 4                                                       |
|          |                                         |                                          |                                                                                            | 11,427  | 25.4 |                                                                        |                                                         |

## 7. BUSINESS OVERVIEW (Cont'd)

| No       | Name                                    | Country of operations                    | Type of customers/<br>Principal activities                                                 | Revenue |      | Main products provided                                                 | (7)Length of relationship as at the end of FPE Years |
|----------|-----------------------------------------|------------------------------------------|--------------------------------------------------------------------------------------------|---------|------|------------------------------------------------------------------------|------------------------------------------------------|
|          |                                         |                                          |                                                                                            | RM'000  | %    |                                                                        |                                                      |
| FPE 2023 |                                         |                                          |                                                                                            |         |      |                                                                        |                                                      |
| 1.       | Tetra Pak Group <sup>(5)</sup>          | Malaysia, Singapore and Indonesia        | Project consultant and equipment manufacturer/<br>Food packaging and processing            | 2,922   | 17.8 | Tubes & fittings and rubber hoses                                      | 11                                                   |
| 2.       | SiccaDania (SEA) Pte Ltd <sup>(6)</sup> | Singapore                                | Project consultant/<br>Systems provider for the F&B and pharmaceutical industries          | 2,305   | 14.0 | Tubes & fittings, rubber hoses and installation components & equipment | 5                                                    |
| 3.       | GEA Group <sup>(1)</sup>                | Singapore, Thailand, Indonesia and Japan | Project consultant/<br>Systems provider for the F&B and pharmaceutical industries          | 1,164   | 7.1  | Tubes & fittings, rubber hoses and installation components & equipment | 13                                                   |
| 4.       | PL Plus M&E Sdn Bhd                     | Malaysia                                 | Project consultant/<br>Supply and installation of process systems for the F&B industries   | 547     | 3.3  | Tubes & fittings and valves                                            | 6                                                    |
| 5.       | MST VN <sup>(4)</sup>                   | Vietnam                                  | Representative agent/<br>Trading of sanitary products and non-sanitary products in Vietnam | 430     | 2.6  | All "MINOX®" sanitary products supplied by our Group                   | 5                                                    |
|          |                                         |                                          |                                                                                            | 7,368   | 44.8 |                                                                        |                                                      |

**7. BUSINESS OVERVIEW (Cont'd)****Notes:**

- (1) GEA Group is a German corporation with its principal place of business located in Düsseldorf, Germany. GEA Group is system provider of production lines and we served its group of companies based on their projects in different regions during the financial years/period under review.
- (2) Who serves industrial end-customers such as F&N United Company Limited, Cosmos Brewery (Thailand) Co Ltd, PT Sugar Labinta, Khon Kaen Sugar Industry Public Company Limited and Korach Industry Co Ltd.
- (3) On 7 November 2006, Minox PH was incorporated by Cheong Chee Son, the late Cheong Chee Hoo, Edgardo Serrano and 2 other Filipino shareholders to venture into the Philippines market. On 14 July 2022, Minox PH was subsequently sold by Cheong Chee Son to Innovest Holdings Limited. As at LPD, Minox PH remains as our representative agent to distribute our "MINOX®" brand of sanitary products in the Philippines.
- (4) On 2 July 2018, MST VN was wholly incorporated by Cheong Chee Son, to replace its then exclusive representative agent in Vietnam and distribute our Group's products internally. On 15 April 2022, MST VN was subsequently sold by Cheong Chee Son through a management buyout to Phung Thuy Hoa. As at LPD, MST VN remains as our representative agent to distribute our "MINOX®" brand of sanitary products in Vietnam.
- (5) Tetra Pak Group is a Swedish–Swiss corporation with its principal place of business located in Pully, Switzerland. Tetra Pak Group is a food processing and packaging solutions provider which provides project consultancy services as well as manufactures and supplies process equipment. We served its group of companies in different regions during the financial years/period under review.
- (6) SiccaDania (SEA) Pte Ltd is a subsidiary of a Danish corporation (i.e. SiccaDania A/S) with its principal place of business located in Singapore.
- (7) Calculated on the basis of calendar year (inclusive of the first year in which the business relationship commenced and the respective FYE/FPE).

Our top 5 customers contributed 23.6%, 28.1%, 17.0%, 25.4% and 44.8% of our Group's revenue for the past FYE 2019 to 2022 and FPE 2023 respectively. Although GEA Group (FYE 2022: 10.9%), Tetra Pak Group (FPE 2023: 17.8%) and SiccaDania (SEA) Pte Ltd (FPE 2023: 14.0%) each contributed more than 10.0% of the Group's revenue for FYE 2022 or FPE 2023, we are not dependent on these companies as their revenue contributions for each financial year varies, depending on the size of their project and the products supplied by our Group. In addition, we are not dependent on our top 5 customers (which includes GEA Group, Tetra Pak Group and SiccaDania (SEA) Pte Ltd) due to our large customer base. This is evident as from 1 January 2022 up to LPD, we have a customer base of approximately 1,700 active and recurring customers. Our customers consist of project consultants, contractors as well as industrial end-customers. For FYE 2019 to 2022 and FPE 2023, revenue generated directly from our industrial end-customers amounted to approximately RM8.44 million (21.0%), RM7.99 million (20.6%), RM7.51 million (21.9%), RM9.87 million (21.9%) and RM3.21 million (19.5%) of our total revenue respectively. We have established a good working relationship with our top 5 customers, and we have not encountered any major problems in our past dealings with them. Moving forward, we expect our major customers to continue contributing to our revenue.



**7. BUSINESS OVERVIEW (Cont'd)**

Save for Minox PH and MST VN who are our representative agents, all our major customers for FYE 2019 to 2022 and FPE 2023 in the table above are project consultants or contractors which serves our industrial end-customers.

We have entered into trademark licensing agreements with MVFM TW, Minox PH and MST VN on 16 November 2019, 29 October 2007 and 2 July 2018 respectively whereby MST MY granted them a licence to use the "MINOX®" trademark for the purposes of their distribution of "MINOX®" brand of sanitary products in Taiwan, Philippines and Vietnam respectively. The trademark licensing agreements will continue in force until terminated by either party by giving 30 days prior written notice to the other party, and may also be terminated when MST MY ceases to hold the title and rights to the "MINOX®" trademark. Pursuant to the trademark licensing agreements, the representative agents are obliged to, among others:

- (i) use the "MINOX®" trademark in accordance with the specifications, directions and information supplied by MST MY from time to time;
- (ii) maintain the quality, standard and public image of our Group's business in relation to which the "MINOX®" trademark is used in accordance with the standards, regulations and other quality control procedures which may be reasonably specified from time to time by MST MY;
- (iii) not cause or permit anything which may damage the "MINOX®" trademark or the goodwill generated by the "MINOX®" trademark; and
- (iv) not use any name or mark that is identical or resembles the "MINOX®" trademark as is likely to deceive or cause confusion other than for the purpose of the business of our Group.

Other than such trademark licensing agreements, we do not have any other agreements with MVFM TW, Minox PH and MST VN.

For FYE 2019 to 2022 and FPE 2023, the industrial end-customers that we serve via our major customers which are project consultants or contractors, are amongst others Advance Nature Sdn Bhd, Australian Fruit Juice (S) Pte Ltd, F&N Dairies Manufacturing Sdn Bhd, F&N United Company Limited, Cosmos Brewery (Thailand) Co.,Ltd and PT. Heinz ABC Indonesia

**7.11 TYPES, SOURCES AND AVAILABILITY OF INPUT**

The table below sets out our major cost components for FYE 2019 to 2022 and FPE 2023:

| Cost components                       | FYE 2019      |                  | FYE 2020      |                  | FYE 2021      |                  | FYE 2022      |              | FPE 2023     |                  |
|---------------------------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|--------------|--------------|------------------|
|                                       | RM'000        | % <sup>(1)</sup> | RM'000        | % <sup>(1)</sup> | RM'000        | % <sup>(1)</sup> | RM'000        | %            | RM'000       | % <sup>(1)</sup> |
| Tubes & fittings                      | 14,359        | 76.3             | 16,579        | 75.8             | 8,457         | 73.9             | 16,293        | 80.5         | 6,578        | 65.9             |
| Valves                                | 2,973         | 15.8             | 3,197         | 14.6             | 1,241         | 10.8             | 2,093         | 10.3         | 692          | 6.9              |
| Installation components & equipment   | 619           | 3.3              | 1,544         | 7.1              | 925           | 8.1              | 889           | 4.4          | 332          | 3.3              |
| Rubber hoses                          | 312           | 1.7              | 352           | 1.6              | 452           | 4.0              | 410           | 2.0          | 164          | 1.7              |
| Other related products <sup>(2)</sup> | 541           | 2.9              | 193           | 0.9              | 367           | 3.2              | 565           | 2.8          | 2,211        | 22.2             |
| <b>Total</b>                          | <b>18,804</b> | <b>100.0</b>     | <b>21,865</b> | <b>100.0</b>     | <b>11,442</b> | <b>100.0</b>     | <b>20,250</b> | <b>100.0</b> | <b>9,977</b> | <b>100.0</b>     |

**7. BUSINESS OVERVIEW (Cont'd)****Notes:**

- (1) As a percentage of total cost of purchases.
- (2) Comprises non-sanitary stainless steel products such as square hollow sections, pipes & fittings, plates and industrial hardware.

Due to the nature of our business, we engage third-party manufacturers to manufacture our "MINOX®" brand of sanitary products. Our third-party manufacturers are also responsible for the sourcing and purchasing of necessary raw materials (i.e. stainless steel), for the production of finished products. Therefore, any fluctuations in the prices of raw materials may increase our third-party manufacturers' manufacturing costs thereby increasing our purchase cost. The average price of stainless steel for FYE 2013 to 2022 and FPE 2023 are as follows:

|                 |  | Average price (RM/ton) |          |          |          |          |
|-----------------|--|------------------------|----------|----------|----------|----------|
|                 |  | FYE 2013               | FYE 2014 | FYE 2015 | FYE 2016 | FYE 2017 |
| Stainless steel |  | 9,272                  | 9,805    | 9,500    | 9,364    | 11,204   |

|                 |  | Average price (RM/ton) |          |          |          |          |          |
|-----------------|--|------------------------|----------|----------|----------|----------|----------|
|                 |  | FYE 2018               | FYE 2019 | FYE 2020 | FYE 2021 | FYE 2022 | FPE 2023 |
| Stainless steel |  | 11,235                 | 10,395   | 9,318    | 11,328   | 12,276   | 11,154   |

However, any such price increase will affect the entire sanitary valves and fittings industry. We will generally pass on such price increase to our customers, where possible, to minimise the impact on our financial performance.

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7. BUSINESS OVERVIEW (Cont'd)

7.12 MAJOR SUPPLIERS

Our suppliers are based in China, Denmark, Italy, South Korea, Taiwan, Thailand, Turkey and Hong Kong. They are selected based on their pricing, lead time for delivery, credible market reputation, creditworthiness and adherence to quality standards for QC procedures as well as possessing the necessary industry certifications and reliability of products.

Our Group’s top 5 suppliers according to total purchases for FYE 2019 to 2022 and FPE 2023 are as follows:

| No.      | Name                                                         | Country     | Purchase value |             | Main products sourced                                            | FYE | Length of relationship as at end of FYE |
|----------|--------------------------------------------------------------|-------------|----------------|-------------|------------------------------------------------------------------|-----|-----------------------------------------|
|          |                                                              |             | RM'000         | %           |                                                                  |     |                                         |
| FYE 2019 |                                                              |             |                |             |                                                                  |     |                                         |
| 1.       | Top Steels Holdings Limited ("Top Steels") <sup>(1)(2)</sup> | Hong Kong   | 11,103         | 59.0        | Tubes & fittings, valves and installation components & equipment | 4   |                                         |
| 2.       | Everfit Technology Co Ltd                                    | Taiwan      | 1,810          | 9.6         | Valves                                                           | 8   |                                         |
| 3.       | WSG Co Ltd                                                   | South Korea | 1,036          | 5.5         | Tubes                                                            | 2   |                                         |
| 4.       | Ilta Inox SpA                                                | Italy       | 804            | 4.3         | Tubes                                                            | 10  |                                         |
| 5.       | MVFM TW <sup>(2)</sup>                                       | Taiwan      | 800            | 4.3         | Valves                                                           | 1   |                                         |
|          |                                                              |             | <b>15,553</b>  | <b>82.7</b> |                                                                  |     |                                         |
| FYE 2020 |                                                              |             |                |             |                                                                  |     |                                         |
| 1.       | Top Steels <sup>(1)(2)</sup>                                 | Hong Kong   | 15,908         | 72.8        | Tubes & fittings, valves and installation components & equipment | 5   |                                         |
| 2.       | G HWA Industries Co Ltd                                      | Thailand    | 1,006          | 4.6         | Tubes & fittings                                                 | 13  |                                         |
| 3.       | MVFM TW <sup>(2)</sup>                                       | Taiwan      | 965            | 4.4         | Valves                                                           | 2   |                                         |
| 4.       | Ilta Inox SpA                                                | Italy       | 838            | 3.8         | Tubes                                                            | 11  |                                         |
| 5.       | Garlock Singapore Pte Ltd                                    | Singapore   | 382            | 1.7         | Rubber gasket and rubber hoses                                   | 4   |                                         |
|          |                                                              |             | <b>19,099</b>  | <b>87.3</b> |                                                                  |     |                                         |

| 7. BUSINESS OVERVIEW (Cont'd) |                                               |           |                |             |                                                                  |                                                  |
|-------------------------------|-----------------------------------------------|-----------|----------------|-------------|------------------------------------------------------------------|--------------------------------------------------|
| No.                           | Name                                          | Country   | Purchase value |             | Main products sourced                                            | (4)Length of relationship as at end of FYE Years |
|                               |                                               |           | RM'000         | %           |                                                                  |                                                  |
| FYE 2021                      |                                               |           |                |             |                                                                  |                                                  |
| 1.                            | Top Steels <sup>(1)</sup> <sup>(2)</sup>      | Hong Kong | 7,938          | 69.4        | Tubes & fittings, valves and installation components & equipment | 6                                                |
| 2.                            | Borsen Boru Sanayi Ve Ticaret Anonim Sirketi  | Turkey    | 785            | 6.9         | Tubes                                                            | 1                                                |
| 3.                            | MVFM TW <sup>(2)</sup>                        | Taiwan    | 670            | 5.9         | Valves                                                           | 3                                                |
| 4.                            | Garlock Singapore Pte Ltd                     | Singapore | 396            | 3.5         | Rubber gasket and rubber hoses                                   | 5                                                |
| 5.                            | ZYK Stainless Steel Group Ltd                 | China     | 230            | 2.0         | Fittings                                                         | 1                                                |
|                               |                                               |           | <b>10,019</b>  | <b>87.7</b> |                                                                  |                                                  |
| FYE 2022                      |                                               |           |                |             |                                                                  |                                                  |
| 1.                            | Liyang Sifang Stainless Steel Products Co Ltd | China     | 8,134          | 40.3        | Tubes & fittings, valves and installation components & equipment | 2                                                |
| 2.                            | Top Steels <sup>(1)</sup> <sup>(2)</sup>      | Hong Kong | 4,654          | 23.0        | Tubes & fittings, valves and installation components & equipment | 7                                                |
| 3.                            | MVFM TW <sup>(2)</sup>                        | Taiwan    | 1,848          | 9.1         | Valves                                                           | 4                                                |
| 4.                            | Borsen Boru Sanayi Ve Ticaret Anonim Sirketi  | Turkey    | 1,167          | 5.8         | Tubes                                                            | 2                                                |
| 5.                            | Garlock Singapore Pte Ltd                     | Singapore | 656            | 3.2         | Rubber gasket and rubber hoses                                   | 6                                                |
|                               |                                               |           | <b>16,459</b>  | <b>81.4</b> |                                                                  |                                                  |

| 7. BUSINESS OVERVIEW (Cont'd)                     |                                               |           |                |             |                                                                  |                                                  |
|---------------------------------------------------|-----------------------------------------------|-----------|----------------|-------------|------------------------------------------------------------------|--------------------------------------------------|
| No.                                               | Name                                          | Country   | Purchase value |             | Main products sourced                                            | (4)Length of relationship as at end of FPE Years |
|                                                   |                                               |           | RM'000         | %           |                                                                  |                                                  |
| FPE 2023                                          |                                               |           |                |             |                                                                  |                                                  |
| 1.                                                | Liyang Sifang Stainless Steel Products Co Ltd | China     | 4,269          | 42.8        | Tubes & fittings, valves and installation components & equipment | 3                                                |
| 2.                                                | Top Steels <sup>(1)(2)</sup>                  | Hong Kong | 1,981          | 19.9        | Tubes & fittings, valves and installation components & equipment | 8                                                |
| 3.                                                | CV Aspindo Perdana <sup>(3)</sup>             | Indonesia | 1,336          | 13.4        | Non-sanitary square hollow sections and pipes & fittings         | 2                                                |
| 4.                                                | MVFM TW <sup>(2)</sup>                        | Taiwan    | 516            | 5.2         | Valves                                                           | 5                                                |
| 5.                                                | Borsen Boru Sanayi Ve Ticaret Anonim Sirketi  | Turkey    | 242            | 2.4         | Tubes                                                            | 3                                                |
|                                                   |                                               |           | <b>8,344</b>   | <b>83.7</b> |                                                                  |                                                  |
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## 7. BUSINESS OVERVIEW (Cont'd)

### Notes:

- (1) Top Steels was incorporated in Seychelles on 21 December 2015 under the International Business Companies Act 1994 (now repealed by the International Business Companies Act 2016) as an International Business Company. Top Steels currently operates from Hong Kong and is principally involved in the trading and distribution of stainless steel tubes & fittings, pipe, valves and packaging material for its customers which are mainly from the F&B industry in the Asia Pacific region. Top Steel is not involved in manufacturing activities.

As at LPD, the issued capital of Top Steels is USD1.00 million comprising 1,000,000 shares and Tan Kok Hooi, a Malaysian male, is the sole director and shareholder of Top Steels. Top Steels is neither listed on Bursa Securities nor any stock exchange outside of Malaysia.

Our business relationship with Top Steels was initially driven by inconsistent quality issues we encountered with our then third-party manufacturers, where it was also difficult for us to handle product returns. Additionally, our then third-party manufacturers requested cash payment terms. In contrast, as Top Steels offered QC checks and credit payment terms, upon engaging Top Steels as our supplier, we received products with consistent quality and was able to improve our financial management. Through our engagement with Top Steels, we gained better understanding on evaluation of capabilities of third-party manufacturers. As we have been gaining recognition in the sanitary valves and fittings industry throughout the years, other third-party manufacturers which provides the same service (i.e. performs quality checks for our products which they manufacture, prior to onward delivery to us and provide credit payment terms) have approached us to be our approved third-party manufacturer. This has led to a decrease in our purchases from Top Steels from 59.0% for FYE 2019 to 19.9% for FPE 2023 of our Group's total purchases.

Save for being one of our Group's suppliers, Top Steels has no other relationship with our Group. In addition, our Promoters are not persons connected with Tan Kok Hooi.

- (2) In respect of "MINOX®" brand of sanitary products, MVFM TW has by way of a letter of undertaking dated 19 July 2022 undertaken to only manufacture the same for our Group and to not sell any manufactured "MINOX®" brand of sanitary products to Minox PH, MST VN or any other third parties. In addition, MVFM TW undertakes to distribute and supply "MINOX®" brand of sanitary products pursuant to the terms and conditions of the trademark licensing agreement entered into between MVFM TW and our Group. This letter of undertaking is valid and shall not be terminated unless with the prior written consent of our Group.

In respect of "MINOX®" brand of sanitary products, Innovest Holdings Limited has by way of a letter of undertaking dated 14 July 2022 undertaken to take all necessary steps to ensure that Minox PH will only distribute and supply the same pursuant to the terms and conditions of the trademark licensing agreement entered into between Minox PH and our Group. In addition, Minox PH shall only obtain "MINOX®" brand of sanitary products directly from our Group and shall not deal directly with MVFM TW, Top Steels or any of its third-party manufacturers in respect of "MINOX®" brand of sanitary products.

## 7. BUSINESS OVERVIEW (Cont'd)

In addition to the undertakings by MVFM TW and Innovest Holdings Limited as set out above:

- (a) Top Steels has by way of a letter of undertaking dated 14 July 2022 undertaken to not sell or supply any "MINOX®" brand of sanitary products directly to Minox PH and MVFM TW, or deal with them directly in any way, and to take all necessary steps to ensure that its third-party manufacturers in respect of "MINOX®" brand of sanitary products do not sell or supply any "MINOX®" brand of sanitary products to Minox PH and MVFM TW or deal with them directly in any way. This letter of undertaking is valid and shall not be terminated unless with the prior written consent of our Group; and
- (b) Tan Kok Hooi has also undertaken to take all steps necessary to ensure that Top Steels, Minox PH and MVFM TW comply with their respective undertakings as set above.
- (3) CV Aspindo Perdana is principally involved in the trading of non-sanitary products such as square hollow sections and pipes & fittings. The company is not our third-party manufacturer for our "MINOX®" brand of sanitary products.
- (4) Calculated on the basis of calendar year (inclusive of the first year in which the business relationship commenced and the respective FYE/FPE).

Our purchases are finished products from our third-party manufacturers/supplier for onward distribution. Our top 5 suppliers contributed 82.7%, 87.3%, 87.7%, 81.4% and 83.7% of our Group's purchases for FYE 2019 to 2022 and FPE 2023 respectively. As at LPD, save for Top Steels, we purchase our tubes & fittings, valves and installation components & equipment from Liyang Sifang Stainless Steel Products Co Ltd, Borsen Boru Sanayi Ve Ticaret Anonim Sirketi, WSG Co Ltd, ZYK Stainless Steel Group Ltd, Iltax Inox SpA, Everfit Technology Co Ltd, G HWA Industries Co Ltd, Longva Group Co.,Ltd and MVFM TW. Although Top Steels contributed between 19.9% and 72.8% of our purchases for FYE 2019 to 2022 and FPE 2023, we are not dependent on Top Steels as we are able to source similar products from the abovementioned suppliers.

Amongst our suppliers, Top Steels and Liyang Sifang Stainless Steel Products Co Ltd are the 2 suppliers who supply majority of our sanitary products to our Group. In the event we choose to replace Top Steels and Liyang Sifang Stainless Steel Products Co Ltd, we will be able to source for alternative suppliers to supply us such products.

Our Group is also not dependent on any single supplier as we are able to source our products from other suppliers.

Presently, we do not have any formal agreement or contract with our third-party manufacturers/supplier, and purchases from them are conducted on a purchase order basis. We do not enter into formal arrangement with our third-party manufacturers/supplier as we are able to source for alternative suppliers freely in the event such third-party manufacturers/supplier fails to fulfil any of our Group's terms (e.g. (i) manufacture products that meets our quality standards (ii) meet our delivery timeline) or we are able to source for alternative suppliers which manufacture the same/better quality of products for a competitive price or provides better credit terms. Even though we do not have any long-term agreements or arrangement with our top 5 suppliers, we have not experienced difficulty in sourcing products for FYE 2019 to 2022, FPE 2023 and up to LPD.

## 7. BUSINESS OVERVIEW (Cont'd)

Although we do not enter into formal agreements with our third-party manufacturers/supplier, we entered into non-disclosure agreements with them only for products developed and enhanced by our Group, and will periodically visit their facilities to inspect their manufacturing activities. We also periodically visit Top Steel's third-party manufacturers' facilities to inspect their manufacturing activities.

The salient terms of the non-disclosure agreements which we have entered into with our third-party manufacturers/supplier (only applicable to products that are developed and enhanced by our Group, and does not apply for products with standard specifications) are as follows:

- (a) In consideration of our Group disclosing confidential information to its third-party manufacturers/supplier, the third-party manufacturers/supplier will:
  - (i) not communicate or otherwise make available any confidential information to any third-party, other than to its employees, officers and/or professional advisers who require the information for the purpose of the conduct of business between the parties and/or the discussion of matters relevant to the businesses of the parties ("**Purpose**") without our prior written consent<sup>(aa)</sup> ("**Permitted Recipients**");
  - (ii) not use any confidential information other than as strictly necessary for the fulfilment of the Purpose;
  - (iii) not copy or reproduce in any way any confidential information, except with our prior written consent or as is strictly necessary for the fulfilment of the Purpose; and
  - (iv) treat the confidential information with at least the same degree of confidentiality as they treat their own confidential information and use all reasonable endeavours to prevent unauthorised disclosure of confidential information.
- (b) Our third-party manufacturers undertake and warrant that they shall procure that their Permitted Recipients shall comply at all times with the terms of the non-disclosure agreement as if such Permitted Recipients were a party to the agreement. Our third-party manufacturers shall be liable for any breach of the confidentiality obligations under the non-disclosure agreement by a Permitted Recipient.
- (c) Confidential information includes any and all information or material (including, without limitation, copies, samples, prototypes, articles or documentation incorporating, based on, or derived from such information or material) whether oral, in writing, in electronic form or in any other form, disclosed directly or indirectly (whether before, on or after the date of the agreement) by any and all means, methods and formats by or on behalf of our Group relating to our business, products, systems, operations, opportunities, business plans, intentions, market opportunities, know-how, research, technical information, formulae, designs, specifications, photographs, data, algorithms, trade secrets, intellectual property rights, personnel, research, forecasts, costs, prices, finances, analysis and business affairs.
- (d) The abovementioned obligations will continue until terminated by mutual written agreement of the parties.

**Note:**

- (aa) Prior to engaging its own third-party manufacturers, Top Steels has obtained consent from us.



## 7. BUSINESS OVERVIEW (Cont'd)

As at LPD, we have not terminated any non-disclosure agreements entered into with third-party manufacturers that have ceased business relationship with us in the past.

Amongst our third-party manufacturers as at LPD, Liyang Sifang Stainless Steel Products Co Ltd, TEMPRESS A/S, G HWA Industries Co Ltd, Tassalini SpA, Zorzini SpA and Longva Group Co.,Ltd have their own brands of sanitary and non-sanitary products.

### 7.13 QC MANAGEMENT

The quality of our products is a key factor of our value proposition to our industrial end-customers but also a key factor to building trust in our brand and ensuring customer satisfaction. Our customer base mainly consists of customers from the F&B and pharmaceutical, requiring a high standard of hygienic production lines during their production processes. Accordingly, we place utmost importance on the quality of our products and ensure adherence to stringent international quality standards including 3-A, ASME BPE, DIN, DS, IDF and SMS.

As a testament to our commitment to quality, we have been a member of the EHEDG since 2006. EHEDG aims to promote food safety and quality by improving hygienic engineering and design in all facets of food manufacture. As a member of EHEDG, this has allowed us to gain valuable industry knowledge where we receive practical guidance on hygienic design and engineering towards the enhancement of food safety and quality in the production of food. Hence, we are able to keep abreast with current and new guidelines in relation to the production of our "MINOX®" brand of sanitary products, and we are able to provide our customers with quality sanitary products that are safe for use in our industrial end-customers' manufacturing facilities, where hygiene is of utmost importance. Our "MINOX®" brand of sanitary products are designed and developed in line with EHEDG's latest guidelines on hygienic design.

In addition, we have also implemented QC measures for our inventory management where all our products are stored in a clean, dry and well-ventilated warehouse environment. Furthermore, our products are well-packed in plastic bags which are moisture impervious as a means of preventing corrosion.

#### 7.13.1 Internal QC measures

Our Group has put in place a stringent QC management policy which strives to achieve the highest level of customer satisfaction and specifications that are required for our customers' production lines. Our QC procedures that we adopted is described as follows:

##### (a) Incoming QC

As in-process QC is handled by our third-party manufacturers/supplier, we conduct rigorous incoming quality checks on every batch of final products that delivered by our third-party manufacturers/supplier in order to ensure that the products are of high quality. Our Warehouse 3 (distribution centre) is equipped with test and measuring instruments, namely spectrometer, surface roughness tester, calliper, filler gauge and dial gauge which allows our QC personnel to ensure that the final products meet the required international standards.

Our QC personnel will conduct a sampling test, whereby 10.0% of sample size on the selected finished product batch will be tested. If defects are found in majority of our sampling, our QC personnel will then proceed to do a 30.0% sample test to the same batch and if defects are detected here, then the whole batch will be rejected and returned to our third-party manufacturers/supplier. This arrangement is to ensure that the finished products are in compliance with our specifications as well as our customers' requirements before being accepted.

## 7. BUSINESS OVERVIEW (Cont'd)

Additionally, as our third-party manufacturers/supplier are responsible for raw materials sourcing and procurement, they are required to submit the related raw materials sourcing documents for every order we place in order to ensure the manufactured products comply with the agreed quality and specifications.

### 7.14 D&D ACTIVITIES

We are actively involved in product D&D activities where we work with our third-party manufacturers for new product development. The scope of our D&D activities which are undertaken in-house begins from research and analysis of market needs and requirements up to product conceptualisation, enhancements and finally re-designing (i.e. including creating products' features and specifications on our existing products).

We are mindful of the prevalent market trends in industries that we serve, and we subsequently plan and undertake product D&D activities, particularly for our valves, installation component and fittings to cater for both our existing and potential customers' varying requirements and needs. Ideas for new products and product improvements are obtained through feedback gathered from our customers as well as periodic market research conducted by our sales and marketing team.

Our product D&D and QC team is led by Cheong Chee Son, our Managing Director, who is responsible for our Group's product development efforts. As our Group has been a member of EHEDG since 2006, he has gained valuable industry knowledge where he receives guidance on hygienic design and engineering towards the enhancement of food safety and quality in the production of food. In addition, he also understands the market needs and requirements as he has been in the sanitary valves and fittings industry since 2001 and attends exhibitions and seminars from time to time. Furthermore, our D&D team personnel possesses the relevant technical qualifications such as food engineering and mechanical engineering qualifications to handle such engineering tasks in relation to the respective end-user industries and also the design knowledge and capabilities in conceptualising new prototypes design for new products. Based on Cheong Chee Son's experience and knowledge, he is able to work with our D&D team to enhance and improve our existing sanitary products.

Our product D&D and QC team also collaborates with our third-party manufacturers to conduct feasibility studies in terms of product features and quality, forecast costing for raw material and machinery procurement (if required), profitability as well as break-even point. If the feasibility studies results are acceptable, we will then engage our third-party manufacturer(s) to manufacture a prototype piece which will be scrutinised and fine-tuned before being evaluated for final approval. Throughout the years, we have introduced new and improved product offerings arising from our Group's D&D activities, representing 102 SKUs of our existing sanitary products, as follows:

| Year | D&D Activities |
|------|----------------|
|------|----------------|

- |      |                                                                                                                                                                                                                                    |
|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2015 | <ul style="list-style-type: none"> <li>Commence the re-design and development of the air actuator model A63 to a lighter and more compact version (for mounting on butterfly valve or ball valve) for pneumatic control</li> </ul> |
|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|



**7. BUSINESS OVERVIEW (Cont'd)**

| <b>Year</b> | <b>D&amp;D Activities</b>                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|             | <ul style="list-style-type: none"> <li>Product enhancement of aseptic sampling valve to provide a new smooth-turning handle and easy flush cleaning designed pot in a smaller size of 0.5 inch used in both weld and tri-clamp connection</li> </ul>                                                                                                                                                                                                        |
| 2017        | <ul style="list-style-type: none"> <li>Completed and commercialised the air actuator model A63</li> <li>Product enhancement of inline sight glasses by introducing borosilicate glass tube in precise dimension and flatness with a re-design of the sealing joint to overcome leakage and thermal shock issue</li> <li>Product enhancement of inline filters by customising internal parts of the filters for easy installation and maintenance</li> </ul> |
| 2018        | <ul style="list-style-type: none"> <li>Product enhancement of non-return valve by customising the valve body, guide plate, gasket seat and also providing several selections of spring strengths to improve the on-off function of the valve</li> </ul>                                                                                                                                                                                                     |
| 2020        | <ul style="list-style-type: none"> <li>Product enhancement of air release valve by strengthening the self-air releasing function in a pipeline</li> </ul>                                                                                                                                                                                                                                                                                                   |

In addition, our products which are currently under development as at LPD are as detailed below:

| <b>New products</b>        | <b>Description</b>                                                                                                                                             | <b>Status of development as at LPD</b>               | <b>Targeted commercialisation</b> |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|-----------------------------------|
| Vacuum fittings and valves | For use in production lines for semiconductor industry such as electronic components, solar cells, storage media and light-emitting diode manufacturing plants | <sup>(1)</sup> Concept development and testing stage | 4 <sup>th</sup> quarter of 2023   |
| Valves                     | Re-design our current butterfly valves for F&B industry to a lighter and more compact version                                                                  | <sup>(2)</sup> Completed the development             | 4 <sup>th</sup> quarter of 2023   |

**Notes:**

<sup>(1)</sup> As at LPD, we have finalised our vacuum fittings and valves prototypes with third-party manufacturers. By end August 2023 to early September 2023, we intend to send our D&D team to China to inspect the process and production line of third-party manufacturers before engaging them. We have allocated RM4.00 million from the proceeds raised from our Public Issue to develop and deploy the same. Mass production is targeted to commence in end September 2023.

<sup>(2)</sup> Mass production is targeted to commence in the 4<sup>th</sup> quarter of 2023.

As product D&D activities are performed in-house, our Group owns the product designs rights. Our Group may also engage other third-party manufacturers to manufacture different parts to complete our finished product. We will also enter into non-disclosure agreement with our third-party manufacturers upon commencement of orders and will periodically visit their facilities to inspect their manufacturing activities.

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**7. BUSINESS OVERVIEW (Cont'd)**


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**7.15 COMPETITIVE STRENGTHS****7.15.1 We are committed to supplying high quality stainless steel sanitary products**

Since our incorporation, we have evolved from a stainless steel sanitary valves, tubes & fittings trading company to an established distributor of stainless steel sanitary valves, tubes & fittings, installation components & equipment, rubber hoses under our "MINOX®" brand and other related products. Over the years, we have also established a reputation for our product quality and reliability.

Our "MINOX®" brand of sanitary tubes & fittings for the F&B industry have been authorised to use the 3-A Symbol after being evaluated to be in compliance with 3-A Sanitary Standards. Additionally, our "MINOX®" brand of sanitary tubes for F&B industry have been certified with Type EL Class I Certification by EHEDG after being evaluated to be compliant with EHEDG's latest guidelines of hygienic design. These certifications serve as a testament of our "MINOX®" brand of sanitary products which are in compliance with internationally recognised standards. In addition, we work with our third-party manufacturers that are ASME-certified to manufacture our "MINOX®" brand of sanitary products used in the pharmaceutical industry to be in compliance with the ASME BPE standards. As for the semiconductor industry, no specific certification is required. However, as smooth surfaces and leak-proofed design are important specifications for sanitary products used in the semiconductor industry, we commit to provide products that meet the stringent requirements of the semiconductor industry. In turn, this has fostered greater confidence and assurance in our "MINOX®" brand amongst our customers.

Our "MINOX®" brand of sanitary products adhere to stringent international food and hygienic grade and material safety standards including ASME BPE, DIN, DS, IDF and SMS. Our membership with EHEDG since 2006 is a testament of our commitment in providing our customers with sanitary products that complies with international standards in hygienic design. In addition, we have also invested in test and measuring equipment which includes spectrometer and surface roughness tester for our QC activities to ensure our products meet our customers' specifications.

**7.15.2 We are able to offer a wide selection of products**

We offer a comprehensive range of sanitary products including valves, tubes & fittings, installation components & equipment and rubber hoses under our "MINOX®" brand in terms of types and specifications (i.e. size, dimension and material grade) that comply with international standards to cater to the varying needs of our customers. This is evident as we carry and distribute a total of approximately 7,480 SKUs as at LPD. Additionally, through the services of our approved third-party manufacturers/supplier, we are also able to provide our customers in various industries with specifications which suit their specific needs.

We also distribute third-party brands of sanitary products and non-sanitary products namely, Rubber Fab, TEMPRESS, ContiTech and GECITech under our product portfolio. In addition, we also provide value-added services to our industrial end-customers by supplying other types of non-sanitary stainless steel products such as square hollow sections, plates, pipes & fittings, as well as a variety of industrial hardware such as tools, fasteners (e.g. nuts and bolts), and other components based on our customer's particular needs.

**7. BUSINESS OVERVIEW (Cont'd)****7.15.3 We are able to distribute our products in various countries**

We are able to distribute our products in Malaysia, across various SEA countries and neighbouring countries through our headquarters in Malaysia and regional offices in Indonesia, Singapore and Thailand. Our regional office and warehouses in Singapore aim to better serve our overseas markets such as Bahrain, Cambodia, Denmark, Germany, India, Japan, South Korea, Myanmar, Sri Lanka, Spain and United Arab Emirates.

We also work with our representative agents in Taiwan, the Philippines and Vietnam to distribute our products in those countries. As a member of EHEDG, we also benefit from EHEDG's extensive global network that provides us with a platform to gain international exposure.

**7.15.4 Established track record and good relationship with our industrial end-customers**

Our Group believes that consistent delivery of quality products that satisfy our customers helps us to maintain mutually beneficial relationships with our customers. Additionally, building a good reputation is important for the industries that we serve, where high standard of hygiene is demanded. Through good working relationships with customers, we stand to gain more than just loyalty and repeat orders. We also benefit from our customers recommending our products to their affiliates and partners out of goodwill, thus creating more business for our Group. We have also developed a good reputation in industries demanding high standards of hygiene and cleanliness through our track record of providing sanitary-grade products that meet international standards.

We have 25 years of track record in supplying various stainless steel sanitary products to both local and overseas customers. From 1 January 2022 up to LPD, our Group has a customer base of approximately 1,700 active and recurring customers comprising project consultants, contractors and industrial end-customers. As at LPD, our major customers have been dealing with our Group for between 5 to 13 years. The breakdown of customers by industries and countries are as follows:

| <b>Country</b>       | <b>Customer base from 1 January 2022 up to LPD</b> |                       |                      |
|----------------------|----------------------------------------------------|-----------------------|----------------------|
|                      | <b>F&amp;B</b>                                     | <b>Pharmaceutical</b> | <b>Semiconductor</b> |
| Bahrain              | 1                                                  | -                     | -                    |
| Cambodia             | 2                                                  | -                     | -                    |
| Canada               | 1                                                  | -                     | -                    |
| France               | 1                                                  | -                     | -                    |
| India                | 3                                                  | 1                     | -                    |
| Indonesia            | 339                                                | 29                    | -                    |
| Japan                | 2                                                  | -                     | -                    |
| Malaysia             | 764                                                | 52                    | 39                   |
| New Zealand          | 1                                                  | -                     | -                    |
| Singapore            | 159                                                | 26                    | 12                   |
| South Korea          | 1                                                  | -                     | -                    |
| Sri Lanka            | 4                                                  | -                     | -                    |
| Thailand             | 270                                                | 21                    | -                    |
| Turkey               | 2                                                  | -                     | -                    |
| United Arab Emirates | 2                                                  | -                     | -                    |
| <b>Total</b>         | <b>1,552</b>                                       | <b>129</b>            | <b>51</b>            |

## 7. BUSINESS OVERVIEW (Cont'd)

Since our inception, we have successfully secured purchase orders from a number of notable industrial end-customers such as Malaysia Milk Sdn Bhd, Unilever Foods (M) Sdn Bhd, Kerry Ingredients Sdn Bhd, Johnson & Johnson (M) Sdn Bhd, PureCircle Sdn Bhd, Dindings Poultry Processing Sdn Bhd, Chuan Sin Sdn Bhd (a wholly-owned subsidiary of Spritzer Bhd), Lee Kum Kee (Malaysia) Foods Sdn Bhd, Campbell Cheong Chan (Malaysia) Sdn Bhd, Duopharma (M) Sdn Bhd, Thai Beverage Public Co., Ltd and Nestle Manufacturing (Malaysia) Sdn Bhd.

Our ability to secure notable industrial end-customers is attributed to our capability in supplying high quality stainless steel sanitary products that meet our customers' requirements and standards, which are in accordance with international standards such as EHEDG, 3-A, ASME BPE, DIN, DS, IDF and SMS.

### 7.15.5 We have an established network of third-party manufacturers/supplier

We are principally involved in the distribution of our "MINOX®" brand of sanitary products and we are not involved in any manufacturing activities. We engage third-party manufacturers/supplier to supply our products. Since the introduction of our "MINOX®" brand in 2004, we have developed our network of third-party manufacturers/supplier from different countries. While we undertake our product D&D activities in-house, we subsequently work with our third-party manufacturers who have the necessary accreditations and certifications such as ISO certified, 3-A Sanitary Standards certified, and some which are also ASME BPE certified and members of the EHEDG to manufacture our "MINOX®" brand of sanitary products that comply with international standards. For avoidance of doubt, Top Steel, our supplier, does not own any of the abovementioned accreditations and certifications as they are not involved in any manufacturing activities. However, Top Steels sources and purchases from third-party manufacturers who have obtained the necessary accreditations and certifications.

There are certain procedures and requirements that a company has to comply with before obtaining the specific accreditations/certifications. Manufacturer(s) that certifies its product(s) with ASME in order to meet the ASME BPE standard will have their quality management systems surveyed and assessed by ASME. A certificate will only be issued by ASME upon successfully demonstrating the implementation of their quality programme to the ASME.

For 3-A Sanitary Standards, 3-A Sanitary Standards Inc. implemented a third-party verification inspection and evaluation programme whereby an on-site evaluation of finished product(s) will be conducted to affirm that the product(s) conforms to the applicable provisions of 3-A Sanitary Standards, before authorisation to display the 3-A Symbol on the product(s) is given.

Based on our knowledge, obtaining an accreditation/ certification can be a challenging process for manufacturers. Some possible challenges which may arise during the process of obtaining such accreditations/certifications, include but are not limited to, (i) a lengthy and time-consuming assessment process; (ii) the complexity of the standards and requirements to be met; and (iii) the process to get a manufacturing facility ready for inspection in order to meet the requirements to attain the certifications. Last but not least, once certified, the third-party manufacturers will have to maintain compliance with the standards and regulations set by organisations, which may require additional resources and ongoing investment.

As at LPD, we work with 13 third-party manufacturers (i.e. China (5), Denmark (2), Italy (2), South Korea (1), Taiwan (1), Thailand (1) and Turkey (1)), and 1 supplier in Hong Kong, that supply us with our "MINOX®" brand of sanitary products. Our good working relationships with these third-party manufacturers/supplier allow us to promptly fulfil our customer orders from time to time.



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**7. BUSINESS OVERVIEW (Cont'd)**


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**7.15.6 Our ability to provide prompt response to our customers**

Our established presence in Malaysia, Indonesia, Singapore and Thailand allows us to work closely with our customers, and provide customer service promptly to quickly serve and meet their needs. Our team of 9 sales engineers (2 based in Malaysia who also virtually support Minox TH through phone or video calls, text messages or emails, 1 based in Singapore and 6 based in Indonesia), are available year-round to respond promptly to our industrial end-customers, to identify and diagnose issues regarding our industrial end-customers' production lines where our "MINOX®" brand of sanitary products are installed on such production lines. Such engineers will also advise our industrial end-customers on rectification measures if necessary.

Also, each of our regional offices are equipped with warehouses that carries sizeable inventories which ensures that products are readily available whenever the need arises from customers in a particular country.

For new project implementation, upon delivery of products to customers, we will ensure that there is a 15.0% to 20.0% inventory level of the same products for the duration of the project (generally up to a year) as part of our commitment to minimise disruption to our industrial end-customers' project.

In addition, as our industrial end-customers are from the F&B, semiconductor and pharmaceutical industries, they cannot afford major downtime in their production activities and as such rely on us for timely replacement in the event there is a production line malfunction. Thus, it is vital for us to maintain certain inventory level to ensure availability of different SKUs of sanitary products post project implementation and/or to support our industrial end-customers' continuous replacement/maintenance of their manufacturing facilities.

Furthermore, should there be urgent requests for products to serve industrial end-customers in countries outside of Malaysia, we are able to arrange for delivery of such products from the nearest regional office or via our representative agents, thereby reducing delivery time. This practice has enabled us to attract and retain our customers.

**7.15.7 Our products can be used in diverse industries with high emphasis on stringent hygiene and cleanability requirements**

Our products can be used by our industrial end-customers which are from the F&B, pharmaceutical and semiconductor industries. For end-customers in the F&B and pharmaceutical industries, as our "MINOX®" brand of sanitary products are installed in hygienic production lines which have direct contact with consumer food and health products, our products have to adhere to stringent hygiene and cleanability requirements. This is to avoid any potential risks of food or health product contamination during the production process. Meanwhile for end-customers in the semiconductor industry, we ensure our product offerings are leak proof to ensure proper transmission of gas or compressed air.

In order to meet the hygiene and cleanability requirements of our industrial end-customers and provide them products in line with specific requirements, our products undergo surface roughness testing and special finishing treatment (i.e. grinding or electropolishing) for a fine, smooth and easy-to-clean inner surface.

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**7. BUSINESS OVERVIEW (Cont'd)**


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**7.16 BUSINESS STRATEGIES AND PROSPECTS**

Our business objectives are to maintain sustainable growth in our business and create long-term shareholder value. To achieve our business objectives, we will implement the following business strategies over the period of 36 months from the date of our Listing.

**7.16.1 Expansion of our product range**

To maintain and strengthen our position in the market, our Group aims to further expand our products range under our own "MINOX®" brand to cater to the varying needs of our customers. We will carry out continuous product improvement and development in terms of product functional features and designs as a means to ensure continuing business sustainability and growth. We aim to roll out new enhanced products that would enable us to cater for a wider application within the hygienic production lines in different industries, while at the same time expanding our industrial end-customer base.

In line with our business expansion into the semiconductor industry, we intend to introduce different types of vacuum fittings and valves to expand our products offerings for the semiconductor industry. This includes offering a wide range of vacuum fittings and valves with better functional features and specifications allowing for higher levels of sterility and leak-tight fittings. These new vacuum fittings and valves to be developed and deployed include unions, flange connections and ball valves, which are used in production lines for semiconductor industry such as electronic components, solar cells, storage media and light-emitting diode manufacturing plants.

As compared to the fittings and valves that are used in F&B and pharmaceutical industries that have fluid flowing in them, vacuum fittings and valves are generally used in the semiconductor industry to transport gas or compressed air. For example, our current ball valves are used for general utility application such as waste discharge in the semiconductor industry. We intend to develop a new type of ball valve with higher standards in terms of leak integrity, high cleanability requirement and higher flow rates during production. Additionally, during the semiconductor device fabrication process, a stable and precise control of vacuum pressure as well as leak-tightness of the transport system is required to ensure proper transmission of gas or compressed air. As such, we intend to develop vacuum fittings and valves that are highly leak-tight down to leak rate of  $10^{-8}$  mbar. These vacuum fittings and valves will be manufactured by stainless steel grade 304L (for non-corrosive gas or compressed air) or 316L (for corrosive gas or compressed air), with contaminants-free surface. As at LPD, we have identified 2 new third-party manufacturers in China to manufacture our new vacuum fittings and valves.

We have allocated RM4.00 million from the proceeds raised from our Public Issue for the development and deployment of certain SKUs of our new vacuum fittings and valves, further details of which are set out in Section 4.9.1(a).



**7. BUSINESS OVERVIEW (Cont'd)**

The indicative timeline for the development and deployment of our new vacuum fittings and valves is as follows:

| <b>Timeline</b>                    | <b>Details</b>                                                                                                                                                                                   |
|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| September 2022                     | Commencement of the development of vacuum fittings and valves                                                                                                                                    |
| December 2022                      | <ul style="list-style-type: none"> <li>• Prototype of vacuum fittings and valves manufactured</li> <li>• Liaising with third-party manufacturers on design requirements of prototypes</li> </ul> |
| End July 2023                      | Prototype finalised based on design requirements and specifications                                                                                                                              |
| End August to early September 2023 | D&D team travels to China to inspect the process and production line of third-party manufacturers                                                                                                |
| End September 2023                 | Engage third-party manufacturers for mass production                                                                                                                                             |
| December 2023                      | Target to be commercialised (depending on time taken by third-party manufacturers to manufacture the vacuum fittings and valves)                                                                 |

**7.16.2 Construction of Warehouse 4**

We currently store bulk of our finished products that are delivered by our third-party manufacturers/supplier in Warehouse 3 (distribution centre) in Puchong, Selangor prior to onward distribution to our regional offices in Singapore, Thailand and Indonesia as well as our representative agents in the Philippines, Vietnam and Taiwan. We also operate 2 other warehouses located in Puchong, Selangor for local sales. As at LPD, our 3 warehouses in Puchong, Selangor have an average utilisation rate of approximately 85.4%, further details of which are set out in Section 7.3.

In view of the high utilisation rate for our 3 local warehouses and in line with our business expansion, we intend to construct Warehouse 4 to store our additional inventories. As such, our subsidiary namely, MST MY (as purchaser) had on 4 November 2022 entered into a sale and purchase agreement with Documation Sdn Bhd (as vendor) to acquire a vacant land measuring approximately 22,560 sq ft at 4, Jalan Industri PBP 9, Taman Industri Pusat Bandar Puchong, 47100 Puchong, Selangor to construct Warehouse 4. Such acquisition was completed on 13 March 2023. As at LPD, we are in the midst of preparing the planning permission for submission to MPSJ, which we target to submit end of October 2023. Upon obtaining the approved building plan, we will begin the construction of Warehouse 4 with expected storage area of approximately 18,690 sq ft (which have a capacity to store approximately 1,130 units of standard size pallet). Such additional storage capacity will increase our total storage capacity in Malaysia from 1,530 units of standard size pallet to approximately 2,660 units of standard size pallets.

We intend to allocate the sum of RM4.00 million from the proceeds raised from our Public Issue for the construction of Warehouse 4 and the remaining RM0.85 million will be funded via internally-generated funds and/or bank borrowings to be obtained by our Group. The approximate construction costs for Warehouse 4 are set out in Section 4.9.1(b).

**7. BUSINESS OVERVIEW (Cont'd)**

The indicative timeline for the acquisition and construction of Warehouse 4 is as below:

| <b>Timeline</b> | <b>Details</b>                                                                                                                           |
|-----------------|------------------------------------------------------------------------------------------------------------------------------------------|
| March 2023      | Completion of acquisition of 4, Jalan Industri PBP 9, Taman Industri Pusat Bandar Puchong, 47100 Puchong, Selangor                       |
| October 2023    | Submission of planning permission to MPSJ                                                                                                |
| January 2024    | <ul style="list-style-type: none"> <li>• Approved planning permission obtained</li> <li>• Submission of building plan to MPSJ</li> </ul> |
| June 2024       | Approved building plan obtained                                                                                                          |
| July 2024       | Commencement of construction works                                                                                                       |
| February 2025   | Completion of construction works, installation of racking platform system and interior fit-out                                           |
| March 2025      | Application for CCC                                                                                                                      |
| May 2025        | CCC obtained                                                                                                                             |
| June 2025       | Commencement of operations in Warehouse 4                                                                                                |

**7.16.3 Expansion of our market coverage in Singapore**

We intend to further penetrate into the semiconductor industry in Singapore. Based on our management's market study, the semiconductor industry in Singapore is poised for further growth and the overall outlook for the industry is positive. As part of Singapore's Manufacturing 2030 vision to become a global business, innovation and talent hub for advanced manufacturing, the Singapore government aims to anchor frontier investments from global companies with specialised capabilities to support the country's local manufacturing ecosystem. Singapore has recently attracted investments from several of leading global semiconductor companies such as GlobalFoundries Inc, Siltronic AG and United Microelectronics Corporation.

Furthermore, Singapore has a number of free trade agreements that aims to reduce or eliminate barriers to trade, such as tariffs and other trade barriers on all originating goods. As such, we are able to decrease our average cost per unit of sanitary products delivered to Singapore which in return improve our financial performance. In view of this, we intend to further expand our market coverage by identifying and procuring new potential customers in Singapore such as project consultants or contractors that supply process systems to multinational industrial end-customers. Additionally, as these potential customers are mainly serving the SEA, Australia and New Zealand markets, we are able to increase our visibility and customer base and grow on their geographic expansion within these regions. We also intend to further explore and penetrate into Africa, Canada and USA as well as to expand our market presence in Middle East via our Singapore regional office and our participation in regional exhibitions.

**7. BUSINESS OVERVIEW (Cont'd)**

We currently store bulk of our finished products that are delivered by our third-party manufacturers/supplier in Warehouse 3 (distribution centre) in Puchong, Selangor and conduct quality checks prior to onward distribution to our regional offices in Singapore, Thailand and Indonesia as well as our representative agents in the Philippines, Vietnam and Taiwan. In order to facilitate our growth and expansion of our business in Singapore, we intend to set up a new warehouse in Singapore which will provide us with additional capacity to store our new vacuum fittings and valves for the semiconductor industry as well as to store inventories that caters for our customers in Singapore and other overseas market (such as Bahrain, Cambodia, Denmark, Germany, India, Japan, South Korea, Myanmar, Sri Lanka, Spain and United Arab Emirates) and directly deliver such customers' orders from this new warehouse.

As at LPD, we currently have 3 warehouses in Singapore with aggregate storage space of 5,550 sq ft, of which 2 are located at Yishun Industrial Street, Singapore and 1 is located at Old Toh Tuck Road, Singapore. As at LPD, these 3 warehouses in Singapore have an average utilisation rate of approximately 82.0%. We are in the midst of identifying a suitable property to rent for our new warehouse ideally located in Tampines, Singapore with built-up area of approximately 10,000 sq ft. This new warehouse in Singapore will provide us with an expected storage area of approximately 7,500 sq ft (which have a capacity to store approximately 600 units of standard size pallet). Such additional storage capacity will increase our total storage capacity in Singapore from 289 units of standard size pallet to approximately 889 units of standard size pallet.

Based on our management's assessment, the estimated cost of setting up of our new warehouse in Singapore is approximately RM5.01 million, which our Group intends to finance from the proceeds raised from our Public Issue. Further details on the set-up costs for our new warehouse in Singapore is set out in Section 4.9.1(c).

Upon execution of rental for our new warehouse, we will submit the building plan to BCA. The indicative timeline to set up our new warehouse in Singapore is as follows:

| <b>Timeline</b>              | <b>Estimated timeline</b> | <b>Details</b>                                      |
|------------------------------|---------------------------|-----------------------------------------------------|
| T (from date of our Listing) | October 2023              | Execution of rental agreement for our new warehouse |
| T + 1 month                  | November 2023             | Submission of building plan to BCA                  |
| T + 7 months                 | May 2024                  | Approved building plan obtained                     |
| T + 8 months                 | June 2024                 | Commencement of renovation                          |
| T + 10 months                | August 2024               | Completion of renovation                            |
| T + 11 months                | September 2024            | Commence operations in new warehouse                |

Once the renovation works are completed, we will prompt our third-party manufacturers/supplier and instruct them via our purchase orders for which inventories to be delivered to Warehouse 3 (distribution centre) or this new warehouse in Singapore. As part of our QC management, our new warehouse in Singapore will also be equipped with test instruments (i.e. spectrometer, surface roughness tester, calliper, filler gauge and dial gauge and helium test equipment) to perform incoming QC. Save for the spectrometer of which we have allocated the proceeds raised from our Public Issue to acquire, we intend to use our internally-generated funds for the acquisition of surface roughness tester, calliper, filler gauge, dial gauge and helium test equipment.

**7. BUSINESS OVERVIEW (Cont'd)**

Save for Warehouse 3 (distribution centre) in Puchong, Selangor and this new warehouse to be set up on Tampines, Singapore, the other warehouses of our Group store inventories for customers in its respective countries.

**7.16.4 Prospects of our Group**

We believe that our prospects in the sanitary valves and fittings industry are favourable taking into consideration our competitive strengths in Section 7.15, our business strategies in Section 7.16 as well as the prospects of the sanitary valves and fittings industry as set out below.

According to the IMR Report, the Asia Pacific sanitary valves and fittings industry has dominated the global industry with its 49.0% share valued at USD615.28 million in 2022. Growth in Asia Pacific is expected to be bolstered by emerging economies such as China and India expanding their pharmaceutical and F&B industries coupled with growing hygiene awareness in these industries, as well as growing requirement for water treatment in various Asia Pacific countries. Moving forward, the sanitary valves and fittings industry in Asia Pacific is expected to reach USD642.97 million in 2023 and expand by a CAGR of 6.1% to reach USD825.60 million in 2027.

From a local perspective, factors boosting growth within the Malaysian sanitary valves and fittings industry is likely to come from the expansion in the local F&B manufacturing industry, a prevalence of chronic lifestyle disease boosted demand for pharmaceutical products, as well as technological advancement spurring demand for semiconductors. At the same time, the growing affluence of Malaysians also indicate higher spending power by the population for consumption of food and pharmaceutical products, as well as consumer electronics.

However, the ongoing geopolitical tension across the globe as well as economic slowdown is expected to result in dampened demand for various products including food, pharmaceutical products as well as consumer electronics. In addition, as part of the manufacturing sector that is often labour intensive, the labour shortage issues faced by Malaysia may hinder the growth of the end-user markets of the local sanitary valves and fittings industry, which may dampen the development of the industry.

On the supply side, the Malaysian sanitary valves and fittings industry is expected to benefit from the advancement in technostucture facilities and resources in the country. Furthermore, support from the Government in growing the local manufacturing sector in the country has also served to bolster growth of in the local sanitary valves and fittings industry. In particular, the National Food Security Policy Action Plan 2021-2025 by the Ministry of Agriculture and Food Industries as well as tax incentives for pharmaceutical manufacturers is expected to boost the development of these industries. On the flipside, the higher cost of raw materials such as chromium and nickel which are essential in the manufacture of stainless steel is expected to hinder the expansion of the local sanitary valves and fittings industry.

In 2022, growth in the sanitary valves and fittings industry in Malaysia was supported by the expected pickup in local economic activities, whereby the Government had announced the transition of COVID-19 into an endemic phase starting 1 April 2022. The Ministry of Health had also announced further relaxation of COVID-19 restrictions from 1 May 2022 and that all economic sectors are allowed to operate from 15 May 2022 onwards. On the global front, vaccination efforts and more relaxed COVID-19 measures is expected to boost economic activities, thus resulting in an increase in demand for various goods and services. During the year, the industry expanded by 13.0% to reach RM213.57 million. Going forward, the Malaysian sanitary valves and fittings industry is expected to grow at a CAGR of 11.2% from RM234.93 million in 2023 to RM363.09 million in 2027.

## 8. IMR REPORT

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Protégé  
ASSOCIATES

BRAND FINANCE | MARKET

The information in this Section 8 is based on market research conducted by Protégé Associates commissioned by Minox International Group Berhad for the purpose of the IPO.

25 AUG 2023

The Board of Directors  
Minox International Group Berhad,  
3, Jalan Industri PBP 11,  
Taman Industri Pusat Bandar Puchong,  
47100 Puchong,  
Selangor.

Dear Sirs,

### **Strategic Analysis of the Sanitary Valves and Fittings Industry in Malaysia**

Protégé Associates Sdn Bhd ("Protégé Associates") has prepared this 'Strategic Analysis of the Sanitary Valves and Fittings Industry in Malaysia' for inclusion in the prospectus of Minox International Group Berhad ("Minox" or the "Company") in relation to its listing on the ACE Market of Bursa Malaysia Securities Berhad.

Protégé Associates is an independent market research and business consulting company. Our market research reports provide an in-depth industry and business assessment for companies raising capital and funding in the financial markets; covering their respective market dynamics such as market size, key competitive landscape, demand and supply conditions, government regulations, industry trends and the outlook of the industry.

Mr. Seow Cheow Seng is the Managing Director of Protégé Associates. He has 23 years of experience in market research starting his career at Frost & Sullivan where he spent 7 years. He has been involved in a multitude of industries covering Automotive, Construction, Electronics, Healthcare, Energy, IT, Oil and Gas, etc. He has also provided his market research expertise to government agencies such as Malaysia Digital Economy Corporation Sdn Bhd, Malaysia Debt Ventures Berhad and Malaysia Technology Development Corporation Sdn Bhd.

We have prepared this report in an independent and objective manner and have taken adequate care to ensure the accuracy and completeness of the report. We believe that this report presents a balanced and fair view of the industry within the boundaries and limitations of secondary statistics, primary research and continued industry movements. Our research has been conducted to present a view of the overall industry and may not necessarily reflect the performance of individual companies in this industry. We are not responsible for the decisions and/ or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies.

Thank you.

Yours sincerely,



SEOW CHEOW SENG  
Managing Director

## 8. IMR REPORT (Cont'd)

### 1.0 Overview of the Sanitary Valves and Fittings Industry

Sanitary valves and fittings are cleanable tubing connections that are installed in a process piping system to ensure cleanliness and sterility. Similar to regular valves and fittings, sanitary valves and fittings serve as process measurement and control instruments to connect sections of a piping system to regulate the temperature, pressure and flow of liquid and are specially designed and manufactured to prevent the entrapment, formation and spread of bacteria in the process piping system.

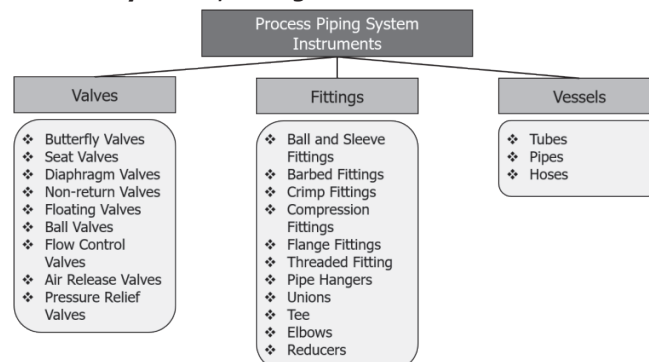
Sanitary valves and fittings are used mainly during the production process in different end-user industries where high levels of hygiene, sterility and cleanliness is needed. These industries include amongst others, pharmaceutical, medical, biological, food and beverage ("F&B"), dairy, cosmetic and personal care. Sanitary valves and fittings are also used in facilities that uses potentially dangerous chemicals to minimise safety risks and to ensure that no contamination occurs in case of a leakage. To ensure the required levels of hygiene and sterility can be maintained during usage, sanitary valves and fittings are manufactured and installed in a manner to allow them to be cleanable. They can be cleaned either by being dismantled and cleaned manually or through an inbuilt clean-in-place ("CIP") process. In particular, the ASME BPE (The American Society of Mechanical Engineers Bioprocessing Equipment) standard provides the requirements applicable to the design of equipment used in the bioprocessing, pharmaceutical and personal-care products, as well as other applications with relatively high levels of hygienic requirements. It covers materials, design, fabrication, inspection, testing and certification.

Sanitary valves and fittings are usually made of sterilisable and corrosion-resistant materials that can withstand frequent exposure to high temperatures, pressure and chemicals. As such, the most commonly used material for sanitary valves and fittings for process piping are stainless steel. Stainless steel is preferred as it is naturally antimicrobial, and is resistant to corrosion and rust. Stainless steel also has an easy-to-clean surface that is ideal for facilities where hygiene and cleanliness are of primary concern.

Sanitary valves and fittings are normally used as pneumatic or hydraulic components to connect sections a process piping system. Fittings are mainly categorised based on the three different types of vessels they are designed for, namely pipes, tubes and hoses. Pipes are hollow cylinders used to convey moving fluids (liquid and gas) and are made from materials with a certain level and rigidity and permanence. Pipe sizes are generally defined nominally, meaning the actual dimensions (inner diameter and wall thickness) may vary from standard pipe sizes. Tubes and pipes are often used interchangeably, but tubes are more strictly defined according to the dimensions of inside and outside diameter and wall thickness. Hoses are generally more flexible and portable, and are often made up of multiple layers of different materials which may vary based on the application.

Sanitary fittings and valves are used in a variety of function and are attached to vessels such as pipes, tubes and hoses via a number of different connections. This may also include valves being used to provide special connections to a vessel, or adapters, plugs, sleeves or caps being used to extend or terminate a vessel. Elbows, tees and crosses can be used to alter the direction of a vessel and reducers fittings can be used to alter the size of a vessel. The figure below provides an illustration of the various types of sanitary valves, fittings and vessels available in the industry.

**Figure 1: Types of Sanitary Valves, Fittings and Vessels**



Source: Protégé Associate.

### 2.0 Overview of the Sanitary Valves and Fittings Industry in Asia Pacific

Owing to the global rapid urbanisation and industrialisation in recent years, especially in emerging economies, there has been a need for sanitary valves and fittings. This development stems from these stainless-steel components being increasingly utilised in various applications such as F&B processing, pharmaceutical instrumentation, chemicals and semiconductor manufacturing, whereby sanitary valves and



**8. IMR REPORT (Cont'd)**

fittings play an integral part of the fluid management systems in these industries. The expansion of these respective industries is expected to result in growing demand for sanitary valves and fittings. The global sanitary valves and fittings industry was valued at USD1,243.00 million in 2022, which was an increase of 5.0% from the previous year. While the industry had been impacted by the Coronavirus Disease 2019 ("COVID-19") COVID-19 pandemic in 2020, whereby operations in various industries had either been temporarily halted or were functioning with minimal workforce due to the implementation of lockdowns and imposed restrictions by respective governments, the industry rebound in 2021 as a recovery in global economic activities led to revived demand across end-user markets. The revival trend continued into 2022 as global economic activities rebounded. Going forward, the industry is expected to expand from USD1,286.50 million in 2023 and reach USD1,601.27 million in 2027 at a CAGR of 5.2%.

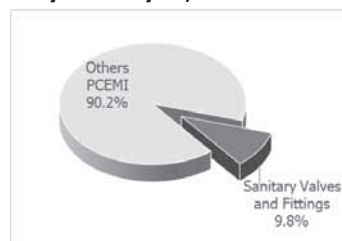
In terms of regions, the global sanitary valves and fittings industry can be segmented into North America, Europe, Asia Pacific, South America and Middle East and Africa. In particular, the Asia Pacific region has dominated the global sanitary valves and fittings industry. The sanitary valves and fittings industry in Asia Pacific was valued at USD615.28 million in 2022. Emerging economies such as China and India are expected to contribute significantly to the expansion of the sanitary valves and fittings industry in the region due to the rapid expansion of F&B and pharmaceutical industries coupled with growing hygiene awareness in these industries. The rising demand for ready-to-eat foods and higher awareness about the benefits of healthy and nutritious food have been fuelling the growth of the F&B processing industry in Asia Pacific. Similarly, the pharmaceutical industry has been showing considerable growth over the years due to the rising prevalence of obesity and the expanding geriatric population. This has been compounded by the ongoing COVID-19 pandemic where more resources have been poured into vaccine development and supplements. F&B and pharmaceutical companies are required to ensure a highly sanitized environment to comply with various regulatory guidelines, thus driving demand for sanitary valves and fittings in the region.

In addition, demand for sanitary valves and fittings in the region is also expected to come from growing requirement for water treatment in countries such as China, India and Japan. Sanitary valves and fittings are manufactured using stainless steel and is preferred over other materials such as cast iron, brass and copper due to its ability to withstand harsh temperatures, chemicals and pressures, along with hard water conditions. Stainless steel is also known for its corrosion resistance characteristics. Demand from this end-user industry in Asia Pacific is mainly supported by the increasing urban population, where there is growing demand for new and improved water treatment systems. Chemical factories are another major end-user of sanitary valves and fittings in Asia Pacific, whereby many global market players are setting up chemical plants in the region, in particularly in China. The growing demand for petrochemicals and fuels is also expected to spur refinery capacity in Asia Pacific, and lead to higher demand for sanitary valves and fittings in refineries. Within the Southeast Asia region, demand for sanitary valves and fittings are expected to come from industries including F&B, pharmaceuticals and chemicals in countries such as Indonesia and Thailand. At the same time, the Singaporean sanitary valves and fittings industry is expected to derive demand from the chemicals and semiconductor industries. The expansion in these end-user markets is expected to bode well for the development of the sanitary valves and fittings industry in Southeast Asia. Going forward, the sanitary valves and fittings industry in Asia Pacific is expected to reach USD642.97 million in 2023 and expand by a CAGR of 6.1% to reach USD825.60 million in 2027.

### 3.0 Overview of the Sanitary Valves and Fittings Industry in Malaysia

The sanitary valves and fittings industry in Malaysia is a sub-segment of the process control equipment and measurement instrument ("PCEMI") industry in Malaysia. PCEMI are widely used in sectors such as oil and gas, palm oil, water services and manufacturing industries as a component of the industrial pipeline systems. The PCEMI industry in Malaysia was valued at RM2.17 billion in 2022, which was an expansion from RM2.10 billion in the previous year. The industry is forecast to reach RM2.23 billion in 2023 and expand at a CAGR of 3.9% to RM2.62 billion in 2027.

**Figure 2: Breakdown of the PCEMI Industry in Malaysia, 2022**



Source: Protégé Associates

The sanitary valves and fittings industry was also negatively affected by the COVID-19 pandemic in 2020, whereby many end-user markets were forced to temporarily halt operations or operate at reduced capacities. The industry recovered in 2021 along recovery in economic activities in Malaysia as well as across the globe. The sanitary valves and fittings industry was valued at RM189.00 million in 2021, up from RM138.91 million in 2020 during the peak of the pandemic.

**8. IMR REPORT (Cont'd)****Figure 3: Historical Size and Growth Forecast for the Sanitary Valves and Fittings Industry in Malaysia, 2019-2027**

| Year              | Market Size (RM million) | Growth Rate (%) |
|-------------------|--------------------------|-----------------|
| 2019              | 251.64                   | -               |
| 2020              | 138.91                   | -44.8           |
| 2021              | 189.00                   | 34.3            |
| 2022              | 213.57                   | 13.0            |
| 2023 <sup>f</sup> | 234.93                   | 10.0            |
| 2024 <sup>f</sup> | 260.77                   | 11.0            |
| 2025 <sup>f</sup> | 289.45                   | 11.0            |
| 2026 <sup>f</sup> | 324.19                   | 12.0            |
| 2027 <sup>f</sup> | 363.09                   | 12.0            |

Compounded annual growth rate ("CAGR") (2023-2027) (base year of 2022): 11.2%

Note: <sup>f</sup> denotes forecast

Source: Protégé Associates

Growth in the local sanitary valves and fittings industry is expected to be boosted by the expansion in the local end-user markets including F&B manufacturing, pharmaceutical and semiconductor industries. The local F&B manufacturing industry plays an important role in Malaysia's economic growth, and the Malaysian Government is encouraging industry players to innovate and adapt more advanced technologies in their operations. In 2022, the Malaysian Investment Development Authority ("MIDA") approved 93 projects worth RM3.50 billion in the food manufacturing industry and another 8 projects worth RM112.90 million in the beverages and tobacco industry. The F&B manufacturing industry was valued at RM316.81 billion in 2022. This figure is forecast to grow from RM342.79 billion in 2023 and expand at a CAGR of 9.3% to RM495.00 billion in 2027. At the same time, the pharmaceutical industry in Malaysia has grown steadily over the last decade and has been identified by the Malaysian Government as a key growth area. A total of 5 projects worth RM266.80 million had been approved by MIDA in 2022 in the local pharmaceutical industry. The Malaysian pharmaceutical industry was valued at RM10.18 billion in 2022. This figure is forecast to grow from RM11.20 billion in 2023 and expand at a CAGR of 12.0% to RM17.94 billion in 2027.

Malaysia is also an important player within the global semiconductor value chain, and the Malaysian semiconductor industry have seen large sums of investments and re-investments being injected into the local industry. In 2022, a total of 40 projects worth RM23.70 billion was approved to produce electronic components including wafer fabrication, semiconductor devices, integrated circuits, printed circuit boards ("PCBs"), and sensors. The Malaysian semiconductor industry was valued at RM335.07 billion in 2022. This figure is forecast to grow from RM363.55 billion in 2023 and expand at a CAGR of 12.1% to RM592.30 billion in 2027.

Supported by growth of end-user markets, the local sanitary valves and fittings industry was valued at RM213.57 million in 2022. The industry is forecast to reach RM234.93 million in 2023 and expand at a CAGR of 11.2% to RM363.09 million in 2027.

In Malaysia, the sanitary valves and fittings industry consists predominantly of suppliers and traders of sanitary valves and fittings. While some suppliers and traders may engage original equipment manufacturers ("OEM") to manufacture own brand sanitary valves and fittings, others generally carry brands manufactured by other foreign manufacturers.

