
7. BUSINESS OVERVIEW

7.1 OUR HISTORY

Our history began on 20 May 1992 with the formation of a sole proprietorship business named New Tech Machinery by Yeoh Chee Min to venture into the business of trading manual packaging machines such as hand-operated sealing machines and impulse sealers primarily for food manufacturing and processing companies. The venture stemmed from his desire to leverage on his prior experience in procuring packaging machine for his late father's food business involving the trading of dry food products such as coffee powder and curry powder.

Yeoh Chee Min saw vast potential for food packaging machines in Malaysia given the difficulty he faced in procuring them from the local market at that time. He then established another sole proprietorship business named Easy Pack Machinery Trading on 29 August 1992 to take over the business and assets of New Tech Machinery in a corporate name re-branding exercise to better reflect its business of providing easy packaging solution and due to higher enquiries received on packaging machines at that time. In 1993, we expanded our product offerings to include the trading of imported food packaging machines.

On 10 July 1996, EP Machinery was incorporated under the Companies Act, 1965 as a private limited company under the name of Easy Pack Machinery Trading Sdn. Bhd. to take over the sole proprietorship business of Easy Pack Machinery Trading and facilitate the entry of Yeoh Chee Min's spouse and sister, Ooi Kim Kew and Yeoh Choi Goeh @ Yeoh Choi Hwang respectively. The directors and shareholders of Easy Pack Machinery Trading Sdn. Bhd. at that time were Yeoh Chee Min, Ooi Kim Kew and Yeoh Choi Goeh @ Yeoh Choi Hwang with each holding the same equity interest. EP Machinery assumed its present name on 17 February 1997. Yeoh Choi Goeh @ Yeoh Choi Hwang disposed of her remaining shares in EP Machinery to Ooi Kim Kew in 2003.

On 21 November 1998, Yeoh Chee Min and Liew Meng Hooi collaborated via the incorporation of Inovasi Kitchen Specialist Sdn. Bhd. under the Companies Act, 1965 as a private limited company to venture into the business of importing and trading food processing machinery solutions primarily for frozen food manufacturing and processing companies such as poultry processing companies and processed meat manufacturers amongst others. Yeoh Chee Min and Liew Meng Hooi were directors with each holding a 50.0% equity interest in Inovasi Kitchen Specialist Sdn. Bhd. at that time. Liew Meng Hooi is an industry veteran with vast experience and technical know-how in the provision of frozen food processing machinery solutions including the trading of food processing machines particularly for frozen food products such as sausages, nuggets, meat balls and fish balls. With the combined experience and expertise of Yeoh Chee Min and Liew Meng Hooi, Inovasi Kitchen Specialist Sdn. Bhd. expanded our business into frozen food processing machinery solutions. Inovasi Kitchen Specialist Sdn. Bhd. operated its business in Sungai Petani, Kedah. Inovasi Kitchen Specialist Sdn. Bhd. was renamed Bestworld Equipment Sdn. Bhd. on 20 March 2001.

As part of our plan to move up the value chain, we commenced our in-house production and fabrication of food processing and packaging machines through the incorporation of EP Manufacturing under the Companies Act, 1965 as a private limited company on 22 March 1999. The directors and shareholders of EP Manufacturing at that time were Yeoh Chee Min (with 50.0% equity interest) and Wei Chun Ming⁽¹⁾ (with 50.0% equity interest). We began by fabricating small-volume vertical form fill seal machines used for packaging food products such as coffee powder, tea leaves, curry powder and chili sauce. Other machines that we fabricated include product transfer conveyor, liquid dosing system, pick-fill-seal machine and semi-automatic packaging machine. We also began to integrate food packaging machineries from various suppliers to form automated production lines for coffee manufacturers. We rented a double storey shop lot in Butterworth, Penang to house the operations.

On 3 February 2000, EP Machinery KL was incorporated under the Companies Act, 1965 as a private limited company to establish our presence in Kuala Lumpur and support our customers there. The directors and shareholders of EP Machinery KL at that time were Yeoh Chee Min (with 50.0% equity interest) and Chung Theng Siang⁽²⁾ (with 50.0% equity interest). EP Machinery KL operates its business in Subang, Selangor.

7. BUSINESS OVERVIEW (cont'd)

In 2003, EP Manufacturing shifted its operation to a rented single-storey factory with a total built-up area of 7,060 sq ft in Penaga, Penang. As the business of EP Manufacturing expanded, we moved out of the single-storey factory in 2005 and occupied a rented single-storey factory with a higher total built-up area of 15,000 sq ft in Butterworth, Penang.

In 2005, we (through EP Machinery, EP Machinery KL, EP Manufacturing and Bestworld Equipment Sdn. Bhd.) began our transformation into a one-stop provider of food processing and packaging machinery solutions where we started to design, customise, fabricate, integrate and automate food processing and packaging production lines for our food processing and manufacturing customers such as instant coffee and tea manufacturers, condiment manufacturers, confectionery manufacturers, poultry processing companies, and processed meat manufacturers amongst others. We expanded our business to include supplying automated packaging lines and subsequently, processing lines as well; on turnkey basis. Turnkey projects were increasingly in demand as customers seek to automate more functions, minimise human interventions thereby increasing hygiene and increasing efficiency. As part of our turnkey solutions, we provide computer-aided design of the entire production layout based on the available space and processes in accordance with customers' requirements. The resulting production layout can also be converted into three (3)-dimensional model for viewing by customers. Some of our customers included pre-mixed and local Kopi-O coffee, jelly, sauce, sausage, burger patty, biscuits, drinking water, and chocolate manufacturing companies, among others.

In the same year, we established Easy Pack Technology Sdn. Bhd. (now known as EC Trading System Sdn. Bhd.) to venture into the business of fabricating automated food packaging machines and parts. Easy Pack Technology Sdn. Bhd. was incorporated under the Companies Act, 1965 as a private limited company on 9 April 2005. The initial directors and shareholders of Easy Pack Technology Sdn Bhd were Yeoh Chee Min and Lee Seng Wei⁽³⁾ with each holding a 50.0% equity interest in the company. Easy Pack Technology Sdn. Bhd. enjoyed 100% exemption from the payment of income tax for a five (5)-year period from 1 August 2005 to 31 July 2010 after being granted a pioneer status on 13 October 2006. The pioneer status of Easy Pack Technology Sdn. Bhd. was subsequently renewed for another five (5)-year period from 1 August 2010 to 31 July 2015 on 3 December 2010.

EP Machinery also purchased a piece of land (measuring approximately 1.00 acre) and constructed a single-storey factory (with a total built-up area of 14,410 sq ft) together with a double-storey office building in Simpang Ampat, Penang for a total cost of RM3.28 million. We shifted all the business operations of EP Machinery to this property upon its completion in 2007.

In 2005, EP Manufacturing ceased its manufacturing operations to focus on trading of food processing and packaging machines and parts.

In 2011, EP Manufacturing became an inactive company after we decided to cease its business operations. In 2012, EP Manufacturing re-commenced its operations in the trading of food processing and packaging machines and parts, mainly to sell its remaining inventory items.

In 2013, we purchased another piece of land (measuring approximately 2.0 acres) and constructed a single-storey factory (with a total built-up area of 48,012 sq ft) together with a triple-storey office building in Penang Science Park, Penang for a total cost of RM8.63 million to house EP Machinery's business expansion.

Over the years, we had been enhancing our in-house manufacturing and production capabilities by procuring various types of machineries such as CNC machines, laser cutting machines and bending machines to support our food processing and packaging machinery solutions business segment. We had also been improving the level of automation in our food processing and packaging machinery solutions.

In 2014, we expanded vertically by venturing into the business of supplying flexible packaging materials namely packaging films and packaging bags via EP Manufacturing (the principal activities of which were changed from "trading of food processing and packaging machines and parts" to "trading of packaging films"). On 31 December 2014, BW Engineering was incorporated under the Companies Act, 1965 as a private limited company with Yeoh Chee Min

7. BUSINESS OVERVIEW (cont'd)

and Liew Meng Hooi each holding 1 share (representing 50.0% equity interest). Subsequently on 1 December 2015, as part of an internal restructuring exercise, the shares held by Yeoh Chee Min and Liew Meng Hooi were transferred to Bestworld Equipment Sdn. Bhd. whilst the business and operating assets of Bestworld Equipment Sdn. Bhd. were transferred to BW Engineering. Following this exercise, BW Engineering became a wholly-owned subsidiary of Bestworld Equipment Sdn. Bhd. with the latter becoming an investment holding company.

On 29 January 2015, BW Perkasa Labuan was incorporated under the Labuan Companies Act, 1990 as a private limited company to act as an offshore trading and marketing arm of our Group for the international markets. The shareholders and directors of BW Perkasa Labuan at that time were Yeoh Chee Min (with 51.0% equity interest) and Liew Meng Hooi (with 49.0% equity interest).

In 2017, EP Manufacturing commenced in-house manufacturing of flexible packaging materials. In 2018, we expanded our product offerings by venturing into the business of trading cellulose casings, which are used to enclose the filling of sausages.

In 2020, Bestworld Equipment Sdn. Bhd. changed its name to Easy Brew Sdn. Bhd. and subsequently, all its shares in BW Engineering were sold to Yeoh Chee Min (51.0% equity interest) and Liew Meng Hooi (49.0% equity interest). On 9 December 2022, we entered into a SSA with Yeoh Chee Min and Liew Meng Hooi for the Acquisition of BW Engineering. Please refer to Section 6.4.1 of this Prospectus for further details.

Between 2020 and 2021, EP Machinery purchased the food processing and packaging machinery and components amounting to RM2.04 million and property, plant and equipment of Easy Pack Technology Sdn. Bhd. aggregating to RM1.44 million (further details of which as set out in Section 10.1.1 of this Prospectus). As at the LPD, Easy Pack Technology Sdn. Bhd. (now known as EC Trading System Sdn. Bhd.) is dormant and is in the midst of realising its assets and settling its liabilities. The expected timeframe for dissolution is within the financial year ending 31 December 2026.

On 16 June 2021, BW Perkasa UAE was incorporated under the Ras Al Khaimah International Corporate Centre Business Companies Regulations 2018 as a private limited company to act as an offshore trading and marketing arm of our Group for the international markets. At that time, BW Perkasa UAE was a wholly-owned subsidiary of BW Engineering whilst Liew Meng Hooi was the sole director of BW Perkasa UAE. Following the incorporation of BW Perkasa UAE, BW Perkasa Labuan focuses on providing agency and management services.

In 2021, we secured a sales agreement with PT. Wonokoyo Jaya Corporindo of Surabaya, Indonesia to sell to the company at least one 20-foot container for each order which is equivalent to 2,304,000 metres (equivalent to 90,000 sticks as well) of cellulose casings per container with a minimum of forty-five (45) containers for thirty-six (36) months from 1 January 2022 to 31 December 2024.

In 2022, we renewed the distribution agreement with Shandong Vicel of China as distributor of its Vicel Speedy Peel Cellulose Casings in Indonesia. In the same year, we also secured a sales agreement with PT Dagsap Endura Eatore of Java Barat, Indonesia to sell to the company at least one 20-foot container for each order which is equivalent to 2,304,000 metres (equivalent to 90,000 sticks as well) of cellulose casings per container with a minimum of twelve (12) containers for each year, and a minimum of twenty-four (24) containers for twenty-four (24) months from 1 January 2022 to 31 December 2023. The sales agreement with PT Dagsap Endura Eatore has been renewed in 2023 for an additional twenty-four (24) months from 1 January 2024 to 31 December 2025.

In the same year, with the onset of the COVID-19 pandemic and resulting labour shortages, we began to explore the integration of robotic technologies into our food processing and packaging machinery solutions. We have identified an opportunity gap in our industry for the use of more robotic technology given the stringent hygiene requirements for the handling of food products and the pressing challenges faced by food manufacturers in hiring factory workers. The use of robotic technology will help to minimise human interference and address the worker supply gap.

7. BUSINESS OVERVIEW (cont'd)

We began to integrate application of robotic technologies into our food processing and packaging machinery solutions to our customers. We also undertook the Pre-Listing Exercise as part of our Listing for the formation of our Group's structure.

In 2024, we renewed the distribution agreement with Shandong Vicel with some changes to the terms of agreement, to continue as distributor of its Vicel Speedy Peel Cellulose Casings in Indonesia for another twenty-four (24) months from 1 January 2024 to 31 December 2025. The notable changes in the terms of agreement include the reduction of annual sales target and the increase in the number of companies in Indonesia from (1) company to five (5) companies that the supplier may approach directly and sell to them for their own use or on-sell to an identified company for its own use only where Shandong Vicel shall ensure that these companies do not transfer or resale the products.

As at the LPD, we are an established one-stop provider of food processing and packaging machinery solutions with more than thirty (30) years of operating track records catering to both the Malaysian market and overseas markets particularly Indonesia and the Philippines.

Notes: -

- (1) *Wei Chun Ming transferred all his equity interest in EP Manufacturing to Lee Seng Wei and resigned as a director in 2002.*
- (2) *Chung Theng Siang transferred 3,000 shares (representing 1.00% of equity interest) in EP Machinery KL to Yeoh Chee Min in 2005. Subsequently in 2015, he transferred all his remaining shares (comprising 285,670 shares representing 49.00% of equity interest) in EP Machinery KL to Teoh Joo Han and resigned as a director in the same year.*
- (3) *Lee Seng Wei transferred all his equity interest in Easy Pack Technology Sdn. Bhd. to Yeoh Heok @ Yeoh Yeik Chu and resigned as a director in 2009.*

A summary of our history is as follows: -

1992	<ul style="list-style-type: none"> ○ Our history began on 20 May 1992 with the formation of a sole proprietorship business named New Tech Machinery by Yeoh Chee Min to venture into the business of trading manual packaging machines primarily for food manufacturing and processing companies such as instant coffee and tea manufacturers, condiment manufacturers, and confectionery manufacturers amongst others.
1993 - 1996	<ul style="list-style-type: none"> ○ Expanded our product offerings to include the trading of imported food packaging machines.
1998	<ul style="list-style-type: none"> ○ Expanded our business activities into frozen food processing machinery solutions by venturing into the business of importing and trading food processing machinery solutions primarily for frozen food manufacturing and processing companies such as poultry processing companies and processed meat manufacturers amongst others.
1999	<ul style="list-style-type: none"> ○ Beginning 1999, we commenced our in-house production and fabrication of food processing and packaging machines.
2000	<ul style="list-style-type: none"> ○ Established our presence in Kuala Lumpur through the incorporation of EP Machinery KL.
2005	<ul style="list-style-type: none"> ○ Began transformation into a one-stop provider of food processing and packaging machinery solutions where we started to design, customise, fabricate, integrate and automate food processing and packaging production lines for our food manufacturing customers such as instant coffee and tea manufacturers, condiment manufacturers, confectionery manufacturers, poultry processing companies, and processed meat manufacturers amongst others.

7. BUSINESS OVERVIEW (cont'd)

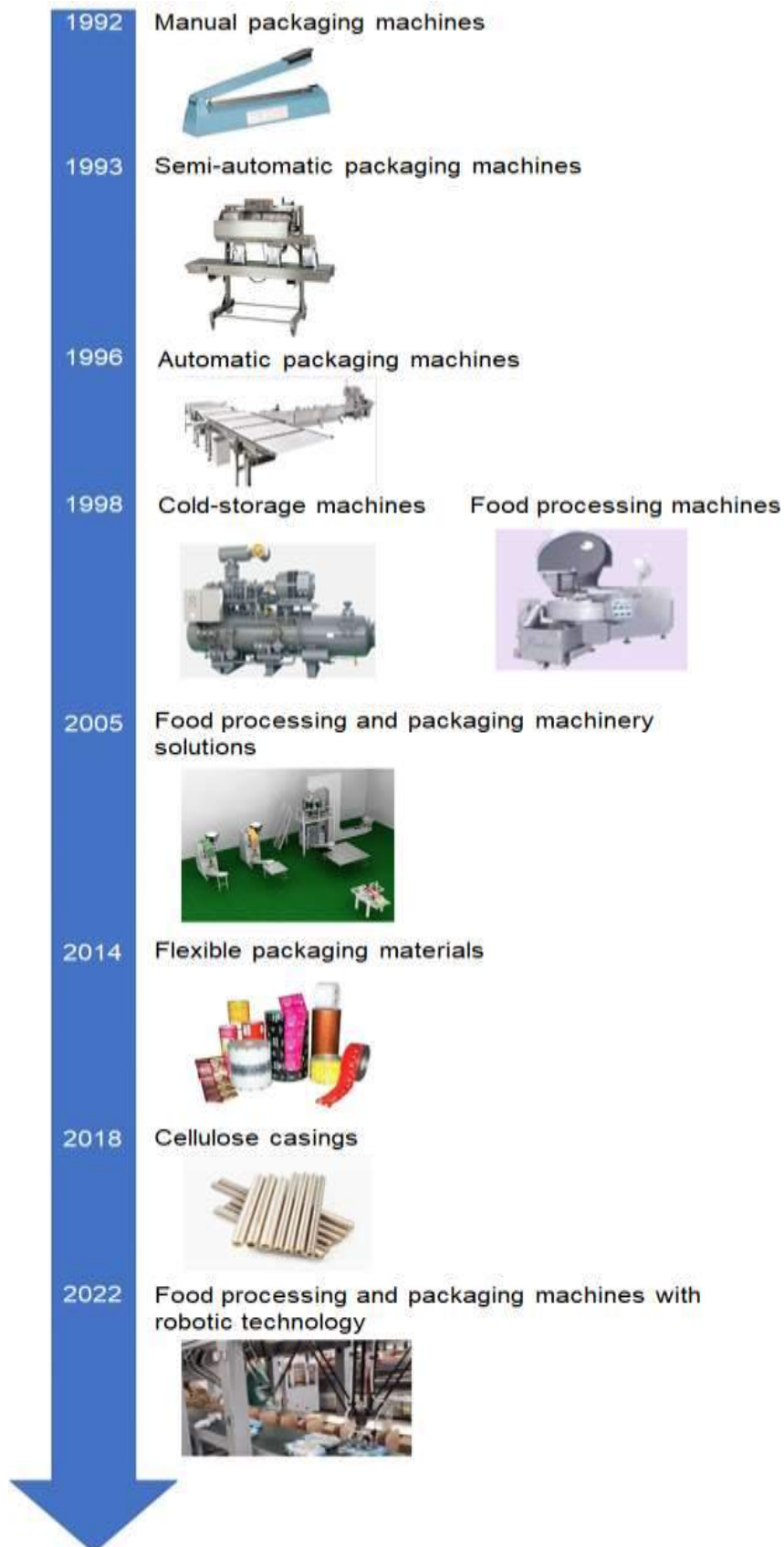
2014	<ul style="list-style-type: none"> ○ Expanded our business activities into the business of supplying flexible packaging materials namely packaging films and packaging bags.
2017	<ul style="list-style-type: none"> ○ Commenced in-house manufacturing of flexible packaging materials.
2018	<ul style="list-style-type: none"> ○ Ventured into the business of trading cellulose casings, which are used to enclose the filling of sausages.
2022	<ul style="list-style-type: none"> ○ Began to integrate application of robotic technologies into our food processing and packaging machinery solutions to our customers.

