THIS DOCUMENT HAS NOT BEEN REGISTERED BY BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES"). THE INFORMATION IN THIS DOCUMENT MAY BE SUBJECT TO FURTHER AMENDMENTS BEFORE BEING REGISTERED BY BURSA SECURITIES. UNDER NO CIRCUMSTANCES SHALL THIS DOCUMENT CONSTITUTE AN OFFER FOR SUBSCRIPTION OR PURCHASE OF, OR AN INVITATION TO SUBSCRIBE FOR OR PURCHASE SECURITIES.

PROSPECTUS

KHPT HOLDINGS BERHAD
(Registration No. 201901005770 (1315097-M))
(Incorporated in Malaysia under the Companies Act 2016)

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

(I) PUBLIC ISSUE OF 108,644,300 NEW SHARES IN KHPT ("SHARES") IN THE FOLLOWING MANNER:

- **20,119,400 NEW SHARES MADE AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;**
- **10,059,700 NEW SHARES MADE AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS AND EMPLOYEES OF OUR GROUP;**
- **78,465,200 NEW SHARES MADE AVAILABLE BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS, AND**

(II) OFFER FOR SALE OF 38,226,600 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS,

AT AN ISSUE/OFFER PRICE OF RM[●] PER SHARE, PAYABLE IN FULL UPON APPLICATION.

Principal Adviser, Sponsor, Underwriter and Placement Agent

KAF INVESTMENT BANK BERHAD
Registration No. 197401003530 (20657-W)

No securities will be allotted or issued based on this Prospectus after 6 months from the date of this Prospectus.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER. FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 136.

[Bursa Securities has approved the admission of our Company to the Official list of Bursa Securities and the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities. This Prospectus has been registered by Bursa Securities. The approval and registration of this Prospectus should not be taken to indicate that Bursa Securities recommends the offering or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus. Bursa Securities has not, in any way, considered the merits of the securities being offered for investment.]

Bursa Securities is not liable for any non-disclosure on the part of the Company and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

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

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

THIS PROSPECTUS IS DATED [●]

Unless otherwise defined, all capitalised terms used shall bear the same meanings as defined under "Definitions" and "Glossary of Technical Terms" sections of this Prospectus.

RESPONSIBILITY STATEMENTS

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

KAF Investment Bank Berhad, being our Principal Adviser, Sponsor, Underwriter and Placement Agent, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

STATEMENTS OF DISCLAIMER

Admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

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

OTHER STATEMENTS

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

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

Our Shares are classified as Shariah compliant by the Shariah Advisory Council of the SC. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review undertaken by the Shariah Advisory Council of the SC. The new status is released in the updated list of Shariah-compliant securities, on the last Friday of May and November.

This Prospectus is prepared and published solely for our IPO. Our Shares being offered in our IPO are offered solely based on the information contained and representations made in this Prospectus. Our Company, Directors, Promoter, Selling Shareholders, Principal Adviser, Sponsor, Underwriter and Placement Agent have not authorised anyone to provide any information or to make any representation not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied upon as having been authorized by our Company, Directors, Promoter, Selling Shareholders, Principal Adviser, Sponsor, Underwriter and Placement Agent, any of their respective directors, or any other persons involved in our IPO.

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

It shall be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subject to. We will further assume that you had accepted our IPO in Malaysia and will be at all applicable times be subject only to the laws of Malaysia in connection therewith. However, we reserve the right, in our absolute discretion, to treat any acceptances as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

It shall be your sole responsibility to consult your legal and/or other professional advisers on the laws to which our IPO or you are or might be subjected to. Neither we nor the Directors, Promoters, Selling Shareholders, Principal Adviser, Sponsor, Underwriter and Placement Agent nor any other advisers in relation to our IPO will accept any responsibility or liability if any application made by you shall become illegal, unenforceable or void in any country or jurisdiction.

ELECTRONIC PROSPECTUS/INTERNET SHARE APPLICATION

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

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

If you are in doubt as to the validity or integrity of the Electronic Prospectus, you should immediately request from us or the Issuing House, a paper/printed copy of this Prospectus. In the event of any discrepancies arising between the contents of the Electronic Prospectus and the paper/printed copy of this Prospectus for any reason whatsoever, the contents of the paper/printed copy of this Prospectus, which is identical to this Prospectus registered by the Bursa Securities, shall prevail.

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

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

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

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

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

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

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

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

INDICATIVE TIMETABLE

The following events are intended to take place on the following indicative times and/or dates:

Events	Indicative Dates
Opening of Application	[●]
Closing of Application	[●]
Balloting of Application	[●]
Allotment of IPO Shares to successful Applicants	[●]
Listing on the ACE Market	[●]

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

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TABLE OF CONTENTS *(Cont'd)*

TABLE OF CONTENTS *(Cont'd)*

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PRESENTATION OF INFORMATION

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

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

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

In this Prospectus, all references to the "**Government**" are to the Government of Malaysia; and references to"**RM**" and "**sen**" are to the lawful currency of Malaysia. The word "**approximately**" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest thousand or 2 decimal places. Any discrepancies in the tables included in this Prospectus between the amounts listed and the total thereof are due to rounding.

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

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

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

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

In particular, certain information in this Prospectus is extracted or derived from the Independent Market Research Report on the Automotive Industry and Automotive Parts and Components Industry in Malaysia prepared by Smith Zander, an independent market research company. We have appointed Smith Zander to provide an independent market and industry review. In compiling their data for the review, Smith Zander had relied on research methodology, industry sources, published materials, their own private databases and direct contacts within the industry. We believe that the information on the industry and the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate.

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

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FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements, which include all statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, prospects, plans and objectives of our Management for future operations.

Some of these statements can be identified by words that have a bias towards or are forward-looking such as “may”, “will”, “would”, “could”, “believe”, “expect”, “anticipate”, “estimate”, “aim”, “plan”, “forecast”, “project” or similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other important factors beyond our Group’s control that could cause our actual results, performances or achievements to materially differ from future results, performances or achievements expressed or implied by such forward-looking statements. Such forward-looking statements include, without limitation, statements relating to:

(i) demand of our services and/or products;
(ii) our business strategies;
(iii) our plans and objectives for future operations;
(iv) our future financial position, earnings, cash flows and liquidity; and
(v) our ability to pay future dividends.

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

(i) COVID-19 and possible similar future outbreak;
(ii) the economic, political and investment environment in Malaysia; and
(iii) government policy, legislation or regulation.

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

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

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DEFINITIONS

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

COMPANIES WITHIN OUR GROUP

KHPT or the **Company**	:	KHPT Holdings Berhad (Registration No. 201901005770 (1315097-M))
AGSB or **Subsidiary**	:	Automev Global Sdn Bhd *(formerly known as Kah Hong Precision Tooling Sdn Bhd)* (Registration No. 199601031222 (403574-H))
KHPT Group or the **Group**	:	Collectively, KHPT and its Subsidiary

GENERAL

ACE Market	:	ACE Market of Bursa Securities
Acquisition	:	Acquisition by KHPT of the entire interest of AGSB, comprising 250,000 AGSB Shares for a purchase consideration of RM31,724,148, entirely satisfied by the issuance of 293,742,111 new Shares at an issue price of RM0.108 per Share
Act	:	Companies Act 2016
ADA	:	Authorised Depository Agent
AGM	:	Annual General Meeting
AGSB Shares	:	Shares in AGSB
Applicant(s)	:	Applicant(s) for the subscription of our IPO Shares by way of Application Forms or Electronic Share Application or Internet Share Application
Application Form(s)	:	Printed application form(s) for the application of the IPO Shares accompanying this Prospectus
Application(s)	:	Application(s) for the IPO Shares by way of Application Form, Electronic Share Application or Internet Share Application
ATM(s)	:	Automated Teller Machine(s)
Board	:	Board of Directors of our Company
Bumiputera	:	In the context of:

(i) individuals, Malays and the aborigines and the natives of Sabah and Sarawak as specified in the Federal Constitution of Malaysia;

(ii) companies, a company which fulfils, among others, the following criteria or such other criteria as may be imposed by the MITI:

  (a) registered under the Act as a private company;

  (b) its shareholders are 100.0% Bumiputera; and

  (c) its board of directors (including its staff) are at least 51.0% Bumiputera; and

		(iii) cooperatives, a cooperative whose shareholders or cooperative members are at least 95.0% Bumiputera or such other criteria as may be imposed by the MITI
Bursa Depository or Depository	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
CCC	:	Certificate of completion and compliance
CCM	:	Companies Commission of Malaysia
CDS	:	Central Depository System
CDS Account(s)	:	Account(s) established for a Depositor by Bursa Depository for the recording of deposits or withdrawals of securities and for dealings in such securities by the Depositor
CMSA	:	Capital Markets and Services Act 2007
Constitution	:	Constitution of our Company
COVID-19	:	Novel coronavirus disease 2019, an infectious respiratory disease which first broke out in 2019
Crowe or Reporting Accountants	:	Crowe Malaysia PLT (LLP No. 201906000005 (LLP0018817-LCA) & AF 1018)
Customer Group A	:	Customers within the same group of companies that are principally involved in the manufacturing and assembly of automotive parts and components in Malaysia. The holding company of these companies is listed on the Main Market of Bursa Securities. Consent was sought for the disclosure of the identity of Customer Group A but was not obtained. As such, the identity of Customer Group A is not be disclosed in the Prospectus.
Datin Eloise	:	Datin See Hui Pvng, the Promoter, Executive Director and Group Managing Director, and substantial shareholder of the Company
Depositor	:	A holder of a CDS Account
Director(s)	:	An executive director or a non-executive director of our Group and within the meaning given in Section 2 of the Act
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
Electronic Prospectus	:	Copy of this Prospectus that is issued, circulated or disseminated via the Internet, and/or an electronic storage medium
Electronic Share Application	:	Application for the IPO Shares through Participating Financial Institutions' ATM
Eligible Persons	:	Eligible Directors and employees of our Group as further detailed in Section 4.3.1 (ii) of this Prospectus
EPS	:	Earnings per Share
ESG	:	Environmental, social and governance

Financial Years Under Review	:	Collectively, FYE 2021, FYE 2022 and FYE 2023
FYE(s)	:	Financial year(s) ended/ending 31 December, as the case may be
GP	:	Gross profit
ICA 1975	:	Industrial Co-ordination Act 1975
IFRS	:	International Financial Reporting Standards as issued by the International Accounting Standards Board
IMR Report	:	Independent Market Research Report on the Automotive Industry and Automotive Parts and Components Industry in Malaysia prepared by Smith Zander as set out in Section 8 of this Prospectus
Internet Participating Financial Institutions	:	Participating financial institution(s) for the Internet Share Application, as listed in Section 15 of this Prospectus
Internet Share Application	:	Application for the IPO Shares through an online share application service provided by the Internet Participating Financial Institutions
IPO	:	Collectively, the initial public offering comprising the Public Issue and Offer for Sale
IPO Price	:	The indicative issue/offer price of RM[●] per IPO Share pursuant to the IPO
IPO Share(s)	:	Collectively, the Issue Share(s) and Offer Share(s)
Issue Share(s)	:	108,644,300 new Share(s) to be issued pursuant to the Public Issue
Issuing House	:	Malaysian Issuing House Sdn Bhd (Registration No. 199301003608 (258345-X))
Ivy See	:	See Hui Shi, the substantial shareholder of the Company and director of AGSB
KAF IB or the **Principal Adviser** or **Sponsor** or **Underwriter** or **Placement Agent**	:	KAF Investment Bank Berhad (Registration No. 197401003530 (20657-W))
Key Senior Management	:	The key senior management of our Company as set out in Section 5.5 of this Prospectus
KHEI	:	Kah Hong Engineering Industries Sdn Bhd (Registration No. 199401000387 (286065-W))
KHPT Venture	:	KHPT Venture Sdn Bhd (Registration No. 201901004806 (1314133-X))
Listing	:	Admission to the Official List and the listing of and quotation for our entire enlarged share capital on the ACE Market
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities, including any amendments thereto that may be made and enacted from time to time
Listing Scheme	:	Collectively, the Public Issue, the Offer for Sale and the Listing

Lot 2625	:	A piece of freehold land held under GM814, Lot 2625, Batu 13, Telok, Mukim Telok Panglima Garang, Daerah Kuala Langat, Selangor, with an address of Lot 2625, Mukim Telok Panglima Garang, Daerah Kuala Langat, Selangor Darul Ehsan
LPD	:	29 February 2024, being the latest practicable date prior to the registration of this Prospectus
Malaysian Public	:	Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Market Day(s)	:	Any day(s) between Monday to Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for trading of securities
MCCG	:	Malaysian Code on Corporate Governance which came into effect on 28 April 2021
MCO	:	The nationwide Movement Control Order imposed by the Government of Malaysia under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 as a measure to contain the outbreak of COVID-19
MFRS	:	Malaysian Financial Reporting Standards
MIDA	:	Malaysian Investment Development Authority
MITI	:	Ministry of Investment, Trade and Industry of Malaysia
MyIPO	:	Intellectual Property Corporation of Malaysia
N/A	:	Not applicable
NA	:	Net assets
NBV	:	Net book value
Offer for Sale	:	Offer for sale of 38,226,600 Offer Share(s) by the Selling Shareholders at the IPO Price to selected investors
Offer Share(s)	:	38,226,600 existing Share(s) to be offered by the Selling Shareholders pursuant to the Offer for Sale
Official List	:	A list specifying all securities listed on the ACE Market
Participating Financial Institutions	:	The participating financial institution(s) for the Electronic Share Application, as listed in Section 15 of this Prospectus
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PE Multiple	:	Price-to-earnings multiple
Pink Form Allocation	:	Allocation of 10,059,700 Issue Shares to the Eligible Persons, which forms part of the Public Issue
Pre-IPO Internal Restructuring Exercise	:	Pre-IPO internal restructuring exercise involving the Shareholding Restructuring and Acquisition

Promoter	:	Datin Eloise
Prospectus	:	This Prospectus dated [●] in relation to our IPO
Public Issue	:	Public issue of 108,644,300 Issue Shares at the IPO Price, payable in full upon application, subject to the terms and conditions of this Prospectus
Record of Depositors	:	A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
Rules of Bursa Depository	:	The rules of Bursa Depository as issued pursuant to the SICDA
SC	:	Securities Commission Malaysia
Selling Shareholder(s)	:	Datin Eloise and Tiu Kuang Hong
Share(s)	:	Ordinary share(s) in KHPT
Shareholding Restructuring	:	The transfer of 12,500 AGSB Shares by Datin Eloise to Ivy See
SICDA	:	Securities Industry (Central Depositories) Act 1991
Smith Zander or **IMR**		Smith Zander International Sdn Bhd (Registration No. 201301028298 (1058128-V)), an independent market research company
SOP	:	Standard operating procedure
Specified Shareholder(s)	:	Datin Eloise and Ivy See
sq m	:	Square metres
TPG Factory	:	The Group's sole principal place of business located at Lot 2228, Jalan Kasawari, Kawasan Perusahaan Kebun Baru, Batu 9, Kg. Kebun Baru, 42500 Telok Panglima Garang, Kuala Langat, Selangor Darul Ehsan
Underwriting Agreement	:	The underwriting agreement dated [●] entered into between our Company and the Underwriter pursuant to the IPO
WIP	:	Work-in-progress

CURRENCIES

RM and **sen**	:	Ringgit Malaysia and sen, the lawful currency of Malaysia

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GLOSSARY OF TECHNICAL TERMS

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

Automotive platform	:	A structure as a foundation for chassis, power steering system, car seats, engine placement, powertrain and suspension. This platform can be shared to use for various car model.
Black plating	:	An industrial plating process whereby the surface of an object (which is usually made of metal) is coated with a black- or dark-coloured finishing to enhance the object's corrosive resistance, visual and durability properties.
Chassis	:	The underlying framework of a vehicle which structurally supports and connects various components (e.g. frames, pillars or panels) of the vehicle.
Cold forming process	:	A metalworking technique using applied pressure and forces to shape and/or form metal parts and components at room temperature (or slightly above room temperature) without the need for heat application to melt the metal during the shaping and forming process.
Co2	:	Carbon dioxide, gas used in welding to shield the weld and to create a stable and controlled environment for the welding arc to form and produce strong, clean welds.
Dies	:	Solid or hollow metal of a desired geometrical shape installed in press machines to cut or stamp metal sheets in order to form automotive parts and components in a desired shape or profile as part of metal stamping process.
Electrophoretic Deposition ("ED") coating	:	This is a process where water-based paint consisting of Pigment, Resin and Solvent is electroplated or coated on metal part or assemble part.to enhance the object's corrosive resistance, visual and durability properties.
Jigs	:	Tools used to hold a workpiece in place to allow users to perform high-precision tasks, such as welding, drilling and quality checking on the workpiece.
Local automotive manufacturers	:	Malaysian companies that manufacture automotive vehicles which are sold under their own brand names (i.e. Proton and Perodua).
Replacement market (REM)	:	A segment in the automotive industry involving the manufacturing and sale of automotive parts, components, accessories and consumables as spare parts or replacement parts for service, repair and maintenance of used vehicles, as well as the provision of vehicle service, repair and maintenance services for used vehicles.
Tier 1 Supplier(s) / Manufacturer(s)	:	Company(ies) which supply automotive parts and components directly to local automotive manufacturers.
Tier 2 Supplier / Manufacturer	:	Company which supplies automotive parts and components to Tier 1 Suppliers / Manufacturers.
Zinc plating	:	An industrial plating process whereby the surface of an object (which is usually made of metal) is coated with a layer of zinc to enhance the object's corrosive resistance, visual and durability properties.

1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Designation	Address	Nationality
Datuk Noripah Binti Kamso (F)	Independent Non-Executive Chairperson	90, Jalan TR 8/3, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor	Malaysian
Datin Eloise (F)	Group Managing Director	No. 8, Lorong Batu Nilam 9D, Bandar Bukit Tinggi, 41200 Klang, Selangor.	Malaysian
Hideki Nomura (M)	Executive Director / Chief Business Development Officer	B-10-06, Urbana Residence, Alan PJU 1A/46, Ara Damansara, 47301 Petaling Jaya, Selangor.	Japanese
Dato' Tang Ngat Ngoh (F)	Independent Non-Executive Director	No. 41, Jalan 1/5A, Taman Melati, 53100 Wilayah Persekutuan Kuala Lumpur.	Malaysian
Datuk Noor Azian Binti Shaari (F)	Independent Non-Executive Director	No. 62 Jalan Kekabu, Damansara Heights, 50490 Wilayah Persekutuan Kuala Lumpur.	Malaysian
Chan Yan San (M)	Independent Non-Executive Director	No. 72A, Jalan TR 9/2, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor.	Malaysian

(M) = Male *(F) = Female*

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1. CORPORATE DIRECTORY *(Cont'd)*

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Chan Yan San	Chairman	Independent Non-Executive Director
Datuk Noor Azian Binti Shaari	Member	Independent Non-Executive Director
Dato' Tang Ngat Ngoh	Member	Independent Non-Executive Director

NOMINATION AND REMUNERATION COMMITTEE

Name	Designation	Directorship
Dato' Tang Ngat Ngoh	Chairperson	Independent Non-Executive Director
Datuk Noor Azian Binti Shaari	Member	Independent Non-Executive Director
Chan Yan San	Member	Independent Non-Executive Director

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1. CORPORATE DIRECTORY *(Cont'd)*

COMPANY SECRETARIES	:	**Tai Yit Chan** Boardroom Corporate Services Sdn Bhd 79, Jalan SS 22/32, Damansara Jaya, 47400 Petaling Jaya, Selangor Darul Ehsan. Telephone No. : (03) 7890 4800 Professional qualification : MAICSA (Membership No.: 7009143) SSM Practicing Certificate No : 202008001023 **Tan Ai Ning** Boardroom Corporate Services Sdn Bhd 7-8-1, Menara Hartamas, Jalan Sri Hartamas 3, 50480 Kuala Lumpur. Telephone No. : (03) 7890 4800 Professional qualification : MAICSA (Membership No.: 7015852) SSM Practicing Certificate No : 202008000067
REGISTERED OFFICE	:	12th Floor, Menara Symphony, No.5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan. Telephone No. : (03) 7890 4800 Facsimile No. : (03) 7890 4650
HEAD OFFICE	:	Lot 2228, Jalan Kasawari, Kawasan Perusahaan Kebun Baru, Batu 9, Kg. Kebun Baru, 42500 Telok Panglima Garang, Kuala Langat, Selangor Darul Ehsan. Telephone No. : (03) 3122 2772 Email : info@khpt.com.my Website : www.khpt.com.my
PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT	:	**KAF Investment Bank Berhad** Level 13A, Menara IQ, Lingkaran TRX, Tun Razak Exchange, 55188 Kuala Lumpur.

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1. CORPORATE DIRECTORY *(Cont'd)*

AUDITORS AND REPORTING ACCOUNTANTS	:	**Crowe Malaysia PLT** Level 16, Tower C, Megan Avenue II, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur. Partner-in- charge : Ung Voon Huay Approval No. : 03233/09/2024 J Professional qualification : Fellow Chartered and Certified Accountant (FCCA) and Chartered Accountant Malaysia (C.A.(M)) MIA membership no.: 14828
LEGAL ADVISERS	:	**Jeff Leong, Poon & Wong** B-11-8, Level 11, Megan Avenue II, Jalan Yap Kwan Seng, 50450 Kuala Lumpur.
INDEPENDENT MARKET RESEARCHER	:	**Smith Zander International Sdn Bhd** 15-01, Level 15, Menara MBMR, 1, Jalan Syed Putra, 58000 Kuala Lumpur Person in-charge : Dennis Tan Tze Wen Qualification : Bachelor of Science, Memorial University of Newfoundland, Canada *(Please refer to Section 8 of this Prospectus for the profile of the firm and signing director)*
SHARE REGISTRAR	:	**Boardroom Share Registrars Sdn Bhd** 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan.
ISSUING HOUSE		**Malaysian Issuing House Sdn Bhd** 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan.
LISTING SOUGHT	:	ACE Market
SHARIAH STATUS	:	[Approved] by Shariah Advisory Council of the SC

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2. APPROVALS AND CONDITIONS

2.1 APROVALS AND CONDITIONS

2.1.1 Bursa Securities

Bursa Securities had, vide its letter dated [●], approved our admission to the Official List of the ACE Market and the listing of and quotation for our entire enlarged issued share capital comprising 402,386,413 Shares on the ACE Market. The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(a)	[●]	[●]

2.1.2 SC

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

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

Details of conditions imposed	Status of compliance
[●]	[●]

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

	As at the LPD		After the Listing	
Category of shareholders	**No. of Shares**	**% of number of issued Shares**	**No. of Shares**	**% of enlarged number of issued Shares**
Bumiputera				
- Bumiputera public investors via balloting	-	-	*10,059,700	2.50
- Eligible Persons	-	-	*600,000	0.15
Total Bumiputera	**-**	**-**	**10,659,700**	**2.65**
Non-Bumiputera	293,742,113	100.00	391,345,413	97.26
Total Malaysian	**293,742,113**	**100.00**	**402,005,113**	**99.91**
Foreigner	-	-	381,300	0.09
TOTAL	**293,742,113**	**100.00**	**402,386,413**	**100.00**

Note:

* *Based on the assumption that the Shares allocated to Bumiputera public investors via balloting and the Shares allocated to eligible Directors who are Bumiputera via Pink Form Allocation shall be fully subscribed.*

2.1.3 Shariah Advisory Council of the SC

The Shariah Advisory Council of the SC had, vide its letter dated [●], classified our Shares as Shariah-compliant securities based on our audited combined financial statement for the FYE 31 December 2023.

2. APPROVALS AND CONDITIONS *(Cont'd)*

2.2 MORATORIUM ON OUR SHARES

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

(i) the moratorium applies to the entire shareholdings of our Specified Shareholders for a period of 6 months from the date of our admission to the ACE Market ("**First 6-Month Moratorium**");

(ii) upon the expiry of the First 6-Month Moratorium, our Company must ensure that our Specified Shareholders' aggregate shareholdings amounting to at least 45% of the total number of issued ordinary shares remain under moratorium for a further 6 months ("**Second 6-Month Moratorium**"); and

(iii) on the expiry of the Second 6-Month Moratorium, our Specified Shareholders may sell, transfer or assign up to a maximum of one third (1/3) per annum (on a straight-line basis) those Shares held under moratorium.

The details of the Specified Shareholders and their Shares which will be held under moratorium are set out below:

Specified Shareholders	No. of Shares	(1)%
Datin Eloise	223,827,553	55.62
Ivy See(2)	14,687,102	3.65
Total	**238,514,655**	**59.27**

Notes:

(1) Based on our enlarged issued Shares after our IPO of 402,386,413 Shares.

(2) Deemed interest by virtue of the shareholdings of her sister, being Datin Eloise, pursuant to Section 8 of the Act.

The moratorium has been fully accepted by Datin Eloise and Ivy See, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the moratorium period.

The moratorium restrictions are specially endorsed on the share certificates representing the Shares under moratorium held by Datin Eloise and Ivy See to ensure that our Share Registrar does not register any transfer that contravenes with such restrictions.

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3. PROSPECTUS SUMMARY

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

3.1 PRINCIPAL DETAILS OF OUR IPO

The principal statistics of our IPO is as follows:

Number of new Shares to be issued under the Public Issue	
- *Malaysian Public via balloting*	*20,119,400*
- *Eligible Persons*	*10,059,700*
- *Private placement to selected investors*	*78,465,200*
	108,644,300
Number of Shares to be offered under the Offer for Sale	38,226,600
Enlarged number of Shares after the IPO	402,386,413
IPO Price per Share (RM)	[●]
Market capitalisation (RM) (calculated based on the IPO Price and enlarged issued share capital of 402,386,413 Shares upon Listing)	[●]
Gross proceeds from the Public Issue (RM)	[●]
Gross proceeds from the Offer for Sale (RM)	[●]

Please refer to Section 4.3 of this Prospectus for further details of our IPO.

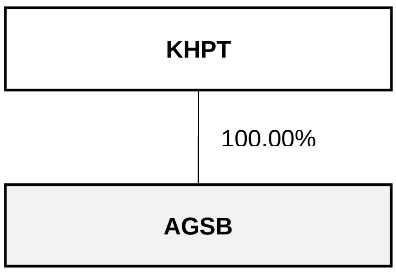
In compliance with Rule 3.19(1) of the Listing Requirements, our Specified Shareholders' entire shareholdings after the IPO will be held under moratorium for 6 months from the date of our Listing. Thereafter, our Specified Shareholders' shareholdings amounting to 59.27% of our total enlarged issued Shares (adjusted for any bonus issue or subdivision of shares) will remain under moratorium for another 6 months. Our Specified Shareholders may sell, transfer or assign up to a maximum of one third (1/3) per year (on a straight-line basis) of its Shares held under moratorium upon expiry of the second 6-month period. Please refer to Section 2.2 of this Prospectus for further details of the moratorium on our Shares.