These suppliers and traders generally distribute products from more than one manufacturer and often also distribute a series of other products in addition to sanitary valves and fittings. At the same time, while some of these suppliers and traders may opt to specialise in the trading of all types of sanitary valves and fittings, others generally choose to trade a much wider range of products ranging from valves and fittings to be used in other industries as well as other related equipment such as hoses, pressure gauges and thermometer gauges. In 2022, it is estimated that there are less than 50 industry players that are involved in the supply and trading of sanitary valves and fitting in Malaysia. To cater for the local demand for sanitary valves and fittings, these instruments are imported by suppliers and traders into Malaysia. As an important trading hub in Asia Pacific, many of these suppliers and traders also supply sanitary valves and fittings to overseas countries.

**As Minox mainly supplies sanitary valves and fittings to stakeholders within the local F&B, pharmaceutical and semiconductor industries, Protégé Associates has included an overview of these end-user markets.**



**8. IMR REPORT (Cont'd)****3.1 Overview of the F&B Industry in Malaysia**

The F&B industry in Malaysia can be segmented into the F&B services industry and the F&B manufacturing industry. The F&B services industry mainly revolves around the provision of food services to consumers, whether in the form of dine-in services, self-services, takeout services or delivery services. In other words, it is the business of preparing, transporting and serving food or meals at restaurants or food stores, basically anywhere but consumers' home. The F&B manufacturing industry in Malaysia involves the transformation of F&B raw materials into edible products.

The local F&B industry entered 2022 on a stronger footing with a good performance registered during the year. The gross domestic product ("GDP") contribution from F&B services activities increased from RM35.93 billion in 2021 to RM45.65 billion in 2022, while F&B manufacturing activities increased from RM28.60 billion in 2021 to RM33.99 billion in 2022. Local F&B manufacturers have been navigating various challenges stemming from the COVID-19 pandemic and lockdown measures including but are not limited to dampened consumer sentiments, disruption in supply chain, postponement of orders, maintaining operations at below full capacity with the reduced production hours and workforce and/or additional cost incurred in executing strict health and safety regulations and enhanced sanitisation at the workplace. The Malaysian Government has eased more restrictions and more economic sectors were allowed to open, including the F&B industry as a result of high population vaccination rate.

F&B manufacturing activities in Malaysia have remained vibrant with stringent standard operating procedures becoming a norm post COVID-19 pandemic for local F&B manufacturers. At the same time, the advancement in processing and manufacturing technology has widened the usage of local raw materials, and has expanded the range of food products manufactured in the country. This is seen by the increasing value of processed food products in Malaysia. Malaysia's sales value of own manufactured products (ex-factory) for F&B increased 12.9% from RM280.98 billion in 2021 to RM316.81 billion in 2022.

The animal and vegetable oils and fats sub-segment dominated the industry with its contribution of 60.0% of total sales value of Malaysia manufactured products. The huge percentage of the segment can be attributable to Malaysia being the second largest crude palm oil producer in the world and the main products under this sub-segment include the manufacturing of crude palm oil, refined palm oil and palm kernel oil. This was followed by the other food products sub-segment with a 19.0% share due to the wide range of products manufactured under the sub-segment. Some of the products under other food products include bakery products, cocoa, chocolate and sugar confectionery, macaroni, noodles and similar products as well as prepared meals and dishes. Moving into 2023, for the first five months of the year, sales value of own manufactured products (ex-factory) reached RM122.97 billion, which was a slight decrease from RM125.39 billion in the previous corresponding period.

**3.2 Overview of the Pharmaceutical Industry in Malaysia**

Generally, a pharmaceutical product is defined as any pharmaceutical or biological product which is intended to be used on the prescription of, or under the supervision of, a healthcare professional, and is intended for use in the diagnosis, treatment or prevention of disease in humans, or to affect the structure or any function of the human body. The pharmaceutical industry is defined as an industry that is involved with the manufacture or production of pharmaceutical products.

Products manufactured in the Malaysian pharmaceutical industry can be broadly categorised into six categories, namely new drug products, biologics, generic products, traditional medicine, health or food supplements and veterinary products. In particular, generic products can be further divided into prescription medicines and non-prescription medicine (also known as over-the-counter ("OTC") products). Prescription medicines, also known as ethical drugs, refer to medicines whose sales and transactions are confined to the purview of doctors and pharmacists, while OTC drugs refer to drugs which are used in self-medication and are safe to be used without prescription or treatment from a health professional. Both prescription medicines and OTC drugs can also be divided into patented drugs and generic drugs.

In Malaysia, the National Pharmaceutical Regulatory Agency ("NPRA") is responsible for the processing of product classifications covering products such as new chemical entities or new drug product, biologics, generics (scheduled poison and non-scheduled poison), health supplements, natural products, veterinary, food, medical devices, pesticides, and agriculture products. As of December 2022, 25,949 pharmaceutical products have been registered NPRA. There were 1,419 products registered in 2022 as compared to 1,491 products in 2021.

About 70.0% of Malaysia's generic medicines are manufactured locally and most of these products are procured by the Malaysian Government. Although these medicines are locally made, local pharmaceutical manufacturers rely heavily on the import of pharmaceutical ingredients or medicaments especially for lifestyle disease such as high cholesterol, diabetes, cardiovascular and cancer.

**8. IMR REPORT (Cont'd)**

In recent years, the domestic pharmaceuticals industry has been increasingly focusing on COVID-19-related research and development ("**R&D**") activities, mainly due to worldwide scarcity in specific products related to the pandemic. The Malaysian Government has also recognised the potential of the local pharmaceutical industry, and continues to encourage investments involving cutting-edge innovations and technologies to help develop the local pharmaceutical ecosystem towards producing higher value-added products. A total of 5 projects worth RM266.80 million was approved in 2022. Other government-led initiatives include Budget 2022 extending the preferential tax rate incentive, whereby investors are provided with a tax rate ranging from zero to 10.0% for a period of 10+10 years if they locally manufacture pharmaceutical products including vaccines. Both the PENJANA Relocation Incentive, which provides a special tax rate of zero percent for investments above RM300.00 million for new companies, and the Investment Tax Allowance of 100.0% for existing companies, have also been extended to the end of 2022.

Malaysia is also a prominent trader of pharmaceutical and medicinal products in Southeast Asia. In 2022, trade in pharmaceutical and medicinal products was valued at RM13.33 billion. While this was a decrease as compared to RM14.56 billion in 2021, it is still higher than RM10.11 billion registered in 2020. In particular, export grew by 14.3% to RM2.76 billion (2021: RM2.42 billion) in 2022 while imports fell by 13.0% to RM10.56 billion (2021: RM12.15 billion). Trade rebounded in 2023, with total trade amounting to RM8.35 billion in the first seven months of the year versus RM8.06 billion in the same period last year. Exports were valued at RM1.58 billion (January-July 2022: RM1.64 billion) while imports reached RM6.77 billion (January-July 2022: RM6.42 billion).

According to the NPRA, there were 272 licensed manufacturers of pharmaceutical products listed in the QUEST system (a system utilised for the purpose of registration of medicines and cosmetics and licensing products in Malaysia) at the end of the first half of 2023. These companies have the capabilities to produce generic medicine in all dosage forms, including sterile preparations, injection and soft gelatine capsules for antibiotics, injectables, painkillers and health supplements. Some of these companies have also engaged foreign pharmaceutical companies to manufacture local vaccines starting with Fill and Finish model using existing facilities.

**3.3 Overview of the Semiconductor Industry in Malaysia**

Semiconductors are crucial parts and components to the electrical and electronics ("**E&E**") industry, as they are used in manufactured electronic products that utilise electrical current. In the recent years, the rapid growth in the global semiconductor industry has been mainly driven by demand from electronics such as smartphones, the proliferation of applications including the Internet of Things ("**IoT**") and cloud computing, the rollout of the fifth generation of telecommunications technology ("**5G**") as well as the rise in electric vehicles. The proliferation of 5G smartphones and innovative features is expected to be driving factors for end-users to upgrade existing phones and drive demand globally. The adoption of IoT, where everyday objects are embedded with network connectivity has also been on the rise. IoT trend has been evolving in modern society, where smart devices are increasingly embedded with software, sensors, actuators and networking connectivity to generate, receive and exchange signals and data. This trend has been embraced by various industries such as the building sector by adopting intelligent electricity meters, smart lighting and heat, ventilation and air conditioning systems. Elsewhere in the manufacturing industry, IoT is deployed as part of the manufacturing automation process for production flow monitoring, remote equipment management by setting limits and parameters, and offering various data throughout the manufacturing value chain for quality monitoring. The importance and adoption of IoT is set to drive the demand of semiconductor moving forward.

The demand for semiconductors has been increasing over the past years with the emergence of new technologies such as artificial intelligence, quantum computing, IoT and advanced wireless communications. However, the ongoing COVID-19 pandemic and international trade disputes have been disrupting the industry's supply and value chains, leading to a global shortage of semiconductor chips. While semiconductor manufacturing companies have been ramping up production, the current shortage is not expected to be resolved in the near future due to complexities in the semiconductor manufacturing process.

The global semiconductor industry is considered to be at the mature stage with the presence of a pool of established industry players. The world's total semiconductor revenue can be divided into four regions namely the Americas, Asia Pacific, Japan and Europe. The Asia Pacific region has continued to exert itself as a dominant force in the world's semiconductor industry, and has retained its position as the highest revenue contributor to the world's semiconductor industry in 2022. In particular, Singapore has been an important semiconductor manufacturing hub in the region. Semiconductor manufacturing contributes more than 80.0% of the country's electronics manufacturing output and 7.0% of the country's GDP. At the same time, Singapore accounts for 11.0% of the global semiconductor industry, and 20.0% of global semiconductor equipment is manufactured in the country.

**8. IMR REPORT (Cont'd)**

Closer to home, the E&E sector has long been a major economic driver for Malaysia. In 2022, exports of E&E products were valued at RM593.50 billion and contributed 38.2% of total exports. Of this amount, the exports of electronic integrated circuits were valued at RM301.65 billion, which accounts for almost 50.8% of total exported E&E products. Even amid the uncertainties caused by the COVID-19 pandemic and the US-China trade war, Malaysia continues to play its role in supporting the global E&E industry. This is due to the established E&E supply and value chain in the country. E&E products continued to retain its importance in 2023, with exports of E&E products reaching RM232.65 billion in the first five months of the year. This represents a slight increase from RM230.55 billion in the previous corresponding period.

Malaysia has remained one of the largest semiconductor manufacturing hubs in the ASEAN region. Local semiconductor and semiconductor-related companies are mostly involved in the mid- to lower-end of the global value chain, serving both local and foreign semiconductor manufacturers, brand owners, IC developers and fabricators. In general, these local firms can be divided into three groups. The first comprises of outsourced semiconductor assembly and test ("**OSAT**") companies such as Inari Amertron Berhad and Malaysian Pacific Industries Berhad. The presence of these OSAT firms create the need for the second group, which comprise of semiconductor automated test equipment ("**ATE**") manufacturers including ViTrox Corporation Berhad, Elsoft Research Berhad and MMS Ventures Berhad. The third group comprise of companies which design and manufacture supporting solutions such as test sockets and stiffeners for OSAT and other semiconductor companies. Companies in this group include FoundPac Group Berhad and JF Technology Berhad. The E&E value chain also includes electronics manufacturing services ("**EMS**") providers such as V.S. Industry Berhad and K-One Technology Berhad which are essentially not considered as semiconductor companies.

MITI and Malaysian Investment Development Association ("**MIDA**") has been encouraging existing local industry players to ramp up production and diversify their operations to combat the COVID-19 induced global semiconductor chip shortage. In 2022, a total of 40 projects worth RM23.70 billion was approved in the local electronic components sector based on MIDA's Investment Performance Report. The investments were aimed at producing advanced material wafers, IC substrates, printed circuit board assemblies, test interface products, sensors and semiconductor devices.

**3.4 Competitive Analysis****Foreign Competitors**

Minox is involved in the global sanitary valves and fittings industry via the provision of sanitary valves and fittings to various end-user markets including the F&B manufacturing, pharmaceutical and semiconductor industries via its subsidiaries in various foreign countries. Minox engages third-party manufacturers for the production of sanitary valves and fittings under the "MINOX®" brand. For the purpose of this report, Protégé Associates has identified other industry players in the Asia Pacific region that manufacture and trade sanitary valves and fittings along with Minox. These competitors are mainly international industry players including non-listed companies such as Chiang Sung Enterprise Co., Ltd (Taiwan), Dixon Valve & Coupling Company LLC (United States), Eurobinox SA (France), GHWA Industries Co., Ltd (Thailand), Kaysen Steel Industry Co., Ltd (China), SPX Flow Inc (United States), Wenzhou Sunthai Valve Co., Ltd (China), and Armaturenwerk Hötenleben GmbH (AWH) (Germany) as well as listed companies such as Alfa Laval AB (Sweden) and Kunshan Kinglai Hygienic Materials Co., Ltd (China). As international players, the products of these foreign competitors are found across regions globally.

**Local Competitors**

Local competitors of Minox are mainly traders supplying sanitary valves and fittings. For the purpose of comparison, Protégé Associates has selected the following market players that are comparable to Minox, based on the following criteria:

- A company registered in Malaysia and involved in the supply or trading of sanitary valves and fittings; and
- Recorded an annual turnover of less than RM250.00 million based on latest publicly available financial information.

After taking into consideration the above criteria, Protégé Associates has selected the following market players, namely ABS Engineering & Trading Sdn Bhd ("**ABS**"), Alfa Laval Malaysia Sdn Bhd ("**Alfa Laval**"), Astral Venture Flow Component Sdn Bhd ("**Astral**"), CD Global Quest Sdn Bhd ("**CD Global**"), Encord Sdn Bhd ("**Encord**") and NKE Flow Components Supply Sdn Bhd ("**NKE Flow**") for comparison purpose.

As Minox also exports its products to foreign destinations, the company also competes with foreign market players. As such, Protégé Associates has selected foreign market players operating in these foreign destinations (namely Indonesia, Singapore and Thailand) that are involved in the provision of similar product offerings namely sanitary valves and fittings as comparable companies. Based on the above criteria, Protégé Associates has selected the following foreign market players namely Patkol Trading Co. Ltd.

**8. IMR REPORT (Cont'd)**

("Patkol"), PME (1991) Co. Ltd ("PME"), SCN Technology Co. Ltd ("SCN"), SRM Engineering Co. Ltd ("SRM") and The Sister Group Co. Ltd ("Sister Group") for comparison purposes. The above market players are all based in Thailand and serve end user industries such as F&B, dairy, pharmaceutical, chemical and biotech. Other market players in the Asia Pacific region include PT Stainless Steel Primavale Majubersama, PT Mitra Teguh Steel and PT Cipta Multiteknik Bersama from Indonesia, as well as Mega Valve & Fitting Pte Ltd and Aik Cheong Metal Engineering Pte Ltd from Singapore. However, the financial information of these market players in Indonesia and Singapore are either private exempt or not publicly available and therefore not provided in Figure 4 below.

It needs to be highlighted that the list of industry players is not exhaustive and serves as a reference only.

**Figure 4: Comparison between Minox and Selected Market Players in Malaysia**

|                                           | FYE        | Revenue (RM'000)                          | Gross Profit (RM'000) | Profit Before Tax (RM'000)   | Profit After Tax (RM'000)   | Gross Profit Margin <sup>1</sup> (%) | Profit Before Tax Margin <sup>2</sup> (%) | Profit After Tax Margin <sup>3</sup> (%) |
|-------------------------------------------|------------|-------------------------------------------|-----------------------|------------------------------|-----------------------------|--------------------------------------|-------------------------------------------|------------------------------------------|
| <b>Local Market Players</b>               |            |                                           |                       |                              |                             |                                      |                                           |                                          |
| Minox                                     | 31-12-2022 | 45,020.00                                 | 26,598.00             | 13,493.00                    | 10,549.00                   | 59.1                                 | 30.0                                      | 22.9                                     |
| ABS                                       | 31-12-2021 | 26,559.26                                 | 10,660.83             | 3,550.16                     | 2,532.78                    | 40.1                                 | 13.4                                      | 9.5                                      |
| Alfa Laval <sup>^</sup>                   | 31-12-2022 | 220,857.29                                | 44,394.79             | 22,574.20                    | 16,452.53                   | 20.1                                 | 10.2                                      | 7.4                                      |
| Astral                                    | 31-12-2021 | 1,443.32                                  | 656.22                | 38.64                        | 34.14                       | 45.5                                 | 2.7                                       | 2.4                                      |
| CD Global                                 | 31-05-2022 | 1,535.59                                  | 714.73                | 167.08                       | 129.97                      | 46.5                                 | 10.9                                      | 8.5                                      |
| Encord                                    | 31-12-2021 | 17,922.46                                 | 4,270.57              | 974.55                       | 701.75                      | 23.8                                 | 5.4                                       | 3.9                                      |
| NKE Flow                                  | 31-12-2022 | 2,117.97                                  | 993.28                | 280.28                       | 227.48                      | 46.9                                 | 13.2                                      | 10.7                                     |
| <b>Foreign Market Players in Thailand</b> |            |                                           |                       |                              |                             |                                      |                                           |                                          |
|                                           | FYE        | Income from Sales and Services (RM'000) * | Gross Profit (RM)*    | Profit Before Tax (RM'000) * | Profit After Tax (RM'000) * | Gross Profit Margin <sup>1</sup> (%) | Profit Before Tax Margin <sup>2</sup> (%) | Profit After Tax Margin <sup>3</sup> (%) |
| Patkol                                    | 31-12-2022 | 10,062.50                                 | 2,449.87              | 722.26                       | 563.78                      | 24.3                                 | 7.2                                       | 5.6                                      |
| PME                                       | 31-12-2022 | 2,768.01                                  | 2,205.45              | 908.44                       | 726.36                      | 79.7                                 | 32.8                                      | 26.2                                     |
| SCN                                       | 31-12-2022 | 2,365.29                                  | 889.90                | 181.37                       | 157.59                      | 37.6                                 | 7.7                                       | 6.7                                      |
| SRM                                       | 31-12-2022 | 603.09                                    | 149.95                | 75.81                        | 75.81                       | 24.9                                 | 12.6                                      | 12.6                                     |
| Sister Group                              | 31-12-2022 | 5,980.46                                  | 1,799.36              | 8.53                         | 2.86                        | 30.1                                 | 0.1                                       | 0.0                                      |

Notes:

- The list of market players is alphabetically arranged and does not constitute as a ranking;
- The above figures only provide an indication and is not considered directly comparable due to the following reasons:
  - Not all companies have the same financial year end; and
  - Not all companies carry out activities that are completely the same to each other or in the same geographical area.
- Financial information of comparable market players and Minox such as revenue, profit/ loss before tax and profit/ loss after tax were based on information from Companies Commission of Malaysia and Minox, respectively while the financial ratios in the table were computed by Protégé Associates.

<sup>1</sup> Gross Profit Margin = Gross Profit / Revenue

<sup>2</sup> Profit Before Tax Margin = Profit Before Tax / Revenue

<sup>3</sup> Profit After Tax Margin = Profit After Tax / Revenue

\* The income from sales and services, gross profit and profit after tax are converted from THB to RM based on the average exchange rate of THB1 = RM0.12560 in 2022 as published by BNM.

<sup>^</sup> Alfa Laval is a subsidiary of Alfa Laval AB which is listed on the Stockholm Stock Exchange.

Source: Companies Commission of Malaysia, Department of Business Development Thailand, Minox and Protégé Associates

**8. IMR REPORT (Cont'd)**

In Malaysia, a corporate income tax ("**CIT**") is imposed on income accruing or derived from Malaysia for both local and foreign companies. A CIT of 24.0% is imposed on chargeable income for both local and foreign companies with paid up capital more than RM2.50 million. For companies with paid up capital less than RM2.50 million, a CIT of 17.0% is imposed on the first RM600,000, and a CIT of 24.0% is imposed on the subsequent balance. In the case of Thailand, a CIT of 20.0% is imposed on net profits for companies with paid up capital more than THB5.00 million. For small companies (defined as companies with paid up capital less than THB5.00 million), a CIT of 15.0% is imposed if the net profit of the company is more than THB300,000 but not exceeding THB3.00 million. For small companies with net profits of over THB3.00 million, a CIT of 20.0% is imposed.

**3.5 Minox's Market Share Analysis**

As a large percentage of Minox's revenue is derived from sales to other countries in Asia Pacific, Minox is considered a regional player operating in the sanitary valves and fittings industry in Asia Pacific. For FYE 31 December 2022, Minox generated revenue of RM45.02 million, which is equivalent to 1.7% of the USD615.28 million (equivalent to RM2,707.57 million based on the average USD/MYR exchange rate in 2022) sanitary valves and fittings industry in Asia Pacific in 2022. At the same time, Minox's revenue from Malaysia operations of RM16.23 million in FYE 31 December 2022 is equivalent to 7.6% of the RM213.57 million sanitary valves and fittings industry in Malaysia in 2022.

**4.0 Demand Conditions****Expansion in the Local End-User Industries**

Malaysia has been undergoing rapid urbanisation during the last few decades. The rapid urbanisation in the country has also led to a change in the populations' lifestyle where more women join the workforce and people work longer hours. With less time to prepare for a meal, ease of convenience has become an important consideration when choosing the type of products to consume. This has led to increased consumption of conveniently-packed food products such as ready-to-eat meals and packed food products.

At the same time, the local F&B manufacturing industry is also set to benefit from various government-led initiatives, whereby the local food processing industry has been earmarked for further development under the Third Industrial Master Plan ("**IMP3**"). Major areas such as the supply of raw materials, incentives for the food processing companies, training and skills development, market development and financial assistance are expected to be given more focus. In addition, the National Agrofood Policy 2.0 (the successor of the National Agrofood Policy 1.0) published by the Ministry of Agriculture and Food Industries highlights the strategies to transform the local agrofood sector into a sustainable, competitive and high-technology sector, and to boost economic growth to improve the wellbeing of the population. The above developments have led to continued investments into the industry, whereby a total of 93 projects worth RM3.50 billion in the food manufacturing industry and 8 projects worth RM112.9 million in the beverage and tobacco industry had been approved in 2022, in accordance to MIDA. These new investments are expected to spur the continued expansion of the local F&B processing industry, and will in turn create demand for sanitary valves and fittings required in new manufacturing facilities.

The pharmaceutical industry is another major end-user of sanitary valves and fittings. In Malaysia, the sedentary lifestyles with lack of regular exercises, unhealthy diet, smoking and excessive consumption of alcohol have resulted in increasing prevalence of chronic lifestyle diseases in the country. The National Health and Morbidity Survey conducted in 2019 ("**NHMS 2019**") highlighted that 50.1% of adults in the country are overweight or obese. This shows that the trends of overweight and obesity has continued to rise as compared to 2011 (44.5%) and 2015 (47.7%). In 2019, 29.8% of children 5 to 17 of age are overweight and obese. The increase in the rate of obesity is alarming as it is an indicator of future increases in incidence of chronic lifestyle diseases. The prevalence of chronic lifestyle diseases are expected to continue spurring the demand for pharmaceutical related products and services throughout the lifetimes of these patients, who will require constant treatment to manage their disease. Malaysia has also been categorised as an ageing society by the World Bank. An ageing population is expected to lead to an increase in demand for more medical treatments due to age-related illness. There is likely to be increasing demand for more effective drugs, as well as curative and preventive treatments for age-related illnesses. This development creates demand for pharmaceutical products and fosters the growth of the pharmaceutical industry. At the same time, the COVID-19 pandemic had also led to a surge in demand for pharmaceutical products, including for vaccines as well as other pharmaceutical supplements intended to enhance one's own health to combat the virus. A total of 5 projects worth RM266.80 million had been approved in 2022. The expected increase in demand for pharmaceutical products in the country will in turn result in higher demand for sanitary valves and fittings to be used in these pharmaceutical related facilities.



**8. IMR REPORT (Cont'd)**

Sanitary valves and fittings are also utilised in semiconductor facilities due to strict standards required during the manufacturing process. On this front, the advancement in technology has facilitated an increasing use of electronics and related devices for both traditional and non-traditional end-user markets. This development has led to an increase in demand for semiconductor and other electric components. This trend is particularly visible in the automotive market where an increasing number primary and secondary functions in motor vehicles are being automated to provide better performance, comfort and ease of convenience to the drivers. The global automotive industry landscape is also in the midst of a revolutionary trend with the emergence of electric vehicles ("EV"). Similar to conventional vehicles, semiconductors are used to support touch-screen interactivity between drivers and vehicle, as well as power EV batteries and other components in the power train. In conclusion, the more digitally advanced an EV, the more semiconductors is embedded within the vehicle. Besides the automotive market, the consumer electrical market has also experienced increasing electronic content with more and more digital control replacing manual control in their products. In Malaysia, a total of 40 electronic components projects worth RM23.7 billion was approved in 2022. The investments were wafer fabrication, semiconductor devices, integrated circuits, PCBs, and sensors. The continued investment into the sector is expected to pave the way for new and expansion of semiconductor-related manufacturing facilities in the country, and will also result in higher demand for sanitary valves and fittings to be used in these facilities.

**Geopolitical Tension Across the Globe and Economic Slowdown**

As a part of the global supply chain, economic activities in Malaysia are subject to geopolitical events that may affect economic activities across the globe. In particular, Malaysia is an exporter of E&E, pharmaceutical and food products to various parts of the world. The tension between the US and China has affected the relationship between the top two economies in the world, with the effect spilling over to other parts of the world. The tension began as the former US president Donald Trump imposed punitive tariffs on China. These tariffs were followed by restriction on both China's access to high-tech US products and foreign investments involving security concerns and allegations of unfair Chinese commercial practices. The US and China are among the top export destinations of Malaysian exports.

The ongoing war between Russia and Ukraine has also caused disruptions to the global supply chain. As one of the largest exporters of oil in the world, Russia's involvement in the war throws oil supply from the country into doubt. This has led to oil prices spiking above USD100.00 per barrel in the months after the invasion and renewed supply chain disruptions. The high oil prices had contributed to high inflation in the US as well as in some European countries. This led to central banks across the globe increasing interest rates to combat rising prices. To combat the situation, the central banks in these countries had raised interest rate to cool prices, which had resulted in an economic slowdown. Based on the International Monetary Fund, global growth stood at 3.4% in 2022 and is projected to fall to 2.8% in 2023 before rising to 3.0% in 2024. All these factors are expected to affect demand for products and goods globally. The disruptions in global economic activities may affect demand for Malaysian goods including E&E, pharmaceutical and food products, which will in turn have a negative impact on the local sanitary valves and fittings industry which supplies goods and services to these end-user markets.

**Labour Shortage Issues May Hinder Growth of End-User Markets**

Most of the manufacturing industries in Malaysia are labour intensive. With the country facing labour shortages due to poor participation from Malaysians, the local manufacturing sector is heavily reliant on foreign workers for its manufacturing activities. In addition, market players face another set of problems in view of the existing government policies on the employment of foreign workers. Work permits for foreign workers in Malaysia need to be renewed each year but they can stay for a limited period only and must return to their respective countries after that. In addition, the Minimum Wage Order 2022 which came into effect starting 1 May 2022 raises the minimum wage to RM1,500.00. The increase in minimum wage is expected to lead to higher cost for manufacturers and leading to lower margins. These labour issues are expected to negatively impact the expansion of the manufacturing sector. As the Malaysian sanitary valves and fittings industry serve many of the industries within the manufacturing sector, this may lead to lower demand for products and services from the end-user markets.

**5.0 Supply Conditions****Advancement in Manufacturing Technologies**

Within the manufacturing sector, the advancement in technostucture facilities and resources is a strong growth factor. Technostucture facilities and resources here include the various state-of-the-art machine and tools, the use of computer system along with advanced computer-aided design and other related design and engineering software, R&D facilities, quality control facilities, etc. The advancement of the technostucture allows the manufacturing sector to produce end-products with higher precision and minimise human errors. This trend also applies to the local sanitary valves and fittings industry.

**8. IMR REPORT (Cont'd)****Continuing Government Support**

In Malaysia, government support has been instrumental to the development of the manufacturing sector, whereby companies are set to enjoy various tax incentives such as the Pioneer Status and the Investment Tax Allowance ("ITA"). Furthermore, the Government has also come out with various initiatives such as the Income Tax Incentive for the Industry 4.0 Readiness Assessment and Income Tax Incentive for Industry4WRD Vendor Development Program aimed at attracting companies in the manufacturing and manufacturing-related services sectors towards the application of Industry 4.0 technology. This is expected to boost the growth of the manufacturing sector and presents an opportunity for further growth in the sanitary valves and fittings industry in Malaysia.

**Higher Inflationary Pressure on Raw Material Prices**

The manufacture of sanitary valves and fittings involves a wide range of raw material inputs, in particularly stainless steel. Stainless steel is mainly made out of iron, chromium and nickel. The prices of chromium have been on the rise due to the shortage of the metal from rising demand from various countries, including China. Chromium is consumed in the form of ferrochromium to produce stainless steel. Ferrochromium production is electrical-energy intensive, and the recent rise in energy prices has affected the supply of ferrochromium and further elevated prices. The other main raw material in stainless steel is nickel. The prices of nickel have also been on the rise in recent years due to the adoption of electric vehicles, whereby nickel play a crucial role in manufacturing electric vehicle batteries. On the supply side, the COVID-19 pandemic had impacted the supply of the metals. While the prices of these metals have cooled since the latter half of 2022 due to the slowdown in global economic activities, prices have remained above pre-COVID-19 levels. The higher prices of various raw materials used for the manufacture of sanitary valves and fittings is expected to negatively affect the industry in the form of compressed margins if manufacturers are unable to pass on the cost to consumers.

**6.0 Prospect and Outlook of the Sanitary Valves and Fittings Industry in Malaysia**

The Asia Pacific sanitary valves and fittings industry has dominated the global industry with its 49.2% share valued at USD615.28 million in 2022. Growth in Asia Pacific is expected to be bolstered by emerging economies such as China and India expanding their pharmaceutical and F&B industries coupled with growing hygiene awareness in these industries, as well as growing requirement for water treatment in various Asia Pacific countries. Moving forward, the sanitary valves and fittings industry in Asia Pacific is expected to reach USD642.97 million in 2023 and expand by a CAGR of 6.1% to reach USD825.60 million in 2027.

From a local perspective, factors boosting growth within the Malaysian sanitary valves and fittings industry is likely to come from the expansion in the local F&B manufacturing industry, a prevalence of chronic lifestyle disease boosted demand for pharmaceutical products, as well as technological advancement spurring demand for semiconductors. At the same time, the growing affluence of Malaysians also indicate higher spending power by the population for consumption of food and pharmaceutical products, as well as consumer electronics.

However, the ongoing geopolitical tension across the globe as well as economic slowdown is expected to result in dampened demand for various products including food, pharmaceutical products as well as consumer electronics. In addition, as part of the manufacturing sector that is often labour intensive, the labour shortage issues faced by Malaysia may hinder the growth of the end-user markets of the local sanitary valves and fittings industry, which may dampen the development of the industry.

On the supply side, the Malaysian sanitary valves and fittings industry is expected to benefit from the advancement in technostucture facilities and resources in the country. Furthermore, support from the Malaysian Government in growing the local manufacturing sector in the country has also served to bolster growth of the local sanitary valves and fittings industry. In particular, the National Food Security Policy Action Plan 2021-2025 by the Ministry of Agriculture and Food Industries as well as tax incentives for pharmaceutical manufacturers is expected to boost the development of these industries. On the flipside, the higher cost of raw materials such as chromium and nickel which are essential in the manufacture of stainless steel is expected to hinder the expansion of the local sanitary valves and fittings industry.

In 2022, growth in the sanitary valves and fittings industry in Malaysia was supported by the pickup in local economic activities, whereby the Malaysian Government had announced the transition of COVID-19 into an endemic phase starting 1 April 2022. The Ministry of Health had also announced further relaxation of COVID-19 restrictions from 1 May 2022 and that all economic sectors are allowed to operate from 15 May 2022 onwards. On the global front, vaccination efforts and more relaxed COVID-19 measures is expected to boost economic activities, thus resulting in an increase in demand for various goods and services. During the year, the industry expanded by 13.0% to reach RM213.57 million. Going forward, the Malaysian sanitary valves and fittings industry is expected to grow at a CAGR of 11.2% from RM234.93 million in 2023 to RM363.09 million in 2027.

## 9. 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 OUR FUTURE PERFORMANCE, IN ADDITION TO ALL OTHER RELEVANT INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE MAKING AN APPLICATION FOR OUR IPO SHARES.**

### 9.1 RISKS RELATING TO OUR BUSINESS AND OUR OPERATIONS

#### 9.1.1 We are highly dependent on our third-party manufacturers/supplier for our products and we do not have long-term agreements with them

We are principally involved in the distribution of stainless steel sanitary valves, tubes & fittings, installation components & equipment and rubber hoses under our "MINOX®" brand. We are highly dependent on our third-party manufacturers/supplier to supply our products. Third-party manufacturers/supplier that we engaged are selected based on a set of criteria which include, amongst others, pricing, lead time for delivery, credible market reputation, creditworthiness and adherence to quality standards for QC procedures as well as possessing the necessary industry certifications including 3-A (for production of sanitary products used in the F&B industry) and ASME BPE (for production of sanitary products used in the pharmaceutical industry), and reliability of products. Moreover, as our third-party manufacturers/supplier are also responsible for the raw material (i.e. stainless steel) sourcing and purchasing, any significant increase in manufacturing cost charged by them due to the increase in raw material prices will lead to an increase in our cost of purchases. If we are unable to pass on the increased cost to our customers, our revenue and margins may be adversely affected, and may lead to a decrease in overall profitability.

As at LPD, we source our products from 13 third-party manufacturers from China, Denmark, Italy, South Korea, Taiwan, Thailand and Turkey and 1 supplier from Hong Kong. Our orders with our third-party manufacturers/supplier are based on purchase orders, and we do not enter into any formal long-term agreements with them. The absence of long-term agreements with our third-party manufacturers/supplier poses a risk to our operations, as they are not obliged to provide their services to us. In the event that we lose several of our third-party manufacturers/supplier simultaneously, and if they are not replaced with alternative third-party manufacturers/supplier in a timely manner, our business operations and financial performance may be adversely affected. While we seek to maintain and strengthen our business relationships with our third-party manufacturers/supplier, there can be no assurance that they will continue to supply products with favourable terms to us.

#### 9.1.2 We face the risk of infringement of intellectual property rights

Our "MINOX®" trademark is registered with the relevant intellectual property offices in Malaysia, Singapore, Thailand, the Philippines, Indonesia, Taiwan and Vietnam, further details of which are set out in Section 6.8. While we have not encountered any issues on renewal of trademark registration in the past, we still face risk of non-renewal and there can be no assurance that our intellectual property rights will be adequately protected against any infringement by third parties.

The revenue contribution from the distribution of our "MINOX®" brand of sanitary products was 95.9%, 97.8%, 97.4%, 96.4% and 82.8% of our Group's total revenue for FYE 2019 to 2022 and FPE 2023 respectively. The success of our "MINOX®" brand is crucial to our business performance and profitability as it is integral to our Group's identity and we are reliant on the goodwill of our brand. As such, any unauthorised use of our brand name by third-parties may adversely affect our business and reputation, including the perceived quality and reliability of our products. The occurrence of such event which draw negative publicity to or otherwise adversely impact our reputation or damage our "MINOX®" brand could undermine customer confidence in our products, potentially reducing demand for our "MINOX®" brand of sanitary products. This could negatively impact our business relationship with customers, which in turn adversely affect our business and financial performance.



**9. RISK FACTORS (Cont'd)**

Although we are not aware of any infringement of our intellectual property rights in the past, there is no assurance that there will not be any infringement activities in the future. In the event that any infringement occurs, we may have to protect our intellectual property rights through litigations, which could also result in substantial costs and diversion of our Group's resources, and may have a material adverse impact on our business operations and financial condition.

**9.1.3 Our third-party manufacturers/supplier may not be able to implement QC procedures effectively to meet our requirements**

The quality of our "MINOX®" brand of sanitary products is dependent on, to a certain degree, the effective implementation of stringent QC policies by our third-party manufacturers/supplier to manufacture/supply products that meets our requirements. Any significant deterioration, deviation and failure to implement and uphold QC policies and procedures could lead to production of defective or substandard products, delay in delivery of our products as well as replacement of defective or substandard products and therefore damage our reputation. Moreover, any complaints, claims or litigation against us regarding the quality of our products, could result in negative publicity of our brand which may have a material adverse effect on our business, reputation and future outlook. As at LPD, save for feedbacks and warranty claims on mechanical parts and functional issues of our "MINOX®" brand of sanitary products as disclosed in Section 7.3(i), we have not experienced any other complaints, claims or litigation against us regarding the quality of our sanitary products.

**9.1.4 We are subject to foreign operations risks**

During FYE 2019 to 2022 and FPE 2023, our overseas revenue amounted to approximately RM28.27 million, RM28.25 million, RM23.19 million, RM28.79 million and RM11.99 million, or 70.3%, 72.8%, 67.5%, 63.9% and 73.0% of our total revenue respectively. The breakdown of our overseas revenue by countries is as follows:

| Countries             | Audited       |             |               |             |               |             |               |             |               |             |
|-----------------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|
|                       | FYE 2019      |             | FYE 2020      |             | FYE 2021      |             | FYE 2022      |             | FPE 2023      |             |
|                       | RM'000        | %           | RM'000        | %           | RM'000        | %           | RM'000        | %           | RM'000        | %           |
| Indonesia             | 10,428        | 25.9        | 10,057        | 25.9        | 11,123        | 32.4        | 14,592        | 32.4        | 5,689         | 34.6        |
| Singapore             | 7,304         | 18.2        | 8,728         | 22.5        | 5,166         | 15.0        | 7,735         | 17.2        | 4,244         | 25.9        |
| Thailand              | 6,141         | 15.3        | 6,533         | 16.8        | 3,989         | 11.6        | 4,224         | 9.4         | 1,289         | 7.8         |
| Others <sup>(1)</sup> | 4,397         | 10.9        | 2,929         | 7.6         | 2,907         | 8.5         | 2,238         | 4.9         | 766           | 4.7         |
|                       | <b>28,270</b> | <b>70.3</b> | <b>28,247</b> | <b>72.8</b> | <b>23,185</b> | <b>67.5</b> | <b>28,789</b> | <b>63.9</b> | <b>11,988</b> | <b>73.0</b> |

**Note:**

- <sup>(1)</sup> Comprises mainly Bahrain, Cambodia, Denmark, Germany, India, Japan, South Korea, Myanmar, Sri Lanka, Spain, Taiwan, the Philippines, United Arab Emirates and Vietnam.

As our revenue is derived from various countries in Asia and Europe, we are subject to foreign operations risks. These risks may include amongst others, political, economic and regulatory risks and conditions in the aforementioned countries, which are entirely out of our Group's control.

**9. RISK FACTORS (Cont'd)**

The political, economic and regulatory uncertainties that may affect our operations includes changes in the political leadership leading to unstable political situation, terrorism activities, changes in interest rates, fluctuation in currency exchange rates, changes in accounting and tax policies, as well as changes in government policies such as introduction of new regulations, import duties and tariffs. Notwithstanding that we have not experienced any adverse political, economic and regulatory changes which have materially affected our operations and financial performance, there can be no assurance that any adverse political, economic and regulatory changes, which are beyond our control, will not adversely affect our future financial performance. Nevertheless, the daily operations of our overseas subsidiaries are managed by locals, who have the knowledge and expertise towards local business environments and regulatory requirements.

**9.1.5 We are dependent on our industrial end-customers from the F&B industry**

Our business is dependent on our industrial end-customers from the F&B industry. For FYE 2019 to 2022 and FPE 2023, customers from the F&B industry contributed for more than 88.0% of our total revenue, which signifies a heavy reliance on customers from this industry. This level of concentration leaves our Group particularly vulnerable to any disruptions or downturns within the F&B industry. External factors such as changes in consumer preferences may affect the demand for F&B products and in turn may lead to a sudden and significant drop in orders from our customers from the F&B industry due to lower production activities, which may materially and adversely affect our financial performance. In addition, losing a substantial portion of customers from the F&B industry could also erode our reputation and brand recognition in the industry.

As at LPD, save for the impact of the COVID-19 pandemic that have resulted in lower economic activities in various countries, we have not experienced any major slowdown in the F&B industry that affect our Group's business. However, the performance of our industrial end-customers from the F&B industry may be affected by other factors such as the above-mentioned factors as well as political, economic and regulatory risks. There can be no assurance that our industrial end-customers will not experience downturns caused by these external factors, potentially resulting in a decline in the performance of our industrial end-customers in the F&B industry. A negative performance from the industrial end-customers in the F&B industry may affect their production activities (lower production activities), which in turn may result in lower demand for our products due to reduction in maintenance activities such as replacement of wear and tear parts. Consequently, this may adversely affect our business operations and financial performance.

**9.1.6 We do not have long-term contracts with our customers**

We do not have any long-term contracts with our customers. Our Group's sales are based on purchase orders on an as-needed basis. The absence of long-term contracts with our customers is due to the nature of our business and the prevailing customer practices where the demand for our products is subject to our customers' needs as and when required. This could arise from our customers' decisions for the expansion and modification of their production line(s) and/or maintenance/replacement of worn-out parts. In addition, our future profits and financial performance are also dependent on our ability to secure new orders from our existing customers or procure new customers.

**9. RISK FACTORS (Cont'd)**

The absence of long-term contracts may result in the fluctuation of our Group's sales and result in uncertainties over our overall financial performance since they are not obliged to continue purchasing our products. While our Group continuously seeks to maintain and strengthen existing business relationships as well as establish relationships with new customers to expand our customer base, there can be no assurance that our business relationships with our customers will be maintained in the future. Further, if we lose our customers and are unable to find new replacements that contribute similar revenue contributions, our financial performance and outlook may be adversely affected. In addition, any adverse economic conditions that lead to slowdowns in the end-customer industries, may negatively impact our sales or reduced order of our products from these customers, which may adversely affect our financial performance.

**9.1.7 We are dependent on our continued ability to identify and keep abreast with the latest industrial process systems**

The products that we offer are subject to evolving industry standards as well as technological development whereby our products are constantly being enhanced or innovated in terms of functionalities and appearance to suit the latest industrial process systems requirements. For example, the development of aseptic processing (i.e. sterilised liquid that are filled into sterilised packaging which ultimately provides a longer shelf life for such F&B products) in the F&B industry requires 3-A Sanitary Standards certified sanitary products such as tubes & fittings as well as FDA-compliant for rubber materials to be used in the F&B production lines. Such requirements prompt our customers in the F&B industry to request us to provide them with sanitary products for such purposes and applications. Hence, our Group's success depends on our continued ability to identify and meet the market requirements, including conformity with international quality standards such as 3-A and FDA-compliant. Presently, we are providing 3-A certified flange connections and unions, as well as sampling valves that are used in aseptic processing. There can be no assurance that our Group will be able to keep pace with this change. If our Group is not able to develop new or enhance existing products on a timely and cost-effective basis to achieve market acceptance, or fails to offer products that better address customer's needs, our operations and profitability may be adversely affected.

**9.1.8 We are dependent on our Executive Directors and key senior management for the continued success and growth of our business**

Our continued success is dependent on the experience, industry knowledge, efforts and business network of our Executive Directors and key senior management.

We depend particularly on the leadership of our Managing Director, Cheong Chee Son, to spearhead the strategic direction and to drive the business development and growth of our Group. Additionally, we also depend on Looi Poo Poo (Executive Director), Yap Choo Cheng (Chief Financial Officer), Low Yoke Kiew (Sales and Marketing Manager), Wong Siew Lum (Operations Manager), Gamal Abdul Nashir (Director of Minox ID) and Shum Mei Yau (Finance and Administrative Manager) for their expertise in their respective roles which are essential to our business operations to support the growth of our Group.

Therefore, the loss of any of our Executive Directors and key senior management simultaneously or within a short period of time may create unfavourable impact on our Group's operations and the future growth of our business. If we are unable to attract suitable talents to replace the loss of any of our Executive Directors and key senior management in a timely manner, our business operations, financial performance and prospects may be adversely affected.

**9. RISK FACTORS (Cont'd)****9.1.9 We are exposed to fluctuations in the foreign exchange rates which may impact the profitability of our Group**

We are exposed to foreign exchange fluctuation risk as we purchase from various overseas third-party manufacturers/supplier such as China, Denmark, Italy, South Korea, Taiwan, Thailand, Turkey and Hong Kong. The breakdown of our purchases by currencies during FYE 2019 to 2022 and FPE 2023 are as follows:

|                                  | <b>Audited</b>  |              |                 |              |                 |              |                 |              |                 |              |
|----------------------------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|
|                                  | <b>FYE 2019</b> |              | <b>FYE 2020</b> |              | <b>FYE 2021</b> |              | <b>FYE 2022</b> |              | <b>FPE 2023</b> |              |
|                                  | <b>RM'000</b>   | <b>%</b>     | <b>RM'000</b>   | <b>%</b>     | <b>RM'000</b>   | <b>%</b>     | <b>RM'000</b>   | <b>%</b>     | <b>RM'000</b>   | <b>%</b>     |
| <b>Purchases denominated in:</b> |                 |              |                 |              |                 |              |                 |              |                 |              |
| EUR                              | 615             | 3.3          | 208             | 0.9          | 241             | 2.1          | 332             | 1.6          | 71              | 0.7          |
| IDR                              | 308             | 1.6          | 306             | 1.4          | 387             | 3.4          | 1,074           | 5.3          | 2,140           | 21.5         |
| RM                               | 602             | 3.2          | 364             | 1.7          | 436             | 3.8          | 420             | 2.1          | 212             | 2.1          |
| SGD                              | 28              | 0.2          | 15              | 0.1          | -               | -            | -               | -            | -               | -            |
| THB                              | 79              | 0.4          | 425             | 1.9          | 194             | 1.7          | 12              | 0.1          | -               | -            |
| USD                              | 17,172          | 91.3         | 20,547          | 94.0         | 10,184          | 89.0         | 18,412          | 90.9         | 7,554           | 75.7         |
| <b>Total</b>                     | <b>18,804</b>   | <b>100.0</b> | <b>21,865</b>   | <b>100.0</b> | <b>11,442</b>   | <b>100.0</b> | <b>20,250</b>   | <b>100.0</b> | <b>9,977</b>    | <b>100.0</b> |

**Note:**

(1) Less than 0.1%.

Our purchases are predominantly denominated in USD. As such, we are mainly exposed to fluctuations of the USD. Although our Group has a natural hedge arising from our sales and purchases being denominated in USD, there is no assurance that our financial performance would not be materially affected by any adverse fluctuations in USD against the RM. For example, assuming the fluctuation of RM against the USD is 5.0% in FYE 2022 and such foreign exchange fluctuations is not passed on to our customers by way of selling price changes, this will result in an increase or decrease in our GP for FYE 2022 by RM0.72 million, depending on the direction of the foreign exchange movement between RM and USD.

At present, our Group does not hedge our exposure against fluctuation in foreign currency exchange rates. Our purchase prices are quoted based on exchange rates that are reviewed from time to time to match the current exchange rate. There can be no assurance that there will not be any material fluctuation in foreign exchange in the future that could result in us recording a higher cost of sales or lower revenue and adversely affect our GP and thus, our financial performance.

In terms of sales, the breakdown of our revenue by currencies during FYE 2019 to 2022 and FPE 2023 are as follows:

|                              | <b>Audited</b>  |              |                 |              |                 |              |                 |              |                 |              |
|------------------------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|
|                              | <b>FYE 2019</b> |              | <b>FYE 2020</b> |              | <b>FYE 2021</b> |              | <b>FYE 2022</b> |              | <b>FPE 2023</b> |              |
|                              | <b>RM'000</b>   | <b>%</b>     | <b>RM'000</b>   | <b>%</b>     | <b>RM'000</b>   | <b>%</b>     | <b>RM'000</b>   | <b>%</b>     | <b>RM'000</b>   | <b>%</b>     |
| <b>Sales denominated in:</b> |                 |              |                 |              |                 |              |                 |              |                 |              |
| THB                          | 5,911           | 14.7         | 5,966           | 15.4         | 3,862           | 11.2         | 4,224           | 9.4          | 1,289           | 7.9          |
| IDR                          | 9,970           | 24.8         | 10,414          | 26.8         | 10,496          | 30.5         | 14,901          | 33.1         | 5,856           | 35.6         |
| USD                          | 5,835           | 14.5         | 4,422           | 11.4         | 4,036           | 11.8         | 4,110           | 9.1          | 3,208           | 19.5         |
| SGD                          | 6,193           | 15.4         | 7,377           | 19.0         | 4,369           | 12.7         | 5,415           | 12.0         | 1,611           | 9.8          |
| MYR                          | 12,286          | 30.6         | 10,625          | 27.4         | 11,596          | 33.8         | 16,370          | 36.4         | 4,465           | 27.2         |
| <b>Total sales</b>           | <b>40,195</b>   | <b>100.0</b> | <b>38,804</b>   | <b>100.0</b> | <b>34,359</b>   | <b>100.0</b> | <b>45,020</b>   | <b>100.0</b> | <b>16,429</b>   | <b>100.0</b> |

The revenue generated from our overseas sales are generally denominated in the respective local currencies, and hence the impact of the foreign exchange rates is not material.

## **9. RISK FACTORS (Cont'd)**

### **9.1.10 We may not be able to successfully implement our business strategies**

Our business strategies are as follows:

- (a) to expand our product offerings;
- (b) to construct Warehouse 4; and
- (c) to expand our market coverage in Singapore.

Please refer to Section 7.16 for further details on our business strategies.

There can be no assurance that we will be able to successfully execute our business strategies or future plans. The execution of our business strategies is subject to our ability to implement and execute our strategies effectively and promptly. There is a risk that we may not be able to achieve the timing and objectives of our business strategies due to factors including, amongst others, the inability to secure sufficient funding for additional expenditures including staff costs, sales and marketing expenses and other working capital requirements. Furthermore, the growth of our business in existing markets or expansion to new markets may be influenced by factors beyond our control, such as changes in general market condition, new and unforeseen technologies used or introduced, economic climate as well as the political environment in Malaysia and/or countries that we currently operate and/or transact. Any delays or failure in executing our future plans and business strategies effectively may lead to adverse effects on our future business and expected financial performance.

### **9.1.11 We are exposed to the risk of unexpected freight disruptions and fluctuations in freight rates**

As our products are imported from our third-party manufacturers/supplier and exported to our overseas customers, we are reliant on sea/air freight. Hence, we may be exposed to unexpected freight disruptions that may arise due to factors including but not limited to, adverse weather conditions, political turmoil, social unrest, port strikes, or delayed or lost shipments, which in turn may have an adverse impact on our business operations.

In addition, any major fluctuation in freight rates may have a substantial impact on our costs and ultimately, our profit margins if we are unable to pass on such increase in costs to our customers by raising selling prices. From FYE 2019 to 2022 and FPE 2023, our freight charges were RM0.82 million, RM0.98 million, RM0.68 million, RM1.24 million and RM0.27 million respectively.

As at LPD, save for the COVID-19 pandemic periods, our Group has not experienced any major shipping and freight disruption or any major fluctuation in shipping and freight rates. However, there can be no assurance that we will not experience any major shipping and freight disruption or any major increase in shipping and freight rates in the future due to unanticipated events that are out of our Group's control, which could in turn, adversely impact our business, financial condition and operations.

**9. RISK FACTORS (Cont'd)****9.1.12 We may be subject to excess inventory risk**

We generally maintain a minimum inventory level of 6 months in particular for products which are commonly requested by our customers. For new project implementation, upon delivery of product to customers, we will ensure that there is a 15.0% to 20.0% inventory level of the same products for the duration of the project (generally up to a year) as part of our commitment to minimise disruption to our industrial end-customers' project.

As our industrial end-customers are manufacturing facilities in the F&B, semiconductor and pharmaceutical industries, it is vital for us to continue maintain sufficient inventory level to ensure availability of different SKUs of our sanitary products post project implementation and/or to support our industrial end-customers' continuous replacement/maintenance of their manufacturing facilities. This is because our industrial end-customers are manufacturing facilities in the F&B, semiconductor and pharmaceutical industries and they cannot afford major downtime in their production activities. As such, they rely on us for timely replacement of our sanitary products in the event there is a production line malfunction. We also conduct sales forecasts (derived from the record of historical orders made by our customers) on monthly basis to estimate the demand for our products and to manage the required inventory. For FYE 2019 to 2022 and FPE 2023, our inventory turnover period is 238 days, 281 days, 581 days, 424 days and 388 days respectively, further details of which are set out in Section 12.8.

We may also be required to commit a substantial amount of capital resources to purchase our sanitary products which may affect the amount of capital resources for other operations. There is no assurance that our customers will not cancel orders with us, or the demand for our products may change significantly and our customers may not order in the quantities that we expect. If these happen, any substantial differences between our sales forecast and the final purchase orders may result in excessive inventory. If we fail to sell such excess inventory, we may be subject to risk of inventory obsolescence, a decline in inventory values, lost or damaged inventory by factors such as theft, poor storage conditions, mishandling and natural disaster such as floods, as well as significant inventory write-downs or write-offs. Any of the above may materially and adversely affect our results of operations and financial condition. During FYE 2019 to 2022, FPE 2023 and up to LPD, we have not experienced any major orders cancellation from our customers except due to reasons such as wrong placement orders made by our customers, changing of pipeline system design and/or product types. Nevertheless, any cancellation in orders are subsequently replaced with new purchase orders by our customers.

**9.1.13 We are subject to fluctuation in the cost of purchases resulting from the fluctuation in raw material prices**

We currently engage our third-party manufacturers to manufacture our "MINOX®" brand of sanitary products. Our third-party manufacturers are also responsible for sourcing and purchasing of raw material (i.e. stainless steel). Therefore, any significant increase in manufacturing cost charged by them due to the increase in raw material prices will lead to an increase in our purchase price. For illustrative purpose, the average price of stainless steel for FYE 2013 to 2022 and FPE 2023 are as follows:

|                 |  | Average price (RM/ton) |          |          |          |          |
|-----------------|--|------------------------|----------|----------|----------|----------|
|                 |  | FYE 2013               | FYE 2014 | FYE 2015 | FYE 2016 | FYE 2017 |
| Stainless steel |  | 9,272                  | 9,805    | 9,500    | 9,364    | 11,204   |

|                 |  | Average price (RM/ton) |          |          |          |          |          |
|-----------------|--|------------------------|----------|----------|----------|----------|----------|
|                 |  | FYE 2018               | FYE 2019 | FYE 2020 | FYE 2021 | FYE 2022 | FPE 2023 |
| Stainless steel |  | 11,235                 | 10,395   | 9,318    | 11,328   | 12,276   | 11,154   |

**9. RISK FACTORS (Cont'd)**

Our Group generally maintains a minimum inventory level of 6 months and our inventory turnover days increased from 238 days in FYE 2019 to 388 days in FPE 2023. In view of our Group's high inventory turnover days and the stainless steel price being subject to fluctuations which cannot be predicted with certainty, we are exposed to the risk of fluctuation in stainless steel price. If the manufacturing costs from our third-party manufacturers continue to increase due to the fluctuation in stainless steel prices and we are unable to fully or substantially pass on such increase in costs to our customers, our financial performance may be adversely affected. In addition, in the event our Group has purchased products from third-party manufacturers at a higher cost (e.g. higher price of stainless steel in year 2019), decrease in stainless steel price (e.g. in year 2020) may result in us quoting lower selling prices, which may in turn adversely affect our business and financial performance. Over FYE 2019 to 2022, FPE 2023 and up to LPD, we have not incurred any losses arising from the abovementioned scenario.

**9.1.14 We are exposed to risk of pilferage and theft**

Our inventories in our warehouses are susceptible to the risk of pilferage and theft. In October 2022, our Warehouse 2 encountered a break-in incident where we lost 58 items which included cutting equipment and other ancillary items costing approximately RM0.12 million, which was fully claimed. Save for the aforementioned, we have not encountered any pilferage and theft incident during FYE 2019 to 2022 and FPE 2023. While we have implemented measures against pilferage and theft including installing closed-circuit television (CCTV) and alarm system as well as undertaking regular stocktaking, we may not be able to adequately prevent, detect or deter all instances of pilferage and/or theft nor can we assure that these preventive measures are adequate. Any instances of pilferage and theft committed against our interests could expose us to financial loss, and have a material adverse impact on our business and financial performance.

**9.1.15 There is no assurance that our insurance coverage would be adequate**

As at LPD, our Group has taken up the following insurance policies:

| <b>Type of insurance</b>                      | <b>Insured premises</b>                              | <b>Total sum insured<br/>(RM'000)</b> |
|-----------------------------------------------|------------------------------------------------------|---------------------------------------|
| Fire policies                                 | All warehouses of MST MY, Minox MY, MST SG, Minox TH | 28,142                                |
| Burglary policies                             | All warehouses of MST MY, Minox MY, MST SG, Minox TH | 1,846                                 |
| Property all risk (fire and burglary) policy  | All warehouses of Minox ID                           | 10,254                                |
| Earthquake policy                             | All warehouses of Minox ID                           | 1,005                                 |
| Marine inland transit policies <sup>(1)</sup> | All warehouses of our Group                          | 9,926                                 |
| Public liability policies                     | All warehouses of MST SG, Minox SG                   | 6,167                                 |

**Note:**

- <sup>(1)</sup> Relates to financial protection for our sanitary products by MST MY, Minox MY, Minox ID and Minox TH that are transported on land.



**9. RISK FACTORS (Cont'd)**

In addition to the above insurance policies, we have also purchased personal accident insurance policies for our employees of MST MY, Minox MY, Minox TH and MST SG. Minox ID's employees are covered under the social security program by the Indonesian government, and Minox SG's employees does not fall under the requirements (based on the salary range) as set out by Singapore Ministry of Manpower.

However, these insurance coverages are subject to exclusions and limitations of liability in both amount and with respect to the insured events. Examples of exclusions include loss or damage caused by war, invasion and terrorism (fire, burglary, earthquake and public liability policies), loss or damage caused by unoccupied premises for a consecutive period (public liability) and loss or damage connected with the use of operation of any computer system or software (burglary, marine inland transit and public liability policies). Limitations of liability include the limitation of liability per conveyance or trip and for each parcel post (marine inland transit policy) as well as limitation of liability for any one accident and for any one period (public liability).

In October 2022, our Warehouse 2 had encountered a break-in incident where we have made insurance claims of approximately RM0.12 million in respect of the loss of inventories, of which we have received the full compensation in December 2022. Whilst we have taken the necessary steps to ensure that our insurance coverage is adequate for our operations, premises and inventory of finished goods, it may not be adequate to fully compensate for the loss that we may suffer in the future. If our losses exceed the coverage provided by the insurance policies, it could have an adverse impact on our business, financial condition and results of operations.

**9.1.16 We are exposed to counterfeit risks of our in-house designed and developed sanitary products**

Counterfeiting our in-house designed and developed sanitary products involves amongst others, replicating either the physical components (size or design) or the materials of the product. While counterfeiting our products is not cost-efficient, time consuming, and requires certain technical expertise to design and develop such products, this may not deter competitors or counterfeiters to attempt to mimic the appearance of these in-house designed products without necessarily replicating their full functionality or durability. Such counterfeit products could potentially tarnish our reputation if customers inadvertently purchase substandard or non-compliant products under the misguided assumption that they are our genuine "MINOX®" products. Moreover, if these counterfeit products are sold at a lower price, this may undercut our Group's pricing strategy and may have a material adverse impact on our financial performance.

Although we have not experienced counterfeiting or imitation of our sanitary products which we have designed and developed in the past, there is no assurance that this will not occur in the future. Our failure to detect counterfeiting of our products could result in decreased sales and erosion of our brand name.



## **9. RISK FACTORS (Cont'd)**

### **9.2 RISKS RELATING TO OUR INDUSTRY**

#### **9.2.1 We operate in a competitive environment**

We face competition from existing players in the sanitary valves and fittings industry both locally and overseas. We mainly compete on product quality and price, brand recognition and loyalty, as well as the ability to identify and fulfil the latest needs of the manufacturing processing systems. In SEA, the competition we face from competitors may vary from country to country. For example, in Malaysia, the sanitary valves and fittings industry consists predominantly of suppliers and traders of sanitary products. As such, the barriers to entry are generally low for the local sanitary valves and fittings industry as most of these products can be easily sourced in the market and the upfront cost required by a new industry player can be low if they start with a small range of products. As such, we potentially face competition from new entrants into this industry. In other countries such as Indonesia, Singapore and Thailand, we may compete with sanitary product manufacturers and traders that supply products to end-customers. We could lose market share due to competitive pressure or other factors, and this may necessitate us to lower the prices of our products or increase our marketing expenses. Such measures could adversely affect our margins which may have an impact on our operating results and profitability.

Our Group constantly strives to offer innovative and quality products that are designed and developed to meet customers' specific needs and requirements. However, there can be no assurance that our Group will be able to compete effectively with the existing and new competitors in the future, in light of the dynamic competitive market environment. If we are unable to remain competitive in the future, our business and financial performance may be adversely affected.

#### **9.2.2 We are exposed to non-renewal of import approval in Indonesia**

Our subsidiary, Minox ID is required to hold import approval for irons, steel, alloy steel and its derivative products issued by the Minister of Trade, Indonesia to be able to import certain SKUs of our "MINOX®" brand of sanitary products, which are stipulated under the MOTR 20/2021 into Indonesia. Such SKUs are such as tubes and fittings (i.e. certain SKUs of tubes, ASME BPE tubes & fittings, pipe hangers, unions, flange connections, tees, elbows and reducers) and installation components & equipment (i.e. certain SKUs of manhole covers, spray balls, tank sight glasses and inline sight glasses).

Minox ID had obtained import approval issued based on technical consideration which normally had a validity of 6 months, and has not experienced any non-renewal in the past. However, due to the recent amendments to the Indonesian regulation governing the issuance of this import approval, Minox ID's application to renew its import approval, which was submitted on 18 April 2023, is pending approval as at LPD.

Our Group is unable to determine the expected date of approval for such renewal as discussions by the MOI in relation to the Commodity Balance with other relevant governmental authorities are still ongoing. Further details on the delayed renewal of Minox ID's import approval for certain SKUs of our "MINOX®" brand of sanitary products and its impact on our Group are set out in Notes (1) and (2) of Section 6.7.

While our Group adheres to current regulations and operational protocols as imposed by the Minister of Trade, Indonesia or any other relevant regulatory authorities, we have no control over any laws or regulations that may be revised or implemented from time to time in Indonesia. There can be no assurance that any of the current Indonesian laws and regulations we currently comply with will not change or be implemented in such manner that will have a material adverse effect on our operations, financial conditions and business plans. Furthermore, any failure to obtain approvals or renewal of the import approval in Indonesia as a result of such regulatory change may adversely affect our operations and financial performance.

## **9. RISK FACTORS (Cont'd)**

### **9.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES**

#### **9.3.1 There is no prior market for our Shares**

Prior to our Listing, there was no public trading for our Shares. The listing of our Shares on the ACE Market does not guarantee that an active market for our Shares will develop.

There is also no assurance that our IPO Price will correspond to the price at which our Shares will be traded on the ACE Market.

#### **9.3.2 Our Listing is exposed to the risk that it may be aborted or delayed**

Our Listing may be aborted or delayed should any of the following occur:

- (a) The selected investors fail to subscribe for their portion of our IPO Shares;
- (b) Our Underwriter exercising its rights under the Underwriting Agreement to discharge itself from its obligations therein; and
- (c) We are unable to meet the public shareholding spread requirement set by Bursa Securities, whereby at least 25.0% of our total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders each holding not less than 100 Shares upon the completion of our IPO and at the point of our Listing.

If any of these events occur, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of the Application within 14 days, failing which the provisions of Section 243(2) of the CMSA will apply, whereby in addition to our liability, our officers shall be jointly and severally liable to repay such money with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC from the expiration of that period.

If our Listing is aborted and/or terminated, and our Shares have been allotted to the investors, a return of monies to the investors could only be achieved by way of cancellation of share capital as provided under Sections 116 or 117 of the Act and its related rules. Such cancellation requires the approval of shareholders by special resolution in a general meeting, with sanction of High Court of Malaya or with notice to be sent to the Director General of the Inland Revenue Board and ROC within 7 days of the date of the special resolution and us meeting the solvency requirements under Section 117(3) of the Act.

There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

#### **9.3.3 The trading price and trading volume of our Shares following our Listing may be volatile**

The trading price and volume of our Shares may fluctuate due to various factors, some of which are not within our control and may be unrelated or disproportionate to our financial results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

The performance of Bursa Securities is also affected by external factors such as the performance of the regional and world bourses, inflow or outflow of foreign funds, 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 Shares.

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**9. RISK FACTORS (Cont'd)**


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**9.4 OTHER RISKS**
**9.4.1 Our Promoters will be able to exert significant influence over our Company**

Our Promoters will collectively hold approximately 61.8% of our enlarged share capital upon Listing. Because of the size of their shareholdings, our Promoters will be able to control the business direction and management of our Group and as such there can be no assurance that the interests of our Promoters will be aligned with those of our other shareholders. The interests of our Promoters may differ from the interests of our other shareholders and they may be able to exercise significant influence over the vote of our Shares. Our Promoters could also have significant influence in determining the outcome of any corporate transactions or other matters submitted to our shareholders for approval. This includes the election of Directors, dividend policy, approval of business ventures and having voting control over our Group. As such, our Promoters will have significant influence on the outcome of any ordinary resolution (which requires a simple majority of 50.0% plus 1 voting share) to be tabled at general meeting, unless they are required to abstain from voting by law and/or as required by the relevant authorities (i.e. Bursa Securities).

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## 10. RELATED PARTY TRANSACTIONS

### 10.1 RELATED PARTY TRANSACTIONS

Save for the Acquisitions and as disclosed below, there were no transactions, existing and/or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, substantial shareholders and/or persons connected with them which are material to our Group during FYE 2019 to 2022, FPE 2023 and up to LPD:

| Related party                                                 | Transacting company in our Group | Interested person | Nature of relationship                                                             | Nature of transaction                                                                                             | Transaction value |        |          |        |          |        |          |        | 1 May 2023 up to LPD |         |
|---------------------------------------------------------------|----------------------------------|-------------------|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|-------------------|--------|----------|--------|----------|--------|----------|--------|----------------------|---------|
|                                                               |                                  |                   |                                                                                    |                                                                                                                   | FYE 2019          |        | FYE 2020 |        | FYE 2021 |        | FYE 2022 |        | FPE 2023             |         |
|                                                               |                                  |                   |                                                                                    |                                                                                                                   | RM'000            | %      | RM'000   | %      | RM'000   | %      | RM'000   | %      | RM'000               | %       |
| Spektrum Cemerlang Engineering Sdn Bhd ("Spektrum Cemerlang") | Minox MY                         | Cheong Son        | Cheong Son is our Managing Director and substantial shareholder                    | Sale of tubes & fittings, valves, installation components & equipment and rubber hoses to Spektrum Cemerlang      | 51                | (1)0.1 | 251      | (1)0.7 | 180      | (1)0.5 | 117      | (1)0.3 | -                    | (15)N/A |
| Minox PH                                                      | MST MY                           | Cheong Son        | Cheong Son is our Managing Director and substantial shareholder                    | Sale of tubes & fittings, valves, installation components & equipment and rubber hoses to Minox PH <sup>(9)</sup> | 1,647             | (1)4.1 | 153      | (1)0.4 | 625      | (1)1.8 | 74       | (1)0.2 | -                    | (15)N/A |
|                                                               |                                  |                   | He was a director and substantial shareholder of Spektrum Cemerlang <sup>(5)</sup> |                                                                                                                   |                   |        |          |        |          |        |          |        |                      |         |
|                                                               |                                  |                   | He was a director and substantial shareholder of Minox PH <sup>(6)</sup>           |                                                                                                                   |                   |        |          |        |          |        |          |        |                      |         |

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

| Related party | Transacting company in our Group | Interested person | Nature of relationship                                               | Nature of transaction                                                                                       | Transaction value |        |          |        |          |        |          |        | 1 May 2023 up to |   |
|---------------|----------------------------------|-------------------|----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|-------------------|--------|----------|--------|----------|--------|----------|--------|------------------|---|
|               |                                  |                   |                                                                      |                                                                                                             | FYE 2019          |        | FYE 2020 |        | FYE 2021 |        | FYE 2022 |        | FPE 2023         |   |
|               |                                  |                   |                                                                      |                                                                                                             | RM'000            | %      | RM'000   | %      | RM'000   | %      | RM'000   | %      | RM'000           | % |
| Minox PH      | MST MY                           | Cheong Chee Son   | Cheong Chee Son is our Managing Director and substantial shareholder | Purchase of tubes & fittings, valves, and installation components & equipment from Minox PH <sup>(10)</sup> | -                 | -      | (8)      | (4)    | -        | -      | -        | -      | -                | - |
| Minox PH      | MST SG                           | Cheong Chee Son   | Cheong Chee Son is our Managing Director and substantial shareholder | Purchase of tubes & fittings, valves, and installation components & equipment from Minox PH <sup>(10)</sup> | (359)             | (2)1.9 | (123)    | (2)0.6 | -        | -      | -        | -      | -                | - |
| MST VN        | MST MY                           | Cheong Chee Son   | Cheong Chee Son is our Managing Director and substantial shareholder | Sale of tubes & fittings, valves, installation components & equipment and hoses to MST VN <sup>(9)</sup>    | 1,566             | (1)3.9 | 1,995    | (1)5.1 | 1,202    | (1)3.5 | 218      | (1)0.5 | -                | - |

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

| Related party | Transacting company in our Group | Interested person | Nature of relationship                                          | Nature of transaction                                                                                 | Transaction value |        |          |        |          |        |          |      | 1 May 2023 up to LPD |   |
|---------------|----------------------------------|-------------------|-----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|-------------------|--------|----------|--------|----------|--------|----------|------|----------------------|---|
|               |                                  |                   |                                                                 |                                                                                                       | FYE 2019          |        | FYE 2020 |        | FYE 2021 |        | FYE 2022 |      | FPE 2023             |   |
|               |                                  |                   |                                                                 |                                                                                                       | RM'000            | %      | RM'000   | %      | RM'000   | %      | RM'000   | %    | RM'000               | % |
| MST VN        | MST SG                           | Cheong Son        | Cheong Son is our Managing Director and substantial shareholder | Purchase of tubes & fittings, valves, installation components & equipment from MST VN <sup>(10)</sup> | (128)             | (2)0.7 | (545)    | (2)2.7 | (6)      | (2)0.1 | -        | -    | -                    | - |
|               |                                  |                   | He was a director and sole shareholder of MST VN <sup>(7)</sup> |                                                                                                       |                   |        |          |        |          |        |          |      |                      |   |
| MST VN        | MST SG                           | Cheong Son        | Cheong Son is our Managing Director and substantial shareholder | Sale of tubes & fittings, valves, installation components & equipment to MST VN <sup>(11)</sup>       | 11                | (4)-   | 10       | (4)-   | 5        | (4)-   | -        | -    | -                    | - |
|               |                                  |                   | He was a director and sole shareholder of MST VN <sup>(7)</sup> |                                                                                                       |                   |        |          |        |          |        |          |      |                      |   |
| MST VN        | Minox TH                         | Cheong Son        | Cheong Son is our Managing Director and substantial shareholder | Purchase of tubes from MST VN <sup>(14)</sup>                                                         | -                 | -      | -        | -      | -        | -      | (2)      | (4)- | -                    | - |
|               |                                  |                   | He was a director and sole shareholder of MST VN <sup>(7)</sup> |                                                                                                       |                   |        |          |        |          |        |          |      |                      |   |

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

| Related party   | Transacting company in our Group | Interested person                                                                 | Nature of relationship                                               | Nature of transaction                                  | Transaction value |        |          |        |          |        |          |        | 1 May 2023 up to LPD |   |
|-----------------|----------------------------------|-----------------------------------------------------------------------------------|----------------------------------------------------------------------|--------------------------------------------------------|-------------------|--------|----------|--------|----------|--------|----------|--------|----------------------|---|
|                 |                                  |                                                                                   |                                                                      |                                                        | FYE 2019          |        | FYE 2020 |        | FYE 2021 |        | FYE 2022 |        | FPE 2023             |   |
|                 |                                  |                                                                                   |                                                                      |                                                        | RM'000            | %      | RM'000   | %      | RM'000   | %      | RM'000   | %      | RM'000               | % |
| MVFM TW         | MST MY                           | <ul style="list-style-type: none"> <li>MST MY</li> <li>Cheong Chee Son</li> </ul> | MVFM TW was a 55.0% subsidiary of MST MY <sup>(6)</sup>              | Sale of tubes & fittings to MVFM TW <sup>(9)</sup>     | -                 | -      | -        | -      | 90       | (1)0.3 | 1        | (4)-   | -                    | - |
|                 |                                  |                                                                                   | Cheong Chee Son is our Managing Director and substantial shareholder |                                                        |                   |        |          |        |          |        |          |        |                      |   |
|                 |                                  |                                                                                   | He was a director of MVFM TW <sup>(8)</sup>                          |                                                        |                   |        |          |        |          |        |          |        |                      |   |
| MVFM TW         | MST MY                           | <ul style="list-style-type: none"> <li>MST MY</li> <li>Cheong Chee Son</li> </ul> | MVFM TW was a 55.0% subsidiary of MST MY <sup>(6)</sup>              | Purchase of valves from MVFM TW <sup>(12)</sup>        | (750)             | (2)3.9 | (918)    | (2)4.5 | (624)    | (2)5.4 | (1,435)  | (2)7.8 | -                    | - |
|                 |                                  |                                                                                   | Cheong Chee Son is our Managing Director and substantial shareholder |                                                        |                   |        |          |        |          |        |          |        |                      |   |
|                 |                                  |                                                                                   | He was a director of MVFM TW <sup>(8)</sup>                          |                                                        |                   |        |          |        |          |        |          |        |                      |   |
| Cheong Chee Son | Minox MY                         | Cheong Chee Son                                                                   | Cheong Chee Son is our Managing Director and substantial shareholder | Rental expense paid to Cheong Chee Son <sup>(13)</sup> | (18)              | (3)0.2 | (18)     | (3)0.2 | (18)     | (3)0.2 | -        | -      | -                    | - |

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

**Notes:**

- (1) Computed based on our Group's revenue for each of the respective financial years/period.
- (2) Computed based on our Group's cost of sales for each of the respective financial years/period.
- (3) Computed based on our Group's administrative expenses for each of the respective financial years/period.
- (4) Less than 0.1%.
- (5) Cheong Chee Son ceased to be a director and shareholder of Spektrum Cemerlang on 12 March 2021 and 28 July 2022 respectively. He disposed his entire shareholding (25.0%) in Spektrum Cemerlang to Kong Wing Onn (existing director and shareholder of Spektrum Cemerlang) and Phang Sheau Pyng (spouse of Kong Wing Onn), both whom are non-related parties, at a consideration of RM0.60 million and RM0.40 million respectively. Thereafter, Spektrum Cemerlang ceased to be our related party. Such transaction will subsist after our Listing.
- (6) On 7 November 2006, Minox PH was incorporated by Cheong Chee Son (20.0%), the late Cheong Chee Hoo (20.0%), Edgardo Serrano (58.0%) and 2 other Filipino shareholders (2.0%) to venture into the Philippines market. Since its incorporation, Edgardo Serrano has been responsible for the day-to-day operations of Minox PH. However, due to health reasons, Edgardo Serrano has been unable to run its operations effectively. This was evident as our Group's sales to Minox PH has been decreasing from RM1.65 million in FYE 2019 to RM0.10 million in FYE 2022. As Cheong Chee Son had lack of expertise in the Philippines market and was unable to appoint other key senior management, Cheong Chee Son decided not to venture into the Philippines market and sold his entire shareholdings (35.0%) on 14 July 2022 to Innovest Holdings Limited, which is wholly-owned by Tan Kok Hooi, a non-related party whom is the owner of Top Steels (one of our major suppliers), at a consideration of 175,000 Philippine pesos (equivalent to approximately RM0.01 million). The purchase consideration was arrived based on "willing-buyer willing seller" basis after taking into consideration the 35.0% of the unaudited NA of Minox PH of 175,000 Philippine pesos (equivalent to approximately RM0.01 million) as at 30 June 2022. At the same time, he also ceased to be a director of Minox PH. Thereafter, Minox PH ceased to be our related party. However, Minox PH still remains our representative agent to distribute our "MINOX®" brand of sanitary products in the Philippines. As at LPD, Minox PH is in the midst of changing its name, which is expected to be completed by October 2023. Such arrangement will subsist after our Listing.