Over the years, we continue to enhance our production and technical capabilities to meet our customers' expectations. As part of our value-added service offerings, we also help conceptualise and offer recommendations on the factory and plant layout as well as production flows for greater operational efficiency based on our customers' needs.

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7. BUSINESS OVERVIEW (cont'd)

A snapshot on our product offerings over the years are as follows: -



7. BUSINESS OVERVIEW (cont'd)

7.2 DESCRIPTION OF OUR BUSINESS

Our Group is a one-stop provider of food processing and packaging machinery solutions. We are primarily involved in the design, customisation, fabrication, integration and automation of production lines for food manufacturing and processing companies, based on our customers' needs. We are also involved in the trading of cellulose casings, as well as manufacturing and trading of flexible packaging materials.

Our Group is principally involved in: -

- (i) provision of food processing and packaging machinery solutions including industrial robots and related accessories for its customers primarily involved in the food industry and also as laboratory equipment and its related accessories for research purposes;
- (ii) trading of cellulose casings; and
- (iii) manufacturing and trading of flexible packaging materials.

Our business model can be illustrated as follows: -

One-stop provider of food processing and packaging machinery solutions			
Business segment	Provision of food processing and packaging machinery solutions	Trading of cellulose casings	Manufacturing and trading of flexible packaging materials
Activities	✓ Provision of food processing and packaging machinery solutions	✓ Trading of cellulose casings	✓ Manufacturing and trading of flexible packaging materials
Revenue Breakdown in FYE 2022	<ul style="list-style-type: none"> • RM72.57 million • 81.43% of total 	<ul style="list-style-type: none"> • RM11.90 million • 13.36% of total 	<ul style="list-style-type: none"> • RM4.64 million • 5.21% of total
Target Customers	<ul style="list-style-type: none"> ➢ Food manufacturers ➢ Food processing companies ➢ Cold chain logistics providers ➢ Industrial and logistics property owners 	<ul style="list-style-type: none"> ➢ Food manufacturers ➢ Food processing companies 	<ul style="list-style-type: none"> ➢ Food manufacturers ➢ Personal care manufacturers ➢ Pet food manufacturers
Principal Markets in FYE 2022	<ul style="list-style-type: none"> ○ Malaysia (RM43.42million, 48.72% of total revenue) ○ Indonesia (RM32.33 million, 36.28% of total revenue) ○ Philippines (RM8.19 million, 9.19% of total revenue) 		

For management purposes, our Group is organised into three (3) business segments based on the products and/or services offered, namely food processing and packaging machinery solutions, trading of cellulose casings and manufacturing and trading of flexible packaging materials.

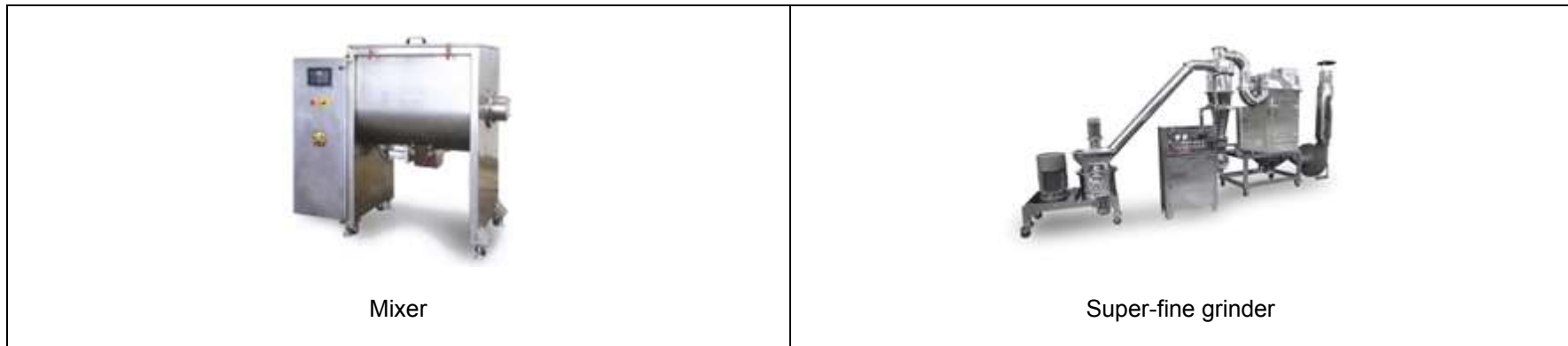
7. BUSINESS OVERVIEW (cont'd)

7.2.1 Food processing and packaging machinery solutions

Under this business segment, we provide food processing and packaging machinery solutions targeting various food products; catering primarily to food manufacturing and processing companies for non-frozen and frozen food products alike. We are primarily involved in the design, customisation, fabrication, integration and automation of production lines for food manufacturing and processing companies, based on our customers' needs.

For our food processing machinery solutions, we offer food processing machinery and components which are used for various food processing operations such as food preparation, physical processing (grinding, mixing), heat processing (cooking, boiling) and preservation (freezing) amongst others. Our food processing machinery solutions involve the integration of in-house and/or third-party food processing machinery to form large-scale automated processing lines.

Some illustrative samples of our food processing machinery solutions are as follows: -



For our food packaging machinery solutions, we integrate in-house and/or third-party food packaging machinery and components ranging from manual to semi-automatic to automatic packaging machines that meet our customers' food packaging requirements to form large-scale automated packaging lines, designed and customised to be compatible to various forms of packaging such as trays, bags, boxes, cans, cartons, and flexible packaging such as sachets, pallets, and wrappers amongst others.

7. BUSINESS OVERVIEW (cont'd)

Some illustrative samples of our food packaging machinery solutions are as follows: -



Our food processing machinery solutions may be integrated with our food packaging machinery solutions to form end-to-end automated production lines for our customers' turnkey food manufacturing and processing needs starting from storage and processing of raw materials to the packaging of the finished food products.

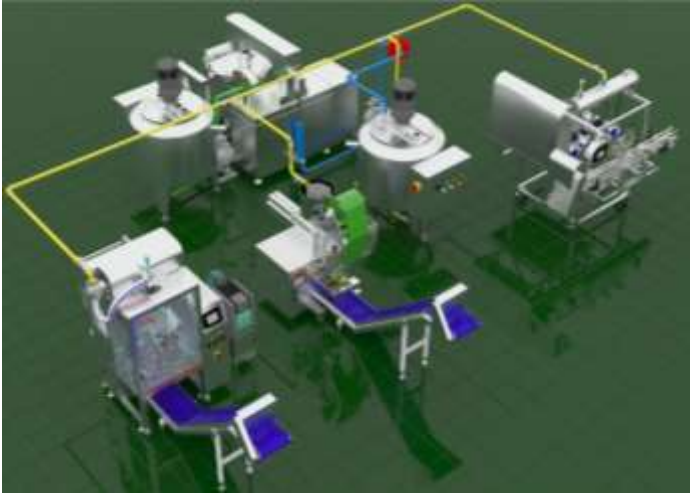

As part of our turnkey solutions, we provide computer-aided design (“**CAD**”) of the production layout, maximising available space for machinery as required by our customers. The resulting CAD can also be converted into a three (3)-dimensional model for customer viewing. We provide our customers with a warranty of up to eighteen (18) months for our food processing and packaging machinery solutions. We also offer after-warranty period maintenance and repair services to our customers. Our food processing and packaging machinery solutions are primarily targeted for food manufacturing and processing companies such as instant coffee and tea manufacturers, condiment manufacturers and confectionery manufacturers amongst others, cold chain logistics providers as well as industrial and logistics property owners.

7. BUSINESS OVERVIEW (cont'd)



Key food processing and packaging solutions offered by our Group are as follows: -

Solution	Description	Notable Machinery, Equipment and/or Parts Involved
<p>Coffee and tea processing and packaging solution</p> 	<ul style="list-style-type: none"> • A large-scale integrated processing and packaging solution for coffee and tea. • Processing solution includes but is not limited to the roasting of coffee and tea, cooking and melting of sugar for subsequent mixture with coffee as well as adding and blending of flavour with tea. • Packaging solution includes but is not limited to the filling and packaging of coffee or tea in filter papers, in soft packs (such as 3-side seals and pillow packs) and in vacuum packings. • Suitable for the processing and packaging of coffee and tea in powder form. 	<ul style="list-style-type: none"> • Induction roaster • Coffee roaster • Induction cooker • Ribbon mixer • 3-dimensional mixer • Intermediate bulk container bin blender • Vacuum transfer pump • Transfer conveyor • Bucket lifter • Z conveyor • Air blow conveyor • Take away conveyor • Flat conveyor • Intermediate bulk container bin • Storage tank • Degas tank • Crusher • Grinder • Sieve machine • 4 heads weighing machine • 10 to 16 multi heads weighing machine • Vertical form fill seal machine • Semi-automatic sealing machine • Automatic carton machine • Semi-automatic carton machine • Shrink tunnel


7. BUSINESS OVERVIEW (cont'd)

Solution	Description	Notable Machinery, Equipment and/or Parts Involved
<p>Liquid processing and packaging solution</p> 	<ul style="list-style-type: none"> • A large-scale integrated processing and packaging solution for liquid-based products. • Processing solution includes but is not limited to raw materials handling (through washing and/or drying), cooking, mixing, crushing and grinding as well as pasteurisation. • Packaging solution includes but is not limited to the washing of packing materials, liquid filling, packaging and capping. • Suitable for the processing and packaging of liquid based edible products and condiments such as fruit juice, chili sauce, tomato sauce and liquid stevia. 	<ul style="list-style-type: none"> • Automatic washing machine • Drying machine • Glass bottle washing machine • Oven • Induction cooker • Double jacketed tank • Jacketed tank with stirrer • Jacketed tank with shear mixer • Crusher • Grinder • Bottle liquid filling machine • Bag filling and sealing machine • Capping machine • Bottle or bag immersing pasteurisation machine • Water cooling conveyor • Cooling tower • Bottle or bag drying conveyor • Labelling machine • Carton inserting machine
<p>Mooncake processing and packaging solution</p> 	<ul style="list-style-type: none"> • A large-scale integrated processing and packaging solution for mooncakes. • Processing solution includes but is not limited to the dispensing of mooncake dough, ingredient filling, encrusting and stamping of mooncakes. • Packaging solution includes but is not limited to hermetic sealing and packaging of mooncakes. • Suitable for the processing and packaging of all types of mooncakes. 	<ul style="list-style-type: none"> • Mooncake dough dispenser • Lobe pump filling machine • Encrusting machine • Conveyor • Tray dispenser machine • Dusting machine (to prevent the dough from sticking to the conveyor) • Stamping machine • Horizontal flow wrapper


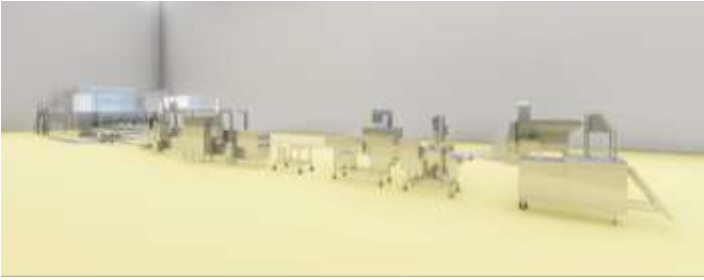
7. BUSINESS OVERVIEW (cont'd)

Solution	Description	Notable Machinery, Equipment and/or Parts Involved
<p>Cendol processing solution</p> 	<ul style="list-style-type: none"> • An automatic processing solution for cendol involving the cooking of cendol and lowering of water temperature. • Suitable for commercial use with easier and faster processing and minimal human labour. 	<ul style="list-style-type: none"> • Induction cooker • Specially designed mould • Water chiller conveyor
<p>Drinking water processing and packaging solution</p> 	<ul style="list-style-type: none"> • A large-scale integrated processing and packaging solution for drinking water. • Processing solution includes but is not limited to the filtration and/or purification of water through processes such as reverse osmosis. • Packaging solution includes but is not limited to the washing of packing materials, liquid filling, packaging and bottle capping. • Suitable for the processing and packaging of drinking water such as reverse osmosis water and mineral water. 	<ul style="list-style-type: none"> • Reverse osmosis filtration system • Bottle unscrambler machine • 24 heads 3-in-1 rotary washing, filling and capping machine • Automatic shrink sleeve labelling machine • Heat gun • Inkjet printer • Carton box packing machine • Carton box sealing machine • Automatic 4 cavities polyethylene terephthalate bottle preheat and blowing machine • Automatic 2 cavities polyethylene terephthalate

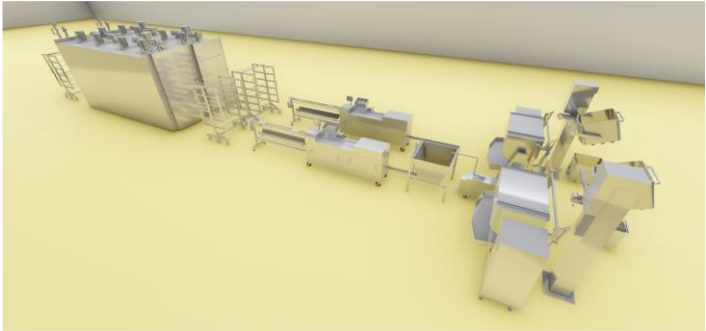

7. BUSINESS OVERVIEW (cont'd)

Solution	Description	Notable Machinery, Equipment and/or Parts Involved
<p>Instant coffee mixing and packaging solution</p> 	<ul style="list-style-type: none"> • Mixing and packaging solution for instant coffee. • Mixing and packaging solution includes but is not limited to the mixing, filling and packaging of instant coffee in sachets, soft packs (such as 3-side seal packs and pillow packs) and in vacuum packings. • Suitable for the processing and packaging of all types of instant coffee. 	<ul style="list-style-type: none"> • bottle preheat and blowing machine • Dryer • 2-cavity compressor • 4-cavity compressor • Carton sealer • Ethylene propylene pre-stretch dispenser • Cup sealer • Roller conveyor • Robotic arm palletiser • Long collecting conveyor • Product collecting conveyor • Grouping machine • Group packing machine • Heavy duty continuous sealing machine • Stainless steel working table • Screw type air compressor • Air dryer with filter • Air storage tank • Ribbon Mixer • 3D Mixer • Intermediate bulk container blender • Functioning intermediate bulk container bin with external product vibrator • Intermediate bulk container bin overhead connector • Platform for intermediate bulk container mixing area • Platform with guardrails and a ladder for packing machine



7. BUSINESS OVERVIEW (cont'd)

Solution	Description	Notable Machinery, Equipment and/or Parts Involved
<p>Soybean powder mixing and packaging solution</p> 	<ul style="list-style-type: none"> • A large-scale integrated mixing and packaging solution for soybean powder. • Mixing and packaging solution includes but is not limited to the mixing, weighing and packing of soybean powder. • Suitable for the mixing and packaging of all types of soybean powder. 	<ul style="list-style-type: none"> • Lifter for intermediate bulk container bin • Intermediate bulk container system • Weighing machine • Auger filling machine • Carton sealer
<p>Nugget processing and packaging solution</p> 	<ul style="list-style-type: none"> • Providing large-scale nugget processing and packaging solution ranging from the slicing and grinding of frozen meat products into customised shaped nuggets to the packaging of end products that matches closely to the target weight. • Suitable for producing chicken nuggets of various shapes and sizes. 	<ul style="list-style-type: none"> • Meat flaker • Meat grinder • Bowl cutter • Nitrogen mixer • Lifter • Forming machine • Customisable mould • Battering machine • Breeding machine • Transport conveyor • Air cooling conveyor • Single or double spiral freezer • Multi-head weigher packaging machine


7. BUSINESS OVERVIEW (cont'd)

Solution	Description	Notable Machineries, Equipment and/or Parts Involved
<p>Sausage processing and packaging solution</p> 	<ul style="list-style-type: none"> • Providing large-scale sausage processing and packaging solution ranging from the slicing and grinding of frozen meat products into sausage products of various shapes and sizes to the packaging of end products that matches closely to the target weight. • Suitable for producing sausages made from various types of meat such as beef and poultry of various shapes and sizes. 	<ul style="list-style-type: none"> • Meat flaker • Meat grinder • Bowl cutter • Lifter • Meat transfer pump • Sausage filler and sausage linker • Sausage trolley • Smokehouse • Intensive cooling machine • Sausage cutter • Sausage arranging line • Thermoforming machine • Single or double spiral freezer • Multi-head weigher packaging machine
<p>Fried chicken processing and packaging solution</p> 	<ul style="list-style-type: none"> • Providing large-scale processing and packaging solution for fried chicken ranging from the massaging and frying of chicken meats to the packaging of end products that match closely to the target weight. 	<ul style="list-style-type: none"> • Vacuum tumbler • Drum breeder or flour machine • Batter mixer • Battering machine • Transport conveyor • Continuous fryer • Air cooling conveyor • Single or double spiral freezer • Multi-head weigher packaging machine

7. BUSINESS OVERVIEW (cont'd)

Solution	Description	Notable Machineries, Equipment and/or Parts Involved
<p>Meatball processing and packaging solution</p> 	<ul style="list-style-type: none"> • Providing large-scale processing and packaging solution for turning ground meats into meatballs ranging from the slicing and grinding of frozen meat products to the forming of meatballs and the packaging of end products that match closely to the target weight. • Suitable for producing meatballs using different types of meats such as beef and poultry, and other ingredients such as minced onions and breadcrumbs. 	<ul style="list-style-type: none"> • Meat flaker • Meat grinder • Bowl cutter • Forming machine • Pre-cook machine • Cooking machine • Cooling machine • Air cooling conveyor • Single or double spiral freezer • Multi-head weigher packaging machine
<p>Cold cut processing solution</p> 	<ul style="list-style-type: none"> • Providing large scale processing solution for cold cuts ranging from the slicing and grinding of frozen meat products into cold cooked meats to the vacuum packaging of end products. • Suitable for producing cold cuts made from various types of meat such as beef and poultry of various shapes and sizes. 	<ul style="list-style-type: none"> • Meat flaker • Meat grinder • Bowl cutter • Vacuum filler • Aluminium wire double clipper • Cook pan • Slicer • Single or double chamber vacuum packer

7. BUSINESS OVERVIEW (cont'd)

Solution	Description	Notable Machineries, Equipment and/or Parts Involved
<p>Cold storage solution</p> 	<ul style="list-style-type: none"> • Providing storage solution at a low temperature for food that is short shelf life and/or temperature-sensitive. • Suitable for frozen food such as nuggets and sausages as well as perishable food such as fruits and vegetables. 	<p>Please refer to the illustration of the cold storage solution for the machineries, equipment and/or parts used as follows: -</p> <ol style="list-style-type: none"> (1) Insulated panels (2) Racking system (3) Cold room doors (4) Docking facilities (5) Quick freezing equipment (6) Refrigeration compressor (7) Refrigeration control system (8) Cooling tower




For the provision of the key food processing and packaging solutions listed above, we integrate both in-house and third-party food processing and packaging machinery and components to form the large scale, customised food processing and packaging line based on our customers' specifications and requirements.