3.2 BACKGROUND AND OVERVIEW

Our Company was incorporated in Malaysia under the Act on 20 February 2019 as a private limited company under the name of KHPT Holdings Sdn Bhd and was subsequently converted into a public limited company on 1 March 2024 and assumed our present name.

We are an investment holding company. Through our Subsidiary, we are principally involved in manufacturing and sale of automotive parts and components, comprising body parts, seat structures and other parts (i.e. engine parts and absorber parts).

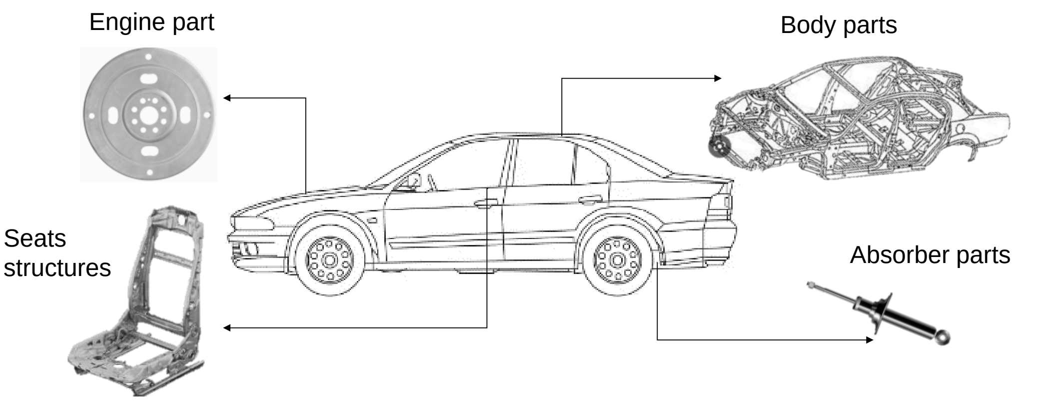
As at the LPD, our Group structure including our Subsidiary is as follows:



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

KHPT Group			
Principal business activities	Manufacturing and sale of automotive parts and components		
Principal market	• Automotive production market in Malaysia (for the assembly of new vehicles) • Automotive replacement market in Malaysia (as spare parts for service, repair and maintenance of used vehicles)		
Our expertise	Dies solution services and process engineering	Metal stamping	Sub-assembly

Our products



Our customers	• Tier 1 Suppliers/Manufacturers • Local automotive manufacturers (i.e. Proton and Perodua)

Further details of our principal business activities are set out in Section 7.1.1 of this Prospectus.

3.3 COMPETITIVE STRENGTHS

Our Group's competitive strengths include the following:

(i) Our Group's parts and components are mainly used by local automotive manufacturers (i.e. Proton and Perodua) for the assembly of Proton and Perodua cars respectively. Our automotive parts and components are customised and manufactured according to the varied requirements of each vehicle model, and are sold to Proton and Perodua directly, or to their respective Tier 1 Suppliers/Manufacturers. Our Group has been an automotive parts and components supplier to Proton and Perodua vehicles for 29 years and 24 years respectively, including the years in which we supplied parts and components to Proton and Perodua indirectly through their Tier 1 Suppliers/Manufacturers.

(ii) The growth of our Group is backed by our dies solution and process engineering capabilities. By leveraging on the experience and technical know-how of our key technical personnel, our Group has been able to design and develop optimised manufacturing processes. Further, it is also our competitive edge to have in-house dies solution expertise as we are able to have assurance on the quality of dies and jigs manufactured, as well as respond to any changes in the requirements of dies and jigs following any adjustments to the designs or specifications of the automotive parts and components, in a timely manner.

(iii) Our customers comprise mainly Tier 1 Suppliers/Manufacturers of local automotive manufacturers. In the Financial Years Under Review, most of our major customers have purchased automotive parts and components from us for at least 11 years. Our ability to secure recurring sales from our customers is attributed to the quality of our products which meet their stringent quality control measures as well as internationally recognised standards. Further, we have complied with stringent supplier selection processes, which include vendor audits, through tender processes prior to securing our customers and/or securing more orders for new vehicle models, and have been able to accommodate any further assessments required by them such as periodic audits, performance reviews and factory visits.

(iv) Our Group is led by an experienced and technically skilled key management team that has accumulated years of industry experience and in-depth knowledge of our business operations. Our Group Managing Director, Datin Eloise, who has 21 years of experience in the automotive parts and components manufacturing industry, has played a pivotal role in steering the growth and success of our Group since she took over the management in 2018. Her experience, drive and passion for our business have been instrumental to our Group's success to-date. She is supported by the Key Senior Management, namely Sia Boon Huat, Eng Shu Ling and Oon Pey Yang.

Further details of our competitive strengths are set out in Section 7.7 of this Prospectus.

3.4 FUTURE PLANS AND STRATEGIES

Our Group's future plans and strategies are summarised as below:

(i) We intend to expand our manufacturing capacity by setting up a new automated body parts production line

The new automated body parts production line will increase our manufacturing capacity for body parts production by 400 pieces per hour, which translates to an annual manufacturing capacity of 2,260,800 pieces. In addition to manufacturing body parts, the new automated body parts production line is also flexible to be utilised to manufacture seat structural parts in the event of insufficient capacity of our seat structural parts production line. Further, the new automated body parts production line will also be installed with automation equipment such as robotic arms, which is expected to reduce manual labour involved from 5 production workers to 2 production workers for each line. We envisage a minimum cost savings of approximately RM0.25 million per annum from the reduced number of workers required to perform the aforementioned processes. In addition, by automating our new body parts production line, we could also achieve consistency in production time as the loading, unloading and transfer of input materials, finished parts and/or WIP pieces will be handled by the automation equipment.

(ii) We will renovate our TPG Factory to accommodate the installation of new machinery and equipment

The setup of a new automated body parts production line involves installation of new machinery and equipment in our TPG Factory and the installation of the automated body parts production line, in particular the installation of press machines, requires a reinforced ground. As such, we intend to renovate a section of our TPG Factory, mainly involving flooring reinforcement and foundation works, to accommodate the installation of these new machinery and equipment as well as to provide a safe workplace for and minimise the risk exposure of our workers.

(iii) We intend to purchase an additional overhead crane to accommodate our expansion in manufacturing capacity

As our business continues to expand with the new automated body parts production line, we will also need to increase the lifting capacity of our overhead cranes to accommodate the increase in manufacturing activities. As such, we plan to purchase an overhead crane with a lifting capacity of approximately 15 tons, to provide us with additional lifting capacity, as well as to lift and transfer heavy dies between the dies storage space and the respective press machines.

Further details of our future plans and strategies are set out in Section 7.12 of this Prospectus.

3.5 RISK FACTORS

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

(i) We are dependent on our top 4 major customers and any loss of these major customers and our inability to replace these major customers with new customers or with additional orders from existing customers in a timely manner, could result in a loss of revenue and will have an adverse impact on our Group's financial performance.

(ii) We are dependent on the availability of technical personnel for the design and manufacturing processes of our parts and components. The loss of a substantial number of our Group's technical personnel without suitable and timely replacements may adversely affect our ability to compete and grow in the automotive parts and components manufacturing industry.

(iii) The primary raw materials used in our manufacturing activities are steel coils and steel cut sheets. Any prolonged shortages and/or delays in the supply of raw materials may affect our business operations.

(iv) Our business operations are exposed to unexpected interruptions or delays caused by equipment failures, fire, natural disasters and outbreak of infectious diseases, which may be beyond our control. In the event that any of these incidences occurs, it may result in interruptions to our operations and thus adversely affect our business operations and financial performance.

(v) We may not be able to successfully implement our future plans and business strategies. There can be no assurance that the effort and expenditures spent on the implementation of our business strategies will yield the expected results in growing our business in terms of financial performance and market presence.

(vi) We are dependent on our Group Managing Director and Key Senior Management team for continued success and growth of our business. The loss of any of our Group Managing Director and Key Senior Management team may have an unfavourable impact on our Group's operations and the future growth of our business.

(vii) We are dependent on the availability of manual labour to support our manufacturing activities and if we are unable to hire workers to support our business operations due to the continued extensions to the hiring freeze of foreign workers may affect our Group's financial performance and reputation.

(viii) Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in connection with our operations. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our business operations and financial performance.

(ix) We are exposed to credit risks and default payment by customers. In the event of not receiving payment within the credit period or default in payment by our customers, our operating cash flows or financial results of operations may be adversely affected.

(x) We may not be able to secure funding, especially on terms acceptable to us, to meet our capital requirement. If adequate funding is not available when needed, could have a material and adverse effect on our business, financial condition and results of operations.

(xi) We require licences, permits, approvals and certificates from relevant government authorities and regulatory agencies for our business operations. Any breach or material non-compliance with such regulations may result in the suspension, withdrawal or termination of the relevant licences, permits and approvals, financial penalties or cessation of our operations.

(xii) We are dependent on the performance of automotive market in Malaysia, specifically the demand for Proton and Perodua vehicles, for our continued success and growth. In the event of any slowdown in the demand for Proton and Perodua vehicles it will adversely affect the demand for our parts and components, which will in turn adversely affect our financial performance.

(xiii) We face risks arising from political, economic, social and regulatory changes. Unfavourable developments in the socio-political environment in Malaysia could materially and adversely affect our business, financial performance, financial conditions and prospects.

(xiv) We face competition from other industry players. As such, failure to remain competitive may adversely impact our Group's ability to sustain the sales orders secured from our customers at current or increased levels in the future, which in turn may affect our Group's financial performance.

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

3.6 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors are as follows:

Name	Designation
Datuk Noripah Binti Kamso	Independent Non-Executive Chairperson
Datin Eloise	Group Managing Director
Hideki Nomura	Executive Director / Chief Business Development Officer
Datuk Noor Azian Binti Shaari	Independent Non-Executive Director
Dato' Tang Ngat Ngoh	Independent Non-Executive Director
Chan Yan San	Independent Non-Executive Director

Our Key Senior Management is as follows:

Name	Designation
Sia Boon Huat	Business Development Senior Manager
Eng Shu Ling	Finance Controller
Oon Pey Yang	Operation Manager

Please refer to Section 5 of this Prospectus for details on our Directors and Key Senior Management.

3.7 PROMOTER AND SUBSTANTIAL SHAREHOLDERS

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

		Before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
	Nationality	No. of Shares	(1)(%)	No. of Shares	(1)(%)	No. of Shares	(2)(%)	No. of Shares	(2)(%)
Promoter and substantial shareholder									
Datin Eloise	Malaysian	257,024,353	87.50	(3)14,687,102	5.00	223,827,553	55.62	(3)14,687,102	3.65
Substantial Shareholders									
Tiu Kuang Hong(4)	Malaysian	22,030,658	7.50	-	-	17,000,858	4.23	-	-
Ivy See	Malaysian	14,687,102	5.00	(5)257,024,353	87.50	14,687,102	3.65	(5)223,827,553	55.62

Notes:

(1) Based on our issued share capital before our IPO of 293,742,113 Shares following the Acquisition, details of which are set out in Section 6.5 (ii) of this Prospectus.

(2) Based on our enlarged issued share capital after our IPO of 402,386,413 Shares.

(3) Deemed interest by virtue of the shareholdings of her sister, being Ivy See, pursuant to Section 8 of the Act.

(4) After the Offer for Sale, he will cease to be our substantial shareholder.

(5) Deemed interest by virtue of the shareholdings of her sister, being Datin Eloise, pursuant to Section 8 of the Act.

Further details on our Promoter and substantial shareholders are disclosed in Section 5.1.3 of this Prospectus.

3.8 UTILISATION OF PROCEEDS

Based on the IPO Price, the gross proceeds from the Public Issue amounting to RM[●] million are intended to be used in the following manner:

Purposes	Estimated timeframe for use from the date of our Listing	RM'000	%
Capital expenditure:			
- Purchase of press machines	Within 24 months	[●]	[●]
- Purchase of automation equipment	Within 24 months	[●]	[●]
- Renovation of TPG Factory	Within 24 months	[●]	[●]
- Purchase of one overhead crane	Within 24 months	[●]	[●]
Working Capital	Within 12 months	[●]	[●]
Estimated listing expenses	Within 1 month	[●]	[●]
		[●]	**100.00**

The gross proceeds arising from the Offer for Sale of RM[●] million will accrue entirely to the Selling Shareholders. Further details on the utilisation of proceeds are set out in Section 4.7 of this Prospectus.

3.9 FINANCIAL HIGHLIGHTS

3.9.1 Combined statements of profit or loss and other comprehensive income

The summary of our combined statements of profit or loss and other comprehensive income for the Financial Years Under Review is as follows:

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**
Revenue	58,965	116,246	114,082
GP	4,742	17,136	14,143
PBT	316	11,336	(1) 8,413
PAT	153	8,798	(1) 5,533
GP margin (%)(2)	8.04	14.74	12.40
PBT margin (%)(3)	0.54	9.75	7.37
PAT margin (%)(4)	0.26	7.57	4.85
Basic/Diluted EPS (sen)(5)	0.04	2.19	1.38

Notes:

(1) Included in other expenses is an one-off impairment loss on the non-current asset held for sale of RM1.03 million, incurred in FYE 2023 for Lot 2625 to its disposal consideration. Please refer to Note 1 to the combined statements of financial position in Section 12.1.2 of this Prospectus for further details.

(2) Calculated based on GP over revenue

(3) Calculated based on PBT over revenue.

(4) Calculated based on PAT over revenue.

(5) Basic and diluted EPS are calculated based on PAT for the Financial Years Under Review over our enlarged 402,386,413 Shares in issue after our IPO. There are no potential dilutive securities in issue during the respective Financial Years Under Review.

There were no exceptional or extraordinary items during the Financial Years Under Review. Our audited combined financial statement for the Financial Years Under Review were not subject to any audit qualifications.

Please refer to Sections 12 and 13 of this Prospectus for further details of our financial information.

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3.9.2 Combined statement of financial position

The following table sets out our Group's historical combined statements of financial position as at 31 December 2021, 31 December 2022 and 31 December 2023:

	Audited as at 31 December		
	2021	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**
Non-current assets			
Property, plant and equipment	25,590	19,545	22,991
Investment property	-	[(1)]4,812	-
Total non-current assets	25,590	24,357	22,991
Current assets			
Inventories	4,840	3,760	3,817
Trade receivables	11,733	18,206	12,680
Other receivables, deposits and prepayments	599	352	3,078
Amount owing by related parties	22	30	-
Current tax assets	902	-	-
Fixed deposits with licensed banks	-	2,000	6,304
Cash and bank balances	4,591	8,088	6,080
Total current assets	22,687	32,436	31,959
Non-current asset held for sale	-	-	[(1)]3,780
Total assets	**48,277**	**56,793**	**58,730**
Equity			
Share capital	250	250	250
Retained profits	23,045	27,843	32,376
Total equity	23,295	28,093	32,626
Non-current liabilities			
Lease liabilities	197	122	42
Term loans	3,209	1,908	651
Deferred tax liabilities	1,089	1,159	948
Total non-current liabilities	4,495	3,189	1,641
Current liabilities			
Trade payables	10,628	15,011	12,725
Other payables and accruals	2,101	3,782	5,473
Amount owing to directors	1	-	-
Bankers' acceptances	5,050	5,000	4,900
Lease liabilities	114	72	19
Term loans	1,276	1,231	1,257
Bank overdrafts	1,317	-	-
Current tax liabilities	-	415	89
Total current liabilities	20,487	25,511	24,463
Total liabilities	**24,982**	**28,700**	**26,104**
Total equity and liabilities	**48,277**	**56,793**	**58,730**

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

3.10 DIVIDEND POLICY

We target a payout ratio of up to 10% of our profit attributable to the owners of our Company for each financial year on a consolidated basis after taking into account working capital, maintenance capital and committed capital requirements of our Group. The declaration and payment of any dividend is subject to the confirmation of our Board as well as any applicable law, license conditions and contractual obligations and provided that such distribution will not be detrimental to our cash requirements, or any plans approved by our Board.

For the Financial Years Under Review, our Subsidiary had declared the following dividends to their respective shareholders:

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**
Dividend declared and paid	-	[(1)]4,000	[(2)]1,000

Notes:

(1) RM0.40 million was paid on 5 January 2022 and RM3.60 million was paid on 29 December 2022.

(2) RM1.00 million was paid on 29 December 2023.

Further details on our dividend policy are disclosed in Section 12.17 of this Prospectus.

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4. PARTICULARS OF OUR IPO

4.1 OPENING AND CLOSING OF APPLICATION

The Application period will open at 10.00 a.m. on [●] and will remain open until 5.00 p.m. on [●]. **Late applications will not be accepted**.

4.2 INDICATIVE TIMETABLE

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

Events	Indicative Dates
Opening of Application	[●]
Closing of Application	[●]
Balloting of Applications	[●]
Allotment of IPO Shares to successful Applicants	[●]
Listing on the ACE Market	[●]

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

4.3 DETAILS OF OUR IPO

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, our IPO Shares are expected to be allocated in the manner described below.

4.3.1 Public Issue

Our Public Issue of 108,644,300 Issue Shares representing approximately 27.00% of our enlarged issued share capital, at the IPO Price will be made available in the following manner:

(i) Malaysian Public via Balloting

20,119,400 Issue Shares representing approximately 5.00% of our enlarged issued share capital will be made available for application by the Malaysian Public via balloting, of which at least 50.00% is to be set aside strictly for Bumiputera investors. Any Issue Shares not subscribed for by Bumiputera investors will be made available for application by the other Malaysian Public via balloting.

(ii) Eligible Persons

10,059,700 Issue Shares representing approximately 2.50% of our enlarged issued share capital will be made available for application by our Eligible Persons in recognition of their efforts and supports to our Group.

A total of 63 persons are eligible for the Pink Form Allocation, comprising the following:

Category	**Number of Eligible Persons**	**Aggregate number of Pink Form Shares allocated**
Eligible Directors[(1)]	5	1,331,300
Eligible employees of our Group[(2)]	58	8,728,400
Total	**63**	**10,059,700**

The above allocation is subject to the Eligible Persons subscribing to their respective allocations. The entitlements which are not accepted by any Eligible Persons will be re-allocated to the other Eligible Persons at the discretion of our Board.

Notes:

(1) The criteria for allocation to our eligible Directors are based on their respective roles and responsibilities as well as their contribution to our Group. The number of Pink Form Shares to be allocated to our eligible Directors are as follows:

Eligible Directors	***Designation***	***Aggregate No. of Pink Form Shares***
Hideki Nomura	*Executive Director*	*381,300*
Datuk Noripah Binti Kamso	*Independent Non-Executive Chairperson*	*300,000*
Datuk Noor Azian Binti Shaari	*Independent Non-Executive Director*	*300,000*
Dato' Tang Ngat Ngoh	*Independent Non-Executive Director*	*300,000*
Chan Yan San	*Independent Non-Executive Director*	*50,000*
		1,331,300

(2) The criteria for allocation to our eligible employees (as approved by our Board) are based on the following factors:

(i) The eligible employee must be a full-time and confirmed employees of at least 18 years of age and on the payroll of our Group; and

(ii) The number of Pink Form Shares allocated to our eligible employees are based on their seniority, position, length of service and/or their respective contribution to our Group as well as other factors deemed relevant by our Board.

(iii) Private Placement to selected investors

78,465,200 Issue Shares representing approximately 19.50% of our enlarged issued share capital will be made available by way of private placement to selected investors.

The Issue Shares will, upon allotment and issue, rank equally in all respects with the existing Shares in issue, including voting rights and rights to all dividends and distributions that may be declared, the entitlement date of which is subsequent to the allotment date of the Issue Shares.

Upon completion of the Public Issue, our Group issued share capital will increase from 293,742,113 Shares to 402,386,413 Shares.

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4.3.2 Offer for Sale

Our Selling Shareholders will undertake an offer for sale of 38,226,600 Offer Shares, representing approximately 9.50% of our enlarged issued share capital, will be made available by way of private placement to selected investors at the IPO Price.

Details of our Selling Shareholders are as follows:

Selling Shareholders	Address	Position / Relationship with the Group for the past 3 years	Shareholdings before IPO and after completion of the Acquisition		Offer for Sale			Shareholdings after IPO	
			No. of Shares	%[1]	No. of Shares	%[1]	%[2]	No. of Shares	%[2]
Datin Eloise	No. 8, Lorong Batu Nilam 9D, Bandar Bukit Tinggi, 41200 Klang, Selangor	Promoter, substantial shareholder and Group Managing Director	257,024,353	87.50	33,196,800	11.30	8.25	223,827,553	55.62
Tiu Kuang Hong[3]	No. 30, Jalan Kiara 9/KS6, Bandar Botanic, 41200 Klang, Selangor	Substantial shareholder and Technical Director of AGSB	22,030,658	7.50	5,029,800	1.71	1.25	17,000,858	4.23

Notes:

(1) Based on our issued share capital of 293,742,113 Shares after the completion of the Acquisition and as at the LPD.

(2) Based on our enlarged issued share capital of 402,386,413 Shares after our IPO.

(3) After the Offer for Sale, he will cease to be our substantial shareholder.

The Offer for Sale is expected to raise gross proceeds of approximately RM[●] million which will accrue entirely to the Selling Shareholders and we will not receive any of the proceeds. The Selling Shareholders shall bear all expenses such as stamp duty, placement fees, registration and share transfer fee relating to the Offer Shares, the aggregate of which is estimated to be approximately RM[●] million.

The Offer for Sale is subject to the terms and conditions of this Prospectus.

Further details of our Selling Shareholders, who are also our Promoter and/or substantial shareholders, are set out in Section 5.1.3 of this Prospectus.

4.3.3 Allocation of the IPO Shares and Underwriting Arrangement

In summary, our IPO Shares will be allocated in the following manner:

	Public Issue		Offer for Sale		Total	
	No. of Shares	***%**	**No. of Shares**	***%**	**No. of Shares**	***%**
Malaysian Public (via balloting):						
- Bumiputera	10,059,700	2.50	-	-	10,059,700	2.50
- Non-Bumiputera	10,059,700	2.50	-	-	10,059,700	2.50
Eligible Persons	10,059,700	2.50	-	-	10,059,700	2.50
Private placement to selected investors	78,465,200	19.50	38,226,600	9.50	116,691,800	29.00
	108,644,300	**27.00**	**38,226,600**	**9.50**	**146,870,900**	**36.50**

Note:

∗ *Based on the enlarged issued share capital of 402,386,413 Shares after the IPO.*

20,119,400 Issue Shares made available to the Malaysian Public [have been] fully underwritten. In the event of an over-subscription, acceptance of Applications by the Malaysian Public shall be subject to ballot to be conducted in a manner approved by our Board whilst in the event the Issue Shares are not subscribed for in full, these Shares will be made available for application by way of private placement to selected investors. Any remaining Issue Shares thereafter will be subscribed by the Underwriter, subject to the terms and conditions of the Underwriting Agreement.

10,059,700 Issue Shares made available to the Eligible Persons [have been] fully underwritten. Any Shares reserved under the Pink Form Allocation which are not taken up will be made available firstly, for subscription by other Eligible Persons, secondly, for application by the Malaysian Public via balloting and/or selected investors via private placement and finally, by our underwriter pursuant to the terms of the Underwriting Agreement.

78,465,200 Issue Shares and 38,226,600 Offer Shares made available to selected investors through private placement are not underwritten. Irrevocable undertakings have been or will be obtained from the selected investors who subscribe for the IPO Shares by way of private placement. Any unsubscribed IPO Shares under this allocation will be made available for application by the Malaysian Public.

The IPO Shares will be allocated on a fair and equitable manner and the basis of allocation for the IPO Shares shall take into account the desirability of distributing the IPO Shares to a reasonable number of applicants to broaden our shareholding base and to establish a liquid market for our Shares. The identified investors for the IPO Shares under the private placement will be selected in such manner as may be determined by the Placement Agent, in consultation with our Board, has the absolute discretion to decide whether to accept or reject any placement application.

There is no minimum subscription amount to be raised from our IPO. The number of IPO Shares offered under the Public Issue will not be increased via any over-allotment or “greenshoe” option.

Under the Listing Requirements, we are required to have a minimum of 25.00% of our Shares held by at least 200 public shareholders, each holding not less than 100 Shares at the point of our Listing. If the above requirement is not met, we may not be able to proceed with our Listing. Please refer to Section 9.3.2 of this Prospectus for details in the event our Listing is delayed or aborted.

As at the LPD, to the extent known to our Company, none of our Directors, substantial shareholders or key senior management has indicated to us that they intent to subscribe for our IPO Shares beyond their respective entitlements under the Pink Form Allocation and there are no person(s) who have indicated to us that they intend to subscribe for more than 5.00% of our IPO Shares.

4.4 BASIS OF ARRIVING AT THE IPO PRICE

Our IPO Price was determined and agreed upon by us and our Principal Adviser after taking into consideration the following factors:

(a) our pro forma NA per share attributable to the owners of the Company of RM [●] as at 31 December 2023 based on the enlarged issued share capital of 402,386,413 Shares, after our IPO and subsequent to the utilisation of proceeds from our Public Issue as set out in Section 4.7 of this Prospectus;

(b) our Group's EPS of 1.38 sen for the FYE 2023 computed based on our audited PAT for FYE 2023 of approximately RM5.53 million and our enlarged share capital of 402,386,413 Shares upon Listing, which translate into PE Multiple of 14.54 times, based on the IPO Price;

The adjusted PAT for the FYE 2023 after excluding the one-off impairment loss on the non-current asset held for sale of RM1.03 million would be RM6.56 million. This would translate into an adjusted EPS of 1.63 sen and a PE Multiple of approximately 12.26 times, based on the IPO Price;

(c) our competitive strengths as set out in Section 7.7 of this Prospectus;

(d) our future plans and strategies as set out in Section 7.12 of this Prospectus; and

(e) the industry overview and outlook based on the IMR Report as set out in Section 8 of this Prospectus.

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

4.5 SHARE CAPITAL AND RANKING OF THE SHARES

4.5.1 Share capital

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

	No. of Shares	(RM)
Issued share capital		
As at the date of this Prospectus	293,742,113	31,724,150
To be issued pursuant to the Public Issue	108,644,300	[●]
Enlarged issued share capital upon Listing	402,386,413	[●]

4.5.2 Classes and ranking of our Shares

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

Subject to any special rights attaching to any Shares which we may issue 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 in the form of 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 attorney 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 Representative) shall have 1 vote for each Share held or represented. A proxy may but need not be a shareholder of our Company and there shall be no restriction as to the qualification of the proxy save that the proxy must be of full age.

4.6 DILUTION

Dilution is the amount by which the IPO Price to be paid by the applicants for our IPO Shares will be diluted upon our Listing based on the proforma NA per Share after the IPO. The following table illustrates such dilution to the new investors for the IPO Shares on a per Share basis as well as the accretion in value to the existing shareholders of the Company after the IPO:

	Details	**RM**
IPO Price	(A)	[●]
Audited NA per Share as at 31 December 2023 after the Acquisition and before adjusting for our IPO	(B)	[●]
Pro forma NA per Share as at 31 December 2023 after our IPO and the utilisation of Public Issue proceeds	(C)	[●]
Increase in pro forma NA per Share attributable to our existing shareholders	(C-B)	[●]
Dilution to our new investors	(A-C)	[●]
Dilution to our new investors as a percentage of the IPO Price	(A-C) / (A)	[●]%

Further details of our pro forma NA per Share as at 31 December 2023 is set out in Section 12.18 of this Prospectus.