**10. RELATED PARTY TRANSACTIONS (Cont'd)**

- (7) On 2 July 2018, MST VN was wholly incorporated by Cheong Chee Son, to replace its then exclusive representative agent in Vietnam and distribute our Group's products internally. Since its incorporation, Phung Thuy Hoa, a non-related party, has been responsible for the day-to-day operations of MST VN. The third-party brand sanitary products distributed in Vietnam are generally sold at a lower price as compared to our "MINOX®" brand of sanitary products as customers in Vietnam do not emphasise on quality standards or adherence to internationally recognised standards. As such, it was difficult for our "MINOX®" brand to penetrate the sanitary valves and fittings market in Vietnam and to roll-out marketing strategies due to the vast difference in quality standards between our "MINOX®" brand and third-party brands of sanitary products. Cheong Chee Son decided to focus on its existing markets in Malaysia, Singapore, Thailand and Indonesia and not to venture into Vietnam market personally. As such, he ceased to be a director and sold his entire shareholdings (100.0%) in MST VN through a management buyout to Phung Thuy Hoa on 15 April 2022, at a consideration of 1,133,000,000 Vietnamese Dong (equivalent to approximately RM0.21 million). Thereafter, MST VN ceased to be our related party. However, MST VN still remains our representative agent to distribute our "MINOX®" brand of sanitary products in Vietnam. Such arrangement will subsist after our Listing.
- (8) On 22 May 2019, MVFM TW was incorporated by MST MY (55.0%) and 5 other shareholders (45.0%) to venture into the manufacturing of sanitary valves and unions. MVFM TW is principally involved in manufacturing "MINOX®" brand of valves and third-party brands of sanitary valves and unions. Since its incorporation, Cheong Chee Son was appointed as Director of MVFM TW and was responsible for its sales. As part of its after-sales service, MVFM TW's customers' will need constant feedback from him on the manufacturing processes. However, due to his limited knowledge in the technical manufacturing processes, Cheong Chee Son decided to focus on his expertise, which is the distribution of "MINOX®" brand of sanitary products. As such, Cheong Chee Son ceased to be a director on 7 April 2022 and MST MY disposed its entire shareholdings (55.0%) to Tan Kok Hooi, a non-related party, at a consideration of 1.1,000,000 Taiwanese Dollar (equivalent to approximately RM1.60 million) being MST MY's original cost of investment on 19 July 2022. Thereafter, MVFM TW ceased to be our related party. However, MVFM TW still remains as our representative agent to distribute our "MINOX®" brand of sanitary products in Taiwan and one of our third-party manufacturer. Such arrangement will subsist after our Listing.
- (9) MST MY acts as the distribution hub of our Group which specialises in procurement and liaison with third-party manufacturers/supplier, standardisation of products specifications and quality as well as branding and marketing activities. MST MY distributes its products to Minox PH, MST VN and MVFM TW which are our representative agents for their respective regions. Our representative agents will then sell our products to customers in their respective regions which are predominantly project consultants/contractors and industrial end-customers, at a price with fixed margin ranging between 10.0% and 25.0%. There is no minimum quota required to be fulfilled by our representative agents. These arrangement with our representative agents, which have now ceased to be related parties to our Group, subsists as at LPD and will subsist after our Listing. This arrangement will continue until the trademark licensing agreements entered into with MVFM TW, Minox PH and MST VN (further details are set out in Section 7.10) respectively are:
- (a) terminated by either of the parties giving 30 days prior written notice to the other party;
  - (b) terminated by Minox PH, MST VN or MVFM TW in the event MSY MY ceases to hold the title and right to the "MINOX®" trademark in the respective countries; or

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

- (c) terminated by MST MY if Minox PH, MST VN or MVFM TW fails to remedy any breach of obligation or condition of the agreement (i.e. the obligation to use the "MINOX®" trademark in accordance with the directions and specifications by MST MY from time to time) that is capable of being remedied or if they become insolvent.

(10) The purchases from Minox PH and MST VN were part of the local support provided to MST SG and Minox MY (invoices for Minox MY were made to MST MY as Minox MY did not have a USD bank account). The arrangement arose from the following:

- (a) between MST SG and GEA Group, a project consultant with its industrial end-customers with project sites in the Philippines and Vietnam; and
- (b) between Minox MY and GEA Group, a project consultant with its industrial end-customer with project site in the Philippines.

In order to respond promptly to our customers' request and also to provide value-added services to our customers, MST SG and Minox MY engaged Minox PH and MST VN to act as the local distributors to facilitate such supply to the respective customers on their behalf which substantially saved on lead time, at a 10.0% fixed discount from the price charged by MST SG and Minox MY to the customers. Based on the aforementioned, such local support purchases were not detrimental to our Group.

(11) The sale to MST VN by MST SG was part of the local support provided to MST VN by MST SG. The arrangement is between MST SG and GEA Group which has excess supply of the products upon completion of their industrial end-customer's projects. Upon the GEA Group's request and also as a value-added service, MST SG agreed to purchase all the excess supply from the customer and thereafter sold the same to MST VN. The transactions with MST VN contributed less than 0.1% of our Group's total revenue for FYE 2019 to 2022 and FPE 2023. As such, the transactions with MST VN are not detrimental to our Group.

(12) MVFM TW (as one of our third-party manufacturers) supplies valves to us for our onward distribution. Such arrangement will subsist after our Listing. For the purposes of this arrangement, MST MY entered into a non-disclosure agreement with MVFM TW as their third-party manufacturer to, amongst others, prevent unauthorised disclosure of confidential information such as design or specification of our products. This obligation will continue until terminated by mutual agreement of the parties (further details are set out in Section 7.12).

(13) We rented a property located at 107, Jalan Puteri 6/1, Bandar Puteri, 47100 Puchong, Selangor for document storage purposes. The tenancy was for 2 years commencing from 1 November 2013 and was subsequently renewed on a 3-year basis until 31 October 2024. However, this rental arrangement was terminated on 31 December 2021 as we no longer require the space.

(14) The purchases from MST VN were part of the local support provided to Minox TH. The arrangement arose between Minox TH and Cryogas (Thailand) Co., Ltd., a project consultant with its industrial end-customers with project sites in Vietnam. In order to respond promptly to our customers' request and also to provide value-added services to our end customers, Minox TH engaged MST VN to act as the local distributor to facilitate such supply to the respective customers on their behalf which substantially saved on lead time. Based on the aforementioned, such local support purchases were not detrimental to our Group.

(15) Not applicable as we did not prepare any financial statements from 1 May 2023 up to LPD.

## **10. RELATED PARTY TRANSACTIONS (Cont'd)**

Our Directors are of the view that all our related party transactions were conducted on an arm's length basis and on competitive commercial terms not more favourable to the related parties. This was determined based on the following:

- (a) benchmarking analysis in respect of related party transactions involving MST MY pursuant to the transfer pricing documentations for FYE 2019 to 2022 and FPE 2023;
- (b) purchase price of our products from Minox PH and MST VN as part of local support provided to us were based on comparable selling price which Minox PH and MST VN charged to their customers;
- (c) sales of our products to Spektrum Cemerlang and MST VN were based on comparable selling price charged to our other customers; and
- (d) rental expense paid to our Managing Director, Cheong Chee Son, was based on the then prevailing market rental rate.

Moving forward, in order to ensure that related party transactions are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures:

### **(a) Recurrent related party transactions**

- (i) at least 2 other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, wherever possible, to determine if the price and terms offered by related parties are fair and reasonable and comparable to those offered by other third parties for the same or substantially similar type of products/services and/or quantities; or
- (ii) if quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by other third parties for substantially similar type of transaction to ensure that the recurrent related party transactions are not detrimental to us.

Our Board shall seek mandate from shareholders to enter into any recurrent related party transactions at a general meeting. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such recurrent transactions which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such recurrent transactions as and when they are entered into.

### **(b) Other related party transactions**

- (i) whether the terms of the related party transaction are fair and on arm's length basis to our Group and would apply on the same basis if the transaction did not involve a related party;
- (ii) the rationale for the Group to enter into the related party transaction and the nature of alternative transactions, if any; and
- (iii) whether the related party transaction would present a conflict of interest between our Group and the related parties, taking into account the size of the transaction and the nature of the related parties' interest in the transaction.

## **10. RELATED PARTY TRANSACTIONS (Cont'd)**

Where required under the Listing Requirements, a related party transaction may require prior approval of shareholders at a general meeting to be convened. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable so far as the shareholders are concerned; and whether the transaction is to the detriment of minority shareholders. In such instances, the independent adviser shall also advise minority shareholders on whether they should vote in favour of the transaction.

For related party transactions that require shareholders' approval, the Directors, major shareholders and/or persons connected with such Director or major shareholder, which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transactions, the Director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings. Such interested Directors and/or major shareholders will also undertake that he shall ensure that the persons connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting. The relevant directors who are deemed interested or conflicted in such transactions shall also abstain from our Board deliberations and voting on the Board resolutions relating to these transactions.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action. If a member of our Audit and Risk Management Committee has an interest in any related party transaction, he is to abstain from participating in the review and approval process in relation to that transaction. Where necessary, our Board would make appropriate disclosures in our annual report with regard to any related party transaction entered into by us.

### **10.2 OTHER TRANSACTIONS**

#### **10.2.1 Transactions entered into that are unusual in their nature or conditions**

There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party for FYE 2019 to 2022, FPE 2023 and up to LPD.

#### **10.2.2 Outstanding loans (including guarantees of any kind)**

##### **(a) Outstanding loans and/or balances**

As at date of this Prospectus, there are no outstanding loans made by our Group to/for the benefit of a related party or granted by the related parties for the benefit of our Group.

**10. RELATED PARTY TRANSACTIONS (Cont'd)****(b) Guarantees**

Our Promoters, substantial shareholders and Executive Directors, namely Cheong Chee Son and Looi Poo Poo have jointly and severally provided personal guarantees for the banking and leasing facilities extended by the following financial institutions:

| Financiers                   | Type of facilities         | Outstanding<br>balance as at<br>LPD | Facility<br>limit    | Guarantors                          |
|------------------------------|----------------------------|-------------------------------------|----------------------|-------------------------------------|
|                              |                            | RM'000                              | RM'000               |                                     |
| Ambank (M) Berhad            | 3 term loans               | 2,441                               | 3,800                | • Cheong Chee Son<br>• Looi Poo Poo |
|                              | 1 overdraft facility       | 1,084                               | 1,800                | • Cheong Chee Son<br>• Looi Poo Poo |
| AmBank Islamic Berhad        | 2 term loans               | 8,185                               | 9,750                | • Cheong Chee Son<br>• Looi Poo Poo |
|                              | 1 overdraft facility       | 2,302                               | 3,700                | • Cheong Chee Son<br>• Looi Poo Poo |
| Alliance Bank Berhad         | 2 term loans               | 11,595                              | 12,756               | • Cheong Chee Son<br>• Looi Poo Poo |
|                              | 1 overdraft facility       | -                                   | 1,000                | Cheong Chee Son                     |
| Public Bank Berhad           | 6 hire purchase facilities | 224                                 | 301                  | Cheong Chee Son                     |
| United Overseas Bank Limited | 3 term loans               | <sup>(1)</sup> 4,382                | <sup>(1)</sup> 6,355 | Cheong Chee Son                     |
| Hong Leong Bank Berhad       | 3 hire purchase facilities | 327                                 | 402                  | Cheong Chee Son                     |
|                              |                            | <b>30,540</b>                       | <b>39,864</b>        |                                     |

**Note:**

<sup>(1)</sup> Based on the closing rate of SGD1.00 = RM3.4263 as at LPD as extracted from BNM's website.

In conjunction with the Listing, we have applied to the Financiers to obtain a release and/or discharge of the guarantees by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the Financiers. Until such release and/or discharge are obtained from the respective Financiers, our Directors will continue to guarantee the banking and leasing facilities extended to our Group.

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**10. RELATED PARTY TRANSACTIONS (Cont'd)**

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As at LPD, we have received conditional approvals from AmBank (M) Berhad, AmBank Islamic Berhad, Alliance Bank Berhad, Hong Leong Bank Berhad and Public Bank Berhad to discharge the above guarantees by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the financial institutions.

In respect of United Overseas Bank Limited, the bank has replied that they will not provide us consent as the proposed substitute corporate guarantee will be provided by our Company (which is incorporated in a jurisdiction outside of Singapore). As such, in respect of the banking facilities provided by United Overseas Bank Limited, our Group will repay the 3 term loans (of which Cheong Chee Son is a personal guarantor) using our IPO proceeds, further details of which are set out in Section 4.9.1(d).

**(c) Financial assistance provided for the benefit of a related party**

As at LPD, there is no financial assistance provided by us for the benefit of any related party.

**10.2.3 Promotions of any material assets acquired/to be acquired within 3 financial years preceding the date of this Prospectus**

None of our Directors or substantial shareholders had any interest, direct or indirect, in the promotion of or in any material assets which had been, within FYE 2019 to 2022 and FPE 2023, acquired, disposed or leased or proposed to be acquired, disposed or leased to/by us.

**10.2.4 Transactions entered into with M&A Securities**

Save as disclosed below, we have not entered into any transactions with M&A Securities who is the Adviser, Sponsor, Underwriter and Placement Agent for our Listing:

- (a) Agreement dated 25 January 2022 between MST MY and M&A Securities for the appointment of M&A Securities as Adviser, Placement Agent and Sponsor for our Listing; and
- (b) Underwriting Agreement dated 23 August 2023 entered into between our Company and M&A Securities for the underwriting of 28,800,000 Issue Shares.

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## **11. CONFLICT OF INTEREST**

### **11.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS AND SUPPLIERS**

As at LPD, none of our Directors and substantial shareholders has any interest, direct or indirect, in:

- (a) other businesses and corporations which are carrying on a similar trade as our Group; and
- (b) the business of our customers and/or suppliers.

It is our Director's fiduciary duty to avoid conflict, and they are required to attend courses which provide them guidelines on their fiduciary duties. In order to mitigate any possible conflict of interest situation in the future, our Directors will declare to our Nomination Committee and our Board their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside our Group. Our Nomination Committee will then first evaluate if such Director's involvement gives rise to an actual or potential conflict of interest with our Group's business after the disclosure provided by such Director. After a determination has been made on whether there is an actual or potential conflict of interest of a Director, our Nomination Committee will then:

- (a) immediately inform our Audit and Risk Management Committee and Board of the conflict of interest situation;
- (b) after deliberation with our Audit and Risk Management Committee, to make recommendations to our Board to direct the conflicted Director to:
  - (i) withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director); and
  - (ii) abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

In relation to (b)(ii) above, the conflicted Director and persons connected to him (if applicable) shall be absent from any Board discussion relating to the recommendation of our Nomination Committee and the conflicted Director and persons connected to him (if applicable) shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairman of our Board, be present at our Board meeting to answer any questions.

In circumstances where a Director is determined to have a significant, ongoing and irreconcilable conflict of interest with our Group, and where such conflict of interest significantly impedes the Director's ability to carry out his fiduciary responsibility to our Group, our Nomination Committee may determine that a resignation of the conflicted Director from our Board is appropriate and necessary.

Where there are related party transactions between our Group with our Directors (or person connected to them) or companies in which our Directors (or person connected to them) have an interest, our Audit and Risk Management Committee will, amongst others, supervise and monitor such related party transaction and the terms thereof and report to our Board for further action. Please refer to Section 10.1 for the procedures to be taken to ensure that related party transactions (if any) are undertaken on arm's length basis.

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**11. CONFLICT OF INTEREST (*Cont'd*)**

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**11.2 DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS**

- (a) M&A Securities 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 Adviser, Sponsor, Placement Agent and Underwriter for our Listing;
- (b) Rosli Dahlan Saravana Partnership 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 Solicitors for our Listing;
- (c) Grant Thornton Malaysia PLT 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 Auditors and Reporting Accountants for our Listing; and
- (d) Protégé Associates Sdn Bhd 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 IMR for our Listing.

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**12. FINANCIAL INFORMATION****12.1 HISTORICAL FINANCIAL INFORMATION**

Our historical audited financial statements for FYE 2019 to 2022 and FPE 2023 were prepared in accordance with MFRS and IFRS. The selected financial information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows. The historical financial information of our Group for FPE 2022 is prepared based on the historical combined unaudited financial statements of our Group.

It should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Accountants' Report set out in Sections 12.2 and 13 respectively.

**12.1.1 Combined statements of profit or loss and other comprehensive income**

The following table sets out a summary of our combined statements of profit or loss and other comprehensive income for FYE 2019 to 2022 and FPE 2022 to 2023, which have been extracted from the Accountants' Report.

|                                                                 | <b>Audited</b>  |                 |                 |                 | <b>Unaudited</b> | <b>Audited</b>  |
|-----------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|
|                                                                 | <b>FYE 2019</b> | <b>FYE 2020</b> | <b>FYE 2021</b> | <b>FYE 2022</b> | <b>FPE 2022</b>  | <b>FPE 2023</b> |
|                                                                 | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>    | <b>RM'000</b>   |
| Revenue                                                         | 40,195          | 38,804          | 34,359          | 45,020          | 13,471           | 16,429          |
| Cost of sales                                                   | (19,418)        | (20,257)        | (11,529)        | (18,422)        | (6,405)          | (7,885)         |
| <b>GP</b>                                                       | <b>20,777</b>   | <b>18,547</b>   | <b>22,830</b>   | 26,598          | 7,066            | 8,544           |
| Other income                                                    | 4,034           | 1,380           | 1,762           | 4,106           | 492              | 630             |
| Selling and marketing expenses                                  | (1,940)         | (1,515)         | (1,384)         | (2,081)         | (564)            | (697)           |
| Administrative expenses                                         | (11,537)        | (11,870)        | (11,482)        | (14,108)        | (4,630)          | (5,767)         |
| <b>Profit from operations</b>                                   | <b>11,334</b>   | <b>6,542</b>    | <b>11,726</b>   | <b>14,515</b>   | <b>2,364</b>     | <b>2,710</b>    |
| Finance income                                                  | 43              | 23              | 23              | 76              | 14               | 37              |
| Finance costs                                                   | (1,129)         | (997)           | (993)           | (1,098)         | (318)            | (475)           |
| <b>PBT</b>                                                      | <b>10,248</b>   | <b>5,568</b>    | <b>10,756</b>   | <b>13,493</b>   | <b>2,060</b>     | <b>2,272</b>    |
| Tax expenses                                                    | (2,060)         | (1,381)         | (2,418)         | (2,944)         | (505)            | (361)           |
| <b>PAT</b>                                                      | <b>8,188</b>    | <b>4,187</b>    | <b>8,338</b>    | <b>10,549</b>   | <b>1,555</b>     | <b>1,911</b>    |
| Other comprehensive income/(loss)                               | 484             | (335)           | (156)           | (230)           | 511              | 1,449           |
| <b>Total comprehensive income for the financial year/period</b> | <b>8,672</b>    | <b>3,852</b>    | <b>8,182</b>    | <b>10,319</b>   | <b>2,066</b>     | <b>3,360</b>    |
| <b>PAT attributable to:</b>                                     |                 |                 |                 |                 |                  |                 |
| - Owners of our Company                                         | 7,505           | 3,552           | 7,915           | 10,304          | 1,480            | 1,861           |
| - Non-controlling interest                                      | 683             | 635             | 423             | 245             | 75               | 50              |
|                                                                 | <b>8,188</b>    | <b>4,187</b>    | <b>8,338</b>    | <b>10,549</b>   | <b>1,555</b>     | <b>1,911</b>    |

**12. FINANCIAL INFORMATION (Cont'd)**

|                                                    | <b>Audited</b>  |                 |                 |                 | <b>Unaudited</b> | <b>Audited</b>  |
|----------------------------------------------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|
|                                                    | <b>FYE 2019</b> | <b>FYE 2020</b> | <b>FYE 2021</b> | <b>FYE 2022</b> | <b>FPE 2022</b>  | <b>FPE 2023</b> |
|                                                    | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>    | <b>RM'000</b>   |
| <b>Total comprehensive income attributable to:</b> |                 |                 |                 |                 |                  |                 |
| - Owners of our Company                            | 7,813           | 3,268           | 7,953           | 10,018          | 1,940            | 3,229           |
| - Non-controlling interest                         | 859             | 584             | 229             | 301             | 126              | 131             |
|                                                    | <b>8,672</b>    | <b>3,852</b>    | <b>8,182</b>    | <b>10,319</b>   | <b>2,066</b>     | <b>3,360</b>    |
| EBIT (RM'000) <sup>(1)</sup>                       | 11,334          | 6,542           | 11,726          | 14,515          | 2,364            | 2,710           |
| EBITDA (RM'000) <sup>(1)</sup>                     | 12,858          | 8,354           | 13,462          | 16,316          | 2,837            | 3,431           |
| GP margin (%) <sup>(2)</sup>                       | 51.7            | 47.8            | 66.4            | 59.1            | 52.5             | 52.0            |
| PBT margin (%) <sup>(3)</sup>                      | 25.5            | 14.3            | 31.3            | 30.0            | 15.3             | 13.8            |
| PAT margin (%) <sup>(4)</sup>                      | 18.7            | 9.2             | 23.0            | 22.9            | 11.0             | 11.3            |
| Basic EPS (sen) <sup>(5)</sup>                     | 2.8             | 1.3             | 2.9             | 3.8             | 0.5              | 0.7             |
| Diluted EPS (sen) <sup>(6)</sup>                   | 2.1             | 1.0             | 2.2             | 2.9             | 0.4              | 0.5             |

**Notes:**

(1) EBIT and EBITDA are calculated as follows:

|                | <b>Audited</b>  |                 |                 |                 | <b>Unaudited</b> | <b>Audited</b>  |
|----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|
|                | <b>FYE 2019</b> | <b>FYE 2020</b> | <b>FYE 2021</b> | <b>FYE 2022</b> | <b>FPE 2022</b>  | <b>FPE 2023</b> |
|                | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>    | <b>RM'000</b>   |
| PAT            | 8,188           | 4,187           | 8,338           | 10,549          | 1,555            | 1,911           |
| Less:          |                 |                 |                 |                 |                  |                 |
| Finance income | (43)            | (23)            | (23)            | (76)            | (14)             | (37)            |
| Add:           |                 |                 |                 |                 |                  |                 |
| Finance cost   | 1,129           | 997             | 993             | 1,098           | 318              | 475             |
| Taxation       | 2,060           | 1,381           | 2,418           | 2,944           | 505              | 361             |
| <b>EBIT</b>    | <b>11,334</b>   | <b>6,542</b>    | <b>11,726</b>   | <b>14,515</b>   | <b>2,364</b>     | <b>2,710</b>    |
| Add:           |                 |                 |                 |                 |                  |                 |
| Depreciation   | 1,524           | 1,812           | 1,736           | 1,801           | 473              | 721             |
| <b>EBITDA</b>  | <b>12,858</b>   | <b>8,354</b>    | <b>13,462</b>   | <b>16,316</b>   | <b>2,837</b>     | <b>3,431</b>    |

(2) Calculated based on GP divided by revenue.

(3) Calculated based on PBT divided by revenue.

(4) Calculated based on PAT attributable to owners of our Company divided by revenue.

(5) Calculated based on PAT attributable to owners of our Company divided by our share capital of 270,000,000 Shares before Public Issue.

(6) Calculated based on PAT attributable to owners of our Company divided by our enlarged share capital of 360,000,000 Shares after Public Issue.

**12. FINANCIAL INFORMATION (Cont'd)****12.1.2 Combined statements of financial position**

The following table sets out the combined statements of financial position of our Group as at 31 December 2019, 2020, 2021 and 2022 as well as 30 April 2023 which have been extracted from the Accountants' Report.

|                                                     | Audited           |               |               |               | As at 30 April<br>2023<br>RM'000 |
|-----------------------------------------------------|-------------------|---------------|---------------|---------------|----------------------------------|
|                                                     | As at 31 December |               |               |               |                                  |
|                                                     | 2019              | 2020          | 2021          | 2022          |                                  |
|                                                     | RM'000            | RM'000        | RM'000        | RM'000        |                                  |
| <b>ASSETS</b>                                       |                   |               |               |               |                                  |
| <b>Non-current assets</b>                           |                   |               |               |               |                                  |
| Property, plant and equipment                       | 15,679            | 15,051        | 14,083        | 10,667        | (2)22,215                        |
| Right-of-use assets                                 | 9,412             | 8,718         | 6,933         | 8,117         | 8,656                            |
| Investment properties                               | 9,500             | 9,500         | 9,500         | 9,500         | 9,500                            |
| Other investments                                   | 1,032             | 998           | 979           | 958           | 976                              |
| Deferred tax assets                                 | 1,098             | 1,340         | 1,414         | 1,637         | 1,915                            |
| <b>Total non-current assets</b>                     | <b>36,721</b>     | <b>35,607</b> | <b>32,909</b> | <b>30,879</b> | <b>43,262</b>                    |
| <b>Current assets</b>                               |                   |               |               |               |                                  |
| Inventories                                         | 13,694            | 17,501        | 19,171        | 23,624        | 27,304                           |
| Trade receivables                                   | 9,057             | 8,913         | 7,146         | 9,026         | 10,175                           |
| Other receivables                                   | 790               | 690           | 1,014         | 3,638         | 2,687                            |
| Other investments                                   | 1,485             | 1,485         | 1,485         | -             | -                                |
| Amount due from related parties                     | 1,839             | 2,862         | 3,471         | -             | -                                |
| Tax recoverable                                     | 61                | 93            | 7             | 33            | 195                              |
| Cash and bank balances                              | 4,819             | 4,867         | 7,659         | 12,541        | 9,193                            |
| <b>Total current assets</b>                         | <b>31,745</b>     | <b>36,411</b> | <b>39,953</b> | <b>48,862</b> | <b>49,554</b>                    |
| <b>TOTAL ASSETS</b>                                 | <b>68,466</b>     | <b>72,018</b> | <b>72,862</b> | <b>79,741</b> | <b>92,816</b>                    |
| <b>EQUITY AND LIABILITIES</b>                       |                   |               |               |               |                                  |
| <b>Equity attributable to owners of our Company</b> |                   |               |               |               |                                  |
| Share capital                                       | 2,741             | 2,741         | 2,741         | 5,891         | 5,891                            |
| Legal reserves <sup>(1)</sup>                       | 12                | 12            | 12            | 12            | 12                               |
| Foreign exchange translation reserves               | 322               | 38            | 138           | (253)         | 1,114                            |
| Retained earnings                                   | 26,750            | 29,511        | 34,287        | 40,872        | 42,734                           |
|                                                     | <b>29,825</b>     | <b>32,302</b> | <b>37,178</b> | <b>46,522</b> | <b>49,751</b>                    |
| Non-controlling interest                            | 2,531             | 2,704         | 2,603         | 2,904         | 3,035                            |
| <b>TOTAL EQUITY</b>                                 | <b>32,356</b>     | <b>35,006</b> | <b>39,781</b> | <b>49,426</b> | <b>52,786</b>                    |

**12. FINANCIAL INFORMATION (Cont'd)**

|                                      |  | Audited           |               |               |               |                |
|--------------------------------------|--|-------------------|---------------|---------------|---------------|----------------|
|                                      |  | As at 31 December |               |               |               | As at 30 April |
|                                      |  | 2019              | 2020          | 2021          | 2022          | 2023           |
|                                      |  | RM'000            | RM'000        | RM'000        | RM'000        | RM'000         |
| <b>Non-current liabilities</b>       |  |                   |               |               |               |                |
| Employee benefits obligation         |  | 144               | 127           | 122           | 103           | 152            |
| Deferred tax liabilities             |  | 324               | 302           | 281           | 282           | 282            |
| Borrowings                           |  | 20,327            | 20,674        | 18,562        | 17,669        | 25,396         |
| Lease liabilities                    |  | 824               | 485           | 270           | 799           | 1,172          |
| Amount due to a Director             |  | 280               | 274           | 255           | -             | -              |
| <b>Total non-current liabilities</b> |  | <b>21,899</b>     | <b>21,862</b> | <b>19,490</b> | <b>18,853</b> | <b>27,002</b>  |
| <b>Current liabilities</b>           |  |                   |               |               |               |                |
| Trade payables                       |  | 6,044             | 8,202         | 5,705         | 2,756         | 4,200          |
| Other payables                       |  | 1,165             | 696           | 580           | 1,492         | 1,179          |
| Amount due to related parties        |  | 549               | 707           | 490           | -             | -              |
| Amount due to a Director             |  | 902               | 823           | 21            | -             | -              |
| Borrowings                           |  | 4,606             | 3,989         | 5,206         | 4,515         | 5,319          |
| Lease liabilities                    |  | 397               | 333           | 321           | 633           | 736            |
| Tax payable                          |  | 548               | 400           | 1,268         | 2,066         | 1,594          |
| <b>Total current liabilities</b>     |  | <b>14,211</b>     | <b>15,150</b> | <b>13,591</b> | <b>11,462</b> | <b>13,028</b>  |
| <b>TOTAL LIABILITIES</b>             |  | <b>36,110</b>     | <b>37,012</b> | <b>33,081</b> | <b>30,315</b> | <b>40,030</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |  | <b>68,466</b>     | <b>72,018</b> | <b>72,862</b> | <b>79,741</b> | <b>92,816</b>  |

**Notes:**

- (1) Pursuant to the Thai Civil and Commercial Code, Minox TH must appropriate a reserve fund ("**Legal Reserve**") at each distribution of dividend, of at least 5.0% of the profits of Minox TH until the Legal Reserve reaches 10.0% of its share capital or such higher proportion as may be stipulated in its constitution. The Legal Reserve is not available for distribution to the shareholders of Minox TH and can only be distributed upon or after liquidation of Minox TH (subject to applicable taxes).
- (2) The increase of RM11.55 million or 108.3% from RM10.67 million as at 31 December 2022 was mainly due to the inclusion of a vacant land earmarked for Warehouse 4, as the acquisition completed in March 2023.

**12. FINANCIAL INFORMATION (Cont'd)****12.1.3 Combined statements of cash flows**

The following table sets out the combined statements of cash flows of our Group for FYE 2019 to 2022 and FPE 2023 which has been extracted from the Accountants' Report.

|                                                           | <b>Audited</b>  |                 |                 |                 |                 |
|-----------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                                           | <b>FYE 2019</b> | <b>FYE 2020</b> | <b>FYE 2021</b> | <b>FYE 2022</b> | <b>FPE 2023</b> |
|                                                           | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   |
| <b>Cash flows from operating activities</b>               |                 |                 |                 |                 |                 |
| PBT                                                       | 10,248          | 5,568           | 10,756          | 13,493          | 2,272           |
| Adjustments for:                                          |                 |                 |                 |                 |                 |
| Bad debt written off                                      | 18              | 6               | -               | 12              | -               |
| Depreciation of:                                          |                 |                 |                 |                 |                 |
| - property, plant and equipment                           | 832             | 1,056           | 1,076           | 988             | 321             |
| - right-of-use assets                                     | 692             | 756             | 660             | 813             | 400             |
| Employee benefits obligation                              | 51              | (14)            | (58)            | (40)            | 46              |
| Fair value gain on investment property                    | (1,283)         | -               | -               | -               | -               |
| Gain on disposal of:                                      |                 |                 |                 |                 |                 |
| - property, plant and equipment                           | -               | -               | (601)           | (2,063)         | -               |
| - right-of-use assets                                     | (105)           | -               | -               | -               | (135)           |
| - early termination of lease contract                     | (30)            | -               | -               | -               | -               |
| - an associate                                            | (1,800)         | -               | -               | -               | -               |
| Inventories written down                                  | 1,839           | -               | 90              | 431             | 154             |
| Interest expenses                                         | 1,129           | 997             | 993             | 1,098           | 475             |
| Impairment loss on trade receivables                      | -               | -               | -               | 26              | (1)             |
| Interest income                                           | (43)            | (23)            | (23)            | (76)            | (37)            |
| Property, plant and equipment written off                 | -               | 10              | 4               | 7               | -               |
| Reversal of inventories written down                      | -               | (2,237)         | (2,301)         | (19)            | (21)            |
| Unrealised foreign exchange loss/(gain)                   | 472             | 147             | 4               | (101)           | (24)            |
| <b>Operating profit before changes in working capital</b> | <b>12,020</b>   | <b>6,266</b>    | <b>10,600</b>   | <b>14,569</b>   | <b>3,450</b>    |
| Change in inventories                                     | (3,550)         | (1,814)         | 538             | (4,979)         | (2,871)         |
| Change in receivables                                     | 2,728           | 220             | 1,277           | (4,664)         | 59              |
| Change in payables                                        | (3,453)         | 2,054           | (2,846)         | (1,953)         | 1,117           |
| Change in related parties                                 | (855)           | (1,087)         | (409)           | 2,798           | -               |
| <b>Cash generated from operations</b>                     | <b>6,890</b>    | <b>5,639</b>    | <b>9,160</b>    | <b>5,771</b>    | <b>1,755</b>    |
| Interest paid                                             | (182)           | (221)           | (172)           | (141)           | (59)            |
| Tax paid                                                  | (2,048)         | (1,817)         | (1,554)         | (2,379)         | (1,284)         |
| <b>Net cash from operating activities</b>                 | <b>4,660</b>    | <b>3,601</b>    | <b>7,434</b>    | <b>3,251</b>    | <b>412</b>      |

**12. FINANCIAL INFORMATION (Cont'd)**

|                                                                                    | <b>Audited</b>  |                 |                 |                 |                 |
|------------------------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                                                                    | <b>FYE 2019</b> | <b>FYE 2020</b> | <b>FYE 2021</b> | <b>FYE 2022</b> | <b>FPE 2023</b> |
|                                                                                    | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   |
| <b>Cash flows from investing activities</b>                                        |                 |                 |                 |                 |                 |
| Proceeds from disposal of:                                                         |                 |                 |                 |                 |                 |
| - an associate                                                                     | 2,250           | -               | -               | -               | -               |
| - other investment                                                                 | -               | -               | -               | 1,634           | -               |
| - property, plant and equipment                                                    | -               | -               | 2,045           | 4,784           | -               |
| - right-of-use assets                                                              | 175             | -               | -               | -               | 219             |
| Purchase of:                                                                       |                 |                 |                 |                 |                 |
| - other investments                                                                | (1,971)         | -               | -               | -               | -               |
| - property, plant and equipment                                                    | (2,436)         | (485)           | (236)           | (279)           | (11,790)        |
| - right-of-use assets                                                              | (439)           | (67)            | (62)            | (327)           | (36)            |
| <b>Net cash (used in)/ from investing activities</b>                               | <b>(2,421)</b>  | <b>(552)</b>    | <b>1,747</b>    | <b>5,812</b>    | <b>(11,607)</b> |
| <b>Cash flows from financing activities</b>                                        |                 |                 |                 |                 |                 |
| Interest paid                                                                      | (947)           | (776)           | (821)           | (957)           | (416)           |
| Interest received                                                                  | 43              | 23              | 23              | 76              | 37              |
| Issuance of share capital                                                          | -               | -               | -               | 827             | -               |
| Drawdown/(Withdrawal) of term loan                                                 | 353             | 2,000           | (712)           | 3,500           | 8,500           |
| Dividends paid                                                                     | (1,372)         | (1,202)         | (3,408)         | (1,500)         | -               |
| Repayment of term loan                                                             | (1,262)         | (916)           | (1,527)         | (3,677)         | (697)           |
| Repayment of lease liabilities                                                     | (558)           | (402)           | (347)           | (447)           | (387)           |
| Repayment to a Director                                                            | (463)           | (79)            | (804)           | (279)           | -               |
| Withdrawal of fixed deposits pledged                                               | 698             | -               | -               | -               | -               |
| <b>Net cash (used in)/ from financing activities</b>                               | <b>(3,508)</b>  | <b>(1,352)</b>  | <b>(7,596)</b>  | <b>(2,457)</b>  | <b>7,037</b>    |
| Net (decrease)/increase in cash and cash equivalents                               | (1,269)         | 1,697           | 1,585           | 6,606           | (4,158)         |
| <b>Cash and cash equivalents at beginning of the financial year/period</b>         | <b>2,419</b>    | <b>1,097</b>    | <b>2,483</b>    | <b>3,990</b>    | <b>10,594</b>   |
| Effect of foreign exchange translation                                             | (53)            | (311)           | (78)            | (2)             | 184             |
| <b>Cash and cash equivalents at end of the financial year/period<sup>(1)</sup></b> | <b>1,097</b>    | <b>2,483</b>    | <b>3,990</b>    | <b>10,594</b>   | <b>6,620</b>    |

## 12. FINANCIAL INFORMATION (Cont'd)

**Note:**

- (1) Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

|                                | <b>FYE 2019</b> | <b>FYE 2020</b> | <b>FYE 2021</b> | <b>FYE 2022</b> | <b>FPE 2023</b> |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   |
| Cash and bank balances         | 4,819           | 4,867           | 7,659           | 12,541          | 9,193           |
| Less: Bank overdraft           | (3,722)         | (2,384)         | (3,669)         | (1,947)         | (2,573)         |
| Total cash and cash equivalent | <b>1,097</b>    | <b>2,483</b>    | <b>3,990</b>    | <b>10,594</b>   | <b>6,620</b>    |

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## **12. FINANCIAL INFORMATION (Cont'd)**

### **12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

The following discussion and segmental analysis of our combined financial statements for FYE 2019 to 2022 and FPE 2023 should be read with the Accountants' Report included in Section 13.

#### **12.2.1 Overview of our operations**

##### **(a) Principal activities**

Our Group is principally involved in the distribution of stainless steel sanitary valves, tubes & fittings, installation components & equipment, rubber hoses under our "MINOX®" brand and other related products.

Please refer to Section 7 for our Group's detailed business overview.

##### **(b) Revenue**

Our Group's revenue for the financial years/period under review was derived from our distribution of stainless steel sanitary valves, tubes & fittings, installation components & equipment, rubber hoses under our "MINOX®" brand and other related products.

Revenue is recognised at a point in time when the goods are delivered and accepted by the customers at their premises.

In general, the products supplied from Malaysia operations comprise mainly smaller part products with lower unit selling price as compared to product supplied from Indonesia and Singapore operations, due to the following reasons:

- (a) Malaysia operations have a larger customer base with longer years of business relationship, cumulated throughout the years as Malaysia operations have a longer business history as compared to Indonesia and Singapore operations. As such, there were more maintenance works carried out which required replacement parts of smaller value for such customers' existing plants;
- (b) Malaysia operations cover more diverse range of customers which include mainly customers with smaller scale plants which requires replacement parts of smaller value, whereas the plant size and production lines of the customers in Indonesia are generally larger which requires larger replacement parts, which are of higher unit selling price; and
- (c) Our Group's products purchased by our Singapore customers are mainly higher specification products with higher unit selling price.

MST MY, is our subsidiary which imports our stainless steel sanitary products from our third-party manufacturers/supplier for onward distribution to our other subsidiaries (i.e. Minox MY, Minox ID, Minox TH, Minox SG and MST SG). MST MY first recognises the cost of sales upon the delivery of products from our suppliers. Subsequently, MST MY sells and distributes the products to our other subsidiaries based on the respective sales orders received from them, where sales of products are conducted on an arm's length basis and on normal commercial terms. On company level, MST MY will record such sales as its revenue and our other subsidiaries will capture such purchase as their cost of sales.



**12. FINANCIAL INFORMATION (Cont'd)**

The revenue derived from the sales of products by MST MY to our other subsidiaries are eliminated whereby all intra-group balances, income and expenses as well as unrealised gain and losses resulting from intra-group transactions are eliminated, details of which are as follows:

|               | <b>Audited</b>  |                 |                 |                 | <b>Unaudited</b> | <b>Audited</b>  |
|---------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|
|               | <b>FYE 2019</b> | <b>FYE 2020</b> | <b>FYE 2021</b> | <b>FYE 2022</b> | <b>FPE 2022</b>  | <b>FPE 2023</b> |
|               | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>    | <b>RM'000</b>   |
| Gross revenue | 63,059          | 64,319          | 51,697          | 71,135          | 22,481           | 26,270          |
| Elimination   | (22,864)        | (25,515)        | (17,338)        | (26,115)        | (9,010)          | (9,841)         |
| Net revenue   | <b>40,195</b>   | <b>38,804</b>   | <b>34,359</b>   | <b>45,020</b>   | <b>13,471</b>    | <b>16,429</b>   |

**(c) Cost of sales**

Our cost of sales comprise purchases from our third-party manufacturers/supplier, custom duties, rental and maintenance of warehouses and transportation costs.

In relation to the purchases made by our other subsidiaries (i.e. Minox MY, Minox ID, Minox TH, Minox SG and MST SG) from MST MY, these subsidiaries record such purchases and inventories in their respective journal entries upon acceptance of the products from MST MY. The cost of sales derived from the purchase of products from MST MY are eliminated whereby all intra-group balances, income and expenses as well as unrealised gain and losses resulting from intra-group transactions are eliminated. In the event inventories remain unsold, such inventories will remain recorded in the respective subsidiaries' accounts. As a result of transactions within our Group, any unrealised profit on unsold inventories purchased from MST MY are adjusted for.

|                          | <b>Audited</b>  |                 |                 |                 | <b>Unaudited</b> | <b>Audited</b>  |
|--------------------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|
|                          | <b>FYE 2019</b> | <b>FYE 2020</b> | <b>FYE 2021</b> | <b>FYE 2022</b> | <b>FPE 2022</b>  | <b>FPE 2023</b> |
|                          | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>    | <b>RM'000</b>   |
| Gross cost of sales      | 41,618          | 44,741          | 28,673          | 43,616          | 14,893           | 16,723          |
| Elimination              | (22,864)        | (25,515)        | (17,338)        | (26,115)        | (9,010)          | (9,841)         |
| Net unrealised profits   | 664             | 1,031           | 194             | 921             | 522              | 1,003           |
| <b>Net cost of sales</b> | <b>19,418</b>   | <b>20,257</b>   | <b>11,529</b>   | <b>18,422</b>   | <b>6,405</b>     | <b>7,885</b>    |

**(d) Other income**

Other income mainly comprise gain on fair value change of investment property, gain on disposal of an associate, gain in foreign exchange, government grant and rental income.

**(e) Selling and marketing expenses**

Selling and marketing expenses comprise travelling and accommodation expenses, marketing and promotional expenses and sales commissions.

We pay commissions based on collections of our receivables to relevant employees involved in our supply chain and collections of receivables (e.g. sales & marketing team; warehousing team and finance and accounting team).

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**12. FINANCIAL INFORMATION (Cont'd)**

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**(f) Administrative expenses**

Administrative expenses mainly comprise overheads incurred to maintain our operations such as staff costs, directors' remuneration, depreciation expenses, professional fees, rental expenses, insurance, repair & maintenance and loss in foreign exchange.

**(g) Finance income**

Finance income comprise interests from fixed deposits placed with licensed banks.

**(h) Finance cost**

Finance cost comprise bank overdraft interests, term loan interests and lease liabilities interests.

**(i) Recent developments**

Save for the Acquisitions which were completed on 8 June 2023 (MST MY, Minox MY and Minox TH), 15 June 2023 (MST SG and Minox SG) and 24 July 2023 (Minox ID), there were no other significant events subsequent to our audited combined financial statements for FPE 2023.

**(j) Exceptional and extraordinary items and audit qualifications**

There were no exceptional or extraordinary items during FYE 2019 to 2022 and FPE 2023. In addition, our audited combined financial statements for the financial years/period under review were not subject to any audit qualifications.

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**12. FINANCIAL INFORMATION (Cont'd)**

**12.2.2 Review of our results of operations**

**(a) Revenue**

**Analysis of revenue by geographical markets**

|                         | FYE 2019      |              | Audited       |              |               |              | Unaudited     |              |               |              |
|-------------------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|
|                         |               |              | FYE 2020      |              | FYE 2021      |              | FYE 2022      |              | FPE 2022      |              |
|                         | RM'000        | %            | RM'000        | %            | RM'000        | %            | RM'000        | %            | RM'000        | %            |
| Malaysia                | 11,925        | 29.7         | 10,557        | 27.2         | 11,174        | 32.5         | 16,231        | 36.1         | 4,412         | 32.8         |
| <b>Overseas market:</b> |               |              |               |              |               |              |               |              |               |              |
| Singapore               | 7,304         | 18.2         | 8,728         | 22.5         | 5,166         | 15.0         | 7,735         | 17.2         | 2,011         | 14.9         |
| Thailand                | 6,141         | 15.3         | 6,533         | 16.9         | 3,989         | 11.6         | 4,224         | 9.4          | 1,166         | 8.6          |
| Indonesia               | 10,428        | 25.9         | 10,057        | 25.9         | 11,123        | 32.4         | 14,592        | 32.4         | 5,452         | 40.5         |
| Others <sup>(1)</sup>   | 4,397         | 10.9         | 2,929         | 7.5          | 2,907         | 8.5          | 2,238         | 4.9          | 430           | 3.2          |
|                         | 28,270        | 70.3         | 28,247        | 72.8         | 23,185        | 67.5         | 28,789        | 63.9         | 9,059         | 67.2         |
|                         | <b>40,195</b> | <b>100.0</b> | <b>38,804</b> | <b>100.0</b> | <b>34,359</b> | <b>100.0</b> | <b>45,020</b> | <b>100.0</b> | <b>13,471</b> | <b>100.0</b> |
|                         |               |              |               |              |               |              |               |              | <b>16,429</b> | <b>100.0</b> |

**Note:**

<sup>(1)</sup> Comprises mainly Bahrain, Cambodia, Denmark, Germany, India, Japan, South Korea, Myanmar, Sri Lanka, Spain, Taiwan, the Philippines, United Arab Emirates and Vietnam.

Our revenue for FYE 2019 to 2022 and FPE 2023 was mainly derived from Malaysia, Indonesia, Singapore and Thailand, which accounted for more than 89.0% of our total revenue.

**12. FINANCIAL INFORMATION (Cont'd)**

**Analysis of revenue by product segments**

|                                       | Audited       |              |               |              |               |              | Unaudited     |              | Audited       |              |
|---------------------------------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|
|                                       | FYE 2019      |              | FYE 2020      |              | FYE 2021      |              | FYE 2022      |              | FPE 2022      |              |
|                                       | RM'000        | %            | RM'000        | %            | RM'000        | %            | RM'000        | %            | RM'000        | %            |
| Tubes & fittings                      | 29,055        | 72.3         | 29,325        | 75.6         | 24,820        | 72.2         | 32,939        | 73.1         | 9,478         | 70.4         |
| Valves                                | 5,788         | 14.4         | 4,968         | 12.8         | 4,853         | 14.1         | 6,342         | 14.1         | 2,005         | 14.9         |
| Installation components & equipment   | 2,144         | 5.3          | 2,227         | 5.7          | 2,293         | 6.7          | 2,508         | 5.6          | 926           | 6.9          |
| Rubber hoses                          | 1,879         | 4.7          | 1,671         | 4.3          | 1,702         | 5.0          | 2,057         | 4.6          | 611           | 4.5          |
| Other related products <sup>(1)</sup> | 1,329         | 3.3          | 613           | 1.6          | 691           | 2.0          | 1,174         | 2.6          | 451           | 3.3          |
|                                       | <b>40,195</b> | <b>100.0</b> | <b>38,804</b> | <b>100.0</b> | <b>34,359</b> | <b>100.0</b> | <b>45,020</b> | <b>100.0</b> | <b>13,471</b> | <b>100.0</b> |
|                                       |               |              |               |              |               |              |               |              | <b>16,429</b> | <b>100.0</b> |

**Note:**

<sup>(1)</sup> Comprises non-sanitary stainless steel products such as square hollow sections, pipes & fittings, plates and industrial hardware.

Our revenue for FYE 2019 to 2022 and FPE 2023 was mainly derived from the distribution of tubes & fittings and valves product segments, which accounted for more than 74.0% of our total revenue.

**Analysis of revenue by industries**

|                | Audited       |              |               |              |               |              | Unaudited     |              | Audited       |              |
|----------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|
|                | FYE 2019      |              | FYE 2020      |              | FYE 2021      |              | FYE 2022      |              | FPE 2022      |              |
|                | RM'000        | %            | RM'000        | %            | RM'000        | %            | RM'000        | %            | RM            | %            |
| F&B            | 38,015        | 94.5         | 36,557        | 94.2         | 31,346        | 91.2         | 39,996        | 88.8         | 12,003        | 89.1         |
| Pharmaceutical | 1,111         | 2.8          | 1,647         | 4.2          | 1,576         | 4.6          | 2,037         | 4.5          | 841           | 6.2          |
| Semiconductor  | 1,069         | 2.7          | 600           | 1.6          | 1,437         | 4.2          | 2,987         | 6.7          | 627           | 4.7          |
|                | <b>40,195</b> | <b>100.0</b> | <b>38,804</b> | <b>100.0</b> | <b>34,359</b> | <b>100.0</b> | <b>45,020</b> | <b>100.0</b> | <b>13,471</b> | <b>100.0</b> |
|                |               |              |               |              |               |              |               |              | <b>16,429</b> | <b>100.0</b> |

Our revenue for FYE 2019 to 2022 and FPE 2023 was mainly derived from F&B industry, which accounted for more than 88.0% of our total revenue.

**12. FINANCIAL INFORMATION (Cont'd)**

**Comparison between FYE 2019 and FYE 2020**

Our Group's total revenue decreased by RM1.40 million or 3.5% from RM40.20 million in FYE 2019 to RM38.80 million in FYE 2020. The decrease in revenue was mainly attributed to:

- (i) lower revenue contribution from Malaysia by RM1.37 million or 11.5% from RM11.93 million in FYE 2019 to RM10.56 million in FYE 2020 mainly driven by lower sales volume of tubes & fittings and valves by approximately 33,000 units from approximately 222,000 units in FYE 2019 to approximately 189,000 units in FYE 2020. This was mainly due to reduced orders from our existing customers (i.e. APEQ Process Sdn Bhd, INOX Engineering Sdn Bhd and EngMech Sdn Bhd, all of which are project consultants), arising from the MCO imposed by the Government which had resulted in the delay of installation of production lines for our industrial end-customers' F&B plants. In addition, there was a slowdown in manufacturing activities during this period, which also resulted in delayed replacement of consumables by our industrial end-customers;
- (ii) lower revenue contribution from other regions by RM1.47 million or 33.4% from RM4.40 million in FYE 2019 to RM2.93 million in FYE 2020 mainly driven by lower sales volume of tubes & fittings by approximately 30,000 units from approximately 110,000 units in FYE 2019 to approximately 80,000 units in FYE 2020. This was mainly due to lower orders from Minox PH, as our industrial end-customers' installation of production lines for F&B plants have completed in FYE 2019; and
- (iii) lower revenue contribution from Indonesia by RM0.37 million or 3.5% from RM10.43 million in FYE 2019 to RM10.06 million in FYE 2020 mainly driven by lower sales volume of tubes & fittings and other related products by approximately 2,000 units from approximately 162,000 units in FYE 2019 to approximately 160,000 units in FYE 2020. This was mainly due to reduced orders from our existing customer (i.e. GEA Group) as our industrial end-customer has reached the final installation stage of its F&B plant's production line.

The decrease in revenue from the abovementioned regions was partially offset by the following:

- (i) higher revenue contribution from Singapore by RM1.43 million or 19.6% from RM7.30 million in FYE 2019 to RM8.73 million in FYE 2020 mainly driven by sales of higher specification tubes & fittings (better corrosion resistance) to our existing customers (i.e. Krones-Izumi Processing Pte Ltd and GEA Group) for the installation of production lines for our industrial end-customers' F&B plants which demands higher selling prices; and
- (ii) higher revenue contribution from Thailand by RM0.39 million or 6.4% from RM6.14 million in FYE 2019 to RM6.53 million in FYE 2020 mainly driven by higher sales volume of tubes & fittings by approximately 49,000 units from approximately 55,000 units in FYE 2019 to approximately 104,000 units in FYE 2020. This was mainly due to new projects orders from our existing customers (i.e. GEA Group and SOAGE Engineering Co., Ltd, all of which are project consultants) for the installation of production lines for 2 F&B plants.

## 12. FINANCIAL INFORMATION (Cont'd)

Our approximate average selling prices and sales volume by product segments are illustrated below:

| Product segments                      | FYE 2019                                                                | FYE 2020                                                                | FYE 2019                                              | FYE 2020                                              |
|---------------------------------------|-------------------------------------------------------------------------|-------------------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|
|                                       | Approximate<br>average selling price<br>per unit <sup>(1)</sup><br>(RM) | Approximate<br>average selling price<br>per unit <sup>(1)</sup><br>(RM) | Approximate sales<br>volume<br>(units) <sup>(2)</sup> | Approximate sales<br>volume<br>(units) <sup>(2)</sup> |
| Tubes & fittings                      | 44.50                                                                   | 47.10                                                                   | 652,800                                               | 622,000                                               |
| Valves                                | 174.80                                                                  | 167.40                                                                  | 33,100                                                | 29,700                                                |
| Installation components & equipment   | 414.40                                                                  | 475.30                                                                  | 5,200                                                 | 4,700                                                 |
| Rubber hoses                          | 281.30                                                                  | 456.00                                                                  | 6,700                                                 | 3,700                                                 |
| Other related products <sup>(3)</sup> | 193.90                                                                  | 136.70                                                                  | 6,900                                                 | 4,500                                                 |
|                                       |                                                                         |                                                                         | %<br>change                                           | %<br>change                                           |
|                                       |                                                                         |                                                                         | 5.8                                                   | (4.7)                                                 |
|                                       |                                                                         |                                                                         | (4.2)                                                 | (10.3)                                                |
|                                       |                                                                         |                                                                         | 14.7                                                  | (9.6)                                                 |
|                                       |                                                                         |                                                                         | 62.1                                                  | (44.8)                                                |
|                                       |                                                                         |                                                                         | (29.5)                                                | (34.8)                                                |

### Notes:

- (1) Calculated based on total sales for each product segment divided by total sales volume for each product category, and subsequently rounded to the nearest ten cents.
- (2) Rounded to the nearest hundred.
- (3) Comprises non-sanitary stainless steel products such as square hollow sections, pipes & fittings, plates and industrial hardware.

### Comparison between FYE 2020 and FYE 2021

Our Group's total revenue decreased by RM4.44 million or 11.4% from RM38.80 million in FYE 2020 to RM34.36 million in FYE 2021. The decrease in revenue was mainly attributed to:

- (i) lower revenue contribution from Singapore by RM3.56 million or 40.8% from RM8.73 million in FYE 2020 to RM5.17 million in FYE 2021, mainly driven by lower sales volume of tubes & fittings by approximately 46,000 units from approximately 104,000 units in FYE 2020 to approximately 58,000 units in FYE 2021. This was mainly due to reduced orders by our existing customers (i.e. Krones-Izumi Processing Pte Ltd and GEA Group, all of which are project consultants) as a result of the completion of installation of production lines for 2 F&B plants in FYE 2020. In addition, there was a delay in the construction of new plants arising from travel restrictions due to the Circuit Breaker Period;

**12. FINANCIAL INFORMATION (Cont'd)**

- (ii) lower revenue contribution from Thailand by RM2.54 million or 38.9% from RM6.53 million in FYE 2020 to RM3.99 million in FYE 2021 mainly driven by lower sales volume of tubes & fittings by approximately 54,000 units from approximately 104,000 units in FYE 2020 to 50,000 units in FYE 2021, mainly due to completion of installation of production lines for 2 F&B plants from our existing customers (i.e. Ichita Co., Ltd and Linemaker Engineering Co., Ltd) in FYE 2020; and
- (iii) lower revenue contribution from other regions by RM0.02 million or 0.68% from RM2.93 million in FYE 2020 to RM2.91 million in FYE 2021 mainly driven by lower sales volume of valves by approximately 1,850 units from approximately 5,160 units in FYE 2020 to 3,310 units in FYE 2021 coupled with different specification valves sold in FYE 2021 which fetches a lower average selling price per unit. This was mainly due to lower orders from MST VN as our industrial end-customer's installation of production line for its F&B plant has completed in FYE 2020.

The decrease in revenue from the abovementioned regions was partially offset by the following:

- (i) higher revenue contribution from Malaysia by RM0.61 million or 5.8% from RM10.56 million in FYE 2020 to RM11.17 million in FYE 2021 mainly driven by the increase in sales volume of tubes & fittings and valves by approximately 12,000 units from approximately 189,000 units in FYE 2020 to approximately 201,000 units in FYE 2021. This was mainly due to new project orders from a new customer (i.e. T.T.E. Engineering (M) Sdn Bhd) for the installation of production line for our industrial end-customer's new F&B plant and an existing customer (i.e. Omori Innovation (M) Sdn Bhd) for the installation of production lines for 3 of our industrial end-customers' F&B plants, after the easing of the travel restrictions; and
- (ii) higher revenue contribution from Indonesia by RM1.06 million or 10.5% from RM10.06 million in FYE 2020 to RM11.12 million in FYE 2021 driven by higher average selling price per unit of tubes & fittings and installation components & equipment by approximately RM5.50 per unit for tubes & fittings from approximately RM45.50 per unit in FYE 2020 to RM51.00 per unit in FYE 2021 and RM36.20 per unit for installation components & equipment from approximately RM936.10 per unit in FYE 2020 to RM972.30 per unit in FYE 2021 respectively, driven by sales of higher specification tubes and installation components & equipment. This was mainly due to new project orders from a new customer (i.e. PT Desain Terminal Indonesia) and an existing customer (i.e. PT Mecco Inoxprima) for the installation of production lines for our industrial end-customers' new F&B plants.



## 12. FINANCIAL INFORMATION (Cont'd)

Our approximate average selling prices and sales volume by product segments are illustrated below:

| Product segments                      | FYE 2020                                                  |        | FYE 2021                                        |         | FYE 2020                                        |       | FYE 2021                                        |  |
|---------------------------------------|-----------------------------------------------------------|--------|-------------------------------------------------|---------|-------------------------------------------------|-------|-------------------------------------------------|--|
|                                       | Approximate average selling price per unit <sup>(1)</sup> |        | Approximate sales volume (units) <sup>(2)</sup> |         | Approximate sales volume (units) <sup>(2)</sup> |       | Approximate sales volume (units) <sup>(2)</sup> |  |
|                                       | (RM)                                                      |        | (RM)                                            |         | (RM)                                            |       | (RM)                                            |  |
| Tubes & fittings                      | 47.10                                                     | 42.90  | (8.9)                                           | 622,000 | 578,300                                         | (7.0) |                                                 |  |
| Valves                                | 167.40                                                    | 162.70 | (2.8)                                           | 29,700  | 29,800                                          | 0.3   |                                                 |  |
| Installation components & equipment   | 475.30                                                    | 503.20 | 5.9                                             | 4,700   | 4,600                                           | (2.1) |                                                 |  |
| Rubber hoses                          | 456.00                                                    | 391.80 | (14.1)                                          | 3,700   | 4,300                                           | 16.2  |                                                 |  |
| Other related products <sup>(3)</sup> | 136.70                                                    | 76.10  | (44.3)                                          | 4,500   | 9,100                                           | 102.2 |                                                 |  |

### Notes:

- (1) Calculated based on total sales for each product segment divided by total sales volume for each product segment, and subsequently rounded to the nearest ten cents.
- (2) Rounded to the nearest hundred.
- (3) Comprises non-sanitary stainless steel products such as square hollow sections, pipes & fittings, plates and industrial hardware.

### Comparison between FYE 2021 and FYE 2022

Our Group's total revenue increased by RM10.66 million or 31.0% from RM34.36 million in FYE 2021 to RM45.02 million in FYE 2022. The increase in revenue was mainly attributed to:

- (i) higher revenue contribution from Malaysia by RM5.06 million or 45.3% from RM11.17 million in FYE 2021 to RM16.23 million in FYE 2022, mainly driven by higher sales volume in tubes & fittings, sales of higher specification valves as well as higher average selling price per unit of tubes & fittings and valves. The sales volume of tubes & fittings increased by approximately 6,000 units from approximately 185,000 units in FYE 2021 to 191,000 units in FYE 2022 after easing of travel restrictions. This has resulted in new project orders mainly from several existing customers (i.e. Gases System Engineering Services Sdn Bhd, Dynalon Engineering Sdn Bhd and Derm (M) Sdn Bhd, all of which are project consultants) for the installation of production line for our industrial end-customer's new semiconductor plant and F&B plants. The average selling price per unit of tubes & fittings and valves increased by approximately RM17.20 per unit for tubes & fittings from RM41.80 per unit in FYE 2021 to RM59.00 per unit in FYE 2022 and RM104.30 per unit for valves from RM93.50 per unit in FYE 2021 to RM197.80 per unit in FYE 2022 respectively, due to price hike in stainless steel and sales of higher specification products;



**12. FINANCIAL INFORMATION (Cont'd)**

- (ii) higher revenue contribution from Indonesia by RM3.47 million or 31.2% from RM11.12 million in FYE 2021 to RM14.59 million in FYE 2022, mainly driven by sales of higher specification valves, higher average selling price per unit of tubes & fittings and valves by approximately RM36.20 per unit for tubes & fittings from RM51.00 per unit in FYE 2021 to RM87.20 per unit in FYE 2022 and RM196.10 per unit for valves from 246.70 per unit in FYE 2021 to RM442.80 per unit in FYE 2022 respectively, due to price hike in stainless steel and sales of higher specification products. In addition, there were several new project orders from 3 existing customers (i.e. GEA Group, PT Inmas Surya Makmur and PT Asahi Synchrotech Indonesia) for the installation of production lines for our industrial end -customers' F&B plants;
- (iii) higher revenue contribution from Singapore by RM2.57 million or 49.7% from RM5.17 million in FYE 2021 to RM7.74 million in FYE 2022 mainly driven by higher average selling price per unit of tubes & fittings and new projects secured by our existing customers. The average selling price per unit increased by approximately RM43.50 per unit from RM76.60 per unit in FYE 2021 to RM120.10 per unit in FYE 2022 due to price hike in stainless steel. The new project orders which contributed to the higher revenue were from 4 existing customers (i.e. Siccadania (Sea) Pte Ltd, GEA Group, T.O.P. Design & Engineering Pte Ltd and G&C Piping Pte Ltd, all of which are project consultants) for the installation of production line for our industrial end-customers' new F&B plants, pharmaceutical plant and semiconductor plant; and
- (iv) higher revenue contribution from Thailand by RM0.23 million or 5.8% from RM3.99 million in FYE 2021 to RM4.22 million in FYE 2022 mainly driven by higher average selling price per unit of tubes & fittings by approximately RM7.50 per unit from RM52.90 per unit in FYE 2021 to RM60.40 per unit in FYE 2022 due to price hike in stainless steel. The higher revenue was mainly due to a new project order from our existing customer (i.e. Linemaker Engineering Co., Ltd, a project consultant) for the installation of production line for our industrial end customers' new F&B plant.

The increase in revenue from the abovementioned regions was partially offset by lower revenue contribution from other regions by RM0.67 million or 23.0% from RM2.91 million in FYE 2021 to RM2.24 million in FYE 2022 mainly driven by lower sales volume of tubes & fittings from Minox PH by approximately 50,000 units from approximately 128,000 units in FYE 2021 to 78,000 units in FYE 2022, as our industrial end-customers' installation of production line for F&B plants have completed in FYE 2021.

## 12. FINANCIAL INFORMATION (Cont'd)

Our approximate average selling prices and sales volume by product segments are illustrated below:

| Product segments                      | FYE 2021                |        | FYE 2022                |         | FYE 2021          |        | FYE 2022          |  |
|---------------------------------------|-------------------------|--------|-------------------------|---------|-------------------|--------|-------------------|--|
|                                       | Approximate             |        | Approximate             |         | Approximate sales |        | Approximate sales |  |
|                                       | average selling price   |        | average selling price   |         | volume            |        | volume            |  |
|                                       | per unit <sup>(1)</sup> |        | per unit <sup>(1)</sup> |         | change            |        | change            |  |
|                                       | (RM)                    |        | (RM)                    |         | %                 |        | %                 |  |
|                                       |                         |        |                         |         |                   |        |                   |  |
| Tubes & fittings                      | 42.90                   | 66.60  | 55.2                    | 578,300 | 494,600           | (14.5) |                   |  |
| Valves                                | 162.70                  | 260.20 | 59.9                    | 29,800  | 24,400            | (18.1) |                   |  |
| Installation components & equipment   | 503.20                  | 505.50 | 0.5                     | 4,600   | 5,000             | 8.7    |                   |  |
| Rubber hoses                          | 391.80                  | 355.60 | (9.2)                   | 4,300   | 5,800             | 34.9   |                   |  |
| Other related products <sup>(3)</sup> | 76.10                   | 71.60  | (5.9)                   | 9,100   | 16,400            | 80.2   |                   |  |

### Notes:

- <sup>(1)</sup> Calculated based on total sales for each product segment divided by total sales volume for each product segment, and subsequently rounded to the nearest ten cents.
- <sup>(2)</sup> Rounded to the nearest hundred.
- <sup>(3)</sup> Comprises non-sanitary stainless steel products such as square hollow sections, pipes & fittings, plates and industrial hardware.

**12. FINANCIAL INFORMATION (Cont'd)**

**Comparison between FPE 2022 and FPE 2023**

Our Group's total revenue increased by RM2.96 million or 22.0% from RM13.47 million in FPE 2022 to RM16.43 million in FPE 2023. The increase in revenue was mainly attributed to:

- (i) higher revenue contribution from Singapore by RM2.23 million or 110.9% from RM2.01 million in FPE 2022 to RM4.24 million in FPE 2023, mainly driven by higher sales volume in tubes & fittings, sales of higher specification tube & fittings as well as higher average selling price per unit of tubes & fittings. The sales volume of tubes & fittings increased by approximately 16,000 units from approximately 19,000 units in FPE 2022 to 35,000 units in FPE 2023 due to 2 new projects orders from our existing customers (i.e. Siccadania (Sea) Pte Ltd and GEA Group, all of which are project consultants) for the installation of production lines for our industrial end-customers' new F&B production plants. The average selling price per unit of tubes & fittings increased by approximately RM25.70 per unit from RM84.20 per unit in FPE 2022 to RM109.90 per unit in FPE 2023 mainly due to sale of inventories purchased in FYE 2022. Although there was a decrease in stainless steel price in FPE 2023, we maintain our selling price of tubes & fittings for FYE 2022;
- (ii) higher revenue contribution from other regions by RM0.34 million or 79.1% from RM0.43 million in FPE 2022 to RM0.77 million in FPE 2023, mainly driven by higher average selling price per unit of tube & fittings for the sales orders to MST VN. The average selling price per unit of tubes & fittings increased by approximately RM21.20 per unit from RM10.40 per unit in FPE 2022 to RM31.60 per unit in FPE 2023 was mainly due to sale of inventories purchased in FYE 2022. Although there was a decrease in stainless steel price in FPE 2023, we maintain our selling price of tubes & fittings for FYE 2022;
- (iii) higher revenue contribution from Indonesia by RM0.24 million or 4.4% from RM5.45 million in FPE 2022 to RM5.69 million in FPE 2023, mainly driven by higher sales volume in non-sanitary stainless steel products. The sales volume of non-sanitary stainless steel products increased by approximately 30,500 units from approximately 2,500 units in FPE 2022 to 33,000 units in FPE 2023, mainly due to a new order from Tetra Pak Group for non-sanitary stainless steel products such as square hollow sections and pipes & fittings for the installation of supporting lines and supporting structures for our industrial end-customers' F&B plants. The increase in revenue was partially offset by lower revenue incurred from the tubes & fittings segment, attributed to lower sales volume by 7,900 units from 43,400 units to 35,500 units as we completed the installation of production lines for 3 of our existing customers' (i.e. GEA Group, PT Asahi Synchrotech Indonesia and PT Mecco Inoxprima, all of which are project consultants) industrial end-customers' F&B plants in FYE 2022;

## 12. FINANCIAL INFORMATION (Cont'd)

- (iv) higher revenue contribution from Thailand by RM0.12 million or 10.3% from RM1.17 million in FPE 2022 to RM1.29 million in FPE 2023, mainly driven by higher sales volume and average selling price per unit in valves and installation components & equipment. The sales volume of valves and installation components & equipment increased by approximately 300 units from approximately 1,000 units in FPE 2022 to 1,300 units in FPE 2023. This was mainly due to a new project order from our existing customer (i.e. Plastmat Co., Ltd, a project consultant) for the installation of a production line for a F&B plant in FPE 2023. The average selling price per unit of valves and installation components & equipment increased by approximately RM4.90 per unit of valves from RM232.30 per unit in FPE 2022 to RM237.20 per unit in FPE 2023 and RM139.60 per unit of installation components & equipment from RM679.10 per unit in FPE 2022 to RM818.70 per unit in FPE 2023 respectively, mainly due to sale of inventories purchased in FYE 2022. Although there was a decrease in stainless steel price in FPE 2023, we maintain our selling price of valves and installation components & equipment for FYE 2022; and
- (v) higher revenue contribution from Malaysia by RM0.03 million or 0.7% from RM4.41 million in FPE 2022 to RM4.44 million in FPE 2023, mainly driven by sale of higher specification valves. The average selling price per unit of valves increased by approximately RM237.90 per unit from RM153.60 per unit in FPE 2022 to RM391.50 per unit in FPE 2023. The increase in revenue was partially offset by the lower revenue in tubes & fittings, attributed to lower sales volume by 17,500 units from 62,300 units in FPE 2022 to 44,800 units in FPE 2023, as a result of completion of installation of production lines for 2 of our existing customers' (i.e. DTerm (M) Sdn Bhd and GL Fabrication Works Sdn Bhd, all of which are project consultants) industrial end-customers' F&B plants in FYE 2022.

