

4. DETAILS OF OUR IPO

4.1 DETAILS OF OUR IPO

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

- (i) Acquisitions;
- (ii) Public Issue;
- (iii) Share Transfer; and
- (iv) Listing.

4.1.1 Acquisitions

On 18 August 2023, our Company entered into 3 conditional share sale agreements with ES Teoh and CT Wong, to acquire the entire issued share capital of Bonlife, Orient Biotech and Orient Laboratories for an aggregate purchase consideration of RM27,162,600.00 to be satisfied via the issuance of 271,626,000 new Shares at RM0.10 per Share.

(i) Acquisition of Bonlife

The acquisition of Bonlife entails the acquisition by our Company of the entire issued share capital of Bonlife of RM100,000.00 comprising 100,000 ordinary shares from ES Teoh and CT Wong for a purchase consideration of RM1,816,100.00. The said purchase consideration was satisfied entirely via the issuance of 18,161,000 new Shares to ES Teoh and CT Wong at an issue price of RM0.10 per Share, as follows:

Vendors	No. of Bonlife shares acquired	Shareholdings held in Bonlife (%)	Purchase consideration (RM)	No. of Shares issued
ES Teoh	50,000	50.00	908,050.00	9,080,500
CT Wong	50,000	50.00	908,050.00	9,080,500
Total	100,000	100.00	1,816,100.00	18,161,000

The purchase consideration of RM1,816,100.00 was arrived at on a willing-buyer willing-seller basis and after taking into account the audited NA of Bonlife as at 31 May 2023 of RM1,816,154.00. The acquisition of Bonlife was completed on [●] and Bonlife became a wholly-owned subsidiary of our Company.

(ii) Acquisition of Orient Biotech

The acquisition of Orient Biotech entails the acquisition by our Company of the entire issued share capital of Orient Biotech of RM1,000,000.00 comprising 1,000,000 ordinary shares from ES Teoh and CT Wong for a purchase consideration of RM19,589,200.00. The said purchase consideration was satisfied entirely via the issuance of 195,892,000 new Shares to ES Teoh and CT Wong at an issue price of RM0.10 per Share, as follows:

Vendors	No. of Orient Biotech shares acquired	Shareholdings held in Orient Biotech (%)	Purchase consideration (RM)	No. of Shares issued
ES Teoh	500,000	50.00	9,794,600	97,946,000
CT Wong	500,000	50.00	9,794,600	97,946,000
Total	1,000,000	100.00	19,589,200.00	195,892,000

4. DETAILS OF OUR IPO (CONT'D)

The purchase consideration of RM19,589,200.00 was arrived at on a willing-buyer willing-seller basis and after taking into account the audited NA of Orient Biotech as at 31 May 2023 of RM19,589,206.00. The acquisition of Orient Biotech was completed on [●] and Orient Biotech became a wholly-owned subsidiary of our Company.

(iii) Acquisition of Orient Laboratories

The acquisition of Orient Laboratories entails the acquisition by our Company of the entire issued share capital of Orient Laboratories of RM300,000.00 comprising 300,000 ordinary shares from ES Teoh and CT Wong for a purchase consideration of RM5,757,300.00. The said purchase consideration was satisfied entirely via the issuance of 57,573,000 new Shares in aggregate to ES Teoh and CT Wong at an issue price of RM0.10 per Share, as follows:

Vendors	No. of Orient Laboratories shares acquired	Shareholdings held in Orient Laboratories (%)	Purchase consideration (RM)	No. of Shares issued
ES Teoh	150,000	50.00	2,878,650.00	28,786,500
CT Wong	150,000	50.00	2,878,650.00	28,786,500
Total	300,000	100.00	5,757,300.00	57,573,000

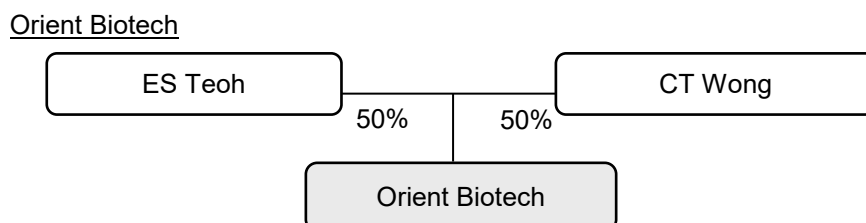
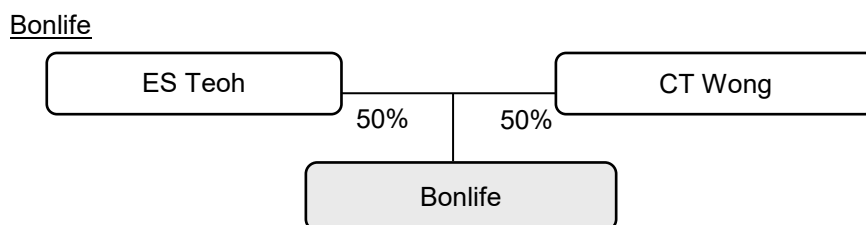
The purchase consideration of RM5,757,300.00 was arrived at on a willing-buyer willing-seller basis and after taking into account the audited NA of Orient Laboratories as at 31 May 2023 of RM5,757,303.00. The acquisition of Orient Laboratories was completed on [●] and Orient Laboratories became a wholly-owned subsidiary of our Company.