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7. BUSINESS OVERVIEW (cont'd)

7.2.2 Trading of cellulose casings

Under this business segment, our Group is involved in the trading of cellulose casings which are used mainly in processing and manufacturing of a variety of frozen food products, predominantly in the production of sausage. Cellulose casings are consumables used by frozen food manufacturing and processing companies to shape and protect the meat during the production processes. Key cellulose casings offered by our Group are clear casings, colour transfer casings and printed casings. The different types of cellulose casings offered by our Group are as follows: -

Product	Description
<p>Clear casing</p> 	<ul style="list-style-type: none"> • Transparent casing with high intensity, good flexibility and breathability and resistance to high temperature. • Has an 'easy to peel' option.
<p>Colour transfer casing</p> 	<ul style="list-style-type: none"> • Casing that ensures the finished products have the desired colour appearance. • Colour can be transferred uniformly to the outer surface of the finished products. • Common colours used are red and orange.
<p>Printed casing</p> 	<ul style="list-style-type: none"> • Casing with customised customer-specific printing pattern such as logos, trademarks and brands on one or both sides. • Drive brand awareness.

7. BUSINESS OVERVIEW (cont'd)


7.2.3 Manufacturing and trading of flexible packaging materials

We are also involved in the manufacturing and trading of flexible packaging materials namely packaging films and/or packaging bags. Our manufacturing capabilities include undertaking double-sided gravure printing of up to eight (8) colours, dry lamination, curing and slitting. We trade various types of flexible packaging materials involving more than eight (8) colours, ultraviolet spot, paper or polyethylene laminating materials and special die-cut bags amongst others. Our flexible packaging materials are generally targeted to food manufacturing companies, personal care manufacturers and pet food manufacturers, amongst others.

Key flexible packaging materials offered by our Group are packaging films (rolled form), 3-side seal bags, stand-up bags and gusset bags; as illustrated below: -

Product	Description
<p>Packaging film (rolled form)</p> 	<ul style="list-style-type: none"> • A flexible thin plastic layer (consisting of multiple film layers normally produced through extrusion) that is used for soft packaging. • Suitable for dry food packaging and liquid applications. The rolled flexible packaging film can be loaded onto an automatic packaging machine which will form the packaging film into the desired shape before it is filled with food or liquid products, and then sealed.
<p>3-side seal bag</p> 	<ul style="list-style-type: none"> • A pouch made of a single piece of PP or PE film that is sealed on 3 sides leaving 1 side (top or bottom) open for the filling of desired content. • Optional features for 3-side seal bag include hanger hole, press-to-close zipper and tear notch. • Suitable for various products such as liquid, ground coffee, spices, snack food, pet food.
<p>Stand-up bag</p> 	<ul style="list-style-type: none"> • A pouch (made of multi-layer materials such as PP, PE and usually aluminium foil) that is capable of standing erect on its bottom. • Optional features for stand-up pouch include re-sealable zipper, track and spout. • Suitable for solid, liquid or powdered items.

7. BUSINESS OVERVIEW (cont'd)

Product	Description
Gusset bag 	<ul style="list-style-type: none"> A pouch with extra materials on the sides or bottom that expand which allow for expansion of space capacity and strengthened structure. Suitable for bulk items such as nuts and beads as well as bulky items such as baked goods and produce.

As at the LPD and save for our business activities as stated above, we have not introduced any significant products.

7.3 PRINCIPAL MARKETS

During the Financial Years Under Review, the revenue of our Group was derived from our food processing and packaging machinery solutions business segment, trading of cellulose casings business segment, and manufacturing and trading of flexible packaging materials business segment; with the principal markets being Malaysia, Indonesia and the Philippines. Please refer to Section 11.2.2(i) of this Prospectus for further details of the breakdown of our revenue for the Financial Years Under Review.

7.4 REVENUE CONTRIBUTION BY BUSINESS SEGMENTS

Our Group recorded total revenue of approximately RM61.69 million, RM75.72 million and RM89.11 million respectively for the Financial Years Under Review. Analysis of our revenue by business segment is as follows: -

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Food processing and packaging machinery solutions	50,985	82.65	60,731	80.21	72,569	81.43
Trading of cellulose casings	6,854	11.11	9,737	12.86	11,902	13.36
Manufacturing and trading of flexible packaging materials	3,850	6.24	5,249	6.93	4,643	5.21
Total	61,689	100.00	75,717	100.00	89,114	100.00

7. BUSINESS OVERVIEW (cont'd)

Throughout the Financial Years Under Review, the food processing and packaging machinery solutions segment represents the main revenue contributor to our Group. The segmental revenue breakdown by geographical location is as follows: -

	Food processing and packaging machinery solutions		Trading of cellulose casings		Manufacturing and trading of flexible packaging materials		Total Revenue	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
FYE 2020								
Malaysia	22,494	44.12	56	0.82	3,771	97.95	26,321	42.67
Foreign countries: -								
Indonesia	4,539	8.90	6,798	99.18	-	-	11,337	18.38
Philippines	17,465	34.26	-	-	-	-	17,465	28.31
USA	1,523	2.99	-	-	-	-	1,523	2.47
Myanmar	1,201	2.36	-	-	-	-	1,201	1.95
Others ⁽¹⁾	3,763	7.37	-	-	79	2.05	3,842	6.22
Subtotal	28,491	55.88	6,798	99.18	79	2.05	35,368	57.33
Total	50,985	100.00	6,854	100.00	3,850	100.00	61,689	100.00
FYE 2021								
Malaysia	30,151	49.65	800	8.22	5,054	96.29	36,005	47.55
Foreign countries: -								
Indonesia	11,709	19.28	8,937	91.78	-	-	20,646	27.27
Philippines	12,131	19.97	-	-	-	-	12,131	16.02
USA	648	1.07	-	-	-	-	648	0.86
Myanmar	290	0.48	-	-	-	-	290	0.38
Others ⁽¹⁾	5,802	9.55	-	-	195	3.71	5,997	7.92
Subtotal	30,580	50.35	8,937	91.78	195	3.71	39,712	52.45
Total	60,731	100.00	9,737	100.00	5,249	100.00	75,717	100.00
FYE 2022								
Malaysia	38,892	53.59	-	-	4,525	97.46	43,417	48.72
Foreign countries: -								
Indonesia	20,428	28.15	11,902	100.00	-	-	32,330	36.28
Philippines	8,187	11.28	-	-	-	-	8,187	9.19
USA	138	0.19	-	-	-	-	138	0.15
Myanmar	12	0.02	-	-	96	2.07	108	0.12
Others ⁽¹⁾	4,912	6.77	-	-	22	0.47	4,934	5.54
Subtotal	33,677	46.41	11,902	100.00	118	2.54	45,697	51.28
Total	72,569	100.00	11,902	100.00	4,643	100.00	89,114	100.00

Note: -

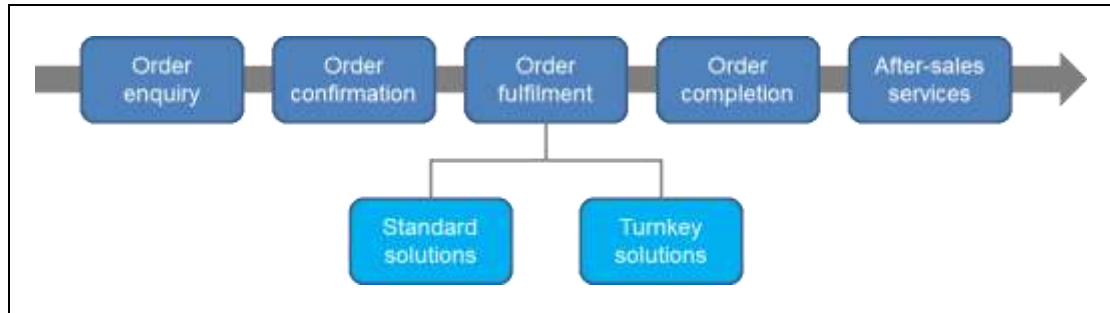
(1) Others consist of Australia, Bahrain, Brunei, Canada, Chile, China, Egypt, France, Germany, India, Italy, Kenya, Laos, Liberia, Malawi, Maldives, Mexico, Morocco, Netherlands, New Zealand, Nigeria, Pakistan, Papua New Guinea, Qatar, Saudi Arabia, Singapore, Slovakia, South Africa, Sri Lanka, Sweden, Taiwan, Tanzania, Thailand, United Arab Emirates, United Kingdom, Vietnam, Yemen and Zambia.

7. BUSINESS OVERVIEW (cont'd)

7.5 BUSINESS PROCESSES

7.5.1 Provision of food processing and packaging machinery solutions

A general business process for the provision of food processing and packaging machinery solutions to customers involves five (5) stages as follows: -



In general, the provision of food processing and packaging machinery solutions may require up to six (6) months to complete depending on, amongst others, customers' specifications and requirements, site readiness, logistics arrangement and lead time, and the target delivery schedule required by the customers.

Stage 1: Order enquiry

Our sales and marketing personnel will follow-up and engage with potential customers that make enquiries to understand their requirements particularly in terms of types of solution and machinery, specifications (including functional capability), budget range and quantity. We then proceed to prepare and issue the price quotation or proforma invoice to the potential customers and advise them on the estimated timing of delivery and/or installation. A sales contract will be prepared for the customer and/or a purchase order shall be received from the customer.

Stage 2: Order confirmation

An order is confirmed after we receive the signed sales contract, proforma invoice or purchase order from customers including deposit, if any. A sales order will be created, and all the relevant departments involved will be notified and mobilised to fulfil the order.

Stage 3: Order fulfilment

Depending on the type of order involved, order fulfilment can be divided into two (2) different natures namely stand-alone machinery and turnkey solutions as follows: -

(i) Standard solutions

We will retrieve the machinery that are already available in our warehouse, which could be standard machinery sourced from external supplier(s) or internally-fabricated machinery. If we do not have ready stock, we will proceed to place an order with the supplier(s) or carry out the necessary fabrication works internally. Our suppliers generally deliver our order based on the agreed upon terms and specifications.

We will conduct a factory acceptance test on the machinery prior to delivering them to the customers' premises to ensure that they are completed to the required quality and meet all contractual specifications. The successfully tested machinery will be cleaned and packed for delivery. A serial number will be generated and assigned to the machinery.

7. BUSINESS OVERVIEW (cont'd)

The machine(s) will be delivered to our local customers using our own lorry or by engaging logistics service providers. There are also instances where our customers will collect their orders from our premises based on 'ex-factory' prices and arrangements. For overseas customers, the delivery arrangement will be based on the terms agreed with the individual customers.

For machine(s) that we purchase from overseas in relation to our standard machinery solutions provided to foreign customers by BW Perkasa UAE, we will request our overseas suppliers to ship the relevant machines directly to the customers' destination port or designated location based on the terms agreed with customers. The customers will then make arrangement for the clearance and/or transportation of the arriving machines to their premises before further integration, assembly and installation at their premises.

Depending on the specifications and complexity of customers' orders as well as the target delivery schedule, the internal manpower deployed by our Group for the fabrication and installation works as well as testing and commissioning generally range between two (2) and ten (10) persons.

(ii) Turnkey solutions

A sales order meeting will be organised to identify production requirements. A team of mechanical engineers will be deployed to design parts and/or machine modifications required to integrate machines. Purchase orders for all the required machinery, equipment, parts and other inputs will be issued as needed.

We will then proceed to undertake the fabrication works internally. The fabricated parts and components are subsequently assembled and put on a test run to ensure that the machinery and/or integrated machinery work correctly.

After that, we will conduct a factory acceptance test on the machinery prior to delivering them to the customers' premises to ensure that the machines are completed as required. The successfully tested machinery will be cleaned and packed for delivery. A serial number will be generated and assigned to the machinery.

The machine(s) will be delivered to our local customers using our own lorry or by engaging logistics service providers. For overseas customers, the delivery arrangement will be based on the terms agreed with the individual customers.

For machine(s) that we purchase from overseas in relation to our turnkey solutions provided to foreign customers by BW Engineering and BW Perkasa UAE, we will request our overseas suppliers to ship the customised machines directly to the customers' destination port or designated location based on the terms agreed with customers. The customers will then make arrangement for the clearance and/or transportation of the arriving machines to their premises before further integration, assembly and installation at their premises.

Depending on the specifications and complexity of customers' orders as well as the target delivery schedule, the internal manpower deployed by our Group for the design, fabrication and installation works as well as testing and commissioning generally range between five (5) and twenty (20) persons.

Stage 4: Order completion

We will send a technical team to our local or overseas customers' premises to undertake the installation of the machinery there and perform commissioning as part of the sales contract or if requested (which will be subject to additional charges). We will provide guidance to their technical personnel in operating the machinery.

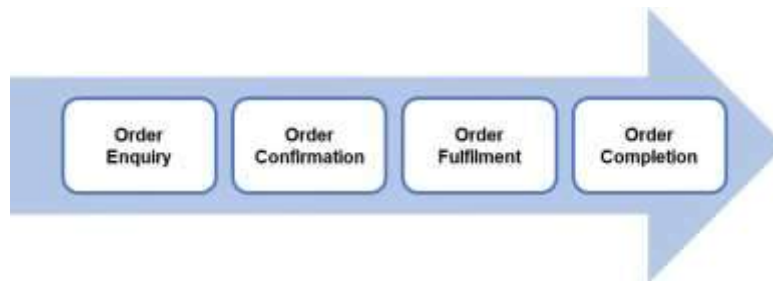
7. BUSINESS OVERVIEW (cont'd)

The invoices are issued to our customers based on the billing schedule agreed, which vary on a case-by-case basis. Depending on the size of order and location of the customer, different credit and payment terms are being adopted. The normal credit terms granted to our customers range from 0 to 180 days. A shorter credit term is being adopted for our overseas customers, as compared to local customers. For larger size orders, we will generally request an advance deposit (up to 50%) from our customers.

Stage 5: After sales services

We offer maintenance and repair services as well as warranty on parts and components to our local or overseas customers for up to between twelve (12) months and eighteen (18) months from the date of sign-off as part of the sales contract or if requested (which will be subject to additional charges). Customers are charged for maintenance and repair service enquiries outside of the warranty period and/or scope.

7.5.2 Trading of cellulose casings



In general, the order for trading of cellulose casings may be completed between one (1) to three (3) months depending on, amongst others, customers' specifications and requirements, volume of order, production lead time, logistics arrangement and lead time, as well as the target delivery schedule required by the customers.

Stage 1: Order enquiry

Our sales and marketing personnel will follow-up and engage with potential customers that make enquiries to understand on their requirements particularly in terms of types of casings, specifications, quantity, grade, ingredients, colour, length and calibre range. We then proceed to prepare and issue the price quotations to the potential customers and advise them on the estimated timing of delivery. A sales contract will be prepared for the customer and/or a purchase order shall be received from the customer.

Stage 2: Order confirmation

An order is confirmed after we receive the signed sales contract, pro forma invoice or purchase order from customer including deposit, if any. A sales order will be created, and all the relevant departments involved will be notified and mobilised to fulfil the order.

Stage 3: Order fulfilment

We then proceed to place an order with the supplier. The supplier delivers our order based on the agreed upon terms and specifications. We request the supplier to ship the ordered cellulose casings directly to the customer's destination port or designated destination based on terms agreed with customer. The customer will make arrangement for the clearance and transportation of the arriving goods to their premises in accordance with the agreed terms.

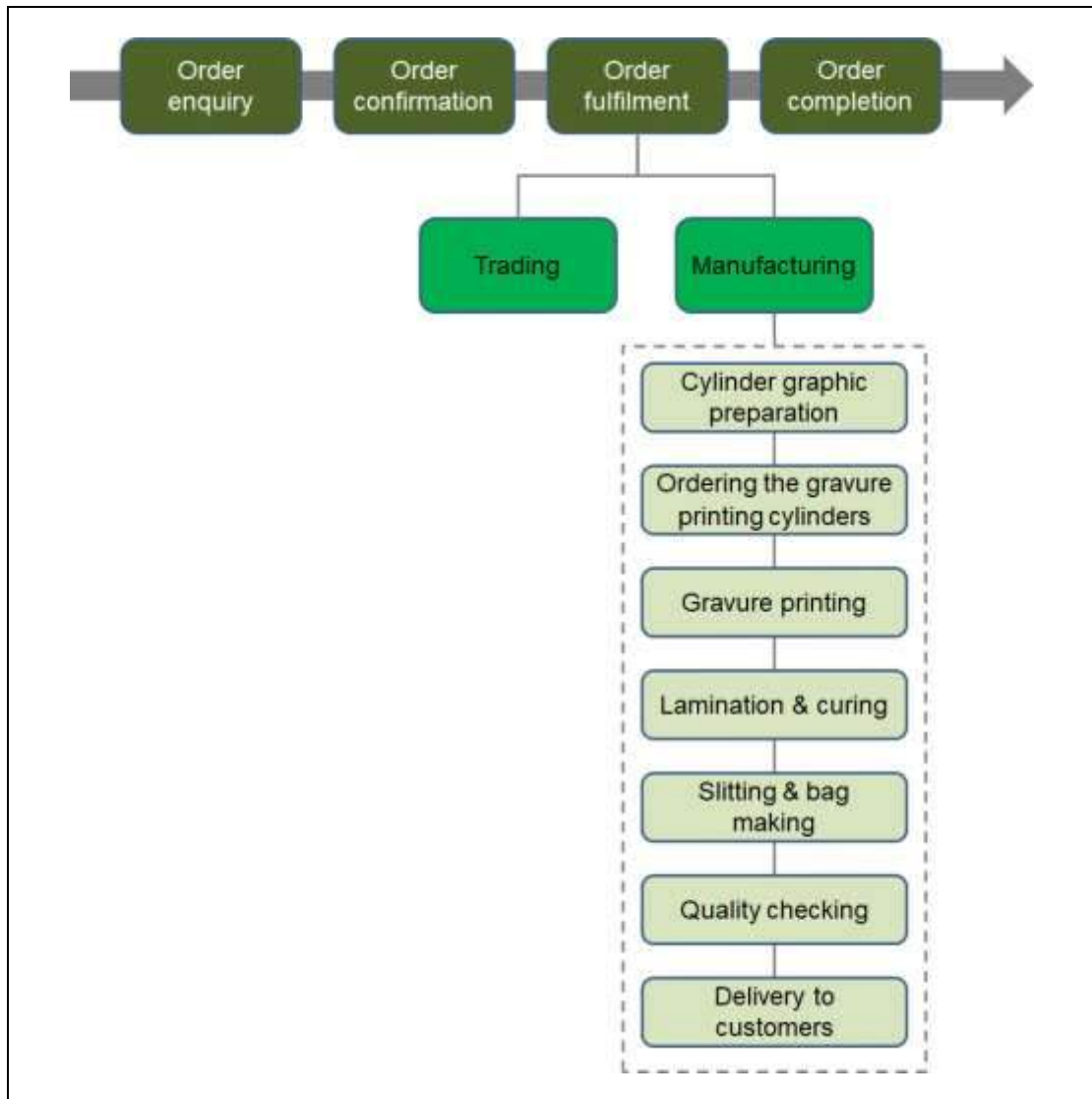
Stage 4: Order completion

Shipping documents such as packing list and commercial invoice will be issued to the customer. Invoice will be issued in accordance with the agreed terms.