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

	No. of Shares held before IPO	**Total consideration (RM)**	**Average Effective cost per Share (RM)**
Promoter and substantial shareholder			
Datin Eloise	*257,024,353	27,758,631	0.108
Substantial shareholders			
Tiu Kuang Hong	*22,030,658	2,379,312	0.108
Ivy See	14,687,102	1,586,207	0.108

Note:

∗ *Included 1 Share issued at RM1.00 as at the date of the incorporation of the Company.*

Save as disclosed above and apart from the Pink Form Allocations, there has been no acquisition or subscription of any of our Shares by our Promoter, substantial shareholder, Directors and/or Key Senior Management or persons connected with them, or any transaction entered into by them, which grants them the right to acquire any of our Shares from the date of our incorporation up to the date of this Prospectus.

4.7 UTILISATION OF PROCEEDS

Based on the IPO Price, the gross proceeds from the Public Issue amounting to RM[●] million are intended to be used in the following manner:

Purposes	Estimated time frame for use (from the Listing date)	(RM'000)	(%)
Capital expenditure:			
- Purchase of press machines	Within 24 months	[●]	[●]
- Purchase of automation equipment	Within 24 months	[●]	[●]
- Renovation of TPG Factory	Within 24 months	[●]	[●]
- Purchase of one overhead crane	Within 24 months	[●]	[●]
Working capital	Within 12 months	[●]	[●]
Estimated listing expenses	Within 1 month	[●]	[●]
		[●]	**100.00**

Details of the utilisation of Public Issue proceeds are as set out below:

(i) Purchase of press machines

Our Group manufacturing activities comprised the blanking line, body parts production line, seat structural parts production line and absorber parts production line. Notably, our Group's utilisation rate for the body parts production line and seat structural parts production line were estimated at 84.19% and 94.85% respectively in FYE 2023. Our Group plans to expand our manufacturing capacity to meet the anticipated increase in demand from our customers, premised on the rolling forecast provided to our Group as well as discussions with our customers. As such, our Group intends to purchase 4 press machines to set up a new body parts production line.

The said new production line will increase our Group's manufacturing capacity for body parts production by 400 pieces per hour, which translates to an annual manufacturing capacity of approximately 2,620,800 pieces. This will increase our Group's annual manufacturing capacity for body parts production by approximately 83.33% from 3,144,960 pieces to 5,765,760 pieces.

Furthermore, the new body parts production line is expected to provide flexibility to our Group, as it can be utilised to manufacture seat structure parts products. Such flexibility enables our Group to utilise the said new production line interchangeably if there are additional orders received for the seat structure parts products. The anticipated increase in our Group's manufacturing capacity with the setup of the new body parts production line will allow us to accept more orders from our customers, which will in turn contribute to our Group's overall financial performance and continue to fuel our Group's business growth in the future.

Our Group intends to allocate RM[●] million of the gross proceeds from the Public Issue to fully fund the purchase of the press machines. Any shortfall or surplus will be adjusted against the portions earmarked for the purchase of automation equipment, renovation of TPG Factory, purchase of overhead crane, working capital expenditure and/or to defray estimated listing expenses.

(ii) Purchase of automation equipment

As at the LPD, our Group has 4 body parts production lines which are all manually operated by our production workers. In line with our Group's plan to improve our manufacturing efficiency, our Group intends to purchase and install the automation equipment into the new body parts production line.

The new body parts production line will be installed with automation equipment such as robotic arms. The said purchase and installation of automation equipment will reduce reliance on the manual production workers mainly in terms of de-stacking and loading steel coil or steel cut sheets into the press machines, transfer of WIP pieces from press-to-press as well as unload the completed parts through the conveyor belt to the designated area in the TPG Factory for inspection, packing and delivery.

Our Group expects the number of workers required for the manufacturing process will reduce from 5 production workers to 2 production workers per production line per shift. Our Group envisage a minimum cost savings of approximately RM0.25 million per annum from the reduced number of workers required to perform the aforementioned processes. In addition, it could also achieve consistency in automotive parts and components manufactured by our Group as the loading, unloading and transfer of input materials, finished parts and/or WIP pieces will be handled by the automated equipment.

Our Group has earmarked RM[●] million of the gross proceeds from the Public Issue to fully fund the purchase of automation equipment. The details of the automation equipment that our Group intends to purchase are as follows:

Description	**No. of units**	**(1)Estimated cost (RM'000)**
Robotic arms and accessories(2)	7	[●]
Safety and operating system	1	[●]
Engineering services(3)	Not applicable	[●]
		[●]

Notes:

(1) Based on quotation obtained from supplier.

(2) Comprises 1 unit of robotic arm for de-stacking, 1 unit of robotic arm for loading of blanked pieces to the first press machine, 3 units of robotic arms for transfer of WIP pieces between press machines, and 1 unit of robotic arm together with 1 unit of conveyor belt for unloading of finished parts from the last press machine to the designated area.

(3) Services provided by the supplier comprising system design, system test-run, operation training, on-site installation, commissioning and standby.

Any shortfall or surplus will be adjusted against the portions earmarked for the purchase of press machines, renovation of TPG Factory, purchase of overhead crane, working capital expenditure and/or to defray estimated listing expenses.

(iii) Renovation of TPG Factory

As at the LPD, our Group operates solely from TPG Factory with a total built-up area of approximately 9,823.98 sq m including a double-storey office (built-up area: 543.19 sq m) which house our office workers to perform operational and administrative tasks as well as a single-story factory (built-up area: 8,550.00 sq m) which is used for our Group's automotive parts and components manufacturing activities.

As part of the business expansion, our group intends to expand its manufacturing capacity by adding an additional body parts production line equipped with automation equipment. The installation of a complete press production line required a solid ground to install the press machines in order to provide a safe workplace for and minimise the risk exposure of our workers who are discharging their works.

As such, our Group intends to renovate a section of the TPG Factory. The renovation works comprise mainly the flooring and foundation works which is mainly to provide a stable foundation for installing the press machines. Our Group intends to allocate RM[●] million of the gross proceeds from the Public Issue to fully fund the renovation of TPG Factory. The expected timeline for the completion of renovation, subject to obtaining relevant approvals, if required and to operationalise is expected to be within 6 months from the date of application of any required approvals.

Any shortfall or surplus will be adjusted against the portions earmarked for the purchase of press machines, purchase of automation equipment, purchase of overhead crane, working capital expenditure and/or to defray estimated listing expenses.

(iv) Purchase of one overhead crane

Our Group utilises dies in our manufacturing of metal stamped parts. Overhead cranes are used by our Group to transfer dies between the dies storage space and the respective press machine. As at the LPD, our Group has installed 2 overhead cranes in TPG Factory with each overhead crane having a maximum lifting capacity of 10 tons.

As part of our Group's business expansion plans, our Group intends to purchase an overhead crane which is capable to carry dies with lifting capacity of 15 tons. The said overhead crane will be utilised to transfer dies for existing blanking line and the new body parts production lines as well as serving as a backup overhead crane in the event of breakdowns of the other existing overhead cranes.

Our Group will allocate RM[●] million of the gross proceeds from the Public Issue to fully fund the purchase of overhead crane. Any shortfall or surplus will be adjusted against the portions earmarked for the purchase of press machines, purchase of automation equipment, renovation of TPG Factory, working capital expenditure and/or to defray estimated listing expenses.

(v) Working capital

Our Group has allocated RM[●] million of the gross proceeds from the Public Issue for the working capital requirements of our Group, which are the general administrative and daily operational expenses such as electricity, upkeep of machinery / equipment and maintenance costs. The breakdown of each expenses cannot be determined at this juncture as it depends on working capital requirements at the relevant point of time.

Any shortfall or surplus will be adjusted against the portions earmarked for the purchase of press machines, purchase of automation equipment, renovation of TPG Factory, purchase of overhead crane and/or to defray estimated listing expenses.

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(vi) Estimated listing expenses

The estimated expenses and fees incidental to our Listing amounting to approximately RM[●] million shall be borne by our Group, the details of which are as follows:

Estimated listing expenses	**RM'000**
Professional fees(1)	[●]
Underwriting, placement and brokerage fees	[●]
Fees to authorities	[●]
Other miscellaneous expenses and contingencies(2)	[●]
	[●]
	[●]

Notes:

(1) Includes fees for the Principal Adviser, Reporting Accountants, Legal Advisers, IMR, Issuing House and other professional advisers.

(2) Includes any other incidental charges or related expenses in relation to our IPO such as fees paid to translator, investor relations consultant, printing expenses, media related expenses, IPO event expenses and sales and service tax.

Any shortfall or surplus will be adjusted against the portions earmarked for the purchase of press machines, purchase of automation equipment, renovation of TPG Factory, purchase of overhead crane and/or working capital expenditure.

Based on the IPO Price, the entire gross proceeds of approximately RM[●] million to be raised from the Offer for Sale will accrue entirely to our Selling Shareholders and not to be borne by our Company. All expenses relating to the Offer for Sale will be borne by our Selling Shareholders, the aggregate of which is estimated to be approximately RM[●] million.

4.8 UNDERWRITING COMMISSION, BROKERAGE FEE AND PLACEMENT FEE

(i) Underwriting commission

KAF, as our sole Underwriter, has agreed to underwrite 30,179,100 Issue Shares made available for application by the Malaysian Public and the Eligible Persons under the Pink Form Allocation. We are obligated to pay our Underwriter an underwriting commission at the rate of [●]% of the total value of the Issue Shares underwritten at the IPO Price.

(ii) Brokerage fee

We will bear the brokerage fees in respect of the 20,119,400 Issue Shares made available for Application by the Malaysian Public at the rate of [●]% of the IPO Price in respect of successful Applications which bear the stamp of participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association in Malaysia or the Issuing House.

(iii) Placement fee

KAF, as our Placement Agent, has agreed to place out 78,465,200 Issue Shares and 38,226,600 Offer Shares to selected investors by way of private placement.

We will bear the placement fee of [●]% of the total value of the Issue Shares placed out via the private placement.

The Selling Shareholders will bear the placement of [●]% of the total value of the Offer Shares placed out via the private placement.

4.9 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

The following salient terms are reproduced from the Underwriting Agreement including terms which allow our Underwriter to withdraw from the underwriting obligation after the opening of our IPO. The capitalised terms and numbering references used herein shall have the respective meanings and numbering references as ascribed thereto in the Underwriting Agreement:

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

5.1 PROMOTER AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Shareholdings of Promoter and substantial shareholders

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

		Before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
	Nationality	No. of Shares	(1)(%)	No. of Shares	(1)(%)	No. of Shares	(2)(%)	No. of Shares	(2)(%)
Promoter and substantial shareholder									
Datin Eloise	Malaysian	257,024,353	87.50	(3)14,687,102	5.00	223,827,553	55.62	(3)14,687,102	3.65
Substantial shareholders									
Tiu Kuang Hong(4)	Malaysian	22,030,658	7.50	-	-	17,000,858	4.23	-	-
Ivy See	Malaysian	14,687,102	5.00	(5)257,024,353	87.50	14,687,102	3.65	(5)223,827,553	55.62

Notes:

(1) Based on our issued share capital before our IPO of 293,742,113 Shares following the Acquisition, details of which are set out in Section 6.5 (ii) of this Prospectus.

(2) Based on our enlarged issued share capital after our IPO of 402,386,413 Shares.

(3) Deemed interest by virtue of the shareholdings of her sister, being Ivy See, pursuant to Section 8 of the Act.

(4) After the Offer for Sale, he will cease to be our substantial shareholder.

(5) Deemed interest by virtue of the shareholdings of her sister, being Datin Eloise, pursuant to Section 8 of the Act.

The Shares held by our Promoter and substantial shareholders have the same voting rights from as other shareholders of our Company. Save for the above, there are no other persons who is able to, directly or indirectly, jointly or severally, exercise control over our Company.

As at the LPD, there is no arrangement between our Company and the Promoter and our substantial shareholders with any third party which may result in a change in control of our Company at a date subsequent to our IPO and our Listing.

5.1.2 Changes in Promoter's and substantial shareholders' shareholdings

Save as disclosed below, there have been no other changes in the shareholdings of our Promoter and substantial shareholders in our Company for the Financial Years Under Review up to the LPD:

	As at 31 December 2021, 31 December 2022 and 31 December 2023				As at the LPD			
	Direct		Indirect		Direct		Indirect	
Promoter and substantial shareholders	**No. of Shares**	**[(1)](%)**	**No. of Shares**	**[(1)](%)**	**No. of Shares**	**[(2)](%)**	**No. of Shares**	**[(2)](%)**
Promoter and substantial shareholder								
Datin Eloise	1	50.00	-	-	257,024,353	87.50	[(3)]14,687,102	5.00
Substantial shareholders								
Tiu Kuang Hong	1	50.00	-	-	22,030,658	7.50	-	-
Ivy See	-	-	[(4)]1	50.00	14,687,102	5.00	[(4)]257,024,353	87.50

Notes:

(1) Based on our issued share capital of 2 Shares as at the incorporation date of our Company.

(2) Based on our issued Shares before our IPO of 293,742,113 Shares following the Acquisition, the details of which are set out in Section 6.5 (ii) of this Prospectus.

(3) Deemed interest by virtue of the shareholdings of her sister, being Ivy See, pursuant to Section 8 of the Act.

(4) Deemed interest by virtue of the shareholdings of her sister, being Datin Eloise, pursuant to Section 8 of the Act.

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5.1.3 Profiles of Promoter and substantial shareholders

The profiles of our Promoter and substantial shareholders are as follows:

(i) Datin Eloise
Promoter, substantial shareholder and Group Managing Director

Datin Eloise, female, a Malaysian aged 43, is our Promoter, substantial shareholder and Group Managing Director. She was appointed to our Board on 20 February 2019. She is our Group Managing Director and is primarily responsible for the overall strategy and corporate direction of our Group.

She graduated with a Bachelor of Business Management with Majors in Management and Organisations and Marketing from University of Queensland, Australia in 2002. She obtained her Master of Business Administration from Victoria University, Australia in 2010.

In February 2003, she joined AGSB as a Business Development Executive and is primarily in charge of assisting the financial controller of AGSB on financial, operation, overall product management and customer support. In July 2009, she was appointed as a director of AGSB and Kah Hong Development (M) Sdn Bhd, an investment holding company with investment in freehold industrial land and shop office. She has been continuously responsible for the growth and business operations of AGSB. Meanwhile, she was in charge of the business development department of Kah Hong Development (M) Sdn Bhd until her resignation from the company as a director on 5 March 2018.

In January 2018, Datin Eloise's father, See Ming Hoi who was our Managing Director resigned as a director of AGSB and subsequently Datin Eloise was appointed as the Managing Director of AGSB. She was responsible for developing strategic direction and business expansion strategies of our Group. Since then, she has played a vital role in expanding AGSB's business operations and has been the key person driving AGSB's growth and expansion strategies. In February 2024, she accepted the invitation to be an industry advisory council member to the German-Malaysian Institute ("**GMI**") where her responsibilities include offering insights and recommendations, providing feedback to GMI's academic curriculum and collaborating with other council members to address key challenges and opportunities.

She is also a director of KHPT Venture, an investment holding company which is currently dormant and is in the process of striking off. Save for our Company, she does not sit on the board of directors of any other public listed companies. Kindly refer to Section 5.2.3 (ii) of this Prospectus for her involvement in other companies outside of our Group.

Datin Eloise is the sibling of Ivy See (our substantial shareholder).

(ii) Tiu Kuang Hong
Substantial shareholder

Tiu Kuang Hong, male, a Malaysian aged 65, is a substantial shareholder of our Company and will cease to be a substantial shareholder of our Company upon the completion of the Offer for Sale. He was appointed to our Board on 20 February 2019 and has subsequently resigned from the Board on 28 November 2023. Nonetheless, he is still a director of AGSB, a position he holds since 25 September 1996.

He obtained a Malaysian Certificate of Education (SPM) in 1978. Thereafter, he obtained a first class award for his Diploma in Mechanical Engineering from Institiut Teknoloji Jaya in Malaysia in 1982.

He has over 40 years of working experience in field of building prototypes parts, developing test procedures and conducting tests using software packages and physical testing methods for automotive and other industries parts in Malaysia. Redesignated as Technical Director of AGSB on 1 January 2018, he is also responsible in the part process and development which encompasses quality, tooling, equipment purchases and installation, error and mistake proofing, part tracking, part follow up and project management. He has also attended and completed some technical and leadership programmes/courses such as "Corporate Directors' Training Programme" in 2003, "NX Essential Training" in 2018 and "Leadership Transformation Programme" in 2018.

(iii) Ivy See
Substantial shareholder

Ivy See, female, a Malaysian aged 49, is our substantial shareholder. She was appointed as a director of AGSB on 9 July 2009 and is primarily responsible for overseeing administrative and financing related matters.

In 1995, she obtained a Diploma in Business (Major in Financial Accounting) from Systematic College Kuala Lumpur (now known as Segi College Kuala Lumpur) and a Diploma in Accounting from London Chamber of Commerce and Industry. She then obtained a Diploma in Economics from University of London in 1997 via distance learning and continued to obtain a Master of Business Administration from Anglia Ruskin University in 2020.

Ivy See began her career as an Account Executive with KHEI in April 1998. In April 2005, she was promoted as Financial Controller whereby her main responsibilities included overseeing the cash flow planning and accounting operations of the company. She was subsequently redesignated as an Executive Director in July 2009 where she oversaw the company's financial matters including cashflow planning and budgeting. In January 2015, she was redesignated as Financial Director.

Subsequently in October 2018, she was transferred to AGSB and was redesignated as Design & Costing Director. She developed and executed pricing strategies to maximize AGSB's variable margin and competitive pricing, oversaw pricing and project cost management strategy.

In April 2021, Ivy See was redesignated as Administrative Director of AGSB and is primarily responsible for overseeing the Group's compliance, staff development and competency by planning delivery solutions, guiding and mentoring team members, implementation of program, project delegation and strategy.

Ivy See is the sibling of Datin Eloise (our Promoter, substantial shareholder and Group Managing Director).

5.1.4 Promoter's and substantial shareholders' Remuneration and Benefits

Save for the aggregate remuneration and benefits paid or intended to be paid or given to our Promoter and substantial shareholders for services rendered to our Group in all capacities for the FYE 2023 and FYE 2024 as set out in Section 5.2.4 of this Prospectus, there are no other amounts or benefits that have been paid or intended to be paid or given to our Promoter and substantial shareholders within the 2 years preceding the date of this Prospectus.

5.2 DIRECTORS

5.2.1 Shareholdings of Directors

The details of our Directors and their respective shareholdings in our Company before and after our IPO are as follows:

		Before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
Name	Designation	No. of Shares	[1]%	No. of Shares	[1]%	No. of Shares	[2]%	No. of Shares	[2]%
Datuk Noripah Binti Kamso	Independent Non-Executive Chairperson	-	-	-	-	[3]300,000	0.07	-	-
Datin Eloise	Group Managing Director	257,024,353	87.50	[4]14,687,102	5.00	223,827,553	55.62	[4]14,687,102	3.65
Hideki Nomura	Executive Director/ Chief Business Development Officer	-	-	-	-	[3]381,300	0.09	-	-
Dato' Tang Ngat Ngoh	Independent Non-Executive Director	-	-	-	-	[3]300,000	0.07	-	-
Datuk Noor Azian Binti Shaari	Independent Non-Executive Director	-	-	-	-	[3]300,000	0.07	-	-
Chan Yan San	Independent Non-Executive Director	-	-	-	-	[3]50,000	0.01	-	-

Notes:

(1) Based on our issued Shares before our IPO of 293,742,113 Shares following the Acquisition, details of which are set out in Section 6.5(ii) of this Prospectus.

(2) Based on our enlarged issued Shares after our IPO of 402,386,413 Shares.

(3) Assuming he/she will fully subscribe for his/her respective allocations under the Pink Form Allocation.

(4) Deemed interest by virtue of the shareholdings of her sister, being Ivy See, pursuant to Section 8 of the Act.

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5.2.2 Profiles of Directors

Save for the profile of Datin Eloise as set out in Section 5.1.3 (i) of this Prospectus, the profiles of our other Directors are as follows:

(i) Datuk Noripah Binti Kamso
Independent Non-Executive Chairperson

Datuk Noripah Binti Kamso, female, a Malaysian aged 66, is our Independent Non-Executive Chairperson. She was appointed to our Board on 21 March 2024.

She obtained a Diploma in Business Studies from Institut Teknologi MARA, Malaysia (the predecessor of Universiti Teknologi MARA ("**UiTM**")) in 1978, a Bachelor of Science from Northern Illinois University in the United States of America ("**USA**") in 1980 and a Master of Business Administration from Marshall University in the USA in 1981.

She began her career in 1980 as Development Officer, Project Division at Urban Development Authority of Malaysia (now known as UDA Holdings Berhad) ("**UDA**") where she was responsible for overseeing the overall implementation of development projects. She left UDA and joined Bank of Commerce (M) Berhad in 1983 (which subsequently became part of CIMB Group Holdings Berhad (together with its subsidiaries and associated companies, "**CIMB Group**")) as an Executive Trainee and rose up the ranks to Senior Manager of the corporate banking department.

She remained with the CIMB Group for the next 30 years until 2014 where she held various key positions including Deputy General Manager, General Manager and director of the corporate banking department of Commerce International Merchant Bankers Berhad ("**CIMBB**") responsible for all corporate lending businesses from 1993 to 2004. While she was serving at CIMBB, she was also the Chief Executive Officer of CIMB Futures Sdn Bhd (now known as CGS International Futures Malaysia Sdn Bhd) ("**CIMB Futures**") in-charge of derivatives broking from 1996 to 2004. She was Chief Executive Officer of CIMB Principal Asset Management Berhad (now known as Principal Asset Management Berhad) ("**CPAM**") from 2004 to 2008 and the founding Chief Executive Officer of CIMB Principal Islamic Asset Management Sdn Bhd (now known as Principal Islamic Asset Management Sdn Bhd) ("**CPIAM**") from 2008 until 2012. During her tenure, CPAM evolved into a regional asset management house and CPIAM extended its reach to various jurisdictions offering investment capabilities in equities and sukuk for global institutional investors. Her last position in the CIMB Group was as an advisor to CIMB Islamic Bank Berhad's wholesale banking from 2013 to 2014. She had also served as executive director of CIMB Futures, CPAM and CPIAM during her tenure with the CIMB Group.

Between 2015 and 2016, she lectured graduate and undergraduate students in Islamic Capital Market at the Drake University of USA to fulfil her commitments as a Global Practitioner in Residence, which is funded by the Principal Financial Group Center for Global Citizenship. In the academic year from 2016 to 2017, she was a Visiting Fellow at the Oxford Centre for Islamic Studies, an independent centre of the University of Oxford, United Kingdom where she pioneered the establishment of the Islamic finance unit. She had been lecturing on the fundamentals of Islamic finance contracts as a visiting lecturer at Saint-Joseph University in Beirut, Lebanon from 2015 to 2023. She was an adjunct professor in the School of Economics, Finance & Banking of Universiti Utara Malaysia between 2014 and 2019 and she was also an adjunct professor in the Faculty of Business and Management of UiTM between 2019 and 2021.

Between 2015 and 2017, she was appointed by the SC to serve as Public Interest Director of the Federation of Investment Managers Malaysia recognised by the SC as a self-regulatory organisation for the unit trust industry. Between 2016 and 2020, she was a member of the Appeals Committee of Securities Industry Dispute Resolution Centre, an independent and impartial dispute resolution body established by the SC as part of its investor protection framework. She was also the Chairperson of Bank Kerjasama Rakyat Malaysia Berhad from 2018 to 2020 and the Chairperson of the board of trustees of

Yayasan Bank Rakyat from 2019 to 2020. Between 2015 and January 2023, she was an Independent Non-Executive Director of Top Glove Corporation Bhd, a public company listed on the Main Market of Bursa Securities and the Mainboard of Singapore Exchange Securities Trading Ltd.

She has been an advisor to Pantas Software Sdn Bhd since 2019. In 2022, she was appointed Chairwoman (designate) of the Malaysian operations of Arabesque Holding Ltd, a United Kingdom based financial technology company.

She has been an Independent Non-Executive Director of Swift Haulage Berhad since 2021, a public company listed on the Main Market of Bursa Securities. In February 2022, she was appointed as a Senior Independent Non-Executive Director in DXN Holdings Bhd, a public company listed on the Main Market of Bursa Securities. Please refer to Section 5.2.3 (i) of this Prospectus for further details on her directorships.

(ii) Hideki Nomura
Executive Director/ Chief Business Development Officer

Hideki Nomura, male, a Japanese aged 73, is our Non-Independent Executive Director. He was appointed to our Board on 15 December 2023.He graduated with a Degree of Bachelor of Engineering from Doshisya University of Mechanical Engineering, Japan, in 1975.

He oversees product engineering development and operations and also coordinates product manufacturing process to ensure quality improvement while providing technical, development and management advisory for our Group.

He began his career with Daihatsu Motor Co., Ltd., Japan ("**DMC**") in the mechanical engineering section of the production engineering department in April 1975 and he was responsible for the cutting tool engineering, new engine development project and engine localisation projects. From April 1975 to February 1996, he was in charge of the development of numerous new engine development projects, amongst others, to localise the head cylinder and intake manifold for Daihatsu Perodua Engine Manufacturing Sdn Bhd in Malaysia. In March 1996, he was transferred to Daihatsu Shiga plant ("**Daihatsu Shiga Plant**") in Ryuo, Shiga, in Japan as the Plant Manager who was responsible for the plant management with the focus on development and manufacturing of new engine and transmission projects as well as ensuring the quality, cost and productivity improvement through the implementation of Toyota Production System. His last held position was a Deputy Branch General Manager at Daihatsu Shiga Plant in June 2001. He was then promoted to the position as a Director in DMC with the responsibility as the Plant Manager of DMC's Ikeda and Kyoto plants in Japan for the development and manufacturing of new car model like the Toyota Passo and Daihatsu Boon.

In June 2004, he was in charge of the Indonesia Business Development as the Director of DMC and was later seconded to P.T. Astra Daihatsu Motor, Indonesia ("**PT Astra**") in the same year.

In June 2006, he was appointed as the Executive Director of DMC and was also appointed as the President of PT Astra. He was responsible for the development and manufacturing of new car models, including the Daihatsu Xenia, Toyota Avanza and Toyota Rush. He remained as the President of PT Astra until May 2009.