Following the completion of the Acquisitions, our issued share capital increased from 1,000 to 271,627,000 Shares.

The conditions precedent of the abovementioned share sale agreements including, among others, the approval-in-principle of Bursa Securities for the Listing, the SC, MITI and SAC's approvals or notifications as set out in Section 2.1 of this Prospectus.

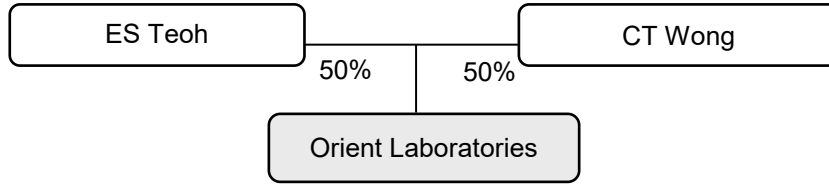
Our Group structure before and after the Acquisitions is as follows:

Before the Acquisitions

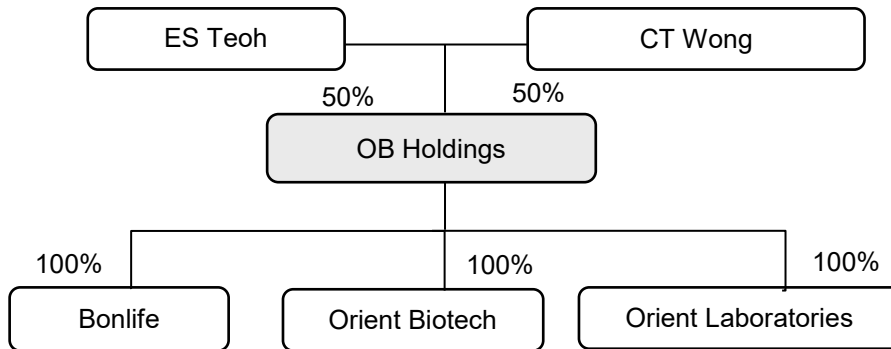


4. DETAILS OF OUR IPO (CONT'D)

Orient Laboratories



After the Acquisitions



4.1.2 Public Issue

The Public Issue of 120,000,000 new Shares, representing 30.64% of our enlarged issued share capital upon Listing, at the IPO Price, will be allocated in the following manner:

(i) Malaysian Public (via balloting)

19,582,000 IPO Shares, representing 5.00% of our enlarged issued share capital, will be made available for Application by the Malaysian Public via balloting, of which 50.00% will be set aside strictly for Bumiputera investors.

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

- (a) firstly, by the Eligible Persons (excluding the eligible Directors) under the Pink Form Allocation as described in Section 4.1.2(ii) of this Prospectus;
- (b) secondly, by our selected investors as described in Section 4.1.2(iii) of this Prospectus; and
- (c) lastly, by our Sole Underwriter based on the terms of the Underwriting Agreement.

(ii) Eligible Persons

7,833,000 IPO Shares, representing 2.00% of our enlarged issued share capital, will be made available for Application by the Eligible Persons under the Pink Form Allocation in the following manner:

4. DETAILS OF OUR IPO (CONT'D)

Eligibility	No. of persons	Pink Form Allocation (No. of shares)
Directors ⁽¹⁾	5	2,044,000
Employees ⁽²⁾ / Persons who have contributed to the success of our Group ⁽³⁾	Up to 150	5,789,000
Total	Up to 155	7,833,000

Notes:

- (1) The criteria of allocation to our eligible Directors are based on, among others, their respective roles and responsibilities in our Group. The Directors who are entitled to the Pink Form Allocation are set out below:

Name	Designation	No. of IPO Shares allocated
Lee Bao Yu	Executive Director	1,044,000
Dato' Seri Abdul Puhat Bin Mat Nayan	Independent Non-Executive Chairman	250,000
Dato' Haji Mohd Dusuki Bin Ya'acob	Independent Non-Executive Director	250,000
Vasu A/L Nallayan	Independent Non-Executive Director	250,000
Ooi Gin Hui	Independent Non-Executive Director	250,000
Total		2,044,000

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

The number of IPO Shares to be allocated to our Key Senior Management are set out below:

Name	Designation	No. of IPO Shares allocated
Faun Chee Yarn	Financial Controller	400,000
Lew Yoke Chin	General Manager	100,000

4. DETAILS OF OUR IPO (CONT'D)

Name	Designation	No. of IPO Shares allocated
Lee Chee Keat	R&D Manager	100,000
Lee Kok Onn	Factory Manager	100,000
Pang Poh Lye	Legal Manager	100,000
Yap Weng Fong	Production Manager	100,000
Total		900,000

- (3) Persons who have contributed to the success of our Group include business associates, customers, and suppliers. The number of IPO Shares to be allocated to those persons who have contributed to the success of our Group are based on amongst others, the nature and terms of their business relationship with us, length of relationship as well as their level of contribution and support to our Group.