7. BUSINESS OVERVIEW (cont'd)

7.5.3 Manufacturing and trading of flexible packaging materials

A general business process for manufacturing and trading of flexible packaging materials involves four (4) stages as follows: -



In general, the order for flexible packaging materials may be completed between one (1) to two (2) months depending on, amongst others, customers' specifications and requirements, volume of order, production lead time, logistics arrangement and lead time, as well as the target delivery schedule required by the customers.

7. BUSINESS OVERVIEW (*cont'd*)

Stage 1: Order enquiry

We will engage with potential customers to understand their requirements particularly in terms of flexible packaging materials and/or packaging bags, budget range, specific functionality, size and quantity. We then proceed to prepare and issue a price quotation to the potential customers and advise them on the estimated timing of product delivery.

Stage 2: Order confirmation

An order is confirmed after we receive the signed sales contract or purchase order including deposit, if any. A sales order will be created, and all the relevant departments involved will be notified and mobilised to fulfil the order.

For packaging materials with specific graphic requirements, the customers will need to provide us with the graphics through an Adobe Illustrator file. We will validate the Adobe Illustrator file to ensure it meets the proper production requirements and create paper proofs (trial impressions of the required graphics on paper), which will be sent to the customers for approval.

Stage 3: Order fulfilment

Depending on the type of order involved, order fulfilment can be divided into two (2) different natures namely trading and manufacturing as follows: -

(i) Trading

We will place an order with the supplier. Our suppliers generally deliver our order based on the agreed upon terms and specifications.

After that, we will conduct a quality check on the flexible packaging materials received prior to delivering them to the customers' premises to ensure that they are completed as required.

The goods will be delivered to our customers using our own lorry or by engaging logistics service providers. There are also instances where our customers will collect their orders from our premises based on 'ex-factory' prices and arrangements.

(ii) Manufacturing

(a) Cylinder graphic preparation

At the initial stage, the graphics used for the printing cylinders will be prepared for customer confirmation. Once the graphics are confirmed, they will be used to make the gravure printing cylinders.

(b) Ordering the gravure printing cylinders

An order of gravure cylinders will be placed with our supplier whereby the supplier will engrave the graphics onto the printing cylinders. There will be one (1) cylinder for each ink colour.

(c) Gravure printing

Our printing machine can undertake reverse gravure printing of up to eight (8) colours and can print on packaging materials such as biaxially-oriented polypropylene films, nylons or polyethylene terephthalate, depending on the requirement of the customers. Gravure printing is an intaglio process in which the graphic to be printed is engraved onto the printing cylinder capable of retaining ink. The engraved graphics will pick up ink and transfer it onto the packaging material layer by layer.

7. BUSINESS OVERVIEW (*cont'd*)

(d) Lamination & curing

We will proceed to bind a thin layer of plastic or aluminium, also known as a laminate, onto the resulting packaging materials to enhance the packaging material depending on the requirements of the customer and the item to be packed. After lamination, the rolls of packaging material will be cured in a curing machine.

(e) Slitting & bag making

The printed and laminated packaging materials are slit to size based on customers' requirements and wound into rolled form. If the packaging materials are required to be turned into packaging bags, we would outsource this process to external parties.

(f) Quality checking

We will undertake quality checks on the final goods.

(g) Delivery to customers

The final packaging materials are packed and delivered to the customers. The goods will be delivered to our customers using our own lorry or by engaging logistics service providers. There are also instances where our customers will collect their orders from our premises based on 'ex-factory' prices and arrangements.

Stage 4: Order completion

For local customers, an invoice and delivery order will be issued upon receiving the acknowledgement of receipt of goods.

For overseas customers, an invoice and packing list will be issued.

7.6 SALES AND MARKETING STRATEGIES

We have our own sales and marketing team and do not utilise any distribution channels in Malaysia as we believe in offering personalised services to our customers as well as approaching our targeted customers through face-to-face communications (personal visits). As at the LPD, our sales and marketing team consists of 14 personnel. Our team of dedicated sales and marketing personnel visit our existing and targeted customers from time to time to drive sales, improve our business relationships, and gather feedback pertaining to our offerings and their needs.

For key overseas markets, namely Indonesia and the Philippines, we engage the services of external sales and marketing agents to drive sales. As at the LPD, we have one (1) agent each for Indonesia (namely, PT Bestworld Perkasa) and the Philippines (namely, Radaire Mechanical and Electrical Engineering Services) respectively. For the FYE 2022, sales to customer identified by our agent in Indonesia amounted to RM5.31 million. The sales to customer identified by our agent in the Philippines only took place after the FYE 2022 and will be reflected in the FYE 2023.

Besides offering personalised services and engaging the services of third-party sales agents, our marketing approach and promotional strategies are implemented through various channels as follows: -

7. BUSINESS OVERVIEW (cont'd)

(i) Participation in local and international trade shows and/or exhibitions

We participate in local and international trade shows and exhibitions to promote our products and solicit overseas-based customers and meet up with potential suppliers. Examples of local and international trade show and/or exhibitions that we participated in the past were the Interpack Dusseldorf in Germany (in 2014, 2017 and May 2023), PACK EXPO International in USA (in 2012), PACK EXPO in USA (in 2014), ALL4PACK Paris in France (in 2016), Manufacturing Surabaya in Indonesia (in 2016), ProPak Vietnam (in 2017), Gulfood Manufacturing in United Arab Emirates (in 2018), THAIFEX – World of Food Asia in Thailand (in 2018 and 2019), Malaysia International Machinery Fair (in 2022 and July 2023) and ProPak Philippines (in February 2023); some of which are as illustrated below:



Manufacturing Surabaya (2016)



Interpack Dusseldorf (2017)



Malaysia International Machinery Fair (2022)



Malaysia International Machinery Fair (2023)

7. BUSINESS OVERVIEW (cont'd)

Such participation also enables our Group to keep abreast with latest industry developments, particularly on the competitive landscape of technological trends which can help shape our business strategies.

(ii) Utilisation of online marketing platforms

As at the LPD, we maintain three (3) corporate websites namely <https://www.epb.group>, <https://www.easypack.com.my/> and <https://www.bestworld.com.my/> that provides us online visibility to existing and potential customers who want to know more about us and our product offerings. This allows us to target a large pool of netizens and promote our direct engagement with them. Our online marketing strategy also involves the use of search engine optimisation services that drive unpaid traffic (which is derived from various searches such as image and video searches, news searches and academic searches instead of paying to the search engine providers). Besides that, we also have social media presence on LinkedIn.

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7. BUSINESS OVERVIEW (cont'd)

7.7 MAJOR LICENCES AND PERMITS

Save as disclosed below, as at the LPD, there are no other major licences and permits held by or issued to our subsidiaries in order for our Group to carry out our business operations: -

No.	Issuing authority	Licence	Nature of licence	Effective date/ Date of expiry	Major conditions imposed	Compliance status
1.	Seberang Perai City Council - EP Machinery	<u>Account No.</u> 51313811705 <u>Licence No.</u> PRI/02/20221227/6898	Licence for manufacturing of packaging machines at Plant 1	<u>Effective Date</u> 27 December 2022 <u>Date of Expiry</u> 31 December 2023 ⁽¹⁾	Nil	N/A
2.	MITI - EP Machinery	<u>Licence No.</u> A 021156 <u>Serial No.</u> A 035837	Licence for manufacturing of packaging machines and related modules and components at Plant 1	<u>Effective Date</u> 17 April 2017 ⁽²⁾	<ul style="list-style-type: none"> i. Applicable site: PMT 1186, Jalan Perindustrian Bukit Minyak 18, Taman Perindustrian Bukit Minyak, Penang Science Park, 14100 Simpang Ampat, Pulau Pinang, Malaysia (subject to the approval from the relevant state government and the Department of Environment); ii. The sales of EP Machinery's shares must be notified to the MITI and MIDA; iii. EP Machinery shall train Malaysians for technology transfer and expertise can be channelled at all levels of the position; and iv. EP Machinery shall implement its own projects as approved and in accordance with other laws and regulations in place in Malaysia. 	<p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p>
3.	MOF - EP Machinery	<u>Certificate No.</u> K66032913053609116 <u>Reference No.</u> 357-02225805	Registration certificate for; Field Code 130102: Engineering equipment and production machines/ machines, workshop equipment and production machines/special machines and equipment; 060501: chemicals, chemical materials and lab equipment, lab equipment with accessories; and 130101: engineering equipment and	<u>Effective Date</u> 11 August 2023 <u>Date of Expiry</u> 8 October 2026	<ul style="list-style-type: none"> i. EP Machinery must submit all information within the prescribed period when requested by the MOF; ii. EP Machinery must ensure that the fields and/or areas that have been registered under this certificate do not overlap with the fields that have been approved for any of the following companies: - 	<p>Noted</p> <p>Complied</p>

7. BUSINESS OVERVIEW (cont'd)

No.	Issuing authority	Licence	Nature of licence	Effective date/ Date of expiry	Major conditions imposed	Compliance status
			production machines/machines, workshop equipment and production machines/ machines and workshop equipment.		<p>a. having similar proprietor or board of directors/directors, management and supporting employees; or</p> <p>b. operate on the same premises.</p> <p>iii. Newly registered companies are not allowed to make any changes to the members or directors during the six (6) months' period from the date registered; and</p> <p>iv. EP Machinery must submit an application for renewal of registration three (3) months before the end of the registration period.</p>	<p>Complied</p> <p>Noted</p>
4.	Department of Occupational Safety and Health - EP Machinery	<u>Certificate No.</u> PMT-PP/23 138046 ⁽⁹⁾	Certificate of fitness for non-flammable pressure vessels	<u>Effective Date</u> 15 December 2023 <u>Date of Expiry</u> 6 March 2025	Subject to the provisions of the Factories and Machinery Act 1967 and of any Regulations made under it and such other terms and conditions specified in it.	Complied
5.	Ministry of Human Resources - EP Machinery	<u>Quota No.</u> KSM/FWCMS/BW4300 00065 <u>Reference No.</u> KSM/100/2023/014904	Conditional Approval on Employment of Foreign Workers	<u>Effective Date</u> 3 March 2023 <u>Date of Expiry</u> 4 September 2024	<p>i. Subject to the legislations below: -</p> <p>a. Employment Act 1955;</p> <p>b. Minimum wages;</p> <p>c. Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990;</p> <p>d. Employees' Social Security Act 1969;</p> <p>e. Other laws, legislations and regulations relating to employment of foreign workers.</p> <p>The foreign workers are allowed to work in category of basis worker ("pekerjaan asas") or operator only, employment of foreign workers in management level or as a manager are not allowed.</p>	Complied

7. BUSINESS OVERVIEW (cont'd)

No.	Issuing authority	Licence	Nature of licence	Effective date/ Date of expiry	Major conditions imposed	Compliance status
6.	Department of Labour Peninsular Malaysia, Ministry of Human Resources - EP Machinery	<u>Certificate No.</u> AC/10700/2022/0202 <u>Reference No.</u> PAC/10702/2022/62658	Certificate of Accommodation ("CoA") for premise at No. 1391, Jalan Wellesley, Sungai Bakap, 14200 Sungai Jawi, Pulau Pinang, Malaysia	<u>Effective Date</u> 28 June 2022 <u>Date of Expiry</u> 28 June 2025	<ul style="list-style-type: none"> i. Not to place more than twenty-four (24) people in the accommodation; ii. Subject to the Employees Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralised Accommodation) Regulations 2020; iii. Rental or charge for this accommodation is free of charge for all employees; iv. To report employee's occupant in the accommodation within thirty (30) days from the date of occupancy; v. To report on the cessation of the operation of this accommodation at least thirty (30) days before the date of cessation; and vi. To exhibit this CoA at the external wall of the accommodation that is suitable and easy to be identified. 	<p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Noted</p> <p>Complied</p>
7.	Department of Labour Peninsular Malaysia, Ministry of Human Resources - EP Machinery	<u>Certificate No.</u> AC/10700/2023/0036 <u>Reference No.</u> PAC/10702/2022/72684	CoA for premise at No. 2681, Jalan Padang Lallang, 14000 Bukit Mertajam, Pulau Pinang, Malaysia	<u>Effective Date</u> 4 April 2023 <u>Date of Expiry</u> 4 April 2026	<ul style="list-style-type: none"> i. Not to place more than 1110 people in the accommodation; ii. Subject to the Employees Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralised Accommodation) Regulations 2020; iii. To report on the cessation of the operation of this accommodation at least thirty (30) days before the date of cessation; and; and iv. To exhibit this CoA at the external wall of the accommodation that is suitable and easy to be identified. 	<p>Complied</p> <p>Complied</p> <p>Noted</p> <p>Complied</p>

7. BUSINESS OVERVIEW (cont'd)

No.	Issuing authority	Licence	Nature of licence	Effective date/ Date of expiry	Major conditions imposed	Compliance status
8.	Royal Malaysian Customs Department - EP Machinery	<u>Reference No.</u> P13-1808-28047968	Certificate of Registration under Section 13 of Sales Tax Act 2018	<u>Effective Date</u> From 1 September 2018 ⁽³⁾	Nil	N/A
9.	Board of Architects Malaysia - EP Machinery	<u>Serial No.</u> LJM/PP/00043	Certificate of Completion and Compliance for premise at PMT 1186, Jalan Perindustrian Bukit Minyak 18, Taman Perindustrian Bukit Minyak, Mukim 13, Daerah Seberang Perai Tengah, Pulau Pinang, Malaysia	<u>Effective Date</u> 27 October 2022 ⁽³⁾	Nil	N/A
10.	Seberang Perai City Council - EP Machinery	<u>Certificate No.</u> 50/1/2007 <u>Reference No.</u> MPSP 40/30-143/47	Certificate of Completion and Compliance for premise at 964, Jalan Perindustrian Bukit Minyak 6, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang, Malaysia	<u>Effective Date</u> 30 September 2005 and 21 March 2007 ⁽⁴⁾	Nil	N/A
11.	Malaysian Fire and Rescue Department - EP Machinery	<u>Licence No.</u> JBPM:PP/7/145/2023	Fire Certificate for premise at Plant 1	<u>Effective Date</u> 19 August 2023 <u>Date of Expiry</u> 18 August 2024	<p>i. The licence holder shall not make any changes to the premises that would affect the adequacy of personal safety facilities. In the event the licence holder is planning to make any changes/modifications to the premises which are related to the use of premises as stipulated in this certificate, a notice shall be given to this department together with relevant documents evidencing such plans of modification.</p> <p>ii. To submit an application for the renewal of the fire certificate, 30 days before the expiry date of the fire certificate. If the renewal application is made within 30 days before the expiry date of the fire certificate, a late penalty of RM 100.00 will be charged. If the renewal application is made after the expiry date of the fire certificate, then the application is not allowed and a new application must be made.</p> <p>iii. If the fire certificate is lost or destroyed, must within 14 days from the date of the loss or</p>	<p>Complied</p> <p>Noted</p> <p>Noted</p>

7. BUSINESS OVERVIEW (cont'd)

No.	Issuing authority	Licence	Nature of licence	Effective date/ Date of expiry	Major conditions imposed	Compliance status
					<p>destruction notify the authority in writing about the loss or destruction and apply for a replacement certificate by submitting a fee of RM50.00.</p> <p>iv. The fire certificate shall be displayed in a conspicuous place in any part of the premises and shall be available for inspection at any time.</p>	Complied
12.	Shah Alam City Council - EP Machinery KL	<p><u>Account No.</u> LOU1114420220014</p> <p><u>Reference No.</u> MBSA/LSP/LS/600-3/1/0254-22</p>	Licence for premise at No. 15, Jalan Pengetua U1/32, Seksyen U1, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor, Malaysia	<p><u>Effective Date</u> 28 June 2023</p> <p><u>Date of Expiry</u> 14 July 2024</p>	Nil	N/A
13.	Seberang Perai City Council - EP Manufacturing	<p><u>Licence No.</u> PRI/02/20221227/8385</p> <p><u>Account No.</u> 51313813958</p>	Licence for printing packaging material for premise at No. 964, Jalan Perindustrian Bukit Minyak 6, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang, Malaysia	<p><u>Effective Date</u> 27 December 2022</p> <p><u>Date of Expiry</u> 31 December 2023⁽¹⁾</p>	Nil	N/A
14.	Ministry of Home Affairs - EP Manufacturing	<p><u>Serial No.</u> A 051119</p>	Licence for printing machine licence for premise at No. 964, Jalan Perindustrian Bukit Minyak 6, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang, Malaysia	<p><u>Effective Date</u> From 1 August 2022⁽⁵⁾</p>	<p>i. This licence must be displayed at easily visible place at the premise where the printing machine is stored/used;</p> <p>ii. The address where the printing licence is stored or kept should not be changed unless the approval from the Minister of Home Affairs has been obtained;</p> <p>iii. The licensee shall be fully responsible for all of its printed materials;</p> <p>iv. Printing machines shall not be used to print any harmful publications or which may be harmful to public order, morals, safety, relationships with any foreign country or government, or which may be contrary to any laws or otherwise is harmful or may be harmful to the interests of public or national interests.</p>	<p>Complied</p> <p>Complied</p> <p>Noted</p> <p>Complied</p>

7. BUSINESS OVERVIEW (cont'd)

No.	Issuing authority	Licence	Nature of licence	Effective date/ Date of expiry	Major conditions imposed	Compliance status
15.	Department of Occupational Safety and Health - EP Manufacturing	<u>Certificate No.:</u> PMT-PP/23 121743	Certificate of fitness for non-flammable pressure vessels	<u>Effective Date</u> 18 May 2023 <u>Date of Expiry</u> 16 August 2024	Subject to the provisions of the Factories and Machinery Act 1967 and of any Regulations made under it and such other terms and conditions specified in it.	Complied
16.	Royal Malaysian Customs Department - EP Manufacturing	<u>Reference No.</u> P13-1808-28086551	Certificate of Registration under Section 13 of Sales Tax Act 2018	<u>Effective Date</u> 1 September 2018 ⁽³⁾	Nil	N/A
17.	MIDA - EP Manufacturing	<u>Reference No.</u> ICA 10/2022/00614	Exemption of Registration under the Industrial Co-ordination Act 1975	<u>Effective Date</u> 5 October 2022 ⁽⁶⁾	<p>i. Based upon the information submitted and in accordance with the provisions under Section 11 of Industrial Coordination Act, 1975 (Act 156), the Applicant is currently exempted from the Manufacturer's Licence to carry out 'Packing Film' production activities and 'Packaging Bag'.</p> <p>ii. The Applicant was requested to take note of the following matters: -</p> <p>(a) Section 11, Industrial Coordination Act, 1975 (Act 156) which states that: - '1.1 The Minister may by order exempt any manufacturing activity from all or any of the provisions of this Act.'</p> <p>(b) Industrial Coordination (Exemptions) (Amendment) Order 1986 P.U (A) 456/86 dated November 27, 1986 which provides that: - '2(1) The Minister hereby exempts from all provisions of the Industrial Coordination Act, 1975 (Act 156) for the specified manufacturing activities namely 'Packing Film' and 'Packaging Bag': -</p> <p>(1) for which the shareholder fund is less than Ringgit Malaysia two million five hundred thousand (RM2,500,000.00); and</p>	<p>Noted</p> <p>Noted</p>