He then joined Akashi Kikai Industry Co. Ltd., ("**Akashi Kikai**") in Japan, a subsidiary of DMC as an Advisor in June 2009 before being promoted as an Executive Vice President in July 2009. Akashi Kikai is a company that manufactures and sells automotive parts. In February 2012, Akashi Kikai established Akashi Kikai Industry (M) Sdn Bhd, a subsidiary in Malaysia, where he was appointed as the Managing Director of Akashi Kikai Industry (M) Sdn Bhd and held this position until his retirement in June 2016. He then remained as an Advisor until September 2017.

He was appointed as Corporate Advisor to AGSB on 26 November 2018 to render his mentorship in automotive production management, problem-solving and best practices for efficiency in operations. He was subsequently redesignated as Chief Business Development Officer on 26 May 2023 assuming the same role.

(iii) Dato' Tang Ngat Ngoh
Independent Non-Executive Director

Dato' Tang Ngat Ngoh @ Lisa, female, a Malaysian aged 62, is our Independent Non-Executive Director. She was appointed to our Board on 15 December 2023. She is also the Chairperson of our Nomination and Remuneration Committee and a member of our Audit and Risk Management Committee.

She graduated with a Bachelor of Science Education (Chemistry) from University Science Malaysia in 1986. In 1999, she completed her Master of Science from University of Malaya and graduated from the Chartered Governance Qualifying Programme of the Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators). She then became the associate member of the Malaysian Institute of Chemistry and the Malaysian Institute of Chartered Secretaries and Administrators (an affiliate body to the Chartered Governance Institute) in 2006 and 2009 respectively.

She began her career as a trainee in April 1987 in the Malaysian Police Training Centre with Royal Malaysia Police ("**RMP**"). In February 1988, she served as an Operation Officer and then served as an Investigating Officer in the Criminal Investigation Department at the Kuala Lumpur Police Contingent Headquarters until July 1993. In the same month, she was posted to the Narcotics Criminal Investigation Department as an Operation Officer, in the Bukit Aman RMP Headquarters. She was promoted as a Deputy Superintendent of Police in March 1999 and served as a senior lecturer in the Forensic Science Unit of the RMP College of Kuala Lumpur ("**RMPC**") until November 2007. She was promoted as Superintendent of Police in November 2007 to act as the Head of DNA Analysis Section of the RMP Forensic Laboratory and she assisted the RMP Forensic Laboratory to attain accreditation status under MS ISO 17025 in 2013. In August 2013, she was promoted to Assistant Commissioner of Police and then became the Principal Assistant Director of the DNA Databank Division of RMP until February 2020. In February 2020, she was promoted to Senior Assistant Commissioner of Police and served as the Head of Strategic Policy Division in the Inspector General of Police Secretariat (Research & Development) of RMP until she retired in March 2021.

In recognition for her services to the RMP over the past 34 years, she was awarded with Darjah Kebesaran Kepahlawanan Pasukan Polis Diraja Malaysia – Panglima Setia Pasukan Polis ("**PSPP**") and Darjah Kebesaran Yang Mulia Mahkota Wilayah – Kesatria Mahkota Wilayah ("**KMW**") awards from the Kebawah Duli Yang Maha Mulia Seri Paduka Baginda *Yang di-Pertuan Agong* in October 2013 and February 2014 respectively. She was conferred with the Darjah Indera Mahkota Pahang, which carries the title of Dato' by the Sultan of Pahang in May 2021.

She was also appointed as an Independent Non-Executive Director of the Revenue Group Berhad on 24 March 2023.

Further details of her directorships in other public listed company in Malaysia are as set out in Section 5.2.3 (iv) of this Prospectus.

(iv) Datuk Noor Azian Binti Shaari
Independent Non-Executive Director

Datuk Noor Azian Binti Shaari, female, a Malaysian aged 75, is our Independent Non-Executive Director. She was appointed to our Board on 15 December 2023. She is also a member of our Audit and Risk Management Committee and Nomination and Remuneration Committee.

She is a Barrister-at-Law, having been called to the Bar by the Honourable Society of Lincoln's Inn, United Kingdom in July 1971. She joined the Judicial and Legal Service upon returning to Malaysia in November 1971 until her retirement in July 2004. During her tenure in the Judicial and Legal Service, she held various positions including being appointed as a Chairman of the Special Commissioners for Income Tax.

After her retirement from the Judicial and Legal Service in 2004, she took a break until she was being appointed as a Judicial Commissioner in 2005 before her appointment as a Judge of the High Court of Malaya in September 2007. She presided over cases in the Commercial, Civil and Criminal Divisions. Datuk Noor Azian Binti Shaari left from her position as a High Court Judge in 2014.

After her retirement, she was appointed as an Independent Non-Executive Director of Deleum Berhad in January 2015. As a Board member of Deleum Berhad, she was a member of the Joint Remuneration and Nomination Committee and Board Risk Committee. She resigned from her directorship in April 2022.

In October 2016, Datuk Noor Azian Binti Shaari was appointed as an Independent Non-Executive Director of Affin Hwang Investment Bank Berhad and she was the Chairman of the Nomination and Remuneration Committee and a member of the Board Risk Management Committee. She also represented Affin Hwang Investment Bank Berhad to sit on the Group Board Nomination and Remuneration Committee and Group Board Compliance Committee of Affin Bank Berhad. In October 2022, she retired from Affin Hwang Investment Bank Berhad as a director upon completion of her tenure.

She is an Independent Non-Executive Director of Mesiniaga Berhad since July 2019 and is a member of the Audit and Risk Management Committee. Further details of her directorships in other public listed companies in Malaysia are as set out in Section 5.2.3 (v) of this Prospectus.

Datuk Noor Azian Binti Shaari is a Registered Arbitrator with the Asian International Arbitration Centre Kuala Lumpur.

(v) Chan Yan San
Independent Non-Executive Director

Chan Yan San, male, a Malaysian aged 54, is our Independent Non-Executive Director. He was appointed to our Board on 15 December 2023. He is also the Chairman of our Audit and Risk Management Committee and a member of our Nomination and Remuneration Committee.

He obtained his Bachelor of Commerce in Accounting from the University of New South Wales in June 1993. He is a Certified Practising Accountant of CPA Australia since September 1996 and a Chartered Accountant of Malaysian Institute of Accountants since June 2001.

He began his career with Arthur Andersen & Co in February 1993 as a Staff Assistant and left as a Manager in June 2000. He joined Federal Paint Factory Sdn Bhd as a Finance Manager in June 2000 and was promoted as Chief Executive Officer in September 2001 where he oversaw the company's marketing and business development activities, implementation of approved development plans and policies.

In July 2004, he left Federal Paint Factory Sdn Bhd and joined Prestasi Flour Mill (M) Sdn Bhd as a Financial Controller in September 2004. He then left Prestasi Flour Mill (M) Sdn Bhd in September 2005 to be the Group Financial Controller of Furniweb Industrial Products Berhad (now known as PRG Holdings Berhad) ("**Furniweb**"). In June 2008, he was promoted as Furniweb's Chief Financial Officer and was responsible for all accounting, finance, human resources, administration and information technology matters.

He left Furniweb in April 2014 and joined Poney Resources Sdn Bhd as a Chief Financial Officer on 15 April 2014. In June 2014, he left Poney Resources Sdn Bhd and, joined Rhone Ma Malaysia Sdn Bhd, now a subsidiary of Rhone Ma Holdings Berhad, as a Finance Director in July 2014 and is mainly responsible for the company's financial and accounting, human resources and commercial services.

In March 2023, he was appointed as a director of Jemaluang Dairy Valley Sdn Bhd, an associate company of Rhone Ma Holdings Berhad. As at the LPD, he does not have any other active involvement in private limited companies, partnerships or enterprises. Please refer to Section 5.2.3 (vi) of this Prospectus for further details.

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5.2.3 Involvement of our Directors in other Businesses and Corporations outside our Group

Save as disclosed below, none of our Directors have any other principal directorships held and principal business activities performed by them in other businesses or corporations outside our Group as at the LPD and in the past 5 years preceding the LPD:

(i) Datuk Noripah Binti Kamso

Company/ entity	Principal activities	Involvement	Date of appointment	Date of resignation	% of shareholdings held Direct	% of shareholdings held Indirect
Present involvement						
Swift Haulage Berhad	Provision of container haulage services and warehousing	Director and shareholder	22 June 2021	-	*	-
DXN Holdings Bhd	Investment holding and provision of management services(1)	Director and shareholder	10 February 2022	-	*	-
Past involvement						
Bank Kerjasama Rakyat Malaysia Berhad	Banking activities based on Shariah principles through accepting deposits and providing financial services for retail and commercial needs	Director and shareholder	11 December 2018	3 April 2020	*	-
Good Logistics Holdings Sdn Bhd	Investment holding company(2)	Director	14 June 2021	2 August 2021	-	-
Top Glove Corporation Bhd	Investment holding and provision of management services(3)	Director and shareholder	18 March 2015	6 January 2023	*	-

Notes:

***** *Less than 0.1%*

(1) The principal activities of its subsidiaries include sales of health supplements and other products on direct sales basis, manufacture and distribution of health food supplements and other products, and research and development and experimental work in relation to biotechnology, bio-chemical and agricultural products and trading of agricultural products.

(2) Good Logistics Holdings Sdn Bhd (formerly known as Swift Logistics Holdings Berhad) had not commenced operations during Datuk Noripah Binti Kamso's tenure as director of the company.

(3) The principal activities of its subsidiaries include the manufacture and trading of gloves, distribution of medical gloves & other hospital related products, and manufacturing and trading of personal care and home care products.

(ii) Datin Eloise

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shareholdings held Direct	% of shareholdings held Indirect
Present involvement						
KHPT Venture	Investment holding company[(1)]	Director and shareholder	12 February 2019	-	100.0	-

Note:

(1) As at the LPD, KHPT Venture does not hold any subsidiaries and is in the process of striking off.

(iii) Hideki Nomura

Hideki Nomura does not have any other principal directorships held and principal business activities performed by him in other businesses or corporations outside our Group as at the LPD and in the past 5 years preceding the LPD.

(iv) Dato' Tang Ngat Ngoh

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shareholdings held Direct	% of shareholdings held Indirect
Present involvement						
Revenue Group Berhad	Investment holding[(1)]	Director	24 March 2023	-	-	-

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

Note:

(1) The principal activities of its subsidiaries include distribution and maintenance of electronic data capture terminals, provision of merchant acquisition services, as well as the provision of electronic transaction processing services, money lending services and activities of holding companies.

(v) Datuk Noor Azian Binti Shaari

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Present involvement						
Mesiniaga Berhad	Sale and service of information technology products and related services	Director	1 July 2019	-	-	-
Past involvement						
Affin Hwang Investment Bank Berhad	Investment banking, stockbroking activities dealing in options and futures related financial services	Director	4 October 2016	4 October 2022	-	-
Deleum Berhad	Investment holding company[(1)]	Director	1 January 2015	1 April 2022	-	-

Note:

(1) The principal activities of its subsidiaries include provision of services, equipment, parts and solutions predominantly for oil and gas industry and investment holding.

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(vi) Chan Yan San

Company	Principal activities	Involvement	Date of appointment	Date of resignation	% of shareholdings held	
					Direct	Indirect
Present involvement						
Jemaluang Dairy Valley Sdn Bhd	Holding companies, production of raw milk and wholesale of dairy products[(1)]	Director	7 March 2023	-	-	-

Note:

(1) As at the LPD, Jemaluang Dairy Valley Sdn Bhd has not commenced operation.

As at the LPD, all of our Directors are in compliance with Rule 15.06 of the Listing Requirements as none of our Directors hold more than 5 directorships in public listed companies on Bursa Securities.

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

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

(ii) our Promoter, substantial shareholder and Group Managing Director, Datin Eloise is not involved in the management and day-to-day operations of her business outside our Group. Her involvement in KHPT Venture is minimal as it is in the process of striking off.

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

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5.2.4 Directors' remuneration and benefits

The aggregate remuneration and material benefits in-kind paid and proposed to be paid to our Directors for services rendered to our Group in all capacities for the FYE 2023 and FYE 2024 are as follows:

FYE 2023 (paid)	**Salaries**	**Fees**	**Bonus**	**EPF and Social Security Organisation**	**Allowances**	**Benefits-in-kind**	**Total**
	(RM)	**(RM)**	**(RM)**	**(RM)**	**(RM)**	**(RM)**	**(RM)**
Executive Directors							
Datin Eloise	333,000	-	-	41,119	-	6,606	380,725
Tiu Kuang Hong[(1)]	219,000	-	-	27,320	-	2,710	249,030
Hideki Nomura[(2)]	146,720	-	-	743	-	-	147,463
Non-Executive Directors							
Dato' Tang Ngat Ngoh[(2)]	-	[(3)]3,500	-	-	-	-	3,500
Datuk Noor Azian Binti Shaari[(2)]	-	[(3)]3,500	-	-	-	-	3,500
Chan Yan San[(2)]	-	[(3)]3,500	-	-	-	-	3,500
Dato' Hamzah Bin Mohd Salleh[(4)]	-	[(5)]32,000	-	-	-	-	32,000

FYE 2024 (proposed)	**Salaries**	**Fees**	**Bonus**	**EPF and Social Security Organisation**	**Allowances**	**Benefits-in-kind**	**Total**
	(RM)	**(RM)**	**(RM)**	**(RM)**	**(RM)**	**(RM)**	**(RM)**
Executive Directors							
Datin Eloise	430,000	-	-	52,759	-	7,000	489,759
Hideki Nomura[(2)]	186,000	-	-	1,040	-	-	187,040
Non-Executive Directors							
Datuk Noripah Binti Kamso[(6)]	-	[(7)]45,000	-	-	2,000	-	47,000
Dato' Tang Ngat Ngoh[(2)]	-	42,000	-	-	2,500	-	44,500
Datuk Noor Azian Binti Shaari[(2)]	-	42,000	-	-	2,500	-	44,500
Chan Yan San[(2)]	-	42,000	-	-	2,500	-	44,500
Dato' Hamzah Bin Mohd Salleh[(4)]	-	[(8)]13,500	-	-	500	-	14,000

Notes:

(1) Resigned from the Board on 28 November 2023. He is still a director of AGSB.

(2) Appointed on 15 December 2023.

(3) The fees are for the month of December 2023 only.

(4) Dato' Hamzah Bin Mohd Salleh resigned from the Board on 21 March 2024.

(5) The fees are for the month of December 2023 only and includes the fees paid to him as a director of AGSB from 1 January 2023 until his resignation on 4 December 2023.

(6) Appointed on 21 March 2024.

(7) The fees are for the months of March 2024 to December 2024 only.

(8) The fees are for the months of January 2024 to March 2024 only.

The remuneration of our Directors including salaries, fees, bonuses and allowances as well as other benefits-in-kind are based on individual contributions to our Group's overall performance and value. Such remuneration must be considered and recommended by our Nomination and Remuneration Committee and subsequently be approved by our Board. The Directors' fees and/or any benefits payable to our Directors must be further approved by our shareholders pursuant to an ordinary resolution to be passed at a general meeting in accordance with our Constitution.

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5.3 BOARD PRACTICES

Our Board is committed to inculcating good corporate governance practices in our Group from time to time in accordance with the practices and guidance based on the MCCG. Our Board believes that corporate governance is extremely important to the success of our Group's business.

5.3.1 Term of office

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

Name	Designation	Date of appointment	Date of expiration of the current term of office	Duration in office as at LPD (years)
Datuk Noripah Binti Kamso (F)	Independent Non-Executive Chairperson	21 March 2024	Subject to rotation at the AGM in year 2024	Less than 1
Datin Eloise (F)	Group Managing Director	20 February 2019	Subject to rotation at the AGM in year 2024	5
Hideki Nomura (M)	Executive Director	15 December 2023	Subject to rotation at the AGM in year 2024	Less than 1
Dato' Tang Ngat Ngoh (F)	Independent Non-Executive Director	15 December 2023	Subject to rotation at the AGM in year 2024	Less than 1
Datuk Noor Azian Binti Shaari (F)	Independent Non-Executive Director	15 December 2023	Subject to rotation at the AGM in year 2024	Less than 1
Chan Yan San (M)	Independent Non-Executive Director	15 December 2023	Subject to rotation at the AGM in year 2024	Less than 1

Notes:

(M) *Male.*

(F) *Female.*

In accordance with our Company's Constitution, all the Directors shall retire from office at the first AGM of our Company and 1/3 (or the number nearest to 1/3) of our Directors for the time being, shall retire by rotation at the AGM of our Company in every subsequent year and shall be eligible for re-election provided always that all the Directors shall retire at least once in each 3 years but shall be eligible for re-election. Any Director appointed either to fill a casual vacancy or as an addition to the existing Directors shall hold office only until the next AGM and shall then be eligible for re-election. None of our Directors has been appointed for a fixed term.

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

None of our Directors represent any corporate shareholder on our Board.

For details on the association of family relationship between our Promoter, Directors and Key Senior Management, please refer to Section 5.6 of this Prospectus.

5.3.2 Responsibility of our Board

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

(i) reviewing and approving strategies, business plans and key policies for the Group:

(a) review, challenge and decide on management's proposals for the Group;

(b) review and adopt a strategic plan for the long-term value creation and includes strategies on economic, environment and social considerations;

(c) establish policies for strengthening the performance of the Group including ensuring the management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital; and

(d) monitor the management's performance in implementing these,

(ii) setting corporate value and clear lines of responsibility and accountability, including governance systems and processes that are communicated throughout the Group;

(iii) ensuring compliance to the applicable laws and regulations and the Group's internal control system:

(a) carry out duties in accordance with the relevant provisions of the Listing Requirements, the CMSA, the Act, the MCCG and all applicable laws, regulations and guidelines;

(b) formalise the ethical standards through a code of conduct which will be applicable throughout the Group;

(c) review the adequacy and integrity of the Group's internal control system and management information systems to comply with applicable laws and regulations;

(d) identify principal risks, set the risk appetite within which the Board expects the management to operate and ensure implementation of appropriate systems; and

(e) establish an internal audit function to obtain assurance of regular review and / or appraisal of the effectiveness of internal control system,

(iv) adopting a succession planning policy:

(a) ensure that the management has the necessary skills and experience; and

(b) ensure there is a proper and robust succession plan for its management and executive directors by selecting, training, appointing, monitoring, evaluating and replacing (if warranted) any management to ensure succession,

(v) ensuring the Board has adequate procedures in place to receive reports from the management periodically / on a timely manner, so that the Board has reasonable grounds to make proper judgement on financial matters and business prospects of the Group on an ongoing basis;

(vi) in relation to the financial and non-financial reporting framework:

(a) ensure its Directors are able to understand financial statements and form a view of the information presented;

(b) ensure the integrity of the Group's financial and non-financial reporting; and

(c) each Director shall read the financial statement of the Group and consider whether what they disclose is consistent with the director's own knowledge of the Group's affairs,

(vii) ensuring the Group has in place procedures to enable effective communication with stakeholders; and

(viii) ensuring that there shall be unrestricted access to independent advice or expert advice in furtherance of the Board's duties.

5.3.3 Audit and Risk Management Committee

Our Audit and Risk Management Committee was established on 13 March 2024 and its members are appointed by our Board. Our Audit and Risk Management Committee comprises the following members:

Name	Designation	Directorship
Chan Yan San	Chairman	Independent Non-Executive Director
Datuk Noor Azian Binti Shaari	Member	Independent Non-Executive Director
Dato' Tang Ngat Ngoh	Member	Independent Non-Executive Director

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

(i) oversight of the Group's risk management framework, including the significant policies and practices used in managing business, market, operational and certain other risks;

(ii) reviewing the effectiveness of the risk management framework in identifying and managing risks and internal processes which includes but is not limited to ensuring the adequacy of risk management policies and infrastructure to facilitate the implementation of action plans for risk management;

(iii) reporting to the Board regarding the Group's risk profile, as well as its risk management framework, including the significant policies and practices adopted to manage risks in the Group's businesses;

(iv) oversight of the risk governance processes, including risk measurement, risk monitoring, risk control or mitigation, and risk reporting;

(v) to review and discuss with the external auditors on the following and report the same to the Board:

(a) the nature, scope and plan of the audit before the audit commences;

(b) evaluations of the internal controls system;

(c) external auditor's report of deficiencies in internal control and management's response thereto;

(d) any significant audit findings, reservations, difficulties encountered, or material weaknesses reported by the external auditors; and

(e) annual evaluation of the performance of the external auditors, including the suitability, objectivity and independence of external auditors,

(vi) to review with the internal auditors and report to the Board on the following:

(a) annual audit plan which is risk-based and focused on significant risk areas to ensure adequate scope and comprehensive coverage over the activities of the Group;

(b) effectiveness of the internal audit processes as well as adequacy of resources, competency and the necessary authority for the internal audit function;

(c) internal audit report containing the internal audit findings, commentaries and recommendations and to follow up on remedial actions; and

(d) ensure the internal audit function is independent of the activities it audits and the internal auditors report directly to the Audit and Risk Management Committee and their performance are reviewed on annual basis,

(vii) to review the statement of risk management and internal control (to be published in the annual report) and report the same to the Board;

(viii) to assess the adequacy of the business recovery / disaster recovery procedures;

(ix) to review and report to the Board any related party transaction (including recurrent related party transactions) and conflict of interest situation:

(a) that arose, persist or may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts; and

(b) to ensure that all transactions are fair, reasonable and undertaken on the Group's normal commercial terms,

(x) to ensure that proper investigations are carried out, on a timely basis, for substantiated cases reported by any whistleblower to the chairman of Audit and Risk Management Committee, and report the results and conclusion of such investigations, with the appropriate cause of action shall be recommended to the Board for approval, in accordance with the Group's whistleblowing policy;

(xi) to review and deliberate the quarterly results and year-end financial statements, before the approval by the Board, focusing particularly on:

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

(b) significant or material adjustments with financial impact arising from the audit;

(c) significant matters highlighted including financial reporting issues, significant judgements made by the management, significant and unusual events or transactions, and how these matters are addressed; and

(d) compliance with applicable financial reporting standards,

(xii) to prepare an Audit and Risk Management Committee report at the end of the financial year for inclusion in the annual report pursuant to the Listing Requirements; and

(xiii) to report promptly any matters resulting in the breach of the Listing Requirements to the Board. Where the Audit and Risk Management Committee is of the opinion that such matter reported by it to the Board has not been satisfactorily resolved, the Audit and Risk Management Committee shall promptly report such matter to Bursa Securities.

5.3.4 Nomination and Remuneration Committee

Our Nomination and Remuneration Committee was established on 13 March 2024 and its members are appointed by our Board. Our Nomination and Remuneration Committee comprises the following members:

Name	Designation	Directorship
Dato' Tang Ngat Ngoh	Chairperson	Independent Non-Executive Director
Datuk Noor Azian Binti Shaari	Member	Independent Non-Executive Director
Chan Yan San	Member	Independent Non-Executive Director

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

(i) in relation to nomination purposes:

(a) to review the structure, size and composition (including skills, knowledge, experience and diversity in skills, experience, age, cultural background and gender) of the Board, board committees, all Directors and Key Senior Management in the Group, with a view to determine the impact in respect of its effectiveness and recommend on any improvements or changes to formulate the policy on board composition;

(b) establish nomination and election process as well as appointment and re-appointment / re-election process of Directors in the Company;

(c) annual evaluation on the effectiveness of the Board as a whole, the board committees and contributions of individual Directors of the Company;

(d) draw up, review and recommend to the Board the policy on independence and conflict of interest to ensure the independence of independent directors are reviewed annually;

(e) review and recommend to the Board the appointment of any executive directors and Key Senior Management of the Company;

(f) to assess the fit and proper criteria (which include compatibility with the composition of Board; willingness to act or continue to act after being made aware of the responsibilities as a Director; is or wiling to be familiar with the Company's business activities; and has the ability to attend board meetings) for the re-election or re-appointment of Directors and provide justification for the re-election or re-appointment before recommending to the Board;

(g) to review the term of office and performance of the Audit and Risk Management Committee and each of its members annually to determine whether such Audit and Risk Management Committee and members have carried out their duties according to their terms of reference;

(h) to review and oversee a succession planning framework for the Board, board committee members, board committee chairperson, Directors, Key Senior Management of the Company and board of our subsidiaries; and

(i) recommend suitable orientation / induction, educational and training programmes for the Board,

(ii) in relation to remuneration purposes:

(a) to review the remuneration framework across the Group, including to formulate the policies, procedures, guidelines and set criteria for remuneration packages for the Directors and Key Senior Management of the Company which shall be determined on the basis of merit, qualification and competence, having regard to the Company's operating results, individual performance and comparable market information;

(b) to review the level of remuneration as it should be aligned with the Company's business strategy, long-term objectives, complexity of activities and reflect the experience, level of responsibilities and performance in managing material sustainability risks and opportunities undertaken by the individual Director and Key Senior Management of the Company;

(c) to review and recommend to the Board the remuneration, fees and benefits payable (if any) of the Directors and Key Senior Management taking into consideration the responsibilities undertaken and employment conditions within the industry – the individuals concerned shall abstain from the deliberation of their own remuneration packages; and

(d) to communicate with shareholders on Directors' remuneration e.g. disclosing the remuneration of individual Directors on a named basis in the annual report.