Please also see Sections 5.2.3 and 5.3.3 for further details of our Directors' and Key Senior Management's shareholdings in our Company as at LPD and after our IPO.

Any IPO Shares reserved under the Pink Form Allocation which are not taken up will be made available for subscription as follows (subject always to the availability of the IPO Shares):

- (a) firstly, by other Eligible Persons (excluding the eligible Directors);
- (b) secondly, by the Malaysian Public as described in Section 4.1.2(i) of this Prospectus;
- (c) thirdly, by our selected investors as described in Section 4.1.2(iii) of this Prospectus; and
- (d) lastly, by our Sole Underwriter based on the terms of the Underwriting Agreement.

As at LPD, save as disclosed in Section 4.1.2(ii) of this Prospectus, to the extent known to our Company:

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

(iii) Private placement to selected investors

43,632,000 IPO Shares, representing 11.14% of our enlarged issued share capital, will be made available by way of private placement to selected investors.

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

(iv) Private placement to identified Bumiputera investors approved by the MITI

48,953,000 IPO Shares, representing 12.50% of our enlarged issued share capital, will be allocated by way of private placement to identified Bumiputera investors approved by the MITI ("MITI Tranche").

4. DETAILS OF OUR IPO (CONT'D)

In the event of under-subscription of the MITI Tranche by the identified Bumiputera investors approved by the MITI and subject to a corresponding over-subscription by the Malaysian Public or over-subscription by selected investors, the remaining portion will be clawed-back and be made available to the investors as follows:

- (a) firstly, the selected investors under Section 4.1.2(iii) of this Prospectus (whom are institutional investors);
- (b) secondly, the Bumiputera public investors under Section 4.1.2(i) of this Prospectus; and
- (c) any remaining portion from the MITI Tranche which are not taken up by the selected investors and the Bumiputera public investors will be made available to the other public investors under Section 4.1.2(i) of this Prospectus,

(collectively referred as “MITI Clawback and Reallocation”).

The basis of allocation for our IPO Shares shall take into account our Board’s intention to distribute our IPO Shares to a reasonable number of applicants to broaden our Company’s shareholding base to meet the public spread requirements, and to establish a liquid and adequate market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Board. There is no over-allotment or “greenshoe” option that will result in an increase in the number of our IPO shares.

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

4.1.3 Share Transfer

Goodone is an investment holding company held by ES Teoh and CT Wong with equity interest of 50.00% each.

During the prescription period (1 day after the launching date of the Prospectus up to a period of 30 days), ES Teoh and CT Wong will transfer their respective shareholdings amounting to 117,488,100 Shares to Goodone in conjunction with the IPO.

Further details of the Share Transfer are set out below:

Shareholders	No. of Shares held before the Share Transfer to Goodone	%(1)	No. of Shares to be transferred to Goodone pursuant to the Share Transfer		No. of Shares held after the Share Transfer to Goodone	
				%(2)		%(2)
ES Teoh	135,813,500	50.00	58,744,050	15.00	77,069,450	19.68
CT Wong	135,813,500	50.00	58,744,050	15.00	77,069,450	19.68
Total	271,627,000	100.00	117,488,100	30.00	154,138,900	39.36

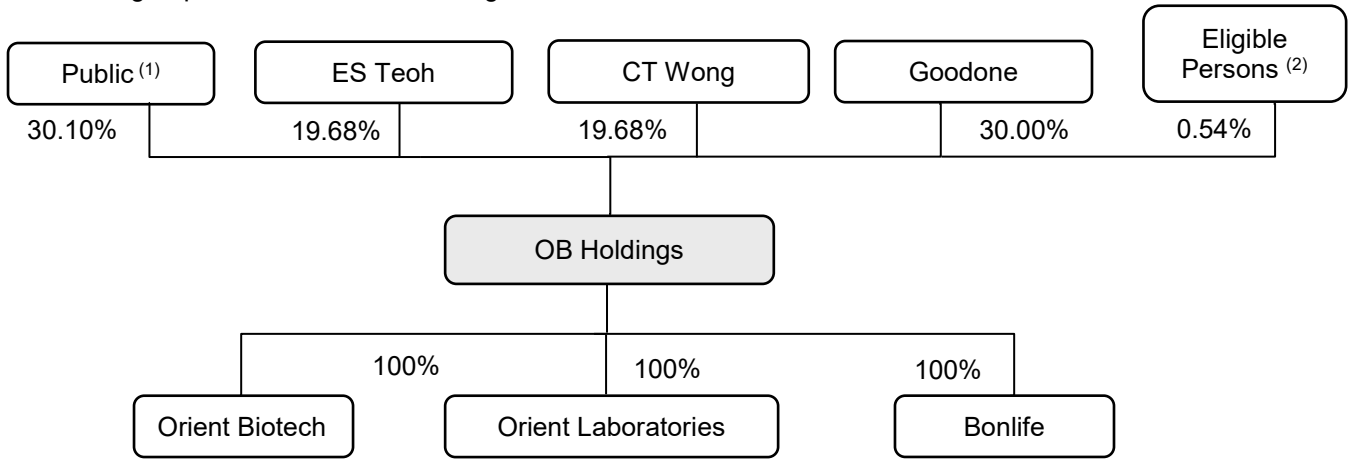
Notes:

- (1) Based on our issued share capital of 271,627,000 Shares after the Acquisitions but before our Listing.
- (2) Based on our enlarged share capital of 391,627,000 Shares after our Listing.

4. DETAILS OF OUR IPO (CONT'D)

The Share Transfer above is based on the mutual agreement between the shareholders of Goodone. The Share Transfer does not involve any issuance of new Shares. Upon Listing, Goodone will hold in aggregate 30.00% of the enlarged issued share capital. Please refer to Section 5.1.2(iv) of the Prospectus for further details on Goodone.

Our group structure after the Listing is set out below:



Notes:

- (1) The public shareholdings spread upon Listing is 30.10%.
- (2) Based on 2,100,400 IPO Shares to be allocated to Eligible Persons who are not included as public pursuant to the Pink Form Allocation and assuming the pink form allocated to them are fully subscribed.

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4. DETAILS OF OUR IPO (CONT'D)

4.1.4 Listing

Upon completion of our IPO, our Company's entire enlarged issued share capital of RM[●] comprising 391,627,000 Shares shall be listed on the ACE Market of Bursa Securities. Our share capital upon completion of our IPO will be set out below:

	No. of Shares	Share capital (RM)
Issued share capital as at the date of this Prospectus	271,627,000	27,163,600
New Shares to be offered pursuant to our Public Issue	120,000,000	[●]
Enlarged issued share capital upon Listing	391,627,000	[●]
IPO Price		RM [●]
Pro forma combined NA per Share as at 31 May 2023 <i>(based on our enlarged issued share capital after our IPO, the use of proceeds raised from our Public Issue and net of listing expenses)</i>		RM [●]
Market capitalisation upon Listing <i>(based on the IPO Price and our enlarged issued share capital after our IPO)</i>		[●]

The IPO Price is payable in full upon Application.

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

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

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

4. DETAILS OF OUR IPO (CONT'D)

4.2 BASIS OF ARRIVING AT OUR IPO PRICE

Our Directors and Promoters, together with AIS, being our Principal Adviser, Sponsor, Sole Underwriter and Placement Agent, had determined and agreed upon our IPO Price after taking into consideration the following factors:

(i) Financial and operating history

Based on the historical audited combined statements of profit or loss and other comprehensive income of our Group for FYE 2023, we recorded a PAT of RM9.57 million representing an EPS of 2.44 sen (based on the enlarged issued share capital of 391,627,000 Shares) resulting in PE Multiple of [●] times.

The adjusted PAT for FYE 2023 after excluding the one-off net gain from the disposal of investment properties and a right-of-use asset of RM4.74 million, the other related expenses in relation to the disposals of RM0.68 million, as well as the listing expenses incurred of RM1.08 million (being one-off and non-recurring in nature) in FYE 2023 would be RM6.59 million. The exclusion of listing expenses in deriving the adjusted PAT would be a more accurate representation of the Group's PAT under ordinary course of business circumstance. Based on the adjusted PAT of RM6.59 million for FYE 2023, this would translate into an adjusted EPS of 1.68 sen and a PE Multiple of [●] times.

(ii) Business strategies and future plans

Our business strategies and future plans as set out in Section 7.14 of this Prospectus.

(iii) Competitive strengths and the industry overview

Our competitive strengths as set out in Section 7.13 of this Prospectus, and the industry overview as set out in the IMR Report in Section 8 of this Prospectus.

(iv) Pro forma combined NA

The pro forma combined NA per Share of RM[●] as at 31 May 2023 based on the enlarged issued share capital of 391,627,000 Shares, after our IPO and subsequent to the utilisation of proceeds from our Public Issue as set out in Section 13 of this Prospectus.