7. BUSINESS OVERVIEW (cont'd)

No.	Issuing authority	Licence	Nature of licence	Effective date/ Date of expiry	Major conditions imposed	Compliance status
					<p>(2) for which the Applicant has less than seventy-five (75) full-time salaried employees.</p> <p>iii. The Applicant shall take the necessary actions to comply with the above regulations. If the Applicant you have exceeded the exemption provisions under the Industrial Coordination Act, 1975 (Act 156), please apply for a Manufacturer's Licence as provided under Section 4 of the Industrial Coordination Act, 1975 (Act 156). Applications must be submitted online through the InvestMalaysia portal at the link https://investmalaysia.mida.gov.my. Application guidelines can be found on the MIDA website at https://www.mida.gov.my.</p> <p>iv. The company must submit information on investment performance and project implementation under the Industrial Coordination Act, 1975 (Act 156) and the MIDA Act, 1965 when required by MIDA. Failure to submit such information may cause the company to: -</p> <p>(a) be guilty of an offence and may be fined not more than Ringgit Malaysia one thousand (RM1,000.00) or imprisoned for a period not exceeding three (3) months or both and be further fined not more than Ringgit Malaysia five hundred (RM500.00) for each day the offence continues; or</p> <p>(b) commit an offence if he provides any statement or other information that is false or misleading in any material detail and may be fined not exceeding Ringgit Malaysia two thousand (RM2,000.00) or imprisoned for a period not exceeding six (6) months or both.</p>	<p>Noted</p> <p>Noted</p>

7. BUSINESS OVERVIEW (cont'd)

No.	Issuing authority	Licence	Nature of licence	Effective date/ Date of expiry	Major conditions imposed	Compliance status
					v. The company must implement its project as proposed and in accordance with the law and other regulations stipulated in Malaysia.	Complied
18.	Seberang Perai City Council - BW Engineering	<u>Account No.</u> 51312979953 <u>Licence No.</u> PRI/02/20221220/2219	Licence for food processing machine manufacturing at No. 964, Jalan Perindustrian Bukit Minyak 6, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang, Malaysia	<u>Effective Date</u> 20 December 2022 <u>Date of Expiry</u> 31 December 2023 ⁽⁷⁾	Nil	N/A
19.	Pulau Pinang State Health Department - BW Engineering	<u>Licence No.</u> 011410 <u>Registration No.</u> PB0196/2023	Wholesaler's Poisons Licence (Type B Licence) under Poisons Act 1952	<u>Effective Date</u> 1 January 2023 <u>Date of Expiry</u> 31 December 2023 ⁽⁸⁾	<p>i. The licence holder is allowed to carry on the regulated activity to import, store, and sell by wholesale such poisons (not being Group A Poison) as specified as follows:</p> <p>1. Ammonia (5% and above) at No. 964, Jalan Perindustrian Bukit Minyak 6, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang, Malaysia only being the premises on which any sale or use of the poison may be affected, subject to the provisions of the Poisons Act 1952 and of any Regulations made under it and such other terms and conditions specified in it;</p> <p>ii. The licence holder shall only sell or supply the poison stipulated in the licence upon receipt of written signed order from the purchaser wholesale of any poison shall not deliver it until receipt of a written order in respect of such sale signed by the purchaser and containing the name and address of the purchaser, the date of the sale, the name and quantity of the poison sold and the purposes for which it is stated by the purchaser to be required;</p> <p>iii. The Licence Holder shall not import or conduct business as a broker or distributor agent save for tender company and company which is recognised by the supplier to be agent; and</p>	<p>Noted</p> <p>Complied</p> <p>Complied</p>

7. BUSINESS OVERVIEW (cont'd)

No.	Issuing authority	Licence	Nature of licence	Effective date/ Date of expiry	Major conditions imposed	Compliance status
					iv. This licence shall be personal to the licensee named therein and shall not in any case, be transferable to any non-licensee without the approval from the state's Licensing Officer, and no licence shall authorize the sale of any poison by any person other than the person named therein or otherwise than under his personal supervision.	Complied
20.	Shah Alam City Council - BW Engineering	<u>Account No.</u> LOU1114420210019 <u>Reference No.</u> MBSA/LSP/LS/600-3/1/0186	Industrial licence for premise at No. 18, Jalan Pendidik U1/31, Seksyen U1, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor, Malaysia	<u>Effective Date</u> 16 June 2023 <u>Date of Expiry</u> 14 July 2024	Nil	N/A
21.	MITI - BW Engineering	<u>Licence No.</u> A 024537 <u>Serial No.</u> A 040811	Licence for manufacturing of industrial refrigeration for premise at No. 964, Jalan Perindustrian Bukit Minyak 6, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang, Malaysia	<u>Effective Date</u> From 20 April 2022 ⁽²⁾	i. Applicable site: No. 964, Jalan Perindustrian Bukit Minyak 6, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang, Malaysia (subject to the approval from the relevant state government and the Department of Environment); ii. The sales of BW Engineering's shares must be notified to the MITI and MIDA; iii. BW Engineering shall train Malaysians for technology transfer and expertise can be channelled at all levels of the position; and iv. BW Engineering must adhere to the Capital Investment Per Employee at least RM140,000.00. v. At least 80% of the total workforce of BW Engineering must be Malaysians. The employment of foreign workers shall be in accordance with the policy in force at that time. vi. BW Engineering must submit information relating to the performance of investment and implementation of project under the Industrial Co-ordination Act 1975 and MIDA Act 1965, as and when requested by MIDA. Failing to submit the	Complied Complied Complied Complied Noted

7. BUSINESS OVERVIEW (cont'd)

No.	Issuing authority	Licence	Nature of licence	Effective date/ Date of expiry	Major conditions imposed	Compliance status
					<p>information above might result in BW Engineering:</p> <p>-</p> <p>(a) commits an offence and liable to fine of not more than RM 1,000.00 or imprisonment of not more than 3 months or to both, and to be liable to further fine of not more than RM500.00 for each and every day of the continuing offence; or</p> <p>(b) commits an offence in the event BW Engineering submit information or statement that is false or confusing in details and can be liable to a fine of not exceeding RM 2,000.00 or imprisonment of not more than 6 months or to both.</p> <p>vii. BW Engineering shall implement its own projects as approved and in accordance with other laws and regulations in place in Malaysia.</p>	Complied
22.	Royal Malaysian Customs Department - BW Engineering	<u>Reference No.</u> P13-1808-28049172	Certificate of Registration under Section 13 of Sales Tax Act 2018	<u>Effective Date</u> From 1 September 2018 ⁽³⁾	Nil	N/A
23.	Construction Industry Development Board - BW Engineering	<u>Registration No.</u> 0120170825-PP002903	Certificate of Registration under Part VI of the Construction Industry Development Board Act 1994	<u>Effective Date</u> 23 August 2022 <u>Date of Expiry</u> 21 August 2024	Nil	N/A
24.	Seberang Perai City Council - BW Engineering	<u>Account No.</u> 540167298600892 <u>Licence No.</u> PRI/02/20230106/2787	Licence for warehousing at No. 19, Lorong Asas Jaya 19, Kawasan Industri Ringan Asasjaya, 14000 Bukit Mertajam, Pulau Pinang, Malaysia	<u>Effective Date</u> 6 January 2023 <u>Date of Expiry</u> 31 December 2023 ⁽¹⁾	Nil	N/A

7. BUSINESS OVERVIEW (cont'd)

No.	Issuing authority	Licence	Nature of licence	Effective date/ Date of expiry	Major conditions imposed	Compliance status
25.	Seberang Perai City Council - EPB	<u>Account No.</u> 540169958546040 <u>Licence No.</u> PRI/01/20231208/0205	Licence as an investment holding company at PMT 1186, Jalan Perindustrian Bukit Minyak 18, Taman Perindustrian Bukit Minyak, Penang Science Park, 14100 Simpang Ampat, Pulau Pinang, Malaysia	<u>Effective Date</u> 5 December 2023 <u>Date of Expiry</u> 31 December 2024	Nil	N/A
26.	Department of Occupational Safety and Health - EP Machinery	<u>Certificate No.</u> PMT-PP/24 139516	Certificate of fitness for non-flammable pressure vessels	<u>Effective Date</u> 11 January 2024 <u>Date of Expiry</u> 18 March 2025	Subject to the provisions of the Factories and Machinery Act 1967 and of any Regulations made under it and such other terms and conditions specified in it.	Complied



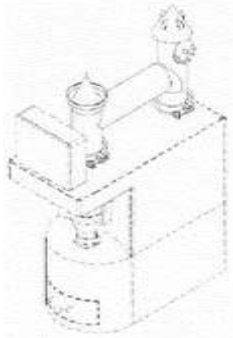
Notes: -

- (1) The licence from the Seberang Perai City Council have been issued on 10 October 2023 and the date of expiry is on 31 December 2024.
- (2) The licence remains valid until and unless it is being revoked under section 6 of the Industrial Co-ordination Act 1975.
- (3) The licence is valid in perpetuity.
- (4) The licence is valid in perpetuity and there are two (2) building plans involved.
- (5) The licence remains valid until and unless it is being revoked under section 3 of the Printing Presses and Publications Act 1984.
- (6) The exemption of registration remains valid until and unless the company is required to apply for licence under section 4 of the Industrial Co-ordination Act 1975.
- (7) The licence from the Seberang Perai City Council have been issued on 9 October 2023 and the date of expiry is on 31 December 2024.
- (8) The licence from the Pulau Pinang State Health Department have been issued on 20 October 2023 and the date of expiry is on 31 December 2024.
- (9) The certificate of fitness for non-flammable pressure vessels from the Department of Occupational Safety and Health for EP Machinery's air receiver tank has expired on 3 November 2023. EP Machinery has procured a new air receiver tank and obtained the relevant licence for the new air receiver tank on 15 December 2023.


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7. BUSINESS OVERVIEW (cont'd)

7.8 BRAND NAME, TRADE MARK, LICENCE AGREEMENT AND TECHNICAL AGREEMENT

No.	Type of Intellectual Property Rights/ Trademark/Article Name	Issuing Authority	Registered Owner/Registered Proprietor/Applicant	Trademark No./ Registration No./ Application No.	Legal Status/Date of Legal Status/Expiry Date	Class
1.	Trademark 	Intellectual Property Corporation of Malaysia	EP Machinery	Application No. 03004368	Effective Date 15 April 2003 Date of Expiry 15 April 2033	7 ⁽¹⁾
2.	Trademark 	Intellectual Property Corporation of Malaysia	EP Machinery	Application No. 2018064558	Effective Date 25 July 2018 Date of Expiry 25 July 2028	7 ⁽²⁾
3.	Industrial Design Coffee Machine 	Intellectual Property Corporation of Malaysia	EP Machinery	Application No. MY 18-E0041-0101	Effective Date 17 January 2023 Date of Expiry 2 February 2028	3100 ⁽³⁾

7. BUSINESS OVERVIEW (cont'd)

No.	Type of Intellectual Property Rights/ Trademark/Article Name	Issuing Authority	Registered Owner/Registered Proprietor/Applicant	Trademark No./ Registration No./ Application No.	Legal Status/Date of Legal Status/Expiry Date	Class
4.	Trademark 	Intellectual Property Corporation of Malaysia	EPB Group Berhad	Application No. TM2022028274	Effective Date 26 October 2022 Date of Expiry 26 October 2032	36 ⁽⁴⁾

Notes: -

- (1) *Packaging machines; packaging machines for wrapping; packaging machines for gas flushing bags; packaging machines for gas flushing bags made from plastics materials; packaging machines for sealing of bags; packaging machines for sealing of bags made from plastics materials; packaging machines for the evacuation of bags and bags made from plastics materials; packaging apparatus; pack assembling machines; pack dispensing machines; pack emptying machines; pack opening machines; packaging machines for goods with strips and wires; packing machines for packing goods with strips and wires; packing machines for tensioning goods with strips and wires; packing machines for web rollers; packing machines using a hoop casing process.*
- (2) *Packaging machines for food; machines for packaging; machines for manufacturing packaging materials; machines for processing foodstuffs; machines for producing bags; beverage making machines; packaging machines for wrapping; machines for sealing packaging containers; vacuum packaging machines; electrical apparatus for sealing plastics packaging; stretch-wrapping machines for applying plastics material to palletized loads; electric food preparation machines; automatic packing machines for food; bottle capping machines for food and beverages; bottling machines; machines for the preparation of foodstuffs electric kitchen, other than cooking; packing machines; machines for processing plastics; extruding machines; dispensing machines other than vending machines; combined wire strippers and cutters machines.*
- (3) *Refers to the class of machines and appliances for preparing food or drink, not elsewhere specified (Note: Not including hand-operated utensils, instruments and appliances for serving or preparing food or drink (Cl. 7)). Class 31-00 refers to 'Machines and Appliances for Preparing Food or Drink, Not Elsewhere Specified'.*
- (4) *Equity capital investment; financial investment; financial investment analysis and stock research; investment management services; investment portfolio management services; investment trust services; investment trust management; stock investment management; capital investment; capital investment fund management; financial investment services in the fields of securities, mutual funds and portfolio management; international fund investment; investment of funds; portfolio management and investment services; funding of product development. Upon Listing, our Group intends to use this trademark as the primary corporate logo in its efforts to promote a unified corporate identity for our Group.*

Our Group's business and profitability are not dependent on the intellectual properties listed above. The above intellectual properties have been registered with the Intellectual Property Corporation of Malaysia to protect the intellectual property rights of our Group.

7. BUSINESS OVERVIEW (cont'd)

7.9 DEPENDENCY ON CONTRACTS, ARRANGEMENTS, LICENCES AND PATENTS

As at the LPD, save for the major licences and permits as set out in Section 7.7 of this Prospectus, our Group is not dependent on any other contracts/arrangements/licences/patents.

7.10 PROPERTY, PLANT AND EQUIPMENT

7.10.1 Properties owned by our Group

As at the LPD, the details of the property owned by our Group are as follows: -

Registered/ Beneficial Owner	Title/Address	Description/ Existing Use	Tenure of Property/Date of Expiry of Lease	Approximate Land/ Built-up Area (Sq Ft)	Date of CF/CCC	Date of Sale and Purchase Agreement	Group audited NBV as at 31 December 2022 (RM'000)	Encumbrance
EP Machinery	<p>Title PN11089 (previously known as HSD 61425), Mukim 13, Lot 20457, Seberang Perai Tengah, Pulau Pinang, Malaysia</p> <p><u>Address</u> PMT 1186, Jalan Perindustrian Bukit Minyak 18, Taman Perindustrian Bukit Minyak, Penang Science Park, 14100 Simpang Ampat, Pulau Pinang, Malaysia</p>	Single-storey factory with three-storey office/ Industrial use and office	A lease of sixty (60) years expiring on 7 July 2074	85,401/61,250	27 October 2022	28 June 2013	7,432	A charge in favour of RHB Bank Berhad created on 24 December 2014 with registration number 0799SC2014047477

7. BUSINESS OVERVIEW (cont'd)

Registered/ Beneficial Owner	Title/Address	Description/ Existing Use	Tenure of Property/Date of Expiry of Lease	Approximate Land/ Built-up Area (Sq Ft)	Date of CF/CCC	Date of Sale and Purchase Agreement	Group audited NBV as at 31 December 2022 (RM'000)	Encumbrance
EP Machinery	<p><u>Title</u> PN7228 (previously known as HSD 55919), Mukim 13, Lot.6616, Seberang Perai Tengah, Pulau Pinang, Malaysia</p> <p><u>Address</u> No. 964 Jalan Perindustrian Bukit Minyak 6, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang, Malaysia</p>	Single-storey factory with two (2)-storey office/ Industrial use and office	A lease of sixty (60) years expiring on 15 May 2068	43,562/24,038	25 May 2007	22 August 2005	4,602	<p>i. A charge in favour of EON Bank Berhad created on 16 December 2009 with registration number 0799SC2009047934</p> <p>ii. A charge in favour of EON Bank Berhad created on 16th December 2009 with registration number 0799SC2009047935</p> <p>iii. A charge in favour of EON Bank Berhad created on 16th December 2009 with registration number 0799SC2009047936</p> <p>iv. A charge in favour of EON Bank Berhad created on 3rd August 2010 with registration number 0799SC2010026758</p> <p>v. A charge in favour of Hong Leong Islamic Bank Berhad created on 25th March 2019 with registration number 0799SC2019007894</p>
						Total	12,034	

As at the LPD, our Board confirms that we have complied with all regulatory requirements and have not experienced any environmental issues which may materially affect our Group's operation and utilisation of the properties owned by our Group as set out above.

7. BUSINESS OVERVIEW (cont'd)

7.10.2 Properties rented by our Group

Landlord/Tenant	Title/Address	Description/ Existing Use	Tenure of Property/ Date of Expiry of Lease	Date of CF/ CCC	Approximate Land/ Built-up Area (Sq Ft)	Annual Rental (RM)
Harvinder Singh A/L Daya Singh/ BW Engineering	<u>Address</u> No. 18, Jalan Pendidik U1/31, Seksyen U1, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia	One and half (1½)- storey factory/ Office, machinery assembly and storage	1 August 2023 – 31 July 2026 (with option to renew for a further (3) years)	10 July 1997	3,897/4,988	66,000
Koid Aik Cheaw/ BW Engineering	<u>Address</u> No. 19, Lorong Asas Jaya 19, Kawasan Industrial Ringan Asas Jaya, 14000 Bukit Mertajam, Pulau Pinang, Malaysia	One and half (1½)- storey building/ Commercial use	1 August 2022 – 31 July 2024 (with option to renew for a further one (1) year)	5 January 2016	7,976/2,482	72,000
Lim Jun Wei/ EP Machinery	<u>Address</u> No. 37, Lorong Lembah Indah 4, Taman Lembah Indah, 14100 Simpang Ampat, Pulau Pinang, Malaysia	Two (2)-storey terrace house/ Temporary employee accommodation	1 May 2023 – 30 April 2024 (with an option to renew for another one (1) year)	5 May 2016	1,399/2,360	12,000
Universal Best Sdn. Bhd./ EP Machinery	<u>Address</u> No. 2681, Jalan Padang Lallang, 14000 Bukit Mertajam, Pulau Pinang, Malaysia	Hostel/ Foreign worker accommodation	1 May 2023 – 30 October 2024	26 September 2016	12,240/6,800	4,745
Universal Best Sdn. Bhd./ EP Machinery	<u>Address</u> No. 2681, Jalan Padang Lallang, 14000 Bukit Mertajam, Pulau Pinang, Malaysia	Hostel/ Foreign worker accommodation	19 January 2024 – 18 July 2024	26 September 2016	12,240/6,800	7,020 ⁽²⁾
Yeoh Chee Min/ EP Machinery KL	<u>Address</u> No. 15, Jalan Pengetua U1/32, Seksyen U1, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia	One and half (1½)- storey factory/ Office, machinery assembly and storage	1 July 2022 – 30 June 2024	10 July 1997	3,305/3,784	66,000
Yeoh Chee Min/ EP Machinery	<u>Address</u> No. 1391, Jalan Wellesley, Sungai Jawi, 14200 Sungai Jawi, Pulau Pinang, Malaysia	Two (2)-storey bungalow/ Foreign worker accommodation	1 January 2021 – 31 December 2024	17 September 2002	6,426/1,986	24,000

7. BUSINESS OVERVIEW (cont'd)

Landlord/Tenant	Title/Address	Description/ Existing Use	Tenure of Property/ Date of Expiry of Lease	Date of CF/ CCC	Approximate Land/ Built-up Area (Sq Ft)	Annual Rental (RM)
Hans Advisory & Trust Co. Ltd./ BW Perkasa Labuan	<u>Address</u> Room 07, Lot C12, 1 st Floor, Podium Level, Financial Park, Jalan Merdeka, 87000 Labuan F.T., Malaysia.	Office tower / Office	1 December 2022 – 30 November 2023 ⁽³⁾	23 June 1997	484,484/26.25 ⁽¹⁾	6,000

Notes: -

- (1) The office rented is a co-working space and the built-up area refers to the area currently occupied by our Group.
(2) The tenure of the tenancy is for a period of six (6) months only. Hence, the amount provided is the total rental for six (6) months.
(3) The tenancy agreement has been renewed for an additional one (1) year period commencing from 1 December 2023 to 30 November 2024.