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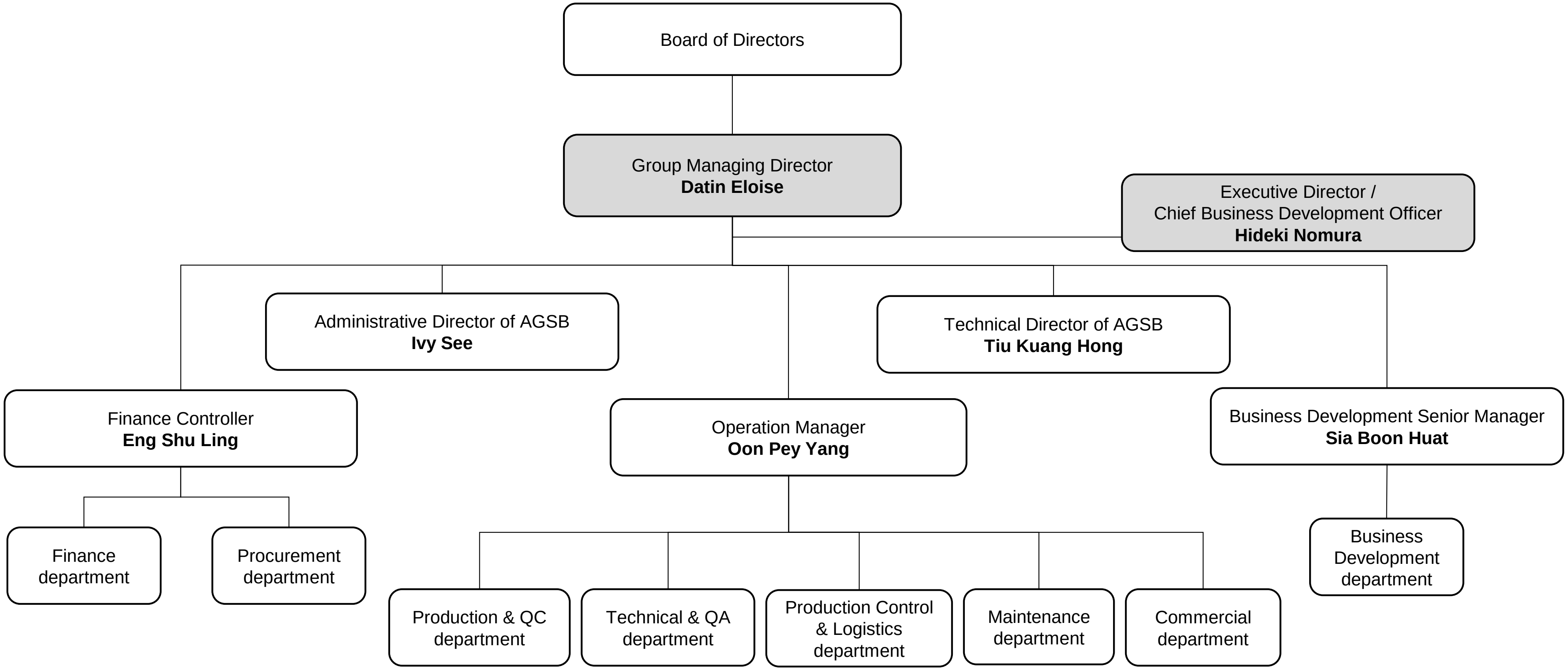
5.4 MANAGEMENT REPORTING STRUCTURE

Our management reporting structure is as follows:



5.5 KEY SENIOR MANAGEMENT

5.5.1 Shareholdings of Key Senior Management

Save for the shareholdings of Datin Eloise and Hideki Nomura which are as set out in Section 5.1.1 and Section 5.2.1 of this Prospectus, the details of our other Key Senior Management and their respective shareholdings in our Company before and after our IPO are as follows:

	Before our IPO[1]				After our IPO[2]			
	Direct		Indirect		Direct		Indirect	
Name	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Sia Boon Huat	-	-	-	-	[4]1,018,800	0.25	-	-
Eng Shu Ling	-	-	-	-	[4]419,200	0.10	-	-
Oon Pey Yang	-	-	-	-	[4]394,200	0.10	-	-

Notes:

(1) Based on our issued Shares before our IPO of 293,742,113 Shares following the Acquisition, details of which are set out in Section 6.5 (ii) of this Prospectus

(2) Based on our enlarged issued share capital after our IPO of 402,386,413 Shares.

(3) Deemed interest by virtue of the shareholdings of her sister, being Ivy See, pursuant to Section 8 of the Act.

(4) Assuming he/she will fully subscribe for his/her respective allocations under the Pink Form Allocation.

5.5.2 Profiles of Key Senior Management

The profiles of Datin Eloise and Hideki Nomura are as set out in Section 5.1.3 (i) and Section 5.2.2 (ii) of this Prospectus.

The profiles of our other Key Senior Management are as follows:

(i) Sia Boon Huat
Business Development Senior Manager

Sia Boon Huat, male, a Malaysian aged 48, is our Business Development Senior Manager and is primarily responsible for business development and providing engineering and logistic support in our Group.

He graduated from Kolej WIT, Malaysia with a Diploma in Architecture in 1997.

In March 1998, he joined Cycleworld Corporation Sdn Bhd as their Technical Assistant, where he was involved in design, quantity survey and project management. In August 2002, he left Cycleworld Corporation Sdn Bhd and took a career break from September 2002 to February 2004. In March 2004, he joined Dras Refrigeration Sdn Bhd as their Designer and Side Coordinator until September 2005. Thereafter, he took a 1 month break and in November 2005, he joined Cycleworld Resources Sdn Bhd as their Project and Marketing Manager. In November 2006, he joined Euro Damai Sdn Bhd as their Project and Marketing Manager.

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

In October 2009, he left Cycleworld Resources Sdn Bhd and resigned from Euro Damai Sdn Bhd. He then took a career break before joining AGSB as a Customer Relations Manager in May 2010 to build and maintain good business relationship between AGSB and its customers. In recognising of his capability, he was then promoted to be the Head of Department of the Engineering Department in May 2011 to support the monitoring of projects. In August 2016, he was re-designated as Business Development cum Operations, Senior Manager and was in charge marketing, production delivery and quality control.

In April 2021, he was transferred to our Operation/ Logistic Department to support and assist in the internal improvement of AGSB's logistic activities. In July 2022, he was re-designated as Sales and Logistics Senior Manager and re-designated again as Senior Manager in December 2022. He is a long-serving employee of AGSB for 13 years, since his attachment in 2010.

(ii) Eng Shu Ling
Finance Controller

Eng Shu Ling, female, a Malaysian, aged 34, is our Finance Controller since May 2018. She is a member of the CPA Australia since 2016 and a Chartered Accountant under the Malaysian Institute of Accountants (MIA) since 2017. Prior to this, she completed her Foundation in Arts from Help University College in 2009, and pursued for Bachelor of Arts with Second Class (Upper Division) Honours in Accounting and Finance from University of East London in 2012. During this period, she was awarded for the Best Subject Performance in FE3025 Issues and Controversies in Accounting, and CPA Australia Book Prize Award in 2011 by the Help University College. Upon graduation, she continued and obtained her Master of Accounting and Finance from Help University in 2013.

She began her career with Deloitte PLT Malaysia in March 2013 as an Audit Staff Assistant I and spent about five (5) years prior to leaving Deloitte PLT Malaysia as an Audit Manager in March 2018. Throughout this period, she acquired extensive audit experience across diverse industries, including manufacturing, property development, trading, for both private limited and public listed companies in Malaysia. She was also assigned for a 9-month secondment programme to the Malaysian Accounting Standards Board in September 2014 and attendance to the Deloitte SEA Professional Service Excellence Programme.

She left Deloitte Malaysia in March 2018 to join AGSB in May 2018 as a Finance Controller. She heads the Department for Finance and Procurement Department of AGSB. Her responsibilities include financial accounting, financial management, cashflow management, financial budgeting and taxation of AGSB as well as engaging with all external stakeholders in relation to accounts, banking and finance, secretarial, taxation matters for AGSB. In addition, she holds the responsibility of planning, coordinating, and overseeing the procurement process, suppliers' engagement, and efficient utilisation of materials and inventory management for all the raw materials and supplies within AGSB.

(iii) Oon Pey Yang
Operation Manager

Oon Pey Yang, male, a Malaysian, aged 40 years and had obtained a Bachelor Degree in Mechanical Manufacturing and Automation from Hua Qiao University, China in June 2006. He is our Operation Manager who has more than fifteen (15) years of experience in the automotive manufacturing operations, covering production planning, machine and facility maintenance, quality management, product development as well as process optimization and tooling design.

Upon graduation, he returned to Malaysia and in August 2006, he commenced his career with NJ Manufacturing Industries Sdn Bhd, as a Computer-aided Design ("**CAD**") / Computer-aided Manufacturing ("**CAM**") Engineer. He was responsible for conducting reverse engineering on part modelling and die surfaces, as well as coordinating with toolmaker for troubleshooting and process improvement during part trials. In December 2009, he was transferred to MJ Manufacturing industries Sdn Bhd, a hundred percent (100%) wholly owned subsidiary of New Hoong Fatt Holdings Berhad ("**NHF**"). He was then promoted to Senior Engineer (E2) of the Technical Department. In 2011, he was selected by NHF to participate in the "New Hoong Fatt's Feeder Programme", an initiative aimed at accelerating the development of future leader within NHF. Upon the completion of the programme, he was promoted as the Head of Laser Department in April 2011. He managed maintenance and troubleshooting of Trumpf Laser machines (TLC1005, TruLaserCell7040) and supervised laser jig design and programming trial for new products.

In April 2013, he assumed the position of Head of Programming Department, he was responsible for monitoring daily programming projects of Computer Numerical Control ("**CNC**") machines, overseeing the design and programming of laser jigs for new items, and optimizing machine processes to reduce lead time for part trials. In June 2014, he was promoted to Assistant Manager (E3) in Design & Development division of the Metal Department.

In August 2016, he took on the role as the Head of CAD/CAM Department. His primary responsibilities included ensuring the timely delivery of new products, creating tooling designs, 3D Surface Modelling, CNC Machine programmes fulfilling required specifications. In December 2016, he was certified by Dassault Systemes as a "CATIA V5R20 Part Design Specialist". Additionally, he attended the 1Malaysia Grip Programme, and completed the course on "Automotive 3D Design Certification Programme" by Malaysian Automotive Component Parts Manufactures and IME CADCAM Training Centre Sdn Bhd.

He then took on the additional role as Tooling Manager in the Design and Development Department. As his responsibilities grew, he was required to define new product tooling process to achieve cost-effectiveness, improved quality, and faster mould fabrication. He ensured consistent development flow for new tooling, managed the fabrication of moulds and dies and machinery to support new product launches, maintained quality control. He also provided assistance to the toolmakers in the tool and die fabrication process, ensuring adherence to specifications and accuracy of the products.

He left MJ Manufacturing Industries Sdn Bhd in September 2018 to join AGSB as the Technical Manager. In July 2022, he was promoted as our Operations Manager, where his primary responsibilities include supervising the manufacturing personnel to ensure the production of high quality and cost-effective products in a timely manner. He oversees the hiring, orientation and training processes for technical production employees to maintain a competent workforce. Furthermore, he conducts studies and research to introduce more effective approaches for production, analyses and resolves manufacturing challenges, and reviews the cost structure for new project quotations to ensure competitive and profitable pricing of the products. He works closely with the Marketing and Finance Department to implement strategies aimed at enhancing sales performance and achieving sales target.

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

None of our other Key Senior Management has any other principal directorships held and principal business activities performed by them in other businesses or corporations outside our Group within the past 5 years up to the LPD. There is no conflict of interest or potential conflict of interest identified as our other Key Senior Management do not hold any directorships or have any principal business activities outside our Company as at the LPD and in the past 5 years preceding the LPD.

5.5.4 Key Senior Management's remuneration and benefits

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred compensation) paid or proposed to be paid to our other Key Senior Management for services rendered in all capacities to our Group for the FYE 2023 and FYE 2024 are as follows:

	Remuneration band	
Key Senior Management	**FYE 2023 (paid)**	***FYE 2024 (proposed)**
Sia Boon Huat	150,000 – 200,000	180,000 – 230,000
Eng Shu Ling	150,000 – 200,000	180,000 – 230,000
Oon Pey Yang	150,000 – 200,000	180,000 – 230,000

Note:

∗ *Excluding bonuses for FYE 2024 which will be determined at a later date based on their respective performance review, subject to the recommendation of our Nomination and Remuneration Committee and approval of our Board.*

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

5.6 FAMILY RELATIONSHIPS AND ASSOCIATIONS

Datin Eloise, our Promoter, substantial shareholder and Group Managing Director, and Ivy See, our substantial shareholder, are sisters.

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

5.7 EXISTING AND PROPOSED SERVICE AGREEMENTS

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

5.8 DECLARATIONS BY OUR PROMOTER, DIRECTORS AND KEY SENIOR MANAGEMENT

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

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

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

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

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

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

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

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

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

(viii) any unsatisfied judgment against such person.

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6. INFORMATION ON OUR GROUP

6.1 HISTORY AND BACKGROUND

Our Company was incorporated in Malaysia under the Act on 20 February 2019 as a private limited company under the name KHPT Holdings Sdn Bhd and was subsequently converted into a public limited company on 1 March 2024 and assumed our present name.

We are an investment holding company. Through our Subsidiary, we are principally involved in manufacturing and sale of automotive parts and components, comprising body parts, seat structures and other parts (i.e. engine parts and absorber parts). Please refer to Section 7.1.1 of this Prospectus for more details of the principal activity of our Subsidiary.

The history of our Group's involvement in the manufacturing and sale of automotive parts and components can be traced back to the incorporation of KHEI in 1994 by See Ming Hoi and Tiu Kuang Hong. The key events and milestones of our history and development of our business are as follows:

Year	Key events and milestones
1995	• KHEI commenced business operations in the manufacturing and sales of automotive absorber parts to approved vendors of local automotive manufacturers ("**Tier 1 Suppliers/Manufacturers**"), namely Proton and Perodua. Under this arrangement, we serve a role of Tier 2 Supplier/Manufacturer where our absorber parts are sold to Tier 1 Suppliers/Manufacturers for further processing and assembly with other parts and components prior to be supplied to local automotive manufacturers for assembly of new automotive vehicles in production market, and/or to replacement market for use as spare parts. • This first sale of automotive absorber parts was secured from Customer Group A, an automotive part and component manufacturer and assembler, who is also a Tier 1 Supplier/Manufacturer of Proton and Perodua. Customer Group A has remained as our major customer in the Financial Years Under Review. • The manufacturing operations were carried out from a factory located in Kuala Langat, Selangor ("**Kuala Langat factory**").
1996	• Kah Hong Precision Tooling Sdn Bhd (now known as AGSB) was incorporated by 2 founding shareholders, namely See Ming Hoi and Tiu Kuang Hong. AGSB was founded with the intention of venturing into the manufacturing and sale of commercial lighting metal components. AGSB remained dormant until 1998.
1998	• AGSB commenced business in the manufacturing of commercial lighting metal components for the commercial lighting industry. The manufacturing operations were carried out from the Kuala Langat factory.
2001	• We expanded our product offerings to include the manufacturing and sale of automotive seat structural parts, under AGSB. We secured our first sale of automotive seat structural parts from Customer Group A. This was AGSB's first engagement in the manufacturing and sale of automotive parts. • Subsequent to this, all sales engagements by customers and our business expansions in relation to the manufacturing and sale of automotive parts and components have been handled by AGSB.
2003	• See Ming Hoi's daughter, Datin Eloise, who is presently our Group Managing Director, joined our Group as Business Development Executive. Please refer to Section 5.1.3 (i) of this Prospectus for the profile of Datin Eloise.

Year	Key events and milestones
	• We expanded our service offerings when we invested in robotic welding machines to offer sub-assembly services. With this service expansion, we began performing welding of seat structural parts manufactured in-house to form seat structures, to be supplied to our customers as automotive seat components. Prior to this, all seat structural parts manufactured in-house were supplied to our customers as individual parts.
	• AGSB received the ISO 9001:2000 quality management system for the manufacturing of stamped metal parts.
2007	• We relocated our business operations to a larger premises at TPG Factory, with a built-up area of approximately 16,312.87 sq m. It was initially a rented property and was later acquired in 2018. This premises has since become our headquarters and factory.
2008	• We expanded our product offerings to include the manufacturing and sale of an automotive engine part, namely drive plates. We secured our first sale from Sapura Machining Corporation Sdn Bhd, a manufacturer of automotive components and a Tier 1 Supplier/Manufacturer of Proton and Perodua, who remained our major customer in the FYEs 2021 and 2023.
	• We ceased the manufacturing of commercial lighting products to focus on our core operations in the automotive industry.
2009	• We further expanded our product offerings to include the manufacturing and sale of automotive body parts such as rear frames as well as reinforcement C pillars and panels. We secured our first sale of automotive body parts from Autokeen Sdn Bhd, an automotive components manufacturer and sub-assembler as well as a Tier 1 Supplier/Manufacturer of Proton and Perodua. Autokeen Sdn Bhd has remained our major customer in the Financial Years Under Review. Furthermore, throughout the years, we have continuously expanded our product offerings under the segment of automotive body parts to include other body parts such as fuel tanks, box fuel inlets and heat protectors.
2016	• We were appointed to manufacture and supply automotive body parts directly to Perodua in the form of blanked pieces, where these blanked pieces were used by Perodua for further stamping to form body parts for the assembly of Bezza model. This marked our first appointment as Tier 1 Supplier/Manufacturer of Perodua.
	• AGSB obtained the ISO/TS 16949:2009 quality management systems for automotive production and relevant service part organisations, under the scope of the manufacturing of metal stamp parts and sub-assembly of metal components.
2017	• AGSB won the Golden Bull Award 2017 for Outstanding SMEs at the 11th Malaysia Outstanding SMEs Award organised by Business Media International Sdn Bhd and Sphere Exhibits Malaysia Sdn Bhd.

Year	Key events and milestones
2018	• Datin Eloise assumed the position as managing director of AGSB, continuing to spearhead and steer the growth of our Group. In the same year, Datin Eloise acquired See Ming Hoi's entire equity interest in AGSB. • AGSB obtained the IATF 16949:2016 quality management systems for automotive production and relevant service part organisations under the scope of the manufacturing of metal stamp parts and sub-assembly of metal components. • Our operations under KHEI were transferred to AGSB to streamline and consolidate all our business operations under 1 entity. Since then, KHEI has ceased operations in relation to the manufacturing of automotive parts and components.
2020	• We were appointed to manufacture and supply automotive body parts to Proton directly for the assembly of Iriz model. This marked our first appointment as Tier 1 Supplier/Manufacturer of Proton.
2023	• Our subsidiary, previously known as Kah Hong Precision Tooling Sdn Bhd underwent a name change and is presently known as AGSB.

6.2 SHARE CAPITAL

As at the LPD, the share capital of our Company is RM31,724,150 comprising 293,742,113 Shares.

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

Date of allotment	No. of Shares allotted	Type of Issue / Consideration	No. of cumulative Shares	Cumulative share capital (RM)
20 February 2019	2	Cash / Subscriber's share	2	2
8 January 2024	293,742,111	Otherwise than cash / Consideration for the Acquisition	293,742,113	31,724,150

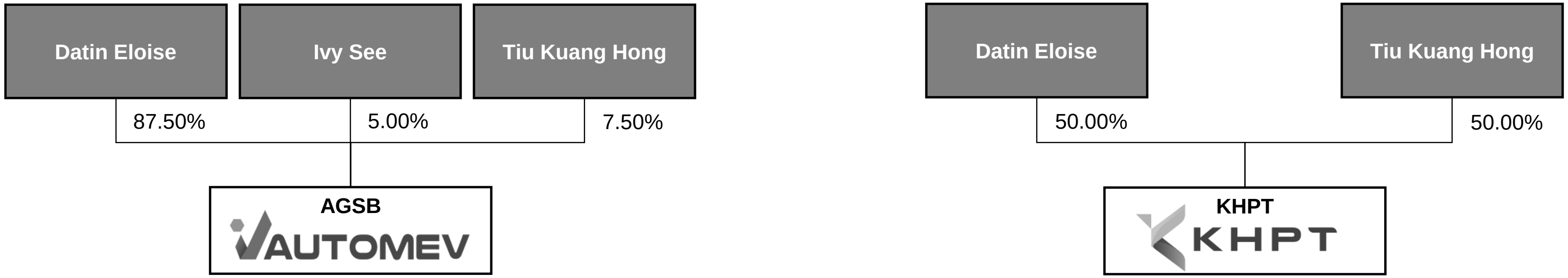
As at the LPD, our Company does not have any outstanding warrants, options, convertible securities or uncalled capital. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

Upon the completion of our IPO, our enlarged issued share capital will increase from RM31,724,150 comprising 293,742,113 Shares to RM[●] comprising 402,386,413 Shares.

6.3 GROUP STRUCTURE

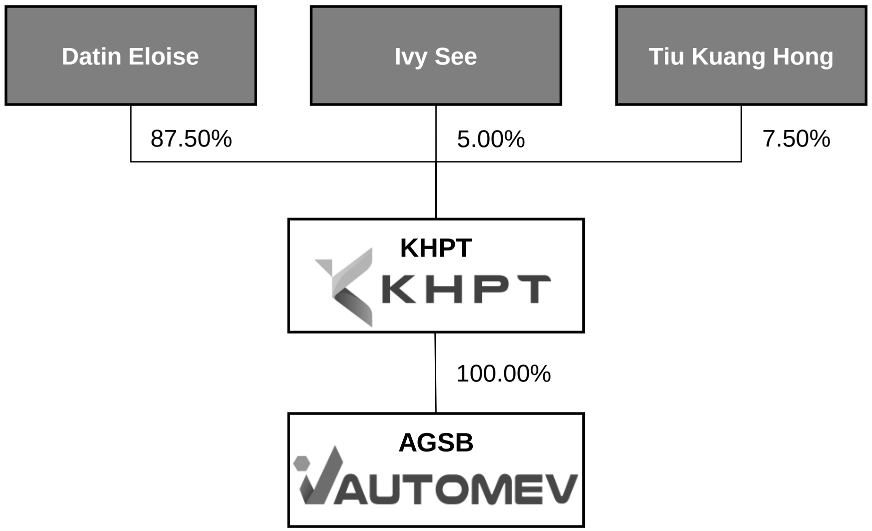
Our Group structure is as follows:

Before the Acquisition



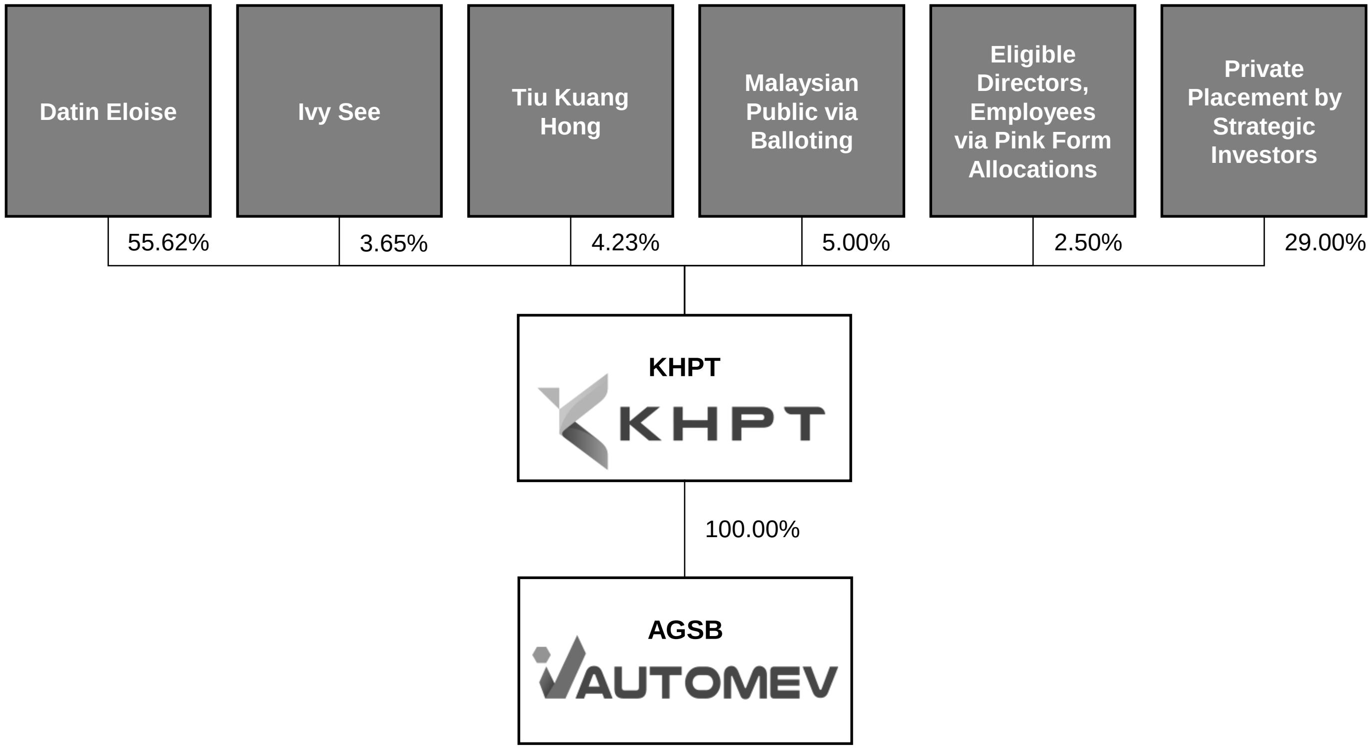
After the Acquisition and before our IPO

Our Group structure including our Subsidiary after the Acquisition and before our IPO is as follows:



<u>After our IPO</u>

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



6.4 INFORMATION ON OUR SUBSIDIARY

The details of our Subsidiary as at the LPD is summarised as follows:

Name and Registration number	Date of incorporation	Country of incorporation	Effective equity interest (%)	Principal activities / Principal place of business
AGSB (199601031222 (403574-H))	25 September 1996	Malaysia	100.00	Manufacturing and sale of automotive parts and components, comprising body parts, seat structures and other parts (i.e. engine parts and absorber parts) / Lot 2228, Jalan Kasawari, Kawasan Perusahaan Kebun Baru, Batu 9, Kg. Kebun Baru, 42500 Telok Panglima Garang, Kuala Langat, Selangor Darul Ehsan

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

6.4.1 AGSB

(i) Background and history

Our Subsidiary was incorporated in Malaysia under the Companies Act 1965 on 25 September 1996 as a private limited company under the name of Kah Hong Precision Tooling Sdn Bhd and is deemed registered under the Act. It subsequently changed its name to AGSB on 9 June 2023.

AGSB is principally involved in the manufacturing and sale of automotive parts and components, comprising body parts, seat structures and other parts (i.e. engine parts and absorber parts).

(ii) Share capital

As at the LPD, the issued share capital of AGSB is RM250,000 comprising 250,000 ordinary shares. There has been no change in the issued share capital of AGSB for the past 3 years preceding the LPD.

(iii) Substantial shareholder and directors

The directors of AGSB are Datin Eloise, Ivy See and Tiu Kuang Hong.

(iv) Subsidiary, associate company and joint venture

AGSB is our wholly owned direct subsidiary. AGSB does not have any subsidiary, associate company or joint venture as at LPD.

As at the LPD, AGSB does not have any outstanding warrants, options, convertible securities or uncalled capital.

6.5 INTERNAL RESTRUCTURING

(i) Shareholding Restructuring

On 9 August 2023, Datin Eloise, being one of the existing shareholders of AGSB entered into a conditional share sale agreement with Ivy See for the transfer of 12,500 AGSB Shares to Ivy See. Further details of the Shareholding Restructuring are set out below:

Shareholders	Before the Shareholding Restructuring	% of share capital	Acquisition / (Disposal)	After the Shareholding Restructuring	% of share capital
	No. of shares	%	No. of shares	No. of shares	%
Datin Eloise	231,250	92.50	(12,500)	218,750	87.50
Tiu Kuang Hong	18,750	7.50	-	18,750	7.50
Ivy See	-	-	12,500	12,500	5.00
	250,000	**100.00**	**-**	**250,000**	**100.00**

The purchase consideration for the Shareholding Restructuring of approximately RM1.41 million is arrived at a willing buyer-willing seller basis after taking into consideration the audited NA of AGSB as at 31 December 2022 of approximately RM28.12 million based on its audited financial statements for the FYE 2022.

The Shareholding Restructuring did not involve the issuance of any new Shares and was completed on 27 December 2023.