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

4. DETAILS OF OUR IPO (CONT'D)

4.3 DILUTION

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

	RM
IPO Price	[●]
Pro forma combined NA per Share as at 31 May 2023 before our Public Issue	0.10
Pro forma combined NA per Share as at 31 May 2023 after our Public Issue and utilisation of proceeds	[●]
Increase in NA per Share attributable to existing shareholders	[●]
Dilution in NA per Share to new investors	[●]
Dilution in NA per Share as a percentage of the IPO Price	[●] %

Further details of our Group's pro forma combined NA per Share as at 31 May 2023 are set out in Section 13 of this Prospectus.

Save as disclosed below and Section 4.1.1 of this Prospectus, there has been no acquisition of any existing equity securities in our Company by our Promoters, Directors, Substantial Shareholders, and/or Key Senior Management, or persons connected with them from the date of our incorporation to the date of this Prospectus, or which they have the right to acquire:

	No. of Shares held before our IPO ⁽¹⁾	No. of Shares held from our IPO ⁽²⁾	Total consideration RM	Effective cost per Share RM
Promoters, Directors and Substantial Shareholders				
ES Teoh	135,813,500	-	13,581,350	0.10
CT Wong	135,813,500	-	13,581,350	0.10
Substantial Shareholder				
Goodone	-	117,488,100	[●]	[●]
Promoter and Director				
Lee Bao Yu	-	1,044,000	[●]	[●]
Independent Non-Executive Directors				
Dato' Seri Abdul Puhat Bin Mat Nayan	-	250,000	[●]	[●]
Dato' Haji Mohd Dusuki Bin Ya'acob	-	250,000	[●]	[●]
Vasu A/L Nallayan	-	250,000	[●]	[●]
Ooi Gin Hui	-	250,000	[●]	[●]

4. DETAILS OF OUR IPO (CONT'D)

	No. of Shares held before our IPO ⁽¹⁾	No. of Shares held from our IPO ⁽²⁾	Total consideration RM	Effective cost per Share RM
Key Senior Management				
Faun Chee Yarn	-	400,000	[●]	[●]
Lew Yoke Chin	-	100,000	[●]	[●]
Lee Chee Keat	-	100,000	[●]	[●]
Lee Kok Onn	-	100,000	[●]	[●]
Pang Poh Lye	-	100,000	[●]	[●]
Yap Weng Fong	-	100,000	[●]	[●]

Notes:

- (1) Based on our issued share capital of 271,627,000 Shares after the Acquisitions but before our IPO.
- (2) After the Share Transfer to Goodone and assuming all Pink Form Allocation are fully subscribed.

As at the date of this Prospectus, save for the Pink Form Allocation, there is no outstanding right granted to anyone to acquire our Shares. The Pink Form Allocation is based on our IPO Price.

4.4 USE OF PROCEEDS FROM OUR IPO

Based on the IPO Price of RM[●], the total gross proceeds of RM[●] million from our Public Issue will be utilised by our Group in the following manner:

Purposes	RM'000	%	Estimated time frame for use (from our Listing date)
(a) Business expansion			
- Repayment of bank borrowings	[●]	[●]	Within 36 months
- Purchase of machines	[●]	[●]	Within 36 months
- Product development expenditure	[●]	[●]	Within 36 months
(b) Marketing and advertisement	[●]	[●]	Within 24 months
(c) Working capital	[●]	[●]	Within 24 months
(d) Estimated listing expenses	[●]	[●]	Within 3 months
Total	[●]	100.00	

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

Pending the eventual use of proceeds raised from our Public Issue, the proceeds will be placed in interest-bearing short-term deposits and/or money market instruments/funds with licensed financial institutions. The interest income and/or dividend income to be received from the proceeds placed in interest-bearing short-term deposits and/or money market instruments/funds with licensed financial institutions will be utilised for working capital purposes.

4. DETAILS OF OUR IPO (CONT'D)

4.4.1 Business Expansion

(a) Repayment of bank borrowings

We intend to construct our New Serendah Factory to achieve improved manufacturing efficiency, as well as to cater for increasing demand in anticipation of future business expansion. By constructing a new factory, we will have a larger manufacturing space where we will be able to customise the layout of our manufacturing area to optimise the configuration of our machinery (existing machines and new machines to be purchased), as well as to invest in new machinery and equipment in order to enhance our manufacturing workflow and efficiency. We expect our New Serendah Factory to commence the construction in the 1st half of 2024 and complete in the 2nd half of 2025. Please refer to Section 7.14 of this Prospectus for further details on our Group's business strategies and future plans.