As at the LPD, our Board confirms that we are not in breach of any of the relevant land rules and building regulations governing the properties occupied by our Group as set out above.

7.10.3 Material plant and equipment

As at 31 December 2022, our material plant and equipment are as follows: -

Machinery and equipment	Functions	No. of units	Average useful lifespan (years)	Approximate age (years)	NBV as at 31 December 2022 (RM'000)
Gravure printing machine ⁽¹⁾	Gravure (printing) of cylinder	1	10	5	470
CNC machine ⁽²⁾	Milling and lathing metal or plastic parts	3	10	2 - 3	384
Laminating Machine ⁽¹⁾	Laminating of packaging materials	1	10	5	326
Fiber laser cutting machine ⁽²⁾	Laser cutting of sheet metal	1	10	2	228
Rewinding machine ⁽¹⁾	Rewinding on films	1	10	6	58

Notes: -

- (1) Used in our manufacturing and trading of flexible packaging materials business segment.
(2) Used in our food processing and packaging machinery solutions business segment.

Based on our accounting policy, the estimated useful life of our machinery is 10 years. Please refer to Note 2.5 of Section 12 of this Prospectus for further details on the estimated useful life of our machinery and equipment.

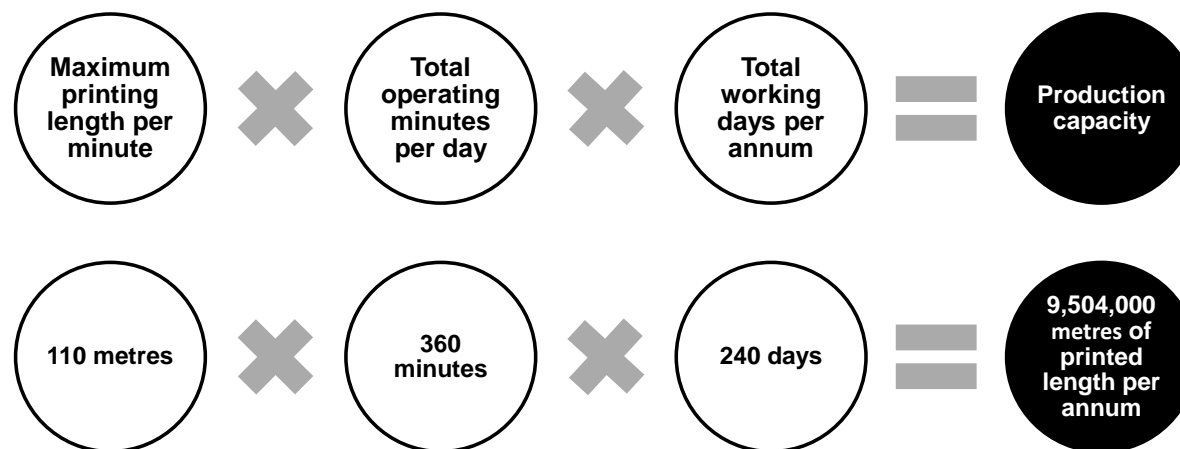
Our policy is to use our machinery and equipment for at least the duration of their estimated useful life. Thereafter, we would consider the ongoing cost of repair and maintenance relative to the costs and benefits of the new machinery and equipment.

7. BUSINESS OVERVIEW (cont'd)

7.10.4 Operating capacities and utilisation rate

Our Group's maximum yearly production capacity and utilisation rates for the manufacture of flexible packaging materials are set out as follows: -

For our flexible packaging materials business segment, we have the capacity to print flexible packaging materials for up to 9,504,000 metres in length per annum. For illustration purpose, we calculate our maximum production capacity for the printing of flexible packaging materials based on the following formula:



Parameters	Details
<ul style="list-style-type: none"> • Maximum printing length per minute • Total operating minutes per day • Total working days per annum 	<ul style="list-style-type: none"> • The maximum length of flexible packaging material that can be printed by our machine in a minute. • Our production employees work for 6 hours in a day after excluding 2 hours of break time for lunch and prayer. As such, the total operating minutes per day is derived from multiplying 60 minutes with 6 (hours). • Our production employees work for 5 days in a week and based on around 4 weeks in a month and 12 months in a year, total working days per annum is equivalent to multiplying 5 days with 4 (weeks) with 12 (months).

7. BUSINESS OVERVIEW (cont'd)

For the FYE 2022, we achieved an annual production capacity utilisation rate of 20.9% for the printing of flexible packaging materials.

Other than the flexible packaging materials business segment, our Group are also involved in two (2) other business segments namely the food processing and packaging machinery solutions and trading of cellulose casings. Conventional measures of production capacity and utilisation rate are not relevant and cannot be applied to the activities for the two (2) other business segments due to their respective nature of business.

The main factors which may impact production/limit the delivery of food processing and packaging machinery solutions to our customers are as follows: -

(i) Availability of floor space required for fabrication and assembly works

The products supplied under our food processing and packaging machinery solutions business segment come in various sizes and scale depending on the complexity of design and customer's specifications and requirements. Our integrated and automated food processing and packaging lines provided under the turnkey solutions are usually larger and more complex in nature in terms of scale and design, and in turn utilises more floor space and requires a longer lead time; as compared to standard-alone machinery provided under the standard solutions. There will be a need to increase the floor space designated for fabrication and assembly activities to cater for our business strategies and future plans as set out in Section 7.20 of this Prospectus.

(ii) Manpower and machinery capacity and capability

The output of food processing and packaging machinery solutions offered by us is dependent on the size and technical expertise of our engineering and production team. They play critical role in the initial design and conceptualisation, assembly and configuration, integration, installation and provision of after sales technical support. As at the LPD, we have a total of 81 engineers, technical and supervisory personnel and production staff. Furthermore, the output and type of our solutions offering are also dependent on the machineries used in our fabrication activities, particularly the CNC and laser cutting machines. As at the LPD, we own three (3) units of CNC machines and one (1) unit of laser cutting machine that are used for the fabrication of necessary metal and plastic components under our food processing and packaging machinery solutions business segment. There will be a need to employ more professionals in relation to the food processing and packaging machinery solutions business segment and enhance the machinery used for fabrication and assembly activities to cater for our business strategies and future plans as set out in Section 7.20 of this Prospectus.

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7. BUSINESS OVERVIEW (cont'd)

7.10.5 Regulatory requirements and environmental issue

As at the LPD, our Group is in compliance in respect of all relevant laws, regulations, rules or requirements governing the conduct of our Group's business and environmental issue which may materially affect our Group's business or operations.

We set out below, an overview of the relevant laws and regulatory requirements governing the conduct of our business and environmental issue, which may materially affect our Group's business or operations: -

(i) Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990

Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 ("EMSHAA") establishes the minimum housing, nurseries and accommodation criteria for employees (and their dependents, if applicable) as well as health, hospital, medical and social amenities to be provided by the employers to their employees.

Section 24F of the EMSHAA provides that an employer or a centralised accommodation provider is required to ensure that every accommodation provided for employees complies with the minimum standards required under the EMSHAA or regulations made thereunder. The requirements include minimum living space standards and a minimum bathroom-to-employee ratio in the workers' accommodation.

Section 24D(1) of the EMSHAA also provides that no accommodation shall be provided (whether as an employer or as a centralised accommodation provider) to an employee unless certified with a CoA from the Director General of Labour, failing which the employer will be liable to a fine not exceeding RM50,000.00 upon conviction.

In compliance with the EMSHAA, our Group has obtained a CoA dated 28 June 2022 for accommodation at 1391, Jalan Wellesley Sungai Jawi, 14200 Sungai Jawi, Pulau Pinang for a period of three (3) years up to 28 June 2025. A CoA dated 4 April 2023 for accommodation at No. 2681, Jalan Padang Lallang, 14000 Bukit Mertajam, Pulau Pinang occupied by our Group's employees has also been obtained by Universal Best Sdn Bhd (being the centralised accommodation provider) for a period of three (3) years up to 4 April 2026.

(ii) Environmental Quality Act 1974

Environmental Quality Act 1974 ("EQA") governs the enforcement of waste disposal and regulates the prevention, abatement, control of pollution and enhancement of the environment.

The EQA 1974 regulates the deposit, discharge or disposal of any scheduled wastes on land or into Malaysian waters; receiving or sending, or causing or permitting to be received or sent any scheduled wastes in or out of Malaysia; or transiting or causing or permitting the transit of scheduled wastes. Section 29(2) of the EQA provides that any person who fails to comply with the relevant requirements shall be guilty of an offence and shall on conviction, be liable to a fine not exceeding RM50,000.00 or to imprisonment for a period not exceeding 5 years or to both.

The EQA 1974 further provides that where an offence against the EQA 1974 or any regulations made thereunder has been committed by a company, firm, society or other body of persons, any person who at the time of committing the offence is a director, chief executive officer, manager, or other similar officer or a partner of the company, firm, society or other body of persons or was purporting to act in such capacity shall be deemed to be guilty of that offence unless he proves that the offence was committed without his consent or connivance and that he has exercised all such diligence as to prevent committing the offence as he ought to have exercised having regard to the nature of his functions in that capacity and to all the circumstances.

7. BUSINESS OVERVIEW (cont'd)

As at LPD, our Group has the necessary licences/permits and/or has engaged the relevant licence holder to carry out the disposal of wastes. The said licences/permits are set out in Section 7.7 of this Prospectus.

(iii) Factories and Machinery Act 1967

The Factories and Machinery Act 1967 ('**FMA**') governs matters relating to the registration and inspection of machinery as well as safety, health and welfare of person.

Section 19(1) of the FMA provides that no person shall operate or cause or permit to be operated any machinery unless with a valid certificate of fitness issues under the FMA. Any person who fails to obtain a certificate of fitness for the operation of machinery shall be guilty of an offence and shall on conviction, be liable to a fine not exceeding RM 150,000.00 or to imprisonment for a term not exceeding 3 years or to both.

As at LPD, our Group has the necessary licences/permits to operate machineries. The said licences/permits are set out in Section 7.7 of this Prospectus.

(iv) Local Government Act 1976

The Local Government Act 1976 ("**LGA**") and the by-laws of the respective local councils and authorities set out the requirements to obtain business and signage licences.

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 therefore. Pursuant to LGA, a person who fails to exhibit or produce his licence on the licensed premises shall be liable to a fine not exceeding RM500.00 or to imprisonment for a term not exceeding 6 months or to both.

As our business premises are located in Penang and Selangor, we come under the jurisdiction of the Seberang Perai City Council and Shah Alam City Council.

As at the LPD, our Group holds and maintains valid business premises licences for all our operating business premises as set out in Section 7.7 of this Prospectus.

(v) Occupational Safety and Health Act 1994

The Occupational Safety and Health Act 1994 ("**OSHA**") regulates the safety, health and welfare of persons at workplace, protecting others against the risks to safety or health in connection with the activities of persons at workplace.

It is the duty of the employer to ensure, so far as practicable, the safety, health and welfare at work of all his employees, which includes the maintenance of plant and system of work that are safe and without risks to health, the provision of information, instruction, training and supervision that are necessary at work, and the maintenance of working environment as a whole, so as to ensure the adequacy of facilities at work in terms of safety, health and welfare of the employees.

As at the LPD, our Group is in compliance with the OSHA and is not subject to any pending investigation by the National Council for Occupational Safety and Health.

7. BUSINESS OVERVIEW (cont'd)

(vi) Sales Tax Act 2018

Sales Tax Act 2018 (“**STA**”) governs the imposition and collection of sales tax, and for matters connected therewith.

Pursuant to the STA, the term “manufacturer” means a person who engages in the manufacture of goods and the term “manufacture” means, in relation to goods other than petroleum, the conversion by manual or mechanical means of organic or inorganic materials into a new product by changing the size, shape, composition, nature or quality of such materials and includes the assembly of parts into a piece of machinery or other products, but does not include the installation of machinery or equipment for the purpose of construction.

Any manufacturer who is under a duty to register shall apply to the Director General of Customs and Excise for registration as a registered manufacturer. Failure to register commits an offence and shall, on conviction, be liable to a fine not exceeding RM30,000.00 or to imprisonment for a term not exceeding 2 years or to both.

As at the LPD, our Group holds the Certificate of Registration under Section 13 of STA 2018 as set out in Section 7.7 of this Prospectus.

(vii) Street, Drainage and Building Act 1974

Street, Drainage and Building Act 1974 (“**SDBA**”) and the by-laws enacted by the relevant state government govern the matters relating to street, drainage and building in local authority areas in Peninsular Malaysia.

The SDBA was implemented by the local authorities of Peninsular Malaysia and it stipulates that every building or part of a building must have a Certificate of Completion and Compliance (“**CCC**”) before it may be occupied.

Under the Uniform Building By-Laws 1984 (“**UBBL**”) which was issued pursuant to the SDBA, a CCC will only be issued by the local authority upon receipt of certification in relevant forms by a qualified person i.e. an architect, registered building draughtsman or engineer.

To the best of their knowledge, a qualified person must be satisfied that: (i) the relevant building has been constructed in accordance to UBBL; (ii) any conditions imposed by the local authority have been satisfied; (iii) all essential services have been provided; and (iv) responsibilities have been accepted for the portions that are being concerned with.

Pursuant to the SDBA, a person who occupies a premise without a CCC is subject to a fine of up to RM250,000.00 or to imprisonment for a term of up to 10 years, or to both.

As at the LPD, our owned properties have a record of validly obtained CCC.

The above summary does not purport to be an exhaustive description of all laws and regulations of which our Group is subject to. For information purposes, some other common laws and regulatory requirements governing the conduct of our business and environmental issue are as follows: -

- (i) Bank Negara Malaysia (“**BNM**”) Notices on Foreign Exchange Policy which set out the approvals of the BNM for transactions which otherwise are prohibited under section 214(2) read together with schedule 14 of the Financial Services Act 2013 and section 225(2) read together with schedule 14 of the Islamic Financial Services Act 2013; and requirements, restrictions and conditions of the approvals aforementioned;
- (ii) Customs Act 1967 and regulations made thereunder provide for the procedures and measures applied by officers of customs before the release of goods and the customs duty leviable thereon;

7. BUSINESS OVERVIEW (cont'd)

- (iii) Companies Act 2016 which provides for the registration, administration and dissolution of companies and corporations and to provide for related matters thereon;
- (iv) Employees' Social Security Act 1969;
- (v) Employment Act 1955 governing employment laws in Peninsular Malaysia;
- (vi) Employment Insurance System Act 2017 which provides for the Employment Insurance System administered by the Social Security Organization to provide certain benefits and a re-employment placement programme for insured persons in the event of loss of employment which will promote active labour market policies, and for matters connected therewith;
- (vii) Employees Provident Fund Act 1991 which provides for the law relating to a scheme of savings for employees' retirement and the management of savings for retirement purposes and matters incidental thereto;
- (viii) Industrial Relations Act 1967 which provides for the regulation of the relations between employers and workmen and their trade unions and the prevention and settlement of any differences or disputes arising from their relationship and generally to deal with trade disputes and matters arising therefrom;
- (ix) Immigration Act 1959/63 which governs the admission and departure from Malaysia;
- (x) Labuan Companies Act 1990 which provides for the incorporation, registration and administration of Labuan companies and foreign Labuan companies and for matters connected therewith;
- (xi) Income Tax Act 1967 and the prevailing taxation policies in Malaysia;
- (xii) National Land Code 1965 governing the administration of land matters in Peninsular Malaysia;
- (xiii) Passports Act 1966 which regulates the possession and production of travel documents by persons entering or leaving Malaysia and matters connected therewith;
- (xiv) Poison Act 1952 which regulates the import, possession, manufacture, compounding, storage, transportation, sale and use of poisons;
- (xv) Sale of Goods Act 1957 governing the sale of goods;
- (xvi) Service Tax Act 2018 which governs the imposition and collection of service tax, and for matters connected therewith; and
- (xvii) Town and Country Planning Act 1976 which regulates the planning of development and use of all lands and buildings within the area of every local authority in Peninsular Malaysia.

Save as disclosed below, as at the date of this Prospectus, there are no on-going regulatory audits or inspections by regulatory authorities: -

(a) BW Engineering

The company has received a letter from the Inland Revenue Board of Malaysia ("IRB") dated 9 May 2023 requesting for some documents for the years of assessment 2019, 2020 and 2021. The company has submitted the relevant documents to the IRB on 29 May 2023. As at the date of this Prospectus, the company is still pending the clearance from the IRB.

7. BUSINESS OVERVIEW (cont'd)

(b) EP Machinery

The company has received a letter from the Royal Malaysian Customs Department (“**RMCD**”) dated 12 September 2023 requesting for some documents/records for audit purposes. The RMCD had, vide its letter dated 2 January 2024, informed that based on the audit assessment period from November 2022 up to October 2023, they have concluded that the accounts for EP Machinery have been maintained in a neat and orderly manner.

7.10.6 Environmental, social and governance practice

We are committed to adopt environmental, social and governance practices to ensure environmentally responsible operations, a conducive workplace for employees and a high standard of corporate governance, to create durable and sustainable value and maintain confidence of our stakeholders.

(i) Environmental

We believe in preserving and caring for the environment. We have adopted the utilisation of green energy through installation of rooftop solar power systems at Plant 1. As set out in Section 6.6(i) of this Prospectus, our Group has entered into a solar power purchase agreement on 2 June 2021 with Yongyang Sdn. Bhd. for the supply and purchase of solar energy to be generated by the solar photovoltaic (PV) system installed at the Plant 1. The PV system commenced in June 2022. Based on the total electricity cost consumption at Plant 1 for the period from July 2022 to December 2022, the total electricity cost during the period vis-a-vis the previous comparative period from July 2021 to December 2021 had reduced by 24.56%.