Our approximate average selling prices and sales volume by product segments are illustrated below:

| Product segments                      | FPE 2022                                                       |  | FPE 2023 |  | FPE 2022                                        |         | FPE 2023 |         |
|---------------------------------------|----------------------------------------------------------------|--|----------|--|-------------------------------------------------|---------|----------|---------|
|                                       | Approximate average selling price per unit <sup>(1)</sup> (RM) |  |          |  | Approximate sales volume (units) <sup>(2)</sup> |         |          |         |
| Tubes & fittings                      | 57.60                                                          |  | 65.00    |  | 164,700                                         | 154,600 |          | (6.1)   |
| Valves                                | 252.40                                                         |  | 332.20   |  | 7,900                                           | 6,600   |          | (16.5)  |
| Installation components & equipment   | 497.00                                                         |  | 128.40   |  | 1,900                                           | 5,700   |          | 200.0   |
| Rubber hoses                          | 353.50                                                         |  | 496.10   |  | 1,700                                           | 1,500   |          | (11.8)  |
| Other related products <sup>(3)</sup> | 148.60                                                         |  | 80.90    |  | 3,000                                           | 33,500  |          | 1,016.7 |

### Notes:

- <sup>(1)</sup> Calculated based on total sales for each product segment divided by total sales volume for each product segment, and subsequently rounded to the nearest ten cents.
- <sup>(2)</sup> Rounded to the nearest hundred.

## 12. FINANCIAL INFORMATION (Cont'd)

<sup>(3)</sup> Comprises non-sanitary stainless steel products such as square hollow sections, pipes & fittings, plates and industrial hardware.

### (b) Cost of sales, GP and GP margin

#### Analysis of cost of sales by product segments

|                                       | Audited       |              |               |              | Unaudited     |              |               |              |
|---------------------------------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|
|                                       | FYE 2019      |              | FYE 2020      |              | FYE 2021      |              | FYE 2022      |              |
|                                       | RM'000        | %            | RM'000        | %            | RM'000        | %            | RM'000        | %            |
| Tubes & fittings                      | 14,744        | 75.9         | 16,044        | 79.2         | 8,770         | 76.1         | 13,603        | 73.9         |
| Valves                                | 3,019         | 15.6         | 2,345         | 11.6         | 1,193         | 10.3         | 2,449         | 13.3         |
| Installation components & equipment   | 682           | 3.5          | 1,184         | 5.8          | 802           | 7.0          | 1,007         | 5.5          |
| Rubber hoses                          | 398           | 2.0          | 361           | 1.8          | 350           | 3.0          | 525           | 2.8          |
| Other related products <sup>(1)</sup> | 575           | 3.0          | 323           | 1.6          | 414           | 3.6          | 838           | 4.5          |
|                                       | <b>19,418</b> | <b>100.0</b> | <b>20,257</b> | <b>100.0</b> | <b>11,529</b> | <b>100.0</b> | <b>18,422</b> | <b>100.0</b> |
|                                       |               |              |               |              |               |              | <b>6,405</b>  | <b>100.0</b> |
|                                       |               |              |               |              |               |              | <b>7,885</b>  | <b>100.0</b> |

#### Note:

<sup>(1)</sup> Comprises non-sanitary stainless steel products such as square hollow sections, pipes & fittings, plates and industrial hardware.

Our cost of sales comprise purchases from our third-party manufacturers/supplier, custom duties, rental and maintenance of warehouses and transportation costs, the breakdown of which are set out below:

|                                      | Audited       |              |               |              | Unaudited     |              |               |              |
|--------------------------------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|
|                                      | FYE 2019      |              | FYE 2020      |              | FYE 2021      |              | FYE 2022      |              |
|                                      | RM'000        | %            | RM'000        | %            | RM'000        | %            | RM'000        | %            |
| Purchases                            | 17,346        | 89.3         | 18,151        | 89.6         | 10,060        | 87.3         | 15,657        | 85.0         |
| Custom duties                        | 728           | 3.8          | 675           | 3.3          | 418           | 3.6          | 758           | 4.1          |
| Rental and maintenance of warehouses | 78            | 0.4          | 24            | 0.1          | 15            | 0.1          | 206           | 1.1          |
| Transportation costs                 | 1,266         | 6.5          | 1,407         | 7.0          | 1,036         | 9.0          | 1,801         | 9.8          |
|                                      | <b>19,418</b> | <b>100.0</b> | <b>20,257</b> | <b>100.0</b> | <b>11,529</b> | <b>100.0</b> | <b>18,422</b> | <b>100.0</b> |
|                                      |               |              |               |              |               |              | <b>6,405</b>  | <b>100.0</b> |
|                                      |               |              |               |              |               |              | <b>7,885</b>  | <b>100.0</b> |

## 12. FINANCIAL INFORMATION (Cont'd)

We generally fix our products pricing to our end-customers after taking into consideration, amongst others, price referencing with other market players, price negotiations with our customers, retention of our existing customers as well as the value of quotation orders to be secured. We also generally quote our products with competitive pricing in the event the quantum of the quotation order is large. We may not fully pass on any fluctuation in purchase cost to our customers to remain competitive.

### Analysis of GP and GP margin by product segments

|                                        | Audited       |             |               |              |               |             | Unaudited     |             |              |              |              |             |
|----------------------------------------|---------------|-------------|---------------|--------------|---------------|-------------|---------------|-------------|--------------|--------------|--------------|-------------|
|                                        | FYE 2019      |             |               | FYE 2020     |               |             | FYE 2021      |             |              | FYE 2022     |              |             |
|                                        | GP<br>RM'000  | margin<br>% |               | GP<br>RM'000 | margin<br>%   |             | GP<br>RM'000  | margin<br>% |              | GP<br>RM'000 | margin<br>%  |             |
| Tubes & fittings                       | 14,311        | 49.3        | 13,281        | 45.3         | 16,050        | 64.7        | 19,336        | 58.7        | 4,948        | 52.2         | 5,568        | 55.4        |
| Valves                                 | 2,769         | 47.8        | 2,623         | 52.8         | 3,660         | 75.4        | 3,893         | 61.4        | 1,083        | 54.0         | 1,330        | 60.4        |
| Installation components<br>& equipment | 1,462         | 68.2        | 1,043         | 46.8         | 1,491         | 65.0        | 1,501         | 59.8        | 466          | 50.3         | 432          | 59.1        |
| Rubber hoses                           | 1,481         | 78.8        | 1,310         | 78.4         | 1,352         | 79.4        | 1,532         | 74.5        | 426          | 69.7         | 511          | 69.8        |
| Other related products <sup>(1)</sup>  | 754           | 56.7        | 290           | 47.3         | 277           | 40.1        | 336           | 28.6        | 143          | 31.7         | 703          | 26.0        |
|                                        | <b>20,777</b> | <b>51.7</b> | <b>18,547</b> | <b>47.8</b>  | <b>22,830</b> | <b>66.4</b> | <b>26,598</b> | <b>59.1</b> | <b>7,066</b> | <b>52.5</b>  | <b>8,544</b> | <b>52.0</b> |

#### Note:

<sup>(1)</sup> Comprises non-sanitary stainless steel products such as square hollow sections, pipes & fittings, plates and industrial hardware.

### Comparison between FYE 2019 and FYE 2020

Although our Group's revenue decreased by RM1.40 million or 3.5% from RM40.20 million for FYE 2019 to RM38.80 million in FYE 2020, our Group's total cost of sales increased by RM0.84 million or 4.3% from RM19.42 million in FYE 2019 to RM20.26 million in FYE 2020. This was mainly attributable to the following:

- (i) cost of sales for tubes & fittings increased by RM1.30 million or 8.8% from RM14.74 million in FYE 2019 to RM16.04 million in FYE 2020. The increase in the cost of sales was mainly driven by purchases of higher specification tubes & fittings (better corrosion resistance) for our Singapore customers, which has an average cost of sale per unit by RM3.20 per unit or 14.2% from RM22.60 per unit in FYE 2019 to RM25.80 per unit in FYE 2020.



## 12. FINANCIAL INFORMATION (Cont'd)

Our GP contribution for tubes & fittings decreased by RM1.03 million or 7.2% from RM14.31 million in FYE 2019 to RM13.28 million in FYE 2020 mainly due to more competitive pricing to secure the project orders from the abovementioned Singapore customers for the installation of production lines for 2 F&B plants. This has also led to an overall decrease in GP margin for tubes & fittings by 4.0% from 49.3% in FYE 2019 to 45.3% in FYE 2020;

(ii) cost of sales for valves decreased by RM0.67 million or 22.2% from RM3.02 million in FYE 2019 to RM2.35 million in FYE 2020 mainly driven by the decrease in revenue contribution from valves.

Our GP contribution for valves decreased by RM0.15 million or 5.4% from RM2.77 million in FYE 2019 to RM2.62 million in FYE 2020 mainly due to the decrease in revenue contribution from valves. However, our GP margin for valves has increased by 5.0% from 47.8% in FYE 2019 to 52.8% in FYE 2020 mainly due to lower average cost of sale per unit by RM12.20 per unit or 13.4% from RM91.20 per unit in FYE 2019 to RM79.00 per unit in FYE 2020 due to purchases of valves from MVFM TW (a subsidiary of MST MY at that point of time) who offered competitive pricing;

(iii) cost of sales for installation components & equipment increased by RM0.50 million or 73.5% from RM0.68 million in FYE 2019 to RM1.18 million in FYE 2020. The increase in the cost of sales was due to increase in purchases of installation components & equipment with higher specification from our overseas suppliers.

Our GP contribution for installation components & equipment decreased by RM0.42 million or 28.8% from RM1.46 million in FYE 2019 to RM1.04 million in FYE 2020, mainly due to increase in purchase cost as the average cost of sale per unit increased by RM121.00 per unit or 91.8% from RM131.80 per unit in FYE 2019 to RM252.80 per unit in FYE 2020. As such, our GP margin decreased by 21.4% from 68.2% in FYE 2019 to 46.8% in FYE 2020;

(iv) cost of sales for rubber hoses decreased marginally by RM0.04 million or 10.0% from RM0.40 million in FYE 2019 to RM0.36 million in FYE 2020 mainly driven by the decrease in revenue contribution from rubber hoses. There was no major fluctuation in GP margin for rubber hoses for FYE 2019 and FYE 2020; and

(v) cost of sales for non-sanitary stainless steel products decreased by RM0.26 million or 44.8% from RM0.58 million in FYE 2019 to RM0.32 million in FYE 2020 mainly driven by the decrease in revenue contribution from non-sanitary stainless steel products. We generally supply such products to our existing customers as part of a value-added service to assist them in sourcing for various non-sanitary stainless steel products as and when requested.

Our GP contribution for non-sanitary stainless steel products decreased by RM0.46 million or 61.3% from RM0.75 million in FYE 2019 to RM0.29 million in FYE 2020 mainly driven by lower sales. Our GP margin for non-sanitary stainless steel products decreased by 9.4% from 56.7% in FYE 2019 to 47.3% in FYE 2020 mainly driven by sales according to our existing customers' requirement of lower value product mix such as non-sanitary products (i.e. cable tray, flat bar, angle bar) and industrial hardware (i.e. nuts and bolts).

## 12. FINANCIAL INFORMATION (Cont'd)

Our approximate average cost of sales by product segments are illustrated below:

| Product segments                      | FYE 2019                                                             | FYE 2020 | % change |
|---------------------------------------|----------------------------------------------------------------------|----------|----------|
|                                       | Approximate average cost of sales<br>per unit <sup>(1)</sup><br>(RM) |          |          |
| Tubes & fittings                      | 22.60                                                                | 25.80    | 14.2     |
| Valves                                | 91.20                                                                | 79.00    | (13.4)   |
| Installation components & equipment   | 131.80                                                               | 252.80   | 91.8     |
| Rubber hoses                          | 59.50                                                                | 98.60    | 65.7     |
| Other related products <sup>(1)</sup> | 84.00                                                                | 72.00    | (14.3)   |

### Notes:

- (1) Calculated based on total cost of sales for each product segment divided by total sales volume for each product segment.
- (2) Comprises non-sanitary stainless steel products such as square hollow sections, plates and industrial hardware.

### Comparison between FYE 2020 and FYE 2021

Our Group's total cost of sales decreased by RM8.73 million or 43.1% from RM20.26 million in FYE 2020 to RM11.53 million in FYE 2021, mainly attributable to:

- (i) cost of sales for tubes & fittings decreased by RM7.27 million or 45.3% from RM16.04 million in FYE 2020 to RM8.77 million in FYE 2021. The decrease in cost of sales was due to lower revenue contribution from tubes & fittings coupled with the decrease in average cost of sale per unit by RM10.60 per unit or 41.1% from RM25.80 per unit in FYE 2020 to RM15.20 per unit in FYE 2021 as a result of inventories which was sourced prior to the increase in stainless steel price.
- Our GP contribution for tubes & fittings increased by RM2.77 million or 20.9% from RM13.28 million in FYE 2020 to RM16.05 million in FYE 2021 mainly driven by the lower cost of sales as mentioned above. As such, our GP margin increased by 19.4% from 45.3% in FYE 2020 to 64.7% in FYE 2021;
- (ii) cost of sales for valves decreased by RM1.16 million or 49.4% from RM2.35 million in FYE 2020 to RM1.19 million in FYE 2021. The decrease in cost of sales was due to lower revenue contribution from valves coupled with the decrease in average cost of sale per unit by RM39.00 per unit or 49.4% from RM79.00 per unit in FYE 2020 to RM40.00 per unit in FYE 2021 as a result of inventories which was sourced prior to the increase in stainless steel price.



## 12. FINANCIAL INFORMATION (Cont'd)

Our GP contribution for valves increased by RM1.04 million or 39.7% from RM2.62 million in FYE 2020 to RM3.66 million in FYE 2021 mainly driven by the lower cost of sales as mentioned above. As such, our GP margin increased by 22.6% from 52.8% in FYE 2020 to 75.4% in FYE 2021;

(iii) cost of sales for installation components & equipment decreased by RM0.38 million or 32.2% from RM1.18 million in FYE 2020 to RM0.80 million in FYE 2021. The decrease in the cost of sales was mainly due to decrease in average cost of sale per unit by RM76.70 per unit or 30.3% from RM252.80 per unit in FYE 2020 to RM176.10 per unit in FYE 2021 as a result of inventories which was sourced prior to the increase in stainless steel price.

Our GP contribution for installation components & equipment increased by RM0.45 million or 43.3% from RM1.04 million in FYE 2020 to RM1.49 million in FYE 2021 mainly driven by the increase in revenue contribution from installation components & equipment. We were able to increase our selling price for installation components & equipment with higher specifications sold to our Indonesian customers, (i.e. PT Desain Terminal Indonesia and PT Mecco Inoxprima). The increase in our selling price coupled with lower average cost of sale per unit resulted in our GP margin to increase by 18.2% from 46.8% in FYE 2020 to 65.0% in FYE 2021;

(iv) cost of sales for rubber hoses marginally decreased by RM0.01 million or 2.8% from RM0.36 million in FYE 2020 to RM0.35 million in FYE 2021. The decrease in cost of sales was mainly due to decrease in average cost of sale per unit as we were able to secure the rubber hoses from our local suppliers at competitive prices. There was no major fluctuation in GP and GP margin for rubber hoses for FYE 2020 and FYE 2021; and

(v) cost of sales for non-sanitary stainless steel products increased marginally by RM0.09 million or 28.1% from RM0.32 million in FYE 2020 to RM0.41 million in FYE 2021 mainly driven by the higher revenue contribution from non-sanitary stainless steel products. Our GP margin for non-sanitary stainless steel products decreased by 7.2% from 47.3% in FYE 2020 to 40.1% in FYE 2021 mainly driven by the sales according to our existing customers' requirement of lower value product mix (i.e., nuts, bolts, socket and flat washers). Such products have a lower average selling price per unit by RM60.60 or 44.3% from RM136.70 in FYE 2020 to RM76.10 in FYE 2021.

Our approximate average cost of sales by product segments are illustrated below:

| Product segments                      | FYE 2020                                                             | FYE 2021 | % change |
|---------------------------------------|----------------------------------------------------------------------|----------|----------|
|                                       | Approximate average cost of sales<br>per unit <sup>(1)</sup><br>(RM) |          |          |
| Tubes & fittings                      | 25.80                                                                | 15.20    | (41.1)   |
| Valves                                | 79.00                                                                | 40.00    | (49.4)   |
| Installation components & equipment   | 252.80                                                               | 176.00   | (30.3)   |
| Rubber hoses                          | 98.60                                                                | 80.50    | (18.4)   |
| Other related products <sup>(1)</sup> | 72.00                                                                | 45.70    | (36.5)   |

**12. FINANCIAL INFORMATION (Cont'd)**

**Notes:**

- (1) Calculated based on total cost of sales for each product segment divided by total sales volume for each product segment.
- (2) Comprises non-sanitary stainless steel products such as square hollow sections, plates and industrial hardware.

**Comparison between FYE 2021 and FYE 2022**

Our Group's total cost of sales increased by RM6.89 million or 59.8% from RM11.53 million in FYE 2021 to RM18.42 million in FYE 2022. The increase in the cost of sales was mainly attributable to:

- (i) cost of sales for tubes & fittings increased by RM4.83 million or 55.1% from RM8.77 million in FYE 2021 to RM13.60 million in FYE 2022. The increase in the cost of sales was mainly driven by higher revenue contribution of tubes & fittings coupled with an increase in stainless steel price and price adjustment by our overseas suppliers, particularly those from China due to the withdrawal of export rebate by the Chinese government effective from 1 May 2021 (which in turn increased the average cost of sale per unit by RM12.30 per unit or 80.9% from RM15.20 per unit in FYE 2021 to RM27.50 per unit in FYE 2022). The price adjustment by our other overseas suppliers was mainly due to the price hike in stainless steel.

Our GP contribution from tubes & fittings increased by RM3.29 million or 20.5% from RM16.05 million in FYE 2021 to RM19.34 million in FYE 2022 mainly driven by the increase in revenue contribution of tubes & fittings. Our GP margin decreased by 6.0% from 64.7% in FYE 2021 to 58.7% in FYE 2022 due to higher cost of sales as mentioned above;

- (ii) cost of sales for valves increased by RM1.26 million or 105.9% from RM1.19 million in FYE 2021 to RM2.45 million in FYE 2022. This was mainly driven by higher revenue contribution from valves coupled with higher purchase cost for valves with higher specification (which in turn increased the average cost of sale per unit by RM60.50 per unit or 151.3% from RM40.00 per unit in FYE 2021 to RM100.50 per unit in FYE 2022).

Our GP contribution from valves increased by RM0.23 million or 6.3% from RM3.66 million in FYE 2021 to RM3.89 million in FYE 2022 mainly driven by the increase in revenue contribution of valves. Our GP margin decreased by 14.0% from 75.4% in FYE 2021 to 61.4% in FYE 2022 mainly due to higher purchase cost of valves with different specification for FYE 2022 as compared to FYE 2021. However, we did not fully pass on the purchase cost fluctuation to our customers to remain competitive;

**12. FINANCIAL INFORMATION (Cont'd)**

- (iii) cost of sales for installation components & equipment increased by RM0.21 million or 26.3% from RM0.80 million in FYE 2021 to RM1.01 million in FYE 2022. The increase in cost of sales was mainly driven by higher purchase cost for installation components & equipment due to the global increase in stainless steel price coupled with a price adjustment by our overseas suppliers, particularly those from China due to the withdrawal of export rebate by the Chinese government effective from 1 May 2021 (which in turn increased the average cost of sale per unit by RM26.90 per unit or 15.3% from RM176.10 per unit in FYE 2021 to RM203.00 per unit in FYE 2022). The price adjustment by our other overseas suppliers was mainly due to the price hike in stainless steel.
- Our GP contribution from installation components & equipment increased by RM0.01 million or 0.7% from RM1.49 million in FYE 2021 to RM1.50 million in FYE 2022, mainly driven by the increase in revenue contribution of installation components & equipment. As we did not fully pass on the purchase cost fluctuation to our customers to remain competitive, our GP margin decreased by 5.2% from 65.0% in FYE 2021 to 59.8% in FYE 2022;
- (iv) cost of sales for rubber hoses increased by RM0.18 million or 51.4% from RM0.35 million in FYE 2021 to RM0.53 million in FYE 2022. The increase in cost of sales was mainly due to higher purchase cost for rubber hoses as a result of increase in cost of synthetic rubber (which in turn increased the average cost of sale per unit by RM10.30 per unit or 12.8% from RM80.50 per unit in FYE 2021 to RM90.80 per unit in FYE 2022).
- Our GP contribution from rubber hoses increased by RM0.18 million or 13.3% from RM1.35 million in FYE 2021 to RM1.53 million in FYE 2022 mainly due to the mainly driven by the increase in revenue contribution of rubber hoses. Our GP margin decreased by 4.9% from 79.4% in FYE 2021 to 74.5% in FYE 2022 mainly due to the higher purchase cost for rubber hoses which we did not pass on to our customers; and
- (v) cost of sales for non-sanitary stainless steel products increased by RM0.43 million or 104.9% from RM0.41 million in FYE 2021 to RM0.84 million in FYE 2022 mainly driven by the higher revenue contribution from non-sanitary stainless steel products. Our GP margin for non-sanitary stainless steel products decreased by 11.5% from 40.1% in FYE 2021 to 28.6% in FYE 2022 mainly driven by the sales of higher value product mix in accordance to our customers' requirements (i.e. square hollow and plates). Such products sold in FYE 2022 has a higher average cost of sale per unit by RM5.40 or 11.8% from RM45.70 in FYE 2021 to RM51.10 in FYE 2022.

## 12. FINANCIAL INFORMATION (Cont'd)

Our approximate average cost of sales by product segments are illustrated below:

| Product segments                      | FYE 2021                                        | FYE 2022                                        | % change |
|---------------------------------------|-------------------------------------------------|-------------------------------------------------|----------|
|                                       | Approximate average cost of sales per unit (RM) | Approximate average cost of sales per unit (RM) |          |
| Tubes & fittings                      | 15.20                                           | 27.50                                           | 80.9     |
| Valves                                | 40.00                                           | 100.50                                          | 151.3    |
| Installation components & equipment   | 176.10                                          | 203.00                                          | 15.3     |
| Rubber hoses                          | 80.50                                           | 90.80                                           | 12.8     |
| Other related products <sup>(1)</sup> | 45.70                                           | 51.10                                           | 11.8     |

### Notes:

- (1) Calculated based on total cost of sales for each product segment divided by total sales volume for each product segment.
- (2) Comprises non-sanitary stainless steel products such as square hollow sections, plates and industrial hardware.

### Comparison between FPE 2022 and FPE 2023

Our Group's total cost of sales increased by RM1.48 million or 23.1% from RM6.41 million in FPE 2022 to RM7.89 million in FPE 2023. The increase in the cost of sales was mainly attributable to:

- (i) cost of sales for tubes & fittings decreased by RM0.04 million or 0.9% from RM4.53 million in FPE 2022 to RM4.49 million in FPE 2023. The decrease in the cost of sales was mainly due to lower sales volume of tubes & fittings in Indonesia and Malaysia as a result of completion of installation of production lines for our industrial end-customers' F&B plants in FYE 2022, coupled with shorter working days arising from Hari Raya Aidilfitri festive season which fell in May 2022 (not within FPE 2022) and April 2023 (within FPE 2023).

Our GP contribution from tubes & fittings increased by RM0.62 million or 12.5% from RM4.95 million in FPE 2022 to RM5.57 million in FPE 2023 mainly driven by the overall increase in revenue contribution of tubes & fittings. Our GP margin increased by 3.2% from 52.2% in FPE 2022 to 55.4% in FPE 2023 mainly due to higher selling price arising from sale of inventories purchased in FYE 2022;

**12. FINANCIAL INFORMATION (Cont'd)**

- (ii) cost of sales for valves decreased by RM0.05 million or 5.4% from RM0.92 million in FPE 2022 to RM0.87 million in FPE 2023. The decrease in the cost of sales was mainly driven by lower sales volume of valves in Malaysia as a result of completion of installation of production lines for our industrial end-customers' F&B plants in FPE 2022, coupled with shorter working days arising from Hari Raya Aidilfitri festive season which fell in May 2022 (not within FPE 2022) and April 2023 (within FPE 2023).
- Our GP contribution from valves increased by RM0.25 million or 23.1% from RM1.08 million in FPE 2022 to RM1.33 million in FPE 2023 mainly driven by the increase in revenue contribution of valves. Our GP margin increased by 6.4% from 54.0% in FPE 2022 to 60.4% in FPE 2023 mainly due to higher selling price arising from sale of inventories purchased in FYE 2022;
- (iii) cost of sales for installation components & equipment decreased by RM0.16 million or 34.8% from RM0.46 million in FPE 2022 to RM0.30 million in FPE 2023 mainly due to lower revenue contribution coupled with purchases of installation components & equipment with lower value product mix from our overseas suppliers.
- Our GP contribution from installation components & equipment decreased by RM0.04 million or 8.5% from RM0.47 million in FPE 2022 to RM0.43 million in FPE 2023 as a result of lower revenue contribution of installation components & equipment. Our GP margin increased by 8.8% from 50.3% in FPE 2022 to 59.1% in FPE 2023 mainly due to sales of lower value products such as filtration equipment accessories which lowered our average cost of sales per unit by RM194.70 from RM247.20 per unit in FPE 2022 to RM152.50 per unit in FPE 2023;
- (iv) cost of sales for rubber hoses increased marginally by RM0.03 million or 15.9% from RM0.19 million in FPE 2022 to RM0.22 million in FPE 2023 mainly driven by the increase in revenue contribution from rubber hoses. There was no major fluctuation in GP margin for rubber hoses for FPE 2022 and FPE 2023; and
- (v) cost of sales for non-sanitary stainless steel products increased by RM1.69 million or 545.2% from RM0.31 million in FPE 2022 to RM2.00 million in FPE 2023 mainly driven by the higher revenue contribution from non-sanitary stainless steel products such as square hollow sections and pipes & fittings (high value product mix) and bolts, nuts and sockets (low value product mix) for an Indonesian customer (i.e. Tetra Pak Group).
- Our GP margin for non-sanitary stainless steel products decreased by 5.7% from 31.7% in FPE 2022 to 26.0% in FPE 2023 mainly driven by larger sales volume of non-sanitary stainless steel products sold which we have offered competitive pricing for bulk purchase by Tetra Pak Group. Such products have a lower average selling price per unit by RM148.60 in FPE 2022 to RM80.90 in FPE 2023.

**12. FINANCIAL INFORMATION (Cont'd)**

Our approximate average cost of sales by product segments are illustrated below:

| Product segments                      | FPE 2022                                        | FPE 2023                                        | % change |
|---------------------------------------|-------------------------------------------------|-------------------------------------------------|----------|
|                                       | Approximate average cost of sales per unit (RM) | Approximate average cost of sales per unit (RM) |          |
| Tubes & fittings                      | 27.50                                           | 29.00                                           | 5.5      |
| Valves                                | 116.10                                          | 131.50                                          | 13.3     |
| Installation components & equipment   | 247.20                                          | 52.50                                           | (78.8)   |
| Rubber hoses                          | 106.80                                          | 149.80                                          | 40.3     |
| Other related products <sup>(1)</sup> | 101.30                                          | 59.90                                           | (40.9)   |

**Notes:**

- (1) Calculated based on total cost of sales for each product segment divided by total sales volume for each product segment.
- (2) Comprises non-sanitary stainless steel products such as square hollow sections, pipes & fittings, plates and industrial hardware.

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**12. FINANCIAL INFORMATION (Cont'd)**

**(c) Other income**

|                                                                 | FYE 2019     |              | FYE 2020     |              | FYE 2021     |              | FYE 2022     |              | Unaudited<br>FPE 2022 |              | Audited<br>FPE 2023 |              |
|-----------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------------|--------------|---------------------|--------------|
|                                                                 | RM'000       | %            | RM'000       | %            | RM'000       | %            | RM'000       | %            | RM'000                | %            | RM'000              | %            |
| Gain on disposal of property, plant and equipment               | -            | -            | -            | -            | 601          | 34.1         | 2,063        | 50.3         | 69                    | 14.0         | 135                 | 21.4         |
| Gain on disposal of right-of-use assets                         | 105          | 2.6          | -            | -            | -            | -            | -            | -            | -                     | -            | -                   | -            |
| Gain on fair value change of investment property <sup>(1)</sup> | 1,283        | 31.8         | -            | -            | -            | -            | -            | -            | -                     | -            | -                   | -            |
| Gain on disposal of an associate company <sup>(2)</sup>         | 1,800        | 44.6         | -            | -            | -            | -            | -            | -            | -                     | -            | -                   | -            |
| Reversal of overprovision of employee benefits                  | -            | -            | -            | -            | 116          | 6.6          | 56           | 1.4          | 44                    | 8.9          | -                   | -            |
| Gain in foreign exchange                                        | -            | -            | -            | -            | -            | -            | -            | -            | -                     | -            | -                   | -            |
| - realised                                                      | 347          | 8.6          | 414          | 30.0         | 135          | 7.7          | 936          | 22.8         | 198                   | 40.3         | 301                 | 47.8         |
| - unrealised                                                    | 63           | 1.6          | 381          | 27.6         | 371          | 21.0         | 168          | 4.1          | 46                    | 9.3          | 64                  | 10.2         |
| Government grant <sup>(3)</sup>                                 | 4            | 0.1          | 263          | 19.1         | 107          | 6.1          | 2            | <0.1         | 2                     | 0.4          | -                   | -            |
| Rental income                                                   | 368          | 9.1          | 265          | 19.2         | 388          | 22.0         | 387          | 9.4          | 129                   | 26.3         | 129                 | 20.5         |
| Gain on disposal of scraps                                      | 5            | 0.1          | -            | -            | -            | -            | 300          | 7.3          | -                     | -            | -                   | -            |
| Insurance claims <sup>(4)</sup>                                 | -            | -            | -            | -            | 10           | 0.6          | 121          | 2.9          | -                     | -            | -                   | -            |
| Others <sup>(5)</sup>                                           | 59           | 1.5          | 57           | 4.1          | 34           | 1.9          | 73           | 1.8          | 4                     | 0.8          | 1                   | 0.1          |
|                                                                 | <b>4,034</b> | <b>100.0</b> | <b>1,380</b> | <b>100.0</b> | <b>1,762</b> | <b>100.0</b> | <b>4,106</b> | <b>100.0</b> | <b>492</b>            | <b>100.0</b> | <b>630</b>          | <b>100.0</b> |

**Notes:**

- (1) Relates to gain of change in fair value of investment property from evaluation of an investment property in The Cube, Puchong, Selangor.
- (2) Relates to gain of disposal of an associate company, Everich Group Limited which was principally involved in trading of stainless steel tubes and valves.
- (3) Relates to wages subsidy from the Government and Singaporean government, which provides financial assistance to small and medium sized enterprises during the COVID-19 pandemic.

## 12. FINANCIAL INFORMATION (Cont'd)

- (4) Comprise of insurance claims in respect of a break-in incident and defect for goods in transit.
- (5) Comprise mainly of discount received, rental concessions and rebates, order cancellation charges and gain on early termination of hire purchase facility.

### Comparison between FYE 2019 and FYE 2020

For FYE 2020, our other income decreased by RM2.65 million or 65.8% to RM1.38 million (FYE 2019: RM4.03 million). The decrease was mainly due to:

- (i) one-off gain on fair value change of investment property in The Cube, Puchong, Selangor of RM1.28 million in FYE 2019; and
- (ii) one-off gain in disposal of investment in an associate company, Everich Group Limited of RM1.80 million in FYE 2019.

However, the decrease was partially offset by realised and unrealised gain in foreign exchange of RM0.39 million mainly due to the depreciation of USD against RM in FYE 2020 arising from translation of USD denominated payables as at FYE 2020 increase of government grant of RM0.26 million.

### Comparison between FYE 2020 and FYE 2021

For FYE 2021, our other income increased by RM0.38 million or 27.5% to RM1.76 million (FYE 2020: RM1.38 million). The increase was mainly due to:

- (i) one-off gain on disposal of a leasehold property on Old Toh Tuck Road, Singapore of RM0.54 million in FYE 2021;
- (ii) increase in rental income by RM0.12 million as the investment property in The Cube, Puchong, Selangor was occupied for the full year in FYE 2021, as opposed to 6 months in FYE 2020; and
- (iii) a reversal of overprovision of employee benefits in Minox ID by RM0.12 million.

However, the increase was partially mitigated by decrease in realised gain in foreign exchange of RM0.30 million mainly due to the appreciation of USD against RM in FYE 2021 arising from our purchases transacted in USD and decrease in government grant of RM0.16 million.



**12. FINANCIAL INFORMATION (Cont'd)**

**Comparison between FYE 2021 and FYE 2022**

For FYE 2022, our other income increased by RM2.35 million or 133.5% to RM4.11 million (FYE 2021: RM1.76 million). The increase was mainly due to:

- (i) increase in gain on disposal of property, plant and equipment of RM1.46 million mainly due to one-off gain on disposal of our previous warehouse erected on 2 pieces of freehold land in Melaka. Further details are as set out in Section 6.5(c);
- (ii) increase in realised and unrealised gain in foreign exchange of RM0.60 million mainly due to the appreciation of USD against RM in FYE 2022 arising from our sales transacted in USD and disposal of investment in MVFM TW;
- (iii) one-off gain on disposal of scraps of RM0.30 million; and
- (iv) increase in insurance claim of RM0.11 million mainly due to compensation received for the break-in incident in Warehouse 2.

**Comparison between FPE 2022 and FPE 2023**

For FPE 2023, our other income increased by RM0.14 million or 28.6% to RM0.63 million (FPE 2022: RM0.49 million). The increase was mainly due to:

- (i) increase in realised and unrealised gain in foreign exchange of RM0.12 million mainly due to the appreciation of USD against RM in FPE 2023 arising from our sales transacted in USD; and
- (ii) increase in gain on disposal of property, plant and equipment of RM0.07 million mainly due to disposal of a motor vehicle.

However, the increase was partially offset by a reversal of overprovision of employee benefits in Minox TH by RM0.04 million which occurred in FPE 2022, but did not recur in FPE 2023.

**12. FINANCIAL INFORMATION (Cont'd)**

**(d) Selling and marketing expenses**

|                                       | Audited      |              |              |              | Unaudited    |              |              |              |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                       | FYE 2019     |              | FYE 2020     |              | FYE 2021     |              | FYE 2022     |              |
|                                       | RM'000       | %            | RM'000       | %            | RM'000       | %            | RM'000       | %            |
| Travelling and accommodation expenses | 810          | 41.8         | 547          | 36.1         | 445          | 32.2         | 699          | 33.6         |
| Marketing and promotional expenses    | 167          | 8.6          | 158          | 10.4         | 17           | 1.2          | 146          | 7.0          |
| Sales commissions <sup>(1)</sup>      | 963          | 49.6         | 810          | 53.5         | 922          | 66.6         | 1,236        | 59.4         |
|                                       | <b>1,940</b> | <b>100.0</b> | <b>1,515</b> | <b>100.0</b> | <b>1,384</b> | <b>100.0</b> | <b>2,081</b> | <b>100.0</b> |
|                                       |              |              |              |              |              |              | <b>564</b>   | <b>100.0</b> |
|                                       |              |              |              |              |              |              | <b>697</b>   | <b>100.0</b> |

**Note:**

- <sup>(1)</sup> Relates to payment of sales commissions as incentives to our employees which are involved in our supply chain and collections of our trade receivables (e.g. sales & marketing team; warehousing team and finance & accounting team).

**Comparison between FYE 2019 and FYE 2020**

Our selling and marketing expenses decreased by RM0.42 million or 21.6% from RM1.94 million in FYE 2019 to RM1.52 million in FYE 2020. Such decrease was mainly due to travel restrictions during the COVID-19 pandemic, as follows:

- (i) decrease in travelling and accommodation expenses of RM0.26 million due to reduced sales activities; and
- (ii) decrease in sales commissions of RM0.15 million due to delay in collection of receivables.

**Comparison between FYE 2020 and FYE 2021**

Our selling and marketing expenses decreased marginally by RM0.14 million or 9.2% from RM1.52 million in FYE 2020 to RM1.38 million in FYE 2021. Such decrease was mainly due to:

- (i) decrease in travelling and accommodation expenses of RM0.10 million as a result of restriction of physical meetings with customers; and

**12. FINANCIAL INFORMATION (Cont'd)**

- (ii) decrease in marketing and promotional expenses of RM0.14 million mainly due to lesser marketing activities such as attending trade exhibitions.

However, such decrease was partially offset by increase in sales commissions of RM0.11 million, due to better collection of receivables during the year.

**Comparison between FYE 2021 and FYE 2022**

Our selling and marketing expenses increased by RM0.70 million or 50.7% from RM1.38 million in FYE 2021 to RM2.08 million in FYE 2022. Such increase was mainly due to:

- (i) increase in travelling and accommodation expenses and marketing and promotional expenses of RM0.38 million arising from the upliftment of travel restrictions which allowed us to re-participate in physical trade exhibitions; and
- (ii) increase in sales commissions of RM0.31 million due to better collection of receivables during the year.

**Comparison between FPE 2022 and FPE 2023**

Our selling and marketing expenses increased by RM0.14 million or 25.0% from RM0.56 million in FPE 2022 to RM0.70 million in FPE 2023. Such increase was mainly due to:

- (i) increase in sales commission of RM0.09 million due to better collection of receivables during FPE 2023; and
- (ii) increase in travelling and accommodation expenses and marketing and promotional expenses of RM0.04 million mainly arising from increased number of physical meetings with overseas customers and more marketing activities such as attending trade exhibitions.

**12. FINANCIAL INFORMATION (Cont'd)**

**(e) Administrative expenses**

|                                       | FYE 2019      |              |      |  | Audited       |              |      |  | FYE 2020      |              |      |  | FYE 2021      |              |      |  | FYE 2022     |              |      |  | Unaudited    |              |      |  | Audited      |              |      |  |
|---------------------------------------|---------------|--------------|------|--|---------------|--------------|------|--|---------------|--------------|------|--|---------------|--------------|------|--|--------------|--------------|------|--|--------------|--------------|------|--|--------------|--------------|------|--|
|                                       | RM'000        |              | %    |  | RM'000        |              | %    |  | RM'000        |              | %    |  | RM'000        |              | %    |  | RM'000       |              | %    |  | RM'000       |              | %    |  | RM'000       |              | %    |  |
|                                       |               |              |      |  |               |              |      |  |               |              |      |  |               |              |      |  |              |              |      |  |              |              |      |  |              |              |      |  |
| Bad debts written off                 | 18            |              | 0.2  |  | 6             |              | <0.1 |  |               |              |      |  |               |              |      |  |              |              |      |  |              |              |      |  |              |              |      |  |
| Depreciation expenses                 | 1,524         |              | 13.2 |  | 1,812         |              | 15.3 |  | 1,725         |              | 15.0 |  | 1,801         |              | 12.8 |  | 473          |              | 10.2 |  | 721          |              | 12.5 |  | 721          |              | 12.5 |  |
| Insurance                             | 348           |              | 3.0  |  | 284           |              | 2.4  |  | 321           |              | 2.8  |  | 270           |              | 1.9  |  | 101          |              | 2.2  |  | 174          |              | 3.0  |  | 174          |              | 3.0  |  |
| Rental expenses                       | 144           |              | 1.2  |  | 72            |              | 0.6  |  | 20            |              | 0.2  |  | 10            |              | 0.1  |  | 3            |              | 0.1  |  | 3            |              | 0.1  |  | 3            |              | 0.1  |  |
| Office and upkeep expenses            | 100           |              | 0.9  |  | 95            |              | 0.8  |  | 68            |              | 0.6  |  | 74            |              | 0.5  |  | 20           |              | 0.4  |  | 30           |              | 0.5  |  | 30           |              | 0.5  |  |
| Security charges                      | 23            |              | 0.2  |  | 66            |              | 0.6  |  | 71            |              | 0.6  |  | 111           |              | 0.8  |  | 28           |              | 0.6  |  | 77           |              | 1.3  |  | 77           |              | 1.3  |  |
| Real property gain tax <sup>(1)</sup> | -             |              | -    |  | -             |              | -    |  | -             |              | -    |  | 140           |              | 1.0  |  | -            |              | -    |  | -            |              | -    |  | -            |              | -    |  |
| Professional fees                     | 149           |              | 1.3  |  | 196           |              | 1.7  |  | 285           |              | 2.5  |  | 983           |              | 7.0  |  | 239          |              | 5.2  |  | 61           |              | 1.1  |  | 61           |              | 1.1  |  |
| Licensing fees                        | 69            |              | 0.6  |  | 35            |              | 0.3  |  | 28            |              | 0.2  |  | 66            |              | 0.5  |  | 8            |              | 0.2  |  | 13           |              | 0.2  |  | 13           |              | 0.2  |  |
| Staff costs                           | 4,314         |              | 37.4 |  | 4,485         |              | 37.8 |  | 4,190         |              | 36.5 |  | 5,214         |              | 37.0 |  | 1,941        |              | 41.9 |  | 2,412        |              | 41.8 |  | 2,412        |              | 41.8 |  |
| Directors' remuneration               | 2,721         |              | 23.6 |  | 2,985         |              | 25.1 |  | 2,815         |              | 24.5 |  | 3,405         |              | 24.0 |  | 1,193        |              | 25.8 |  | 1,545        |              | 26.8 |  | 1,545        |              | 26.8 |  |
| Utilities                             | 94            |              | 0.8  |  | 83            |              | 0.7  |  | 83            |              | 0.7  |  | 96            |              | 0.7  |  | 26           |              | 0.6  |  | 28           |              | 0.5  |  | 28           |              | 0.5  |  |
| Repair and maintenance                | 216           |              | 1.9  |  | 239           |              | 2.0  |  | 290           |              | 2.5  |  | 418           |              | 3.0  |  | 163          |              | 3.5  |  | 114          |              | 2.0  |  | 114          |              | 2.0  |  |
| Loss in foreign exchange              |               |              |      |  |               |              |      |  |               |              |      |  |               |              |      |  |              |              |      |  |              |              |      |  |              |              |      |  |
| - realised                            | 730           |              | 6.3  |  | 501           |              | 4.2  |  | 627           |              | 5.4  |  | 710           |              | 5.0  |  | 180          |              | 3.9  |  | 250          |              | 4.3  |  | 250          |              | 4.3  |  |
| - unrealised                          | 535           |              | 4.7  |  | 528           |              | 4.4  |  | 375           |              | 3.3  |  | 67            |              | 0.5  |  | 60           |              | 1.3  |  | 134          |              | 2.3  |  | 134          |              | 2.3  |  |
| Others <sup>(2)</sup>                 | 552           |              | 4.7  |  | 483           |              | 4.1  |  | 584           |              | 5.2  |  | 731           |              | 5.1  |  | 195          |              | 4.1  |  | 197          |              | 3.5  |  | 197          |              | 3.5  |  |
|                                       | <b>11,537</b> | <b>100.0</b> |      |  | <b>11,870</b> | <b>100.0</b> |      |  | <b>11,482</b> | <b>100.0</b> |      |  | <b>14,108</b> | <b>100.0</b> |      |  | <b>4,630</b> | <b>100.0</b> |      |  | <b>5,767</b> | <b>100.0</b> |      |  | <b>5,767</b> | <b>100.0</b> |      |  |

**Notes:**

- (1) Relates to disposal of our previous warehouse located in Melaka.
- (2) Comprise mainly of bank charges, assessment and quit rent, telephone and fax charges as well as internet expenses.

**12. FINANCIAL INFORMATION (Cont'd)**

**Comparison between FYE 2019 and FYE 2020**

Our administrative expenses increased by RM0.33 million or 2.9% from RM11.54 million in FYE 2019 to RM11.87 million in FYE 2020, mainly due to:

- (i) increase in staff costs and directors' remuneration by RM0.17 million and RM0.26 million respectively, mainly attributable to annual increment of salaries; and
- (ii) increase in depreciation expenses by RM0.29 million, mainly resulting from additional renovation for our Headquarters cum Warehouse 1.

Such increase was partially offset by the decrease of realised and unrealised loss in foreign exchange of RM0.24 million mainly due to depreciation of USD against RM arising from our purchases transacted in USD.

**Comparison between FYE 2020 and FYE 2021**

Our administrative expenses decreased by RM0.39 million or 3.3% from RM11.87 million in FYE 2020 to RM11.48 million in FYE 2021, mainly due to:

- (i) decrease in staff costs by RM0.30 million, mainly attributable to lower bonus given in FYE 2021 to existing employees and revision to employment terms for certain employees where employees work for a shorter period during the week with lower salaries. The revision of employment terms arose as part of the management's cost control measure arising from the COVID-19 pandemic. In May 2022, such employment terms have been revised back to its original terms;
- (ii) decrease in directors' remuneration by RM0.17 million, mainly attributable to lower bonus given in FYE 2021; and
- (iii) decrease in depreciation expenses by RM0.08 million mainly due to disposal of a leasehold property on Old Toh Tuck Road, Singapore in FYE 2021.

Such decrease was partially offset by the increase in professional fees of RM0.09 million mainly due to increase in accounting fees and audit fees.

**12. FINANCIAL INFORMATION (Cont'd)**

**Comparison between FYE 2021 and FYE 2022**

Our administrative expenses increased by RM2.63 million or 22.9% from RM11.48 million in FYE 2021 to RM14.11 million in FYE 2022, mainly due to:

- (i) increase in staff costs by RM1.02 million, mainly attributable to annual increment and higher bonus given to existing employees in FYE 2022;
- (ii) increase in directors' remuneration by RM0.59 million, mainly attributable to annual increment and higher bonus given in FYE 2022; and
- (iii) increase in professional fees by RM0.70 million mainly due to increase in audit fees, legal fees incurred for banking facilities, sale and purchase agreements and agent fees for disposal of our previous warehouse located in Melaka.

**Comparison between FPE 2022 and FPE 2023**

Our administrative expenses increased by RM1.14 million or 24.6% from RM4.63 million in FPE 2022 to RM5.77 million in FPE 2023, mainly due to:

- (i) increase in staff cost by RM0.47 million, mainly attributable to recruitment of 13 additional employees since 2<sup>nd</sup> quarter of 2022 (7 for our sales & marketing department, 3 for our warehousing department, 2 for our finance & accounting department and 1 for our purchasing & logistic department), annual increment and higher bonus given to employees in FPE 2023;
- (ii) increase in director's remuneration by RM0.35 million, mainly attributable to annual increment and higher bonus given in FPE 2023 and appointment of 4 of our independent non-executive directors on 1 November 2022;
- (iii) increase in depreciation expenses by RM0.25 million, mainly resulting from additional leasing of Warehouse 3 (distribution centre) and motor vehicles; and
- (iv) increase in realised and unrealised loss in foreign exchange by RM0.14 million mainly due to appreciation of USD against RM due to translation of USD denominated payables and from our purchase transacted in USD.

**12. FINANCIAL INFORMATION (Cont'd)**

**(f) Finance income**

|               | Audited  |          |          |          | Unaudited |          |          |          |
|---------------|----------|----------|----------|----------|-----------|----------|----------|----------|
|               | FYE 2019 | FYE 2020 | FYE 2021 | FYE 2022 | FYE 2022  | FYE 2022 | FYE 2023 | FYE 2023 |
|               | RM'000   | %        | RM'000   | %        | RM'000    | %        | RM'000   | %        |
| Bank interest | 43       | 100.0    | 23       | 100.0    | 23        | 100.0    | 14       | 100.0    |

**Comparison between FYE 2019 and FYE 2020**

Our finance income decreased slightly by RM0.02 million or 50.0% from RM0.04 million in FYE 2019 to RM0.02 million in FYE 2020, mainly due to lower interest rate in FYE 2020.

**Comparison between FYE 2020 and FYE 2021**

Our finance income remained constant at RM0.02 million for FYE 2020 and 2021 as there were no major changes in interest rate.

**Comparison between FYE 2021 and FYE 2022**

Our finance income increased slightly by RM0.06 million or 300.0% from RM0.02 million in FYE 2021 to RM0.08 million in FYE 2022, mainly due to higher interest received on higher bank balances in FYE 2022.

**Comparison between FPE 2022 and FPE 2023**

Our finance income increased slightly by RM0.03 million or 300.0% from RM0.01 million in FPE 2022 to RM0.04 million in FPE 2023, mainly due to higher interest rate in FPE 2023.

**12. FINANCIAL INFORMATION (Cont'd)**

**(g) Finance costs**

|                   | Audited      |              |            |              |            |              | Unaudited    |              |            | Audited      |            |              |
|-------------------|--------------|--------------|------------|--------------|------------|--------------|--------------|--------------|------------|--------------|------------|--------------|
|                   | FYE 2019     |              | FYE 2020   |              | FYE 2021   |              | FYE 2022     |              | FYE 2022   |              | FYE 2023   |              |
|                   | RM'000       | %            | RM'000     | %            | RM'000     | %            | RM'000       | %            | RM'000     | %            | RM'000     | %            |
| Bank overdrafts   | 182          | 16.1         | 221        | 22.2         | 172        | 17.3         | 141          | 12.8         | 53         | 16.7         | 59         | 12.4         |
| Term loan         | 867          | 76.8         | 705        | 70.7         | 778        | 78.4         | 902          | 82.2         | 252        | 79.2         | 384        | 80.9         |
| Lease liabilities | 80           | 7.1          | 71         | 7.1          | 43         | 4.3          | 55           | 5.0          | 13         | 4.1          | 32         | 6.7          |
|                   | <b>1,129</b> | <b>100.0</b> | <b>997</b> | <b>100.0</b> | <b>993</b> | <b>100.0</b> | <b>1,098</b> | <b>100.0</b> | <b>318</b> | <b>100.0</b> | <b>475</b> | <b>100.0</b> |

**Comparison between FYE 2019 and FYE 2020**

Our finance costs decreased by RM0.13 million or 11.5% from RM1.13 million in FYE 2019 to RM1.00 million in FYE 2020, mainly due to decrease in term loan interest by RM0.16 million arising from scheduled term loan repayment and decrease in interest rate. However, such decrease was partially offset by an increase in bank overdraft interest due to higher overdraft utilised to finance our working capital requirements.

**Comparison between FYE 2020 and FYE 2021**

Our finance costs decreased slightly by RM0.01 million or 1.0% from RM1.00 million in FYE 2020 to RM0.99 million in FYE 2021, mainly due to decrease in bank overdraft interest and lease liabilities interest arising from scheduled repayment. However, such decrease was partially offset by an increase in term loan interest by RM0.07 million mainly due to the drawdown of 2 additional term loans in May 2020 (of which repayment commenced in December 2020) to finance our working capital requirements.

**Comparison between FYE 2021 and FYE 2022**

Our finance cost increased by RM0.11 million or 11.1% from RM0.99 million in FYE 2021 to RM1.10 million in FYE 2022, mainly due to higher interest paid for term loan and lease liabilities due to increased interest rate and additional drawdown of term loan for working capital requirement and lease liabilities. The increase was offset by lower bank overdraft interest as lesser overdraft were utilised during FYE 2022.

**Comparison between FPE 2022 and FPE 2023**

Our finance cost increased by RM0.16 million or 50.0% from RM0.32 million in FPE 2022 to RM0.48 million in FPE 2023, mainly due to higher interest paid for term loan and lease liabilities due to increased interest rate and additional drawdown of term loan for acquisition of a vacant land earmarked for Warehouse 4 and lease liabilities.



**12. FINANCIAL INFORMATION (Cont'd)****(h) PBT, PAT and PBT, PAT margins**

|                                                    | <b>Audited</b>  |                 |                 |                 | <b>Unaudited</b> | <b>Audited</b>  |
|----------------------------------------------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|
|                                                    | <b>FYE 2019</b> | <b>FYE 2020</b> | <b>FYE 2021</b> | <b>FYE 2022</b> | <b>FPE 2022</b>  | <b>FPE 2023</b> |
| PBT (RM'000)                                       | 10,248          | 5,568           | 10,756          | 13,493          | 2,060            | 2,272           |
| PBT margin (%)                                     | 25.5            | 14.3            | 31.3            | 30.0            | 15.3             | 13.8            |
| PAT attributable to owners of our Company (RM'000) | 7,505           | 3,552           | 7,915           | 10,304          | 1,480            | 1,861           |
| PAT margin (%)                                     | 18.7            | 9.2             | 23.0            | 22.9            | 11.0             | 11.3            |

**Comparison between FYE 2019 and FYE 2020**

We recorded a decrease in PBT of RM4.68 million or 45.7% for FYE 2020. Our PBT margin also decreased from 25.5% in FYE 2019 to 14.3% in FYE 2020. The decrease in PBT and PBT margin was mainly due to lower GP and GP margin as well as lower other income for FYE 2020, as explained in Sections 12.2.2(b) and 12.2.2(c) above.

Correspondingly, our PAT margin decreased from 18.7% in FYE 2019 to 9.2% in FYE 2020, while our PAT decreased by RM4.00 million from RM8.19 million in FYE 2019 to RM4.19 million in FYE 2020.

**Comparison between FYE 2020 and FYE 2021**

We recorded an increase in PBT by RM5.19 million or 93.2% for FYE 2021. Our PBT margin improved to 31.3% in FYE 2021 from 14.3% in FYE 2020. The improvement was also due higher GP and GP margin as well as higher other income for FYE 2021, as explained in Sections 12.2.2(b) and 12.2.2(c) above.

Correspondingly, our PAT margin increased from 9.2% in FYE 2020 to 23.0% in FYE 2021, while our PAT increased by RM4.15 million from RM4.19 million in FYE 2020 to RM8.34 million in FYE 2021.

**Comparison between FYE 2021 and FYE 2022**

We recorded an increase in PBT by RM2.73 million or 25.4% for FYE 2022. However, our PBT margin decreased from 31.3% in FYE 2021 to 30.0% in FYE 2022. The decrease in PBT margin was mainly due to lower GP margin from 66.4% in FYE 2021 to 59.1% in FYE 2022, as explained in Section 12.2.2(b) above.

Correspondingly, our PAT margin decreased from 23.0% in FYE 2021 to 22.9% in FYE 2022, while our PAT increased by RM2.21 million from RM8.34 million in FYE 2021 to RM10.55 million in FYE 2022.

**Comparison between FPE 2022 and FPE 2023**

We recorded an increased in PBT by RM0.21 million or 10.3% for FPE 2023. However, our PBT margin decreased from 15.3% in FPE 2022 to 13.8% in FPE 2023. The decrease in PBT margin was mainly due to higher administrative expenses incurred in FPE 2023, as explained in Section 12.2.2(e) above.

**12. FINANCIAL INFORMATION (Cont'd)**

Correspondingly, our PAT margin increased marginally from 11.0% in FPE 2022 to 11.3% in FPE 2023, while our PAT increased by RM0.35 million from RM1.56 million in FPE 2022 to RM1.91 million in FPE 2023 mainly due to lower effective tax rate of 15.9% in FPE 2023 as compared to 24.5% in FPE 2022.

**(i) Taxation**

|                                       | <b>Audited</b>  |                 |                 |                 | <b>Unaudited</b> | <b>Audited</b>  |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|
|                                       | <b>FYE 2019</b> | <b>FYE 2020</b> | <b>FYE 2021</b> | <b>FYE 2022</b> | <b>FPE 2022</b>  | <b>FPE 2023</b> |
| Taxation (RM'000)                     | 2,060           | 1,381           | 2,418           | 2,944           | 505              | 361             |
| Statutory tax rate (%) <sup>(1)</sup> | 24.0            | 24.0            | 24.0            | 24.0            | 24.0             | 24.0            |
| Effective tax rate (%) <sup>(2)</sup> | 20.1            | 24.8            | 22.5            | 21.8            | 24.5             | 15.9            |

**Notes:**

- (1) MST MY and Minox MY qualified for a preferential tax rate of (a) 17.0% on the first chargeable income of RM0.50 million for FYE 2019 and FYE 2020; (b) RM0.60 million for FYE 2021 and FYE 2022; and (c) 15.0% on the first chargeable income of RM0.15 million and 17.0% on the next chargeable income of RM0.45 million for FPE 2023, as its share capital was below RM2.50 million. For chargeable income in excess of RM0.50 million (FYE 2019 and FYE 2020)/ RM0.60 million (FYE 2021 to FPE 2023), the statutory income tax rate of 24.0%, is still applicable.
- (2) Calculated based on taxation over PBT for each financial year/period.

**FYE 2019**

Our effective tax rate for FYE 2019 was lower than the statutory tax rate mainly due to income not subject to tax of RM0.49 million mainly arising from the gain of disposal of an associate company, Everich Group Limited of RM0.43 million and change in fair value of investment property in The Cube, Puchong, Selangor of RM0.31 million. This was offset by higher non-deductible expenses of RM0.30 million such as depreciation charges on non-qualifying assets, professional fees and unrealised loss on foreign exchange.

**FYE 2020**

Our effective tax rate for FYE 2020 was higher than the statutory tax rate due to non-deductible expenses of RM0.38 million such as depreciation charges on non-qualifying assets, professional fees and unrealised loss on foreign exchange. This was offset by the income not subject to tax of RM0.12 million mainly arising from the unrealised gain on foreign exchange as well as effect of differential tax rate in Singapore (17.0%), Thailand (20.0%) and Indonesia (22.0%) of RM0.09 million.

**FYE 2021**

Our effective tax rate for FYE 2021 was lower than the statutory tax rate due to income not subject to tax of RM0.33 million mainly arising from the unrealised gain on foreign exchange as well as effect of differential tax rate in Singapore (17.0%), Thailand (20.0%) and Indonesia (22.0%) of RM0.15 million. This was offset by non-deductible expenses of RM0.49 million such as depreciation charges on non-qualifying assets, professional fees and unrealised loss on foreign exchange.

**12. FINANCIAL INFORMATION (Cont'd)****FYE 2022**

Our effective tax rate for FYE 2022 was lower than the statutory tax rate due to income not subject to tax of RM0.61 million mainly arising from the gain on disposal of our previous warehouse erected on 2 pieces of freehold land in Melaka of RM0.45 million and unrealised gain on foreign exchange as well as effect of differential tax rate in Singapore (17.0%), Thailand (20.0%) and Indonesia (22.0%) of RM0.11 million. This was offset by non-deductible expenses of RM0.74 million such as depreciation charges on non-qualifying assets, professional fees and unrealised loss on foreign exchange.

**FPE 2023**

Our effective tax rate for FPE 2023 was lower than the statutory tax rate due to differential tax rate in Singapore (17.0% and income tax exemption), Thailand (20.0%) and Indonesia (22.0%) of RM0.12 million and change in tax rate for the first tranche of chargeable income of RM0.09 million for our Malaysian subsidiaries, as explained in Note (1) above. This was offset by non-deductible expenses of RM0.13 million such as depreciation charges on non-qualifying assets, professional fees and unrealised loss on foreign exchange.

**12.2.3 Review of financial position****(a) Assets**

|                                 | Audited           |               |               |               |                |
|---------------------------------|-------------------|---------------|---------------|---------------|----------------|
|                                 | As at 31 December |               |               |               | As at 30 April |
|                                 | 2019              | 2020          | 2021          | 2022          | 2023           |
|                                 | RM'000            | RM'000        | RM'000        | RM'000        | RM'000         |
| <b>Non-current assets</b>       |                   |               |               |               |                |
| Property, plant and equipment   | 15,679            | 15,051        | 14,083        | 10,667        | 22,215         |
| Right-of-use assets             | 9,412             | 8,718         | 6,933         | 8,117         | 8,656          |
| Investment properties           | 9,500             | 9,500         | 9,500         | 9,500         | 9,500          |
| Other investments               | 1,032             | 998           | 979           | 958           | 976            |
| Deferred tax assets             | 1,098             | 1,340         | 1,414         | 1,637         | 1,915          |
| <b>Total non-current assets</b> | <b>36,721</b>     | <b>35,607</b> | <b>32,909</b> | <b>30,879</b> | <b>43,262</b>  |
| <b>Current assets</b>           |                   |               |               |               |                |
| Inventories                     | 13,694            | 17,501        | 19,171        | 23,624        | 27,304         |
| Trade receivables               | 9,057             | 8,913         | 7,146         | 9,026         | 10,175         |
| Other receivables               | 790               | 690           | 1,014         | 3,638         | 2,687          |
| Other investments               | 1,485             | 1,485         | 1,485         | -             | -              |
| Amount due from related parties | 1,839             | 2,862         | 3,471         | -             | -              |
| Tax recoverable                 | 61                | 93            | 7             | 33            | 195            |
| Cash and bank balances          | 4,819             | 4,867         | 7,659         | 12,541        | 9,193          |
| <b>Total current assets</b>     | <b>31,745</b>     | <b>36,411</b> | <b>39,953</b> | <b>48,862</b> | <b>49,554</b>  |
| <b>Total assets</b>             | <b>68,466</b>     | <b>72,018</b> | <b>72,862</b> | <b>79,741</b> | <b>92,816</b>  |

**12. FINANCIAL INFORMATION (Cont'd)****Comparison between 31 December 2019 and 31 December 2020**

Our total assets increased by RM3.55 million or 5.2% to RM72.02 million as at 31 December 2020 (31 December 2019: RM68.47 million), mainly due to the increase in current assets by RM4.66 million as at 31 December 2020. The increase in current assets was primarily due to the following:

- (i) increase in inventories of RM3.81 million as at 31 December 2020, due to replenishment of our inventories in line with our business model and an anticipation of future increase in stainless steel price. This was coupled with a reversal of inventories written down to its net realisable value; and
- (ii) increase in amount due from related parties of RM1.02 million as at 31 December 2020, due to slower collection from MST VN for trade supplies after negotiations with MST VN as their business operations and trade collections were adversely impacted due to lockdown policies imposed globally to curb the COVID-19 pandemic.

Such increase was partially offset by a decrease in non-current assets of RM1.11 million mainly due the following:

- (i) decrease in property, plant and equipment of RM0.63 million mainly attributable to additional costs incurred for renovation of our Headquarters cum Warehouse 1 and 2 rented warehouses in West Java, Indonesia after netting of depreciation charges of RM1.06 million; and
- (ii) decrease in rights-of-use assets by RM0.69 million mainly attributable to depreciation during the year.

**Comparison between 31 December 2020 and 31 December 2021**

Our total assets increased by RM0.84 million or 1.2% to RM72.86 million as at 31 December 2021 (31 December 2020: RM72.02 million), mainly due to the increase in current assets by RM3.53 million as at 31 December 2021. The increase in current assets was primarily due to the following:

- (i) increase in inventories of RM1.67 million as at 31 December 2021, mainly due to a delay in our industrial end-customers' projects arising from the COVID-19 pandemic coupled with reversal of inventories written down to its net realisable value;
- (ii) increase in cash and bank balances of RM2.79 million as at 31 December 2021 mainly due to the proceeds from the disposal of a leasehold property on Old Toh Tuck Road, Singapore of RM1.97 million and drawdown of overdraft facility for working capital requirements; and
- (iii) increase in amount due from related parties of RM0.61 million as at 31 December 2021 mainly due to sales to MST VN and slower collection from them after negotiations with MST VN as their business operations and trade collections were adversely impacted due to lockdown policies imposed globally to curb the COVID-19 pandemic.

The above was offset by decrease in current assets (i.e. trade receivables of RM1.76 million as at 31 December 2021) mainly due to repayment by our previous representative agent in Vietnam amounting to RM1.72 million.

## 12. FINANCIAL INFORMATION (Cont'd)

In addition, the increase in current assets was partially offset by decrease in non-current assets of RM2.70 million mainly due the following:

- (i) decrease in property, plant and equipment of RM0.97 million mainly attributable to additional costs incurred for renovation of our Headquarters cum Warehouse 1 after netting of depreciation charges during the year of RM1.08 million; and
- (ii) decrease in rights-of-use assets by RM1.79 million mainly attributable to disposal of a leasehold property on Old Toh Tuck Road, Singapore of RM1.43 million and depreciation charges during the year.

### Comparison between 31 December 2021 and 31 December 2022

Our total assets increased by RM6.88 million or 9.4% to RM79.74 million as at 31 December 2022 (31 December 2021: RM72.86 million), mainly due to the increase in current assets by RM8.91 million as at 31 December 2022. The increase in current assets was primarily due to the following:

- (i) increase in cash and bank balances of RM4.88 million mainly due to cash generated from operations, proceeds from the disposal of our previous warehouse erected on 2 pieces of freehold land in Melaka and drawdown of term loan for working capital requirements;
- (ii) increase in inventories of RM4.45 million, mainly due to purchase of inventories in tandem with our increase in sales;
- (iii) increase in other receivables of RM2.63 million mainly due to increase in deposit paid to acquire a vacant land located at Puchong, Selangor, earmarked for Warehouse 4 and prepaid expenses in relation to our Listing; and
- (iv) increase in trade receivables of RM1.88 million which was in tandem with our increase in sales.

Such increase was partially offset by decrease in current assets (i.e. amount due from related parties of RM3.47 million as at 31 December 2022) mainly due to full settlement of amount owed to us from MST VN, Minox PH and MVFM TW as at 31 December 2022.

In addition, the increase in current assets was partially offset by decrease in non-current assets of RM2.03 million mainly due to the following:

- (i) decrease in property, plant and equipment of RM3.41 million mainly attributable to the disposal of our previous warehouse erected on 2 pieces of freehold land in Melaka of RM2.71 million and depreciation charges during the year of RM0.99 million. Such decrease was partially offset by renovation of our Warehouse 3 (distribution centre) and warehouse in East Java, Indonesia and purchase of office equipment, computer as well as furniture and fittings of RM0.28 million; and
- (ii) increase in rights-of-use assets by RM1.19 million mainly attributable to purchase of motor vehicles of RM0.91 million and lease of Warehouse 3 (distribution centre) of RM0.63 million after netting of depreciation charges during the year of RM0.81 million.

**12. FINANCIAL INFORMATION (Cont'd)****Comparison between 31 December 2022 and 30 April 2023**

Our total assets increased by RM13.08 million or 16.4% to RM92.82 million as at 30 April 2023 (31 December 2022: RM79.74 million), mainly due to increase in non-current assets and current assets by RM12.38 million and RM0.69 million respectively as at 30 April 2023. The increase in non-current assets was primarily due to the following:

- (i) increase in property, plant and equipment of RM11.55 million mainly attributable for acquisition of a vacant land earmarked for Warehouse 4 of RM11.51 million and racking system for Warehouse 3 (distribution centre) of RM0.19 million after netting depreciation charges during the years of RM0.32 million;
- (ii) increase in right-of-use assets of RM0.54 million, mainly due to purchase of motor vehicles of RM0.43 million and lease of Warehouse 2 of RM0.47 million after netting depreciation charges during the year of RM0.40 million;

The increase in current assets was mainly due to the following:

- (i) increase in inventories of RM3.68 million mainly due to purchase of inventories by Minox ID to replenish its inventories and fully utilise the import quota given for the import license towards end of FPE 2023. Such import licence has expired on 13 April 2023 and renewal application has been submitted on 18 April 2023. Further details are set out in Note (1) of Section 6.7; and
- (ii) increase in trade receivables of RM1.15 million which was in tandem with our increase in sales.

Such increase was partially offset by the following:

- (i) decrease in cash and bank balance of RM3.35 million mainly due to purchase of inventories and down payment paid for acquisition of a vacant land earmarked for Warehouse 4; and
- (ii) decrease in other receivables of RM0.95 million mainly due to capitalisation of down payment paid for acquisition of a vacant land earmarked for Warehouse 4 to property, plant and equipment of RM1.50 million, being offset by the addition payment in relation to our Listing of RM0.56 million.

**(b) Liabilities**

|                                      |  | Audited           |               |               |               | As at 30 April |        |
|--------------------------------------|--|-------------------|---------------|---------------|---------------|----------------|--------|
|                                      |  | As at 31 December |               |               |               |                |        |
|                                      |  | 2019              | 2020          | 2021          | 2022          |                | 2023   |
|                                      |  | RM'000            | RM'000        | RM'000        | RM'000        |                | RM'000 |
| <b>Non-current liabilities</b>       |  |                   |               |               |               |                |        |
| Employee benefits obligation         |  | 144               | 127           | 122           | 103           | 152            |        |
| Deferred tax liabilities             |  | 324               | 302           | 281           | 282           | 282            |        |
| Borrowings                           |  | 20,327            | 20,674        | 18,562        | 17,669        | 25,396         |        |
| Lease liabilities                    |  | 824               | 485           | 270           | 799           | 1,172          |        |
| Amount due to a Director             |  | 280               | 274           | 255           | -             | -              |        |
| <b>Total non-current liabilities</b> |  | <b>21,899</b>     | <b>21,862</b> | <b>19,490</b> | <b>18,853</b> | <b>27,002</b>  |        |

**12. FINANCIAL INFORMATION (Cont'd)**

|                                  | <b>Audited</b>           |               |               |               |                       |
|----------------------------------|--------------------------|---------------|---------------|---------------|-----------------------|
|                                  | <b>As at 31 December</b> |               |               |               | <b>As at 30 April</b> |
|                                  | <b>2019</b>              | <b>2020</b>   | <b>2021</b>   | <b>2022</b>   | <b>2023</b>           |
|                                  | <b>RM'000</b>            | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>         |
| <b>Current liabilities</b>       |                          |               |               |               |                       |
| Trade payables                   | 6,044                    | 8,202         | 5,705         | 2,756         | 4,200                 |
| Other payables                   | 1,165                    | 696           | 580           | 1,492         | 1,179                 |
| Amount due to related parties    | 549                      | 707           | 490           | -             | -                     |
| Amount due to a Director         | 902                      | 823           | 21            | -             | -                     |
| Borrowings                       | 4,606                    | 3,989         | 5,206         | 4,515         | 5,319                 |
| Lease liabilities                | 397                      | 333           | 321           | 633           | 736                   |
| Tax payable                      | 548                      | 400           | 1,268         | 2,066         | 1,594                 |
| <b>Total current liabilities</b> | <b>14,211</b>            | <b>15,150</b> | <b>13,591</b> | <b>11,462</b> | <b>13,028</b>         |
| <b>Total liabilities</b>         | <b>36,110</b>            | <b>37,012</b> | <b>33,081</b> | <b>30,315</b> | <b>40,030</b>         |

**Comparison between 31 December 2019 and 31 December 2020**

Our total liabilities increased by RM0.90 million or 2.5% to RM37.01 million as at 31 December 2020 (as at 31 December 2019: RM36.11 million) mainly due to the increase in current liabilities of RM0.94 million. The increase in current liabilities was primarily due to the following:

- (i) increase in trade payables by RM2.16 million, which was largely driven by cash conservation to weather through the COVID-19 pandemic situation; and
- (ii) increase in amount due to related parties by RM0.16 million, mainly due to slower payment made to MST VN where MST VN provided local support to MST SG upon our customer's (i.e. GEA Group) request for products to be delivered to our industrial end-customer's project site in Vietnam.

Such increase was partially offset by a decrease in the following:

- (i) decrease in borrowings by RM0.62 million arising from scheduled repayment of term loans; and
- (ii) decrease in other payables by RM0.47 million mainly relating to decrease in down payment paid by our customers of RM0.40 million.

**Comparison between 31 December 2020 and 31 December 2021**

Our total liabilities decreased by RM3.93 million or 10.6% to RM33.08 million as at 31 December 2021 (as at 31 December 2020: RM37.01 million) mainly due to the decrease in non-current liabilities and current liabilities of RM2.37 million and RM1.56 million respectively.

The decrease in non-current liabilities was primarily due to decrease in borrowings by RM2.11 million arising from scheduled repayment of term loan of RM1.53 million and early settlement of term loan of RM0.71 million for the disposal of a leasehold property on Old Toh Tuck Road, Singapore.



## 12. FINANCIAL INFORMATION (Cont'd)

Separately, the decrease in current liabilities was primarily due to the following:

- (i) decrease in trade payables of RM2.49 million, mainly due to repayment to our major supplier in FYE 2021; and
- (ii) decrease in amount due to director of RM0.80 million, mainly due to repayment of advances from director for working capital requirements.