Based on the above, our Group had secured bank borrowings of RM[●] million for acquisition of New Serendah Land and construction of New Serendah Factory. The details are set out below:

Details	Bank borrowings RM'000	Internally generated funds RM'000	Estimated costs RM'000
(i) Acquisition of New Serendah Land	[●]	[●]	[●]
(ii) Construction of New Serendah Factory	[●]	[●]	[●]
Total	[●]	[●]	[●]

We intend to allocate RM[●] million representing [●]% of the gross proceeds from our Public Issue for the repayment of 2 term loans, i.e. Term Financing 1 and Term Financing 2 (hereinafter refers to the "Banking Facilities") which are utilised to part finance the acquisition of New Serendah Land and the construction of New Serendah Factory, for which the details of the Banking Facilities are set out below:

Banking facility	Purpose	Interest rate per annum	Maturity date	Amount drawdown / to be drawdown RM'000	Balance as at LPD RM'000	Amount to be repaid from IPO proceeds RM'000	Estimated time frame for use of IPO Proceeds (from our Listing date)
Term Financing 1 (Hong Leong Islamic Bank Berhad)	To part finance the acquisition of New Serendah Land	ICOF + 1.25%	July 2042	[●] ⁽¹⁾	[●]	[●]	Within 6 months
Term Financing 2 (Hong Leong Islamic Bank Berhad)	To part finance the construction of New Serendah Factory	ICOF + 1.25%	June 2044	[●] ⁽²⁾	-	[●]	Within 36 months
Total				[●]	[●]	[●]	

4. DETAILS OF OUR IPO (CONT'D)

Notes:

- (1) The facility amount of RM[●] million had been fully drawdown as at LPD. Our Group intends to utilise RM[●] million of the gross proceeds from Public Issue for the part repayment of Term Financing 1.
- (2) The facility amount of RM[●] million shall be released progressively in accordance to the architect's /engineer's /contractor's /surveyor's certificate of work done which is satisfied by the bank. Our Group intends to utilise RM[●] million of the gross proceeds from Public Issue for the part repayment of Term Financing 2. As at LPD, there is no drawdown from Term Financing 2. Please refer to Section 7.14.1 of this Prospectus for further information on the indicative timeline for the construction of our New Serendah Factory.

For avoidance of doubt, there is no penalty charge for early settlement of the Banking Facilities. Nonetheless, as the Banking Facilities are subject to lock-in period of 5 years, in the event of any early settlement before the expiry of its tenure, our Group is required to pay the costs incurred for the early settlement which includes, but not limited to, legal fees, disbursement fees, stamp duty and valuation fees, if any.

The repayment of bank borrowings will reduce our Group's overall gearing level from [●] times (after drawdown of bank borrowings for the construction of the New Serendah Factory) to [●] times based on the pro forma combined statement of financial position as at 31 May 2023 and after taking into consideration the proposed repayment of bank borrowings.

For illustration purpose, the repayment of the above-mentioned borrowings is expected to result in a positive financial impact on our Group with interest savings of approximately RM[●] million per annum based on the interest rate of 4.94% (assuming that ICOF as at LPD is 3.69% + 1.25%) multiplied by RM[●] million, being the amount to be repaid from IPO proceeds. However, the actual interest savings may vary depending on the applicable interest rate. Any excess amount required for the repayment of bank borrowings will be funded by internally generated funds.

(b) Purchase of machines

Upon the completion of our New Serendah Factory, we will relocate our existing machines for the manufacturing of F&B from our Selayang Factory and Rented Serendah Factory to our New Serendah Factory. Further, with the larger manufacturing space in our New Serendah Factory, we intend to purchase new machines to cater for our Group's planned expansion of manufacturing capacity.

We intend to allocate RM[●] million representing [●]% of the gross proceeds from our Public Issue for the purchase of machines upon the completion of our New Serendah Factory, which is expected to take place in the 2nd half of 2025. The estimated cost for the purchase of machines upon the completion of our New Serendah Factory is set out below:

Machines	Description	Number of unit(s)	Estimated cost (RM'000) ⁽¹⁾	Estimated funds by IPO proceeds (RM'000)
(i) Multilane sachet packing machine	A machine with multiple lanes that allow simultaneous packing of liquid, jelly or powdered products into sachets.	1	[●]	[●]

4. DETAILS OF OUR IPO (CONT'D)

Machines	Description	Number of unit(s)	Estimated cost (RM'000) ⁽¹⁾	Estimated funds by IPO proceeds (RM'000)
(ii) Freeze dry machine	A machine that dehydrates liquid active ingredients at a low temperature and pressure.	2	[●]	[●]
(iii) Extraction and concentration machine	A machine that uses reverse osmosis water technology to extract active ingredients at temperatures between 70 degrees Celsius and 90 degree Celsius, and at a controlled duration. This machine has an extraction capacity of 500 litres for commercial use.	1	[●]	[●]
(iv) Stability chamber	A machine that measures the stability of the product formulated at a controlled temperature and humidity.	1	[●]	[●]
(v) Supercritical carbon dioxide extraction machine	A machine that is used for the extraction of molecules or substances from materials such as herbs, using carbon dioxide as a supercritical fluid.	1	[●]	[●]
(vi) Gelatine loading tank (softgel equipment)	A machine used for the mixing and dissolution of formulated gelatine powder at a controlled temperature and condition.	1	[●]	[●]
Total:			[●]	[●]

Note:

(1) The remaining cost of the machines will be funded through internally generated fund.