(ii) Social

We have established an occupational safety and health in accordance with the Occupational Safety and Health Act 1994 by maintaining a safe, healthy and conducive working environment for our employees.

Our employees have equal opportunities for career advancement based on merit, performance, experience and academic qualification regardless of ethnicity and gender. As at the LPD, our 155 total employees comprising 101 male and 54 female employees and where 38 employees (or 24.52%) are of Malay ethnicity, 76 employees (or 49.03%) are of Chinese ethnicity, 6 employees (or 3.87%) are of Indian ethnicity, and the remaining 35 employees (or 22.58%) are from other ethnicities.

(iii) Governance

We are committed to achieving and sustaining high standards of corporate governance and in compliance with all relevant laws and regulations as disclosed in Section 7.10.5 of this Prospectus. As at the LPD and save as disclosed below, there are no departures from the recommendations of the MCCG: -

(a) Under practice 5.9, it is recommended that the Board comprises 30% women directors.

As at the LPD, our Group has one (1) woman director out of seven (7) Directors, which constitutes 14.29% of the women directors on our Board.

Our Board recognises the importance of diversity in our Board composition and will consider having more women directors. However, our Board takes cognisance that it may take time for our Company to appoint suitable candidates which possess the relevant industry experience and are able to contribute to our Board while bringing a diverse perspective. In this regard, our Board expects that the identification process may take a considerable amount

7. BUSINESS OVERVIEW (cont'd)

of time and hence will endeavour to look for additional women directors within twenty-four (24) months after our Listing, or within any period so prescribed in the Listing Requirements from time to time, whichever is earlier.

In addition, we have in place policies and procedures to promote and maintain compliance with the Malaysian Anti-Corruption Commission Act 2009 and the Whistleblower Protection Act 2010. We have established and adopted the Anti-Bribery and Corruption Policy in compliance with the Malaysian Anti-Corruption Commission Act 2009. In addition, we provide trainings and briefings to all our Directors and employees in accordance with our Anti-Bribery and Corruption Policy.

7.10.7 Material plans to construct, expand or improve property, plant and equipment

As at the LPD, save for the factory expansion from the utilisation of proceeds as disclosed in Section 4.8(i) of this Prospectus, our Group does not have any material plans to construct, expand or improve property, plant and equipment. Please refer to Section 7.20.1 of this Prospectus for further details on our expansion plans.

7.11 TECHNOLOGIES USED

Notable technologies that are relevant to our Group are as follows: -

Name	Type	Description
Hikvision 16 channel turbo H.265+ 1080p full high-definition digital video recorder	• Equipment	• An electronic device that can be used to record video in a digital format to local storage devices
EMPLX	• Information technology ("IT") software	• A total solution for e-claim
Luvo ERP-L3M version 3.0 solution	• IT software	• An enterprise resource planning software that manages company's finance, procurement, sales, planning, inspection, warehouse, engineering and service
Hikvision face recognition terminal DS-K1TA70MI-T	• Equipment	• An access control device that is integrated with temperature screening function
Lumion 11 Pro	• IT software	• An architectural rendering software
Sketchup Pro	• IT software	• A 3-dimensional modelling software
AutoCAD	• IT software	• A 2-dimensional and 3-dimensional computer aided design software used to draft, engineer and automate designs
FortiGate 100F	• IT solution	• An IT solution that provides a fast and secure software-defined wide area network
AutoCount	• IT software	• A business accounting software
Infotech HRMS	• IT software	• A human resource software that helps to manage human resource matters in office or on-the-go
Mypayroll System	• IT software	• A human resource software that helps to manage human resource matters in office or on-the-go

7. BUSINESS OVERVIEW (cont'd)

Name	Type	Description
SOLIDWORKS Professional	• IT software	• A computer-aided design software that helps to design, implement and optimise the product development process
SOLIDWORKS Product Data Management Professional (PDM)	• IT Software	• A data management solution for organisation that helps to find and re-purpose files, parts, and drawings, share design information effortlessly, automate engineering workflows and ensuring that the right data is at the right place at all times
Epicor Kinetic	• IT software	• An enterprise resource planning software to manage day-to-day business activities such as accounting, pre-production materials planning, sales, inventory management, manufacturing execution and human resources among others

The IT software listed above were acquired from external providers. Our Group does not have any proprietary rights over the IT software listed above.

7.12 SEASONALITY AND CYCLICALITY

Our activities are not significantly affected by seasonal or cyclical effects. Therefore, we are not subject to any seasonal or cyclical demand for all our offerings.

7.13 INTERRUPTIONS TO BUSINESS AND OPERATIONS

Our Group has not experienced any significant interruptions to our business which have significant effects on our operations over the past twelve (12) months preceding the LPD. The impact of the COVID-19 pandemic on our business and operations are disclosed below.

7.13.1 Impact of the COVID-19 Pandemic on Our Group

The Malaysian Government imposed the MCO 1.0 throughout Malaysia from 18 March 2020 to 3 May 2020 to contain the rise of COVID-19 cases in the country. During the period, most of the economic sectors and activities had been halted, especially those operating in non-essential services, including the manufacturing sector. As a result, all our production operations were temporarily suspended while our backroom office employees worked remotely from home.

Following the implementation of MCO 1.0, EP Machinery received an approval from MITI to resume operations at up to 50% of workers' capacity from 16 April 2020 while BW Engineering received an approval from MITI to resume operations at full working capacity from 17 April 2020. EP Manufacturing subsequently received an approval from MITI to resume operations at up to 50% of working capacity from 25 April 2020. EP Machinery KL had implemented work-from-home arrangements for its staff while awaiting for the approval from MITI to resume its operations which was obtained on 13 January 2021. BW Perkasa Labuan had also implemented work-from-home arrangements whereby all communications with suppliers and customers were undertaken remotely from home.

As COVID-19 cases started to increase towards the end of 2020 and subsequently in January 2021, the Malaysian Government imposed MCO 2.0 on selected states in West Malaysia, which included Melaka, Johor, Penang, Selangor, Sabah and the Federal Territories of Kuala Lumpur, Putrajaya and Labuan. We were allowed to continue our operations while adhering to strict standard operating procedures over the course of MCO 2.0 period.

7. BUSINESS OVERVIEW (cont'd)

By May 2021, MCO 3.0 was imposed by the Malaysian Government with stricter travelling restrictions and employers were required to implement work from home policies with not more than 30% of management staff in offices. By 1 June 2021, a Full MCO was subsequently announced by the Malaysian Government where only selected industries were allowed to continue operating following the continuing increase in the number of COVID-19 cases. During the Full MCO period, EP Machinery, BW Engineering, EP Machinery KL and EP Manufacturing were allowed to continue their respective manufacturing and/or trading activities at full working capacity from 1 June 2021.

On 15 June 2021, the Malaysian Government announced the four (4)-phase NRP as part of the exit strategy from the COVID-19 pandemic. During the Phase 1 and Phase 2 of the NRP, our business operations were allowed to operate albeit at only 60.0% of our workforce from 5 July 2021 including during the period in which the Enhanced MCO (3 July 2021 to 16 July 2021) was imposed in thirty-four (34) mukims in Selangor and fourteen (14) localities in Kuala Lumpur save for BW Perkasa Labuan which continued to implement a work-from-home arrangement. On 1 October 2021, all our subsidiaries commenced full operations. On 1 April 2022, Malaysia entered the 'Transition to Endemic' phase, with all restrictions on business operating hours removed. All economic sectors are allowed to operate while interstate and international travels are also allowed during this phase. We continue to operate at full working capacity based on standard operating procedure and guideline from 1 April 2022 and up to the LPD.

Total costs incurred by our Group for COVID-19 testing, disinfection, vaccination against COVID-19, personal protection equipment and sanitisation since MCO 1.0 and up to the LPD stood at of approximately RM0.12 million which is not material to our Group. The cost incurred by our Group to continue adhering to the infection control measures as per the standard operating procedures issued by MITI is not expected to have a material impact on our Group's financial performance moving forward. As at the LPD, our Group has not been in breach of any laws related to COVID-19 standard operating procedures and/or restrictions as issued by the relevant authorities. In 2020, our production employees were covered under the Prihatin Screening Programme implemented by SOCSO. In addition, our Group had also participated in the Wage Subsidy Programme, a programme that was initiated by the Malaysian Government to cushion the economic impact of the COVID-19 pandemic. We received wage subsidy payments amounting to RM0.83 million under this programme since MCO 1.0 and up to the LPD. During that time, we closely monitored the pandemic's developments in all jurisdictions in which our customers and suppliers operated.

7.13.2 Impact of the COVID-19 Pandemic on Our Supply Chain

We experienced some disruptions to our supply chain. There were instances where the delivery of supplies from our local suppliers were affected briefly due to MITI's deferred approval for businesses that were deemed non-essential and travel restrictions imposed. We also experienced few instances of late delivery of our imported orders due to lockdown measures imposed and congestions at seaports. During the COVID-19 pandemic period, we were also affected by the increase in sea freight rates for the import of supplies as most of our terms with our overseas-based suppliers are on a free-on-board⁽¹⁾ basis which require us to pay for shipping costs. Nonetheless, we were not affected by the increased sea freight rates for the exports of our products due to the similar free-on-board conditions that we entered into with most of our customers.

We have not experienced any penalties from our customers for any late product deliveries as we were in constant communication with them. Besides that, we have also continued to receive new purchase orders from customers during the pandemic period.

Note: -

(1) *Free-on-board refers to a shipping term used to indicate that once the goods involved have been loaded on board to the vessel by the seller at the named port, the buyer assumes the responsibility and bear all costs thereafter.*

7. BUSINESS OVERVIEW (cont'd)

7.14 RESEARCH AND DEVELOPMENT

Our Group's R&D activities primarily revolve around efforts to create new demands for our food processing and packaging machinery solutions. Our Managing Director, Yeoh Chee Min and Deputy Managing Director, Liew Meng Hooi would initiate, lead and conceptualise new ideas and are supported by the Group's engineers (comprising 22 persons as at the LPD) in the design and production of the machinery solutions. We innovate or create food processes and packaging products, and subsequently provide the corresponding food processing and packaging machinery solutions leading to new revenue growth.

We also collaborate closely with our customers in their product development. We will identify the food processes and/or packaging products for our R&D activities based on the latest industry trends. Meanwhile, we will also participate in our customers' product development stage by providing consultation on the conceptualisation of innovative products including packaging design, choices of materials or ingredients and manufacturability.

All the expenses incurred for our R&D activities are expensed off to the income statement when incurred instead of being capitalised as an intangible asset. There is no specific amount of budget or time frame that is allocated for R&D activities.

As at the LPD, we do not have any R&D policy or dedicated R&D personnel. However, in view of our Group's intention to embark on the integration of the robotic technology with our machinery solutions and its relevant software as stated in Section 7.20.2 below, we may establish a R&D team in the future should the need arises.

7.15 EMPLOYEES

As at 31 December 2022, we have a total workforce of 147 full-time employees consisting of 122 permanent employees and 25 contractual employees. Malaysian employees accounted for 117 persons or 79.59% of our total workforce with the remaining 30 persons or 20.41% of our total workforce being foreigners as at 31 December 2022. As at the LPD, we have a total workforce of 155 full time employees consisting of 117 permanent employees and 38 contractual employees. Malaysian employees accounted for 118 persons or 76.13% of our total workforce with the remaining 37 persons or 23.87% of our total workforce being foreigners as at the LPD. All our foreign employees have valid working permits to work in Malaysia.

The following depicts the breakdown of our Group's employees: -

Category	Number of Employees			
	As at 31 December 2022		As at the LPD	
	Permanent	Contractual	Permanent	Contractual
Executive Director and Key Senior Management	11	-	11	-
Managerial and professional ⁽¹⁾	10	-	8	-
Sales and marketing	11	1	13	1
Engineer	15	3	18	4
Technical and supervisory	27	1	23	2
Finance, human resources, and administrative	25	-	23	4
Production	15	14	14	20
Logistics, warehouse and general workers	8	6	7	7
Total	122	25	117	38
Nationality				
Malaysian	116	1	112	6
Foreigner	6	24	5	32
Total	122	25	117	38

7. BUSINESS OVERVIEW (cont'd)*Note: -*

(1) Consist of managers and employees with professional qualification.

For the FYE 2022 and up to the LPD, none of our employees belong to labour unions. There have not been any major industrial disputes pertaining to our employees or any incident of work stoppage that have materially affected our operations in the FYE 2022 and up to the LPD.

We have put in place a management succession plan for key positions within our Group to promote business continuity. This includes: -

- (i) grooming and training identified promising internal candidates to fill leadership positions within our organisation by further developing their competencies and skills; and
- (ii) encouraging our middle management to take on more responsibilities beyond their existing roles so that they can accelerate their learning curve and are equipped with the required knowledge and competencies to succeed in more senior positions in the future.

7.16 MAJOR CUSTOMERS

The top five (5) major customers of our Group in the Financial Years Under Review are as follows: -

FYE 2020

No.	Name	Country	Sales value		Main services/ products rendered	Business segment	Length of relationship as at 31 December 2020
			RM'000	%			Year(s)
1.	Customer A ⁽¹⁾	Philippines	11,281	18.28	Cold storage solution and food processing machinery	Food processing and packaging machinery solutions	4
2.	Sandiwa 85 Cold Storage Corporation	Philippines	4,271	6.92	Cold storage solution	Food processing and packaging machinery solutions	2
3.	PT. Wonokoyo Jaya Corporindo ⁽²⁾	Indonesia	4,033	6.54	Food processing machinery and cellulose casings	Food processing and packaging machinery solutions, and trading of cellulose casings	5
4.	PT. Dagsap Endura Eatore ⁽²⁾	Indonesia	2,972	4.82	Cellulose casings	Trading of Cellulose casings	6
5.	PT. Ciomas Adisatwa	Indonesia	1,936	3.14	Cold storage solution and food processing machinery	Food processing and packaging machinery solutions	3
Sub-total			24,493	39.70			
Total Revenue			61,689	100.00			

7. BUSINESS OVERVIEW (cont'd)**FYE 2021**

No.	Name	Country	Sales value		Main services/ products rendered	Business segment	Length of relationship as at 31 December 2021
			RM'000	%			Year(s)
1.	PT. Wonokoyo Jaya Corporindo ⁽²⁾	Indonesia	7,392	9.76	Cold storage solution, food processing machinery and cellulose casings	Food processing and packaging machinery solutions, and trading of cellulose casings	6
2.	Customer A ⁽¹⁾	Philippines	5,435	7.18	Cold storage solution and food processing machinery	Food processing and packaging machinery solutions	5
3.	PT. Kusuma Sarana Pangan	Indonesia	5,348	7.06	Cold storage solution	Food processing and packaging machinery solutions	1
4.	Frabelle Cold Storage Corporation	Philippines	4,548	6.01	Food processing machinery	Food processing and packaging machinery solutions	3
5.	PT. Dagsap Endura Eatore ⁽²⁾	Indonesia	4,500	5.94	Food processing machinery and cellulose casings	Food processing and packaging machinery solutions, and trading of cellulose casings	7
Sub-total			27,223	35.95			
Total Revenue			75,717	100.00			

7. BUSINESS OVERVIEW (cont'd)**FYE 2022**

No.	Name	Country	Sales value		Main services/ products rendered	Business segment	Length of relationship as at 31 December 2022
			RM'000	%			Year(s)
1.	PT. Wonokoyo Jaya Corporindo ⁽²⁾	Indonesia	9,663	10.84	Cold storage solution, food processing machinery and cellulose casings	Food processing and packaging machinery solutions, and trading of cellulose casings	7
2.	PT. Dagsap Endura Eatore ⁽²⁾	Indonesia	8,087	9.08	Cold storage solution, food processing machinery and cellulose casings	Food processing and packaging machinery solutions, and trading of cellulose casings	8
3.	PT. Petra Sejahtera Abadi	Indonesia	5,309	5.96	Food processing machinery	Food processing and packaging machinery solutions	8
4.	PT. Macroprima Panganutama	Indonesia	5,155	5.78	Food processing machinery	Food processing and packaging machinery solutions	4
5.	Customer A ⁽¹⁾	Philippines	4,205	4.72	Cold storage solution and insulated panels	Food processing and packaging machinery solutions	6
Sub-total			32,419	36.38			
Total Revenue			89,114	100.00			

Notes: -

(1) *Customer A is a procurement agent acting for a company that operates in Manila, Philippines. The said company operates modern cold storage and dry warehouse facilities within the Philippines. A consent was sought for disclosure of the identity of Customer A; however, Customer A has not given its consent to disclose its name and information related thereto in the Prospectus.*

Notwithstanding that Customer A contributed approximately 18.28% of our Group's total revenue for the FYE 2020, our Group was not dependent on Customer A. Due to the business nature of our food processing and packaging machinery solutions business segment where our products and services are generally offered on a one-off basis customised in accordance with our customers' needs and specifications, the composition and revenue contribution of our major customers will differ from year to year.

Our Group derived recurring revenue from Customer A for the Financial Years Under Review, mainly due to supply of cold storage solutions to cater for the expansion of several cold storage facilities located within the Philippines owned and operated by the company for whom Customer A is acting as procurement agent.

(2) *Recurring customer of our Group for the Financial Years Under Review, who is involved in frozen food processing. Revenue for the Financial Years Under Review were mainly in relation to the trading of cellulose casings and supply of food processing machinery solutions (including cold storage solutions).*

Our top five (5) major customers contributed approximately 39.70%, 35.95% and 36.38% to our Group's total revenue for the Financial Years Under Review respectively. For the FYE 2022, our Group has over 630 transacted customers for food processing and packaging

7. BUSINESS OVERVIEW (cont'd)

machinery solutions business segment, 3 transacted customers for trading of cellulose casings business segment, and over 80 transacted customers for manufacturing and trading of flexible packaging materials business segment. As such, our Group is not dependent on our major customers as we have built a large customer base throughout the years. We did not have any material dispute with our major customers in the past and we expect our major customers to continue contributing to our Group's revenue moving forward.