The above-mentioned decrease was partially offset by the following:

- (i) increase in borrowings by RM1.22 million, mainly due to additional drawdown of overdrafts facility to finance our working capital requirements; and
- (ii) increase in tax payable by RM0.87 million, mainly due to higher taxable income.

### Comparison between 31 December 2021 and 31 December 2022

Our total liabilities decreased by RM2.76 million or 8.3% to RM30.32 million as at 31 December 2022 (as at 31 December 2021: RM33.08 million) mainly due to the decrease in current liabilities and non-current liabilities of RM2.13 million and RM0.64 million respectively. The decrease in current liabilities was mainly due to the following:

- (i) decrease in trade payables of RM2.95 million, arising from payment to suppliers in FYE 2022;
- (ii) decrease in borrowings by RM0.69 million mainly arising from scheduled repayment and early settlement of term loans and bank overdrafts;
- (iii) decrease in amount due to related parties of RM0.49 million due to settlement of amount owned to MVFM TW in FYE 2022;

In addition, the decrease in non-current liabilities was mainly due to decrease in borrowings of RM0.89 million due to early settlement of term loan for our disposed previous warehouse located in Melaka.

The above-mentioned decrease was partially offset by the following:

- (i) increase in tax payable of RM0.80 million, mainly due to higher taxable income;
- (ii) increase in other payables of RM0.91 million mainly due to accrued expenses of RM0.62 million (i.e. staff cost related expenses and audit fee) and increase in down payment paid by our customers of RM0.12 million.

### Comparison between 31 December 2022 and 30 April 2023

Our total liabilities increased by RM9.71 million or 32.0% to RM40.03 million as at 30 April 2023 (as at 31 December 2022: RM30.32 million) mainly due to the increase in non-current liabilities and current liabilities of RM8.15 million and RM1.57 million respectively. The increase in non-current liabilities was mainly due to the following:

- (i) increase in borrowings of RM7.73 million, arising from drawdown of term loan of RM8.50 million for acquisition of a vacant land earmarked for Warehouse 4; and
- (ii) increase in lease liabilities by RM0.37 million mainly arising from drawdown of lease liabilities for the purchase of motor vehicle.



**12. FINANCIAL INFORMATION (Cont'd)**

In addition, the increase in current liabilities was mainly due to the following:

- (i) increase in trade payables of RM1.44 million, arising from increased purchase of inventories;
- (ii) increase in borrowings of RM0.80 million mainly arising from drawdown of term loan of RM8.50 million for acquisition of a vacant land earmarked for Warehouse 4; and

Such increase was partially offset by the decrease of the following:

- (i) decrease in tax payable of RM0.48 million mainly due to lower taxable income for FPE April 2023 (4 months) compared to FYE 2022 (full 12 months); and
- (ii) decrease in other payables of RM0.31 million mainly due to decrease in accrued expenses (i.e. staff cost related expenses and audit fee).

**12.2.4 Review of cash flows**

|                                                                             | <b>Audited</b>  |                 |                 |                 |                 |
|-----------------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                                                             | <b>FYE 2019</b> | <b>FYE 2020</b> | <b>FYE 2021</b> | <b>FYE 2022</b> | <b>FPE 2023</b> |
|                                                                             | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   |
| Net cash from operating activities                                          | 4,660           | 3,601           | 7,434           | 3,251           | 412             |
| Net cash (used in)/ from investing activities                               | (2,421)         | (552)           | 1,747           | 5,812           | (11,607)        |
| Net cash (used in)/ from financing activities                               | (3,508)         | (1,352)         | (7,596)         | (2,457)         | 7,037           |
| Net (decrease)/ increase in cash and cash equivalents                       | (1,269)         | 1,697           | 1,585           | 6,606           | (4,158)         |
| Effect of foreign exchange translation                                      | (53)            | (311)           | (78)            | (2)             | 184             |
| Cash and cash equivalents at the beginning of financial year/period         | 2,419           | 1,097           | 2,483           | 3,990           | 10,594          |
| <b>Cash and cash equivalents at end of financial year/period</b>            | <b>1,097</b>    | <b>2,483</b>    | <b>3,990</b>    | <b>10,594</b>   | <b>6,620</b>    |
| <b>Cash and cash equivalents at the end of the financial year comprise:</b> |                 |                 |                 |                 |                 |
| Cash and bank balances                                                      | 4,819           | 4,867           | 7,659           | 12,541          | 9,193           |
| Less: Bank overdrafts                                                       | (3,722)         | (2,384)         | (3,669)         | (1,947)         | (2,573)         |
|                                                                             | <b>1,097</b>    | <b>2,483</b>    | <b>3,990</b>    | <b>10,594</b>   | <b>6,620</b>    |

**FYE 2019****Net cash from operating activities**

For FYE 2019, we recorded net cash from operating activities of RM4.66 million. Our operating profit before working capital changes of RM12.02 million was adjusted for the negative changes in working capital of RM5.13 million which comprised the following:

- (i) increase in inventories of RM3.55 million mainly due to replenishment of our inventories to be supplied to MST VN upon its incorporation in July 2018;

## 12. FINANCIAL INFORMATION (Cont'd)

- (ii) decrease in trade and other receivables of RM2.73 million mainly due to decrease in other receivables of RM3.20 million arising from the disposal of 2 units of factories located in Puchong, Selangor in FYE 2018 due to relocation of warehouse to our Headquarters cum Warehouse 1;
- (iii) decrease in trade and other payables of RM3.45 million mainly due to decrease in trade payables of RM3.76 million arising from higher payment to our suppliers during the last quarter of 2019; and
- (iv) increase in amount due from related parties of RM0.86 million mainly from MST VN of RM1.38 million for the sale of our products, which was partially offset with purchases from MVFM TW of RM0.56 million.

### Net cash for investing activities

For FYE 2019, we recorded a net cash outflow of RM2.42 million from our investing activities, mainly attributable to the following:

- (i) cash payment of RM2.44 million for additional property, plant and equipment mainly comprising renovation of our Headquarters cum Warehouse 1 and rented warehouses in West Java, Indonesia of RM1.38 million and various property, plant and equipment for our Headquarters cum Warehouse 1 of RM1.00 million such as computer and software, office equipment, furniture, heavy duty warehouse racking system and lift system;
- (ii) investment in MVFM TW of RM1.49 million; and
- (iii) purchase of keyman insurance of RM0.48 million for Liew Siang Ji pursuant to property loan (a requirement imposed by the bank to secure said property loan), a director of MST SG and our shareholder, being the personal guarantor of the property loan.

The abovementioned increase was offset by proceeds from disposal of an associate company, Everich Group Limited amounting to RM2.25 million.

### Net cash for financing activities

For FYE 2019, we recorded a net cash outflow of RM3.51 million for our financing activities, mainly attributable to the following:

- (i) scheduled repayment of term loans of RM1.26 million for our working capital requirements, keyman insurance and property loans;
- (ii) drawdown of a term loan of RM0.35 million for the purchase of keyman insurance for Liew Siang Ji, a director of MST SG and our shareholder;
- (iii) dividend paid by Minox TH and Minox SG of RM1.37 million in respect of FYE 2019;
- (iv) interest paid of RM0.95 million for bank overdraft facilities, lease liabilities and term loans;
- (v) repayment of lease liabilities of RM0.56 million which was mainly used to finance the purchase of motor vehicles and Warehouse 2; and
- (vi) withdrawal of fixed deposits pledged of RM0.70 million.

**12. FINANCIAL INFORMATION (Cont'd)****FYE 2020****Net cash for operating activities**

For FYE 2020, we recorded net cash from operating activities of RM3.60 million. Our operating profit before working capital changes of RM6.27 million was adjusted for the negative changes in working capital of RM0.63 million which mainly comprised the following:

- (i) increase in inventories of RM1.81 million mainly due to replenishment of inventories in line with our business model coupled with an anticipation of future increase of stainless steel price;
- (ii) increase in amount due from related parties of RM1.09 million mainly from MST VN of RM1.08 million for the sale of our products as their business operations and trade collections were adversely impacted due to lockdown policies imposed globally to curb the COVID-19 pandemic as well as repayment to MVFM TW of RM0.45 million for our purchase of inventories after taking into account the net movement of the amount due from or to related parties. This was partially offset with purchases made from MST VN and Minox PH of RM0.61 million where they provided local support to MST SG and Minox MY upon our customer's (i.e. GEA Group) request for additional products to be delivered to our industrial end-customers' project sites in Vietnam and the Philippines;
- (iii) decrease in trade and other receivables of RM0.22 million mainly due to lower sales in FYE 2020 and decrease in other receivables of RM0.10 million mainly due to prepayment expenses for keyman insurance and software subscriptions of RM0.05 million and decrease in down payment paid to our supplier of RM0.03 million; and
- (iv) increase in trade and other payables of RM2.05 million, mainly due to increase in trade payables of RM2.52 million for the purchase of inventories, which was partially offset from decrease in down payment paid by our customers of RM0.40 million.

**Net cash for investing activities**

For FYE 2020, we recorded a net cash outflow of RM0.55 million from our investing activities, mainly attributable to the cash payment of RM0.49 million for additional property, plant and equipment mainly comprising additional costs incurred for the renovation of our Headquarters cum Warehouse 1 and 2 rented warehouses in West Java, Indonesia.

**Net cash for financing activities**

For FYE 2020, we recorded a net cash outflow of RM1.35 million for our financing activities mainly attributable to:

- (i) drawdown and scheduled repayment of term loans of RM2.00 million and RM0.92 million respectively for our working capital requirements, keyman insurance and property loans;
- (ii) dividend paid by Minox SG and Minox TH of RM1.20 million in respect of FYE 2019 and FYE 2020;
- (iii) interest paid of RM0.78 million for bank overdraft facilities, lease liabilities and term loans; and
- (iv) repayment of lease liabilities of RM0.40 million which was mainly used to finance the purchase of motor vehicles and rental of our Warehouse 2.

**12. FINANCIAL INFORMATION (Cont'd)****FYE 2021****Net cash for operating activities**

For FYE 2021, we recorded net cash generated from operating activities amounted to RM7.43 million. Our operating profit before working capital changes of RM10.60 million was adjusted for the negative changes in working capital of RM1.44 million which comprised of the following:

- (i) decrease in inventories of RM0.54 million mainly due to higher sales towards the end of the year;
- (ii) decrease in trade and other receivables of RM1.28 million mainly due to repayment by our previous representative agent in Vietnam amounting to RM1.72 million, which was mainly offset by the increase in other receivables of RM0.40 million for down payment paid to suppliers;
- (iii) decrease in trade and other payables of RM2.85 million mainly due to decrease in trade payables of RM2.74 million arising from payment to our suppliers; and
- (iv) increase in amount due from related parties of RM0.41 million mainly from MST VN and MVFM TW of RM0.36 million and RM0.08 million respectively for the sale of our products.

**Net cash for investing activities**

For FYE 2021, we recorded a net cash inflow of RM1.75 million from our investing activities mainly attributable to proceeds from disposal of property, plant and equipment of RM2.05 million which mainly relates to disposal of a leasehold property on Old Toh Tuck Road, Singapore. Such increase was offset by:

- (i) cash payment for renovation costs for our Headquarters cum Warehouse 1 of RM0.18 million; and
- (ii) down payment for purchase of motor vehicles of RM0.03 million.

**Net cash for financing activities**

For FYE 2021, we recorded a net cash outflow of RM7.60 million for our financing activities mainly attributable to:

- (i) dividend paid by MST MY, Minox SG and Minox TH of RM3.41 million in respect of FYE 2020 and FYE 2021;
- (ii) settlement of term loan of RM0.71 million arising from the disposal of a leasehold property on Old Toh Tuck Road, Singapore;
- (iii) scheduled repayment of term loan of RM1.53 million for our working capital requirements, keyman insurance and property loans;
- (iv) interest paid of RM0.82 million for bank overdraft facilities, lease liabilities and term loans; and
- (v) repayment of amount due to Cheong Chee Son, our Managing Director of RM0.80 million.

**12. FINANCIAL INFORMATION (Cont'd)****FYE 2022****Net cash for operating activities**

For FYE 2022, we recorded net cash from operating activities of RM3.25 million. Our operating profit before working capital changes of RM14.57 million was adjusted for the negative changes in working capital of RM8.80 million which comprised the following:

- (i) increase in inventories of RM4.98 million mainly due to purchase of inventories in tandem with our increase in sales;
- (ii) increase in trade and other receivables of RM4.66 million mainly due to higher sales and increase in deposit paid for the acquisition of a vacant land earmarked for Warehouse 4 and prepaid expenses in relation to our Listing of RM2.66 million;
- (iii) decrease in trade and other payables of RM1.95 million mainly due to payment to our suppliers and higher down payment paid by our customers and accrued expenses (i.e. staff cost related expenses and audit fee); and
- (iv) decrease in amount due from related parties of RM2.80 million mainly due to full settlement from MST VN, Minox PH and MVFM TW.

**Net cash for investing activities**

For FYE 2022, we recorded a net cash inflow of RM5.81 million from our investing activities mainly attributable to proceeds from disposal of property, plant and equipment of RM4.78 million which mainly relates to disposal of our previous warehouse erected on 2 pieces of freehold land in Melaka as well as proceeds from disposal of MVFM TW for RM1.63 million. Such increase was offset by:

- (i) cash payment for renovation of our Warehouse 3 and 1 rented warehouse in East Java, Indonesia of RM0.12 million and purchase of computer, office equipment and furniture & fittings of RM0.16 million; and
- (ii) down payment for purchase of motor vehicles of RM0.26 million and payment for leased warehouse in Indonesia of RM0.07 million.

**Net cash for financing activities**

For FYE 2022, we recorded a net cash outflow of RM2.46 million for our financing activities mainly attributable to:

- (i) drawdown of term loan of RM3.50 million for working capital requirements;
- (ii) settlement of term loan of RM1.82 million arising from the disposal of our previous warehouse erected on 2 pieces of freehold land in Melaka as well as scheduled repayment of term loans of RM1.86 million for our working capital requirements, keyman insurance and property loans;
- (iii) dividend paid by MST MY of RM1.50 million in respect of FYE 2022;
- (iv) interest paid of RM0.96 million for bank overdraft facilities, lease liabilities and term loans;
- (v) proceeds from the issuance of share capital of RM0.83 million to Ng Kwang Hwa, our pre-listing investor;

## 12. FINANCIAL INFORMATION (Cont'd)

- (vi) scheduled repayment of lease liabilities of RM0.45 million to finance our motor vehicles, Warehouse 2 and Warehouse 3; and
- (vii) repayment of amount due to Cheong Chee Son (our Managing Director and substantial shareholder) and Liew Siang Ji, (a director of MST SG and our shareholder) of RM0.28 million.

### FPE 2023

#### Net cash for operating activities

For FPE 2023, we recorded net cash from operating activities of RM0.41 million. Our operating profit before working capital changes of RM3.45 million was adjusted for the negative changes in working capital of RM1.70 million which comprised of the following:

- (i) increase in inventories of RM2.87 million mainly due to purchase of inventories in Minox ID to replenish and fully utilise the import quota given for the import licence towards end of FPE 2023;
- (ii) increase in trade and other receivables of RM0.06 million mainly due to higher sales in FPE 2023 offset by the capitalisation of down payment paid for the acquisition of a vacant land earmarked for Warehouse 4 to property, plant and equipment;
- (iii) increase in trade and other payables of RM1.12 million mainly due to purchase of inventories in Minox ID.

#### Net cash for investing activities

For FPE 2023, we recorded a net cash outflow of RM11.61 million from our investing activities mainly attributable to:

- (i) acquisition of a vacant land earmarked for Warehouse 4 of RM11.51 million;
- (ii) purchase of racking system for Warehouse 3 (distribution centre) of RM0.19 million; and
- (iii) installation of mezzanine racking system of RM0.05 million for our warehouse in West Java, Indonesia (Lot No. II-D).

Such increase was offset by proceeds from disposal of motor vehicle of RM0.22 million.

#### Net cash for financing activities

For FPE 2023, we recorded a net cash inflow of RM7.04 million for our financing activities mainly attributable to drawdown of term loan of RM8.50 million for the acquisition of a vacant land earmarked for Warehouse 4. Such increase was partially offset by:

- (i) scheduled repayment of RM0.70 million for our working capital requirements, keyman insurance and property loans;
- (ii) scheduled repayment of lease liabilities of RM0.39 million to finance our motor vehicles, Warehouse 2 and Warehouse 3; and
- (iii) interest paid of RM0.42 million for bank overdraft facilities, lease liabilities and term loans.

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**12. FINANCIAL INFORMATION (Cont'd)**

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**12.3 LIQUIDITY AND CAPITAL RESOURCES****12.3.1 Working capital**

We finance our operations with cash generated from operations, supplier's credit, various credit facilities extended by financial institutions as well as existing cash and bank balances. Our credit facilities from financial institutions comprise term loans, bank overdrafts and lease liabilities.

The decision to utilise either internally generated funds or borrowings for our business operations depends on, amongst others, our cash and bank balances, expected cash inflows, future working capital requirements, future capital expenditure requirements and interest rates on borrowings. We carefully consider our cash position and ability to obtain further financing before making significant capital commitments.

Our Board confirms that our working capital is sufficient for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus, taking into consideration the following:

- (a) our cash and cash equivalent of approximately RM11.42 million as at LPD;
- (b) our expected future cash flows from operations;
- (c) our total banking facilities limit as at LPD of RM33.52 million (excluding lease liabilities), of which RM30.40 million have been utilised; and
- (d) our pro forma gearing level of 0.4 times, computed based on our pro forma statements of financial position as at 30 April 2023 after the Acquisitions, IPO and utilisation of proceeds.

At this juncture, we do not foresee any circumstances which may materially affect our liquidity. Our Group has not encountered any major disputes with our debtors. Our finance and accounting team work closely with our sales and marketing team for the collection of outstanding balances on a monthly basis. This measure has proven to be effective while maintaining a cordial relationship with our customers.

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## 12. FINANCIAL INFORMATION (Cont'd)

### 12.4 BORROWINGS AND INDEBTEDNESS

As at 30 April 2023, our Group's total outstanding borrowings and indebtedness stood at RM31.75 million (excluding lease liabilities for our warehouse of approximately RM0.87 million), details of which are set out below:

|                                                                | Purpose                                                      | Tenure of facility | Security                                                              | Effective interest rate | As at 30 April 2023 |         |         |
|----------------------------------------------------------------|--------------------------------------------------------------|--------------------|-----------------------------------------------------------------------|-------------------------|---------------------|---------|---------|
|                                                                |                                                              |                    |                                                                       |                         | RM'000              | SGD'000 | THB'000 |
|                                                                |                                                              |                    |                                                                       |                         | %                   |         |         |
| Interest bearing short-term borrowings, payable within 1 year: |                                                              |                    |                                                                       |                         |                     |         |         |
| Lease liabilities                                              |                                                              |                    |                                                                       |                         |                     |         |         |
| - Malaysia                                                     | Purchase of motor vehicles                                   | 5 years            | Personal guarantee by our Directors                                   | 4.5 to 6.6              | 174                 | -       | -       |
| - Thailand                                                     | Purchase of motor vehicle                                    | 5 years            | Personal guarantee by our Directors                                   | 4.1                     | (3)13               | -       | 99      |
| Term loans                                                     |                                                              |                    |                                                                       |                         |                     |         |         |
| - Malaysia                                                     | Purchase of properties, and working capital                  | 5 to 25 years      | Properties owned by the Group and personal guarantee by our Directors | 3.3 to 7.3              | 1,708               | -       | -       |
| - Singapore                                                    | Purchase of properties, keyman insurance and working capital | 7 to 20 years      | Properties owned by the Group and personal guarantee by our Directors | 0.9 to 6.9              | (3)898              | 269     | -       |
| - Thailand                                                     | Purchase of property                                         | 10 years           | Properties owned by the Group and personal guarantee by our Directors | 7.0 to 7.8              | (3)140              | -       | 1,070   |
| Bank overdraft                                                 |                                                              |                    |                                                                       |                         |                     |         |         |
| - Malaysia                                                     | Working capital                                              | -                  | Properties owned by the Group and personal guarantee by our Directors | 6.4                     | 2,573               | -       | -       |
|                                                                |                                                              |                    |                                                                       |                         | 5,506               | 269     | 1,169   |



## 12. FINANCIAL INFORMATION (Cont'd)

|                                                              | Purpose                                                      | Tenure of facility | Security                                                              | Effective interest rate | As at 30 April 2023 |         |         |
|--------------------------------------------------------------|--------------------------------------------------------------|--------------------|-----------------------------------------------------------------------|-------------------------|---------------------|---------|---------|
|                                                              |                                                              |                    |                                                                       |                         | RM'000              | SGD'000 | THB'000 |
|                                                              |                                                              |                    |                                                                       |                         | %                   |         |         |
| Interest bearing long-term borrowings, payable after 1 year: |                                                              |                    |                                                                       |                         |                     |         |         |
| Lease liabilities                                            |                                                              |                    |                                                                       |                         |                     |         |         |
| - Malaysia                                                   | Purchase of motor vehicles                                   | 5 years            | Personal guarantee by our Directors                                   | 4.5 to 6.6              | 814                 | -       | -       |
| -Thailand                                                    | Purchase of motor vehicle                                    | 5 years            | Personal guarantee by our Directors                                   | 4.1                     | (3)32               | -       | 247     |
| Term loans                                                   |                                                              |                    |                                                                       |                         |                     |         |         |
| - Malaysia                                                   | Purchase of properties, and working capital                  | 5 to 25 years      | Properties owned by the Group and personal guarantee by our Directors | 3.3 to 7.3              | 21,151              | -       | -       |
| - Singapore                                                  | Purchase of properties, keyman insurance and working capital | 7 to 20 years      | Properties owned by the Group and personal guarantee by our Directors | 0.9 to 6.9              | (3)4,105            | 1,231   | -       |
| - Thailand                                                   | Purchase of property                                         | 10 years           | Properties owned by the Group and personal guarantee by our Directors | 7.0 to 7.8              | (3)140              | -       | 1,075   |
| Total non-current borrowings                                 |                                                              |                    |                                                                       |                         | 26,242              | 1,231   | 1,322   |
| Total borrowings                                             |                                                              |                    |                                                                       |                         | 31,748              | 1,500   | 2,491   |

### Notes:

- <sup>(1)</sup> Computed based on our pro forma equity attributable to the owners of our Company of RM49.75 million in the pro forma combined statements of financial position before Public Issue and utilisation of proceeds.

**12. FINANCIAL INFORMATION (Cont'd)**

- (2) Computed based on our pro forma equity attributable to the owners of our Company of RM68.85 million in the pro forma combined statements of financial position after the Public Issue and utilisation of proceeds.
- (3) Being the RM equivalent of these borrowings, which are denominated in SGD or THB, as the case may be.

The maturity profile of our total outstanding borrowings as at 30 April 2023 is as follows:

|                   | <b>RM'000</b> |
|-------------------|---------------|
| Within 1 year     | 5,506         |
| 1 to 5 years      | 7,932         |
| More than 5 years | 18,310        |
| <b>Total</b>      | <b>31,748</b> |

Separately, we have also recognised the following lease liabilities:

| <b>Purpose</b>                          | <b>Tenure</b> | <b>As at 30 April 2023</b> |
|-----------------------------------------|---------------|----------------------------|
|                                         |               | <b>RM'000</b>              |
| Lease liabilities payable within 1 year | 2 years       | 549                        |
| Lease liabilities payable after 1 year  | 2 years       | 326                        |
|                                         |               | <b>875</b>                 |

As at LPD, all our Group's bank borrowings are secured. All our borrowings are interest bearing and denominated in RM, SGD or THB. The RM denominated borrowings are for our Malaysian operations while SGD denominated borrowings are for our Singapore operations and THB denominated borrowings are for our Thailand operations. We have not defaulted on payments of principal sums and/or interests in respect of any borrowings throughout FYE 2019 to 2022, FPE 2023 and up to LPD. We fund Minox ID's business operations via internally-generated funds. As at LPD, neither our Company nor our subsidiaries are in breach of any terms, conditions or covenants associated with credit arrangements or bank loans which can materially affect our financial position and results or business operations or the investments by holders of our securities.

From FYE 2019 to 2022 and FPE 2023, we did not experience any claw back or reduction in the facilities limit granted to us by our lenders.

**12. FINANCIAL INFORMATION (Cont'd)****12.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES**

Save as disclosed in Section 12.4, we do not utilise any other financial instruments. We receive proceeds in THB, IDR, USD, SGD in respect of our foreign sales and pay for purchases denominated in THB, IDR, USD, EUR, SGD from our foreign currency accounts.

We finance our operations mainly through cash generated from our operations, credit extended by trade payables as well as external sources of funds which mainly comprise borrowings. Save for lease liabilities, which carry fixed interest rates, all other borrowings bear variable interest rates based on the bank's cost of funds plus a rate which varies depending on the different types of bank facilities.

**12.6 MATERIAL CAPITAL COMMITMENTS**

As at LPD, save as disclosed below, we do not have any other material capital commitments:

|                                                                                                                             | <b>To be funded<br/>internally or with<br/>borrowings</b> | <b>To be funded<br/>from proceeds of<br/>our IPO</b> |
|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|------------------------------------------------------|
|                                                                                                                             | <b>RM'000</b>                                             | <b>RM'000</b>                                        |
| <b>Approved and contracted for</b>                                                                                          |                                                           |                                                      |
| - installation of mezzanine floor racking system for our warehouse in West Java, Indonesia (Lot No. II-D)                   | 108                                                       | -                                                    |
| <b>Approved but not contracted for<sup>(1)</sup></b>                                                                        |                                                           |                                                      |
| - purchase of machineries and software for the development of new vacuum fittings and valves for the semiconductor industry | -                                                         | 463                                                  |
| - construction of Warehouse 4                                                                                               | 845                                                       | 4,000                                                |
| - renovation costs and purchase of various property, plant and equipment for our new warehouse in Singapore <sup>(2)</sup>  | -                                                         | 1,300                                                |
|                                                                                                                             | <b>953</b>                                                | <b>5,763</b>                                         |

**Notes:**

(1) Further details are set out in Sections 4.9.1(a) to (c).

(2) Comprises office furniture, spectrometer, material inspection and test certificate software, accounting software, overhead crane and lorry.

**12. FINANCIAL INFORMATION (Cont'd)****12.7 MATERIAL LITIGATION AND CONTINGENT LIABILITIES****(a) Material litigation**

As at LPD, we have not been engaged in any government, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have or have had, material or significant effects on the financial position or profitability of our Group.

**(b) Contingent liabilities**

As at LPD, there are no contingent liabilities incurred by us, our subsidiaries, which upon becoming enforceable, may have a material effect on our financial position or our subsidiaries' financial position.

**12.8 KEY FINANCIAL RATIOS**

The key financial ratios of our Group for FYE 2019 to 2022 and FPE 2023 are as follows:

|                                                  | <b>FYE 2019</b> | <b>FYE 2020</b> | <b>FYE 2021</b> | <b>FYE 2022</b> | <b>FPE 2023</b> |
|--------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Trade receivables turnover (days) <sup>(1)</sup> | 78              | 85              | 85              | 66              | 70              |
| Trade payables turnover (days) <sup>(2)</sup>    | 149             | 128             | 220             | 84              | 53              |
| Inventory turnover (days) <sup>(3)</sup>         | 238             | 281             | 581             | 424             | 388             |
| Current ratio (times) <sup>(4)</sup>             | 2.2             | 2.4             | 2.9             | 4.3             | 3.8             |
| Gearing ratio (times) <sup>(5)</sup>             | 0.8             | 0.7             | 0.6             | 0.5             | 0.6             |

**Notes:**

- (1) Computed based on average trade receivables multiplied by 365 days/120 days for the respective financial years/period, and divided by total revenue:

|                           | <b>FYE 2019</b> | <b>FYE 2020</b> | <b>FYE 2021</b> | <b>FYE 2022</b> | <b>FPE 2023</b> |
|---------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                           | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   |
| Opening trade receivables | 8,154           | 9,057           | 8,913           | 7,146           | 9,026           |
| Closing trade receivables | 9,057           | 8,913           | 7,146           | 9,026           | 10,175          |
| Revenue                   | 40,195          | 38,804          | 34,359          | 45,020          | 16,429          |

- (2) Computed based on average trade payables multiplied by 365 days/120 days for the respective financial years/period, and divided by cost of sales:

|                       | <b>FYE 2019</b> | <b>FYE 2020</b> | <b>FYE 2021</b> | <b>FYE 2022</b> | <b>FPE 2023</b> |
|-----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                       | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   |
| Opening trade payable | 9,799           | 6,044           | 8,202           | 5,705           | 2,756           |
| Closing trade payable | 6,044           | 8,202           | 5,705           | 2,756           | 4,200           |
| Cost of sales         | 19,418          | 20,257          | 11,529          | 18,422          | 7,885           |

- (3) Computed based on average opening and closing inventory over cost of sales for each financial year/period multiplied by 365 days/120 days for the respective financial years/period:

**12. FINANCIAL INFORMATION (Cont'd)**

|                   | <b>FYE 2019</b> | <b>FYE 2020</b> | <b>FYE 2021</b> | <b>FYE 2022</b> | <b>FPE 2023</b> |
|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                   | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   |
| Opening inventory | 11,672          | 13,694          | 17,501          | 19,171          | 23,624          |
| Closing inventory | 13,694          | 17,501          | 19,171          | 23,624          | 27,304          |
| Cost of sales     | 19,418          | 20,257          | 11,529          | 18,422          | 7,885           |

(4) Computed based on current assets over current liabilities as at each financial year end/period.

(5) Computed based on total borrowings over total equity as at each financial year end/period.

**12.8.1 Trade receivables turnover**

The normal credit period granted by our Group to our customers is cash term or up to 90 days from the date of invoice.

Our trade receivables turnover days were within the credit terms for the financial years/period under review and has increased from 78 days in FYE 2019 to 85 days in FYE 2020 due to slower collection arising from the onset of travel restrictions arising from the COVID-19 pandemic. Please refer to Section 7.8 for further details of the interruptions in our operations.

Our trade receivables turnover days maintained at 85 days in FYE 2020 to 2021 and subsequently decreased to 66 days in FYE 2022, mainly due to better collection of receivables during the year as a result of the resumption of our customers' businesses in April 2022 under the "transition to endemic" phase. Our trade receivables turnover days then increased marginally to 70 days in FPE 2023 mainly due to slower collection of receivables arising from both the Chinese New Year and Hari Raya Aidilfitri festive seasons in FPE 2023.

The ageing analysis of our trade receivables as at 30 April 2023 is as follows:

|                               | <b>Trade receivables as at 30 April 2023</b> |                                                         | <b>Collection from 1 May 2023 up to LPD</b> | <b>Balance as at LPD</b> |
|-------------------------------|----------------------------------------------|---------------------------------------------------------|---------------------------------------------|--------------------------|
|                               | <b>RM'000</b>                                | <b>Percentage of trade receivables (a)/total of (a)</b> | <b>RM'000</b>                               | <b>RM'000</b>            |
|                               | <b>(a)</b>                                   | <b>(a)</b>                                              | <b>(b)</b>                                  | <b>(c) = (a)-(b)</b>     |
| Neither past due nor impaired | 6,248                                        | 61.4                                                    | 6,129                                       | 119                      |
| Past due but not impaired:    |                                              |                                                         |                                             |                          |
| - less than 30 days           | 2,366                                        | 23.3                                                    | 2,366                                       | -                        |
| - 31 to 60 days               | 1,120                                        | 11.0                                                    | 1,118                                       | 2                        |
| - 61 to 90 days               | 156                                          | 1.5                                                     | 147                                         | 9                        |
| - over 90 days                | 285                                          | 2.8                                                     | 275                                         | 10                       |
|                               | 3,927                                        | 38.6                                                    | 3,906                                       | 21                       |
| <b>Total</b>                  | <b>10,175</b>                                | <b>100.0</b>                                            | <b>10,035</b>                               | <b>140</b>               |

As at LPD, we have collected 98.6% of our total outstanding trade receivables as at 30 April 2023.

**12. FINANCIAL INFORMATION (Cont'd)**

Our Group has in place a credit procedure to monitor and minimise the exposure of default. Receivables are monitored on a regular and ongoing basis. Credit evaluations are performed on all customers requiring credit. We use suppliers' reference and external information services to evaluate our customers' credit standing and financial health. Based on these evaluations, approvals are sought from designated authorised management personnel, depending on the credit limit. For existing customers, we also review their payment record and current credit standing with us before accepting any new orders, where we will evaluate the projects that are being undertaken as well as any peculiar circumstances that affects these customers, such as restrictions by pandemic, if any.

All our outstanding debts are closely monitored by our management personnel and reported to authorised management personnel on a periodic basis. We also conduct periodic credit control meetings with our sales and marketing team to monitor collections and recoverability of our debts.

**12.8.2 Trade payables turnover**

The normal credit term granted to us by our suppliers ranges from 30 to 90 days.

In FYE 2019, our trade payables turnover days was 149 days due to bulk purchases of inventories during the end of the year. As we have been in continuous communication with our suppliers and have not defaulted in payment throughout our relationship with them, our suppliers were acceptable with us settling our payments later and did not stop supplying us with our inventories. Our trade payables turnover days decreased from 149 days in FYE 2019 to 128 days in FYE 2020 due to faster repayment to our suppliers in FYE 2020.

Our trade payables turnover days increased from 128 days in FYE 2020 to 220 days in FYE 2021. This was mainly due to slower payment to one of our major suppliers, namely Top Steels as the tubes & fittings supplied by them in July to December 2020 amounting to RM1.58 million did not meet our quality checks standard on internal finishing. We raised our dispute with Top Steels on the quality of such batch of products between January to March 2021. However, Top Steels opposed our dispute and was unable to travel to Malaysia between April to November 2021 due to travel restrictions to inspect the disputed batch of tubes & fittings. Save for the above, there was no other slower payment made to Top Steels arising from quality issues on products supplied in the past.

As a result of the above dispute, we did not settle our total trade payables owed to Top Steels amounting to RM5.22 million in FYE 2021 based on our management's decision after assessing the quantum of the disputed batch. We generally assess any disputes on a case-by-case basis based on factors including but not limited to quantum of the dispute and business and length of relationship with our supplier. Nevertheless, we did not experience any halt in supplies from said supplier despite withholding payment to them. In December 2021, Top Steels traveled to our local warehouse to inspect the disputed batch of tubes & fittings and completed negotiations with us, where it was mutually agreed for Top Steels to rework the disputed batch. In January 2022, Top Steels engaged its local contractors which used equipment and tools such as computerised numerical control machines, polishing tools and cutting equipment to readjust the roughness, roundness and thickness of the disputed batch to be in compliance with our specifications. Upon receiving the reworked batch and being satisfied with the quality of the internal finishing, we repaid the outstanding amount of RM5.22 million to Top Steels during the first half of 2022. This led to the decrease of our trade payables turnover days to 84 days in FYE 2022.

Our trade payables turnover days further decreased to 53 days in FPE 2023, mainly due to improvement in repayment to our suppliers.

**12. FINANCIAL INFORMATION (Cont'd)**

The ageing analysis of our trade payables as at 30 April 2023 is as follows:

|                          | Trade payables as at<br>30 April 2023 | Percentage<br>of trade<br>payables<br>(a)/total of<br>(a) | Payment<br>from 1 May<br>2023 up to<br>LPD | Balance as<br>at LPD |
|--------------------------|---------------------------------------|-----------------------------------------------------------|--------------------------------------------|----------------------|
|                          | RM'000                                |                                                           | RM'000                                     | RM'000               |
|                          | (a)                                   | (a)                                                       | (b)                                        | (c) = (a)-(b)        |
| Within credit period     | 2,935                                 | 69.9                                                      | 2,935                                      | -                    |
| Exceeding credit period: |                                       |                                                           |                                            |                      |
| - 1 to 30 days           | 644                                   | 15.3                                                      | 644                                        | -                    |
| - 31 to 60 days          | 621                                   | 14.8                                                      | 599                                        | 22                   |
| - 61 to 90 days          | -                                     | 0.0                                                       | -                                          | -                    |
| - More than 90 days      | -                                     | 0.0                                                       | -                                          | -                    |
|                          | 1,265                                 | 30.10                                                     | 1,243                                      | 22                   |
| <b>Total</b>             | <b>4,200</b>                          | <b>100.0</b>                                              | <b>4,178</b>                               | <b>22</b>            |

As at LPD, we have settled all 99.5% of our total outstanding trade payables as at 30 April 2023. As at LPD, there are no outstanding disputes in respect of our trade payables and we are not aware of any legal action initiated by our suppliers to demand for payment from us.

**12.8.3 Inventory turnover**

Our Group's inventories mainly comprise stainless steel sanitary tubes & fittings, valves and installation components & equipment, representing 96.0%, 97.0%, 96.3%, 95.5% and 95.5% of our total inventories for FYE 2019 to 2022 and FPE 2023 respectively. Our usual level of inventory turnover period ranges from 250 to 350 days, taking into consideration amongst others, our Group's expansion requirements (e.g. new product SKUs and new customer base) and/or additional inventories purchased to buffer for shortages or in anticipation of future increase in stainless steel price.

The breakdown of our inventories by product segments for FYE 2019 to 2022 and FPE 2023 are as follows:

|                                       | Audited       |              |               |              |               |              |               |              |               |              |
|---------------------------------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|
|                                       | FYE 2019      |              | FYE 2020      |              | FYE 2021      |              | FYE 2022      |              | FPE 2023      |              |
|                                       | RM'000        | %            | RM'000        | %            | RM'000        | %            | RM'000        | %            | RM'000        | %            |
| Tubes & fittings                      | 9,535         | 69.6         | 11,748        | 67.2         | 12,703        | 66.3         | 16,395        | 69.4         | 19,504        | 71.5         |
| Valves                                | 2,958         | 21.6         | 4,071         | 23.3         | 4,369         | 22.8         | 4,384         | 18.6         | 4,567         | 16.7         |
| Installation components & equipment   | 657           | 4.8          | 1,143         | 6.5          | 1,383         | 7.2          | 1,774         | 7.5          | 2,002         | 7.3          |
| Rubber hoses                          | 425           | 3.1          | 513           | 2.9          | 702           | 3.6          | 861           | 3.6          | 849           | 3.1          |
| Other related products <sup>(1)</sup> | 119           | 0.9          | 26            | 0.1          | 14            | 0.1          | 210           | 0.9          | 382           | 1.4          |
|                                       | <b>13,694</b> | <b>100.0</b> | <b>17,501</b> | <b>100.0</b> | <b>19,171</b> | <b>100.0</b> | <b>23,624</b> | <b>100.0</b> | <b>27,304</b> | <b>100.0</b> |

**Note:**

- (1) Comprises non-sanitary stainless steel products such as square hollow sections, pipes & fittings, plates and industrial hardware.

**12. FINANCIAL INFORMATION (Cont'd)**

We take a proactive approach in inventory management and generally maintain a minimum inventory level of 6 months in particular for products which are commonly requested by our customers. This is because our third-party manufacturers/supplier will require approximately up to 6 months to deliver our products (depending on the quantum and specification of our orders, where (a) for existing product range, our Group's third-party manufacturers/supplier will take approximately 2 to 5 months for delivery and (b) for new product range, our Group's third-party manufacturers/supplier will take approximately 3 to 6 months for delivery), whereas we generally practise a delivery period of 1 day to 2 months upon receipt of purchase orders from our customers (depending on the quantum and specification of products ordered) as part of our commitment to minimise disruption to our industrial end-customers' project implementation or production activities. Generally, the industrial end-customers with their own team of project engineers will place their orders directly from us. Otherwise, they will place their orders through project consultants or contractors who are responsible for the design, development and installation of the production lines.

For new project implementation, upon delivery of product to customers, we will ensure that there is a 15.0% to 20.0% inventory level of the same products for the duration of the project (generally up to a year) as part of our commitment to minimise disruption to our industrial end-customers' project. In the event that the inventories are not utilised in our industrial end-customers' project, these inventories will be sold to other customers of the same industry as our products are manufactured based on several requirements from the respective industries.

Post project implementation, it is vital for us to continue to maintain sufficient inventory level to ensure availability of different SKUs of our sanitary products post project implementation and/or to support our industrial end-customers' continuous replacement/maintenance of their manufacturing facilities. This is because our industrial end-customers are manufacturing facilities in the F&B, semiconductor and pharmaceutical industries and they cannot afford major downtime in their production activities. As such, they rely on us for timely replacement of our sanitary products in the event there is a production line malfunction. In the event that our Group does not have the inventories readily available for our industrial end-customers' replacement/maintenance of their manufacturing facilities, our industrial end-customers may engage other suppliers to procure such inventories.

Furthermore, bulk of our inventories are delivered to Warehouse 3 (distribution centre). Upon completion of quality checks, such inventories will only be distributed to our respective regional warehouses in Singapore, Thailand, Indonesia and to our representative agents in the Philippines, Vietnam and Taiwan.

For FYE 2019, our inventory turnover days was 238 days due to increase in our closing inventory level as a result of additional inventories purchased at the end of the financial year (prior to festive season i.e. Chinese New Year in January 2020) in anticipation of increase in lead time by (a) our third-party manufacturers in Taiwan and South Korea; and (b) our supplier which sources our products from its third-party manufacturers based in China. Such purchases were made to ensure that we are able to fulfil our purchase orders and to minimise disruption to our industrial end-customers' project during and after the festive season.

Arising from up to 2 months delay in the delivery schedule from our third-party manufacturers/supplier during the COVID-19 pandemic, our Group decided to further increase our inventory level to avoid any shortage. This led to an increase in inventory turnover days from 238 days for FYE 2019 to 281 days for FYE 2020. In addition, we also purchase additional inventories in FYE 2020 after taking into account the financial position of our Group and in anticipation of future increase of stainless steel price. We are able to maintain a high stockholding level as stainless steel is non-perishable in nature.



**12. FINANCIAL INFORMATION (Cont'd)**

The table below displays the average price of stainless steel for the FYE 2019 to 2022 and FPE 2023.

|                 | Average price (RM/ton) |          |          |          |          |
|-----------------|------------------------|----------|----------|----------|----------|
|                 | FYE 2019               | FYE 2020 | FYE 2021 | FYE 2022 | FPE 2023 |
| Stainless steel | 10,395                 | 9,318    | 11,328   | 12,276   | 11,154   |

In terms of value, our closing inventory level only increased by RM1.67 million as at 31 December 2021 as compared to 31 December 2020. However, our inventory turnover days increased from 281 days in FYE 2020 to 581 days in FYE 2021 mainly due to:

- (a) our decision to increase our inventory in FYE 2021 before the anticipated upward price adjustment from our third-party manufacturers/supplier in China due to the withdrawal of export rebate for tubes & fittings and installation components & equipment of 13.0% by the Chinese government effective from 1 May 2021;
- (b) delays in our industrial end-customers' projects such as installation of production lines for their F&B plants arising from the COVID-19 pandemic. As such, our customers with quotation orders amounting to RM4.82 million were not able to issue their purchase orders. As we anticipate the demand of our products to increase post pandemic due to resumption in our industrial end-customers' projects, we increased our inventory levels to cater for such demand. Subsequently in FYE 2022, their customers issued their purchase orders which led to the increase in our total revenue of RM10.66 million or 31.0% from RM34.36 million in FYE 2021 as compared to RM45.02 million in FYE 2022;
- (c) increase in Minox ID's inventory level in Indonesia by RM0.58 million mainly to cater for its 2 new warehouses in West Java, Indonesia and East Java, Indonesia; and
- (d) lower total cost of sales in FYE 2021 due to lower revenue as mentioned in Section 12.2.2(a) above coupled with lower average cost of sales per unit as our Group utilised the inventories purchased in prior years (sourced prior to the increase in stainless steel price in FYE 2021) to fulfil our purchase orders in FYE 2021. This also led to an increase in GP margin during the year.

Despite the minimal increase in inventories value by RM1.67 million as at 31 December 2021 as compared to 31 December 2020 as mentioned in (a) to (c) above (numerator), our cost of sales decreased substantially by RM8.73 million or 43.1% from RM20.26 million as at 31 December 2020 to RM11.53 million as mentioned in (d) above (denominator). This has resulted in an increase in our Group's inventory turnover days from 281 days in FYE 2020 to 581 days in FYE 2021.

Our inventory turnover days improved from 581 days for FYE 2021 to 424 days for FYE 2022 mainly attributable to faster utilisation of inventories as mentioned in (b) above to cater for the resumption of our industrial end-customers' projects. In FPE 2023, our inventory turnover days further improved to 388 days mainly attributable to faster utilisation of inventories in tandem with our increased sales, coupled with our Company's decision to revert to pre-COVID-19 inventory management practices, as lead time for deliveries from suppliers have shorten arising from the "transition to endemic phase" in FYE 2022, i.e. up to 6 months.

We assess whether inventories should be impaired by identifying damaged, obsolete and slow-moving inventories during semi-annual stock count in all our warehouses to identify any discrepancies in terms of physical quantities compared to our inventory systems and slow-moving inventories. Slow-moving inventories are those more than 36 months from the date of purchase. Damaged inventories will be written off while obsolete and slow-moving inventories will be impaired to their net realisable value. As at LPD, we have yet to experience any damaged inventories arising from corrosion in our stainless steel products as our inventories are stored in clean, dry and well-ventilated warehouses.

**12. FINANCIAL INFORMATION (Cont'd)**

Additionally, we also conduct annual assessments of our inventory value and will impair if the net realisable value of the inventories are below their cost in accordance with our inventory management policy. However, despite such provision, our inventories are generally not perishable and may still be sold. During the FYE 2019 to 2022 and FPE 2023, our Group had written down inventories as follows:

|                                         | <b>Audited</b>  |                        |                        |                 |                 |
|-----------------------------------------|-----------------|------------------------|------------------------|-----------------|-----------------|
|                                         | <b>FYE 2019</b> | <b>FYE 2020</b>        | <b>FYE 2021</b>        | <b>FYE 2022</b> | <b>FPE 2023</b> |
|                                         | <b>RM'000</b>   | <b>RM'000</b>          | <b>RM'000</b>          | <b>RM'000</b>   | <b>RM'000</b>   |
| Inventories written down <sup>(1)</sup> | 1,839           | -                      | 90                     | 431             | 154             |
| Reversal of inventories written down    | -               | <sup>(2)</sup> (2,237) | <sup>(2)</sup> (2,301) | (19)            | (21)            |
|                                         | <b>1,839</b>    | <b>(2,237)</b>         | <b>(2,211)</b>         | <b>412</b>      | <b>133</b>      |

**Notes:**

- (1) For FYE 2019, impairment was made on our inventories with short shelf life, change in product design to cater for customers' requests, and in compliance with ASME BPE Standard and 3-A Sanitary Standards, according to MFRS accounting standards to reflect the lower of cost and net realisable value due to reduction in selling price in view of uncertainties during MCO period.
- (2) Inventories that were reversed out were sold above their carrying amount in the respective financial year/period.

As at 30 April 2023, our inventories amounted to RM27.30 million and can be analysed as follows:

|                               | <b>Inventory holding period</b> |                        |                        |                            |               |
|-------------------------------|---------------------------------|------------------------|------------------------|----------------------------|---------------|
|                               | <b>Less than 12 months</b>      | <b>12 to 24 months</b> | <b>24 to 36 months</b> | <b>36 months and above</b> | <b>Total</b>  |
|                               | <b>RM'000</b>                   | <b>RM'000</b>          | <b>RM'000</b>          | <b>RM'000</b>              | <b>RM'000</b> |
| Products                      | 19,224                          | 3,825                  | 3,597                  | 962                        | 27,608        |
| Less: Impairment              | -                               | -                      | -                      | (304)                      | (304)         |
|                               | <b>19,224</b>                   | <b>3,825</b>           | <b>3,597</b>           | <b>658</b>                 | <b>27,304</b> |
| Sold from 1 May 2023 to LPD   | (3,546)                         | (777)                  | (447)                  | (91)                       | (4,861)       |
| Balance inventories as at LPD | <b>15,678</b>                   | <b>3,048</b>           | <b>3,150</b>           | <b>567</b>                 | <b>22,443</b> |

As at LPD, RM4.86 million or 17.8% of our inventories as at 30 April 2023 have been sold. The balance of the inventories of RM22.44 million or 82.2% remained unsold as at LPD, of which RM0.57 million exceeds 36 months, which will be assessed and impaired if remain unsold as at 31 December 2023.

**12. FINANCIAL INFORMATION (Cont'd)****12.8.4 Current ratio**

Our current ratio throughout the FYE 2019 to 2022 and FPE 2023 is as follows:

|                           | As at 31 December |               |               |               | As at 30 April |
|---------------------------|-------------------|---------------|---------------|---------------|----------------|
|                           | 2019              | 2020          | 2021          | 2022          | 2023           |
|                           | RM'000            | RM'000        | RM'000        | RM'000        | RM'000         |
| Current assets            | 31,745            | 36,411        | 39,953        | 48,862        | 49,554         |
| Current liabilities       | (14,211)          | (15,150)      | (13,591)      | (11,462)      | (13,028)       |
| <b>Net current assets</b> | <b>17,534</b>     | <b>21,261</b> | <b>26,362</b> | <b>37,400</b> | <b>36,526</b>  |
| Current ratio (times)     | 2.2               | 2.4           | 2.9           | 4.3           | 3.8            |

Our current ratios range between 2.2 times to 4.3 times for FYE 2019 to 2022 and FPE 2023. This indicates that our Group is capable of meeting short term obligations as our current assets, such as trade receivables and inventories, which can be readily converted to cash, together with our cash in bank, are enough to meet our current liabilities.

The increase in current ratio for FYE 2020 was mainly due to increase in current asset arising from the increase in inventories in FYE 2020. The increase in current ratio for FYE 2021 was mainly due to:

- (a) increase in cash and bank balances arising from proceeds from disposal of a leasehold property on Old Toh Tuck Road, Singapore and drawdown of overdraft facility for working capital requirements; and
- (b) increase in inventories of RM1.67 million, mainly due to a delay in our industrial end-customers' projects arising from the COVID-19 pandemic.

The increase in current ratio for FYE 2022 was mainly due to:

- (a) increase in cash and bank balances mainly due to cash generated from operations, proceeds from the disposal of our previous warehouse erected on 2 pieces of freehold land in Melaka and drawdown of term loan for working capital requirements;
- (b) increase in inventories in tandem with our increase in sales for FYE 2022;
- (c) increase in trade receivables and other receivables mainly due to increase in sales, increase in deposit paid to acquire a vacant land located in Puchong, Selangor, earmarked for Warehouse 4 and prepaid expenses in relation to our Listing; and
- (d) decrease in trade payables arising from repayment to suppliers.

The decrease in current ratio for FPE 2023 was mainly due to:

- (a) decrease in cash and bank balances mainly due to purchase of inventories and down payment paid for acquisition of a vacant land earmarked for Warehouse 4;
- (b) increase in trade payables in tandem with our increase in purchases for FPE 2023; and
- (c) increase in borrowings due to drawdown of term loan of RM8.50 million for the acquisition of a vacant land earmarked for Warehouse 4.

**12. FINANCIAL INFORMATION (Cont'd)****12.8.5 Gearing ratio**

Our gearing ratio throughout the FYE 2019 to 2022 and FPE 2023 is as follows:

|                                 | <b>As at 31 December</b> |               |               |               | <b>As at 30 April</b> |
|---------------------------------|--------------------------|---------------|---------------|---------------|-----------------------|
|                                 | <b>2019</b>              | <b>2020</b>   | <b>2021</b>   | <b>2022</b>   | <b>2023</b>           |
|                                 | <b>RM'000</b>            | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>         |
| Total borrowings <sup>(1)</sup> | 25,457                   | 25,005        | 24,115        | 23,046        | 31,748                |
| Total equity                    | 32,356                   | 35,006        | 39,781        | 49,426        | 52,786                |
| Gearing ratio (times)           | 0.8                      | 0.7           | 0.6           | 0.5           | 0.6                   |

**Note:**

- <sup>(1)</sup> Based on total borrowings and lease liabilities excluding lease liabilities arising from the lease arrangement of warehouse of RM0.70 million as at 31 December 2019, RM0.48 million as at 31 December 2020, RM0.24 million as at 31 December 2021, RM0.57 million as at 31 December 2022 and RM0.87 million as at 30 April 2023.

Our gearing ratio decreased from 0.8 times in FYE 2019 to 0.7 times in FYE 2020, mainly due to increase in total equity as a result of our profits generated in FYE 2020. We recorded a lower gearing ratio of 0.6 times in FYE 2021 compared to 0.7 times in FYE 2020 mainly due to our profits generated for the year.

Our gearing ratio decreased from 0.6 times in FYE 2021 to 0.5 times in FYE 2022, mainly due to increase in total equity as a result of our profits generated and decrease in borrowings in FYE 2022. Our gearing ratio increased back to 0.6 times in FPE 2023, mainly due to drawdown of term loan of RM8.50 million for the acquisition of a vacant land earmarked for Warehouse 4.

**12.9 SIGNIFICANT FACTORS AFFECTING OUR REVENUE**

Section 9 details a number of risk factors relating to our business and the industry in which we operate in. Some of these risk factors have an impact on our Group's revenue and financial performance. The main factors which affect our revenue and profit include but not limited to the following:

**(a) High dependency on our third-party manufacturers/supplier for our products and we do not have long-term agreements with them**

We are highly dependent on our third-party manufacturers/supplier to supply our products. Moreover, as our third-party manufacturers/supplier are also responsible for the raw material (i.e. stainless steel) sourcing and purchasing, any significant increase in manufacturing cost charged by them due to the increase in raw material prices will lead to an increase in our cost of purchases. This may in turn negatively impact our financial performance. If we are unable to pass on the increased cost to our customers, our revenue and margins may be adversely affected, and may lead to a decrease in overall profitability.

We do not enter into any formal long-term agreements with our third-party manufacturers/supplier. In the event that we lose several of them simultaneously and are not replaced with alternative third-party manufacturers/supplier in a timely manner, our business operations and financial performance may be adversely affected.

**12. FINANCIAL INFORMATION (Cont'd)****(b) Risk of infringement of intellectual property rights**

Our "MINOX®" trademark is registered with the relevant intellectual property offices in Malaysia, Singapore, Thailand, the Philippines, Indonesia, Taiwan and Vietnam, further details of which are set out in Section 6.8. The revenue contribution from the distribution of our "MINOX®" brand of sanitary products was 95.9%, 97.8%, 97.4%, 96.4% and 82.8% of our Group's total revenue for FYE 2019 to 2022 and FPE 2023 respectively. Any unauthorised use of our brand name by third-parties may adversely affect our business and reputation, including the perceived quality and reliability of our products.

**(c) Dependency on our industrial end-customer from the F&B industry**

Our business is dependent on our industrial end-customers from the F&B industry. The performance of the industrial end-customers from the F&B industry may be affected by factors as disclosed in Section 9.1.5. A negative performance from the industrial end-customers in F&B industry may affect their production activities (lower production activities), which in turn will result in lower demand for our products due to reduction in maintenance activities such as replacement of wear and tear parts. Consequently, this may adversely affect our business operations and financial performance.

**(d) Operate in a competitive environment**

We face competition from existing players in the sanitary valves and fittings industry both locally and overseas. We mainly compete on product quality and price, company recognition and loyalty, as well as the ability to identify and fulfil the latest needs of the manufacturing processing systems. In SEA, the competition we face from competitors may vary from country to country. For example, in Malaysia, the sanitary valves and fittings industry consists predominantly of suppliers and traders of sanitary products. As such, the barriers to entry are generally low for the local sanitary valves and fittings industry as most of these products can be easily sourced in the market and the upfront cost required by a new industry player can be low if they start with a small range of products. As such, we potentially face competition from new entrants into this industry. We could lose market share due to competitive pressure or other factors, and this may necessitate us to lower the prices of our products or increase our marketing expenses. Such measures could adversely affect our margins which may have an impact on our operating results and profitability.

**12.10 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES**

Save for policies in relation to COVID-19, there were no government, economic, fiscal or monetary policies or factors which have materially affected our financial performance during FYE 2019 to 2022 and FPE 2023.

There is no assurance that our financial performance will not be adversely affected by the impact of further changes in government, economic, fiscal or monetary policies or factors moving forward. Risks relating to government, economic, fiscal or monetary policies or factors which may adversely and materially affect our operations are set out in Section 9.

**12. FINANCIAL INFORMATION (Cont'd)****12.11 IMPACT OF INFLATION**

During FYE 2019 to 2022 and FPE 2023, our financial performance was not materially affected by the impact of inflation. However, there is no assurance that our financial performance will not be adversely affected by the impact of inflation moving forward. Any significant increase in our costs of sales in the future may adversely affect our operations and performance if we are unable to pass on the higher costs to our customers through an increase in selling prices.

**12.12 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES ON OUR GROUP'S OPERATIONS****(a) Impact of foreign exchange rates**

Our Group's gain or loss from foreign exchange fluctuations for the FYE 2019 to 2022 and FPE 2023 are as follows:

|                                                                    | <b>Audited</b>      |                     |                     |                     | <b>Unaudited</b>    | <b>Audited</b>      |
|--------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                                                    | <b>FYE<br/>2019</b> | <b>FYE<br/>2020</b> | <b>FYE<br/>2021</b> | <b>FYE<br/>2022</b> | <b>FPE<br/>2022</b> | <b>FPE<br/>2023</b> |
|                                                                    | <b>RM'000</b>       | <b>RM'000</b>       | <b>RM'000</b>       | <b>RM'000</b>       | <b>RM'000</b>       | <b>RM'000</b>       |
| Gain in foreign exchange                                           | 410                 | 795                 | 506                 | 1,104               | 244                 | 365                 |
| Loss in foreign exchange                                           | (1,265)             | (1,029)             | (1,002)             | (777)               | (240)               | (384)               |
| <b>Net (loss)/gain</b>                                             | <b>(855)</b>        | <b>(234)</b>        | <b>(496)</b>        | <b>327</b>          | <b>4</b>            | <b>(19)</b>         |
| Net (loss)/gain in foreign exchange as a percentage of revenue (%) | (2.1)               | (0.6)               | (1.4)               | 0.7                 | <0.1                | (0.1)               |

Based on the table above, our Group has not been materially impacted by the foreign exchange fluctuations.

Impact of foreign exchange rates to our Group as at 30 April 2023 is as follows:

|                                 | <b>RM'000 equivalent of<br/>balances denominated in<br/>USD</b> |
|---------------------------------|-----------------------------------------------------------------|
| <b>Financial assets</b>         |                                                                 |
| Trade and other receivables     | 886                                                             |
| Amount due from related parties | -                                                               |
| Cash and bank balances          | 1,586                                                           |
| <b>Financial liabilities</b>    |                                                                 |
| Trade and other payables        | 4,139                                                           |

Based on the table above:

- (i) Our foreign currency cash and bank balances represent only 17.3% of our total cash and bank balances of RM9.19 million as at 30 April 2023; and
- (ii) Our trade and other payables represent 76.9% of our total trade and other payables of RM5.38 million as at 30 April 2023.

## **12. FINANCIAL INFORMATION (Cont'd)**

A sensitivity analysis performed on our Group's foreign currency financial assets and liabilities as at 30 April 2023 indicates that our PAT for FPE 2023 would increase or decrease by approximately RM0.02, as a result of a 1.0% strengthening or weakening of RM against USD.

### **(b) Impact of interest rates**

Our exposure to changes in interest rate risk relates primarily to our bank borrowings.

A sensitivity analysis performed on our Group based on the outstanding floating rate of our bank borrowings as at 30 April 2023 indicates that our PBT for FPE 2023 would increase or decrease by approximately RM0.15 million, as a result of increase or decrease in interest rates by 50 basis points on these borrowings.

Our financial results for FYE 2019 to 2022 and FPE 2023 were not materially affected by fluctuations in interest rates.

### **(c) Impact of commodity prices**

Our products' main raw material is stainless steel. Our financial performance was not materially affected by fluctuations in commodity prices for FYE 2019 to 2022 and FPE 2023. Any adverse changes in such commodity prices will raise our cost of sales and may have adverse effect on us. However, any such price increase will affect the entire sanitary valves and fittings industry. We will generally pass on such price increase to our customers, wherever possible, to minimise the impact on financial performance.

## **12.13 SIGNIFICANT CHANGES**

There are no significant changes which may have a material effect on the financial position and results of our Group subsequent to FPE 2023 and up to LPD.

## **12.14 ORDER BOOK**

We do not maintain an order book as our sales are based on purchase orders received from customers with quantum and specifications required on an on-going basis.

## **12.15 DIRECTORS' STATEMENT ON OUR GROUP'S FINANCIAL PERFORMANCE**

Our Board is of the opinion that:

- (a) our Group's revenue will remain sustainable with an upward growth trend, in line with positive outlook of the sanitary valves and fittings industry as set out in the IMR Report in Section 8;
- (b) our liquidity will improve subsequent to the Public Issue given the additional funds to be raised for us to carry out our business strategies as stated in Section 7.16; and
- (c) our capital resources will strengthen, considering the proceeds to be raised from the Public Issue as well as internally generated funds. We may consider debt funding for our business expansion should the need arise.



## **12. FINANCIAL INFORMATION (Cont'd)**

In addition to the above, our Board confirms that there are no circumstances which would result in a significant decline in our revenue and GP margins or know of any factors that are likely to have a material impact on our liquidity, revenue or profitability.

### **12.16 TREND INFORMATION**

Based on our track record for FYE 2019 to 2022 and FPE 2023, the following trends may continue to affect our business:

- (a) our revenue was derived from our distribution of stainless steel sanitary valves, tubes & fittings, installation components & equipment, rubber hoses under our "MINOX®" brand and other related products. We expect these products to continue contributing significantly to our revenue of the Group in the future;
- (b) the main components of our cost of sales are tubes & fittings, valves, installation components & equipment and rubber hoses. Moving forward, our cost of sales is expected to fluctuate in tandem with our revenue segmentation. Our cost of sales is dependent on amongst others, the availability and price fluctuation of stainless steel; and
- (c) we achieved a GP margin of 51.7%, 47.8%, 66.4%, 59.1% and 52.0% for FYE 2019 to 2022 and FPE 2023 respectively. We hope to maintain our GP margin within the same range in the future. This would depend on, amongst others, our continued ability to manage our costs efficiently and our revenue segmentation in the future.

As at LPD, after all reasonable enquiries, our Board confirms that our operations have not been and will not be affected by any of the following:

- (a) 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 Group's financial performance, position and operations other than those discussed in Sections 7.8, 12.2, 12.9, 12.10, 12.11 and 12.12;
- (b) material commitments for capital expenditure save as disclosed in Section 12.6;
- (c) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as discussed in Sections 7.8, 12.2, 12.9, 12.10, 12.11 and 12.12;
- (d) known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our Group's revenue save for those that had been discussed in Sections 7.8, 12.2, 12.9, 12.10, 12.11 and 12.12; and
- (e) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical combined financial statements not necessarily indicative of the future financial performance and position other than those discussed in Sections 7.8, 12.2, 12.9, 12.10, 12.11 and 12.12.

Based on the above, our Board is optimistic about the future prospects of our Group given the long term positive outlook of the sanitary valves and fittings industry in Malaysia as set out in the IMR Report in Section 8, our Group's competitive strengths set out in Section 7.15 and our Group's intention to implement the business strategies as set out in Section 7.16.



**12. FINANCIAL INFORMATION (Cont'd)****12.17 DIVIDEND POLICY**

Our Group presently does not have any formal dividend policy and the declaration of dividends and other distribution are subject to the discretion of our Board. It is our Board's policy to recommend dividends to allow our shareholders to participate in the profits of our Group. However, our ability to pay dividends or make other distributions to our shareholders in the future years is subject to various factors such as having profits and excess funds, which are not required to be retained to fund our business.

As our Company is an investment holding company, our income and therefore our ability to pay dividends is dependent upon the dividends we receive from our subsidiaries, present or future. Our subsidiaries will require its financiers' consent as set out in the respective facility agreements to pay dividends to our Company. Save for compliance with the solvency requirement under the Act, which is applicable to all Malaysian companies, there are no legal, financial, or economic restrictions on the ability of our existing subsidiaries to transfer funds in the form of cash dividends, loans or advances to us. Moving forward, the payment of dividends or other distributions by our subsidiaries will depend on their distributable profits, operating results, financial condition, capital expenditure plans, business expansion plans and other factors that their respective boards of directors deem relevant.

During FYE 2019 to 2022, we declared and paid the following dividends:

|                            | <b>FYE 2019</b> | <b>FYE 2020</b> | <b>FYE 2021</b> | <b>FYE 2022</b> |
|----------------------------|-----------------|-----------------|-----------------|-----------------|
|                            | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   | <b>RM'000</b>   |
| Dividend declared and paid | 1,372           | 1,202           | 3,408           | 1,500           |

Subsequent to FYE 2022 and up to LPD, there were no further dividends declared and paid by our Group. Further to the above, we do not intend to declare and pay any dividends from LPD up to our Listing.

Any dividend declared will be at the discretion of our Board and any final dividends declared will be subject to approval of our shareholders at our AGM.

You should take note that this dividend policy merely describes our current intention and shall not constitute legally binding statements in respect of our future dividends that are subject to our Board's discretion.

When recommending the actual dividends for approval by shareholders or when declaring any interim dividends, our Board will consider, amongst others:

- (a) our anticipated future operating conditions as well as future expansion, capital expenditures and investment plans;
- (b) our operating cash flow requirements and financing commitments;
- (c) our expected financial performance including return on equity and retained earnings;
- (d) any restrictive covenants contained in our current and future financing arrangements;
- (e) the availability of adequate reserves and cash flows; and
- (f) any material impact of tax laws and regulatory requirements.

**12. FINANCIAL INFORMATION (Cont'd)****12.18 CAPITALISATION AND INDEBTEDNESS**

The table below summarises our capitalisation and indebtedness:

- (a) Based on latest unaudited combined financial information of our Group as at 31 July 2023; and
- (b) After adjusting for the effects of Acquisitions, the Public Issue and utilisation of proceeds.

|                                              |                               | <b>I</b>                      | <b>II</b>                           | <b>III</b>                                            |
|----------------------------------------------|-------------------------------|-------------------------------|-------------------------------------|-------------------------------------------------------|
|                                              | <b>As at<br/>31 July 2023</b> | <b>After<br/>Acquisitions</b> | <b>After I and<br/>Public Issue</b> | <b>After Public<br/>Issue and use<br/>of proceeds</b> |
|                                              | <b>RM'000</b>                 | <b>RM'000</b>                 | <b>RM'000</b>                       | <b>RM'000</b>                                         |
| <b>Capitalisation</b>                        |                               |                               |                                     |                                                       |
| Shareholders' equity                         | *                             | 51,790                        | 74,290                              | 70,890                                                |
| <b>Total capitalisation</b>                  | <b>*</b>                      | <b>51,790</b>                 | <b>74,290</b>                       | <b>70,890</b>                                         |
| <b>Indebtedness<sup>(1)</sup></b>            |                               |                               |                                     |                                                       |
| <b>Current</b>                               |                               |                               |                                     |                                                       |
| <i>Secured</i>                               |                               |                               |                                     |                                                       |
| Term loans                                   | -                             | 2,305                         | 2,305                               | 1,782                                                 |
| Bank overdraft                               | -                             | 3,429                         | 3,429                               | 3,429                                                 |
| Lease liabilities                            | -                             | 248                           | 248                                 | 248                                                   |
| <b>Non-current</b>                           |                               |                               |                                     |                                                       |
| <i>Secured</i>                               |                               |                               |                                     |                                                       |
| Term loans                                   | -                             | 24,894                        | 24,894                              | 20,917                                                |
| Lease liabilities                            | -                             | 1,032                         | 1,032                               | 1,032                                                 |
| <b>Total indebtedness:</b>                   | <b>-</b>                      | <b>31,908</b>                 | <b>31,908</b>                       | <b>27,408</b>                                         |
| <b>Total capitalisation and indebtedness</b> | <b>-</b>                      | <b>83,698</b>                 | <b>106,198</b>                      | <b>98,298</b>                                         |
| Gearing ratio (times) <sup>(2)</sup>         | -                             | 0.6                           | 0.4                                 | 0.4                                                   |

**Notes:**

\* Being the subscriber share of RM1.

(1) All of our indebtedness are secured and guaranteed.

(2) Computed based on total indebtedness divided by total capitalisation.

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**13. ACCOUNTANTS' REPORT**

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**MINOX INTERNATIONAL GROUP BERHAD**  
**(Registration No.: 202201025834 (1471531-H))**  
(Incorporated in Malaysia)

**ACCOUNTANTS' REPORT**  
**FOR THE FINANCIAL YEARS ENDED**  
**31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021, 31**  
**DECEMBER 2022 AND FINANCIAL PERIOD ENDED 30 APRIL 2023**

**GRANT THORNTON MALAYSIA PLT**

**CHARTERED ACCOUNTANTS**

**Member Firm of Grant Thornton International Ltd.**

### 13. ACCOUNTANTS' REPORT (*Cont'd*)



Date: 25 August 2023

The Board of Directors  
**Minox International Group Berhad**  
 3, Jalan Industri PBP 11  
 Taman Industri Pusat Bandar Puchong  
 47100 Puchong, Selangor

**Grant Thornton Malaysia PLT**  
 Level 11, Sheraton Imperial Court  
 Jalan Sultan Ismail  
 50250 Kuala Lumpur  
 Malaysia

T +603 2692 4022  
 F +603 2691 5229

Dear Sirs,

#### **Reporting Accountants' Opinion on the Financial Information (as defined herein) Contained in the Accountants' Report of Minox International Group Berhad ("Company" or "Minox")**

##### **Opinion**

We have audited the combined financial statements ("Financial Information") of Minox International Group Berhad and its combined entities (collectively known as "the Group" or "Minox International Group") which comprises the combined statements of financial position of the Group as at 31 December 2019, 31 December 2020, 31 December 2021, 31 December 2022 and 30 April 2023, the 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 31 December 2019, 31 December 2020, 31 December 2021, 31 December 2022 and financial period ended 30 April 2023 and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 77.

In our opinion, the accompanying Financial Information give a true and fair view of the combined statements of financial position of the Group as at 31 December 2019, 31 December 2020, 31 December 2021, 31 December 2022 and 30 April 2023, and of their combined financial performance and combined cash flows for the financial years/period 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.

**13. 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 to cease operations, or have no realistic alternative but to do so.

**Reporting Accountants' Responsibility 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.

**13. ACCOUNTANTS' REPORT (Cont'd)**



**Reporting Accountants' Responsibility for the Audit of the Financial Information (cont'd)**

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 represents 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 Matters**

The comparative information in respect of the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity, combined statements of cash flows and related notes to the combined financial statements for the financial period ended 30 April 2022 has not been audited.

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 Minox in connection with the listing of and quotation for the entire enlarged issued share capital of Minox 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.

A stylized signature in black ink, likely representing the firm's name or a representative.

GRANT THORNTON MALAYSIA PLT  
(201906003682 & LLP0022494-LCA)  
CHARTERED ACCOUNTANTS (AF 0737)

Kuala Lumpur  
25 August 2023

A stylized signature in black ink, likely representing the individual accountant.