(ii) Acquisition

On 28 December 2023, the Company entered into a conditional share sale and purchase agreement with the vendors of AGSB, namely Datin Eloise, Tiu Kuang Hong and Ivy See to acquire the entire issued share capital of AGSB of RM0.25 million comprising 250,000 AGSB Shares for a purchase consideration of approximately RM31.72 million, which was entirely satisfied by the issuance of 293,742,111 new Shares on 8 January 2024, at an issue price of RM0.108 per Share to Datin Eloise, Tiu Kuang Hong and Ivy See as illustrated in the table below:

Vendors of AGSB	No. of AGSB Shares disposed	% of shareholding held in AGSB	Purchase Consideration (RM)	No. of Shares issued
Datin Eloise	218,750	87.50	27,758,630	257,024,352
Tiu Kuang Hong	18,750	7.50	2,379,311	22,030,657
Ivy See	12,500	5.00	1,586,207	14,687,102
	250,000	**100.00**	**31,724,148**	**293,742,111**

The purchase consideration was arrived at a willing buyer-willing seller basis and after taking into consideration the audited NA of AGSB as at 30 September 2023 of approximately RM31.72 million. The Acquisition was completed on 7 February 2024 and AGSB has become a wholly-owned subsidiary of the Group.

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

6.6 LISTING SCHEME

In conjunction with and as an integral part of our Listing, our Company undertook a Listing Scheme which involved the following:

(i) IPO

The details of our IPO are set out in Section 4.3 of this Prospectus.

(ii) Listing of and quotation for our Shares

Upon completion of our Listing Scheme, our Company will be admitted to the Official List and our entire enlarged issued share capital of 402,386,413 Shares shall be listed and quoted on the ACE Market.

6.7 MATERIAL INVESTMENTS AND DIVESTITURES

6.7.1 Material investments

Save as disclosed below, our Group has not made any other material investments during the Financial Years Under Review and up to the LPD:

Description	FYE 2021	FYE 2022	FYE 2023	Between 1 January 2024 up to the LPD
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Plant and machinery[(1)]	113	171	3,768	145
Renovation[(2)]	-	599	1,063	-
	113	**770**	**4,831**	**145**

Notes:

(1) Purchase of machinery including electronic pit type concrete deck weighbridge platform, cutting machine, polish vibratory machine, hydraulic press machine, auto stacker equipment and spot welding machine.

(2) Renovation and relocation of seating line project at our TPG Factory in FYE 2022.

All of the above material investments are located in Malaysia and were funded via internally generated funds.

6.7.2 Material divestitures

AGSB entered into a sale and purchase agreement dated 1 August 2023 with Chan Fook Long (as purchaser) for the sale of Lot 2625 for a cash consideration of RM3,780,000. The transaction was completed on 31 January 2024.

There were no other material divestitures during the Financial Years Under Review and up to the LPD.

6.8 PUBLIC TAKE-OVERS

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

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

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

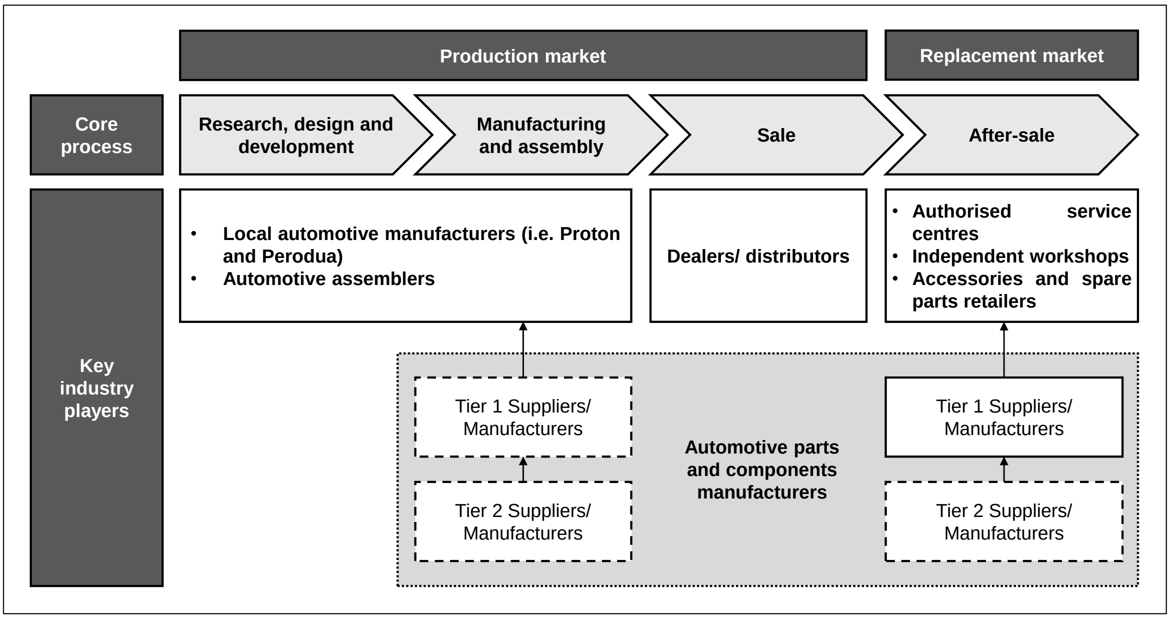
7.1 PRINCIPAL ACTIVITIES AND PRODUCTS

7.1.1 Principal business activities

We are principally involved in the manufacturing and sale of automotive parts and components, comprising body parts, seat structures and other parts (i.e. engine parts and absorber parts). We are engaged by our customers to manufacture customised automotive parts and components according to our customers' requirements and precise technical specifications. Please refer to Section 7.1.2 of this Prospectus for further information on our products.

These automotive parts and components are used in the assembly of new automotive vehicles for the production market, or as spare parts for service, repair and maintenance of used vehicles in the replacement market.

The value chain of the automotive industry in Malaysia is as follows:



Note:

Indicates involvement of our Group in the automotive production market and replacement market in Malaysia.

Our customers comprise:

(i) Tier 1 Suppliers/Manufacturers (i.e. approved vendors of local automotive manufacturers), whereby we manufacture and sell automotive parts and components as a Tier 2 Supplier/Manufacturer to these Tier 1 Suppliers/Manufacturers. Our automotive parts and components will be used by these Tier 1 Suppliers/Manufacturers for further processing and/or assembly with other parts and components prior to supply to local automotive manufacturers for assembly of new vehicles, or as spare parts to authorised service centres for service, repair and maintenance of used vehicles; and

(ii) local automotive manufacturers (i.e. Proton and Perodua), whereby we manufacture and sell automotive parts and components as a Tier 1 Supplier/Manufacturer directly to these local automotive manufacturers.

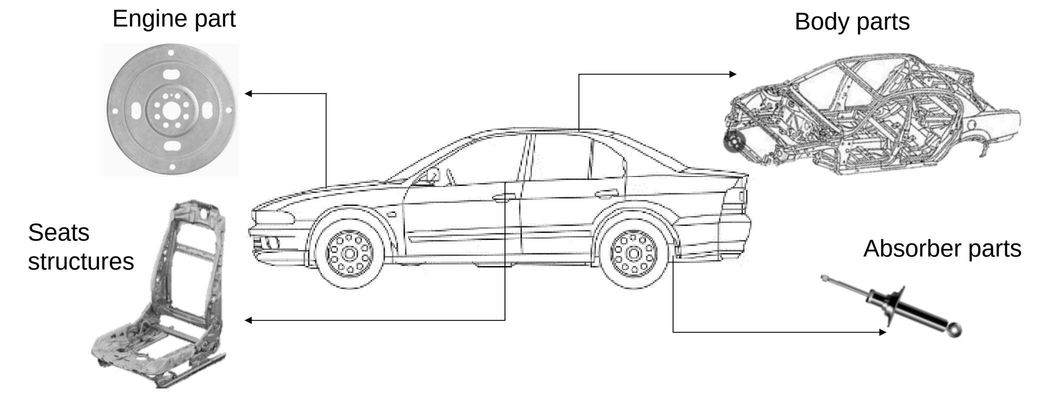
Our role as a Tier 1 Supplier/Manufacturer or a Tier 2 Supplier/Manufacturer depends on customers who engage us for the manufacturing of automotive parts and components, and it varies across different vehicle models based on our customer arrangements. We serve a role of Tier 1 Supplier/Manufacturer when local automotive manufacturers engage us directly for automotive parts and components manufacturing; or a role of Tier 2 Supplier/Manufacturer when other Tier 1 Suppliers/Manufacturers engage us for automotive parts and components manufacturing. Please refer to Section 7.1.3 of this Prospectus for further information on our customers.

Our business model is depicted in the diagram below:

KHPT Group

Principal business activities	Manufacturing and sale of automotive parts and components
Principal market	• Automotive production market in Malaysia (for the assembly of new vehicles) • Automotive replacement market in Malaysia (as spare parts for service, repair and maintenance of used vehicles)
Our expertise	Dies solution services and process engineering → Metal stamping → Sub-assembly

Our products



Our customers	• Tier 1 Suppliers/Manufacturers • Local automotive manufacturers (i.e. Proton and Perodua)

Our expertise and capabilities in the manufacturing of automotive parts and components cover a wide range of aspects from dies solution services and process engineering to metal stamping and sub-assembly, with details as follows:

(i) Dies solution services and process engineering

We design and develop the dies and jigs as well as the manufacturing process for the manufacturing of our automotive parts and components.

Our provision of dies solution services includes designing and manufacturing dies used in metal stamping process, and jigs used in welding and quality checking process. We design the 3-dimensional ("**3D**") engineering drawings of dies and jigs with detailed specifications in terms of dimensions, geometric properties and acceptable tolerance, using computer-aided design ("**CAD**") software. These 3D engineering drawings are designed in accordance with the 2-dimensional ("**2D**") drawings of parts and components provided by our customers.

Our dies solution services also include the fabrication of dies and jigs, where we manufacture dies and jigs in-house through computer numerical control ("**CNC**") machines and wire cut machines together with computer aided manufacturing ("**CAM**") software. Manufacturing of dies and jigs also involves prototyping prior to fabrication, as well as testing prior to the commissioning of the dies and jigs in metal stamping process. By having in-house fabrication expertise, we have more control over the quality of the dies and jigs; as well as have greater flexibility as we are able to maintain, repair and make further changes to the dies and jigs following any adjustments to the designs in a timely manner.

Our dies solution services form part of our revenue stream, and are carried out whenever:-

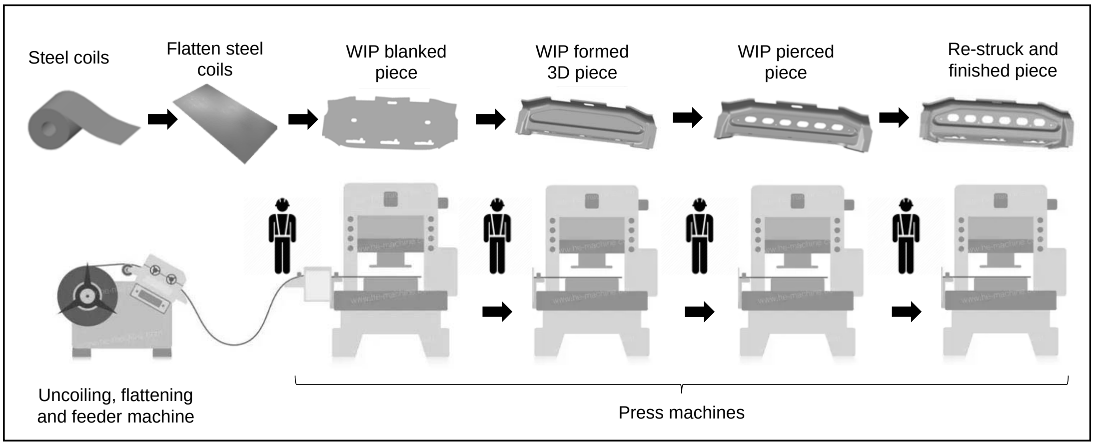
- there are new automotive parts and components to be manufactured;
- there are changes to the specifications of existing automotive parts and components; and
- there are changes of automotive platform by automotive manufacturers, which could lead to new automotive parts and components required to be manufactured.

Process engineering involves planning, designing and developing metal stamping processes such as blanking, forming, piercing and re-striking to optimise the entire stamping processes. Generally, flat steel sheets, which are the key raw materials used in the manufacturing of automotive parts and components, will undergo multiple stamping strokes during metal stamping processes using different shapes of dies, to form final products. Our process engineering aims to design optimised stamping process in terms of stamping flow and sequence, as well as to achieve minimal number of stamping strokes and to develop suitable dies that can complete multiple steps in each stamping stroke, which subsequently shortens overall manufacturing times and enhances cost-efficiency. Our technical capability in process engineering allows us to add-value to our customers by providing cost-saving manufacturing services while providing quality products.

(ii) Metal stamping

We manufacture automotive parts and components using metal stamping technique, which is a cold forming process that uses dies to transform a flat sheet of metal (in coil or blank form) into desired shapes and dimensions. Metal stamping enables us to produce automotive parts at high-volume that are consistent in shape and dimension which adhere to precise specifications and tolerances (i.e. variation of up to 1 micron range) as required by our customers. It is critical to maintain accuracy and consistency in our automotive parts to ensure smooth assembly processes which will be carried out by our customers.

Metal stamping includes blanking, forming, piercing and restriking. An illustration of a metal stamping production line is as shown below:

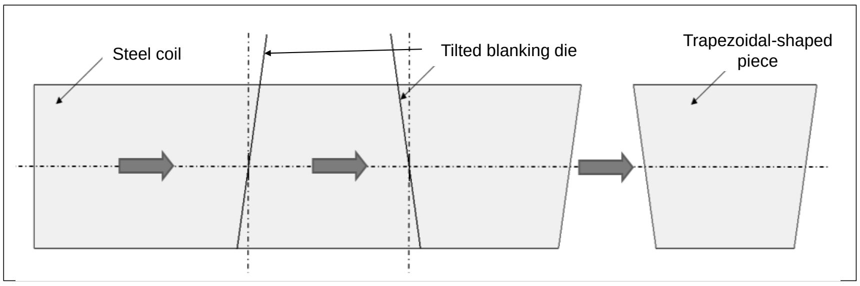


Note:

Indicates technical and production workers involved in operating machines and/or transferring WIP pieces between press machines.

The details of each process under metal stamping (i.e. blanking, forming, piercing and restriking) are as detailed below:

Metal stamping process	Description
Blanking 	A process where metal sheets (usually in coil form) are loaded into feeder machines for uncoiling, flattening and feeding into press machines equipped with blanking dies to stamp the metal sheets into the desired shapes and sizes.
	We can also configure our press machines to tilt the blanking dies for each press to conduct trapezoid blanking, which is used to blank trapezoidal-shaped pieces. This allows us to maximise the usage of raw materials in blanking process. An illustration of trapezoid blanking using a tilted blanking die is as follows:



	Blanking is an important process during metal stamping as the usage of raw materials can be maximised by cutting multiple workpieces in a specific shape and dimension from metal sheets. This minimises the need for additional piercing and trimming, hence enabling us to speed up our manufacturing process whilst reducing raw material wastage and production cost.
	Blanked pieces can either be sent to undergo forming, piercing and restriking processes for further shaping and/or cutting, or can be deemed finished parts and delivered to customers.
Forming 	A process where the blanked pieces are fed into press machines equipped with forming dies that stamp the blanked pieces to create curves, bends, shapes and/or cavities. This process pulls, stretches and shapes 2D blanked pieces into 3D pieces.
	Depending on the manufacturing process designed, there may be several forming cycles involved where blanked pieces may undergo several forming processes through several press machines equipped with different forming dies in order to form the desired shapes.
	Formed 3D pieces can either be sent to undergo other stamping processes (i.e. piercing and/or restriking), or can be deemed finished parts and delivered to customers.

Metal stamping process	Description
Piercing 	A process where the formed 3D pieces are fed into press machines equipped with piercing dies that stamp the pieces to cut holes or slots in different shapes. This process is also used to trim surplus edges from the pieces. Pierced pieces can either be sent to undergo restriking as the last stage of the metal stamping process, or can be deemed finished parts and delivered to customers. Pierced pieces may also be sent to undergo finishing processes by our subcontractors prior to be delivered to our customers.
Restriking 	A process where the formed 3D or pierced pieces are fed into press machines equipped with restriking dies to refine the features (e.g. deepening the existing cavity and/or minor bending). This process is critical to maintain the accuracy and consistency of our automotive parts. Following this stage, the pieces can either be deemed finished parts and delivered to customers, or be sent to undergo finishing processes by our subcontractors prior to be delivered to our customers.

Metal stamping processes which comprise blanking, forming, piercing and restriking can be performed separately using different dies equipped in various press machines for each respective process, which is known as tandem dies; or be performed using progressive dies, which are designed to perform several metal stamping processes in a continuous and progressive form using a single die in a single press machine. The details of metal stamping processes using tandem dies and progressive dies are as follows:

Dies used in metal stamping	Description
Tandem dies	The usage of tandem dies in metal stamping requires manual transfer of WIP parts between press machines equipped with different dies to complete the entire metal stamping process. Depending on the complexity and specifications of the automotive parts, each workpiece generally passes through 4 to 6 press machines where each press machine is installed with different dies to form different curves, bends or shapes.

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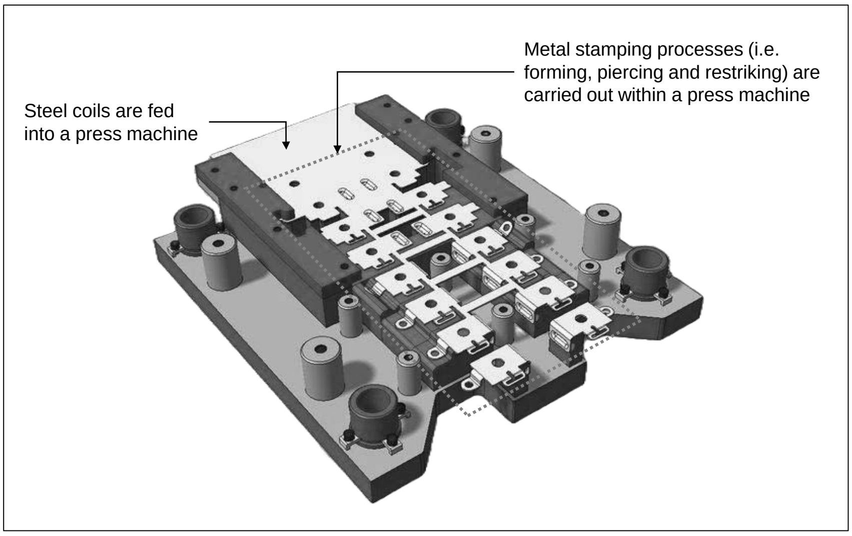
Dies used in metal stamping	Description
Progressive dies	Metal stamping using progressive dies involves a feeder or a conveyor that continuously feeds a strip of steel coil into a press machine equipped with a progressive die. As the steel coil moves along the press machine, several metal stamping processes are performed concurrently and the output pieces can be deemed finished parts and delivered to customers. Metal stamping using progressive dies is an automated process which eliminates the need for manual transfer of WIP parts between press machines, thus increasing manufacturing efficiency and achieving cost savings. An illustration of metal stamping using progressive dies is as shown below:



Generally, we use tandem dies for the manufacturing of automotive body parts (e.g. door panels); and we use both tandem dies and progressive dies for the manufacturing of seat structures and other parts (i.e. absorber parts and engine parts).

During metal stamping processes, pieces of excess materials (i.e. steel scrap) are collected and sold to licensed scrap recycling/collecting companies, which also contributes to our Group's revenue.

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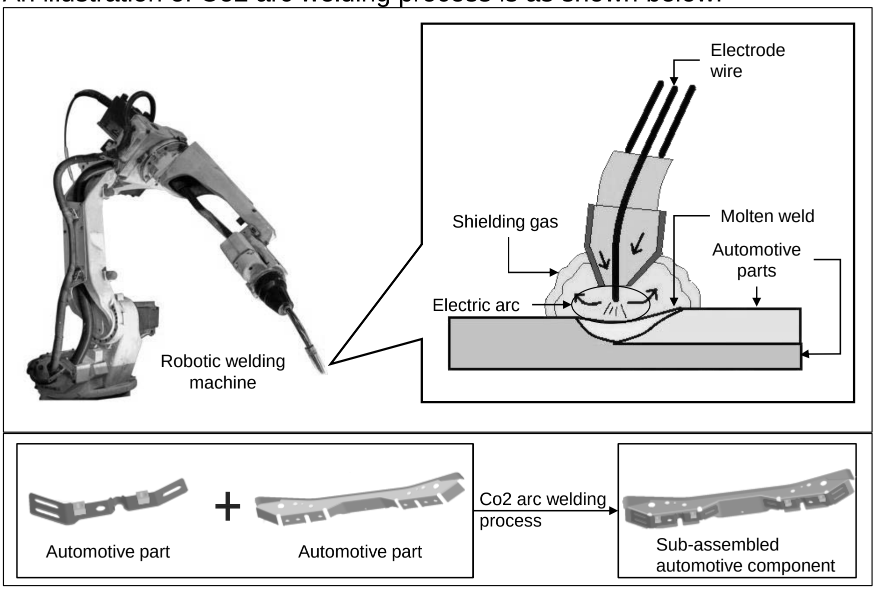
(iii) Sub-assembly services

We also provide sub-assembly services upon request by customers, where we assemble two or more automotive parts manufactured by us to form sub-assembled components prior to delivery to customers. Our sub-assembly services, which comprise Co2 arc welding and spot welding, are provided to complement our manufacturing services, with details as follows:

Types of sub-assembly	Description
Co2 arc welding	A process where two or more automotive parts, which are held in place by welding jigs, are fused together through heat applications. Electric current is directed through an electrode wire to generate heat, also known as an electric arc, which melts the electrode wire and the automotive parts, creating a molten weld that joints the automotive parts together to form a sub-assembled automotive component. During this process, a shielding gas (i.e. Co2) is released to protect the molten weld from oxidisation and contamination, as well as to maintain the stability of the electric arc. Our Co2 arc welding activities are conducted using our robotic welding machines. An illustration of Co2 arc welding process is as shown below:



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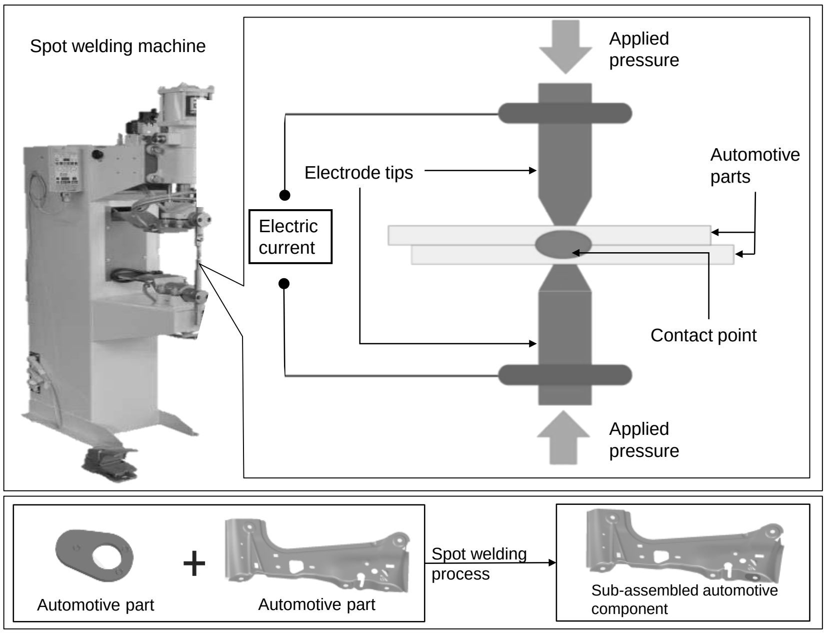
Types of sub-assembly	Description
Spot welding	A process where two or more automotive parts, which are held in place by welding jigs, are fused together by the application of heat and pressure. Electric current is directed into the electrode tips and pressure is also applied through the electrode tips. Pressure and electric current are applied to generate heat at the contact point to form a sub-assembled automotive component. Our spot welding activities are conducted manually. An illustration of spot welding process is as shown below:



The manufacturing of automotive parts and sub-assembly of components are carried out in-house. Nevertheless, we outsource finishing processes (i.e. electrophoretic Deposition ("**ED**") coating and plating, Zinc plating and black plating) to third party subcontractors. These finishing processes are generally not commonly requested by our customers and thus, it is more cost effective to outsource these services and as we are not required to invest in in-house capabilities to provide these finishing services.

Our manufacturing and sale of automotive parts and components to customers generally cover from dies solution and process engineering to metal stamping and sub-assembly (if required). We also provide metal stamping services solely to customers upon request, whereby we perform metal stamping to manufacture parts and components using stamping dies and raw materials provided by our customers.

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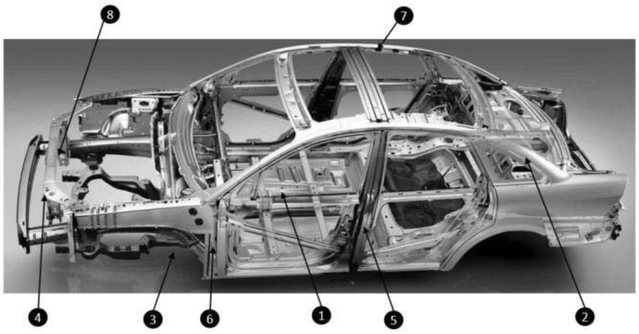
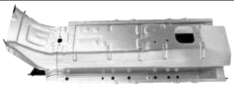
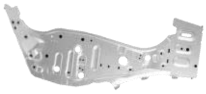
7.1.2 Our products

Automotive parts and components, namely body parts, seat structures and other parts (i.e. engine part and absorber parts), manufactured by us are steel metal stamped parts and components used to form the inner structures of automotive vehicles, focusing on passenger vehicles.

Examples of automotive parts and components manufactured by us under each segment (i.e. body parts, seat structures and other parts) are as follows:

(a) Body parts



		
1. Panel back bone	2. Pillar, lower	3. Brace, side member front
		
4. Cross member dash, lower centre	5. Pillar, centre body inner	6. Pillar, front body inner lower
		
7. Rail roof, side inner	8. Bar, front end upper centre	

Note:

(1) The parts and components shown above are some examples of body parts manufactured by us. It is not an exhaustive list and does not purport to represent all body parts manufactured by our Group.

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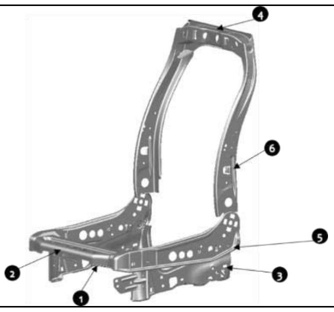
7. BUSINESS OVERVIEW *(Cont'd)*

(b) Seats structures

i) Driver seat and front passenger seat



		
1. Lever, seat track lock	2. Panel, front seat cushion	3. Bracket, outer seat track
		
4. Frame, front seat back upper	5. Bracket, front seat cushion	6. Frame, front seat back

ii) Rear seat

		
1. Hinge, rear right seat back	2. Lever, vertical adjuster lock	3. Bracket, front outer seat track
		
4. Leg, rear right seat		

Note:

(1) The parts and components shown above are some examples of seat structural parts and components manufactured by us. It is not an exhaustive list and does not purport to represent all seat structural parts and components manufactured by our Group.