Any excess amount required for the purchase of machines will be funded by internally generated funds. Please refer to Section 7.14 of this Prospectus for further details on our Group's business strategies and future plans.

4. DETAILS OF OUR IPO (CONT'D)

(c) Product development expenditure

A clinical trial is conducted by our Group to provide more information and confidence to the consumers on the fundamental characterisation and functional verification of a product. In selecting our Group's products to undergo a clinical trial, we have taken into consideration the marketability of a particular product, market claims on the efficacy of the product, and whether there are any similar clinical trials being carried out by other industry players in the market.

From December 2020 to June 2022, our Group conducted a clinical trial to investigate whether an oral dose of 500mg of sacha inchi oil supplementation daily could reduce glycated haemoglobin, reduce systolic and diastolic blood pressure, improve lipid profile and improve cardiometabolic health profile of patients suffering from hyperglycemia, hypertension and hyperlipidemia. This was the first clinical trial conducted by our Group. The result of the clinical study shows that, with the consumption of our house brand product, Bonlife Organic Sacha Inchi Oil 500mg Softgel supplementation, participants with hyperglycaemia, hypertension and hyperlipidaemia had shown improvement in their health conditions. Please refer to Section 7.10.2 of this Prospectus for further details on our clinical trial for sacha inchi oil supplement.

In order to stay abreast with the latest trends introduced in the market to identify possible opportunities to develop and introduce new products to expand our offerings, our in-house product development team will continue to focus on the development of new product formulations and improvement of existing product formulations.

We intend to allocate RM[●] million representing [●]% of the gross proceeds from our Public Issue to set up a new laboratory in our New Serendah Factory to expand our product development activities as well as to expand our in-house culturing of probiotics strain. Further details of the product development expenditure are set out below:

Details	RM'000
(i) Purchase of laboratory equipment	[●]
(ii) Clinical trial for Bonlife SachaQ10 Plus Softgel	[●]
Total	[●]

Notes:

- (i) We intend to purchase the following laboratory equipment which will be used for our product development activities:

Laboratory Equipment	Description	Number of unit(s)	Estimated costs (RM'000)
(i) Autoclave ⁽¹⁾	A machine that sterilises laboratory apparatus at a high pressure to kill harmful bacteria, viruses, fungi, and spores.	1	[●]
(ii) Biohazard cabinet ⁽¹⁾	An equipment that allows personnel to work with biological samples in a sterile and enclosed environment to prevent cross-contamination.	1	[●]
(iii) High performance	A machine that measures the active ingredients present in	1	[●]

4. DETAILS OF OUR IPO (CONT'D)

Laboratory Equipment	Description	Number of unit(s)	Estimated costs (RM'000)
liquid chromatography	the raw materials or the dietary supplements manufactured.		
(iv) Incubator shaker ⁽¹⁾	An equipment that incubates and shakes samples or formulations at a large capacity, and at a controlled temperature and speed.	1	[●]
(v) Spray dryer	A machine that dries liquid active ingredients into powder form by exposing the liquid active ingredients to a controlled temperature and pressure environment.	1	[●]
(vi) Stability chamber ⁽¹⁾	A machine that measures the stability of the product formulated at a controlled temperature and humidity, which is a small-scale stability chamber, catered for laboratory use.	1	[●]
(vii) Extraction machine (lab-scale)	A machine with technology that uses reverse osmosis water to extract active ingredients at a temperature between 70 degrees Celsius and 90 degrees Celsius, and at a controlled duration. This machine, which is a small-scale extraction machine, has an extraction capacity of 8-10 litres, catered for laboratory use.	1	[●]
(viii) Other measurement instruments	Instruments that used for measurement purpose	3	[●]
Total:			<u>[●] ⁽²⁾</u>

Notes:

- (1) As at LPD, our Group owns one unit each of the autoclave, biohazard cabinet, incubator shaker and stability chamber.
- (2) Includes miscellaneous items such as the purchase of chemicals and other kits and tools for laboratory tests of RM[●].

4. DETAILS OF OUR IPO (CONT'D)

- (ii) We intend to undertake a new clinical trial for our house brand product, namely Bonlife SachaQ10 Plus Softgel through a contract research agreement dated 27 September 2023 with Usains Infotech Sdn Bhd (a subsidiary of Usains Holding Sdn Bhd, the commercial arm of Universiti Sains Malaysia).

Pursuant to the terms of the contract research agreement, Usains Infotech Sdn Bhd shall carry out research in relation to the fundamental characterisation and functional verification of a new sachin oil-coenzyme Q10 formulation for Bonlife.