LIM CHOOI LING  
(NO: 03537/11/2024(J))  
CHARTERED ACCOUNTANT

### 13. ACCOUNTANTS' REPORT (Cont'd)

#### MINOX INTERNATIONAL GROUP BERHAD

(Incorporated in Malaysia)

#### COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2022 AND 30 APRIL 2023

|                                                     | Note | 31.12.2019<br>RM  | 31.12.2020<br>RM  | 31.12.2021<br>RM  | 31.12.2022<br>RM  | 30.4.2023<br>RM   |
|-----------------------------------------------------|------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>ASSETS</b>                                       |      |                   |                   |                   |                   |                   |
| <b>Non-current assets</b>                           |      |                   |                   |                   |                   |                   |
| Property, plant and equipment                       | 4    | 15,679,026        | 15,051,435        | 14,082,607        | 10,666,725        | 22,214,843        |
| Right-of-use assets                                 | 5    | 9,412,401         | 8,718,463         | 6,933,094         | 8,117,233         | 8,655,865         |
| Investment properties                               | 6    | 9,500,000         | 9,500,000         | 9,500,000         | 9,500,000         | 9,500,000         |
| Other investments                                   | 7    | 1,031,411         | 997,916           | 979,472           | 958,300           | 976,096           |
| Deferred tax assets                                 | 8    | 1,098,066         | 1,339,949         | 1,413,734         | 1,636,834         | 1,915,366         |
| Total non-current assets                            |      | 36,720,904        | 35,607,763        | 32,908,907        | 30,879,092        | 43,262,170        |
| <b>Current assets</b>                               |      |                   |                   |                   |                   |                   |
| Inventories                                         | 9    | 13,694,381        | 17,500,661        | 19,170,848        | 23,624,188        | 27,304,312        |
| Trade receivables                                   | 10   | 9,057,214         | 8,913,169         | 7,145,957         | 9,025,540         | 10,175,284        |
| Other receivables                                   | 11   | 789,929           | 690,288           | 1,013,475         | 3,638,497         | 2,686,991         |
| Other investments                                   | 7    | 1,484,945         | 1,484,945         | 1,484,945         | -                 | -                 |
| Amount due from related parties                     | 12   | 1,838,917         | 2,862,492         | 3,471,404         | -                 | -                 |
| Tax recoverable                                     |      | 60,969            | 93,330            | 7,312             | 32,886            | 195,068           |
| Cash and bank balances                              |      | 4,819,327         | 4,867,365         | 7,659,367         | 12,540,665        | 9,192,565         |
| Total current assets                                |      | 31,745,682        | 36,412,250        | 39,953,308        | 48,861,776        | 49,554,220        |
| <b>TOTAL ASSETS</b>                                 |      | <b>68,466,586</b> | <b>72,020,013</b> | <b>72,862,215</b> | <b>79,740,868</b> | <b>92,816,390</b> |
| <b>EQUITY AND LIABILITIES</b>                       |      |                   |                   |                   |                   |                   |
| <b>EQUITY</b>                                       |      |                   |                   |                   |                   |                   |
| <b>Equity attributable to owners of the Company</b> |      |                   |                   |                   |                   |                   |
| Share capital                                       | 13.1 | 2,740,921         | 2,740,921         | 2,740,921         | 5,891,300         | 5,891,300         |
| Legal reserves                                      | 13.2 | 12,439            | 12,439            | 12,439            | 12,439            | 12,439            |
| Foreign exchange translation reserves               | 13.3 | 321,536           | 37,822            | 137,917           | (253,511)         | 1,113,976         |
| Retained earnings                                   |      | 26,750,219        | 29,511,179        | 34,286,313        | 40,872,636        | 42,733,783        |
|                                                     |      | 29,825,115        | 32,302,361        | 37,177,590        | 46,522,864        | 49,751,498        |
| Non-controlling interest                            |      | 2,531,298         | 2,704,485         | 2,603,428         | 2,904,046         | 3,035,168         |
| <b>TOTAL EQUITY</b>                                 |      | <b>32,356,413</b> | <b>35,006,846</b> | <b>39,781,018</b> | <b>49,426,910</b> | <b>52,786,666</b> |

**13. ACCOUNTANTS' REPORT (Cont'd)**
**MINOX INTERNATIONAL GROUP BERHAD**

(Incorporated in Malaysia)

**COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022 AND 30 APRIL 2023 (CONT'D)**

|                                     | Note | 31.12.2019<br>RM  | 31.12.2020<br>RM  | 31.12.2021<br>RM  | 31.12.2022<br>RM  | 30.4.2023<br>RM   |
|-------------------------------------|------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>EQUITY AND LIABILITIES</b>       |      |                   |                   |                   |                   |                   |
| <b>(CONT'D)</b>                     |      |                   |                   |                   |                   |                   |
| <b>LIABILITIES</b>                  |      |                   |                   |                   |                   |                   |
| <b>Non-current liabilities</b>      |      |                   |                   |                   |                   |                   |
| Employee benefits obligation        | 14   | 144,091           | 127,339           | 122,002           | 102,523           | 151,816           |
| Deferred tax liabilities            | 8    | 324,000           | 302,000           | 281,000           | 282,000           | 282,000           |
| Borrowings                          | 15   | 20,327,374        | 20,673,982        | 18,562,048        | 17,669,472        | 25,396,202        |
| Lease liabilities                   | 16   | 823,551           | 485,225           | 270,038           | 799,193           | 1,171,647         |
| Amount due to a Director            | 17   | 279,732           | 274,171           | 254,870           | -                 | -                 |
| Total non-current liabilities       |      | <u>21,898,748</u> | <u>21,862,717</u> | <u>19,489,958</u> | <u>18,853,188</u> | <u>27,001,665</u> |
| <b>Current liabilities</b>          |      |                   |                   |                   |                   |                   |
| Trade payables                      | 18   | 6,043,929         | 8,202,395         | 5,705,051         | 2,755,792         | 4,200,229         |
| Other payables                      | 19   | 1,164,840         | 695,724           | 579,521           | 1,491,691         | 1,179,063         |
| Amount due to related parties       | 12   | 549,199           | 706,681           | 490,294           | -                 | -                 |
| Amount due to a Director            | 17   | 902,128           | 823,499           | 21,218            | -                 | -                 |
| Borrowings                          | 15   | 4,606,202         | 3,988,988         | 5,205,965         | 4,514,749         | 5,318,988         |
| Lease liabilities                   | 16   | 396,766           | 333,367           | 321,370           | 632,658           | 736,183           |
| Tax payable                         |      | <u>548,361</u>    | <u>399,796</u>    | <u>1,267,820</u>  | <u>2,065,880</u>  | <u>1,593,596</u>  |
| Total current liabilities           |      | <u>14,211,425</u> | <u>15,150,450</u> | <u>13,591,239</u> | <u>11,460,770</u> | <u>13,028,059</u> |
| <b>TOTAL LIABILITIES</b>            |      | <u>36,110,173</u> | <u>37,013,167</u> | <u>33,081,197</u> | <u>30,313,958</u> | <u>40,029,724</u> |
| <b>TOTAL EQUITY AND LIABILITIES</b> |      |                   |                   |                   |                   |                   |
|                                     |      | <u>68,466,586</u> | <u>72,020,013</u> | <u>72,862,215</u> | <u>79,740,868</u> | <u>92,816,390</u> |

The accompanying notes form an integral part of the combined financial statements.



**13. ACCOUNTANTS' REPORT (Cont'd)****MINOX INTERNATIONAL GROUP BERHAD**

(Incorporated in Malaysia)

**COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022 AND FINANCIAL PERIOD ENDED 30 APRIL 2023**

|                                                                              |      | ←            |              | Audited      |              | →           | Unaudited   |
|------------------------------------------------------------------------------|------|--------------|--------------|--------------|--------------|-------------|-------------|
|                                                                              |      | 1.1.2019     | 1.1.2020     | 1.1.2021     | 1.1.2022     | 1.1.2023    | 1.1.2022    |
|                                                                              |      | to           | to           | to           | to           | to          | to          |
|                                                                              | Note | 31.12.2019   | 31.12.2020   | 31.12.2021   | 31.12.2022   | 30.4.2023   | 30.4.2022   |
|                                                                              |      | RM           | RM           | RM           | RM           | RM          | RM          |
| Revenue                                                                      | 20   | 40,195,428   | 38,804,441   | 34,359,347   | 45,019,715   | 16,429,344  | 13,470,412  |
| Cost of sales                                                                |      | (19,417,969) | (20,257,357) | (11,528,653) | (18,422,102) | (7,884,957) | (6,404,762) |
| Gross profit                                                                 |      | 20,777,459   | 18,547,084   | 22,830,694   | 26,597,613   | 8,544,387   | 7,065,650   |
| Other income                                                                 |      | 4,033,345    | 1,379,500    | 1,762,374    | 4,107,132    | 630,170     | 491,753     |
| Selling and marketing expenses                                               |      | (1,940,442)  | (1,515,190)  | (1,384,015)  | (2,080,817)  | (697,314)   | (564,483)   |
| Administration expenses                                                      |      | (11,537,111) | (11,869,453) | (11,483,167) | (14,082,334) | (5,768,675) | (4,629,338) |
| Impairment (loss)/gain on financial assets                                   |      | -            | -            | -            | (26,338)     | 1,420       | -           |
| Profit from operations                                                       |      | 11,333,251   | 6,541,941    | 11,725,886   | 14,515,256   | 2,709,988   | 2,363,582   |
| Finance income                                                               | 21   | 43,053       | 23,254       | 23,482       | 75,881       | 36,816      | 13,900      |
| Finance costs                                                                | 22   | (1,128,734)  | (997,424)    | (993,368)    | (1,098,052)  | (474,826)   | (317,783)   |
| Profit before tax                                                            | 23   | 10,247,570   | 5,567,771    | 10,756,000   | 13,493,085   | 2,271,978   | 2,059,699   |
| Tax expense                                                                  | 24   | (2,059,734)  | (1,381,244)  | (2,417,612)  | (2,943,832)  | (361,261)   | (504,996)   |
| Profit after tax                                                             |      | 8,187,836    | 4,186,527    | 8,338,388    | 10,549,253   | 1,910,717   | 1,554,703   |
| Other comprehensive income/(loss), net of tax                                |      |              |              |              |              |             |             |
| <u>Item that will not be reclassified subsequently to profit or loss</u>     |      |              |              |              |              |             |             |
| - Remeasurement of employee defined benefit                                  |      | -            | -            | (62,254)     | (18,302)     | -           | -           |
| <u>Item that are or may be reclassified subsequently to profit or loss</u>   |      |              |              |              |              |             |             |
| - Exchange differences translation                                           |      | 484,351      | (334,313)    | (93,812)     | (212,432)    | 1,449,039   | 511,688     |
| Other comprehensive income/(loss) for the financial years/period, net of tax |      | 484,351      | (334,313)    | (156,066)    | (230,734)    | 1,449,039   | 511,688     |
| Total comprehensive income for the financial years/period                    |      | 8,672,187    | 3,852,214    | 8,182,322    | 10,318,519   | 3,359,756   | 2,066,391   |

### 13. ACCOUNTANTS' REPORT (Cont'd)

#### MINOX INTERNATIONAL GROUP BERHAD

(Incorporated in Malaysia)

#### COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022 AND FINANCIAL PERIOD ENDED 30 APRIL 2023 (CONT'D)

|                                                       | ←                |                  | Audited          |                   | →                | Unaudited        |
|-------------------------------------------------------|------------------|------------------|------------------|-------------------|------------------|------------------|
|                                                       | 1.1.2019         | 1.1.2020         | 1.1.2021         | 1.1.2022          | 1.1.2023         | 1.1.2022         |
|                                                       | to               | to               | to               | to                | to               | to               |
| Note                                                  | 31.12.2019       | 31.12.2020       | 31.12.2021       | 31.12.2022        | 30.4.2023        | 30.4.2022        |
|                                                       | RM               | RM               | RM               | RM                | RM               | RM               |
| <b>Profit for the financial year attributable to:</b> |                  |                  |                  |                   |                  |                  |
| - Owners of the Company                               | 7,504,804        | 3,551,797        | 7,915,078        | 10,304,339        | 1,861,147        | 1,479,671        |
| - Non-controlling interest                            | 683,032          | 634,730          | 423,310          | 244,914           | 49,570           | 75,032           |
|                                                       | <u>8,187,836</u> | <u>4,186,527</u> | <u>8,338,388</u> | <u>10,549,253</u> | <u>1,910,717</u> | <u>1,554,703</u> |
| <b>Total comprehensive income attributable to:</b>    |                  |                  |                  |                   |                  |                  |
| - Owners of the Company                               | 7,812,588        | 3,268,083        | 7,952,919        | 10,017,901        | 3,228,634        | 1,940,076        |
| - Non-controlling interest                            | 859,599          | 584,131          | 229,403          | 300,618           | 131,122          | 126,315          |
|                                                       | <u>8,672,187</u> | <u>3,852,214</u> | <u>8,182,322</u> | <u>10,318,519</u> | <u>3,359,756</u> | <u>2,066,391</u> |

The accompanying notes form an integral part of the combined financial statements.

**13. ACCOUNTANTS' REPORT (Cont'd)**

**MINOX INTERNATIONAL GROUP BERHAD**  
(Incorporated in Malaysia)

**COMBINED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022 AND FINANCIAL PERIOD ENDED 30 APRIL 2023**

|      |                                                   | Share<br>capital<br>RM | Non-<br>distributable   | Foreign<br>exchange<br>translation<br>reserves<br>RM | Distributable              | Non-<br>controlling<br>interest<br>RM | Total<br>RM |
|------|---------------------------------------------------|------------------------|-------------------------|------------------------------------------------------|----------------------------|---------------------------------------|-------------|
| Note |                                                   |                        | Legal<br>reserves<br>RM |                                                      | Retained<br>earnings<br>RM |                                       |             |
|      | Balance as of 1 January 2019                      | 2,740,921              | 12,439                  | 13,752                                               | 20,072,483                 | 22,839,595                            | 25,056,028  |
|      | <b>Transactions with owners:-</b>                 |                        |                         |                                                      |                            |                                       |             |
| 25   | Dividends                                         | -                      | -                       | -                                                    | (827,068)                  | (544,734)                             | (1,371,802) |
|      | Profit for the financial year                     | -                      | -                       | -                                                    | 7,504,804                  | 683,032                               | 8,187,836   |
|      | Other comprehensive income for the financial year | -                      | -                       | 307,784                                              | -                          | 176,567                               | 484,351     |
|      | Total comprehensive income for the financial year | -                      | -                       | 307,784                                              | 7,504,804                  | 859,599                               | 8,672,187   |
|      | Balance as of 31 December 2019                    | 2,740,921              | 12,439                  | 321,536                                              | 26,750,219                 | 2,531,298                             | 32,356,413  |
|      | <b>Transactions with owners:-</b>                 |                        |                         |                                                      |                            |                                       |             |
| 25   | Dividends                                         | -                      | -                       | -                                                    | (790,837)                  | (410,944)                             | (1,201,781) |
|      | Profit for the financial year                     | -                      | -                       | -                                                    | 3,551,797                  | 634,730                               | 4,186,527   |
|      | Other comprehensive income for the financial year | -                      | -                       | (283,714)                                            | -                          | (50,599)                              | (334,313)   |
|      | Total comprehensive income for the financial year | -                      | -                       | (283,714)                                            | 3,551,797                  | 584,131                               | 3,852,214   |
|      | Balance as of 31 December 2020                    | 2,740,921              | 12,439                  | 37,822                                               | 29,511,179                 | 2,704,485                             | 35,006,846  |

**13. ACCOUNTANTS' REPORT (Cont'd)**

**MINOX INTERNATIONAL GROUP BERHAD**  
(Incorporated in Malaysia)

**COMBINED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022 AND FINANCIAL PERIOD ENDED 30 APRIL 2023 (CONT'D)**

|                                                          |      | Share<br>capital<br>RM | Non-<br>distributable<br>Legal<br>reserves<br>RM | Foreign<br>exchange<br>translation<br>reserves<br>RM | Distributable              |             | Non-<br>controlling<br>interest<br>RM | Total<br>RM |
|----------------------------------------------------------|------|------------------------|--------------------------------------------------|------------------------------------------------------|----------------------------|-------------|---------------------------------------|-------------|
|                                                          | Note |                        |                                                  |                                                      | Retained<br>earnings<br>RM |             |                                       |             |
| <b>Transactions with owners:-</b>                        |      |                        |                                                  |                                                      |                            |             |                                       |             |
| Dividends                                                | 25   | -                      | -                                                | -                                                    | (3,077,690)                | (3,077,690) | (330,460)                             | (3,408,150) |
| Profit for the financial year                            |      | -                      | -                                                | -                                                    | 7,915,078                  | 7,915,078   | 423,310                               | 8,338,388   |
| Other comprehensive income/(loss) for the financial year |      | -                      | -                                                | 100,095                                              | (62,254)                   | 37,841      | (193,907)                             | (156,066)   |
| Total comprehensive income for the financial year        |      | -                      | -                                                | 100,095                                              | 7,852,824                  | 7,952,919   | 229,403                               | 8,182,322   |
| Balance as of 31 December 2021                           |      | 2,740,921              | 12,439                                           | 137,917                                              | 34,286,313                 | 37,177,590  | 2,603,428                             | 39,781,018  |
| <b>Transactions with owners:-</b>                        |      |                        |                                                  |                                                      |                            |             |                                       |             |
| At date of incorporation                                 |      | 1                      | -                                                | -                                                    | -                          | 1           | -                                     | 1           |
| Issuance of share capital                                |      | 827,372                | -                                                | -                                                    | -                          | 827,372     | -                                     | 827,372     |
| Issuance of share pursuant to:                           |      |                        |                                                  |                                                      |                            |             |                                       |             |
| Conversion of retained earnings to share capital         |      | 2,323,006              | -                                                | (123,292)                                            | (2,199,714)                | -           | -                                     | -           |
| Dividends                                                | 25   | -                      | -                                                | -                                                    | (1,500,000)                | (1,500,000) | -                                     | (1,500,000) |
| Profit for the financial year                            |      | -                      | -                                                | -                                                    | 10,304,339                 | 10,304,339  | 244,914                               | 10,549,253  |
| Other comprehensive (loss)/income for the financial year |      | -                      | -                                                | (268,136)                                            | (18,302)                   | (286,438)   | 55,704                                | (230,734)   |
| Total comprehensive income for the financial year        |      | -                      | -                                                | (268,136)                                            | 10,286,037                 | 10,017,901  | 300,618                               | 10,318,519  |
| Balance as of 31 December 2022                           |      | 5,891,300              | 12,439                                           | (253,511)                                            | 40,872,636                 | 46,522,864  | 2,904,046                             | 49,426,910  |

**13. ACCOUNTANTS' REPORT (Cont'd)**

**MINOX INTERNATIONAL GROUP BERHAD**  
(Incorporated in Malaysia)

**COMBINED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022 AND FINANCIAL PERIOD ENDED 30 APRIL 2023 (CONT'D)**

|                                                     | <u>Note</u> | Non-distributable |                | Distributable                         |                   | Non-controlling interest | Total      |
|-----------------------------------------------------|-------------|-------------------|----------------|---------------------------------------|-------------------|--------------------------|------------|
|                                                     |             | Share capital     | Legal reserves | Foreign exchange translation reserves | Retained earnings |                          |            |
|                                                     |             | RM                | RM             | RM                                    | RM                | RM                       | RM         |
| Profit for the financial period                     |             | -                 | -              | -                                     | 1,861,147         | 49,570                   | 1,910,717  |
| Other comprehensive income for the financial period |             | -                 | -              | 1,367,487                             | -                 | 81,552                   | 1,449,039  |
| Total comprehensive income for the financial period |             | -                 | -              | 1,367,487                             | 1,861,147         | 131,122                  | 3,359,756  |
| Balance as of 30 April 2023                         |             | 5,891,300         | 12,439         | 1,113,976                             | 42,733,783        | 3,035,168                | 52,786,666 |

**13. ACCOUNTANTS' REPORT (Cont'd)**

**MINOX INTERNATIONAL GROUP BERHAD**  
(Incorporated in Malaysia)

**COMBINED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2022**

|                                                     |      | ←                      | Non-<br>distributable   | →                                                    | Distributable              |                                       |             |             |
|-----------------------------------------------------|------|------------------------|-------------------------|------------------------------------------------------|----------------------------|---------------------------------------|-------------|-------------|
|                                                     | Note | Share<br>capital<br>RM | Legal<br>reserves<br>RM | Foreign<br>exchange<br>translation<br>reserves<br>RM | Retained<br>earnings<br>RM | Non-<br>controlling<br>interest<br>RM | Total<br>RM | Total<br>RM |
| <b>Unaudited</b>                                    |      |                        |                         |                                                      |                            |                                       |             |             |
| Balance as of 1 January 2022                        |      | 2,740,921              | 12,439                  | 137,917                                              | 34,286,313                 | 2,603,428                             | 37,177,590  | 39,781,018  |
| <b>Transactions with owners:-</b>                   |      |                        |                         |                                                      |                            |                                       |             |             |
| Issuance of share capital                           |      | 763,728                | -                       | -                                                    | -                          | -                                     | 763,728     | 763,728     |
| Profit for the financial period                     |      | -                      | -                       | -                                                    | 1,479,671                  | 75,032                                | 1,479,671   | 1,554,703   |
| Other comprehensive income for the financial period |      | -                      | -                       | 460,405                                              | -                          | 51,283                                | 460,405     | 511,688     |
| Total comprehensive income for the financial period |      | -                      | -                       | 460,405                                              | 1,479,671                  | 126,315                               | 1,940,076   | 2,066,391   |
| Balance as of 30 April 2022                         |      | 3,504,649              | 12,439                  | 598,322                                              | 35,765,984                 | 2,729,743                             | 39,881,394  | 42,611,137  |

The accompanying notes form an integral part of the combined financial statements.

### 13. ACCOUNTANTS' REPORT (Cont'd)

#### MINOX INTERNATIONAL GROUP BERHAD

(Incorporated in Malaysia)

#### COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022 AND FINANCIAL PERIOD ENDED 30 APRIL 2023

|                                                   | ←           |             | Audited     |             | →           | Unaudited   |
|---------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                                   | 1.1.2019    | 1.1.2020    | 1.1.2021    | 1.1.2022    | 1.1.2023    | 1.1.2022    |
|                                                   | to          | to          | to          | to          | to          | to          |
| Note                                              | 31.12.2019  | 31.12.2020  | 31.12.2021  | 31.12.2022  | 30.4.2023   | 30.4.2022   |
|                                                   | RM          | RM          | RM          | RM          | RM          | RM          |
| <b>OPERATING ACTIVITIES</b>                       |             |             |             |             |             |             |
| Profit before tax                                 | 10,247,570  | 5,567,771   | 10,756,000  | 13,493,085  | 2,271,978   | 2,059,699   |
| <b>Adjustments for:-</b>                          |             |             |             |             |             |             |
| Bad debts written off                             | 18,576      | 5,598       | -           | 11,734      | -           | -           |
| Depreciation of property, plant and equipment     | 832,321     | 1,056,286   | 1,076,349   | 987,943     | 321,358     | 258,819     |
| Depreciation of right-of-use assets               | 692,266     | 755,925     | 659,482     | 813,467     | 399,689     | 214,060     |
| Employee benefits obligation                      | 51,683      | (13,872)    | (58,483)    | (39,968)    | 45,923      | (43,832)    |
| Fair value gain on investment property            | (1,283,138) | -           | -           | -           | -           | -           |
| Gain on disposal of property, plant and equipment | -           | -           | (600,764)   | (2,062,887) | -           | (68,925)    |
| Gain on disposal of right-of-use assets           | (105,200)   | -           | -           | -           | (134,802)   | -           |
| Gain on disposal of an associate                  | (1,800,000) | -           | -           | -           | -           | -           |
| Gain on early termination of lease contract       | (30,431)    | -           | -           | -           | -           | -           |
| Impairment loss/(gain) on trade receivables       | -           | -           | -           | 26,338      | (1,420)     | -           |
| Inventories written down                          | 1,838,878   | -           | 90,033      | 430,775     | 153,544     | -           |
| Interest expenses                                 | 1,128,734   | 997,424     | 993,368     | 1,098,052   | 474,826     | 317,783     |
| Interest income                                   | (43,053)    | (23,254)    | (23,482)    | (75,881)    | (36,816)    | (13,900)    |
| Property, plant and equipment written off         | -           | 10,231      | 4,259       | 7,464       | -           | -           |
| Reversal of inventories written down              | -           | (2,237,219) | (2,300,468) | (19,374)    | (20,731)    | -           |
| Unrealised loss/(gain) on foreign exchange        | 471,952     | 146,629     | 3,949       | (101,355)   | (24,014)    | 7,240       |
| Operating profit before working capital changes   | 12,020,158  | 6,265,519   | 10,600,243  | 14,569,393  | 3,449,535   | 2,730,944   |
| <b>Changes in working capital:-</b>               |             |             |             |             |             |             |
| Inventories                                       | (3,549,899) | (1,814,339) | 538,188     | (4,979,063) | (2,870,854) | (1,276,922) |
| Receivables                                       | 2,728,411   | 220,850     | 1,277,268   | (4,664,508) | 58,668      | (3,714,857) |
| Payables                                          | (3,452,952) | 2,054,036   | (2,846,246) | (1,953,673) | 1,116,572   | 329,720     |
| Related parties                                   | (855,461)   | (1,087,160) | (409,099)   | 2,798,265   | -           | 2,912,163   |
| Cash generated from operations                    | 6,890,257   | 5,638,906   | 9,160,354   | 5,770,414   | 1,753,921   | 981,048     |
| Interest paid                                     | (181,877)   | (221,461)   | (171,990)   | (140,743)   | (58,600)    | (52,905)    |
| Tax paid                                          | (2,048,166) | (1,817,124) | (1,553,857) | (2,473,943) | (1,283,714) | (863,418)   |
| Tax refund                                        | -           | -           | -           | 94,921      | -           | -           |
| Net cash from operating activities                | 4,660,214   | 3,600,321   | 7,434,507   | 3,250,649   | 411,607     | 64,725      |





### 13. ACCOUNTANTS' REPORT (Cont'd)

#### MINOX INTERNATIONAL GROUP BERHAD

(Incorporated in Malaysia)

#### COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022 AND FINANCIAL PERIOD ENDED 30 APRIL 2023 (CONT'D)

#### NOTES TO THE COMBINED STATEMENTS OF CASH FLOWS

##### A. PURCHASE OF RIGHT-OF-USE ASSETS

Right-of-use assets were acquired by the following means:-

|                                        | ←<br>1.1.2019<br>to<br>31.12.2019<br>RM | 1.1.2020<br>to<br>31.12.2020<br>RM | Audited<br>1.1.2021<br>to<br>31.12.2021<br>RM | →<br>1.1.2022<br>to<br>31.12.2022<br>RM | 1.1.2023<br>to<br>30.4.2023<br>RM | Unaudited<br>1.1.2022<br>to<br>30.4.2022<br>RM |
|----------------------------------------|-----------------------------------------|------------------------------------|-----------------------------------------------|-----------------------------------------|-----------------------------------|------------------------------------------------|
| Purchase of right-of-use assets        | 3,223,465                               | 66,667                             | 184,642                                       | 1,613,455                               | 897,398                           | 268,250                                        |
| Less: Acquisition by lease liabilities | (330,000)                               | -                                  | (122,186)                                     | (1,286,022)                             | (861,399)                         | (253,500)                                      |
| Less: Acquisition by term loan         | (2,454,468)                             | -                                  | -                                             | -                                       | -                                 | -                                              |
| Cash payments                          | <u>438,997</u>                          | <u>66,667</u>                      | <u>62,456</u>                                 | <u>327,433</u>                          | <u>35,999</u>                     | <u>14,750</u>                                  |

##### B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the combined statements of cash flows comprise the following:-

|                                 | ←<br>1.1.2019<br>to<br>31.12.2019<br>RM | 1.1.2020<br>to<br>31.12.2020<br>RM | Audited<br>1.1.2021<br>to<br>31.12.2021<br>RM | →<br>1.1.2022<br>to<br>31.12.2022<br>RM | 1.1.2023<br>to<br>30.4.2023<br>RM | Unaudited<br>1.1.2022<br>to<br>30.4.2022<br>RM |
|---------------------------------|-----------------------------------------|------------------------------------|-----------------------------------------------|-----------------------------------------|-----------------------------------|------------------------------------------------|
| Cash and bank balances          | 4,819,327                               | 4,867,365                          | 7,659,367                                     | 12,540,665                              | 9,192,565                         | 7,538,077                                      |
| Less: Bank overdrafts           | (3,722,260)                             | (2,384,695)                        | (3,669,584)                                   | (1,946,432)                             | (2,573,002)                       | -                                              |
| Total cash and cash equivalents | <u>1,097,067</u>                        | <u>2,482,670</u>                   | <u>3,989,783</u>                              | <u>10,594,233</u>                       | <u>6,619,563</u>                  | <u>7,538,077</u>                               |

The accompanying notes form an integral part of the combined financial statements.

**13. ACCOUNTANTS' REPORT (Cont'd)****MINOX INTERNATIONAL GROUP BERHAD**

(Incorporated in Malaysia)

**NOTES TO THE COMBINED FINANCIAL STATEMENTS - 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022 AND 30 APRIL 2023****1. GENERAL INFORMATION****1.1 Introduction**

This report has been prepared solely to comply with the Prospectus Guidelines - Equity issued by the Securities Commission Malaysia and for inclusion in the prospectus of Minox International Group Berhad ("Minox") in connection with the listing of and quotation for the entire enlarged issued share capital of Minox 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 was incorporated on 18 July 2022 as a private limited liability company and domiciled in Malaysia. The registered office of the Company is located at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, W. P. Kuala Lumpur. The principal place of business is located at 3, Jalan Industri PBP 11, Taman Industri Pusat Bandar Puchong, 47100 Puchong, Selangor.

On 16 December 2022, the Company was converted into a public limited liability company and assumed its current name of Minox International Group Berhad.

**1.3 Principal Activities**

The Company is principally involved in investment holding.

Details of the combining entities of Minox are as follows:-

| <b>Name of company</b>                | <b>Effective ownership</b> | <b>Principal activities</b> | <b>Date of incorporation</b> | <b>Principal place/Country of incorporation</b> |
|---------------------------------------|----------------------------|-----------------------------|------------------------------|-------------------------------------------------|
| <u>Combining entities</u>             |                            |                             |                              |                                                 |
| MST Stainless Steel Sdn. Bhd.         | 100%                       | #                           | 18 March 2004                | Malaysia                                        |
| Minox Valves and Fittings Sdn. Bhd.   | 100%                       | ^                           | 27 July 2006                 | Malaysia                                        |
| Minox Valves & Fittings Pte. Ltd.     | 100%                       | ^                           | 12 November 2007             | Singapore                                       |
| MST Stainless Steel (S.E.A) Pte. Ltd. | 100%                       | ^                           | 11 January 2011              | Singapore                                       |
| PT Minox Indonesia *                  | 100%                       | ^                           | 7 February 2013              | Indonesia                                       |
| Minox Valves & Fittings Co., Ltd *    | 49%                        | ^                           | 13 June 2008                 | Thailand                                        |

\* Audited and reviewed by member firms.

# The principal activities are engaged in business of import of stainless steel sanitary valves, tube & fittings, installation components & equipment, rubber hoses under the "MINOX®" brand and other related products for onward distribution to Minox's subsidiaries.

^ The principal activities are engaged in business of distribution of stainless steel sanitary valves, tube & fittings, installation components & equipment, rubber hoses under the "MINOX®" brand and other related products.

### 13. ACCOUNTANTS' REPORT (Cont'd)

#### 1. GENERAL INFORMATION (CONT'D)

##### 1.4 The Acquisition

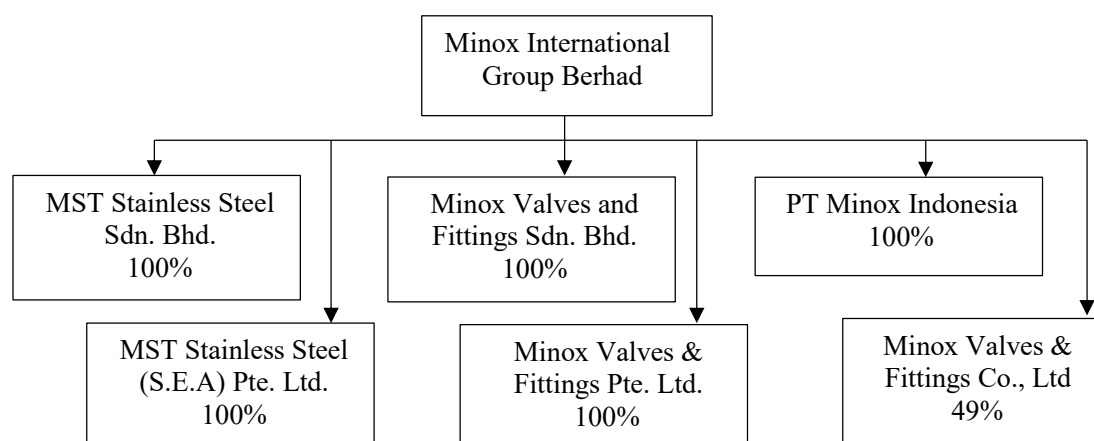
###### Minox International Group

The Minox International Group were formed pursuant to the completion of acquisition of its combining entities by Minox prior to the listing and quotation on the ACE Market of Bursa Malaysia Securities Berhad.

Minox will acquire the issued share capital of its combining entities comprising 2,785,300 ordinary shares ("Acquisition").

The aggregate purchase consideration for the above Acquisition is RM46,407,430 to be satisfied by the issuance of 269,999,999 new ordinary shares at an issue price of RM0.1719 per share.

Following the completion of the Acquisition, the expected group structure of Minox International Group 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 which were controlled by the 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/period ended ("FYE" or "FPE") 31 December 2019, 31 December 2020, 31 December 2021, 31 December 2022 and 30 April 2023 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.

No financial statements of Minox International Group Berhad was included for the financial years 31 December 2019, 31 December 2020 and 31 December 2021 as Minox International Group Berhad was only incorporated on 18 July 2022.

### 13. ACCOUNTANTS' REPORT (Cont'd)

#### 1. GENERAL INFORMATION (CONT'D)

##### 1.5 Auditors

The relevant financial years/period of the audited financial statements used for the purpose of preparation of the combined financial statements ("Relevant Financial Years/Period") and the Auditors are as follows:-

| Company                                          | Relevant Financial Years/Period                                                                                        | Auditors                       |
|--------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| Minox International Group Berhad                 | FPE 31 December 2022<br>FPE 30 April 2023                                                                              | Grant Thornton Malaysia PLT    |
| Minox Valves and Fittings Sdn. Bhd. ("Minox MY") | FYE 31 December 2019<br>FYE 31 December 2020<br>FYE 31 December 2021<br>FYE 31 December 2022<br>FPE 30 April 2023      | Grant Thornton Malaysia PLT    |
| MST Stainless Steel Sdn. Bhd. ("MST MY")         | FYE 31 December 2019<br>FYE 31 December 2020<br>FYE 31 December 2021<br>FYE 31 December 2022<br>FPE 30 April 2023      | Grant Thornton Malaysia PLT    |
| Minox Valves & Fittings Pte. Ltd. ("Minox SG")   | FYE 31 December 2019<br>FYE 31 December 2020<br>FYE 31 December 2021<br>FYE 31 December 2022<br>FPE 30 April 2023      | Grant Thornton Malaysia PLT    |
| MST Stainless Steel (S.E.A) Pte. Ltd. ("MST SG") | FYE 31 December 2019<br>FYE 31 December 2020<br>FYE 31 December 2021<br>FYE 31 December 2022<br>FPE 30 April 2023      | Grant Thornton Malaysia PLT    |
| PT Minox Indonesia ("Minox ID")                  | FYE 31 December 2019<br>FYE 31 December 2020<br>FYE 31 December 2021<br>FYE 31 December 2022<br>FPE 30 April 2023      | Gani Sigiro & Handayani        |
| Minox Valves & Fittings Co., Ltd ("Minox TH")    | FYE 31 December 2019*<br>FYE 31 December 2020*<br>FYE 31 December 2021*<br>FYE 31 December 2022*<br>FPE 30 April 2023* | Panwa Auditing Company Limited |

\* Review by Grant Thornton Limited for the purposes of inclusion into the combined financial statements of the Group.

The audited financial statements of all the companies for the Relevant Financial Years/Period reported above were not subject to any qualification or modifications.

### **13. ACCOUNTANTS' REPORT (*Cont'd*)**

#### **2. BASIS OF PREPARATION OF THE COMBINED FINANCIAL STATEMENTS**

##### **2.1 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 combining entities ("the Group") as disclosed in Note 1.5 to this report, which were under common control throughout the reporting years/periods 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/periods.

The financial information as presented in the combined financial statements do not correspond to the financial statements of the Group, as the combined financial statements reflect business combinations under common control for the purpose of the Listing. Consequently, the combined financial information from the combined financial statements do not purport to predict the financial positions, results of operations and cash flows of the Group during the reporting years/periods.

##### **2.2 Basis of Measurement**

The combined financial statements of the Group are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial market takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **2. BASIS OF PREPARATION OF THE COMBINED FINANCIAL STATEMENTS (CONT'D)**

##### **2.2 Basis of Measurement (cont'd)**

All assets and liabilities for which fair value is measured or disclosed in the combined financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the combined financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting years/period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

##### **2.3 Functional and Presentation Currency**

These 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.

##### **2.4 MFRSs**

###### **2.4.1 Adoption of Amendments/Improvements to MFRSs**

The Group has consistently applied the accounting policies set out in Note 3 to the combined financial statements to all periods presented in these combined financial statements.

At the beginning of current financial years/periods, the combining entity adopted amendments/improvements to MFRSs which have been applied using the full retrospective approach.

The initial application of the amendments/improvements to the standards did not have a material financial impact to the combined financial statements upon its first adoption.

###### **2.4.2 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.

### 13. ACCOUNTANTS' REPORT (Cont'd)

#### 2. BASIS OF PREPARATION OF THE COMBINED FINANCIAL STATEMENTS (CONT'D)

##### 2.4 MFRSs (cont'd)

##### 2.4.2 Standards Issued But Not Yet Effective (cont'd)

###### MFRS Amendments to MFRSs effective for annual periods beginning on or after 1 January 2023

|                                     |                                                                                                     |
|-------------------------------------|-----------------------------------------------------------------------------------------------------|
| MFRS 17* and Amendments to MFRS 17* | Insurance Contracts                                                                                 |
| Amendments to MFRS 17*              | Insurance Contracts: Initial application of MFRS 17 and MFRS 9 - Comparative Information            |
| 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 MFRS 112              | Income Taxes: International Tax Reform: Pillar Two Model Rules                                      |

###### Amendments to MFRSs effective for annual periods beginning on or after 1 January 2024

|                        |                                                                                               |
|------------------------|-----------------------------------------------------------------------------------------------|
| Amendments to MFRS 16  | Lease - Lease Liability in a Sales and Leaseback                                              |
| Amendments to MFRS 101 | Presentation of Financial Statements: Non-current Liabilities with Covenants                  |
| Amendments to MFRS 101 | Presentation of financial statements: Classification of Liabilities as Current or Non-current |

###### Amendments to MFRSs effective for a date yet to be confirmed

|                                     |                                                                                                                                                                           |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Amendments to MFRS 10 and MFRS 128* | Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

\* Not applicable to the Group

The initial application of the above new and amended standards, are not expected to have material financial impact to the combined financial statements of the Group.

##### 2.5 Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the combined financial statements. They effect the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by the management, and will seldom equal the estimated results.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **2. BASIS OF PREPARATION OF THE COMBINED FINANCIAL STATEMENTS (CONT'D)**

##### **2.5 Significant Accounting Estimates and Judgements (cont'd)**

##### **2.5.1 Key Sources of 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 depreciable assets to be within 2.5 to 50 years/periods and reviews the useful lives of depreciable assets at end each of the reporting period. At 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 resulted in the adjustment to the Group's assets.

##### Impairment of Non-financial Assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, the 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, the 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.

##### 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 time the estimates are made. The realisation of these inventories may be affected by market-driven changes that may occur in the future.

##### Provision for Expected Credit Losses ("ECLs") of Receivables

The Group uses a provision matrix to calculate ECLs for receivables. The provision rates are based on days past due for grouping of various customer segments that have similar loss pattern (i.e., by geography, product type, customer type and rating).

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 are expected to deteriorate over the next year which can lead to an increased number of defaults in the 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 ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.



### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **2. BASIS OF PREPARATION OF THE COMBINED FINANCIAL STATEMENTS (CONT'D)**

##### **2.5 Significant Accounting Estimates and Judgements (cont'd)**

##### **2.5.1 Key Sources of Estimation Uncertainty (cont'd)**

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 (cont'd).

##### Income Taxes/Deferred Tax Liabilities

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 during the ordinary course of business. The Group recognised tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

##### Post-employment Benefits (Defined Benefit Plan)

The obligation under defined plan is determined based on various assumptions including discount rate, future salary increment rate, mortality rates and other demographic factors.

##### 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 or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

##### Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses, unabsorbed capital allowances and unused tax credits to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences, unutilised tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the combined statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **2. BASIS OF PREPARATION OF THE COMBINED FINANCIAL STATEMENTS (CONT'D)**

##### **2.5 Significant Accounting Estimates and Judgements (cont'd)**

##### **2.5.2 Judgement Made in Applying Accounting Policies**

The followings are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the combined financial statements:-

##### Deferred Tax Assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

##### Lease

Management uses judgement in determining the rate to discount the lease payments and assess whether a right-of-use asset is impaired. Furthermore, the Group estimates the lease term and reassess whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances.

In most cases, determining the appropriate discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors. In assessing the lease term and the likelihood of any extensions or early terminations, the management monitors the cash inflows from each right-of-use asset and evaluates whether such extensions or early terminations would lead to economic benefits for the Group.

#### **3. SIGNIFICANT ACCOUNTING POLICIES**

The Group applies the significant accounting policies, as summarised below, consistently throughout all periods presented in the combined financial statements, unless otherwise stated.

##### **3.1 Consolidation**

##### **3.1.1 Subsidiaries**

Subsidiaries are entities, including structured entities, controlled by the Company. Control exists when the Company 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 Company 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 a subsidiary 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. The cost of investments includes transaction costs. Where an indication of impairment exists, the carrying amount of the subsidiary is assessed and written down immediately to their recoverable amount.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **3.1 Consolidation (cont'd)**

##### **3.1.1 Subsidiaries (cont'd)**

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

##### **3.1.2 Basis of Consolidation**

###### Merger Method

A business combination involving entities under common control is a business combination in which all the combining entities or business are ultimately controlled by same party or parties both before or after the business combination, and that control is not transitory. The acquisition of the subsidiaries resulted in a business involving common control entities since the management of all the entities which took part in the acquisition were controlled by common Directors and under common shareholders before and immediately after the acquisition, and accordingly the accounting treatment is outside the scope of MFRS 3. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the consolidated financial statements. The merger method of accounting on a retrospective basis and restated its comparative as if the consolidation had taken place before the state of the earliest period presented in the combined financial statements.

Under the merger method of accounting, the results of subsidiary are presented as if the merger had been effected throughout the current year. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholders at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any 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 reclassified and presented as movement in other capital reserves.

###### Acquisition Method

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries 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 (profit or losses resulting from intragroup transactions that are recognised in asset, such as inventory and property, plant and equipment) are eliminated in full in preparing the consolidated financial statements. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Temporary differences arising from the elimination of profits and losses resulting from intragroup transactions will be treated in accordance to Note 3.13 of the combined financial statements.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **3.1 Consolidation (cont'd)**

##### **3.1.2 Basis of Consolidation (cont'd)**

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

##### **3.1.3 Business Combinations and Goodwill**

Business combinations are accounted for using the acquisition method from the date, control is transferred to the Group.

The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date at fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed off and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 9 either in profit or loss or as a charge to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised immediately in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities acquired are assigned to those units.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **3.1 Consolidation (cont'd)**

##### **3.1.3 Business Combinations and Goodwill (cont'd)**

Where goodwill forms part of a cash-generating unit and part of operation within the unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

##### **3.1.4 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 the 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.

##### **3.1.5 Non-controlling Interests**

Non-controlling interests at the end of the reporting year, being the equity in a subsidiary not attributable, directly or indirectly, to the equity holders of the Group, are presented separately in the combined statements of profit or loss and other comprehensive income and within equity in the combined statements of financial position, separately from equity attributable to the owners of the Group. Non-controlling interests in the results of the Group are presented in the combined statements 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 are allocated to the non-controlling interests even if that results in a deficit balance.

##### **3.1.6 Eliminations on Consolidation**

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated on consolidation.

##### **3.2 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.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **3.2 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 asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. 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. All property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

|                              |             |
|------------------------------|-------------|
| Buildings                    | 2% - 5%     |
| Computer and software        | 20% - 33%   |
| Furniture and fittings       | 20% - 33%   |
| Motor vehicles               | 12.5% - 33% |
| Office equipment             | 10% - 33%   |
| Plant and machinery          | 10% - 20%   |
| Renovation and installation  | 5% - 33%    |
| Warehouse and tool equipment | 20% - 33%   |

Freehold land has an infinite useful life and therefore is not depreciated.

Capital work-in-progress consists of property, plant and equipment under construction for intended use. The amount is stated at cost and is not depreciated until the assets are ready for the intended use.

The residual values, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and expected pattern of consumption of future economic benefits embodied in the items of property, plant and equipment.

Restoration cost relating to an item of property, plant and equipment is capitalised only if such expenditure is expected to increase the future benefits from the existing property, plant and equipment beyond its previously assessed standard of performance.

Property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss 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 year in which the asset is derecognised.

Property, plant and equipment are written down to recoverable amount if, in the opinion of the Directors, it is less than their carrying value. Recoverable amount is the net selling price of the property, plant and equipment i.e. the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **3.3 Investment Properties**

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Subsequent to initial recognition, investment properties are measured at fair value and are revalued annually and are included in the combined statements of financial position at their open market values. Any gain or loss resulting from either a change in the fair value or the sale of an investment properties are immediately recognised in the profit or loss in the year in which they arise. The fair values are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment properties and are supported by market evidence.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment properties are recognised in the profit or loss in the financial year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change.

##### **3.4 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.

##### **3.4.1 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 ("FVTOCI") and fair value through profit or loss ("FVTPL").

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 FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, 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 FVTPL, irrespective of the business model.



### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **3.4 Financial Instruments (cont'd)**

##### **3.4.1 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 assets in order to collect contractual cash flows while financial assets classified and measured at FVTOCI 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); and
- Financial assets at fair value through profit or loss.

The Group classify its financial assets in the following categories:-

###### *Financial Assets at Amortised Cost*

Financial assets at amortised cost are subsequently measured using the effective interest ("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 most of other receivables, amount due from related parties and cash and bank balances.

###### *Financial Assets at Fair Value Through Profit or Loss*

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at FVTPL. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Financial assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.



### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **3.4 Financial Instruments (cont'd)**

##### **3.4.1 Financial Assets (cont'd)**

###### Subsequent Measurement (cont'd)

The Group classify its financial assets in the following categories (cont'd):-

###### *Financial Assets at Fair Value Through Other Comprehensive Income (equity instruments)*

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVTOCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income ("OCI"). Equity instruments designated at FVTOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

###### 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 (i.e., removed from the Group's combined statements of financial position) 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 has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises 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") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **3.4 Financial Instruments (cont'd)**

##### **3.4.1 Financial Assets (cont'd)**

###### Impairment (cont'd)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

###### *Impairment for Trade Receivables*

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure ECLs, trade receivables are differentiated by the different business risks and are subject to different credit assessments. The Group considers the expected credit loss rates for trade receivables as a reasonable approximation of the loss rates for contract assets with similar risk characteristics.

###### *Impairment for Financial Assets Other than Trade Receivables*

The Group considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The assessment considers available, reasonable and supportable forward-looking information.

###### *Credit Impaired*

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The Group considers a receivable as credit impaired when one or more events that have a detrimental impact on the estimated cash flows have occurred. These instances include adverse changes in the financial capability of the debtor and default or significant delay in payments.

##### **3.4.2 Financial Liabilities**

###### Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **3.4 Financial Instruments (cont'd)**

##### **3.4.2 Financial Liabilities (cont'd)**

###### Subsequent Measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities at amortised cost.

The Group only has financial liabilities at amortised cost on its combined statements of financial position.

###### *Financial Liabilities at Amortised Cost*

After initial recognition, interest-bearing loans and borrowings 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 profit or loss.

The financial liabilities at amortised cost include trade and most of other payables, amount due to related parties and a Director, and borrowings.

###### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or 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 combined statement of profit or loss.

##### **3.4.3 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.

##### **3.5 Impairment of Non-financial Assets**

Further disclosures relating to impairment of non-financial assets are also provided in the following notes to the combined financial statements:-

- Note 2.5 - Significant accounting estimates and judgements
- Note 3.2 - Property, plant and equipment
- Note 3.3 - Investment properties
- Note 3.8 - Right-of-use assets

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **3.5 Impairment of Non-financial Assets (cont'd)**

The Group assesses at each reporting period whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years/periods. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss has been recognised for asset in prior years/periods. Such reversal is recognised in the profit or loss.

##### **3.6 Cash and Cash Equivalents**

Cash and cash equivalents comprise cash in hand, bank balances and bank overdrafts which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

For the purpose of presentation in the combined statements of financial position, cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the end of the reporting period are classified as non-current asset.

For the purpose of presentation in the combined statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

##### **3.7 Equity, Reserves and Distribution to Owners**

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.

### 13. ACCOUNTANTS' REPORT (Cont'd)

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 3.7 Equity, Reserves and Distribution to Owners (cont'd)

Retained earnings include all current years/period profits and prior year retained profits.

Interim dividends are simultaneously proposed and declared, because the constitution of the Group grants the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Final dividends proposed by the Directors are not accounted for in shareholders' equity as an appropriation of retained earnings, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

The distribution of non-cash assets to owners is recognised as a dividend payable when the dividend was approved by shareholders. The dividend payable is measured at the fair value of the shares to be distributed. At the end of the financial year, the Group reviews the carrying amount of the dividend payable, with any changes in the fair value of the dividend payable are recognised in equity. When the Group settles the dividend payable, the difference between the carrying amount of the dividend distributed and the carrying amount of the dividend payable is recognised as a separate line item in profit or loss.

All transactions with owners of the Group are recorded separately within equity.

##### 3.8 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.

###### 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 life of the assets, as follows:-

|                      |             |
|----------------------|-------------|
| Motor vehicles       | 4 – 5 years |
| Warehouse storage    | 4 years     |
| Leasehold properties | 30 years    |

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **3.8 Leases (cont'd)**

##### **As a Lessee (cont'd)**

##### Right-of-use Assets (cont'd)

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.

##### 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.

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 leases of office, staff quarters, storeroom and equipment (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 the lease of low-value assets recognition exemption to leases of equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

##### **As a Lessor**

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the combined statements of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as other income in the period in which they are earned.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **3.9 Inventories**

Inventories are trading goods. Inventories are stated at the lower of cost and net realisable value. Where necessary, allowance is made for deteriorated, obsolete and slow-moving inventories.

Cost of trading goods is determined on weighted average. Cost includes the original purchase price plus direct cost of bringing these inventories to their present condition and location.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

##### **3.10 Revenue Recognition**

Revenue from contracts with customers 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 the customer.

A performance obligation is a promise in a contract with a customer to transfer to the customer either:-

- (a) goods or service (or a bundle of goods or services) that is distinct; or
- (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Revenue from contracts with customers is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome.

If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative standalone selling prices of the goods or services promised in the contract.

The amount of variable consideration is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainly associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:-

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- (b) the Group's performance creates or enhances an asset that the customer controls as the asset 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.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **3.10 Revenue Recognition (cont'd)**

##### **3.10.1 Other Revenue Recognition**

###### **Rental Income**

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

###### **Interest Income**

Interest income is recognised in the profit or loss on time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

###### **Other Revenue**

All other revenue are recognised when the right to receive payment is established and to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

##### **3.11 Borrowing Costs**

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

##### **3.12 Employee Benefits**

##### **3.12.1 Short-term Employee Benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial period in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave is recognised when services are rendered by employees that increase their entitlement to future compensated absences and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.



### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **3.12 Employee Benefits (cont'd)**

##### **3.12.2 Defined Contribution Plan**

Defined contribution plan is post-employment benefit plan 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/periods.

Such contributions are recognised as expenses in the profit or loss as incurred. As required by law, the Group makes such contributions to the Employees Provident Fund ("EPF").

##### Employee Leave Entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as result of services rendered by employees up to the balance sheet date.

##### **3.12.3 Defined Benefit Plan**

The Group's net obligation in respect of defined benefit retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when settlement occurs.

### **13. ACCOUNTANTS' REPORT (*Cont'd*)**

#### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **3.13 Tax Expense**

Tax expense comprises current and deferred taxes. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

##### **3.13.1 Current Tax**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years/period.

Current tax is recognised in the combined statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

##### **3.13.2 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 statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. 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 date.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different 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.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised business losses, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **3.13 Tax Expense (cont'd)**

##### **3.13.3 Goods and Services Tax ("GST")**

Revenue, expenses and assets are recognised net of the amount of GST, except:-

- (i) When the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- (ii) When receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable, or payable to, the taxation authority is included as part of receivables or payables in the combined statements of financial position.

##### **3.14 Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the combined statements of profit or loss net of any reimbursement.

If 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 provision due to the passage of time is recognised as a finance cost.

##### **3.15 Contingencies**

##### **3.15.1 Contingent Liabilities**

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the combined statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

##### **3.15.2 Contingent Assets**

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the combined statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **3.16 Foreign Currency Translation**

##### **3.16.1 Foreign Currency Transactions and Balances**

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising in translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

##### **3.16.2 Foreign Operations**

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiaries, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **3.17 Related Parties**

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

- (a) A person or a close member of that person's family is related to the reporting entity if that person:-
  - (i) Has control or joint control over the Group;
  - (ii) Has significant influence over the Group; or
  - (iii) Is a member of the key management personnel of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:-
  - (i) The entity and the Group are members of the same group.
  - (ii) The entity is an associate or joint venture of the Group.
  - (iii) Both the Group and the entity are joint ventures of the same third party.
  - (iv) The Group are a joint venture of a third entity and the other entity is an associate of the same third entity.
  - (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
  - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity.
  - (viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

##### **3.18 Operating Segments**

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.

**13. ACCOUNTANTS' REPORT (Cont'd)**

**4. PROPERTY, PLANT AND EQUIPMENT**

| <b>Cost</b>                                     | <b>Computer and software</b><br>RM | <b>Office equipment</b><br>RM | <b>Freehold land and building</b><br>RM | <b>Warehouse and tool equipment</b><br>RM | <b>Furniture and fittings</b><br>RM | <b>Motor vehicles</b><br>RM | <b>Renovation and installation</b><br>RM | <b>Plant and machinery</b><br>RM | <b>Capital work-in-progress</b><br>RM | <b>Total</b><br>RM |
|-------------------------------------------------|------------------------------------|-------------------------------|-----------------------------------------|-------------------------------------------|-------------------------------------|-----------------------------|------------------------------------------|----------------------------------|---------------------------------------|--------------------|
| <b>At 1 January 2019</b>                        | 323,200                            | 307,312                       | 13,274,233                              | 364,145                                   | 152,910                             | 450,190                     | 1,290,958                                | 432,463                          | -                                     | 16,595,411         |
| <b>Additions</b>                                | 106,457                            | 255,725                       | 2,796,505                               | 124,728                                   | 314,181                             | 65,836                      | 1,372,078                                | 196,566                          | -                                     | 5,232,076          |
| <b>Transfer to right-of-use assets</b>          | -                                  | -                             | (2,796,505)                             | -                                         | -                                   | -                           | -                                        | -                                | -                                     | (2,796,505)        |
| <b>Foreign currency translation differences</b> | 1,207                              | 8,253                         | 147,650                                 | 626                                       | 1,602                               | 9,207                       | 1,497                                    | -                                | -                                     | 170,042            |
| <b>At 31 December 2019</b>                      | 430,864                            | 571,290                       | 13,421,883                              | 489,499                                   | 468,693                             | 525,233                     | 2,664,533                                | 629,029                          | -                                     | 19,201,024         |
| <b>Additions</b>                                | 29,696                             | 42,862                        | 17,838                                  | -                                         | 9,459                               | -                           | 384,907                                  | -                                | -                                     | 484,762            |
| <b>Written off</b>                              | (54,526)                           | (75,621)                      | -                                       | (26,680)                                  | (34,298)                            | -                           | (116,787)                                | (136,000)                        | -                                     | (443,912)          |
| <b>Disposal</b>                                 | -                                  | (10,584)                      | -                                       | -                                         | -                                   | -                           | -                                        | -                                | -                                     | (10,584)           |
| <b>Foreign currency translation differences</b> | (793)                              | (4,489)                       | (40,509)                                | (176)                                     | (1,645)                             | (4,662)                     | (9,724)                                  | -                                | -                                     | (61,998)           |
| <b>At 31 December 2020</b>                      | 405,241                            | 523,458                       | 13,399,212                              | 462,643                                   | 442,209                             | 520,571                     | 2,922,929                                | 493,029                          | -                                     | 19,169,292         |
| <b>Additions</b>                                | 10,753                             | 14,881                        | -                                       | -                                         | 145                                 | 25,092                      | 183,517                                  | 1,850                            | -                                     | 236,238            |
| <b>Written off</b>                              | -                                  | (6,298)                       | -                                       | -                                         | -                                   | -                           | -                                        | -                                | -                                     | (6,298)            |
| <b>Disposal</b>                                 | -                                  | -                             | (1,933,758)                             | -                                         | -                                   | (298,624)                   | -                                        | -                                | -                                     | (2,232,382)        |
| <b>Transfer from right-of-use assets</b>        | -                                  | -                             | 1,933,758                               | -                                         | -                                   | 655,096                     | -                                        | -                                | -                                     | 2,588,854          |
| <b>Foreign currency translation differences</b> | 2,496                              | (4,286)                       | (141,875)                               | 3,790                                     | 1,692                               | (2,307)                     | 13,044                                   | -                                | -                                     | (127,446)          |
| <b>At 31 December 2021</b>                      | 418,490                            | 527,755                       | 13,257,337                              | 466,433                                   | 444,046                             | 899,828                     | 3,119,490                                | 494,879                          | -                                     | 19,628,258         |
| <b>Additions</b>                                | 22,795                             | 112,052                       | -                                       | 1,880                                     | 23,819                              | -                           | 116,958                                  | 1,200                            | -                                     | 278,704            |
| <b>Written off</b>                              | (13,525)                           | (4,194)                       | -                                       | -                                         | -                                   | -                           | (15,191)                                 | -                                | -                                     | (32,910)           |
| <b>Disposal</b>                                 | -                                  | -                             | (3,056,000)                             | -                                         | -                                   | (427,368)                   | -                                        | -                                | -                                     | (3,483,368)        |
| <b>Transfer from right-of-use assets</b>        | -                                  | -                             | -                                       | -                                         | -                                   | 312,736                     | -                                        | -                                | -                                     | 312,736            |
| <b>Foreign currency translation differences</b> | 10,798                             | 3,241                         | 37,834                                  | 16,223                                    | 2,348                               | 9,678                       | (4,889)                                  | -                                | -                                     | 75,233             |
| <b>At 31 December 2022</b>                      | 438,558                            | 638,854                       | 10,239,171                              | 484,536                                   | 470,213                             | 794,874                     | 3,216,368                                | 496,079                          | -                                     | 16,778,653         |

**13. ACCOUNTANTS' REPORT (Cont'd)**

**4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

|                                          | Computer and<br>software<br>RM | Office<br>equipment<br>RM | Freehold land<br>and building<br>RM | Warehouse<br>and tool<br>equipment<br>RM | Furniture<br>and fittings<br>RM | Motor<br>vehicles<br>RM | Renovation<br>and<br>installation<br>RM | Plant and<br>machinery<br>RM | Capital work-<br>in-progress<br>RM | Total<br>RM |
|------------------------------------------|--------------------------------|---------------------------|-------------------------------------|------------------------------------------|---------------------------------|-------------------------|-----------------------------------------|------------------------------|------------------------------------|-------------|
| <b>Cost (cont'd)</b>                     |                                |                           |                                     |                                          |                                 |                         |                                         |                              |                                    |             |
| At 1 January 2023                        | 438,558                        | 638,854                   | 10,239,171                          | 484,536                                  | 470,213                         | 794,874                 | 3,216,368                               | 496,079                      | -                                  | 16,778,653  |
| Additions                                | 11,958                         | 18,209                    | 11,509,004                          | 193,144                                  | 5,047                           | -                       | -                                       | 6,000                        | 46,507                             | 11,789,869  |
| Foreign currency translation differences | 5,322                          | 15,748                    | 53,313                              | 5,265                                    | 5,139                           | 17,981                  | 46,137                                  | -                            | -                                  | 148,905     |
| At 30 April 2023                         | 455,838                        | 672,811                   | 21,801,488                          | 682,945                                  | 480,399                         | 812,855                 | 3,262,505                               | 502,079                      | 46,507                             | 28,717,427  |
| <b>Accumulated depreciation</b>          |                                |                           |                                     |                                          |                                 |                         |                                         |                              |                                    |             |
| At 1 January 2019                        | 257,895                        | 234,471                   | 725,531                             | 218,278                                  | 109,469                         | 344,912                 | 459,316                                 | 307,591                      | -                                  | 2,657,463   |
| Charge for the financial year            | 40,992                         | 74,614                    | 395,263                             | 82,666                                   | 44,590                          | 55,801                  | 235,974                                 | 71,777                       | -                                  | 1,001,677   |
| Transfer to right-of-use assets          | -                              | -                         | (169,356)                           | -                                        | -                               | -                       | -                                       | -                            | -                                  | (169,356)   |
| Foreign currency translation differences | 1,035                          | 5,892                     | 15,711                              | 472                                      | 907                             | 7,198                   | 999                                     | -                            | -                                  | 32,214      |
| At 31 December 2019                      | 299,922                        | 314,977                   | 967,149                             | 301,416                                  | 154,966                         | 407,911                 | 696,289                                 | 379,368                      | -                                  | 3,521,998   |
| Charge for the financial year            | 46,705                         | 72,202                    | 227,303                             | 76,789                                   | 73,132                          | 43,006                  | 444,212                                 | 72,937                       | -                                  | 1,056,286   |
| Written off                              | (51,897)                       | (73,485)                  | -                                   | (26,680)                                 | (33,752)                        | -                       | (111,867)                               | (136,000)                    | -                                  | (433,681)   |
| Disposal                                 | -                              | (10,706)                  | -                                   | -                                        | -                               | -                       | -                                       | -                            | -                                  | (10,706)    |
| Foreign currency translation differences | (669)                          | (3,065)                   | (5,132)                             | (228)                                    | (1,076)                         | (3,851)                 | (2,019)                                 | -                            | -                                  | (16,040)    |
| At 31 December 2020                      | 294,061                        | 299,923                   | 1,189,320                           | 351,297                                  | 193,270                         | 447,066                 | 1,026,615                               | 316,305                      | -                                  | 4,117,857   |
| Charge for the financial year            | 43,644                         | 73,579                    | 228,812                             | 49,098                                   | 71,163                          | 32,628                  | 514,422                                 | 63,003                       | -                                  | 1,076,349   |
| Written off                              | -                              | (2,039)                   | -                                   | -                                        | -                               | -                       | -                                       | -                            | -                                  | (2,039)     |
| Disposal                                 | -                              | -                         | (502,777)                           | -                                        | -                               | (284,624)               | -                                       | -                            | -                                  | (787,401)   |
| Transfer from right-of-use assets        | -                              | -                         | 502,777                             | -                                        | -                               | 655,096                 | -                                       | -                            | -                                  | 1,157,873   |
| Foreign currency translation differences | 2,453                          | (3,384)                   | (23,760)                            | 3,502                                    | 1,412                           | (2,154)                 | 4,943                                   | -                            | -                                  | (16,988)    |
| At 31 December 2021                      | 340,158                        | 368,079                   | 1,394,372                           | 403,897                                  | 265,845                         | 848,012                 | 1,545,980                               | 379,308                      | -                                  | 5,545,651   |

**13. ACCOUNTANTS' REPORT (Cont'd)****4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

|                                          | Computer and<br>software<br>RM | Office<br>equipment<br>RM | Freehold land<br>and building<br>RM | Warehouse<br>and tool<br>equipment<br>RM | Furniture<br>and fittings<br>RM | Motor<br>vehicles<br>RM | Renovation<br>and<br>installation<br>RM | Plant and<br>machinery<br>RM | Capital work-<br>in-progress<br>RM | Total<br>RM |
|------------------------------------------|--------------------------------|---------------------------|-------------------------------------|------------------------------------------|---------------------------------|-------------------------|-----------------------------------------|------------------------------|------------------------------------|-------------|
| <b>Accumulated depreciation (cont'd)</b> |                                |                           |                                     |                                          |                                 |                         |                                         |                              |                                    |             |
| At 1 January 2022                        | 340,158                        | 368,079                   | 1,394,372                           | 403,897                                  | 265,845                         | 848,012                 | 1,545,980                               | 379,308                      | -                                  | 5,545,651   |
| Charge for the financial year            | 39,415                         | 79,705                    | 206,358                             | 25,008                                   | 72,421                          | 6,619                   | 501,896                                 | 56,521                       | -                                  | 987,943     |
| Written off                              | (13,525)                       | (2,007)                   | -                                   | -                                        | -                               | -                       | (9,914)                                 | -                            | -                                  | (25,446)    |
| Disposal                                 | -                              | -                         | (346,962)                           | -                                        | -                               | (415,293)               | -                                       | -                            | -                                  | (762,255)   |
| Transfer from right-of-use assets        | -                              | -                         | -                                   | -                                        | -                               | 312,736                 | -                                       | -                            | -                                  | 312,736     |
| Foreign currency translation differences | 10,322                         | 2,670                     | 7,583                               | 16,219                                   | 2,166                           | 9,280                   | 5,059                                   | -                            | -                                  | 53,299      |
| At 31 December 2022                      | 376,370                        | 448,447                   | 1,261,351                           | 445,124                                  | 340,432                         | 761,354                 | 2,043,021                               | 435,829                      | -                                  | 6,111,928   |
| Charge for the financial period          | 11,414                         | 30,047                    | 62,646                              | 21,060                                   | 25,099                          | 1,776                   | 155,763                                 | 13,553                       | -                                  | 321,358     |
| Foreign currency translation differences | 4,813                          | 7,459                     | 11,456                              | 5,261                                    | 4,758                           | 16,801                  | 18,750                                  | -                            | -                                  | 69,298      |
| At 30 April 2023                         | 392,597                        | 485,953                   | 1,335,453                           | 471,445                                  | 370,289                         | 779,931                 | 2,217,534                               | 449,382                      | -                                  | 6,502,584   |
| <b>Net carrying amount</b>               |                                |                           |                                     |                                          |                                 |                         |                                         |                              |                                    |             |
| At 31 December 2019                      | 130,942                        | 256,313                   | 12,454,734                          | 188,083                                  | 313,727                         | 117,322                 | 1,968,244                               | 249,661                      | -                                  | 15,679,026  |
| At 31 December 2020                      | 111,180                        | 223,535                   | 12,209,892                          | 111,346                                  | 248,939                         | 73,505                  | 1,896,314                               | 176,724                      | -                                  | 15,051,435  |
| At 31 December 2021                      | 78,332                         | 159,676                   | 11,862,965                          | 62,536                                   | 178,201                         | 51,816                  | 1,573,510                               | 115,571                      | -                                  | 14,082,607  |
| At 31 December 2022                      | 62,188                         | 190,407                   | 8,977,820                           | 39,412                                   | 129,781                         | 33,520                  | 1,173,347                               | 60,250                       | -                                  | 10,666,725  |
| At 30 April 2023                         | 63,241                         | 186,858                   | 20,466,035                          | 211,500                                  | 110,110                         | 32,924                  | 1,044,971                               | 52,697                       | 46,507                             | 22,214,843  |

The cost and carrying amount of the freehold land amounted to RM19,836,861 and RM18,934,818 (31.12.2022: RM8,327,857 and RM7,469,816, 31.12.2021: RM11,383,857 and RM10,330,135, 31.12.2020: RM11,383,857 and RM10,500,689, 31.12.2019: RM11,383,857 and RM10,671,243) respectively is not segregated from the building as required details are not available and unreasonable expenses would be incurred.

The carrying amount of freehold land and building amounted to RM11,509,004 (31.12.2022, 31.12.2021, 31.12.2020, 31.12.2019: Nil) are pledged as security for bank borrowings disclosed in Note 15 to the combined financial statements.



**13. ACCOUNTANTS' REPORT (Cont'd)****5. RIGHT-OF-USE ASSETS**

The Company has leases for warehouse storage, motor vehicles and leasehold properties that run from 4 years to 30 years.

The Company also has leases of premises with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemption for these leases.

|                                             | <u>Motor<br/>vehicles</u><br>RM | <u>Warehouse<br/>storage</u><br>RM | <u>Leasehold<br/>properties</u><br>RM | <u>Total</u><br>RM |
|---------------------------------------------|---------------------------------|------------------------------------|---------------------------------------|--------------------|
| <b>Cost</b>                                 |                                 |                                    |                                       |                    |
| At 1 January 2019                           | 1,293,194                       | 926,968                            | 6,786,808                             | 9,006,970          |
| Additions                                   | 359,561                         | 67,399                             | -                                     | 426,960            |
| Disposal                                    | (349,000)                       | -                                  | -                                     | (349,000)          |
| Transfer from property, plant and equipment | -                               | -                                  | 2,796,505                             | 2,796,505          |
| Foreign currency translation differences    | 961                             | -                                  | 12,744                                | 13,705             |
| At 31 December 2019                         | 1,304,716                       | 994,367                            | 9,596,057                             | 11,895,140         |
| Additions                                   | -                               | 66,667                             | -                                     | 66,667             |
| Termination                                 | -                               | (37,538)                           | -                                     | (37,538)           |
| Foreign currency translation differences    | (270)                           | (2,055)                            | (5,049)                               | (7,374)            |
| At 31 December 2020                         | 1,304,446                       | 1,021,441                          | 9,591,008                             | 11,916,895         |
| Additions                                   | 122,186                         | 62,456                             | -                                     | 184,642            |
| Transfer to property, plant and equipment   | (655,096)                       | -                                  | (1,933,758)                           | (2,588,854)        |
| Termination                                 | -                               | (38,325)                           | -                                     | (38,325)           |
| Foreign currency translation differences    | 7,701                           | 1,981                              | 144,199                               | 153,881            |
| At 31 December 2021                         | 779,237                         | 1,047,553                          | 7,801,449                             | 9,628,239          |
| Additions                                   | 911,650                         | 701,805                            | -                                     | 1,613,455          |
| Transfer to property, plant and equipment   | (312,736)                       | -                                  | -                                     | (312,736)          |
| Termination                                 | -                               | (65,735)                           | -                                     | (65,735)           |
| Foreign currency translation differences    | 16,642                          | (4,129)                            | 477,142                               | 489,655            |
| At 31 December 2022                         | 1,394,793                       | 1,679,494                          | 8,278,591                             | 11,352,878         |
| Additions                                   | 427,000                         | 470,398                            | -                                     | 897,398            |
| Disposal                                    | (359,561)                       | (926,968)                          | -                                     | (1,286,529)        |
| Foreign currency translation differences    | 1,967                           | 9,518                              | 153,738                               | 165,223            |
| At 30 April 2023                            | 1,464,199                       | 1,232,442                          | 8,432,329                             | 11,128,970         |

**13. ACCOUNTANTS' REPORT (Cont'd)****5. RIGHT-OF-USE ASSETS (CONT'D)**

|                                           | Motor<br>vehicles<br>RM | Warehouse<br>storage<br>RM | Leasehold<br>properties<br>RM | Total<br>RM |
|-------------------------------------------|-------------------------|----------------------------|-------------------------------|-------------|
| <b>Accumulated depreciation</b>           |                         |                            |                               |             |
| At 1 January 2019                         | 986,964                 | 37,453                     | 1,041,826                     | 2,066,243   |
| Charge for the financial year             | 157,391                 | 238,723                    | 296,152                       | 692,266     |
| Disposal                                  | (279,200)               | -                          | -                             | (279,200)   |
| Foreign currency translation differences  | 961                     | 98                         | 2,371                         | 3,430       |
| At 31 December 2019                       | 866,116                 | 276,274                    | 1,340,349                     | 2,482,739   |
| Charge for the financial year             | 158,446                 | 277,083                    | 320,396                       | 755,925     |
| Termination                               | -                       | (37,967)                   | -                             | (37,967)    |
| Foreign currency translation differences  | (270)                   | (592)                      | (1,403)                       | (2,265)     |
| At 31 December 2020                       | 1,024,292               | 514,798                    | 1,659,342                     | 3,198,432   |
| Charge for the financial year             | 109,950                 | 289,574                    | 259,958                       | 659,482     |
| Transfer to property, plant and equipment | (654,999)               | -                          | (502,598)                     | (1,157,597) |
| Termination                               | -                       | (38,052)                   | -                             | (38,052)    |
| Foreign currency translation differences  | 7,241                   | 778                        | 24,861                        | 32,880      |
| At 31 December 2021                       | 486,484                 | 767,098                    | 1,441,563                     | 2,695,145   |
| Charge for the financial year             | 192,095                 | 352,383                    | 268,989                       | 813,467     |
| Transfer to property, plant and equipment | (312,736)               | -                          | -                             | (312,736)   |
| Termination                               | -                       | (65,735)                   | -                             | (65,735)    |
| Foreign currency translation differences  | 15,610                  | (5,240)                    | 95,134                        | 105,504     |
| At 31 December 2022                       | 381,453                 | 1,048,506                  | 1,805,686                     | 3,235,645   |
| Charge for the financial period           | 100,091                 | 206,808                    | 92,790                        | 399,689     |
| Disposal                                  | (275,663)               | (926,968)                  | -                             | (1,202,631) |
| Foreign currency translation differences  | 709                     | 5,258                      | 34,435                        | 40,402      |
| At 30 April 2023                          | 206,590                 | 333,604                    | 1,932,911                     | 2,473,105   |
| <b>Net carrying amount</b>                |                         |                            |                               |             |
| At 31 December 2019                       | 438,600                 | 718,093                    | 8,255,708                     | 9,412,401   |
| At 31 December 2020                       | 280,154                 | 506,643                    | 7,931,666                     | 8,718,463   |
| At 31 December 2021                       | 292,753                 | 280,455                    | 6,359,886                     | 6,933,094   |
| At 31 December 2022                       | 1,013,340               | 630,988                    | 6,472,905                     | 8,117,233   |
| At 30 April 2023                          | 1,257,609               | 898,838                    | 6,499,418                     | 8,655,865   |

Except for warehouse storage, the above motor vehicles are under finance lease arrangement which are pledged as security for related lease liabilities and the leasehold properties are mortgaged to a bank for term loan facilities.