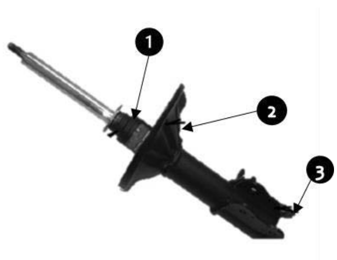
7. BUSINESS OVERVIEW *(Cont'd)*

(c) Other parts

i) Engine part

(1) Drive Plate

ii) Absorber parts



		
1. Cap sub-assy	2. Spring seat	3. Bracket A

As at the LPD, our Group has sold body parts, seat structures and other parts (i.e engine part and absorber parts) to be used in the assembly of the following Proton and Perodua car models (including car models that have been discontinued):

Proton car models			**Perodua car models**		
Exora	Iriz	Persona	Alza	Alza 2022	Aruz
Perdana-R	Preve	Saga	Ativa	Axia	Axia 2023
Satria	Savvy	Suprima	Bezza	Kelisa	Kembara
Tiara	Waja	Wira	Kenari	Kancil	Myvi
X50	X70		Viva		

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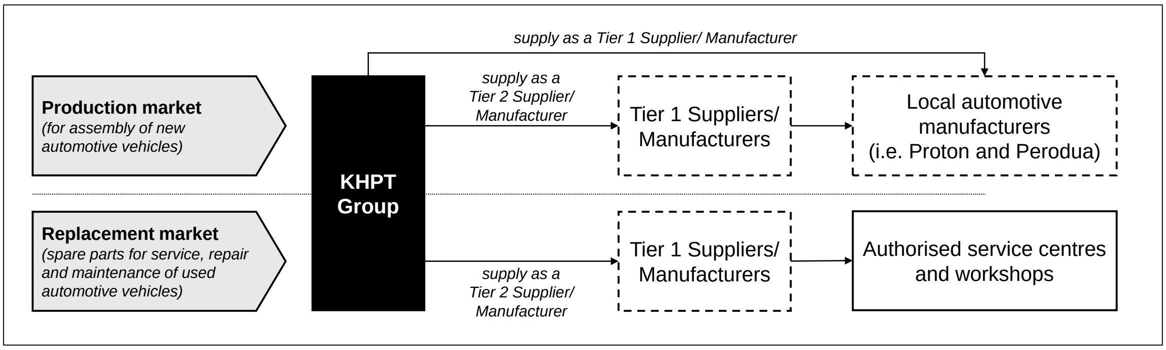
7.1.3 Our customers

Our products are sold to our customers for the assembly of new automotive vehicles for the production market and as spare parts for the replacement market, as illustrated below:



Note:

Indicates our Group's direct customers.

Our Group primarily supplies automotive parts and components to the production market for the assembly of new automotive vehicles. These automotive parts and components are supplied to:

(i) Tier 1 Suppliers/Manufacturers, who are the approved vendors of local automotive manufacturers (i.e. Proton and Perodua). These Tier 1 Suppliers/Manufacturers use our automotive parts and components for further processing and/or assembly with other parts and components, and thereafter supply automotive components which are typically semi-finished components, to local automotive manufacturers for the assembly of new automotive vehicles.

(ii) Local automotive manufacturers, who use our automotive parts and components for the assembly of new automotive vehicles.

We also supply automotive parts and components to replacement market through Tier 1 Suppliers/Manufacturers, whereby revenue contribution from our sale to replacement market constituted between 2% to 4% in the Financial Years Under Review. These Tier 1 Suppliers/Manufacturers use our automotive parts and components for further processing and/or assembly with other accessories, and thereafter supply to authorised service centres and workshops to be used as spare parts for service, repair and maintenance of used automotive vehicles.

7.1.4 Warranty

We generally do not provide warranties for our products, save as when required by customers. In cases whereby our customers notify us about any defects such as scratches or discrepancies in dimensions, we will investigate the cause of such defects and conduct quality tests and checks on our products. If the cause of the defect is due to our manufacturing errors or mis-handling during transportation, we will replace the defective products at our own costs, and we may incur charges from customers if the defective products lead to production downtime and interrupt our customers' operations. We will also ensure that the remaining products to be delivered to our customers will be in compliance with product specifications. For the Financial Years Under Review, charges incurred from customers due to defects and production downtime accounted for 0.10%, 0.02% and 0.01% of our Group's total revenue respectively.

In the Financial Years Under Review, while we recorded some replacement of defective products, we did not record any major loss of inventory due to return of defective products.

7.2 PRINCIPAL MARKET AND PRODUCT SEGMENTS

Our Group's revenue is solely generated from Malaysia. In the Financial Years Under Review, the sale of automotive parts and components (which include sale of steel scrap) was the largest revenue contributor to our Group as it contributed 100.00%, 100.00% and 98.66% to our Group's total revenue respectively.

The breakdown of our Group's revenue by product for the Financial Years Under Review is as follows:

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Automotive parts and components[(1)]:						
• Body parts	36,949	62.66	74,218	63.85	63,661	55.80
• Seats structures	18,367	31.15	37,465	32.23	45,104	39.54
• Other parts[(2)]	3,649	6.19	4,563	3.92	3,785	3.32
Dies solution services[(3)]	-	-	-	-	1,532	1.34
	58,965	**100.00**	**116,246**	**100.00**	**114,082**	**100.00**

Notes:

(1) The revenue contribution from the sale of automotive parts and components includes the revenue contribution from the sale of steel scrap. The sale of steel scrap is a residual income from the waste generated during the manufacturing of automotive parts and components which are the core products. The total sale of steel scrap in the Financial Years Under Review was RM3.62 million, RM7.48 million and RM7.70 million respectively, accounting for 6.13%, 6.43%, and 6.75% of the total revenue, respectively.

(2) Other parts mainly comprise engine parts and absorber parts. It also includes other parts such as air leaf springs for trucks, however, contribution from the sale of these other parts were minimal in the Financial Years Under Review.

(3) There was no revenue generated by dies solution services in the FYE 2021 and FYE 2022. This was due to the on-going manufacturing process of dies and jigs, where the dies and jigs were not completed in FYE 2021 and FYE 2022, resulting in the revenue not being recognised in the respective years. Manufacturing process of dies and jigs involves design, prototyping and testing, where the dies and jigs are customised according to detailed specifications, prior to production and commissioning of the said dies and jigs. Hence, these factors contributed to the extended period required for revenue recognition. In FYE 2023, the aforementioned dies and jigs were completed and as such the revenue for the manufacturing of these dies and jigs was recognised, contributing to a 1.34% of our Group's total revenue for FYE 2023.

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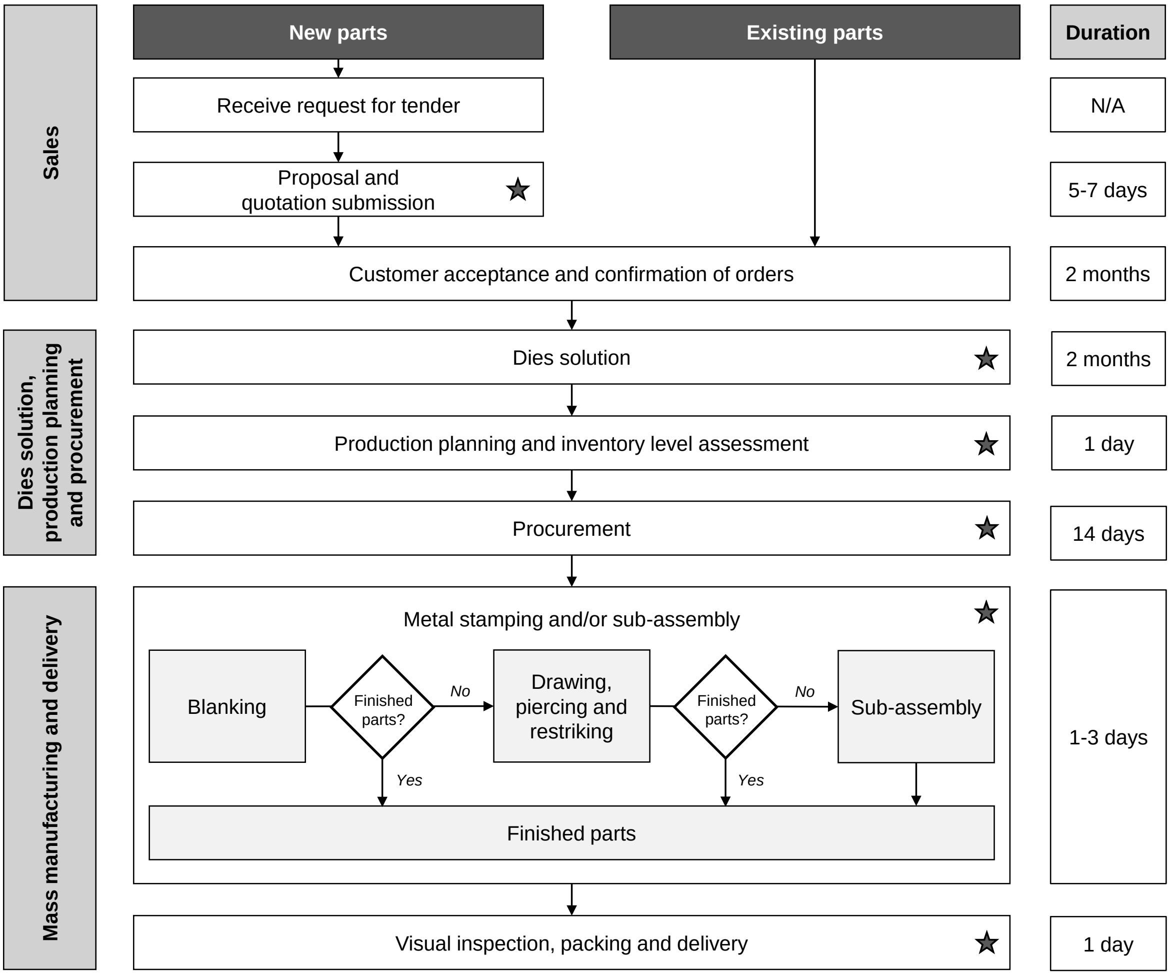
7.3 PROCESS FLOW

7.3.1 Business and operation

The business and operational processes of our Group involve the following:



Note:

★ *Indicates processes where quality checks are carried out. Please refer to Section 7.3.2 of this Prospectus for further information on our Group's quality assurance and control measures.*

<u>**Sales**</u>

(i) New parts

<u>Receive request for tender</u>

Prior to the launch of any new car models, local automotive manufacturers will request their Tier 1 Suppliers/Manufacturers to participate in tender submissions for the manufacturing and/or sub-assembly of the parts and components of the new car models. We may receive requests for tender which include drawings that outline the prescribed technical specifications, directly from the local automotive manufacturers or through their Tier 1 Suppliers/Manufacturers.

We will prepare tender documents based on the technical specifications of the drawings for the parts and components, materials required, delivery timeline and order amount. Generally, all requests for new parts (including any amendments to existing parts) will require us to go through a proposal and quotation submission process with our customers in order to be appointed as the manufacturers for the respective parts and components.

Proposal and quotation submission

During the proposal and quotation submission process, we are assessed by our customers on various aspects, including our engineering and manufacturing capabilities as well as the accuracy and consistency of our product quality. As part of the proposal and quotation submission process, we develop 3D engineering drawings of dies and jigs, as well as carry out process engineering where we plan, design and develop our metal stamping process in terms of stamping flow and sequence as well as the number of stamping strokes required.

With our dies solution and process engineering expertise, we aim to reduce the number of stamping strokes required to complete the stamping process, in order to shorten overall manufacturing times and achieve cost-efficiency. The 3D engineering drawings of the dies and jigs as well as details of the manufacturing process will be submitted to our customers as part of the tender documents together with our quotation on the cost of manufacturing the respective dies and jigs as well as the parts and components.

The period of the proposal and quotation submission process varies based on complexity of the automotive parts and our customers' timeline. The typical duration to complete a proposal and quotation submission process for new parts is up to 7 days; whereas the duration may be shorter for existing parts that require amendments, which is up to 5 days.

Customer acceptance and confirmation of orders

Upon completing the proposal and quotation submission process, our customers will issue a letter of intent/ letter of appointment as a confirmation of appointing us as their approved manufacturer for the manufacturing of the respective parts and components. On average, the typical duration taken by our customer to accept our quotation and confirmation orders is 2 months.

(ii) Existing parts

Customer acceptance and confirmation of orders

For the manufacturing of existing parts, our customers will issue purchase orders to us as a confirmation of orders to manufacture the existing parts.

Dies solution, production planning and procurement

(i) Dies solution

For new parts, we design and manufacture dies to be used in stamping process and jigs to be used in the welding and quality checking process. We design dies and jigs based on the manufacturing requirements and technical specifications of the parts and components. The 3D engineering drawings will be submitted to our customers for approval before the dies and jigs are manufactured. After our customers approve the drawings of our dies and jigs, we will manufacture the dies and jigs using CNC and wire cut machines.

Thereafter, we will test the dies and jigs by using them to manufacture several prototypes as quality checks to ensure the dies and jigs are manufactured according to our customers' requirements. These prototypes will be sent to our customers for approval prior to mass manufacturing. Some customers may request for multiple batches of prototype in different quantities to assess the accuracy and consistency of our quality and manufacturing capabilities. Typically, the average duration from the design and manufacturing of dies and jigs up to our customers approval of the prototype is 2 months.

All dies and jigs used in the manufacturing of our parts and components are kept in our factory and maintained by us for a period of up to 10 years after the respective car models are discontinued in the market.

For existing parts, prior to mass manufacturing, we will perform checking and calibration on the dies and jigs to ensure that they are in good conditions.

(ii) Production planning and inventory level assessment

We will formulate a production plan based on the rolling forecast of up to 6 months provided by our customers on the estimated upcoming order quantities of parts and components. Our production plan takes into consideration the availability of raw materials in our inventory prior to sourcing from suppliers and our manufacturing capacity in accordance with the forecast received. Therefore, upon receipt of purchase orders from our customers, we are generally able to manufacture part and components according to our customers' timeline.

(iii) Procurement

We closely monitor our inventory of raw materials which primarily consist of steel coils and steel cut sheets, to ensure we have sufficient levels of raw materials to meet our orders from our customers. These raw materials are purchased from steel suppliers approved by our customers, or from our customers. Further details on the two types of procurement arrangements are as follows:

(a) Purchase from approved steel suppliers

We purchase steel materials from approved steel suppliers for the manufacturing of parts and components. These approved suppliers will arrange for the steel materials to be delivered to our TPG factory. Please refer to Section 7.9.1 (a) of this Prospectus for further information on the steel material prices for our purchases from approved steel suppliers.

(b) Purchase from our customers

Our customers purchase steel materials directly from approved steel suppliers on our behalf and the approved steel suppliers will arrange for the steel materials to be delivered to our TPG factory. Please refer to Section 7.9.1 (b) of this Prospectus for further information on the steel material prices for our purchases from our customers.

Further, if there are any processes to be outsourced to third party manufacturers (i.e. finishing, laser cutting and stamping) in relation to the manufacturing of our parts, and/or accessories to be procured from third party suppliers, we will obtain quotations from our subcontractors/ suppliers and subsequently appoint subcontractors/ purchase from suppliers approved by our customers.

Upon the receipt of raw materials, parts and accessories, we will conduct quality checks to ensure that the raw materials, parts and accessories received are in accordance with our product specifications, quality and quantity, as well as in good condition. Raw materials that have passed our quality checks will be stored as our inventory. We maintain an average of 1 week of inventory level for our raw materials to prevent disruptions to our manufacturing activities. Parts and accessories that have passed our quality checks will be stored in our warehouse or sent to manufacturing line for further processing based on our manufacturing schedule.

Mass manufacturing and delivery

(i) Metal stamping and/or sub-assembly

We perform metal stamping and/or sub-assembly based on our production plan which outlines the order specifications, technical details and manufacturing schedule. Depending on the technical specifications of each part as well as our customers' requirements, a part may go through all blanking, forming, piercing, restriking and sub-assembly processes, several of these processes, or either one of these processes, prior to becoming a finish part ready for delivery to our customers. On average, the metal stamping and sub-assembly process ranges from 1 to 3 days. Please refer to Sections 7.1.1 (ii) and 7.1.1 (iii) of this Prospectus for details of our expertise and capabilities in metal stamping and sub-assembly.

We conduct quality checks by sample size for each batch after each process to ensure that the measurements and specifications of the parts manufactured are in accordance with our customers' requirements.

If there are any processes that are outsourced to third party manufacturers/subcontractors, upon receipt of the parts or accessories from them, we will conduct quality checks by sample size to ensure that the measurements and specifications of the components are in accordance with our customers' requirements, before accepting the products.

(ii) Visual inspection, packing and delivery

Upon completion of metal stamping and/or sub-assembly processes, a final visual inspection check will be carried out on all finished parts before being packed and stored in our warehouse while logistics arrangement for delivery is made based on the delivery instructions provided by our customers. On average, the visual inspection, packing and delivery process takes 1 day.

7.3.2 Quality control and quality assurance

Our Group places emphasis on the quality of all our products. We are committed to ensure that the quality control procedures that we have put in place fulfil the requirements of our customers. Our quality control procedures are as follows:

Objective	Quality control procedures
Quality checks on in-coming supplies, including subcontracted parts	• Undergo visual inspection to ensure that the supplies meet the required order specifications and quality standards (i.e. no dimensional variances, damages, cracks and stains/dirt). • Notify suppliers if the in-coming supplies do not meet the required order specifications and quality standards. We may arrange for claims and a new batch of supplies for replacement.
Quality checks during manufacturing	• Conduct quality checks throughout the manufacturing processes to ensure that the parts and components are manufactured as per specifications. We conduct the following quality checks by sample size: - Full dimensional inspection is conducted on the first stamped piece during each metal stamping process to ensure the accuracy of the parts' profile, dimensions and critical points. - Quality checks on WIP parts on an hourly basis using calibration tools (i.e. digital calliper and digital height gauge) and verification tools (i.e. measuring tapes, steel ruler, angle gauge and radius gauge).

Objective	Quality control procedures
	- Quality checks on WIP parts during the initial, middle and ending stage of metal stamping process of each part and component using checking fixtures (i.e. checking jigs). Checking jigs are tools design and manufactured by us specifically for conducting quality checks at a higher standard in terms of the parts' profile, dimension and accuracy. For every part manufactured by our Group, a checking jig is designed and manufactured by us for the purpose of conducting quality checks. Having several checkpoints throughout the manufacturing process enables us to trace the quality of each batch of parts, including WIP parts, and enables early detection if there are any defects or inaccurate shapes and/or dimensions.
Quality checks on out-going products	• Conduct visual inspection to ensure that the appearance of the parts adhere to requirements before packing and prior to delivery.

As a testament of our ongoing commitment to quality, our Group is certified compliant with the following standard:

Name of certificate	Certification body	Scope of certification	Date first awarded	Validity period
IATF 16949:2016 Automotive Quality Management System	SIRIM QAS International Sdn Bhd	Fulfilling the requirement for quality management system requirement for manufacture of metal stamping parts and sub-assembly of metal components	17 July 2018	12 July 2021 – 11 July 2024

For the renewal of our IATF 16949:2016 certificate, we will undergo external audit by the certification body prior to the expiration of the certificate. We also conduct annual internal audit and management review to ensure continuous compliance to the IATF 16949:2016 standards which will allow us to pass the external audit for renewal.

Further, our quality control procedures ensure we comply with stringent supplier selection processes set out by our customers. Generally, our customers' supplier selection process is a lengthy process comprising product inquiry (including 3D engineering drawings of parts as well as fine-tuning of the details and technical specifications of dies and jigs), proposal and quotation submission of manufacturing process for approval, prior to being selected as their approved manufacturers. Following which, as we have to remain as our customers' approved manufacturers, we ensure our products are able to fulfil our customers' quality requirements and delivery timeline in each of our order delivery.

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7.4 TECHNOLOGY USED

We use the following technologies in the form of software and machines in our operational processes:

Software and machines	Description/Function
Integrated CAD / CAM software	An integrated CAD/CAM software is a product design and manufacturing software used to support our dies solution services and metal stamping processes. CAD software enables our engineers to perform 3D design, engineering and modelling of our dies which are used to manufacture automotive parts and components, and jigs which are used in welding and quality checking process, all of which are manufactured in accordance with our customers' specifications. CAM software enables our engineers to generate and load programmed commands, encoded with the CAD models, into the CNC machines and wire cut machines. CAM software is used to control the operations of CNC machines and wire cut machines through programmed commands during the manufacturing of dies for metal stamping processes and jigs for welding and quality checking processes.
CNC machine	CNC machines refer to automated machines controlled through programmed commands encoded in CAM software, based on CAD models. We use CNC machines during the manufacturing of dies and jigs.
Wire cut machines	Wire cut machines, also known as electrical discharge machines, refer to machines that cut precise shapes and curves, through programmed commands encoded in CAM software, based on CAD models. We use wire cut machines for the manufacturing dies and jigs.
Press machine	Press machines refer to machines that stamp metal sheets to form precisely shaped parts and components.
Robotic welding machine	Robot welding machines refer to automated machines made up of an industrial robotic arm and welding tools (i.e. welding gun) mounted at the top of the robotic arm to perform automated arc welding as part of our sub-assembly process.
Integrated robot programming and robot simulation software	An integrated robot programming and robot simulation software is mainly used to support our prototype service. This software allows us to program our 3D laser cutting robotic machines to simulate and perform the cutting of 3D prototypes.

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7.5 MANUFACTURING CAPACITIES AND OUTPUT

As at the LPD, we have a total of 45 press machines. We utilise press machines to manufacture our automotive parts and components in accordance with our customers' requirements and technical specifications. Our Group has 4 types of production lines, whereby the production line used varies, depending on the types of parts and components to be manufactured. The details of our production lines are as follows:

Production line	Number of production line	Total number of press machines[(1)]	Function
Blanking line[(2)]	5	5	To perform blanking, including trapezoid blanking
Body parts production line	4	17	To mainly manufacture body parts through various stamping processes including forming, piercing and restriking. Body parts production line can also be used to manufacture seat structural parts in the event of insufficient capacity of our seat structural parts production line.
Seat structural parts production line	5	18	To mainly manufacture seat structural parts through various stamping processes including forming, piercing and restriking. Seat structural parts production line is also used to manufacture engine parts, as well as absorber parts in the event of insufficient capacity of our absorber parts production line.
Absorber parts production line	1	5	To manufacture absorber parts through various stamping processes including forming, piercing and restriking.

Notes:

(1) Indicates the total number of press machines in all production lines, whereby the number of press machines in each production line varies.

(2) Each blanking line also consists of uncoiling, flattening and feeder machines to feed flatten steel coils into press machines for blanking.

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Our estimated annual manufacturing capacity, actual annual manufacturing output and utilisation rate for the manufacturing of parts and components for the Financial Years Under Review are as follows:

Production line	Estimated annual manufacturing capacity (pieces)(1)	Actual annual manufacturing output (pieces)(2)	Utilisation rate (%)
FYE 2021			
Blanking line	14,414,400	4,583,705	31.80
Body parts production line	3,144,960	960,519	30.54
Seat structural production line	8,089,200	3,493,830	43.19
Absorber parts production line	9,172,800	4,350,377	47.43
Total	**34,821,360**	**13,388,431**	**38.45**
FYE 2022			
Blanking line	14,414,400	11,719,836	81.31
Body parts production line	3,144,960	2,376,401	75.56
Seat structural production line	8,089,200	7,092,108	87.67
Absorber parts production line	9,172,800	5,169,056	56.35
Total	**34,821,360**	**26,357,401**	**75.69**
FYE 2023			
Blanking line	19,328,400	13,666,351	70.71
Body parts production line	3,144,960	2,647,873	84.19
Seat structural production line	8,089,200	7,672,597	94.85
Absorber parts production line	9,172,800	2,768,428	30.18
Total	**39,735,360**	**26,755,249**	**67.33**

Notes:

(1) The estimated annual manufacturing capacity for FYEs 2021 and 2022 is computed based on a total production hours of 21 hours per day and 26 days per month (except for seat structural parts line which we run 30 days per month), on the following basis:

- *Blanking line: a total of 2,200 pieces are manufactured per hour;*
- *Body parts production line: a total of 480 pieces are manufactured per hour;*
- *Seat structural parts production line: a total of 1,070 pieces are manufactured per hour; and*
- *Absorber parts production line: a total of 1,400 pieces are manufactured per hour.*

The estimated annual manufacturing capacity for FYE 2023 is computed based on a total production hours of 21 hours per day and 26 days per month (except for seat structural parts line which we run 30 days per month), on the following basis:

- *Blanking line: a total of 2,200 pieces were manufactured per hour for January and February 2023, and a total of 3,100 pieces are manufactured per hour from March 2023 onwards as we commissioned a new blanking line with a capacity of manufacturing 900 pieces per hour in March 2023;*
- *Body parts production line: a total of 480 pieces are manufactured per hour;*
- *Seat structural parts production line: a total of 1,070 pieces are manufactured per hour; and*
- *Absorber parts production line: a total of 1,400 pieces are manufactured per hour.*

(2) The actual annual manufacturing output is based on the number of actual pieces manufactured by our Group's press machines for the respective Financial Years Under Review.

In the Financial Years Under Review, our utilisation rate of our press machines was 38.45%, 75.69% and 67.33% respectively. There was a decline in the utilisation rate for FYE 2023 due to an increase in the manufacturing capacity for our blanking line as well as a decrease in our manufacturing output for absorber parts.

7.6 INTERRUPTIONS TO BUSINESS AND OPERATIONS

Save for the temporary disruptions to our operations arising from the COVID-19 pandemic as detailed below, our Group had not experienced any other interruptions in our operations which had a significant effect on our operations for the Financial Years Under Review up to the LPD.

7.6.1 Impact of COVID-19 on the operations of our Group

Since the outbreak of COVID-19 pandemic, our business and operations faced several temporary interruptions:

(a) During the imposition of the 1st MCO from 18th March 2020 to 3rd May 2020, our operations were temporarily closed. On 18 April 2020, our Group obtained an approval letter from MITI to resume operations at a capacity of 100% workforce as we were deemed as essential services by being a part of the automotive industry.

(b) Several closure of operations due to different forms of lockdown imposed by the Government due to resurgence of COVID-19 cases in 2021. We were not deemed as essential services during these lockdowns. The operations of some of our suppliers and customers were also disrupted at different times in 2021, due to positive COVID-19 cases reported among their employees which affected their manufacturing operations and subsequently caused slowdowns in the automotive assembly supply chain, including our Group.