The research is expected to commence from 1 November 2023 onwards for a period of 30 months. The cost of the clinical trial is estimated at RM[●] million which will be fully funded via our IPO proceeds. However, as the commencement of the clinical trial is expected to begin in November 2023, we will utilise internally generated funds prior to the receipt of the IPO proceeds.

Any excess amount required for the product development expenditure will be funded by internally generated funds. Please refer to Section 7.14 of this Prospectus for further details on our business strategies and future plans.

4.4.2 Marketing and advertisement

We intend to allocate RM[●] million representing [●]% of the gross proceeds from our Public Issue for our marketing and advertising activities. The estimated costs are set out below:

Details	RM'000
(i) Marketing activities including participation in local and overseas exhibitions, and production of corporation videos	[●]
(ii) Advertising activities including outdoor advertising on billboards and online advertising	[●]
Total	[●]

As at LPD, we have identified and intend to participate in several exhibitions in relation to fortified F&B and dietary supplements which are expected to take place between 2024 to 2025. The participation of these exhibitions present us the key source for developing initial contact with potential customers.

As the widespread use of internet enables us to cross geographical borders, we intend to leverage more on our social media platforms to promote our products and services. As such, part of our IPO proceeds will be earmarked for the online advertising fees in social media platforms.

Any excess amount required for the marketing and advertisement will be funded by internally generated funds. Please refer to Section 7.14 of this Prospectus for further details on our business strategies and future plans.

4.4.3 Working capital

Our Group's working capital requirement is expected to increase in tandem with our future plan to expand the manufacturing capacity of fortified F&B and dietary supplements. For the Financial Years Under Review, the purchases of raw materials, food ingredients and packaging materials, being the main component of our cost of sales, represent 83.12%, 83.68% and 78.58% of our total cost of sales, respectively.

4. DETAILS OF OUR IPO (CONT'D)

We intend to allocate RM[●] million, representing [●]% of the gross proceeds from our Public Issue, for the purchase of raw materials and food ingredients. Some of our raw materials that are used for manufacturing are herbal plant powder and extract, animal-derived products, amino acid, plant oil, algae powder, vitamins and minerals, prebiotics and probiotics, while some of our food ingredients that are used for manufacturing are milk powder, excipients, fruit and vegetable powder, nuts, seeds, beans, grains, oats and coffee powder.

Our Group had in the past and currently been funding our working capital via bank borrowings and/or internally generated funds. Therefore, the above working capital allocation from our Public Issue is expected to enhance our Group's liquidity and cash flow position to support the expected growth in our daily operations.

4.4.4 Estimated listing expenses

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

Details	RM'000
Professional fees ⁽¹⁾	[●]
Fees to authorities	[●]
Estimated underwriting, placement and brokerage fees	[●]
Printing and advertising	[●]
Miscellaneous expenses and contingencies ⁽²⁾	[●]
Total	[●]

Notes:

- (1) Includes professional and advisory fees for, among others, Principal Adviser, Solicitors, Reporting Accountants, IMR and other professional advisers.
- (2) Includes other incidental or related expenses in connection with our IPO, such as fees to translators, media related expenses and IPO event expenses, and fund reserved for contingency purposes.

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

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4. DETAILS OF OUR IPO (CONT'D)

4.5 UNDERWRITING COMMISSION, BROKERAGE AND PLACEMENT FEES

4.5.1 Underwriting commission

AIS, as our Sole Underwriter, has agreed to underwrite 19,582,000 IPO Shares made available for application by the Malaysian Public and 7,833,000 Pink Form Allocation made available to the Eligible Persons as set out in Sections 4.1.2 (i) and (ii) of this Prospectus. We will pay our Sole Underwriter an underwriting commission at the rate of [●]% of the total value of the underwritten Shares based on the IPO Price.

4.5.2 Brokerage fee

We will bear the brokerage fee at the rate of [●]% of the IPO Price in respect of all successful applications that bear the stamp of either AIS, the participating organisations of Bursa Securities, the members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or the Issuing House.

4.5.3 Placement fee

Our Placement Agent has agreed to place out 43,632,000 IPO Shares to the selected investors (as set out in Section 4.1.2 (iii) of this Prospectus) as well as 48,953,000 IPO Shares to the selected Bumiputera investors approved by the MITI (as set out in Section 4.1.2 (iv) of this Prospectus).

We are obliged to pay a placement fee at the rate of [●]% of the total value of the IPO Shares successfully placed out by the Placement Agent at the IPO Price.

4.6 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

On [●], we have entered into the Underwriting Agreement with AIS, being the Sole Underwriter to underwrite 19,582,000 IPO Shares ("**Underwritten Shares**"), on the terms and conditions as set out in the Underwriting Agreement.

The salient terms of the Underwriting Agreement are as follows:

[To be inserted upon execution of the Underwriting Agreement]

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