### 13. ACCOUNTANTS' REPORT (Cont'd)

#### 6. INVESTMENT PROPERTIES

|                                                                                                                     | <u>31.12.2019</u><br>RM                   | <u>31.12.2020</u><br>RM                   | <u>31.12.2021</u><br>RM                   | <u>31.12.2022</u><br>RM                   | <u>30.4.2023</u><br>RM                   |
|---------------------------------------------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|------------------------------------------|
| <b>Fair value:-</b>                                                                                                 |                                           |                                           |                                           |                                           |                                          |
| At 1 January                                                                                                        | 8,216,862                                 | 9,500,000                                 | 9,500,000                                 | 9,500,000                                 | 9,500,000                                |
| Fair value adjustments                                                                                              | <u>1,283,138</u>                          | <u>-</u>                                  | <u>-</u>                                  | <u>-</u>                                  | <u>-</u>                                 |
| At 31 December/30 April                                                                                             | <u>9,500,000</u>                          | <u>9,500,000</u>                          | <u>9,500,000</u>                          | <u>9,500,000</u>                          | <u>9,500,000</u>                         |
|                                                                                                                     | 1.1.2019<br>to<br><u>31.12.2019</u><br>RM | 1.1.2020<br>to<br><u>31.12.2020</u><br>RM | 1.1.2021<br>to<br><u>31.12.2021</u><br>RM | 1.1.2022<br>to<br><u>31.12.2022</u><br>RM | 1.1.2023<br>to<br><u>30.4.2023</u><br>RM |
| Rental income                                                                                                       | <u>367,800</u>                            | <u>265,208</u>                            | <u>387,600</u>                            | <u>387,600</u>                            | <u>129,200</u>                           |
| Direct operating<br>expenses for<br>investment<br>properties:<br>- Income<br>generating<br>investment<br>properties | <u>9,157</u>                              | <u>9,157</u>                              | <u>9,157</u>                              | <u>9,157</u>                              | <u>5,348</u>                             |
|                                                                                                                     |                                           |                                           |                                           |                                           | <u>4,081</u>                             |

#### Investment properties pledged as securities to financial institutions

Net carrying amount of investment properties pledged as securities for bank borrowings is as follow:-

|                            | <u>31.12.2019</u><br>RM | <u>31.12.2020</u><br>RM | <u>31.12.2021</u><br>RM | <u>31.12.2022</u><br>RM | <u>30.4.2023</u><br>RM |
|----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------------|
| Freehold land and building | <u>9,500,000</u>        | <u>9,500,000</u>        | <u>9,500,000</u>        | <u>9,500,000</u>        | <u>9,500,000</u>       |

The cost and carrying amount of the freehold land is not segregated from the building as required details are not available and unreasonable expenses would be incurred.

Investment properties are stated at fair value, which has been determined based on valuation performed by independent valuer with recent experience in the location and category of properties being valued at the end of the reporting year using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for the differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

The fair values of the investment properties are within level 2 of the fair value hierarchy.

There were no transfers between level 1, 2 and 3 during the financial years/period.

### 13. ACCOUNTANTS' REPORT (Cont'd)

#### 7. OTHER INVESTMENTS

|                                                  | <u>31.12.2019</u><br>RM | <u>31.12.2020</u><br>RM | <u>31.12.2021</u><br>RM | <u>31.12.2022</u><br>RM | <u>30.4.2023</u><br>RM |
|--------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------------|
| <b>Non-current</b>                               |                         |                         |                         |                         |                        |
| Financial assets at FVTPL:                       |                         |                         |                         |                         |                        |
| - Keyman insurance contracts<br>(Note 7.1)       | <u>1,031,411</u>        | <u>997,916</u>          | <u>979,472</u>          | <u>958,300</u>          | <u>976,096</u>         |
| <b>Current</b>                                   |                         |                         |                         |                         |                        |
| Financial assets at FVTOCI:                      |                         |                         |                         |                         |                        |
| - Unquoted shares outside<br>Malaysia (Note 7.2) | <u>1,484,945</u>        | <u>1,484,945</u>        | <u>1,484,945</u>        | <u>-</u>                | <u>-</u>               |

- 7.1 Keyman insurance contracts relates to life insurance policies insured for a Director of the Group and a Director of the combined entity.

The keyman insurance contracts represent the expected cash value from the life insurance policies which have been assigned to licensed banks as security for banking facilities granted by a combined entity as disclosed in Note 15 to the combined financial statements.

- 7.2 On 5 December 2021, MST MY had issued a Director Circular Resolution to propose disposal the investment in unquoted shares because it is no longer in line with the Group's strategy as per disclose in Note 33(ii) to the combined financial statements.

#### 8. DEFERRED TAX ASSETS/(LIABILITIES)

|                              | <u>31.12.2019</u><br>RM | <u>31.12.2020</u><br>RM | <u>31.12.2021</u><br>RM | <u>31.12.2022</u><br>RM | <u>30.4.2023</u><br>RM |
|------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------------|
| At 1 January                 | 456,993                 | 774,066                 | 1,037,949               | 1,132,734               | 1,354,834              |
| Recognised in profit or loss | <u>317,073</u>          | <u>263,883</u>          | <u>94,785</u>           | <u>222,100</u>          | <u>278,532</u>         |
| At 31 December/30 April      | <u>774,066</u>          | <u>1,037,949</u>        | <u>1,132,734</u>        | <u>1,354,834</u>        | <u>1,633,366</u>       |
| Presented:-                  |                         |                         |                         |                         |                        |
| Deferred tax assets          | 1,098,066               | 1,339,949               | 1,413,734               | 1,636,834               | 1,915,366              |
| Deferred tax liabilities     | <u>(324,000)</u>        | <u>(302,000)</u>        | <u>(281,000)</u>        | <u>(282,000)</u>        | <u>(282,000)</u>       |
|                              | <u>774,066</u>          | <u>1,037,949</u>        | <u>1,132,734</u>        | <u>1,354,834</u>        | <u>1,633,366</u>       |

The deferred tax assets/(liabilities) are made up of temporary differences arising from:-

|                                      | <u>31.12.2019</u><br>RM | <u>31.12.2020</u><br>RM | <u>31.12.2021</u><br>RM | <u>31.12.2022</u><br>RM | <u>30.4.2023</u><br>RM |
|--------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------------|
| <b>Property, plant and equipment</b> |                         |                         |                         |                         |                        |
| At 1 January                         | 414                     | (49,000)                | (27,000)                | (6,000)                 | (7,000)                |
| Recognised in profit or loss         | <u>(49,414)</u>         | <u>22,000</u>           | <u>21,000</u>           | <u>(1,000)</u>          | <u>-</u>               |
| At 31 December/30 April              | <u>(49,000)</u>         | <u>(27,000)</u>         | <u>(6,000)</u>          | <u>(7,000)</u>          | <u>(7,000)</u>         |
| <b>Right-of-use assets</b>           |                         |                         |                         |                         |                        |
| At 1 January                         | -                       | -                       | -                       | 158                     | 314                    |
| Recognised in profit or loss         | <u>-</u>                | <u>-</u>                | <u>158</u>              | <u>156</u>              | <u>37</u>              |
| At 31 December/30 April              | <u>-</u>                | <u>-</u>                | <u>158</u>              | <u>314</u>              | <u>351</u>             |

### 13. ACCOUNTANTS' REPORT (Cont'd)

#### 8. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The deferred tax assets/(liabilities) are made up of temporary differences arising from (cont'd):-

|                                     | <u>31.12.2019</u><br>RM | <u>31.12.2020</u><br>RM | <u>31.12.2021</u><br>RM | <u>31.12.2022</u><br>RM | <u>30.4.2023</u><br>RM |
|-------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------------|
| <b>Investment property</b>          |                         |                         |                         |                         |                        |
| At 1 January                        | (94,000)                | (275,000)               | (275,000)               | (275,000)               | (275,000)              |
| Recognised in profit or loss        | <u>(181,000)</u>        | <u>-</u>                | <u>-</u>                | <u>-</u>                | <u>-</u>               |
| At 31 December/30 April             | <u>(275,000)</u>        | <u>(275,000)</u>        | <u>(275,000)</u>        | <u>(275,000)</u>        | <u>(275,000)</u>       |
| <b>Employee benefits obligation</b> |                         |                         |                         |                         |                        |
| At 1 January                        | 1,486                   | 30,892                  | 25,468                  | 48,831                  | 49,011                 |
| Recognised in profit or loss        | <u>29,406</u>           | <u>(5,424)</u>          | <u>23,363</u>           | <u>180</u>              | <u>12,081</u>          |
| At 31 December/30 April             | <u>30,892</u>           | <u>25,468</u>           | <u>48,831</u>           | <u>49,011</u>           | <u>61,092</u>          |
| <b>Others</b>                       |                         |                         |                         |                         |                        |
| At 1 January                        | 907,845                 | 1,067,174               | 1,314,481               | 1,364,745               | 1,587,509              |
| Recognised in profit or loss        | <u>159,329</u>          | <u>247,307</u>          | <u>50,264</u>           | <u>222,764</u>          | <u>266,414</u>         |
| At 31 December/30 April             | <u>1,067,174</u>        | <u>1,314,481</u>        | <u>1,364,745</u>        | <u>1,587,509</u>        | <u>1,853,923</u>       |
| <b>Total</b>                        | <u>774,066</u>          | <u>1,037,949</u>        | <u>1,132,734</u>        | <u>1,354,834</u>        | <u>1,633,366</u>       |

#### 9. INVENTORIES

|                                         | <u>31.12.2019</u><br>RM | <u>31.12.2020</u><br>RM | <u>31.12.2021</u><br>RM | <u>31.12.2022</u><br>RM | <u>30.4.2023</u><br>RM |
|-----------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------------|
| <b>Trading goods:-</b>                  |                         |                         |                         |                         |                        |
| At cost                                 | 11,696,013              | 14,589,677              | 19,170,848              | 23,623,265              | 27,304,312             |
| At net realisable value                 | <u>1,998,368</u>        | <u>2,910,984</u>        | <u>-</u>                | <u>923</u>              | <u>-</u>               |
|                                         | <u>13,694,381</u>       | <u>17,500,661</u>       | <u>19,170,848</u>       | <u>23,624,188</u>       | <u>27,304,312</u>      |
|                                         |                         |                         |                         |                         | Unaudited              |
|                                         | 1.1.2019                | 1.1.2020                | 1.1.2021                | 1.1.2022                | 1.1.2023               |
|                                         | to                      | to                      | to                      | to                      | to                     |
|                                         | <u>31.12.2019</u>       | <u>31.12.2020</u>       | <u>31.12.2021</u>       | <u>31.12.2022</u>       | <u>30.4.2023</u>       |
|                                         | RM                      | RM                      | RM                      | RM                      | RM                     |
| <b>Recognised in profit or loss:-</b>   |                         |                         |                         |                         |                        |
| Inventories written down                | 1,838,878               | -                       | 90,033                  | 430,775                 | 153,544                |
| Reversal of inventories written down    | -                       | (2,237,219)             | (2,300,468)             | (19,374)                | (20,731)               |
| Inventories recognised in cost of sales | <u>38,242,227</u>       | <u>41,235,338</u>       | <u>26,664,257</u>       | <u>14,704,802</u>       | <u>7,340,199</u>       |
|                                         |                         |                         |                         |                         | <u>5,126,834</u>       |

The reversal of inventories written down was made and recognised in profit or loss when the related inventories were sold above their carrying amount.

### 13. ACCOUNTANTS' REPORT (Cont'd)

#### 10. TRADE RECEIVABLES

|                         | <u>31.12.2019</u> | <u>31.12.2020</u> | <u>31.12.2021</u> | <u>31.12.2022</u> | <u>30.4.2023</u>  |
|-------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                         | RM                | RM                | RM                | RM                | RM                |
| Gross amount            | 9,057,214         | 8,913,169         | 7,145,957         | 9,050,605         | 10,200,821        |
| Less: Impairment losses | -                 | -                 | -                 | (25,065)          | (25,537)          |
| Carrying amount         | <u>9,057,214</u>  | <u>8,913,169</u>  | <u>7,145,957</u>  | <u>9,025,540</u>  | <u>10,175,284</u> |

Trade receivables are non-interest bearing and are recognised at their original invoice amounts which represent their fair values on initial recognition.

The Company's normal trade credit term granted to the trade receivables ranging from cash term to 90 days (31.12.2022, 31.12.2021, 31.12.2020 and 31.12.2019: cash term to 90 days). Other credit terms are assessed and approved by management on a case-by-case basis.

The movements of impairment losses during the financial year is as follows:-

|                                         | <u>31.12.2019</u> | <u>31.12.2020</u> | <u>31.12.2021</u> | <u>31.12.2022</u> | <u>30.4.2023</u> |
|-----------------------------------------|-------------------|-------------------|-------------------|-------------------|------------------|
|                                         | RM                | RM                | RM                | RM                | RM               |
| <b>Collective impairment:-</b>          |                   |                   |                   |                   |                  |
| At 1 January                            | -                 | -                 | -                 | -                 | 25,065           |
| Charge for the financial years/period   | -                 | -                 | -                 | 26,338            | -                |
| Reversal for the financial years/period | -                 | -                 | -                 | -                 | (1,420)          |
| Foreign currency translation            | -                 | -                 | -                 | (1,273)           | 1,892            |
| At 31 December/30 April                 | <u>-</u>          | <u>-</u>          | <u>-</u>          | <u>25,065</u>     | <u>25,537</u>    |

#### 11. OTHER RECEIVABLES

|                              | <u>31.12.2019</u> | <u>31.12.2020</u> | <u>31.12.2021</u> | <u>31.12.2022</u> | <u>30.4.2023</u> |
|------------------------------|-------------------|-------------------|-------------------|-------------------|------------------|
|                              | RM                | RM                | RM                | RM                | RM               |
| Non-trade receivables        | 102,994           | 6,237             | 40,049            | 33,002            | 81,305           |
| Deposits                     | 233,213           | 234,695           | 191,238           | 1,877,937         | 274,356          |
| Advance payment to suppliers | 7,412             | 2,910             | 408,680           | 246,091           | 8,771            |
| Prepayment                   | 423,481           | 378,938           | 372,951           | 1,479,737         | 2,313,485        |
| GST/VAT receivable           | <u>22,829</u>     | <u>67,508</u>     | <u>557</u>        | <u>1,730</u>      | <u>9,074</u>     |
|                              | <u>789,929</u>    | <u>690,288</u>    | <u>1,013,475</u>  | <u>3,638,497</u>  | <u>2,686,991</u> |

#### 12. AMOUNT DUE FROM/(TO) RELATED PARTIES

Related parties refer to the companies in which Directors have interests.

The amount due from/(to) related parties arose mainly from trade transactions. This outstanding amount is trade transactions with credit term ranging from 60 to 90 days (31.12.2022, 31.12.2021, 31.12.2020 and 31.12.2019: 60 to 90 days).

**13. ACCOUNTANTS' REPORT (Cont'd)**

**13. SHARE CAPITAL AND RESERVES**

**13.1 Share Capital**

|                                                  | Minox<br>International<br>Group Berhad<br>Unit | MST Stainless<br>Steel Sdn. Bhd.<br>Unit | Minox Valves<br>and Fittings<br>Sdn. Bhd.<br>Unit | PT Minox<br>Indonesia<br>Unit | MST Stainless<br>Steel (S.E.A)<br>Pte. Ltd.<br>Unit | Minox Valves<br>& Fittings Pte.<br>Ltd.<br>Unit | Minox Valves<br>& Fittings Co.,<br>Ltd<br>Unit | Total<br>Unit |
|--------------------------------------------------|------------------------------------------------|------------------------------------------|---------------------------------------------------|-------------------------------|-----------------------------------------------------|-------------------------------------------------|------------------------------------------------|---------------|
| <b>Issued and fully paid with no par value:-</b> |                                                |                                          |                                                   |                               |                                                     |                                                 |                                                |               |
| Number of ordinary shares:-                      |                                                |                                          |                                                   |                               |                                                     |                                                 |                                                |               |
| At 31 December 2019/31 December 2020             |                                                |                                          |                                                   |                               |                                                     |                                                 |                                                |               |
| /31 December 2021                                | -                                              | 1,500,000                                | 200,000                                           | 25,500                        | 50,000                                              | 10,000                                          | 9,800                                          | 1,795,300     |
| At date of incorporation                         | 1                                              | -                                        | -                                                 | -                             | -                                                   | -                                               | -                                              | 1             |
| Issuance of share capital                        | -                                              | -                                        | -                                                 | -                             | -                                                   | 260,000                                         | -                                              | 260,000       |
| Issuance of share pursuant to:                   |                                                |                                          |                                                   |                               |                                                     |                                                 |                                                |               |
| - bonus issue                                    | -                                              | -                                        | -                                                 | -                             | -                                                   | 730,000                                         | -                                              | 730,000       |
| At 31 December 2022/30 April 2023                | 1                                              | 1,500,000                                | 200,000                                           | 25,500                        | 50,000                                              | 1,000,000                                       | 9,800                                          | 2,785,301     |

**Issued and fully paid with no par value:-**

|                                      |   |           |         |         |         |           |         |           |
|--------------------------------------|---|-----------|---------|---------|---------|-----------|---------|-----------|
| Amount:-                             |   |           |         |         |         |           |         |           |
| At 31 December 2019/31 December 2020 |   |           |         |         |         |           |         |           |
| /31 December 2021                    | - | 1,500,000 | 200,000 | 734,400 | 151,775 | 30,355    | 124,391 | 2,740,921 |
| At date of incorporation             | 1 | -         | -       | -       | -       | -         | -       | 1         |
| Issuance of share capital            | - | -         | -       | -       | -       | 827,372   | -       | 827,372   |
| Issuance of share pursuant to:       |   |           |         |         |         |           |         |           |
| - bonus issue                        | - | -         | -       | -       | -       | 2,323,006 | -       | 2,323,006 |
| At 31 December 2022/30 April 2023    | 1 | 1,500,000 | 200,000 | 734,400 | 151,775 | 3,180,733 | 124,391 | 5,891,300 |

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

### 13. ACCOUNTANTS' REPORT (Cont'd)

#### 13. SHARE CAPITAL AND RESERVES (CONT'D)

##### 13.1 Share Capital (cont'd)

During the financial period, the issued and paid-up capital of a combined entity, Minox Valves & Fittings Pte. Ltd. increased from RM30,355 to RM3,180,733 by way of the followings:-

- (i) issuance of 260,000 units of share at an issue price of SGD 1 (equivalent to RM3.1822) per ordinary shares; and
- (ii) issuance of bonus shares of 730,000 units of ordinary shares via capitalisation of retained earnings.

##### 13.2 Legal Reserves

Under the provisions of the Civil and Commercial Code in Thailand, the combined entity in Thailand is required to set aside as a legal reserve at least 5% of its net income at each dividend declaration until the reserve reaches 10% of the authorised share capital. The legal reserve is not available for dividend distribution.

##### 13.3 Foreign Exchange Translation Reserves

Foreign currency translation differences arising on the translation of the Group's foreign combining entities are included in exchange translation reserve.

#### 14. EMPLOYEE BENEFITS OBLIGATION

Movement in the employee benefits obligation for the financial years ended 31 December 2019, 2020, 2021, 2022 and financial period ended 30 April 2023 are as follows:-

|                              | <u>31.12.2019</u> | <u>31.12.2020</u> | <u>31.12.2021</u> | <u>31.12.2022</u> | <u>30.4.2023</u> |
|------------------------------|-------------------|-------------------|-------------------|-------------------|------------------|
|                              | RM                | RM                | RM                | RM                | RM               |
| At 1 January                 | 87,872            | 144,091           | 127,339           | 122,002           | 102,523          |
| Recognised in profit or loss | <u>56,219</u>     | <u>(16,752)</u>   | <u>(5,337)</u>    | <u>(19,479)</u>   | <u>49,293</u>    |
| At 31 December/30 April      | <u>144,091</u>    | <u>127,339</u>    | <u>122,002</u>    | <u>102,523</u>    | <u>151,816</u>   |

Significant assumptions are summarised below:-

|                            |                |           |           |           |           |
|----------------------------|----------------|-----------|-----------|-----------|-----------|
| Discount rate (%)          | 2.04 - 7.00    | 2.04      | 2.89      | 3.66      | 3.10      |
| Future salary increase (%) | 4.83 - 7.00    | 4.47      | 4.27      | 4.47      | 4.52      |
| Normal retirement age      | <u>56 - 60</u> | <u>60</u> | <u>60</u> | <u>60</u> | <u>60</u> |

On 5 April 2019, the Labor Protection Act was published in the Royal Thai Government Gazette, which determined employer to pay compensation if an employee works consecutively for a period of 20 years or more. The employee has right to receive severance payment of 400 days of wages at the most recent rate.

The combined entity expects not to pay long-term employee benefit during the next financial year.



**13. ACCOUNTANTS' REPORT (Cont'd)****15. BORROWINGS**

|                                  | <u>31.12.2019</u><br>RM | <u>31.12.2020</u><br>RM | <u>31.12.2021</u><br>RM | <u>31.12.2022</u><br>RM | <u>30.4.2023</u><br>RM |
|----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------------|
| <b>Non-current</b>               |                         |                         |                         |                         |                        |
| <b>Secured:-</b>                 |                         |                         |                         |                         |                        |
| Term loans                       | <u>20,327,374</u>       | <u>20,673,982</u>       | <u>18,562,048</u>       | <u>17,669,472</u>       | <u>25,396,202</u>      |
| <b>Current</b>                   |                         |                         |                         |                         |                        |
| <b>Secured:-</b>                 |                         |                         |                         |                         |                        |
| Term loans                       | 883,942                 | 1,604,293               | 1,536,381               | 2,568,317               | 2,745,986              |
| Bank overdraft                   | <u>3,722,260</u>        | <u>2,384,695</u>        | <u>3,669,584</u>        | <u>1,946,432</u>        | <u>2,573,002</u>       |
|                                  | <u>4,606,202</u>        | <u>3,988,988</u>        | <u>5,205,965</u>        | <u>4,514,749</u>        | <u>5,318,988</u>       |
| <b>Total borrowings</b>          |                         |                         |                         |                         |                        |
| Term loans                       | 21,211,316              | 22,278,275              | 20,098,429              | 20,237,789              | 28,142,188             |
| Bank overdraft                   | <u>3,722,260</u>        | <u>2,384,695</u>        | <u>3,669,584</u>        | <u>1,946,432</u>        | <u>2,573,002</u>       |
|                                  | <u>24,933,576</u>       | <u>24,662,970</u>       | <u>23,768,013</u>       | <u>22,184,221</u>       | <u>30,715,190</u>      |
| <b>Effective interest rate:-</b> |                         |                         |                         |                         |                        |
| Term loans (%)                   | 1.53 - 10.29            | 0.61 - 7.65             | 1.28 - 8.10             | 3.24 - 7.25             | 3.26 - 7.80            |
| Bank overdraft (%)               | <u>7.65</u>             | <u>6.67</u>             | <u>6.42</u>             | <u>6.42</u>             | <u>6.42</u>            |

The above borrowings are secured by the followings:-

- (i) Pledge of keyman insurance contracts of a combined entity;
- (ii) A legal charge over freehold and leasehold properties and investment properties of the Group as disclosed in Notes 4, 5 and 6 to the combined financial statements;
- (iii) Joint and several guarantee and indemnity by the Directors of the Group; and
- (iv) Guaranteed for up to 80% of the principal sum by Credit Corporation Malaysia Berhad (CGC).

**16. LEASE LIABILITIES**

|             | <u>31.12.2019</u><br>RM | <u>31.12.2020</u><br>RM | <u>31.12.2021</u><br>RM | <u>31.12.2022</u><br>RM | <u>30.4.2023</u><br>RM |
|-------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------------|
| Non-current | 823,551                 | 485,225                 | 270,038                 | 799,193                 | 1,171,647              |
| Current     | <u>396,766</u>          | <u>333,367</u>          | <u>321,370</u>          | <u>632,658</u>          | <u>736,183</u>         |
|             | <u>1,220,317</u>        | <u>818,592</u>          | <u>591,408</u>          | <u>1,431,851</u>        | <u>1,907,830</u>       |

The maturity analysis of lease liabilities is disclosed in Note 29.2.2 to the combined financial statements.

### 13. ACCOUNTANTS' REPORT (Cont'd)

#### 16. LEASE LIABILITIES (CONT'D)

The following are the amounts recognised in profit or loss:-

|                                       | 1.1.2019<br>to<br>31.12.2019<br>RM | 1.1.2020<br>to<br>31.12.2020<br>RM | 1.1.2021<br>to<br>31.12.2021<br>RM | 1.1.2022<br>to<br>31.12.2022<br>RM | 1.1.2023<br>to<br>30.4.2023<br>RM | Unaudited<br>1.1.2022<br>to<br>30.4.2022<br>RM |
|---------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|------------------------------------------------|
| Depreciation of right-of-use assets   | 692,266                            | 755,925                            | 659,482                            | 813,467                            | 399,689                           | 214,060                                        |
| Interest expense on lease liabilities | 79,474                             | 70,521                             | 44,744                             | 54,775                             | 31,772                            | 12,558                                         |
| Short-term leases                     | 83,795                             | 31,626                             | 30,008                             | 91,150                             | 37,677                            | 6,275                                          |
|                                       | <u>855,535</u>                     | <u>858,072</u>                     | <u>734,234</u>                     | <u>959,392</u>                     | <u>469,138</u>                    | <u>232,893</u>                                 |

The total cash outflow for leases of the Group amounted to RM456,172 (31.12.2022: RM592,561, 30.4.2022: RM129,262, 31.12.2021: RM422,122, 31.12.2020: RM503,972 and 31.12.2019: RM721,672).

The effective interest rates of lease liabilities of the Group are charged at rates ranging from 3.57% to 11.37% (31.12.2022, 31.12.2021, 31.12.2020 and 31.12.2019: 3.57% to 11.37%) per annum.

The lease liabilities of the Group amounting to RM744,448 (31.12.2022: RM553,191, 31.12.2021: RM236,869, 31.12.2020: RM297,295 and 31.12.2019: RM361,280) are secured by way of guarantee by certain Directors of the Group.

#### 17. AMOUNT DUE TO A DIRECTOR

The amount due to a Director is non-trade in nature, unsecured, non-interest bearing and repayable on demand.

|             | 31.12.2019<br>RM | 31.12.2020<br>RM | 31.12.2021<br>RM | 31.12.2022<br>RM | 30.4.2023<br>RM |
|-------------|------------------|------------------|------------------|------------------|-----------------|
| Non-current | 279,732          | 274,171          | 254,870          | -                | -               |
| Current     | 902,128          | 823,499          | 21,218           | -                | -               |
|             | <u>1,181,860</u> | <u>1,097,670</u> | <u>276,088</u>   | <u>-</u>         | <u>-</u>        |

#### 18. TRADE PAYABLES

The trade payables are non-interest bearing and the normal credit terms granted by the suppliers to the Group ranging from 30 to 90 days (31.12.2022, 31.12.2021, 31.12.2020 and 31.12.2019: 30 to 90 days).

### 13. ACCOUNTANTS' REPORT (Cont'd)

#### 19. OTHER PAYABLES

|                             | <u>31.12.2019</u><br>RM | <u>31.12.2020</u><br>RM | <u>31.12.2021</u><br>RM | <u>31.12.2022</u><br>RM | <u>30.4.2023</u><br>RM |
|-----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------------|
| Non-trade payables          | 194,459                 | 143,723                 | 96,095                  | 272,832                 | 103,584                |
| Accruals                    | 401,364                 | 376,930                 | 342,206                 | 962,816                 | 780,088                |
| Director withholding tax    | 1,706                   | 2,046                   | 2,771                   | 4,410                   | 4,082                  |
| Deposit received in advance | 505,715                 | 102,793                 | 93,893                  | 213,285                 | 219,044                |
| GST payable                 | 61,596                  | 70,232                  | 44,556                  | 38,348                  | 72,265                 |
|                             | <u>1,164,840</u>        | <u>695,724</u>          | <u>579,521</u>          | <u>1,491,691</u>        | <u>1,179,063</u>       |

#### 20. REVENUE

|                                                 | <u>1.1.2019</u><br>to<br><u>31.12.2019</u><br>RM | <u>1.1.2020</u><br>to<br><u>31.12.2020</u><br>RM | <u>1.1.2021</u><br>to<br><u>31.12.2021</u><br>RM | <u>1.1.2022</u><br>to<br><u>31.12.2022</u><br>RM | <u>1.1.2023</u><br>to<br><u>30.4.2023</u><br>RM | Unaudited<br><u>1.1.2022</u><br>to<br><u>30.4.2022</u><br>RM |
|-------------------------------------------------|--------------------------------------------------|--------------------------------------------------|--------------------------------------------------|--------------------------------------------------|-------------------------------------------------|--------------------------------------------------------------|
| Revenue from contract with customers            |                                                  |                                                  |                                                  |                                                  |                                                 |                                                              |
| <u>Products transferred at a point in time:</u> |                                                  |                                                  |                                                  |                                                  |                                                 |                                                              |
| - Sales of goods                                | <u>40,195,428</u>                                | <u>38,804,441</u>                                | <u>34,359,347</u>                                | <u>45,019,715</u>                                | <u>16,429,344</u>                               | <u>13,470,412</u>                                            |

#### 21. FINANCE INCOME

|                 | <u>1.1.2019</u><br>to<br><u>31.12.2019</u><br>RM | <u>1.1.2020</u><br>to<br><u>31.12.2020</u><br>RM | <u>1.1.2021</u><br>to<br><u>31.12.2021</u><br>RM | <u>1.1.2022</u><br>to<br><u>31.12.2022</u><br>RM | <u>1.1.2023</u><br>to<br><u>30.4.2023</u><br>RM | Unaudited<br><u>1.1.2022</u><br>to<br><u>30.4.2022</u><br>RM |
|-----------------|--------------------------------------------------|--------------------------------------------------|--------------------------------------------------|--------------------------------------------------|-------------------------------------------------|--------------------------------------------------------------|
| Current account | <u>43,053</u>                                    | <u>23,254</u>                                    | <u>23,482</u>                                    | <u>75,881</u>                                    | <u>36,816</u>                                   | <u>13,900</u>                                                |

### 13. ACCOUNTANTS' REPORT (Cont'd)

#### 22. FINANCE COSTS

|                     | 1.1.2019<br>to<br>31.12.2019<br>RM | 1.1.2020<br>to<br>31.12.2020<br>RM | 1.1.2021<br>to<br>31.12.2021<br>RM | 1.1.2022<br>to<br>31.12.2022<br>RM | 1.1.2023<br>to<br>30.4.2023<br>RM | Unaudited<br>1.1.2022<br>to<br>30.4.2022<br>RM |
|---------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|------------------------------------------------|
| Interest expense:   |                                    |                                    |                                    |                                    |                                   |                                                |
| - Bank overdraft    | 181,877                            | 221,461                            | 171,990                            | 140,743                            | 58,600                            | 52,905                                         |
| - Lease liabilities | 79,474                             | 70,521                             | 44,744                             | 54,775                             | 31,772                            | 12,558                                         |
| - Term loans        | 867,383                            | 705,442                            | 776,634                            | 902,534                            | 384,454                           | 252,320                                        |
|                     | <u>1,128,734</u>                   | <u>997,424</u>                     | <u>993,368</u>                     | <u>1,098,052</u>                   | <u>474,826</u>                    | <u>317,783</u>                                 |

#### 23. PROFIT BEFORE TAX

Profit before tax has been determined after charging/(crediting), amongst other items, the following:-

|                                                   | 1.1.2019<br>to<br>31.12.2019<br>RM | 1.1.2020<br>to<br>31.12.2020<br>RM | 1.1.2021<br>to<br>31.12.2021<br>RM | 1.1.2022<br>to<br>31.12.2022<br>RM | 1.1.2023<br>to<br>30.4.2023<br>RM | Unaudited<br>1.1.2022<br>to<br>30.4.2022<br>RM |
|---------------------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|------------------------------------------------|
| Bad debts written off                             | 18,576                             | 5,598                              | -                                  | 11,734                             | -                                 | -                                              |
| Depreciation of property, plant and equipment     | 832,321                            | 1,056,286                          | 1,076,349                          | 987,943                            | 321,358                           | 258,819                                        |
| Depreciation of right-of-use assets               | 692,266                            | 755,925                            | 659,482                            | 813,467                            | 399,689                           | 214,060                                        |
| Directors' fee                                    | 169,432                            | 214,759                            | 181,968                            | 388,715                            | 183,082                           | 118,140                                        |
| Expense arising from leases:                      |                                    |                                    |                                    |                                    |                                   |                                                |
| - Expenses relating to short-term lease           | 83,400                             | 28,578                             | 28,961                             | 84,601                             | 37,398                            | 5,741                                          |
| - Expenses relating to low-value assets           | 395                                | 3,048                              | 1,047                              | 6,549                              | 279                               | 534                                            |
| Gain on disposal of right-of-use assets           | (105,200)                          | -                                  | -                                  | -                                  | (134,802)                         | -                                              |
| Gain on disposal of property, plant and equipment | -                                  | -                                  | (600,764)                          | (2,062,887)                        | -                                 | (68,925)                                       |
| Gain on early termination of lease contract       | (30,431)                           | -                                  | -                                  | -                                  | -                                 | -                                              |
| Loss on early settlement of term loan             | -                                  | -                                  | -                                  | 50,772                             | -                                 | -                                              |
| Property, plant and equipment written off         | -                                  | 10,231                             | 4,259                              | 7,464                              | -                                 | -                                              |
| Realised loss/(gain) on foreign exchange          | 315,148                            | 59,372                             | 397,934                            | 2,687                              | 63,313                            | (10,368)                                       |
| Unrealised loss/(gain) on foreign exchange        | <u>471,952</u>                     | <u>146,629</u>                     | <u>3,949</u>                       | <u>(101,355)</u>                   | <u>(24,014)</u>                   | <u>7,240</u>                                   |

**13. ACCOUNTANTS' REPORT (Cont'd)****24. TAX EXPENSE**

Malaysian income tax is calculated at the statutory tax rate of 24% of the estimated taxable profits for the financial years/periods.

|                                             | 1.1.2019<br>to<br>31.12.2019<br>RM | 1.1.2020<br>to<br>31.12.2020<br>RM | 1.1.2021<br>to<br>31.12.2021<br>RM | 1.1.2022<br>to<br>31.12.2022<br>RM | 1.1.2023<br>to<br>30.4.2023<br>RM | Unaudited<br>1.1.2022<br>to<br>30.4.2022<br>RM |
|---------------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|------------------------------------------------|
| <b>Current tax</b>                          |                                    |                                    |                                    |                                    |                                   |                                                |
| - Current years/periods                     | 1,924,556                          | 1,658,488                          | 2,512,397                          | 3,199,565                          | 639,793                           | 655,277                                        |
| - Over provision in prior financial years   | (1,671)                            | (13,361)                           | -                                  | (33,633)                           | -                                 | (24,958)                                       |
|                                             | <u>1,922,885</u>                   | <u>1,645,127</u>                   | <u>2,512,397</u>                   | <u>3,165,932</u>                   | <u>639,793</u>                    | <u>630,319</u>                                 |
| <b>Deferred tax</b>                         |                                    |                                    |                                    |                                    |                                   |                                                |
| - Current years/periods                     | (51,565)                           | (263,883)                          | (94,785)                           | (222,100)                          | (278,532)                         | (125,323)                                      |
| - Under recognised in prior financial years | 188,414                            | -                                  | -                                  | -                                  | -                                 | -                                              |
|                                             | <u>136,849</u>                     | <u>(263,883)</u>                   | <u>(94,785)</u>                    | <u>(222,100)</u>                   | <u>(278,532)</u>                  | <u>(125,323)</u>                               |
|                                             | <u>2,059,734</u>                   | <u>1,381,244</u>                   | <u>2,417,612</u>                   | <u>2,943,832</u>                   | <u>361,261</u>                    | <u>504,996</u>                                 |

The numerical reconciliation between effective tax rate and the statutory tax rate of the Group are as follows:-

|                                                           | 1.1.2019<br>to<br>31.12.2019<br>RM | 1.1.2020<br>to<br>31.12.2020<br>RM | 1.1.2021<br>to<br>31.12.2021<br>RM | 1.1.2022<br>to<br>31.12.2022<br>RM | 1.1.2023<br>to<br>30.4.2023<br>RM | Unaudited<br>1.1.2022<br>to<br>30.4.2022<br>RM |
|-----------------------------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|------------------------------------------------|
| Profit before tax                                         | <u>10,247,570</u>                  | <u>5,567,771</u>                   | <u>10,756,000</u>                  | <u>13,493,085</u>                  | <u>2,271,978</u>                  | <u>2,059,699</u>                               |
| Tax at Malaysian statutory tax rate of 24%                | 2,459,417                          | 1,336,265                          | 2,581,440                          | 3,238,340                          | 545,275                           | 494,328                                        |
| Tax effects in respect of:-                               |                                    |                                    |                                    |                                    |                                   |                                                |
| Change in tax rate for first tranche of chargeable income | (115,987)                          | (92,955)                           | (118,888)                          | (84,000)                           | (87,000)                          | (42,000)                                       |
| Changes in fair value of investment properties            | (307,953)                          | -                                  | -                                  | -                                  | -                                 | -                                              |
| Different tax rate in different country                   | (55,199)                           | (92,727)                           | (147,855)                          | (108,220)                          | (64,243)                          | (40,032)                                       |
| Expenses not deductible for tax purposes                  | 303,663                            | 381,195                            | 494,316                            | 729,232                            | 125,603                           | 105,991                                        |
| Effect of real property gain tax                          | 94,000                             | -                                  | -                                  | -                                  | -                                 | -                                              |

**13. ACCOUNTANTS' REPORT (Cont'd)**
**24. TAX EXPENSE (CONT'D)**

Malaysian income tax is calculated at the statutory tax rate of 24% of the estimated taxable profits for the financial years/periods (cont'd).

|                                                                 | 1.1.2019<br>to<br>31.12.2019<br>RM | 1.1.2020<br>to<br>31.12.2020<br>RM | 1.1.2021<br>to<br>31.12.2021<br>RM | 1.1.2022<br>to<br>31.12.2022<br>RM | 1.1.2023<br>to<br>30.4.2023<br>RM | Unaudited<br>1.1.2022<br>to<br>30.4.2022<br>RM |
|-----------------------------------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|------------------------------------------------|
| Effect of forex exchange                                        | 7,341                              | (5,275)                            | (1,511)                            | -                                  | -                                 | -                                              |
| Income tax rebate                                               | (22,962)                           | (16,163)                           | -                                  | -                                  | -                                 | -                                              |
| Movement of deferred tax<br>assets not recognised               | 68,635                             | -                                  | -                                  | 83,164                             | (43,642)                          | 53,729                                         |
| Non-taxable income                                              | (489,160)                          | (115,735)                          | (329,979)                          | (612,557)                          | (53,427)                          | (20,301)                                       |
| Over provision of tax<br>expense in prior financial<br>years    | (1,671)                            | (13,361)                           | -                                  | (33,633)                           | -                                 | (24,958)                                       |
| Singapore statutory stepped<br>income tax exemption             | (68,804)                           | -                                  | (59,911)                           | (268,494)                          | (61,305)                          | (21,761)                                       |
| Under recognised of<br>deferred tax in prior<br>financial years | 188,414                            | -                                  | -                                  | -                                  | -                                 | -                                              |
|                                                                 | <u>2,059,734</u>                   | <u>1,381,244</u>                   | <u>2,417,612</u>                   | <u>2,943,832</u>                   | <u>361,261</u>                    | <u>504,996</u>                                 |

Deferred tax assets have not been recognised in respect of these items (stated as gross) as it is not probable that future taxable profits will be available against which the Group can utilise the benefits therefrom.

|                                  | 1.1.2019<br>to<br>31.12.2019<br>RM | 1.1.2020<br>to<br>31.12.2020<br>RM | 1.1.2021<br>to<br>31.12.2021<br>RM | 1.1.2022<br>to<br>31.12.2022<br>RM | 1.1.2023<br>to<br>30.4.2023<br>RM | Unaudited<br>1.1.2022<br>to<br>30.4.2022<br>RM |
|----------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|------------------------------------------------|
| Inventories written down         | 404,046                            | 404,046                            | 404,046                            | 477,231                            | 477,231                           | 404,046                                        |
| Property, plant and<br>equipment | -                                  | -                                  | 17,398                             | 3,637                              | -                                 | 3,501                                          |
| Unabsorbed business losses       | -                                  | -                                  | -                                  | 236,303                            | -                                 | 303,019                                        |
| Unutilised capital<br>allowance  | -                                  | -                                  | -                                  | 14,553                             | -                                 | 14,006                                         |
|                                  | <u>404,046</u>                     | <u>404,046</u>                     | <u>421,444</u>                     | <u>731,724</u>                     | <u>477,231</u>                    | <u>724,572</u>                                 |

### 13. ACCOUNTANTS' REPORT (Cont'd)

#### 25. DIVIDENDS

The amount of dividends declared since the end of previous financial year were as follows:-

|                                                                                                       | 1.1.2019<br>to<br>31.12.2019<br>RM | 1.1.2020<br>to<br>31.12.2020<br>RM | 1.1.2021<br>to<br>31.12.2021<br>RM | 1.1.2022<br>to<br>31.12.2022<br>RM | 1.1.2023<br>to<br>30.4.2023<br>RM | Unaudited<br>1.1.2022<br>to<br>30.4.2022<br>RM |
|-------------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|------------------------------------------------|
| <u>In respect of the financial year ended 31 December 2022:-</u>                                      |                                    |                                    |                                    |                                    |                                   |                                                |
| Final single tier dividend at RM1.00 per ordinary share of MST MY paid on 12 September 2022           | -                                  | -                                  | -                                  | 1,500,000                          | -                                 | -                                              |
| <u>In respect of the financial year ended 31 December 2021:-</u>                                      |                                    |                                    |                                    |                                    |                                   |                                                |
| First interim single tier dividend at RM30.84 per ordinary share of Minox SG paid on 30 December 2021 | -                                  | -                                  | 308,420                            | -                                  | -                                 | -                                              |
| First interim single tier dividend at RM0.61 per ordinary share of MST MY paid on 19 December 2021    | -                                  | -                                  | 909,670                            | -                                  | -                                 | -                                              |
| Final interim single tier dividend at RM64.80 per ordinary share of Minox TH paid on 8 December 2021  | -                                  | -                                  | 647,961                            | -                                  | -                                 | -                                              |
| <u>In respect of the financial year ended 31 December 2020:-</u>                                      |                                    |                                    |                                    |                                    |                                   |                                                |
| First interim single tier dividend at RM169.12 per ordinary share of Minox SG paid on 11 May 2021     | -                                  | -                                  | -                                  | -                                  | -                                 | -                                              |
| Final single tier dividend at RM154.21 per ordinary share of Minox SG paid on 11 May 2021             | -                                  | -                                  | 1,542,099                          | -                                  | -                                 | -                                              |
| First interim single tier dividend at RM15.23 per ordinary share of Minox SG paid on 30 December 2020 | -                                  | 152,311                            | -                                  | -                                  | -                                 | -                                              |
| Final interim single tier dividend at RM80.58 per ordinary share of Minox TH paid on 8 December 2020  | -                                  | 805,772                            | -                                  | -                                  | -                                 | -                                              |

### 13. ACCOUNTANTS' REPORT (Cont'd)

#### 25. DIVIDENDS (CONT'D)

The amount of dividends declared since the end of previous financial year were as follows (cont'd):-

|                                                                                                     | 1.1.2019<br>to<br>31.12.2019<br>RM | 1.1.2020<br>to<br>31.12.2020<br>RM | 1.1.2021<br>to<br>31.12.2021<br>RM | 1.1.2022<br>to<br>31.12.2022<br>RM | 1.1.2023<br>to<br>30.4.2023<br>RM | Unaudited<br>1.1.2022<br>to<br>30.4.2022<br>RM |
|-----------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|------------------------------------------------|
| <u>In respect of the financial year ended 31 December 2019:-</u>                                    |                                    |                                    |                                    |                                    |                                   |                                                |
| Final single tier dividend at RM24.37 per ordinary share of Minox SG paid on 25 August 2020         | -                                  | 243,698                            | -                                  | -                                  | -                                 | -                                              |
| First interim single tier dividend at RM106.81 per ordinary share of Minox TH paid on 1 August 2019 | 1,068,106                          | -                                  | -                                  | -                                  | -                                 | -                                              |
| <u>In respect of the financial year ended 31 December 2018:-</u>                                    |                                    |                                    |                                    |                                    |                                   |                                                |
| Final single tier dividend RM30.37 per ordinary share of Minox SG paid on 1 June 2019               | 303,696                            | -                                  | -                                  | -                                  | -                                 | -                                              |
|                                                                                                     | <u>1,371,802</u>                   | <u>1,201,781</u>                   | <u>3,408,150</u>                   | <u>1,500,000</u>                   | <u>-</u>                          | <u>-</u>                                       |

The Directors do not propose any final dividend for the respective financial years.

#### 26. EMPLOYEE BENEFITS EXPENSE

|                                      | 1.1.2019<br>to<br>31.12.2019<br>RM | 1.1.2020<br>to<br>31.12.2020<br>RM | 1.1.2021<br>to<br>31.12.2021<br>RM | 1.1.2022<br>to<br>31.12.2022<br>RM | 1.1.2023<br>to<br>30.4.2023<br>RM | Unaudited<br>1.1.2022<br>to<br>30.4.2022<br>RM |
|--------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|------------------------------------------------|
| Fees                                 | 169,432                            | 214,759                            | 181,968                            | 388,715                            | 183,082                           | 118,140                                        |
| Salaries, bonus and other emoluments | 7,226,433                          | 7,433,837                          | 7,121,172                          | 7,520,460                          | 3,420,793                         | 2,753,242                                      |
| Defined contribution plans           | 577,901                            | 605,209                            | 600,196                            | 681,139                            | 341,087                           | 253,562                                        |
| Social security contribution         | 23,531                             | 25,951                             | 24,895                             | 28,405                             | 11,950                            | 8,907                                          |
|                                      | <u>7,997,297</u>                   | <u>8,279,756</u>                   | <u>7,928,231</u>                   | <u>8,618,719</u>                   | <u>3,956,912</u>                  | <u>3,133,851</u>                               |



### 13. ACCOUNTANTS' REPORT (Cont'd)

#### 26. EMPLOYEE BENEFITS EXPENSE (CONT'D)

Included in the employee benefits expense is the Directors' remuneration as follows:-

|                                         | 1.1.2019<br>to<br><u>31.12.2019</u><br>RM | 1.1.2020<br>to<br><u>31.12.2020</u><br>RM | 1.1.2021<br>to<br><u>31.12.2021</u><br>RM | 1.1.2022<br>to<br><u>31.12.2022</u><br>RM | 1.1.2023<br>to<br><u>30.4.2023</u><br>RM | Unaudited<br>1.1.2022<br>to<br><u>30.4.2022</u><br>RM |
|-----------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|------------------------------------------|-------------------------------------------------------|
| Fees                                    | 169,432                                   | 214,759                                   | 181,968                                   | 388,715                                   | 183,082                                  | 118,140                                               |
| Salaries, bonus and other<br>emoluments | 2,345,731                                 | 2,560,477                                 | 2,431,619                                 | 2,790,797                                 | 1,243,590                                | 991,763                                               |
| Defined contribution plans              | 204,008                                   | 208,228                                   | 200,106                                   | 223,431                                   | 117,233                                  | 82,767                                                |
| Social security contribution            | <u>1,658</u>                              | <u>1,658</u>                              | <u>1,658</u>                              | <u>1,885</u>                              | <u>1,386</u>                             | <u>552</u>                                            |
|                                         | <u>2,720,829</u>                          | <u>2,985,122</u>                          | <u>2,815,351</u>                          | <u>3,404,828</u>                          | <u>1,545,291</u>                         | <u>1,193,222</u>                                      |

#### 27. RELATED PARTY DISCLOSURES

(a) Significant related party transactions for the financial years/periods were as follows:-

|                                           | 1.1.2019<br>to<br><u>31.12.2019</u><br>RM | 1.1.2020<br>to<br><u>31.12.2020</u><br>RM | 1.1.2021<br>to<br><u>31.12.2021</u><br>RM | 1.1.2022<br>to<br><u>31.12.2022</u><br>RM | 1.1.2023<br>to<br><u>30.4.2023</u><br>RM | Unaudited<br>1.1.2022<br>to<br><u>30.4.2022</u><br>RM |
|-------------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|------------------------------------------|-------------------------------------------------------|
| Sales to related parties                  | 3,276,178                                 | 2,408,997                                 | 2,102,564                                 | 410,450                                   | -                                        | 329,397                                               |
| Purchase from related<br>parties          | 1,237,189                                 | 1,594,199                                 | 629,632                                   | 1,437,183                                 | -                                        | 760,080                                               |
| Rental paid to a<br>Director of the Group | <u>18,000</u>                             | <u>18,000</u>                             | <u>18,000</u>                             | <u>-</u>                                  | <u>-</u>                                 | <u>-</u>                                              |

(b) The outstanding balances arising from related party transactions as at the reporting date are disclosed in Notes 12 and 17 to the combined financial statements.

(c) 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 and entity that provides key management personnel services to the Group.

### 13. ACCOUNTANTS' REPORT (Cont'd)

#### 27. RELATED PARTY DISCLOSURES (CONT'D)

- (c) Key management includes all the Directors and certain members of senior management of the Group. The remuneration of key management personnel are as follows:-

|                                   | 1.1.2019<br>to<br>31.12.2019<br>RM | 1.1.2020<br>to<br>31.12.2020<br>RM | 1.1.2021<br>to<br>31.12.2021<br>RM | 1.1.2022<br>to<br>31.12.2022<br>RM | 1.1.2023<br>to<br>30.4.2023<br>RM | Unaudited<br>1.1.2022<br>to<br>30.4.2022<br>RM |
|-----------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|------------------------------------------------|
| Salaries and other emoluments     | 925,804                            | 985,506                            | 952,812                            | 1,220,865                          | 612,322                           | 507,418                                        |
| Defined contribution plans        | 96,491                             | 98,909                             | 99,842                             | 127,476                            | 69,645                            | 48,645                                         |
| Benefit-in-kind                   | -                                  | -                                  | 7,000                              | 5,522                              | 9,000                             | 1,167                                          |
| Directors' remuneration (Note 26) | 1,022,295                          | 1,084,415                          | 1,059,654                          | 1,353,863                          | 690,967                           | 557,230                                        |
|                                   | <u>2,720,829</u>                   | <u>2,985,122</u>                   | <u>2,815,351</u>                   | <u>3,404,828</u>                   | <u>1,545,291</u>                  | <u>1,193,222</u>                               |
|                                   | <u>3,743,124</u>                   | <u>4,069,537</u>                   | <u>3,875,005</u>                   | <u>4,758,691</u>                   | <u>2,236,258</u>                  | <u>1,750,452</u>                               |

#### 28. CAPITAL COMMITMENT

Capital expenditure in respect of the following is not provided for in the combined financial statements.

|                                  | 31.12.2019<br>RM | 31.12.2020<br>RM | 31.12.2021<br>RM | 31.12.2022<br>RM | 30.4.2023<br>RM |
|----------------------------------|------------------|------------------|------------------|------------------|-----------------|
| Authorised and contracted for:   |                  |                  |                  |                  |                 |
| - Purchase a piece of land       | -                | -                | -                | 10,230,00        | -               |
| - Installation of racking system | -                | -                | -                | -                | 108,437         |
| - Renovation building            | 579,207          | 615,902          | -                | -                | -               |
| - Motor vehicles                 | <u>-</u>         | <u>-</u>         | <u>277,130</u>   | <u>-</u>         | <u>-</u>        |

#### 29. FINANCIAL INSTRUMENTS

##### 29.1 Categories of Financial Instruments

The table below provides an analysis of financial instruments measured at amortised cost, fair value through profit or loss and fair value through other comprehensive income.

|                                 | 31.12.2019<br>RM  | 31.12.2020<br>RM  | 31.12.2021<br>RM  | 31.12.2022<br>RM  | 30.4.2023<br>RM   |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Financial assets</b>         |                   |                   |                   |                   |                   |
| <u>Amortised cost</u>           |                   |                   |                   |                   |                   |
| Trade receivables               | 9,057,214         | 8,913,169         | 7,145,957         | 9,025,540         | 10,175,284        |
| Other receivables               | 343,619           | 243,842           | 639,967           | 2,157,030         | 364,432           |
| Amount due from related parties | 1,838,917         | 2,862,492         | 3,471,404         | -                 | -                 |
| Cash and bank balances          | <u>4,819,327</u>  | <u>4,867,365</u>  | <u>7,659,367</u>  | <u>12,540,665</u> | <u>9,192,565</u>  |
|                                 | <u>16,059,077</u> | <u>16,886,868</u> | <u>18,916,695</u> | <u>23,723,235</u> | <u>19,732,281</u> |
| Other investments:              |                   |                   |                   |                   |                   |
| - FVTPL                         | 1,031,411         | 997,916           | 979,472           | 958,300           | 976,096           |
| - FVTOCI                        | <u>1,484,945</u>  | <u>1,484,945</u>  | <u>1,484,945</u>  | <u>-</u>          | <u>-</u>          |

### 13. ACCOUNTANTS' REPORT (Cont'd)

#### 29. FINANCIAL INSTRUMENTS (CONT'D)

##### 29.1 Categories of Financial Instruments (cont'd)

The table below provides an analysis of financial instruments measured at amortised cost, fair value through profit or loss and fair value through other comprehensive income (cont'd).

|                               | <u>31.12.2019</u> | <u>31.12.2020</u> | <u>31.12.2021</u> | <u>31.12.2022</u> | <u>30.4.2023</u>  |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                               | RM                | RM                | RM                | RM                | RM                |
| <b>Financial liabilities</b>  |                   |                   |                   |                   |                   |
| <u>Amortised cost</u>         |                   |                   |                   |                   |                   |
| Trade payables                | 6,043,929         | 8,202,395         | 5,705,051         | 2,755,792         | 4,200,229         |
| Other payables                | 1,101,538         | 623,446           | 532,194           | 1,448,933         | 1,102,716         |
| Amount due to related parties | 549,199           | 706,681           | 490,294           | -                 | -                 |
| Amount due to a Director      | 1,181,860         | 1,097,670         | 276,088           | -                 | -                 |
| Borrowings                    | <u>24,933,576</u> | <u>24,662,970</u> | <u>23,768,013</u> | <u>22,184,221</u> | <u>30,715,190</u> |
|                               | <u>33,810,102</u> | <u>35,293,162</u> | <u>30,771,640</u> | <u>26,388,946</u> | <u>36,018,135</u> |

##### 29.2 Financial Risk Management

The Group is exposed to financial risks arising from their operations and the use of financial instruments. The Group has established policies and procedures to ensure effective management of credit risk, liquidity risk, interest rate risk and foreign exchange risk.

The following sections explain key risks faced by the Group and its management. Financial assets and financial liabilities of the Group are summarised in Note 3.4 to the combined financial statements.

##### 29.2.1 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 a financial instrument with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses on their financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instrument is broadly diversified along geographical lines and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group does not offer credit terms without the approval of the management.

**13. ACCOUNTANTS' REPORT (Cont'd)****29. FINANCIAL INSTRUMENTS (CONT'D)****29.2 Financial Risk Management (cont'd)****29.2.1 Credit Risk (cont'd)**

Maximum exposure of the Group to credit risk is represented by the carrying amount of financial assets recognised at reporting date as below:-

|                                 | <u>31.12.2019</u> | <u>31.12.2020</u> | <u>31.12.2021</u> | <u>31.12.2022</u> | <u>30.4.2023</u>  |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                 | RM                | RM                | RM                | RM                | RM                |
| <b>Financial assets</b>         |                   |                   |                   |                   |                   |
| Trade receivables               | 9,057,214         | 8,913,169         | 7,145,957         | 9,025,540         | 10,175,284        |
| Other receivables               | 343,619           | 243,842           | 639,967           | 2,157,030         | 364,432           |
| Amount due from related parties | 1,838,917         | 2,862,492         | 3,471,404         | -                 | -                 |
| Cash and bank balances          | <u>4,819,327</u>  | <u>4,867,365</u>  | <u>7,659,367</u>  | <u>12,540,665</u> | <u>9,192,565</u>  |
|                                 | <u>16,059,077</u> | <u>16,886,868</u> | <u>18,916,695</u> | <u>23,723,235</u> | <u>19,732,281</u> |

**Trade Receivables and Other Receivables***Recognition and Measurement of Impairment Loss*

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. The Group's debt recovery process are as follows:-

- Above 90 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the finance team; and
- The Group will commence a legal proceeding against the customers who having dispute or does not adhere to the restructure of the repayment scheme.

The Group uses a provision matrix to measure ECLs for all the past due debts. Credit term which are past due more than 365 days and having dispute with the trade receivables will be considered as credit impaired.

The Group assessed the risk of loss based on the following factors:-

- overall past trend payments of customers;
- financial performances of each individual customers; and
- gross domestic product growth rate, base lending rate and historical rate.

None of the Group's financial assets are secured by collateral or other credit enhancements.

### 13. ACCOUNTANTS' REPORT (Cont'd)

#### 29. FINANCIAL INSTRUMENTS (CONT'D)

##### 29.2 Financial Risk Management (cont'd)

##### 29.2.1 Credit Risk (cont'd)

##### Trade Receivables and Other Receivables (cont'd)

##### Recognition and Measurement of Impairment Loss (cont'd)

Set out below is the information about the credit risk exposure and ECLs on the Group's trade receivables:-

|                             | Gross carrying<br>amount<br>RM | Expected credit<br>loss -<br>Collective<br>RM | Net carrying<br>amount<br>RM |
|-----------------------------|--------------------------------|-----------------------------------------------|------------------------------|
| <b>31.12.2019</b>           |                                |                                               |                              |
| Not past due                | 4,960,786                      | -                                             | 4,960,786                    |
| Past due 1 to 30 days       | 2,440,965                      | -                                             | 2,440,965                    |
| Past due 31 to 60 days      | 718,682                        | -                                             | 718,682                      |
| Past due 61 to 90 days      | 312,502                        | -                                             | 312,502                      |
| Past due 91 to 120 days     | 560,011                        | -                                             | 560,011                      |
| Past due more than 120 days | 64,268                         | -                                             | 64,268                       |
|                             | <u>9,057,214</u>               | <u>-</u>                                      | <u>9,057,214</u>             |
| <b>31.12.2020</b>           |                                |                                               |                              |
| Not past due                | 3,799,379                      | -                                             | 3,799,379                    |
| Past due 1 to 30 days       | 1,709,323                      | -                                             | 1,709,323                    |
| Past due 31 to 60 days      | 894,681                        | -                                             | 894,681                      |
| Past due 61 to 90 days      | 211,911                        | -                                             | 211,911                      |
| Past due 91 to 120 days     | 588,054                        | -                                             | 588,054                      |
| Past due more than 120 days | 1,709,821                      | -                                             | 1,709,821                    |
|                             | <u>8,913,169</u>               | <u>-</u>                                      | <u>8,913,169</u>             |
| <b>31.12.2021</b>           |                                |                                               |                              |
| Not past due                | 4,743,491                      | -                                             | 4,743,491                    |
| Past due 1 to 30 days       | 1,710,212                      | -                                             | 1,710,212                    |
| Past due 31 to 60 days      | 475,307                        | -                                             | 475,307                      |
| Past due 61 to 90 days      | 43,862                         | -                                             | 43,862                       |
| Past due 91 to 120 days     | 173,085                        | -                                             | 173,085                      |
|                             | <u>7,145,957</u>               | <u>-</u>                                      | <u>7,145,957</u>             |
| <b>31.12.2022</b>           |                                |                                               |                              |
| Not past due                | 5,361,444                      | 3,840                                         | 5,357,604                    |
| Past due 1 to 30 days       | 1,143,927                      | 2,243                                         | 1,141,684                    |
| Past due 31 to 60 days      | 1,066,152                      | 2,269                                         | 1,063,883                    |
| Past due 61 to 90 days      | 740,772                        | 473                                           | 740,299                      |
| Past due 91 to 120 days     | 718,801                        | 16,240                                        | 702,561                      |
| Past due more than 120 days | 19,509                         | -                                             | 19,509                       |
|                             | <u>9,050,605</u>               | <u>25,065</u>                                 | <u>9,025,540</u>             |

### 13. ACCOUNTANTS' REPORT (Cont'd)

#### 29. FINANCIAL INSTRUMENTS (CONT'D)

##### 29.2 Financial Risk Management (cont'd)

##### 29.2.1 Credit Risk (cont'd)

##### Trade Receivables and Other Receivables (cont'd)

##### Recognition and Measurement of Impairment Loss (cont'd)

Set out below is the information about the credit risk exposure and ECLs on the Group's trade receivables (cont'd):-

|                         | Gross carrying<br>amount<br>RM | Expected credit<br>loss -<br>Collective<br>RM | Net carrying<br>amount<br>RM |
|-------------------------|--------------------------------|-----------------------------------------------|------------------------------|
| <b>30.4.2023</b>        |                                |                                               |                              |
| Not past due            | 6,248,264                      | 782                                           | 6,247,482                    |
| Past due 1 to 30 days   | 2,366,128                      | 192                                           | 2,365,936                    |
| Past due 31 to 60 days  | 1,119,474                      | 297                                           | 1,119,177                    |
| Past due 61 to 90 days  | 156,220                        | 390                                           | 155,830                      |
| Past due 91 to 120 days | 310,735                        | 23,876                                        | 286,859                      |
|                         | <u>10,200,821</u>              | <u>25,537</u>                                 | <u>10,175,284</u>            |

The Group uses three categories to reflect its credit risk and how the loss allowance is determined for each of those categories for financial assets other than trade receivables. A summary of the assumptions underpinning the Group's expected credit loss model is as follows:-

| Category        | Definition of categories                                                                                                                                                                                                                                                  | Basis of recognising<br>expected credit loss |
|-----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| Performing      | Receivables have a low risk of default and a strong capacity to meet contractual cash flows.                                                                                                                                                                              | 12 months expected credit loss               |
| Underperforming | Receivables for which there is a significant increase in credit risk due to actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations. | Lifetime expected credit loss                |
| Non-performing  | Receivables which are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows have occurred.                                                                                                                            | Lifetime expected credit loss                |

Based on the above, loss allowance is derived as follows:-

- (i) the likelihood that the debtor would not be able to repay during the contractual period;
- (ii) the percentage of contractual cash flows that will not be collected if default happens; and
- (iii) the outstanding amount that is exposed to default risk.

### **13. ACCOUNTANTS' REPORT (Cont'd)**

#### **29. FINANCIAL INSTRUMENTS (CONT'D)**

##### **29.2 Financial Risk Management (cont'd)**

##### **29.2.1 Credit Risk (cont'd)**

###### **Trade Receivables and Other Receivables (cont'd)**

###### Credit risk concentration

As at reporting date, the Group has significant concentration of credit risk related to two (31.12.2022: two, 31.12.2021: two, 31.12.2020: one and 31.12.2019: two) customers which constituted approximately 30% (31.12.2022: 26%, 31.12.2021: 26%, 31.12.2020: 33% and 31.12.2019: 25%) of the Group's trade receivables.

The Group continuously monitor credit standing of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used.

###### Other receivables

The maximum exposure to credit risk is represented by their carrying amounts in the combined statements of financial position.

###### Intercompany balances

The outstanding balances with intercompany are trade and there was no indication that the balances are not recoverable.

###### Cash and cash equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable financial institutions with high quality external credit ratings and have no history of default. Consequently, the Group is of the view that the loss allowance is not material and hence, it is not provided for.

##### **29.2.2 Liquidity Risk**

Liquidity risk is the risk that the Group will not be able to meet their financial obligations as and when they fall due, due to shortage of funds.

In managing its exposures to liquidity risk that arises principally from their various payables, lease liabilities, and borrowings, 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 they will have sufficient liquidity to meet its liabilities as and when they fall due.

The Group aims at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

### 13. ACCOUNTANTS' REPORT (Cont'd)

#### 29. FINANCIAL INSTRUMENTS (CONT'D)

##### 29.2 Financial Risk Management (cont'd)

##### 29.2.2 Liquidity Risk (cont'd)

The summary of the maturity profile based on the contractual undiscounted repayment obligations is as follow:-

|                                  | Carrying<br>amount<br>RM | Contractual<br>cash flows<br>RM | Within 1 year<br>RM | Between 1 to<br>5 years<br>RM | More than 5<br>years<br>RM |
|----------------------------------|--------------------------|---------------------------------|---------------------|-------------------------------|----------------------------|
| <b>31.12.2019</b>                |                          |                                 |                     |                               |                            |
| Trade payables                   | 6,043,929                | 6,043,929                       | 6,043,929           | -                             | -                          |
| Other payables                   | 1,101,538                | 1,101,538                       | 1,101,538           | -                             | -                          |
| Amount due to a<br>Director      | 1,181,860                | 1,181,860                       | 1,181,860           | -                             | -                          |
| Amount due to related<br>parties | 549,199                  | 549,199                         | 549,199             | -                             | -                          |
| Borrowings                       | 24,933,576               | 32,036,123                      | 5,267,708           | 7,727,308                     | 19,041,107                 |
| Lease liabilities                | 1,220,317                | 1,353,992                       | 448,567             | 905,425                       | -                          |
|                                  | <b>35,030,419</b>        | <b>42,266,641</b>               | <b>14,592,801</b>   | <b>8,632,733</b>              | <b>19,041,107</b>          |
| <b>31.12.2020</b>                |                          |                                 |                     |                               |                            |
| Trade payables                   | 8,202,395                | 8,202,395                       | 8,202,395           | -                             | -                          |
| Other payables                   | 623,446                  | 623,446                         | 623,446             | -                             | -                          |
| Amount due to a<br>Director      | 1,097,670                | 1,097,670                       | 1,097,670           | -                             | -                          |
| Amount due to related<br>parties | 706,681                  | 706,681                         | 706,681             | -                             | -                          |
| Borrowings                       | 24,662,970               | 31,282,762                      | 4,769,626           | 9,157,183                     | 17,355,953                 |
| Lease liabilities                | 818,592                  | 881,784                         | 376,872             | 504,912                       | -                          |
|                                  | <b>36,111,754</b>        | <b>42,794,738</b>               | <b>15,776,690</b>   | <b>9,662,095</b>              | <b>17,355,953</b>          |
| <b>31.12.2021</b>                |                          |                                 |                     |                               |                            |
| Trade payables                   | 5,705,051                | 5,705,051                       | 5,705,051           | -                             | -                          |
| Other payables                   | 532,194                  | 532,194                         | 532,194             | -                             | -                          |
| Amount due to a<br>Director      | 276,088                  | 276,088                         | 276,088             | -                             | -                          |
| Amount due to related<br>parties | 490,294                  | 490,294                         | 490,294             | -                             | -                          |
| Borrowings                       | 23,768,013               | 29,526,674                      | 5,866,957           | 7,858,720                     | 15,800,997                 |
| Lease liabilities                | 591,408                  | 625,856                         | 348,247             | 277,609                       | -                          |
|                                  | <b>31,363,048</b>        | <b>37,156,157</b>               | <b>13,218,831</b>   | <b>8,136,329</b>              | <b>15,800,997</b>          |
| <b>31.12.2022</b>                |                          |                                 |                     |                               |                            |
| Trade payables                   | 2,755,792                | 2,755,792                       | 2,755,792           | -                             | -                          |
| Other payables                   | 1,448,933                | 1,448,933                       | 1,448,933           | -                             | -                          |
| Borrowings                       | 22,184,221               | 25,649,571                      | 3,274,486           | 9,297,817                     | 13,077,268                 |
| Lease liabilities                | 1,431,851                | 1,541,459                       | 713,541             | 827,918                       | -                          |
|                                  | <b>27,820,797</b>        | <b>31,395,755</b>               | <b>8,192,752</b>    | <b>10,125,735</b>             | <b>13,077,268</b>          |



### 13. ACCOUNTANTS' REPORT (Cont'd)

#### 29. FINANCIAL INSTRUMENTS (CONT'D)

##### 29.2 Financial Risk Management (cont'd)

##### 29.2.2 Liquidity Risk (cont'd)

The summary of the maturity profile based on the contractual undiscounted repayment obligations is as follow (cont'd):-

|                   | Carrying<br>amount<br>RM | Contractual<br>cash flows<br>RM | Within 1 year<br>RM | Between 1 to<br>5 years<br>RM | More than 5<br>years<br>RM |
|-------------------|--------------------------|---------------------------------|---------------------|-------------------------------|----------------------------|
| <b>30.4.2023</b>  |                          |                                 |                     |                               |                            |
| Trade payables    | 4,200,229                | 4,200,229                       | 4,200,229           | -                             | -                          |
| Other payables    | 1,102,716                | 1,102,716                       | 1,102,716           | -                             | -                          |
| Borrowings        | 30,715,190               | 39,566,162                      | 4,116,387           | 10,996,797                    | 24,452,978                 |
| Lease liabilities | 1,907,830                | 2,083,051                       | 837,317             | 1,101,130                     | 144,604                    |
|                   | <u>37,925,965</u>        | <u>46,952,158</u>               | <u>10,256,649</u>   | <u>12,097,927</u>             | <u>24,597,582</u>          |

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of financial liabilities at the reporting date.

##### 29.2.3 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.

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to the risk of change in cash flows due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

The Group's interest rate management objective is to manage interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group targets a mix of fixed and floating debts based on assessment of its existing exposure and desired interest rate profile.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the reporting date is as follows:-

|                                 | 31.12.2019<br>RM  | 31.12.2020<br>RM  | 31.12.2021<br>RM  | 31.12.2022<br>RM  | 30.4.2023<br>RM   |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Fixed rate instruments</b>   |                   |                   |                   |                   |                   |
| <u>Financial liabilities</u>    |                   |                   |                   |                   |                   |
| Lease liabilities               | <u>1,220,317</u>  | <u>818,592</u>    | <u>591,408</u>    | <u>1,431,851</u>  | <u>1,907,830</u>  |
| <b>Floating rate instrument</b> |                   |                   |                   |                   |                   |
| <u>Financial liabilities</u>    |                   |                   |                   |                   |                   |
| Term loans                      | 21,211,316        | 22,278,275        | 20,098,429        | 20,237,789        | 28,142,188        |
| Bank overdraft                  | <u>3,722,260</u>  | <u>2,384,695</u>  | <u>3,669,584</u>  | <u>1,946,432</u>  | <u>2,573,002</u>  |
|                                 | <u>24,933,576</u> | <u>24,662,970</u> | <u>23,768,013</u> | <u>22,184,221</u> | <u>30,715,190</u> |

### 13. ACCOUNTANTS' REPORT (Cont'd)

#### 29. FINANCIAL INSTRUMENTS (CONT'D)

##### 29.2 Financial Risk Management (cont'd)

##### 29.2.3 Interest Rate Risk (cont'd)

###### *Fair Values 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 as at the reporting date would not affect profit or loss.

###### *Cash Flows Sensitivity Analysis for Floating Rate Instrument*

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rate of +/-50 (31.12.2022, 31.12.2021, 31.12.2020 and 31.12.2019: +/-50) basis points ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions.