7.17 MAJOR SUPPLIERS

The top five (5) major suppliers of our Group in the Financial Years Under Review are as follows: -

FYE 2020

No.	Name	Country	Purchase value		Main services/ products purchased	Business segment	Length of relationship as at 31 December 2020 Year(s)
			RM'000	%			
1	Shandong Vicel	China	4,893	12.99	Cellulose casings	Trading of cellulose casings	3
2	Dalian Bingshan Engineering & Trading Co., Ltd.	China	4,460	11.84	Cold storage solution and parts	Food processing and packaging machinery solutions	5
3	Supplier A ⁽¹⁾	United Arab Emirates	3,196	8.48	Insulated panels	Food processing and packaging machinery solutions	1
4	Supplier B ⁽²⁾	Malaysia	2,174	5.77	Machines and parts	Food processing and packaging machinery solutions	less than 1
5	Supplier C ⁽³⁾	Malaysia	2,030	5.39	Machines and parts	Food processing and packaging machinery solutions	4
Sub-total			16,753	44.47			
Total Purchases			37,676	100.00			

7. BUSINESS OVERVIEW (cont'd)**FYE 2021**

No.	Name	Country	Purchase value		Main services/ products purchased	Business segment	Length of relationship as at 31 December 2021
			RM'000	%			Year(s)
1	Shandong Vicel	China	7,021	16.30	Cellulose casings	Trading of cellulose casings	4
2	Supplier B ⁽²⁾	Malaysia	5,639	13.10	Machines and parts	Food processing and packaging machinery solutions	1
3	Fujian Snowman Zhenxun Development Co., Ltd.	China	3,003	6.97	Cold storage solution and parts	Food processing and packaging machinery solutions	7
4	Dalian Bingshan Engineering & Trading Co., Ltd.	China	2,607	6.05	Cold storage solution and parts	Food processing and packaging machinery solutions	6
5	Hebei Xiaojin Machinery Manufacturing Inc.	China	2,212	5.14	Food processing machinery	Food processing and packaging machinery solutions	7
Sub-total			20,482	47.56			
Total Purchases			43,062	100.00			

7. BUSINESS OVERVIEW (cont'd)**FYE 2022**

No.	Name	Country	Purchase value		Main services/ products purchased	Business segment	Length of relationship as at 31 December 2022
			RM'000	%			Year(s)
1	Shandong Vicel	China	9,058	17.84	Cellulose casings	Trading of cellulose casings	5
2	Supplier B ⁽²⁾	Malaysia	7,342	14.46	Machines and parts	Food processing and packaging machinery solutions	2
3	Hebei Xiaojin Machinery Manufacturing Inc.	China	5,534	10.90	Food processing machinery	Food processing and packaging machinery solutions	8
4	Hiwell Machinery (Shandong) Co., Ltd.	China	4,928	9.71	Food processing machinery	Food processing and packaging machinery solutions	1
5	Jilin SSK Machinery & Electron Co., Ltd.	China	4,460	8.78	Food processing machinery	Food processing and packaging machinery solutions	8
Sub-total			31,322	61.69			
Total Purchases			50,771	100.00			

Notes: -

- (1) *Supplier A is a company incorporated and domiciled in Dubai, United Arab Emirates and it is a provider of insulated roof, wall and cold store panel systems. A consent was sought for disclosure of the identity of Supplier A; however, Supplier A has not given its consent to disclose its name and information related thereto in the Prospectus.*
- (2) *Supplier B is a company incorporated and domiciled in Malaysia and it is principally involved in the trading and provision of all kinds of forwarding and carriage services as well as packaging and warehousing services. Supplier B is responsible to procure the necessary machinery and components required by our Group from various overseas manufacturers/vendors, and on-sell the machinery and components to our Group together with the necessary logistics arrangement where Supplier B will invoice our Group as a whole. Such arrangement benefits our Group with ease of procurement as our Group does not have to separately arrange for logistics. A consent was sought for disclosure of the identity of Supplier B; however, Supplier B has not given its consent to disclose its name and information related thereto in the Prospectus.*

For avoidance of doubt, Supplier B is not the actual manufacturer of the machinery and components. The relevant overseas manufacturers/vendors will transact with Supplier B, who in turn will transact with our Group, to supply the necessary machinery and components.

7. BUSINESS OVERVIEW (cont'd)

- (3) *Supplier C is a trading company incorporated and domiciled in Malaysia and it is principally involved in dealing with import and export of goods between China and Malaysia. The company's main business includes supplying machinery, ocean shipping, air transport, and cargo shipping. The company provides international and local warehouse services, as well as local delivery. Supplier C is responsible to procure the necessary machinery and components required by our Group from various overseas manufacturers/vendors, and on-sell the items to our Group together with the necessary logistics arrangement where Supplier C will invoice our Group as a whole. Such arrangement benefits our Group with ease of procurement as our Group does not have to separately arrange for logistics. A consent was sought for disclosure of the identity of Supplier C; however, Supplier C has not given its consent to disclose its name and information related thereto in the Prospectus.*

For avoidance of doubt, Supplier C is not the actual manufacturer of the machinery and components. The relevant overseas manufacturers/vendors will transact with Supplier C, who in turn will transact with our Group, to supply the necessary machinery and components.

For the Financial Years Under Review, we were dependent on Shandong Vicel of China for the supply of cellulose casings. Purchases from Shandong Vicel accounted for 12.99%, 16.30% and 17.84% of our total purchase value respectively for the Financial Years Under Review. Shandong Vicel is the sole supplier for cellulose casings to our Group for the Financial Years Under Review, save for a one-off repurchase of cellulose casings amounting to RM0.07 million from one of our Group's customers to cater for an urgent need of another customer in the FYE 2020 (as disclosed under Section 7.18, Note (2) of this Prospectus).

In the event of shortage of supplies from Shandong Vicel, we would be able to access other similar suppliers of cellulose casing to ensure no disruption to our operations. In 2024, we renewed the distribution agreement with Shandong Vicel with some changes to the terms of agreement, to continue as distributor of its Vicel Speedy Peel Cellulose Casings in Indonesia for another two (2) years commencing from 1 January 2024. The notable changes in the terms of agreement include the reduction of annual sales target and the increase in the number of companies in Indonesia from (1) company to five (5) companies that the supplier may approach directly and sell to them for their own use or on-sell to an identified company for its own use only where Shandong Vicel shall ensure that these companies do not transfer or resale the products. Please refer to Section 9.1.2 of this Prospectus for further details on our dependency on this major supplier.

7.18 TYPES, SOURCES AND AVAILABILITY OF SUPPLIES

The following table sets out the raw materials/inputs that we purchased during the Financial Years Under Review: -

Cost Components	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Raw materials, parts and machines used for food processing and packaging machinery solutions						
- Machinery, parts and components	24,746	65.68	29,209	67.83	33,753	66.48
- Metals and metal structures ⁽¹⁾	1,740	4.62	779	1.81	3,423	6.74
- Insulated panels	3,464	9.19	1,876	4.36	964	1.90
- Hardware, tools and consumables	466	1.24	388	0.90	1,084	2.14
	30,416	80.73	32,252	74.90	39,224	77.26
Cellulose casings used for the trading of cellulose casings	4,964 ⁽²⁾	13.18	7,021	16.30	9,058	17.84
Raw materials, packaging films, packaging bags and consumables used for the manufacturing and trading of flexible packaging materials	2,296	6.09	3,789	8.80	2,489	4.90
Total Purchases	37,676	100.00	43,062	100.00	50,771	100.00

7. BUSINESS OVERVIEW (cont'd)Notes: -

- (1) *Mainly consist of stainless steel, mild steel, aluminium, copper and racking structures. Food-safe metal is used for parts of machinery which has direct contact with food ingredients to be processed/packaged, whilst for other parts of machinery which are not exposed to food ingredients, the grade of metal to be used would be subject to customers' requirements and specifications and functionality.*
- (2) *Inclusive of a one-off repurchase of cellulose casings amounting to RM0.07 million from one of our customers to cater for an urgent need of another customer.*

The raw materials/inputs that we use in our business operations are sourced from both local and overseas suppliers. Save for the temporary disruption in our supply chain caused by the COVID-19 pandemic as disclosed in Section 7.13.2 of this Prospectus, we have not experienced any material shortage/disruption in the supply of our raw materials/inputs for the Financial Years Under Review and up to the LPD.

The prices of our raw materials/inputs are subject to, amongst others, market supply and demand conditions and fluctuation in foreign exchange. Nonetheless, we have not experienced any major fluctuation in prices of our raw materials that have materially affected our financial performance for the Financial Years Under Review and up to the LPD.

7.19 COMPETITIVE STRENGTHS

We believe that our historical successes and future prospects are underpinned by the following competitive strengths: -

7.19.1 Established Operating Track Record

We have accumulated more than thirty (30) years of operating track record since the formation of the sole proprietorship business, New Tech Machinery by our Managing Director, Yeoh Chee Min. Over the years, we have grown from a single-purpose packing machine trading business into an established provider of food processing and packaging machinery solutions with involvement in the trading of cellulose casings, and manufacturing and trading of flexible packaging materials, with growing revenue from RM61.69 million for the FYE 2020 to RM89.11 million for the FYE 2022.

Our revenue breakdown by business segments for the Financial Years Under Review are as follows: -

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Food processing and packaging machinery solutions	50,985	82.65	60,731	80.21	72,569	81.43
Trading of cellulose casings	6,854	11.11	9,737	12.86	11,902	13.36
Manufacturing and trading of flexible packaging materials	3,850	6.24	5,249	6.93	4,643	5.21
Total	61,689	100.00	75,717	100.00	89,114	100.00

7.19.2 A One-Stop Provider of Food Processing and Packaging Machinery Solutions with In-House Manufacturing Capabilities

We are able to undertake turnkey projects by providing solutions for the entire food manufacturing and processing production line involving processing and packaging machinery.

7. BUSINESS OVERVIEW (cont'd)

We add value by designing, supplying and integrating various types of machines under a single production system. Furthermore, as part of our value-added service offering, we use our expertise in the food manufacturing industry to help conceptualise and recommend factory layouts and production flows for greater efficiency based on our customers' needs. Our Group has accumulated experience and technical expertise which are further leveraged to integrate processing and packaging machines that are imported and/or made in-house. Our in-house manufacturing capabilities allow us to meet our customers' customisation needs, if required, and stand ready to provide after-sales support in terms of maintenance and repair services. As such, our customers do not need to source from multiple vendors to set up a full food manufacturing and processing production line as we are able to meet all their requirements under one roof. In addition, we can also supply cellulose casings and flexible packaging materials to them if required.

7.19.3 Close Collaboration with Our Customers in Product Development

Since 1995, we have worked closely with our customers in the development of their new products by providing consultation on the conceptualisation of innovative products including packaging design, choice of materials or ingredients and food manufacturing processes as well as cost-effective measures that automation can have on the businesses of our customers. We believe that such close collaboration in product development represents a win-win situation for both parties. On one hand, our customers stand to enjoy a faster time-to-market for the commercialisation of their new and innovative products whilst on the other hand, the close collaboration can drive customer stickiness (due to our familiarity and close understanding on the requirements of our customers) and keep us ahead of our competitors as the machinery supplier of choice for them. With our expertise in the fabrication and integration of machineries as well as the extensive product portfolio of our suppliers, we are able to offer innovative products with our customised machinery solutions to our customers.

7.19.4 Qualified and Experienced Management Team

Our Group is spearheaded by our Managing Director, Yeoh Chee Min and Deputy Managing Director, Liew Meng Hooi. Both are industry veterans, each with over thirty (30) years of working experience in food processing and packaging automation. They have gained extensive and in-depth knowledge as well as good understanding on the dynamics of the industry. Both are also supported by a team of dedicated personnel who each possess the necessary expertise and/or experience across various key business functions.

Please refer to Sections 5.1.2 and 5.3.3 of this Prospectus for further details on the profiles of our Managing Director, Deputy Managing Director, and Key Senior Management.

7.19.5 We are Committed to Stringent Quality Standard

We place great emphasis on the quality of our services to our customers. We strive to undertake proper enforcement and execution of stringent quality procedures throughout our business processes. To this end, our subsidiaries namely EP Machinery and BW Engineering have established a QMS that is in line with internationally acceptable practices. By putting in place an internal QMS that is backed by internationally acceptable practices provides our customers assurance of our commitment towards providing quality services.

As at the LPD, we have obtained the following quality certification: -

Name	Standard	Issuer	Scope	Current Validity Period
EP Machinery	BS EN ISO 9001:2015	TÜV UK Ltd	Design, manufacturing and service of packing and food processing machineries.	6 January 2022 to 9 March 2025
BW Engineering	ISO 9001:2015	Intertek Certification Limited	1. Manufacture of ice making machine and refrigeration system.	16 May 2023 to 12 May 2026

7. BUSINESS OVERVIEW (cont'd)

Name	Standard	Issuer	Scope	Current Validity Period
			2. Project management and installation of ice making machine and refrigeration system.	

The requirements for a QMS in which an organisation is required to show its ability to consistently provide products or services that meet customers' expectations and applicable statutory and regulatory requirements as well as effectively applying the system to enhance customers' satisfaction are outlined in the ISO 9001 standard. By achieving the ISO 9001:2015 standard, our customers are assured of our commitment in providing quality services.

7.20 BUSINESS STRATEGIES AND FUTURE PLANS

Our business objectives are to maintain a sustainable growth rate in our business and to create long-term shareholder value. To achieve our business objectives, we will implement the following business strategies and future plans over the period of thirty-six (36) months from the date of our Listing: -

7.20.1 Expanding Business Footprint in Penang

We intend to expand our business footprint in Penang by building a new corporate office as well as a factory building with a warehouse and a showroom with a total built-up area of approximately 70,000 sq ft. Under our business expansion plan, we intend to establish a new three-storey corporate office with a total built-up area of approximately 18,000 sq ft for our Group that can house the backroom operations of BW Engineering, EP Machinery and EP Manufacturing under one roof. We will shift the entire backroom operations of BW Engineering and EP Manufacturing from their current offices located at 964, Jalan Perindustrian Bukit Minyak 6, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang to the new corporate office once it is completed.

Our Group also intends to expand our existing production area by building a new factory with a warehouse and a showroom. At present, our Group's existing main factory, corporate office, warehouse and showroom is currently located at PMT 1186, Jalan Perindustrian Bukit Minyak 18, Taman Perindustrian Bukit Minyak, Penang Science Park, 14100 Simpang Ampat, Pulau Pinang (i.e Plant 1). As at the LPD, we have approximately 28,335 sq ft within Plant 1 allocated, and utilised for, our fabrication and assembly activities in relation to our food processing and packaging machinery solutions business segment. The proposed factory building which consists of a single-storey building is expected to add additional built-up area of approximately 52,000 sq ft to cater for the production of food processing and packaging machineries, warehouse and showroom. The expected increase in production space stemming from the additional built-up area of approximately 52,000 sq ft upon the completion of this new factory allows our Group to enhance our production capabilities for our food processing and packaging machinery solutions to meet expected future growth in demand as projected in Section 8.0 of the IMR Report, as set out in Section 8 of this Prospectus and shorten turnaround time should there be multiple large orders secured at the same time. In tandem with the planned expansion of production capacity, a warehouse will also be constructed within this new factory building to provide us with additional warehousing space to store raw materials/inputs as well as finished goods. Besides that, a new showroom will also be constructed within this new factory building. The showroom will showcase our product offerings and provide better customer experiences for our clients specifically on our food processing and packaging machinery solutions. Upon completion of the expansion, the existing floor space of approximately 28,335 sq ft within Plant 1 will still be utilised for fabrication and assembly activities in relation to our food processing and packaging machinery solutions business segment.

For this business strategy, we are currently on a lookout for a piece of industrial land measuring approximately 5.5 acres which is in close proximity to our Plant 1. Targeted areas identified for the new factory include but are not limited to Penang Science Park, Batu Kawan, Bukit Minyak and Seberang Prai, amongst others. We are allocating RM[●] million from the IPO proceeds to

7. BUSINESS OVERVIEW (cont'd)

purchase this piece of land. We will also be allocating RM[●] million from the IPO proceeds for the construction of the new corporate office and new factory building with a warehouse and a showroom.

We will also be boosting our in-house manufacturing capabilities by purchasing various new machineries and equipment. These include two (2) vertical machining centres, a CNC turning centre and a CNC press brake/cutting machine; to be used for the production of food processing and packaging machineries and equipment to be supplied under our food processing and packaging machinery solutions business segment. These new machineries and equipment are intended to be installed within the aforementioned new factory to be constructed.

As for the purchase of the new machineries and equipment, we have allocated a total of RM[●] million from the IPO proceeds for this purpose. The breakdown of this allocation is as follows:

Type of machinery and equipment	Description	Total Unit(s)	Estimated Total Cost RM'000
Vertical machining centre	A machine that is used for flatwork which requires tool access from the top such as for mould and die cavities.	2	[●]
CNC turning centre	A machine with multiple axes that uses computer programming inputs to undertake various actions such as drilling, milling, tapping, and turning to shape the desired materials.	1	[●]
CNC press brake/cutting machine	A machine that uses computer programming inputs to bend and manipulate metal sheets or perform cutting or shaping of materials.	1	[●]
Total			[●]

We expect to complete the acquisition of land within twelve (12) months from the date of our Listing and to complete the factory expansion and purchase of machineries within thirty-six (36) months from the date of our Listing.

7.20.2 Increasing Robotic Footprint in Food Processing and Packaging Machinery Solutions

We intend to ride on the industrial revolution 4.0 trend and increase the integration of robotic technology within our food processing and packaging machinery solutions. We have identified an opportunity gap in our industry for the use of more robotic technology given the stringent hygiene requirements for the handling of food and the pressing challenges faced by food manufacturers in hiring factory workers. The use of more robotic technology will help to minimise human interference and address the worker supply gap.

As a start, we successfully rolled out a food packaging machinery solution with robotic arms in 2022. The food packaging machinery solution with robotic arms can feed sausages at a rate of up to 500 pieces per minute. This solution had already been deployed at the production facility of our customer. The successful roll-out of robotic technology within our food processing and packaging machinery solutions enables us to extend our technical know-how on the adoption and integration of robotic technology within our product offerings and allows us to showcase a wider range of product offerings with robotic technology (such as automatic sausage loading, arranging and robotic picking machinery line, and robotic pick and place and cartoning machinery line) to our existing and new customers in the future, and keep abreast with the market trend and evolving customer's expectations and requirements. This, in turn, is expected to benefit us with additional sales and profit in the future; particularly for customers who are

7. BUSINESS OVERVIEW (cont'd)

seeking to implement and transform their manufacturing processes towards industrial revolution 4.0.

We will be exploring collaborative opportunities with technology partner(s) with expertise in robotics technology. This will be a continuous process as it is crucial for us to keep abreast with new developments and market trends of robotics technology to identify suitable options for integration within our food processing and packaging machinery solutions. The necessary costs to be incurred for this business strategy will generally form part of our operating costs. Considering that this will be a continuous process to cater to the changing customers' expectations and market requirements, the investment sum is not fixed, and funds are expected to be allocated continuously for this business strategy. The necessary costs to be incurred for this business strategy will be funded using the gross proceeds from our Public Issue earmarked for working capital as set out in Section 4.8(iii) of this Prospectus within the first twelve (12) months from the date of our Listing. Thereafter, any future costs to be incurred beyond this initial period will be funded by internally-generated funds and, where necessary, external borrowings.

We also intend to embark on the internal development of software (in the form of computer programmes) to control robots that are integrated within our food processing and packaging machinery solutions, to ensure smooth application for our customers who procured the food processing and packaging machinery solutions from us. This will be a continuous process as the software (in the form of computer programmes) need to be modified and/or enhanced in accordance to the different functions that the robots are applied for. The necessary costs to be incurred for this business strategy will generally form part of our operating expenses. Considering that this will be a continuous process to cater to the changing customers' expectations and market requirements, the investment sum is not fixed, and funds are expected to be allocated continuously for this business strategy. The necessary costs to be incurred for this business strategy will be funded by internally-generated funds.

The above business strategies will be undertaken in our Plant 1. Upon completion of our new factory in line with our business strategies and future plans as set out in Section 7.20.1 of this Prospectus, the above business strategies will also be undertaken in the new factory.

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