The calculations are based on a change in the average market interest rate for each period, and the financial instrument held at each reporting date that is sensitive to changes in interest rate. All other variables are held constant.

|            | <b>Increase/(Decrease) in<br/>profit/equity</b> |              |
|------------|-------------------------------------------------|--------------|
|            | <b>+50bp</b>                                    | <b>-50bp</b> |
|            | <b>RM</b>                                       | <b>RM</b>    |
| 31.12.2019 | (124,668)                                       | 124,668      |
| 31.12.2020 | (123,315)                                       | 123,315      |
| 31.12.2021 | (118,840)                                       | 118,840      |
| 31.12.2022 | (110,921)                                       | 110,921      |
| 30.4.2023  | (153,576)                                       | 153,576      |

##### 29.2.4 Foreign Currency Risk

The Group is exposed to foreign currency risk as a result of their normal operating activities, where the currency denomination differs from the local currency, Ringgit Malaysia ("RM"). The Group's policy is to keep the foreign exchange exposure to an acceptable level.

The Group is exposed to transactional currency risk primarily through costs of sales that are denominated in a currency other than the functional currency to which they related. The currency giving rise to this risk is primarily United States Dollar ("USD").

**13. ACCOUNTANTS' REPORT (Cont'd)****29. FINANCIAL INSTRUMENTS (CONT'D)****29.2 Financial Risk Management (cont'd)****29.2.4 Foreign Currency Risk (cont'd)**

Foreign currency denominated financial assets which expose the Group to currency risk are disclosed below. The amount shown is those reported to key management translated into RM at the closing rate:-

|                                 | <u>31.12.2019</u><br>RM | <u>31.12.2020</u><br>RM | <u>31.12.2021</u><br>RM | <u>31.12.2022</u><br>RM | <u>30.4.2023</u><br>RM |
|---------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------------|
| <b>Denominated in USD</b>       |                         |                         |                         |                         |                        |
| <u>Financial assets</u>         |                         |                         |                         |                         |                        |
| Trade receivables               | 1,778,689               | 1,819,869               | 5,877                   | 1,430,638               | 886,011                |
| Other receivables               | 5,878                   | 6,636                   | -                       | -                       | -                      |
| Amount due from related parties | 1,838,917               | 2,862,492               | 3,471,404               | -                       | -                      |
| Cash and bank balances          | <u>796,975</u>          | <u>609,690</u>          | <u>634,583</u>          | <u>733,707</u>          | <u>1,586,148</u>       |
|                                 | <u>4,420,459</u>        | <u>5,298,687</u>        | <u>4,111,864</u>        | <u>2,164,345</u>        | <u>2,472,159</u>       |
| <u>Financial liabilities</u>    |                         |                         |                         |                         |                        |
| Trade payable                   | (5,814,725)             | (8,033,931)             | (5,597,623)             | (2,612,558)             | (4,138,563)            |
| Other payable                   | (549,199)               | (1,715)                 | (1,778)                 | -                       | -                      |
| Amount due to related parties   | <u>(1,748)</u>          | <u>(706,681)</u>        | <u>(490,294)</u>        | <u>-</u>                | <u>-</u>               |
|                                 | <u>(6,365,672)</u>      | <u>(8,742,327)</u>      | <u>(6,089,695)</u>      | <u>(2,612,558)</u>      | <u>(4,138,563)</u>     |
| Net exposure                    | <u>(1,945,213)</u>      | <u>(3,443,640)</u>      | <u>(1,977,831)</u>      | <u>(448,213)</u>        | <u>(1,666,404)</u>     |

**Foreign currency risk sensitivity analysis**

The following table illustrates the sensitivity of profit/equity with regards to the Group's financial assets and financial liabilities and the RM/USD exchange rate assuming all other things being equal.

A +/-1% (31.12.2022, 31.12.2021, 31.12.2020 and 31.12.2019: +/-1%) change in the RM/USD exchange rate at the reporting period is deemed possible. The percentages have been determined based on average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

If the RM had strengthened/weakened against the USD by 1% (31.12.2022, 31.12.2021, 31.12.2020 and 31.12.2019: 1%), then the impact would be as follows:-

|                 | <u>31.12.2019</u><br>RM | <u>31.12.2020</u><br>RM | <u>31.12.2021</u><br>RM | <u>31.12.2022</u><br>RM | <u>30.4.2023</u><br>RM |
|-----------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------------|
| <b>RM/USD</b>   |                         |                         |                         |                         |                        |
| Strengthened 1% | 19,452                  | 34,436                  | 19,778                  | 4,482                   | 16,664                 |
| Weakened 1%     | <u>(19,452)</u>         | <u>(34,436)</u>         | <u>(19,778)</u>         | <u>(4,482)</u>          | <u>(16,664)</u>        |

### 13. ACCOUNTANTS' REPORT (Cont'd)

#### 29. FINANCIAL INSTRUMENTS (CONT'D)

##### 29.3 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 floating rate instruments that are re-priced to market interest rates on or near the reporting date or immaterial discounting impact.

##### 29.4 Fair Value Hierarchy

The following table shows the valuation techniques used in the determination of fair values within level 3, as well as the key unobservable inputs used in the valuation models.

| Type                       | Description of valuation technique and inputs used                                                                                                           | Significant unobservable inputs                      | Inter-relationship between significant unobservable inputs and fair value measurement |
|----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|---------------------------------------------------------------------------------------|
| Keyman insurance contracts | The fair value of keyman insurance contracts is based on the cash surrender value in accordance with the insurance policy provided by the insurance company. | Cash surrender value quoted by the insurance company | The estimated fair value would higher if the surrender value were higher.             |
| Unquoted shares            | The fair value of unquoted shares is based on the net assets of the invested company.                                                                        | Net assets                                           | The estimated fair value would increase/decrease if the net assets were higher/lower. |

##### Policy on transfer between level

The fair value of the financial instruments to be transferred between levels are determined as of the date of the event or change in circumstances that caused the transfer. There is no transfer between all 3 level during the financial years/period.

#### 30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

|                          | <u>1.1.2019</u><br>RM | <u>Cash flows</u><br>RM | <u>Additions</u><br>RM | <u>Other</u><br>RM | <u>31.12.2019</u><br>RM |
|--------------------------|-----------------------|-------------------------|------------------------|--------------------|-------------------------|
| Amount due to a Director | 1,624,042             | (462,818)               | -                      | 20,636             | 1,181,860               |
| Lease liabilities        | 1,478,941             | (558,403)               | 330,000                | (30,221)           | 1,220,317               |
| Term loans               | 19,590,485            | (1,262,000)             | 2,806,961              | 75,870             | 21,211,316              |
|                          | <u>22,693,468</u>     | <u>(2,283,221)</u>      | <u>3,136,961</u>       | <u>66,285</u>      | <u>23,613,493</u>       |
|                          | <u>1.1.2020</u><br>RM | <u>Cash flows</u><br>RM | <u>Additions</u><br>RM | <u>Other</u><br>RM | <u>31.12.2020</u><br>RM |
| Amount due to a Director | 1,181,860             | (78,836)                | -                      | (5,354)            | 1,097,670               |
| Lease liabilities        | 1,220,317             | (401,825)               | -                      | 100                | 818,592                 |
| Term loans               | 21,211,316            | (916,337)               | 2,000,000              | (16,704)           | 22,278,275              |
|                          | <u>23,613,493</u>     | <u>(1,396,998)</u>      | <u>2,000,000</u>       | <u>(21,958)</u>    | <u>24,194,537</u>       |

### 13. ACCOUNTANTS' REPORT (Cont'd)

#### 30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONT'D)

|                          | <u>1.1.2021</u><br>RM | <u>Cash flows</u><br>RM | <u>Additions</u><br>RM | <u>Other</u><br>RM | <u>31.12.2021</u><br>RM          |
|--------------------------|-----------------------|-------------------------|------------------------|--------------------|----------------------------------|
| Amount due to a Director | 1,097,670             | (803,098)               | -                      | (18,484)           | 276,088                          |
| Lease liabilities        | 818,592               | (347,370)               | 122,186                | (2,000)            | 591,408                          |
| Term loans               | <u>22,278,275</u>     | <u>(1,527,496)</u>      | <u>(711,796)</u>       | <u>59,446</u>      | <u>20,098,429</u>                |
|                          | <u>24,194,537</u>     | <u>(2,677,964)</u>      | <u>(589,610)</u>       | <u>38,962</u>      | <u>20,965,925</u>                |
|                          | <u>1.1.2022</u><br>RM | <u>Cash flows</u><br>RM | <u>Additions</u><br>RM | <u>Other</u><br>RM | <u>31.12.2022</u><br>RM          |
| Amount due to a Director | 276,088               | (278,686)               | -                      | 2,598              | -                                |
| Lease liabilities        | 591,408               | (446,636)               | 1,286,022              | 1,057              | 1,431,851                        |
| Term loans               | <u>20,098,429</u>     | <u>(3,677,391)</u>      | <u>3,500,000</u>       | <u>316,751</u>     | <u>20,237,789</u>                |
|                          | <u>20,965,925</u>     | <u>(4,402,713)</u>      | <u>4,786,022</u>       | <u>320,406</u>     | <u>21,669,640</u>                |
|                          | <u>1.1.2023</u><br>RM | <u>Cash flows</u><br>RM | <u>Additions</u><br>RM | <u>Other</u><br>RM | <u>30.4.2023</u><br>RM           |
| Lease liabilities        | 1,431,851             | (386,723)               | 861,399                | 1,303              | 1,907,830                        |
| Term loans               | <u>20,237,789</u>     | <u>(696,690)</u>        | <u>8,500,000</u>       | <u>101,089</u>     | <u>28,142,188</u>                |
|                          | <u>21,669,640</u>     | <u>(1,083,413)</u>      | <u>9,361,399</u>       | <u>102,392</u>     | <u>30,050,018</u>                |
|                          | <u>1.1.2022</u><br>RM | <u>Cash flows</u><br>RM | <u>Additions</u><br>RM | <u>Other</u><br>RM | <u>Unaudited 30.4.2022</u><br>RM |
| Amount due to a Director | 276,088               | (21,367)                | -                      | 5,149              | 259,870                          |
| Lease liabilities        | 591,408               | (110,429)               | 253,500                | 1,178              | 735,657                          |
| Term loans               | <u>20,098,429</u>     | <u>(489,058)</u>        | <u>3,500,000</u>       | <u>118,302</u>     | <u>23,227,673</u>                |
|                          | <u>20,965,925</u>     | <u>(620,854)</u>        | <u>3,753,500</u>       | <u>124,629</u>     | <u>24,223,200</u>                |

#### 31. SEGMENTAL INFORMATION

##### Business Segments

##### (a) Operating Segments

The Group is principally involved in the distribution of stainless steel sanitary valves, tube & fittings, installation components & equipment, rubber hoses under the "MINOX®" brand and other related products.

No products and service segment information are presented as the Group views the Group as a single reportable segment.

**13. ACCOUNTANTS' REPORT (Cont'd)****31. SEGMENTAL INFORMATION (CONT'D)****Business Segments (cont'd)****(b) Geographical Information**

Revenue information based on the geographical location of customers and assets respectively are as follow:

|                | 1.1.2019<br>to<br>31.12.2019<br>RM | 1.1.2020<br>to<br>31.12.2020<br>RM | 1.1.2021<br>to<br>31.12.2021<br>RM | 1.1.2022<br>to<br>31.12.2022<br>RM | 1.1.2023<br>to<br>30.4.2023<br>RM | Unaudited<br>1.1.2022<br>to<br>30.4.2022<br>RM |
|----------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|------------------------------------------------|
| <b>Revenue</b> |                                    |                                    |                                    |                                    |                                   |                                                |
| Primary        |                                    |                                    |                                    |                                    |                                   |                                                |
| geographical   |                                    |                                    |                                    |                                    |                                   |                                                |
| market:-       |                                    |                                    |                                    |                                    |                                   |                                                |
| - Malaysia     | 11,925,313                         | 10,557,439                         | 11,174,230                         | 16,230,460                         | 4,441,229                         | 4,412,360                                      |
| - Singapore    | 7,303,727                          | 8,727,528                          | 5,166,147                          | 7,735,026                          | 4,243,982                         | 2,010,611                                      |
| - Thailand     | 6,141,187                          | 6,532,568                          | 3,989,049                          | 4,224,450                          | 1,289,026                         | 1,166,230                                      |
| - Indonesia    | 10,428,452                         | 10,057,397                         | 11,122,518                         | 14,592,316                         | 5,689,226                         | 5,451,460                                      |
| - Others       | 4,396,749                          | 2,929,509                          | 2,907,403                          | 2,237,463                          | 765,881                           | 429,751                                        |
|                | <u>40,195,428</u>                  | <u>38,804,441</u>                  | <u>34,359,347</u>                  | <u>45,019,715</u>                  | <u>16,429,344</u>                 | <u>13,470,412</u>                              |

**(c) Information about Major Customers**

There is no major customers with revenue equal to or more than ten percent of revenue of the Group.

**32. 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 shareholders' value.

The Group manages its capital structure and make 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 or issue new share capital. No changes were made in the objective, policies or processes during the financial years/periods.

**33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEARS/PERIOD AND SUBSEQUENT TO THE REPORTING PERIOD**

- (i) The global and domestic economies encountered unprecedented challenges during the financial years ended 31 December 2019, 31 December 2020, 31 December 2021, 31 December 2022 and financial period ended 30 April 2023 as a result of the continuing Coronavirus ("COVID-19") pandemic. The Malaysian government implemented several counter-measures by imposing strict lockdowns, movement restrictions and closing borders to curb the COVID-19 outbreak in Malaysia. Despite the challenges, the Company does not expect any material financial impact on the combined financial statements of the Company.

### 13. ACCOUNTANTS' REPORT (Cont'd)

#### 33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEARS/PERIOD AND SUBSEQUENT TO THE REPORTING PERIOD (CONT'D)

- (ii) On 22 May 2019, MVF Manufacturing Taiwan Co., Ltd. ("MVFM TW") (formerly known as MSTSS Manufacturing Taiwan Co., Ltd.) was incorporated by a combined entity, MST MY with ownership own 55% and remaining 45% held by five other shareholders to venture into the manufacturing of sanitary valves and unions. On 5 December 2021, MST MY had issued a Directors Circular Resolution to propose disposal of MVFM TW as the Group opted to exclude MVFM TW from the listing structure.

MST MY had disposed its entire shareholdings, representing 55% equity interest in MVFM TW for a total cash consideration of 11,000,000 Taiwanese Dollar (equivalent to approximately RM1.60 million). The disposal was completed on 19 July 2022.

Arising from the above, MVFM TW is no longer under common control of the Group and hence being excluded from the listing structure. Thus, the financial statements of MVFM TW is not included in the combined financial statements.

- (iii) On 14 June 2022, a combined entity, Minox SG has issuance of 260,000 units of ordinary shares at an issue price of SGD 1 (equivalent to RM3.1822) per ordinary shares and issuance of bonus issue of 730,000 units of ordinary shares via capitalisation of retained earnings.
- (iv) On 4 November 2022, a combined entity, MST MY entered into a sale and purchase agreement to acquire a piece of freehold industrial land, measuring approximately 2,099.59 square metres bearing postal address, 4, Jalan Industri PBP 9, Taman Industri Pusat Bandar Puchong, 47100 Puchong, Selangor Darul Ehsan for a total consideration of RM11,000,000. The acquisition was completed on 13 March 2023.
- (v) On 1 December 2022, the Company entered into a share sale agreement with the shareholders of MST MY to acquire the entire equity interest in MST MY, comprising 1,500,000 ordinary shares for a total purchase consideration of RM21,365,430. The purchase consideration for the acquisition of MST MY was satisfied by the issuance of 124,299,999 new shares to the shareholders at an issue price of RM0.1719 per share and the acquisition was completed on 8 June 2023.

On 1 December 2022, the Company entered into a share sale agreement with the shareholders of Minox MY to acquire the entire equity interest in Minox MY, comprising 200,000 ordinary shares for a total purchase consideration of RM4,016,810. The purchase consideration for the acquisition of Minox MY was satisfied by the issuance of 23,370,000 new shares to the shareholders at an issue price of RM0.1719 per share and the acquisition was completed on 8 June 2023.

On 1 December 2022, the Company entered into a share sale agreement with the shareholders of Minox TH to acquire the entire equity interest in Minox TH, comprising 9,800 ordinary shares for a total purchase consideration of RM2,620,680. The purchase consideration for the acquisition of Minox TH was satisfied by the issuance of 15,250,000 new shares to the shareholders at an issue price of RM0.1719 per share and the acquisition was completed on 8 June 2023.

On 1 December 2022, the Company entered into a share sale agreement with the shareholders of Minox SG to acquire the entire equity interest in Minox SG, comprising 1,000,000 ordinary shares for a total purchase consideration of RM3,505,940. The purchase consideration for the acquisition of Minox SG was satisfied by the issuance of 20,400,000 new shares to the shareholders at an issue price of RM0.1719 per share and the acquisition was completed on 15 June 2023.

### **13. ACCOUNTANTS' REPORT (*Cont'd*)**

#### **33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEARS/PERIOD AND SUBSEQUENT TO THE REPORTING PERIOD (CONT'D)**

(v) Cont'd

On 1 December 2022, the Company entered into a share sale agreement with the shareholders of MST SG to acquire the entire equity interest in MST SG, comprising 50,000 ordinary shares for a total purchase consideration of RM1,922,830. The purchase consideration for the acquisition of MST SG was satisfied by the issuance of 11,190,000 new shares to the shareholders at an issue price of RM0.1719 per share and the acquisition was completed on 15 June 2023.

On 1 December 2022 and 15 February 2023, the Company entered into a share sale agreement and supplemental agreement with the shareholders of Minox ID to acquire the entire equity interest in Minox ID, comprising 25,500 ordinary shares for a total purchase consideration of RM12,975,740. The purchase consideration for the acquisition of Minox ID was satisfied by the issuance of 75,490,000 new shares to the shareholders at an issue price of RM0.1719 per share and the acquisition was completed on 24 July 2023.

The above acquisition by Minox is to facilitate the Initial Public Offering ("IPO") exercise of Minox on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The acquisition by Minox is conditional upon the approval of Bursa Securities being obtained for Minox's IPO application. Upon the completion of acquisition, the combining entities become subsidiaries of Minox, as indicated in the group structure disclosed in Note 1.4 to the combined financial statements.



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**13. ACCOUNTANTS' REPORT (*Cont'd*)**

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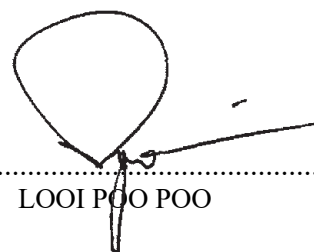
**MINOX INTERNATIONAL GROUP BERHAD**  
(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS**

We, the undersigned, being the Directors of the Group, do hereby state that, in our opinion, the accompanying combined financial statements set out on pages 4 to 77 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the combined financial position as at 31 December 2019, 31 December 2020, 31 December 2021, 31 December 2022 and 30 April 2023, and of their financial performance and combined cash flows for the financial years/period then ended.



.....  
CHEONG CHEE SON



.....  
LOOI POO POO

Kuala Lumpur  
25 August 2023

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**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION**

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**MINOX INTERNATIONAL GROUP BERHAD**  
**(Registration No.: 202201025834 (1471531-H))**  
(Incorporated in Malaysia)

**PRO FORMA COMBINED STATEMENTS OF  
FINANCIAL POSITION  
AS AT 30 APRIL 2023**

**GRANT THORNTON MALAYSIA PLT**

**CHARTERED ACCOUNTANTS**

**Member Firm of Grant Thornton International Ltd.**

**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)**



**REPORTING ACCOUNTANTS' REPORT ON  
COMPILATION OF PRO FORMA COMBINED  
STATEMENTS OF FINANCIAL POSITION  
AS AT 30 APRIL 2023**

(Prepared for inclusion in the Prospectus)

Date: 25 August 2023

The Board of Directors  
**Minox International Group Berhad**  
3, Jalan Industri PBP 11  
Taman Industri Pusat Bandar Puchong  
47100 Puchong, Selangor

Dear Sirs,

**MINOX INTERNATIONAL GROUP BERHAD ("COMPANY" OR "MINOX")  
REPORT ON THE COMPILATION OF THE PRO FORMA COMBINED STATEMENTS OF  
FINANCIAL POSITION AS AT 30 APRIL 2023**

We have completed our assurance engagement to report on the compilation of the Pro Forma Combined Statements of Financial Position of Minox International Group Berhad and its subsidiaries ("Minox Group" or "the Group") as at 30 April 2023 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") ("Listing").

The Pro Forma Combined Statements of Financial Position as at 30 April 2023 have been compiled by the Directors of the Company, for illustrative purposes only, to show the effects of the Listing on the Combined Statement 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 April 2023.

**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 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

**T +603 2692 4022**  
**F +603 2691 5229**

## 14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED 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 Management ("ISQM") 1, Quality Management 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 management 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 the prospectus Guidelines, about whether the Pro Forma Combined Statements of Financial Position have been properly compiled, in all material respects, 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 the 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 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.

**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED 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 report 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 report contrary to the aforesaid purpose.

Yours faithfully,

A stylized handwritten signature in black ink, likely representing the firm's representative.

GRANT THORNTON MALAYSIA PLT  
(201906003682 & LLP0022494-LCA)  
CHARTERED ACCOUNTANTS (AF 0737)

A stylized handwritten signature in black ink, likely representing the Chartered Accountant.

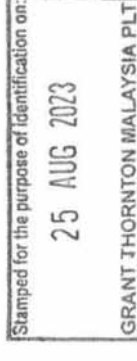
LIM CHOOI LING  
(NO: 03537/11/2024(J))  
CHARTERED ACCOUNTANT

Kuala Lumpur  
25 August 2023

**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)****MINOX INTERNATIONAL GROUP BERHAD AND ITS SUBSIDIARIES  
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2023**

The Pro Forma Combined Statements of Financial Position of the Group as at 30 April 2023 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note on the assumption that these transactions were completed on 30 April 2023, and should be read in conjunction with the accompanying notes to the Pro Forma Combined Statements of Financial Position.

|        |                               | Statement of<br>Financial<br>Position as at<br>30.4.2023<br>RM | Adjustments for<br>Acquisitions<br>RM | Pro Forma I<br>After<br>Acquisitions<br>RM | Adjustments for<br>Proposed<br>Public Issue<br>("IPO")<br>RM | Pro Forma II<br>After<br>Proposed<br>IPO<br>RM | Adjustments for<br>Utilisation of<br>Proceeds<br>from IPO<br>RM | Pro Forma III<br>After<br>Utilisation of<br>Proceeds<br>from IPO<br>RM |
|--------|-------------------------------|----------------------------------------------------------------|---------------------------------------|--------------------------------------------|--------------------------------------------------------------|------------------------------------------------|-----------------------------------------------------------------|------------------------------------------------------------------------|
| ASSETS | Non-current assets            |                                                                |                                       |                                            |                                                              |                                                |                                                                 |                                                                        |
|        | Property, plant and equipment | -                                                              | 22,214,843                            | 22,214,843                                 | -                                                            | 22,214,843                                     | -                                                               | 22,214,843                                                             |
|        | Right-of-use assets           | -                                                              | 8,655,865                             | 8,655,865                                  | -                                                            | 8,655,865                                      | -                                                               | 8,655,865                                                              |
|        | Investment properties         | -                                                              | 9,500,000                             | 9,500,000                                  | -                                                            | 9,500,000                                      | -                                                               | 9,500,000                                                              |
|        | Other investments             | -                                                              | 976,096                               | 976,096                                    | -                                                            | 976,096                                        | -                                                               | 976,096                                                                |
|        | Deferred tax assets           | -                                                              | 1,915,366                             | 1,915,366                                  | -                                                            | 1,915,366                                      | -                                                               | 1,915,366                                                              |
|        | Total non-current assets      | -                                                              | 43,262,170                            | 43,262,170                                 | -                                                            | 43,262,170                                     | -                                                               | 43,262,170                                                             |
|        | Current assets                |                                                                |                                       |                                            |                                                              |                                                |                                                                 |                                                                        |
|        | Inventories                   | -                                                              | 27,304,312                            | 27,304,312                                 | -                                                            | 27,304,312                                     | -                                                               | 27,304,312                                                             |
|        | Trade receivables             | -                                                              | 10,175,284                            | 10,175,284                                 | -                                                            | 10,175,284                                     | -                                                               | 10,175,284                                                             |
|        | Other receivables             | -                                                              | 2,686,991                             | 2,686,991                                  | -                                                            | 2,686,991                                      | -                                                               | 2,686,991                                                              |
|        | Tax recoverable               | -                                                              | 195,068                               | 195,068                                    | -                                                            | 195,068                                        | -                                                               | 195,068                                                                |
| 4.1    | Cash and bank balances        | 1                                                              | 9,192,564                             | 9,192,565                                  | 22,500,000                                                   | 31,692,565                                     | (7,900,000)                                                     | 23,792,565                                                             |
|        | Total current assets          | 1                                                              | 49,554,219                            | 49,554,220                                 | 22,500,000                                                   | 72,054,220                                     | (7,900,000)                                                     | 64,154,220                                                             |
|        | Total assets                  | 1                                                              | 92,816,389                            | 92,816,390                                 | 22,500,000                                                   | 115,316,390                                    | (7,900,000)                                                     | 107,416,390                                                            |

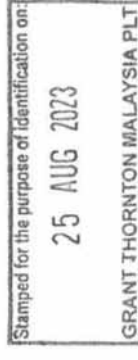


**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)**

**MINOX INTERNATIONAL GROUP BERHAD AND ITS SUBSIDIARIES  
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2023 (CONT'D)**

The Pro Forma Combined Statements of Financial Position of the Group as at 30 April 2023 as set out below are provided for illustrative purposes only to show the effects of the transactions mentioned in Note on the assumption that these transactions were completed on 30 April 2023, and should be read in conjunction with the accompanying notes to the Pro Forma Combined Statements of Financial Position (cont'd).

|                                                  |                                                 | Pro Forma I                  |                    | Pro Forma II                                  |                    | Pro Forma III                                    |                                        |
|--------------------------------------------------|-------------------------------------------------|------------------------------|--------------------|-----------------------------------------------|--------------------|--------------------------------------------------|----------------------------------------|
|                                                  | Statement of Financial Position as at 30.4.2023 | Adjustments for Acquisitions | After Acquisitions | Adjustments for Proposed Public Issue ("IPO") | After Proposed IPO | Adjustments for Utilisation of Proceeds from IPO | After Utilisation of Proceeds from IPO |
| Note                                             | RM                                              | RM                           | RM                 | RM                                            | RM                 | RM                                               | RM                                     |
| <b>EQUITY AND LIABILITIES</b>                    |                                                 |                              |                    |                                               |                    |                                                  |                                        |
| <b>EQUITY</b>                                    |                                                 |                              |                    |                                               |                    |                                                  |                                        |
| <b>Equity attributable to owners of parent:-</b> |                                                 |                              |                    |                                               |                    |                                                  |                                        |
| Share capital                                    | 4.2                                             | 1                            | 46,407,430         | 46,407,431                                    | 22,500,000         | 68,907,431                                       | 67,999,681                             |
| Legal reserve                                    |                                                 | -                            | 12,439             | 12,439                                        | -                  | 12,439                                           | 12,439                                 |
| Foreign exchange translation reserves            |                                                 | -                            | 1,113,976          | 1,113,976                                     | -                  | 1,113,976                                        | 1,113,976                              |
| Retained earnings                                | 4.3                                             | (12,093)                     | 42,745,876         | 42,733,783                                    | -                  | 42,733,783                                       | 40,241,533                             |
| Merger deficit                                   | 4.4                                             | -                            | (40,516,131)       | (40,516,131)                                  | -                  | (40,516,131)                                     | (40,516,131)                           |
| Non-controlling interest                         |                                                 | (12,092)                     | 49,763,590         | 49,751,498                                    | 22,500,000         | 72,251,498                                       | 68,851,498                             |
|                                                  |                                                 | -                            | 3,035,168          | 3,035,168                                     | -                  | 3,035,168                                        | 3,035,168                              |
| <b>Total equity</b>                              |                                                 | (12,092)                     | 52,798,758         | 52,786,666                                    | 22,500,000         | 75,286,666                                       | 71,886,666                             |
| <b>LIABILITIES</b>                               |                                                 |                              |                    |                                               |                    |                                                  |                                        |
| <b>Non-current liabilities</b>                   |                                                 |                              |                    |                                               |                    |                                                  |                                        |
| Employee benefits obligation                     |                                                 | -                            | 151,816            | 151,816                                       | -                  | 151,816                                          | 151,816                                |
| Deferred tax liabilities                         |                                                 | -                            | 282,000            | 282,000                                       | -                  | 282,000                                          | 282,000                                |
| Borrowing                                        | 4.5                                             | -                            | 25,396,202         | 25,396,202                                    | -                  | 25,396,202                                       | 21,233,202                             |
| Lease liabilities                                | 4.5                                             | -                            | 1,171,647          | 1,171,647                                     | -                  | 1,171,647                                        | 1,171,647                              |
| <b>Total non-current liabilities</b>             |                                                 | -                            | 27,001,665         | 27,001,665                                    | -                  | 27,001,665                                       | 22,838,665                             |



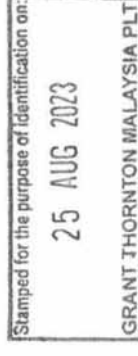
**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)****MINOX INTERNATIONAL GROUP BERHAD AND ITS SUBSIDIARIES  
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2023 (CONT'D)**

The Pro Forma Combined Statements of Financial Position of the Group as at 30 April 2023 as set out below are provided for illustrative purposes only to show the effects of the mentioned in Note on the assumption that these transactions were completed on 30 April 2023, and should be read in conjunction with the accompanying notes to the Pro Forma Combined Statements of Financial Position (cont'd).

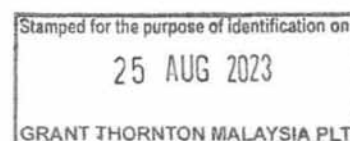
|                                        |      | Pro Forma I                                        |                                 | Pro Forma II          |                                                  | Pro Forma III         |                                                     |                                           |
|----------------------------------------|------|----------------------------------------------------|---------------------------------|-----------------------|--------------------------------------------------|-----------------------|-----------------------------------------------------|-------------------------------------------|
|                                        | Note | Statement of Financial Position as at 30/4/2023 RM | Adjustments for Acquisitions RM | After Acquisitions RM | Adjustments for Proposed Public Issue ("IPO") RM | After Proposed IPO RM | Adjustments for Utilisation of Proceeds from IPO RM | After Utilisation of Proceeds from IPO RM |
| <b>EQUITY AND LIABILITIES (CONT'D)</b> |      |                                                    |                                 |                       |                                                  |                       |                                                     |                                           |
| <b>LIABILITIES (CONT'D)</b>            |      |                                                    |                                 |                       |                                                  |                       |                                                     |                                           |
| <b>Current liabilities</b>             |      |                                                    |                                 |                       |                                                  |                       |                                                     |                                           |
| Trade payables                         |      | -                                                  | 4,200,229                       | 4,200,229             | -                                                | 4,200,229             | -                                                   | 4,200,229                                 |
| Other payables                         |      | 12,093                                             | 1,166,970                       | 1,179,063             | -                                                | 1,179,063             | -                                                   | 1,179,063                                 |
| Borrowings                             | 4.5  | -                                                  | 5,318,988                       | 5,318,988             | -                                                | 5,318,988             | (337,000)                                           | 4,981,988                                 |
| Lease liabilities                      | 4.5  | -                                                  | 736,183                         | 736,183               | -                                                | 736,183               | -                                                   | 736,183                                   |
| Tax payable                            |      | -                                                  | 1,593,596                       | 1,593,596             | -                                                | 1,593,596             | -                                                   | 1,593,596                                 |
| <b>Total current liabilities</b>       |      | 12,093                                             | 13,015,966                      | 13,028,059            | -                                                | 13,028,059            | (337,000)                                           | 12,691,059                                |
| <b>Total liabilities</b>               |      | 12,093                                             | 40,017,631                      | 40,029,724            | -                                                | 40,029,724            | (4,500,000)                                         | 35,529,724                                |
| <b>Total equity and liabilities</b>    |      | <b>1</b>                                           | <b>92,816,389</b>               | <b>92,816,390</b>     | <b>22,500,000</b>                                | <b>115,316,390</b>    | <b>(7,900,000)</b>                                  | <b>107,416,390</b>                        |
| Issued ordinary share capital (Unit)   |      | 1                                                  | 269,999,999                     | 270,000,000           | 90,000,000                                       | 360,000,000           | -                                                   | 360,000,000                               |
| Net assets per share (RM)              |      | -                                                  |                                 | 0.18                  |                                                  | 0.20                  |                                                     | 0.19                                      |
| Borrowings <sup>(1)</sup> (RM)         |      | -                                                  |                                 | 31,748,219            |                                                  | 31,748,219            |                                                     | 27,248,219                                |
| Gearing ratio (times)                  |      | -                                                  |                                 | 0.64                  |                                                  | 0.44                  |                                                     | 0.40                                      |

**Note:**

<sup>(1)</sup> Based on total borrowings and lease liabilities excluding lease liabilities arising from the lease arrangement of warehouse.





**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)****MINOX INTERNATIONAL GROUP BERHAD AND ITS SUBSIDIARIES****1. BACKGROUND**

Minox International Group Sdn. Bhd. ("Company" or "Minox") was incorporated on 18 July 2022 as a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No.1, Medan Syed Putra Utara, 59200 Kuala Lumpur, W.P. Kuala Lumpur. On 16 December 2022, the Company was converted into a public limited liability company and assumed its current name of Minox International Group Berhad.

The principal place of business of the Company is located at 3, Jalan Industri PBP 11, Taman Industri Pusat Bandar Puchong, 47100 Puchong, Selangor.

**2. BASIS OF PREPARATION**

The Pro Forma Combined Statements of Financial Position of Minox International Group Berhad and its subsidiaries (collectively referred to as "Group" or "Minox Group") have been prepared for illustrative purposes only.

The Pro Forma Combined Statements of Financial Position of the Group have been prepared on the basis consistent with the accounting policies adopted by the Group for the financial period ended 30 April 2023, in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Prospectus Guidelines.

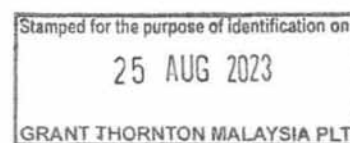
**Merger method of accounting**

For the purpose of accounting for the acquisition of its subsidiaries, MST Stainless Steel Sdn. Bhd. ("MST MY"), Minox Valves and Fittings Sdn. Bhd. ("Minox MY"), Minox Valves & Fittings Pte. Ltd. ("Minox SG"), MST Stainless Steel (S.E.A) Pte. Ltd. ("MST SG"), PT Minox Indonesia ("Minox ID") and Minox Valves & Fittings Co., Ltd ("Minox TH"), the Company has adopted the merger accounting principles as the Combined entities are under common control by the same parties before and after the Initial Public Offering. Under merger method of accounting, the difference between the cost of investment recorded by the Company (i.e. the consideration for the acquisition of its subsidiaries) and the share capital of its subsidiaries are accounted for as merger reserve, computed as follows:-

|                                                                    | <b>RM</b>          |
|--------------------------------------------------------------------|--------------------|
| Consideration for the acquisition of its subsidiaries              | 46,407,430         |
| Less: Issued share capital of its subsidiaries as at 30 April 2023 | <u>(5,891,299)</u> |
| Merger reserve                                                     | <u>40,516,131</u>  |

**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)**

**MINOX INTERNATIONAL GROUP BERHAD AND ITS SUBSIDIARIES**



**3. EVENT AFTER THE FINANCIAL PERIOD AND LISTING SCHEME**

**(i) Pro Forma I: Acquisitions**

The Acquisitions involve the acquisitions of MST MY, Minox MY, Minox SG, MST SG, Minox ID and Minox TH by the Company for a total purchase consideration of RM46,407,430 satisfied via the issuance of 269,999,999 new ordinary shares of the Company at an issue price of RM0.1719 per share.

**(ii) Pro Forma II: Proposed Initial Public Offering ("IPO")**

**(a) Proposed Public Issue**

A total of 90,000,000 new Minox ordinary shares ("Issued Shares") representing 25.0% of the enlarged share capital of Minox are offered at an issue price of RM0.25 per share and shall be allocated in the following manner:-

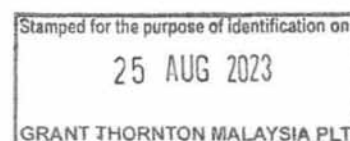
- 18,000,000 new Issue Shares, representing 5.0% of the enlarged share capital will be made available for application by the Malaysian Public,
- 10,800,000 new Issue Shares, representing 3.0% of the enlarged share capital will be made available for application by eligible Directors, employees and persons who have contributed to the success of the Group,
- 45,000,000 new Issue Shares, representing 12.5% of the enlarged share capital will be made available for application by way of private placement to Bumiputera investors approved by the Ministry of International Trade and Industry; and
- 16,200,000 new Issue Shares, representing 4.5% of the enlarged share capital will be made available for application by way of private placement to selected investors.

**(b) Proposed Offer for Sale**

Mr. Cheong Chee Son, Ms. Looi Poo Poo, Mr. Gamal Abdul Nashir and Mr. Liew Siang Ji (collectively "Selling Shareholders") will undertake an offer for sale of 18,000,000 existing ordinary shares in Minox ("Offer Shares"), representing 5.0% of the enlarged share capital of Minox, at RM0.25 per Offer Share, by way of private placement to selected investors.

**(c) Proposed Listing**

Subsequent to the above, the Company's entire enlarged share capital of RM68,907,431 comprising 360,000,000 ordinary shares shall be listed on the ACE Market of Bursa Malaysia Securities Berhad.

**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)****MINOX INTERNATIONAL GROUP BERHAD AND ITS SUBSIDIARIES****(iii) Pro Forma III: Proposed Utilisation of Proceeds from IPO**

Gross proceeds from the IPO of RM22,500,000 are expected to be utilised as follows:

| Details of utilisation                                   | Estimated timeframe for utilisation upon listing | RM                |
|----------------------------------------------------------|--------------------------------------------------|-------------------|
| Capital expenditure                                      |                                                  |                   |
| - Product development and deployment <sup>(1)</sup>      | Within 24 months                                 | 4,000,000         |
| - Construction of Warehouse 4 <sup>(1)</sup>             | Within 24 months                                 | 4,000,000         |
| - Setting up a new warehouse in Singapore <sup>(1)</sup> | Within 36 months                                 | 5,010,000         |
| Repayment of bank borrowings                             | Within 6 months                                  | 4,500,000         |
| General working capital                                  | Within 12 months                                 | 1,590,000         |
| Estimated listing expenses                               | Within 1 month                                   | 3,400,000         |
| <b>Total estimated proceeds</b>                          |                                                  | <b>22,500,000</b> |

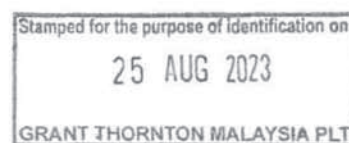
**Note:**

<sup>(1)</sup> As at latest practicable date of 21 August 2023, none of the above total utilisation of proceeds for product development and deployment, construction of Warehouse 4 and setting up a new warehouse in Singapore is factually supportable by any purchase orders, sales and purchase agreements or contractual binding arrangements. The utilisation of proceeds earmarked for the aforementioned purposes are not reflected in the pro forma combined statements of financial position.

**14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)**

MINOX INTERNATIONAL GROUP BERHAD AND ITS SUBSIDIARIES

NOTES TO PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION

**4.1 CASH AND BANK BALANCES**

The movements of cash and bank balances are as follows:-

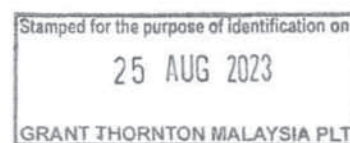
|                                     | <u>RM</u>         |
|-------------------------------------|-------------------|
| <b>Current assets</b>               |                   |
| As at 30 April 2023                 | 1                 |
| Pursuant to Acquisitions            | 9,192,564         |
|                                     | <hr/>             |
| As per Pro Forma I                  | 9,192,565         |
| Pursuant to IPO                     | 22,500,000        |
|                                     | <hr/>             |
| As per Pro Forma II                 | 31,692,565        |
| Pursuant to Utilisation of Proceeds | (7,900,000)       |
|                                     | <hr/>             |
| As per Pro Forma III                | <u>23,792,565</u> |

**4.2 SHARE CAPITAL**

The movements of the issued share capital are as follows:-

|                                                                                 | Number of<br>ordinary shares<br><u>Unit</u> | Amount<br><u>RM</u> |
|---------------------------------------------------------------------------------|---------------------------------------------|---------------------|
| As at 30 April 2023                                                             | 1                                           | 1                   |
| Pursuant to Acquisitions                                                        | 269,999,999                                 | 46,407,430          |
|                                                                                 | <hr/>                                       | <hr/>               |
| As per Pro Forma I                                                              | 270,000,000                                 | 46,407,431          |
| Pursuant to IPO                                                                 | 90,000,000                                  | 22,500,000          |
|                                                                                 | <hr/>                                       | <hr/>               |
| As per Pro Forma II                                                             | 360,000,000                                 | 68,907,431          |
| Pursuant to Utilisation of Proceeds                                             |                                             |                     |
| - Portion of estimated listing expenses set-off<br>against issued share capital | <hr/> -                                     | <hr/> (907,750)     |
|                                                                                 | <hr/>                                       | <hr/>               |
| As per Pro Forma II                                                             | <u>360,000,000</u>                          | <u>67,999,681</u>   |

# 14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)



## MINOX INTERNATIONAL GROUP BERHAD AND ITS SUBSIDIARIES

### NOTES TO PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

#### 4.3 RETAINED EARNINGS

The movements of retained earnings are as follows:-

|                                     | <u>RM</u>                |
|-------------------------------------|--------------------------|
| As at 30 April 2023                 | (12,093)                 |
| Pursuant to Acquisitions            | <u>42,745,876</u>        |
| As per Pro Forma I/II               | 42,733,783               |
| Pursuant to Utilisation of Proceeds | <u>(2,492,250)</u>       |
| As per Pro Forma III                | <u><u>40,241,533</u></u> |

#### 4.4 MERGER DEFICIT

The movements of merger deficit are as follows:-

|                           | <u>RM</u>                  |
|---------------------------|----------------------------|
| As at 30 April 2023       | -                          |
| Pursuant to Acquisitions  | <u>(40,516,131)</u>        |
| As per Pro Forma I/II/III | <u><u>(40,516,131)</u></u> |

#### 4.5 LEASE LIABILITIES AND BORROWINGS

The movements of lease liabilities and borrowings are as follows:-

|                                     | <u>RM</u>                |
|-------------------------------------|--------------------------|
| As at 30 April 2023                 | -                        |
| Pursuant to Acquisitions            | <u>32,623,020</u>        |
| As per Pro Forma I/II               | 32,623,020               |
| Pursuant to Utilisation of Proceeds | <u>(4,500,000)</u>       |
| As per Pro Forma III                | <u><u>28,123,020</u></u> |

**15. STATUTORY AND OTHER INFORMATION****15.1 SHARE CAPITAL**

- (a) As at the date of this Prospectus, we only have one class of shares, namely, ordinary shares, all of which rank equally with one another.
- (b) Save for the Pink Form Allocations as disclosed in Section 4.3.2:
  - (i) no Director or employee of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiaries; and
  - (ii) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiaries.
- (c) Save for the new Shares issued for the Acquisitions and to be issued for the Public Issue as disclosed in Sections 6.2.2 and 4.3.1 respectively, no shares of our Company have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 2 years immediately preceding the date of this Prospectus.
- (d) Other than our Public Issue as disclosed in Section 4.3.1, there is no intention on the part of our Directors to further issue any Shares on the basis of this Prospectus.
- (e) As at the date of this Prospectus, our Company does not have any outstanding convertible debt securities.

**15.2 SHARE CAPITAL OF OUR SUBSIDIARIES**

Details of our Company's share capital are set out in Section 6.1. Details of the share capital of our subsidiaries are set out below.

**15.2.1 MST MY**

MST MY's share capital as at LPD is RM1,500,000 comprising 1,500,000 ordinary shares. The movements in its share capital since incorporation are as follows:

| <b>Date of allotment</b> | <b>No. of shares allotted</b> | <b>Consideration/<br/>Type of issue</b>          | <b>Cumulative share capital<br/>RM</b> |
|--------------------------|-------------------------------|--------------------------------------------------|----------------------------------------|
| 18 March 2004            | 3                             | RM3/Subscribers' shares                          | 3                                      |
| 14 November 2005         | 199,997                       | <sup>(1)</sup> RM199,997/<br>Otherwise than cash | 200,000                                |
| 16 August 2007           | 300,000                       | RM300,000/<br>Cash                               | 500,000                                |
| 26 December 2007         | 500,000                       | RM500,000/<br>Cash                               | 1,000,000                              |
| 3 May 2016               | 500,000                       | RM500,000/<br>Cash                               | 1,500,000                              |

**Note:**

- (1) Being full satisfaction of the consideration arising from the take-over of assets of the partnership business of MST Stainless Steel Enterprise.

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in MST MY. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

**15. STATUTORY AND OTHER INFORMATION (Cont'd)****15.2.2 MST SG**

MST SG's share capital as at LPD is SGD50,000 comprising 50,000 ordinary shares. The movements in its share capital since incorporation are as follows:

| <b>Date of allotment</b> | <b>No. of shares allotted</b> | <b>Consideration/<br/>Type of issue</b> | <b>Cumulative share capital<br/>SGD</b> |
|--------------------------|-------------------------------|-----------------------------------------|-----------------------------------------|
| 11 January 2011          | 50,000                        | SGD50,000/<br>Subscribers' shares       | 50,000                                  |

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in MST SG. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

**15.2.3 Minox ID**

Minox ID's issued and paid up share capital as at LPD is IDR2,550,000,000 comprising 25,500 ordinary shares, whereby its authorised share capital as at LPD is IDR10,000,000,000. The movements in its share capital since incorporation are as follows:

| <b>Date of allotment</b> | <b>No. of shares allotted</b> | <b>Consideration/<br/>Type of issue</b> | <b>Cumulative share capital<br/>RM</b> |
|--------------------------|-------------------------------|-----------------------------------------|----------------------------------------|
| 7 February 2013          | 5,500                         | IDR550,000,000/<br>Subscribers' shares  | 550,000,000                            |
| 8 January 2019           | 20,000                        | IDR2,000,000,000/<br>Cash               | 2,550,000,000                          |

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Minox ID. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

**15.2.4 Minox MY**

Minox MY's share capital as at LPD is RM200,000 comprising 200,000 ordinary shares. The movements in its share capital since incorporation are as follows:

| <b>Date of allotment</b> | <b>No. of shares allotted</b> | <b>Consideration/<br/>Type of issue</b> | <b>Cumulative share capital<br/>RM</b> |
|--------------------------|-------------------------------|-----------------------------------------|----------------------------------------|
| 27 July 2006             | 3                             | RM3/<br>Subscribers' shares             | 3                                      |
| 16 July 2013             | 99,997                        | RM99,997/<br>Cash                       | 100,000                                |
| 15 May 2018              | 100,000                       | RM100,000/<br>Cash                      | 200,000                                |

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Minox MY. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

**15. STATUTORY AND OTHER INFORMATION (Cont'd)****15.2.5 Minox SG**

Minox SG's share capital as at LPD is SGD1,000,000 comprising 1,000,000 ordinary shares. The movements in its share capital since incorporation are as follows:

| <b>Date of allotment</b> | <b>No. of shares allotted</b> | <b>Consideration/<br/>Type of issue</b> | <b>Cumulative share capital<br/>SGD</b> |
|--------------------------|-------------------------------|-----------------------------------------|-----------------------------------------|
| 12 November 2007         | 100                           | SGD100/<br>Subscribers' shares          | 100                                     |
| 20 March 2008            | 9,900                         | SGD9,900/Cash                           | 10,000                                  |
| 14 June 2022             | 730,000                       | SGD730,000/Bonus shares                 | 740,000                                 |
| 14 June 2022             | 260,000                       | SGD260,000/Cash                         | 1,000,000                               |

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Minox SG. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

**15.2.6 Minox TH**

Minox TH's share capital as at LPD is THB2,000,000 comprising 20,000 ordinary shares. The movements in its share capital since incorporation are as follows:

| <b>Date of allotment</b> | <b>No. of shares allotted</b> | <b>Consideration/<br/>Type of issue</b> | <b>Cumulative share capital<br/>THB</b> |
|--------------------------|-------------------------------|-----------------------------------------|-----------------------------------------|
| 5 October 2008           | 20,000                        | THB2,000,000/<br>Subscribers' shares    | 2,000,000                               |

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Minox TH. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

**15.3 CONSTITUTION**

The following provisions are extracted from our Constitution. Terms defined in our Constitution shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires.

**15.3.1 Changes in share capital and variation of class rights**

The provisions in our Constitution dealing with changes in share capital and variation of class rights, which are no less stringent than those required by law, are as follows:

***Clause 10 – Authority of Directors to allot shares***

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, and subject to Section 75 of the Act and to the conditions, restrictions and limitations expressed in this Constitution, the Directors shall have the power to issue and allot shares, grant Options over shares, grant rights to subscribe for shares.



## **15. STATUTORY AND OTHER INFORMATION (*Cont'd*)**

Subject to the Listing Requirements, Constitution and the provision of any resolution of the Company, the Directors are authorised, to:

- (a) allot shares or grant any rights to subscribe for shares, under an offer made to shareholders in proportion to the shareholders' shareholdings;
- (b) allot shares or grant any rights to subscribe for shares, on a bonus issue to shareholders in proportion to the shareholders' shareholdings;
- (c) allot shares to a Promoter of the Company which the Promoter has agreed to take;
- (d) allot shares or grant any rights where shares are to be issued as consideration or part consideration for the Company to acquire shares or assets. Shareholders must be notified of the intention to issue such shares at least 14 days before their issue.

### ***Clause 12 – Power to issue preference shares***

The Company shall have power to issue preference shares ranking equally with or in priority to preference shares already issued and the Directors may, subject to the provisions of the Act, redeem such shares on such terms and in such manner as they may think fit.

### ***Clause 13 – Rights of preference shareholders***

- (1) Save as otherwise specifically provided for under this Constitution in respect of any particular class of preference shares and subject to the Act, preference shareholders shall have the same right as ordinary shareholders as regards to receiving notices, reports and audited financial statements and attending general meetings of the Company.
- (2) Save as otherwise specifically provided for under this Constitution in respect of any particular class of preference share, preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the share capital of the Company or sanctioning a disposal of the whole of the Company's property, business and undertaking or where the proposition to be submitted to the meeting directly affects their rights and privileges, or when the dividend or part of the dividend on the preference shares is in arrears for more than 6 months or on a proposal to wind-up the Company or during the winding up of the Company, but shall have no other rights whatsoever.
- (3) The holder of a preference share must be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up.

### ***Clause 16 – Power of paying commission***

In addition to all other powers of paying commissions, the Company (or the Board on behalf of the Company) may exercise the powers conferred by Section 80 of the Act of applying its shares or cash in paying commissions to persons subscribing or procuring subscriptions for shares of the Company, or agreeing so to do whether absolutely or conditionally, provided that the percentage or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act, and shall not exceed 10.0% of the price at which the shares, in respect whereof the commission is paid, are issued or an amount equivalent thereto. The Company (or the Board on behalf of the Company) may also, on any issue of the shares, pay such brokerage as may be lawful.

**15. STATUTORY AND OTHER INFORMATION (Cont'd)*****Clause 17 – Shares issued for purposes of raising money for the construction of works or building***

Subject to Section 130 of the Act and any other conditions and restrictions prescribed by the Act, if any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant or equipment which cannot be made profitable for a lengthened period, the Company may pay interest on so much of that share capital as is for the time being paid up for the period, and may charge the sum so paid by way of interest to capital as part of the costs of construction of the work or building or the provision of plant or equipment.

***Clause 20 – Trust not to be recognised***

Except as required by law and as provided under the Rules, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not, even when having notice thereof, be bound or compelled to recognise any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by this Constitution otherwise expressly provided or as required by law) any other right in respect of any share except an absolute right to the entirety thereof in the registered holder.

***Clause 21 – Issue of securities***

Subject to the provisions of this Constitution and Listing Requirement, and notwithstanding the existence of a resolution pursuant to Sections 75(1) and 76(1) of the Act, the Company shall ensure that it shall not issue any shares or convertible securities if the total number of shares or convertible securities, when aggregated with the total number of any such shares or convertible securities issued during the preceding 12 months, exceeds the allowed threshold by the prevailing rules and regulation, except where the shares or convertible securities are issued with the prior approval of the members in general meeting of the precise terms and conditions of the issue.

***Clause 25 – Modification of rights***

If at any time the share capital of the Company, by reason of the issuance of preference shares or otherwise is divided into different classes, the repayment of such preferred capital or all or any of the rights and privileges attached to each class of shares may subject to the provisions of Section 91 of the Act, this Constitution and the provisions of any written law, be varied, modified, commuted, affected, abrogated or dealt with by resolution passed by the holders of at least three-fourth of the issued shares of that class at a separate meeting of the holders of that class and all the provisions hereinafter contained as to general meetings shall mutatis mutandis apply to every such meeting except that the quorum hereof shall be 2 persons at least holding or representing by proxy one third of the issued shares of the class and for an adjourned meeting 1 person holding shares of such class.

Provided however that in the event of the necessary majority for such a resolution not having been obtained in the manner aforesaid consent in writing may be secured by members holding at least three- fourths of the issued shares of the class and such consent if obtained within 2 months from the date of the separate meeting shall have the force and validity of a resolution duly carried. To every such resolution the provisions of Section 91 of the Act, shall with such adaptations as are necessary apply.

**15. STATUTORY AND OTHER INFORMATION (Cont'd)*****Clause 26 – Special right to any class of share***

The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto, the Company purchasing its own shares and the Company redeeming redeemable preference shares.

***Clause 60 – Increase of share capital***

The Company may, from time to time, whether all the shares for the time being issued shall have been fully paid up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company may direct in the resolution authorising such increase.

***Clause 61 – Issue of new shares to existing members***

Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may, likewise, also dispose of any new shares or securities which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Clause.

***Clause 62 – Alteration of share capital***

Subject to the Statutes, the Company may from time to time alter its share capital by passing a special resolution to:

- (a) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share, shall be the same as it was in the case of the share from which the subdivided share is derived;
- (b) convert all or any of its paid-up shares into stock and may reconvert that stock into paid-up shares;
- (c) subdivide its shares or any of the shares, whatever is in the subdivision, the proportions between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived;
- (d) cancel any shares, which at the date of the passing of the resolution, which have not been taken or agreed to be taken by any person or which have been forfeited, and diminish the amount of its share capital by the amount of the shares so cancelled; or

## **15. STATUTORY AND OTHER INFORMATION (*Cont'd*)**

- (e) subject to the provisions of this Constitution and the Act, convert and/or reclassify any class of shares into any other class of shares.

### ***Clause 63 – Capital reduction***

The Company may by special resolution, reduce its share capital in accordance with Section 84 of the Act.

### **15.3.2 Borrowing and voting powers of the directors**

The provisions in our Constitution dealing with voting and borrowing powers of our Directors including voting powers in relation to proposals, arrangements or contracts in which they are interested in are as follows:

### ***Clause 120 – Directors' borrowing powers***

To the extent that the Act, the Listing Requirements and the Constitution allow, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, property and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or of any related third party, PROVIDED ALWAYS that nothing contained in this Constitution shall authorise the Directors to borrow any money or mortgage or charge any of the Company's 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 an unrelated third party. Provided also that the Directors shall not issue any debt securities convertible to ordinary shares without the prior approval of the Company in meeting of members.

### ***Clause 133 – Chairman has casting vote***

In case of equality of votes, the Chairman shall have a second or casting vote, except where only 2 Directors are competent to vote on the question at issue, or at the meeting where only 2 Directors form the quorum.

### ***Clause 137 – Disclosure of interest in contracts, property, offices, etc***

Every Director shall comply with the provisions of Sections 219 and 221 of the Act in connection with the disclosure of his shareholding and interest in any contract or proposed contract with the Company. This clause is subject to the Listing Requirements.

### ***Clause 138 – Directors refrained from voting in interested transactions***

A Director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest. Without prejudice to the generality of the foregoing, a Director shall also not vote in regard to any contract or proposed contract or arrangement with any other company in which he is interested, either as an officer of that other company or as a holder of shares or other securities in that other company.

### ***Clause 140 – Director may vote on the giving of security or indemnity where he is interested***

Subject to Clause 137, a Director may vote in respect of:

- (a) any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or

## **15. STATUTORY AND OTHER INFORMATION (*Cont'd*)**

- (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 the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security.

### **15.3.3 Remuneration of directors**

The provisions in our Constitution dealing with remuneration of Directors are as follows:

#### ***Clause 115 – Remuneration of Directors***

The fees and any benefits payable to the Directors from time to time, be subject to annual shareholder approval at general meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, except that any Director, who shall hold office for part only of the period in respect of which such fees are payable, shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office, 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;
- (b) salaries payable to executive Directors shall not include a commission on or percentage of turnover;
- (c) fees and any benefits payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and
- (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 that Director.

### **15.3.4 Transfer of Shares**

The provisions in our Constitution dealing with transfer of Shares are as follows:

#### ***Clause 49 – Transfer of securities***

The transfer of any Listed Securities or class of Listed Securities in the Company shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 105, 106 and 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 Listed Security.

#### ***Clause 50 – Instrument of transfer***

Every instrument of transfer (for any share not being a Deposited Security) must be left for registration at the office of the Company's Registrar accompanied by the certificate of the shares comprised therein (if any) and such evidence as the Directors may reasonably require to prove the right of the transferor to make the transfer and the due execution by him of the instrument of transfer which is executed in accordance with the Statutes, and subject to the power vested in the Directors by this Constitution or the provisions of any other written law and if required, to reasonable evidence of nationality, the Company shall register the transferee as shareholder.

#### ***Clause 51 – Person under disability***

No share shall in any circumstances be transferred to any minor, bankrupt or person of unsound mind.

## 15. STATUTORY AND OTHER INFORMATION (*Cont'd*)

### ***Clause 52 – Refusal to transfer and notice of refusal***

- (1) Subject to Section 106 and any other relevant provisions of the Act, the Directors may refuse or delay to register the transfer of a share, not being a Deposited Security, to a person of whom they shall not approve.
- (2) If the Directors passed a resolution to refuse or delay the registration of a transfer, they shall, within 7 days of the resolution being passed, give to the lodging broker, transferor and the transferee written notice of the resolution setting out the precise reasons thereof.

### ***Clause 53 – Non-liability of the Company, its Directors and Officers in respect of transfer***

Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred or otherwise in defective manner. And in every such case, the person registered as transferee, his executors, administrators and assigns alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

## 15.4 REPATRIATION OF CAPITAL AND REMITTANCE OF PROFITS

The relevant governmental laws, decrees, regulations, legislations and/or other requirements in Singapore, Thailand and Indonesia in relation to the repatriation of capital and the remittance of profit by or to our Group are set out below.

### 15.4.1 Singapore

#### **(a) Exchange controls**

Subject to MST SG and Minox SG adhering to the applicable provisions of the Companies Act 1967 of Singapore ("**Singapore Companies Act**"), there are no significant restrictions on the remittance of profits, dividend and the return of capital by MST SG and Minox SG to non-resident holders of Minox SG's and MST SG's shares. Under the laws of Singapore, MST SG and Minox SG may repatriate capital and/or remit profits to Minox by way of:

- (i) share buy-backs;
- (ii) capital reduction;
- (iii) distribution of assets on a winding-up; and
- (iv) declaration of dividends.

## 15. STATUTORY AND OTHER INFORMATION *(Cont'd)*

### (b) Dividend distribution

Subject to the Singapore Companies Act, the constitution of MST SG and Minox SG, and the payment of applicable taxes under the laws of Singapore:

- (i) dividends may be paid only out of profits available for distribution. The constitution of MST SG and Minox SG provides for the declaration of dividends by ordinary resolution in a general meeting, but any dividend declared must not exceed the amount recommended by the directors of MST SG and Minox SG. There are no restrictions on payment of dividends to its shareholders provided there is no breach of any rule for internal monitoring for countering money laundering and terrorism; and
- (ii) the constitution of MST SG and Minox SG also provides that the directors of MST SG and Minox SG may from time to time pay to Minox such interim dividends as appear to the directors to be justified by the profits of MST SG and Minox SG.

### (c) Withholding tax

Dividends received in respect of the ordinary shares of MST SG and Minox SG by either Singapore tax resident or non-Singapore tax resident taxpayers are not subject to Singapore withholding tax, even if paid to non-Singapore resident shareholders.

Currently, subject to certain transitional rules, Singapore has adopted the "One-Tier" Corporate Tax System ("**One-Tier System**"). Under this One-Tier System, the tax payable in respect of taxable corporate profits is the final tax and MST SG and Minox SG can pay tax exempt (1-tier) dividends which are tax exempt in the hands of its shareholders, regardless of the tax residence status or the legal form of its shareholders.

## 15.4.2 Thailand

### (a) Exchange controls

Under the laws of Thailand, Minox TH may repatriate capital and/or remit profits to Minox, by way of:

- (i) capital reduction where Minox TH may reduce its capital by reducing the par value of each share or by reducing the number of its shares by way of a special resolution passed at a shareholders' meeting. However, the capital of Minox TH cannot be reduced to below 25.0% of its total capital per time;
- (ii) distribution of dividend where dividends distributed by Minox TH must be made from its profits in proportion to its paid-up share capital of each share by way of resolution of either a board of directors' meeting only for interim dividend or a shareholders' meeting (as detailed in Section 15.4.2(b)); and
- (iii) distribution of capital or benefits pursuant to a winding-up procedure where the remaining capital of Minox TH can be returned to its shareholders, including Minox, based on their shareholding proportion upon its liquidation but only if Minox TH has sufficient assets or funds to pay all its debts or perform all its obligations.



**15. STATUTORY AND OTHER INFORMATION (Cont'd)**

In addition, under the Thailand Foreign Exchange Regulation, dividends or proceeds from sales (including capital gains from the transfer of shares), or capital reduction after payment of the applicable Thai taxes, if any, can be remitted out of Thailand in foreign currencies without any requirement for prior approval from the Bank of Thailand. However, for each payment offshore, if the amount is USD200,000 or more in the relevant currency, a request form must be submitted to an authorised agent (commercial bank) together with relevant supporting documents to support the remittance.

**(b) Dividend distribution**

Any declaration of dividends must be approved by a resolution passed at an annual general meeting or an extraordinary general meeting of the shareholders of Minox TH. An interim dividend payment can be declared from time to time if the board of directors of Minox TH resolves that it has profits justified to be distributed to its shareholders, including Minox, in proportion to their shareholding proportion.

When distributing dividends, Minox TH must reserve funds of at least 5.0% of its profits until its reserve funds reaches 10.0% of its registered capital.

**(c) Withholding tax**

The Thailand Revenue Code provides that assessable income includes any distribution made by a company on the reduction of its capital to its shareholders to the extent the company possesses accumulated profits and any reserves set aside out of the profits.

Any capital reduction amount of Minox TH payable to Minox is a taxable/assessable income of Minox but only for the amount not exceeding the total amount of the profits and the reserve funds of Minox TH and it is subject to the withholding tax at the rate of 15.0%. The capital reduction amount that exceeds the total amount of the profits and the reserve funds of Minox TH is not a taxable/assessable income.

The dividend of Minox TH payable to Minox is a taxable/assessable income and it is subject to withholding tax at the rate of 10.0%.

When Minox TH repatriates funds to Minox, Minox TH is required to withhold applicable withholding taxes mentioned above from the funds payable and remit the taxes withheld to the Thai Revenue Department.

**15.4.3 Indonesia****(a) Exchange controls**

Indonesian Investment Law No. 25 of 2007 as amended by Law No. 11 of 2020 ("**Capital Investment Law**") only permits foreign direct investment in Indonesia by establishing an Indonesian limited liability company.

Under the Capital Investment Law, Minox ID may repatriate its investment to Minox in the form of:

- (i) capital;
- (ii) profits, bank interest, dividends, and other income;



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**15. STATUTORY AND OTHER INFORMATION *(Cont'd)***

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- (iii) funds required to:
  - (aa) purchasing raw and auxiliary materials, half-finished goods or finished goods; or
  - (bb) replacing capital goods to protect the viability of the investment;
- (iv) additional funds required for investment financing i.e. funds for repayment of loans;
- (v) royalties or fees payable;
- (vi) income of individual foreign citizens working in the investment company;
- (vii) proceeds from the sales or liquidation of an investment;
- (viii) compensation for losses;
- (ix) compensation for acquisitions;
- (x) payments made in connection with technical assistance, fees payable for technical and management services, payments made under the project contract, and payment of intellectual property rights; and
- (xi) proceeds of sales of assets.

There are no foreign exchange controls in Indonesia save for the physical inflow or outflow of IDR into and out of the country. For the purposes of repatriation or transfer of money by Minox ID to Minox, the IDR can be converted into any currency.

The laws of Indonesia specifically provide that these repatriation rights do not prejudice the government's rights to require reports on the implementation of repatriation activities and compliance with related taxation/royalties regulations. In addition, the repatriation rights do not prejudice the implementation of any law that gives protection to creditors' rights or laws to avoid losses to the government.

**(b) Dividend distribution**

As the shareholders of Minox ID are Minox, a Malaysian entity, and Cheong Chee Son, a Malaysian individual, the applicable tax for the dividend distribution of Minox ID is subject to the prevailing Double Tax Agreement between Indonesia and Malaysia. Such dividends paid by Minox ID to Minox may be taxed in Indonesia at a rate not exceeding 15.0% of the gross amount of the dividends.

**(c) Withholding tax**

Dividend payments will be subject to a withholding tax according to the prevailing Double Tax Agreement between Indonesia and Malaysia. Minox ID has the obligation to withhold the tax of dividends distribution and pay to the tax authority.

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**15. STATUTORY AND OTHER INFORMATION (*Cont'd*)**

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**15.5 GENERAL INFORMATION**

- (a) Save for the dividends paid to our shareholders in FYE 2019 to 2022, and Directors' remuneration as disclosed in Sections 12.17 and 5.2.4 respectively, no other amount or benefit has been paid or given within the past 2 years immediately preceding the date of this Prospectus, nor is it intended to be paid or given, to any of our Promoters, Directors or substantial shareholders.
- (b) None of our Directors or substantial shareholders have any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.
- (c) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the summarised procedures for application of our Shares are set out in Section 16.
- (d) 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.

**15.6 CONSENTS**

- (a) The written consents of the Adviser, Sponsor, Underwriter, Placement Agent, Solicitors, Share Registrar, Company Secretary and Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn;
- (b) The written consents of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and report relating to the pro forma combined financial information in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn; and
- (c) The written consent of the IMR to the inclusion in this Prospectus of its name and the IMR Report, in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not been subsequently withdrawn.

**15.7 DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection at the Registered Office of our Company during normal business hours for a period of 6 months from the date of this Prospectus:

- (a) Constitution;
- (b) Audited financial statements of Minox for FYE 2022 and FPE 2023;
- (c) Audited financial statements of MST MY, Minox ID, Minox MY and Minox TH for FYE 2019 to 2022 and FPE 2023<sup>(1)</sup>;
- (d) Accountants' Report as set out in Section 13;

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**15. STATUTORY AND OTHER INFORMATION (*Cont'd*)**

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- (e) Reporting Accountants' Report relating to our pro forma combined financial information as set out in Section 14;
- (f) IMR Report as set out in Section 8;
- (g) Material contracts as set out in Section 6.5; and
- (h) Letters of consent as set out in Section 15.6.

**Note:**

- (1) Minox SG and MST SG did not prepare audited financial statements for FYE 2019 to 2022 and FPE 2023 as they are both a small company as defined in the Companies Act 1967 of Singapore and accordingly are each an exempt private company limited by shares. As such, they are exempted from audit requirements pursuant to Section 205 of the Companies Act 1967 of Singapore.

**15.8 RESPONSIBILITY STATEMENTS**

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

M&A Securities acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

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**16. 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 PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE 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.**

**16.1 OPENING AND CLOSING OF APPLICATION PERIOD**

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 20 September 2023

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 3 October 2023

In the event of any changes to the date or time for closing, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia, and make an announcement on Bursa Securities' website.

**Late Applications will not be accepted.**

**16.2 METHODS OF APPLICATIONS****16.2.1 Retail Offering**

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

| <b><u>Types of Application and category of investors</u></b> | <b><u>Application Method</u></b>                                                     |
|--------------------------------------------------------------|--------------------------------------------------------------------------------------|
| Applications by Eligible Persons                             | Pink Application Form only                                                           |
| Applications by the Malaysian Public:                        |                                                                                      |
| (a) Individuals                                              | White Application Form or Electronic Share Application or Internet Share Application |
| (b) Non-Individuals                                          | White Application Form only                                                          |

**16.2.2 Placement**

| <b><u>Types of Application</u></b>                    | <b><u>Application Method</u></b>                                                                                        |
|-------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| Applications by selected investors                    | The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions |
| Applications by Bumiputera investors approved by MITI | MITI will contact the Bumiputera investors directly. They should follow MITI's instructions                             |

## **16. 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.

### **16.3 ELIGIBILITY**

#### **16.3.1 General**

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our 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 Application.**

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.**

#### **16.3.2 Application by Malaysian Public**

You can only apply for our IPO Shares if you fulfill all of the following:

- (a) You must be one of the following:
  - (i) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or
  - (ii) 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
  - (iii) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.
- (b) 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
- (c) You must submit Applications by using only one of the following methods:
  - (i) White Application Form; or
  - (ii) Electronic Share Application; or
  - (iii) Internet Share Application.

## **16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

### **16.3.3 Application by Eligible Persons**

The Eligible Persons 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 document and where relevant, in this Prospectus.

### **16.4 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 RM0.25 for each IPO Share.

Payment must be made out in favour of "**TIIH SHARE ISSUE ACCOUNT NO. 748**" 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:

- (a) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

**Tricor Investor & Issuing House Services Sdn Bhd**  
(Registration No. 197101000970 (11324-H))  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

- (b) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at Tricor Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur,

so as to arrive not later than 5.00 p.m. on 3 October 2023 or by such other time and date specified in any change to the date or time for closing.

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.

### **16.5 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.

## **16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)***

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

### **16.6 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, CGS-CIMB Securities Sdn Bhd, Malayan Banking Berhad and Public 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.

### **16.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE**

The Issuing House, on the authority of our Board reserves the right to:

- (a) reject Applications which:
  - (i) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
  - (ii) are illegible, incomplete or inaccurate; or
  - (iii) are accompanied by an improperly drawn up or improper form of remittance; or
- (b) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (c) 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 16.9 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 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.

## **16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

### **16.8 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 Issue 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 the issuing house to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the issuing house's website at <https://tiih.online> within 1 Market Day after the balloting date.

Under the Listing Requirements, at least 25.0% of our enlarged 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. In such an event, we will return in full, without interest, all monies paid in respect of all Applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

In the event of an under-subscription of our Issue Shares by the Malaysian Public and/or Eligible Persons, subject to the underwriting arrangements and reallocation as set out in Section 4.3.3, any of the abovementioned Issue Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

### **16.9 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.

#### **16.9.1 For applications by way of Application Forms**

- (a) 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.
- (b) 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 National Registration Identity Card 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.
- (c) 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 (a) and (b) above (as the case may be).



## **16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)***

- (d) The 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 (b) above (as the case may be).

### **16.9.2 For applications by way of Electronic Share Application and Internet Share Application**

- (a) 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 Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.
- (b) You may check your account on the 5<sup>th</sup> Market Day from the balloting date.
- (c) 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 Institution will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

### **16.10 SUCCESSFUL APPLICANTS**

If you are successful in your application:

- (a) Our IPO Shares allotted to you will be credited into your CDS Account.
- (b) 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.
- (c) 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.
- (d) 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.

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**16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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**16.11 ENQUIRIES**

Enquiries in respect of the applications may be directed as follows:

| <b>Mode of application</b>   | <b>Parties to direct the enquiries</b>                                            |
|------------------------------|-----------------------------------------------------------------------------------|
| Application Form             | Issuing House Enquiry Services at telephone no. 03-2783 9299                      |
| Electronic Share Application | Participating Financial Institution                                               |
| Internet Share Application   | Internet Participating Financial Institution and Authorised Financial Institution |

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House website at <https://tiih.online>, **1 Market Day** after the balloting date.

You may also check the status of your Application at the above website, **5 Market Days** after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities.

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