(c) Our operations were temporarily suspended from 23 April 2021 to 30 April 2021 as required by KKM due to 94 COVID-19 positive cases reported in our factory. In order to avoid delays in order delivery due to temporary closures, we made timely arrangements with our customers who are local automotive manufacturers and the Tier 1 Suppliers/Manufacturers of local automotive manufacturers to outsource the manufacturing of our parts and components due for delivery during that period to other approved manufacturers. We successfully transferred the required raw materials, dies and jigs, as well as WIP parts and components, to other approved manufacturers' factories to execute the manufacturing works for the orders due during that period. We also provided support to the other manufacturers' engineers, quality control personnel and production personnel remotely by monitoring the manufacturing process and providing technical assistance to ensure the quality requirements of the parts and components were strictly adhered to. All the orders due during that period were fulfilled without downtime.

Save for the aforementioned temporary closures, our Group was allowed to operate while complying with the SOP (e.g. hygiene practices, regular sanitisation and logistic requirements) outlined by MITI throughout the COVID-19 pandemic. Further, the reduction of workforce capacity as outlined in MITI's SOP during the COVID-19 pandemic did not result in material adverse impact to our business operations as our production staff operated our machines in our factory and our engineers worked remotely to support our business operations.

We have been able to continue our sales activities through online meetings, hence we have not faced any major disruptions in our sales and marketing activities. There was no disruption in our tender processes and customers audits as physical visits by customers were replaced with virtual meetings.

7.6.2 Impact on our business cash flows, liquidity, financial position and financial performance

During the FYE 2021, due to several closure of operations as a result of different forms of lockdowns imposed by the Government due to resurgence of COVID-19 cases in 2021, as well as disruptions in the automotive assembly supply chain arising from factory closures or shortage of man-power caused by positive COVID-19 cases, our financial performance were affected as operations slowed down. Please refer to Section 7.6.1 (b) of this Prospectus for further details on the closure of operations and Section 12 of this Prospectus for further details on our financial performance in FYE 2021.

There was no adverse impact to our cash flows, liquidity, financial position and financial performance in FYE 2022 and FYE 2023.

7.7 COMPETITIVE STRENGTHS

7.7.1 Our parts and components are used in the assembly of local automotive vehicles, which are the top selling automotive brands in Malaysia

Our Group's parts and components are mainly used by local automotive manufacturers (i.e. Proton and Perodua) for the assembly of Proton and Perodua cars respectively. Our automotive parts and components are customised and manufactured according to the varied requirements of each vehicle model, and are sold to Proton and Perodua directly, or to their respective Tier 1 Suppliers/Manufacturers.

Since our involvement in the manufacturing of automotive parts and components in 1995, our parts and components have been used in 14 models of Proton vehicles and 13 models of Perodua vehicles. Parts and components manufactured and supplied directly to Proton and Perodua or indirectly through their Tier 1 Suppliers/Manufacturers comprise body parts, seat structures and other parts (i.e. engine parts and absorber parts). Please refer to Section 7.1.2 of this Prospectus for the list of vehicle models of Proton and Perodua which our automotive parts and components are used in.

According to the IMR Report, in 2023, Perodua and Proton are the top 2 automotive brands sold in Malaysia in terms of total industry volume ("**TIV**"), accounting for 41.30% and 18.88% of TIV respectively. Furthermore, Perodua was consistently the top automotive brand in Malaysia in terms of TIV from 2017 to 2023, while Proton ranked second in terms of TIV in 2017 as well as from 2019 to 2023.

Our Group has been an automotive parts and components supplier to Proton and Perodua vehicles for 29 years and 24 years respectively, including the years in which we supplied parts and components to Proton and Perodua indirectly through their Tier 1 Suppliers/Manufacturers. Hence, we believe that we are poised to continue growing our business as these local automotive manufacturers continue to grow their sales with the release of new and/or upgraded vehicle models.

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7.7.2 Our dies solution and process engineering expertise enable us to produce quality automotive parts and components to consistently meet our customers' requirements and assist our customers in reducing manufacturing costs

The growth of our Group is backed by our dies solution and process engineering capabilities, which are headed by our Operation Manager, Oon Pey Yang, who is equipped with over 15 years of experience in the manufacturing operations, covering production planning, machine and facility maintenance, quality management, product development and process optimisation as well as dies and jigs design. Oon Pey Yang is assisted by a team of 7 technical personnel as at the LPD, in our dies solution and process engineering activities. Further, we are also supported by our Executive Director, Hideki Nomura and our substantial shareholder, Tiu Kuang Hong for their technical advice. Please refer to Sections 5.5.2 (iii), 5.2.2 (ii) and 5.1.3 (ii) of this Prospectus, for the profiles of Oon Pey Yang, Hideki Nomura and Tiu Kuang Hong respectively.

By leveraging on the experience and technical know-how of these key technical personnel, our Group has been able to design and develop optimised manufacturing processes. This plays a significant role in reducing our overall manufacturing time, which translates to lower manufacturing costs and enabling us to offer competitively-priced and quality products. This is a value-added service provided to our customers during our process engineering stage which enables our customers to achieve cost-reduction in their overall manufacturing and assembly processes. Further, it is also our competitive edge to have in-house dies solution expertise as we are able to have assurance on the quality of dies and jigs manufactured, as well as respond to any changes in the requirements of dies and jigs following any adjustments to the designs or specifications of the automotive parts and components, in a timely manner.

Our Group believes that with our dies solution and process engineering capabilities, it enables us to produce quality automotive parts and components as well as consistently meet our customers' requirements in terms of product quality, cost considerations and timeliness of delivery. This, in turn, enables us to maintain our long-standing relationships with our customers and to continue securing more orders for existing and new vehicle models moving forward.

7.7.3 We have long-standing relationships with our customers which is a testament to the quality of our products

Our customers comprise mainly Tier 1 Suppliers/Manufacturers of local automotive manufacturers. In the Financial Years Under Review, most of our major customers have purchased automotive parts and components from us for at least 11 years. These major customers are Tier 1 Suppliers/Manufacturers of local automotive manufacturers which use our parts and components for further processing and assembly with other parts and components manufactured by them or sourced from other suppliers to form sub-assembled products prior to supplying to local automotive manufacturers, namely Proton and Perodua, for assembly into complete automotive vehicles.

Our ability to secure recurring sales from our customers is attributed to the quality of our products which meet their stringent quality control measures as well as internationally recognised standards. It is critical for us to maintain accuracy and consistency in our parts and components, as these products are used in the assembly of automotive vehicles whereby any variations will affect the entire automotive assembly process and lead to production downtime and major disruptions to our customers' operations and the completion of final assembly of the complete automotive vehicles.

Further, we have complied with stringent supplier selection processes, which include vendor audits, through tender processes prior to securing our customers and/or securing more orders for new vehicle models, and have been able to accommodate any further assessments required by them such as periodic audits, performance reviews and factory visits. Please refer to Section 7.3.2 of this Prospectus for further information on our customers' supplier selection processes. This has allowed us to continuously remain as their qualified suppliers. For further information on our major customers, please refer to Section 7.13 of this Prospectus.

Our Group believes that the abovementioned factors have been pivotal in maintaining our reputation and customers' confidence towards our manufacturing capabilities, thus allowing our Group to establish long-standing relationships with our customers. This is also in line with our Group's core value and practice of 'customer-first', where we strive to achieve customer satisfaction by placing customers' requirements and considerations as our top priority. Moving forward, as we continue to uphold our product quality standards, we believe that we will be able to continue securing orders from our customers, which will contribute to the growth and expansion of our business.

7.7.4 We have an established history in the automotive parts and components manufacturing industry

We have an established history of 29 years in the automotive parts and components manufacturing industry since we commenced our business in 1995 under KHEI in the manufacturing and sales of automotive absorber parts. Our Group has expanded our range of product offerings from absorber parts to include seat structures, body parts and engine part, to cover a wider range of parts and components used in the automotive industry. Our extensive experience and portfolio gained throughout the years have led to the sustained growth of our business and positioned us as a reputable manufacturer of automotive parts and components, which is evidenced by our long-standing relationships with our major customers as detailed in Section 7.13 of this Prospectus.

Armed with a 29-year business history in the automotive parts and components manufacturing industry, our Group has been through business and economic cycles, which demonstrates our business growth and resilience, including weathering adverse economic and market conditions. With such a foundation, our Group believes that we will be able to continue leveraging on our expertise and capabilities to drive the growth and expansion of our business.

7.7.5 We have an experienced and hands-on key senior management team

Our Group is led by an experienced and technically skilled key management team that has accumulated years of industry experience and in-depth knowledge of our business operations. Our Group Managing Director, Datin Eloise, who has 21 years of experience in the automotive parts and components manufacturing industry, has played a pivotal role in steering the growth and success of our Group since she took over the management in 2018. Her experience, drive and passion for our business have been instrumental to our Group's success to-date.

She is supported by the following Key Senior Management:

Name	Designation	Years of relevant working experience
Sia Boon Huat	Business Development Senior Manager	18
Eng Shu Ling	Finance Controller	11
Oon Pey Yang	Operation Manager	17

Our management team has relevant industry and functional expertise as a result of years of experience in their respective fields. Further, they take an active, hands-on role in spearheading their respective departments to support the growth of our Group. Their hands-on involvement in our Group demonstrates their strong commitment to our growth as we continue to expand. Please refer to Sections 5.1.3 (i) and 5.5.2 of this Prospectus for the profiles of our Group Managing Director and Key Senior Management.

7.8 SEASONALITY AND CYCLICALITY

We do not experience any material seasonality or cyclicality in our business as the demand for our products are neither subject to seasonal fluctuations nor cyclical variations.

7.9 TYPES, SOURCES AND AVAILABILITY OF MAJOR RAW MATERIALS AND INPUT

The table below sets out our purchases for the Financial Years Under Review:

	FYE 2021		**FYE 2022**		**FYE 2023**	
Purchases	**Value of purchases (RM'000)**	**% of total Group purchases (%)**	**Value of purchases (RM'000)**	**% of total Group purchases (%)**	**Value of purchases (RM'000)**	**% of total Group purchases (%)**
Raw materials						
Steel coils	37,382	80.21	60,482	70.83	52,501	61.44
Steel cut sheets	6,373	13.67	21,809	25.54	29,564	34.60
Sub-total(1)	43,756	93.89	82,290	96.36	82,066	96.04
Subcontractor services(2)	2,273	4.88	2,289	2.68	2,437	2.85
Accessories(3)	576	1.24	816	0.96	943	1.10
Total(1)	**46,605**	**100.00**	**85,395**	**100.00**	**85,445**	**100.00**

Notes:

(1) May not add up due to rounding.

(2) Comprise finishing services, laser cutting services, manufacturing services and stamping works.

(3) Comprise nuts, weld nuts, pins and rivets and wires, amongst others.

Steel coils and steel cut sheets are our primary raw materials in which they collectively contributed 93.89%, 96.36% and 96.04% to our Group's total purchases in the Financial Years Under Review. We purchase steel coils and steel cut sheets from steel suppliers approved by our customers, or from our customers. The details of the prices of these raw materials are depicted in Section 7.9.1 below:

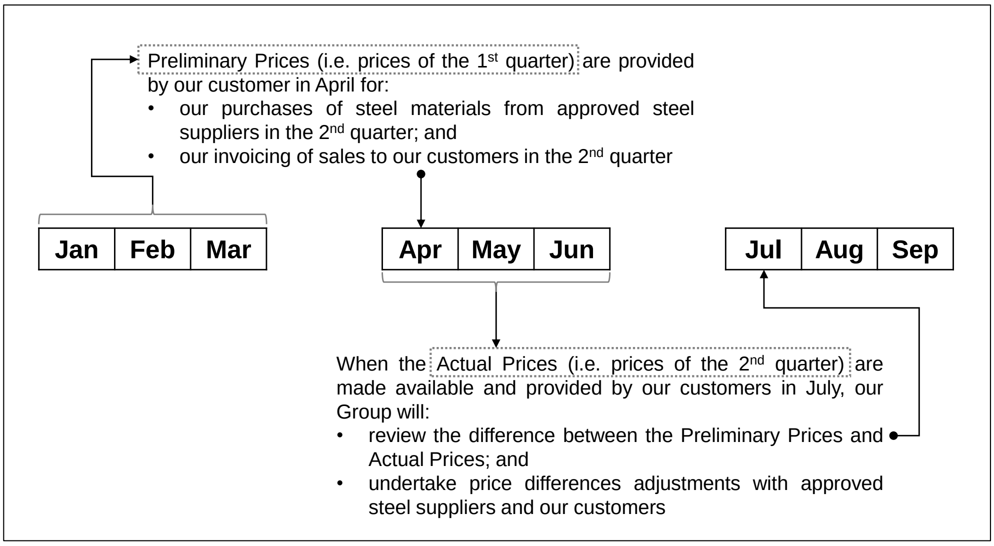
7.9.1 Prices of raw materials

(a) Purchase from approved steel suppliers

Generally, a fixed price of steel materials is used for our purchases of steel materials from approved steel suppliers and for our invoicing of sales to our customers in every quarter.

Our customers will provide us steel material prices of the preceding quarter in the first month of each quarter ("**Preliminary Prices**"), which we will use the Preliminary Prices for our purchases of steel materials from approved steel suppliers and for our invoicing of sales to our customers in the current quarter.

As prices of steel materials are subject to market price fluctuations, there will be a difference in the steel material prices provided by our customers in each quarter. The difference between the Preliminary Prices and the prices to be provided by our customers in the next quarter ("**Actual Prices**") reflects the market price fluctuations of steel materials. As such, together with our customers and approved steel suppliers, our Group undertake price differences adjustments on a quarterly basis by comparing the Preliminary Prices with the Actual Prices to address the impact from the market price fluctuations of steel materials.



The details of the price difference adjustment between our Group, our suppliers and our customers are as follows:

Price variation	Action taken
When Actual Prices of steel material are **higher** than the Pre-determined Prices ("**Price Upward Adjustment**")	Our suppliers will issue a debit note to our Group for the Price Upward Adjustment, and we will also issue a debit note to our customers for the Price Upward Adjustment.
When the Actual Prices of steel material are **lower** than the Pre-determined Prices ("**Price Downward Adjustment**")	Our suppliers will issue a credit note to our Group for the Price Downward Adjustment, and we will also issue a credit note to our customers for the Price Downward Adjustment.

(b) Purchase from Customers

Our customers provide us steel material prices on a semi-annual basis as our purchase prices of steel from them, as well as for our material invoicing prices in our sale of parts and components to them. Under this arrangement, the steel material prices are fixed and we are not subject to the risk of market price fluctuations of steel coils and steel cut sheets, as market price fluctuations are absorbed by our customers.

7.9.2 Sources and availability of raw materials

Steel materials are generally readily available in the market. Depending on the preferred procurement arrangements of our customers, we source steel materials from local steel suppliers approved by our customers, or from our customers who source steel materials from steel suppliers on behalf of us. If there are shortages of supply from any approved steel suppliers, we will source the steel materials from other approved steel suppliers.

We did not experience any material supply disruptions or delays of steel materials in the Financial Years Under Review. We also maintain an average of 1 week of inventory level for our steel materials to prevent disruptions to our manufacturing activities. Further details on the risk related to the availability of raw materials are as set out in Section 9.1.3 of this Prospectus.

For subcontracting services, we outsource finishing, laser cutting and manufacturing works to third party subcontractors when required, based on the requirements of our customers. As these services are not commonly required by our customers, we do not have in-house expertise to carry out these services. Further, during peak periods, we may subcontract some stamping works to third party manufacturers to complement our capacity and to ensure there is no delay in the delivery of our products which may cause subsequent delays to the entire supply chain of the assembly market. We will conduct quality checks on the products received from the third party suppliers to ensure the quality of the products are in accordance with our customers' requirements. These subcontracted services are readily available in the market and we did not experience any difficulties in sourcing such services in the Financial Years Under Review.

7.10 SALES AND MARKETING

Our Group's sales and marketing activities are as follows:

(a) Direct approach

We actively engage new and existing customers through direct approach whereby these customers are local automotive manufacturers and Tier 1 Suppliers/Manufacturers of local automotive manufacturers.

We also follow up closely with our existing customers to keep up with the introduction of new vehicle models to identify opportunities to secure more sales.

(b) Referrals from business associates

We secure new customers through referrals from our business associates, namely local automotive manufacturers and their respective Tier 1 Suppliers/Manufacturers, to expand our network of customers within the automotive assembly supply chain.

(c) Corporate website

We have established our corporate website at *www.khpt.com.my* as a platform to introduce our product offerings as well as engineering and manufacturing capabilities to potential customers along with providing immediate searchable information on our Group.

7.11 RESEARCH AND DEVELOPMENT

Due to the nature of our business where we manufacture automotive parts and components in accordance with our customers' requirements, we do not undertake any research and development activities in relation to our business operations.

Nevertheless, we continuously assess, monitor and enhance our manufacturing capabilities and technologies to improve our process engineering skills, productivity and consistency of our quality. Please refer to Section 7.4 of this Prospectus for further details of our technology used.

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7.12 FUTURE PLANS AND STRATEGIES

7.12.1 We intend to expand our manufacturing capacity by setting up a new automated body parts production line

Our manufacturing activities comprised the blanking line, body parts production line, seat structural parts production line and absorber parts production line. Notably, the utilisation rate for our body parts production line and seat structural parts production line were estimated at 84.19% and 94.85% respectively in FYE 2023. As such, we plan to expand our manufacturing capacity to meet the anticipated increase in demand from its customers, premised on the rolling forecast provided to our Group as well as discussions with its customers.

As at the LPD, we have 4 body parts production lines which are all manually operated by our production workers and we intend to purchase 4 press machines as well as purchase and install automation equipment to set up a new automated body parts production line.

The new automated body parts production line will increase our manufacturing capacity for body parts production by 400 pieces per hour, which translates to an annual manufacturing capacity of 2,260,800 pieces. This will increase our annual manufacturing capacity for body parts production by 83.33% from 3,144,960 pieces to 5,765,760 pieces.

In addition to manufacturing body parts, the new automated body parts production line is also flexible to be utilised to manufacture seat structural parts in the event of insufficient capacity of our seat structural parts production line. As such, our Group intends to set up a new body parts production line instead of a seat structural parts production line despite the latter recorded higher utilisation rates at 43.19%, 87.67% and 94.85% in the Financial Years Under Review respectively, as compared to the utilisation rates of body parts production line at 30.54%, 75.56% and 84.19% over the same period.

Further, the new automated body parts production line will also be installed with automation equipment such as robotic arms, which is expected to reduce manual labour involved from 5 production workers to 2 production workers for each line. We envisage a minimum cost savings of approximately RM0.25 million per annum from the reduced number of workers required to perform the aforementioned processes. In addition, by automating our new body parts production line, we could also achieve consistency in production time as the loading, unloading and transfer of input materials, finished parts and/or WIP pieces will be handled by the automation equipment.

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The details of the components of the new automated body parts production line as well as services required for the commissioning of the production line, are as follows:

Components / services required	Description / function	Number of units	Total estimated cost (RM '000)
Press machines	To stamp metal sheets to form precisely-shaped parts and components	4	[●]
Robotic arms and accessories	To de-stack and load steel coil or steel cut sheets into the press machines, transfer WIP pieces from a press machine to another, as well as unload and transfer the completed parts to the designated area in the TPG Factory for inspection, packing and delivery.	7[1]	[●]
Engineering services	Services provided by third party companies comprising system design, system test-run, operation training, on-site installation, commissioning and standby	Not applicable	[●]
Safety and operating system	IT system used to operate the production line, and to monitor / control the safety of the production line	1	[●]
			[●]

Note:

(1) Comprises 1 unit of robotic arm for de-stacking, 1 unit of robotic arm for loading of blanked pieces to the first press machine, 3 units of robotic arms for transfer of WIP pieces between press machines, 1 unit of robotic arm together with 1 unit of conveyor belt for unloading of finished parts from the last press machine to the designated area.

The setup of the new automated body parts production line is estimated to cost RM[●] million, which will be fully funded by our Public Issue proceeds. We intend to set up the new automated body parts production line within 24 months from our Listing.

The anticipated increase in our manufacturing capacity with the setup of the new automated body parts production line will allow us to accept more orders from our customers, which will in turn contribute to our overall financial performance and continue to fuel our business growth in the future.

7.12.2 We will renovate our TPG factory to accommodate the installation of new machinery and equipment

As at the LPD, our Group operates solely from TPG Factory with a total built-up area of approximately 106,000.00 sq ft, including a double-storey office (built-up area: 5,847.00 sq ft) which houses our office workers to perform administrative tasks, as well as a single-storey factory (built-up area: 92,031.00 sq ft) which is used for our automotive parts and components manufacturing activities.

As part of our business expansion, we intend to expand our manufacturing capacity by setting up an additional automated body parts production line as detailed in Section 7.12.1 of this Prospectus. The setup of a new automated body parts production line involves installation of new machinery and equipment in our TPG factory, which include press machines, robotic arms, de-stacking equipment and conveyor belt. The installation of the automated body parts production line, in particular the installation of press machines, requires a reinforced ground. As such, we intend to renovate a section of our TPG Factory, mainly involving flooring reinforcement and foundation works, to accommodate the installation of these new machinery and equipment as well as to provide a safe workplace for and minimise the risk exposure of our workers.

The renovation is estimated to cost RM[●] million, which will be funded by our Public Issue proceeds, and we expect to begin renovation works within 24 months from our Listing. The expected timeline for the completion of renovation, subject to obtaining relevant approvals, if required and to operationalise is expected to be within 6 months from the date of application of any required approvals.

7.12.3 We intend to purchase an additional overhead crane to accommodate our expansion in manufacturing capacity

As at the LPD, our Group has installed 2 overhead cranes in our TPG Factory, which are used to transfer dies between the dies storage space and the respective press machines. These 2 overhead cranes have a maximum lifting capacity 10 tons respectively, where the weight of our dies are 10 tons.

As our business continues to expand with the new automated body parts production line, we will also need to increase the lifting capacity of our overhead cranes to accommodate the increase in manufacturing activities. As such, we plan to purchase an overhead crane with a lifting capacity of approximately 15 tons, to provide us with additional lifting capacity, as well as to lift and transfer heavy dies between the dies storage space and the respective press machines. The purchase of the overhead crane is estimated to cost RM[●] million, which will be funded by our Public Issue proceeds. We intend to purchase and commence the use of this overhead crane within 24 months from our Listing.

7.13 MAJOR CUSTOMERS

Our top 5 major customers for the Financial Years Under Review are as follows:

FYE 2021

Name	Products sold	Revenue contribution		Length of relationship[1]
		(RM'000)	(%)	(Years)
Customer Group A[2]	Automotive seat structures and absorber parts	18,230	30.92	29[3]
Ingress Technologies Sdn Bhd	Automotive body parts	14,360	24.35	14
PHN Companies[4]	Automotive body parts	10,949	18.57	11
Autokeen Sdn Bhd	Automotive body parts	9,627	16.33	15
Sapura Machining Corporation Sdn Bhd	Automotive engine parts	829	1.41	16
	Total[5]	**53,995**	**91.58**	

FYE 2022

Name	**Products sold**	**Revenue contribution**		**Length of relationship**[1]
		(RM'000)	**(%)**	**(Years)**
Customer Group A[2]	Automotive seat structures and absorber parts	35,810	30.81	29[3]
Autokeen Sdn Bhd	Automotive body parts	23,688	20.38	15
Ingress Technologies Sdn Bhd	Automotive body parts	22,491	19.35	14
PHN Industry Sdn Bhd	Automotive body parts	21,306	18.33	11
Perodua Manufacturing Sdn Bhd	Automotive body parts	3,161	2.72	8
	Total[5]	**106,456**	**91.59**	

FYE 2023

Name	**Products sold**	**Revenue contribution**		**Length of relationship**[1]
		(RM'000)	**(%)**	**(Years)**
Customer Group A[2]	Automotive seat structures and absorber parts	43,183	37.85	29[3]
PHN Industry Sdn Bhd	Automotive body parts	30,016	26.31	11
Autokeen Sdn Bhd	Automotive body parts	18,351	16.09	15
Ingress Technologies Sdn Bhd	Automotive body parts	11,394	9.99	14
Sapura Machining Corporation Sdn Bhd	Automotive engine parts	1,519	1.33	16
	Total[5]	**104,463**	**91.57**	

Notes:

(1) Length of relationship with our major customers is calculated based on the first transaction with these customers up to the LPD.

(2) We transacted with 8 subsidiaries under Customer Group A and these companies are incorporated in Malaysia. Consent was sought for the disclosure of the identity of Customer Group A but was not obtained. As such, the identity of Customer Group A shall not be disclosed in the Prospectus.

(3) Length of relationship with Customer Group A began in 1995 under KHEI, whereby all operations under KHEI, including transactions with Customer Group A, were transferred to AGSB in 2018.

KHEI was an entity incorporated by See Ming Hoi (the father of Datin Eloise and Ivy See) and Tiu Kuang Hong, which commenced manufacturing and sales of automotive parts and components in 1995. In 2018, all operations under KHEI were transferred to AGSB to streamline and consolidate the Group's business operations under 1 entity and since then, KHEI and since then, ceased operations in relation to the manufacturing of automotive parts and components in 2018.

(4) Comprises PHN Industry Sdn Bhd and Oriental Summit Industries Sdn Bhd. Oriental Summit Industries Sdn Bhd was acquired by PHN Industry Sdn Bhd in 2017. The Group's sales to Oriental Summit Industries Sdn Bhd have been transferred to PHN Industry Sdn Bhd effective from November 2021. Since then, the Group solely deals with PHN Industry Sdn Bhd.

(5) Excludes sales of steel scrap to licensed scrap recycling/collecting companies, whereby the total sale of steel scrap in the Financial Years Under Review was RM3.62 million, RM7.48 million and RM7.70 million respectively, accounting for approximately 6.13%, 6.43% and 6.75% of our total revenue respectively. Sale of steel scrap is a residual income from the waste generated during the production if the main products. As such, licensed steel scrap collectors are not deemed as major customers for our Group.

In the Financial Years Under Review, our top 5 major customers collectively contributed 91.58%, 91.59% and 91.57% of our Group's total revenue, respectively. Save for Perodua Manufacturing Sdn Bhd which is a local automotive manufacturer, our top 5 major customers in the Financial Years Under Review are Tier 1 Suppliers/Manufacturers of local automotive manufacturers.

We are dependent on Customer Group A, who contributed more than 25.00% of our Group's revenue in each of the Financial Years Under Review; PHN Companies and Autokeen Sdn Bhd which contributed more than 10.00% to our Group's revenue in each of the Financial Years Under Review; as well as Ingress Technologies Sdn Bhd, who contributed more than 10.00% to our Group's revenue in the FYE 2021 and 2022. As their collective contribution in the Financial Years Under Review accounted for more than 85.00% of our Group's revenue, if any one of them ceases to engage us, we may experience a significant reduction in sales, which could result in a loss of revenue, given that we may not be able to replace these customers with new customers or with additional sales from existing customers in a timely manner.

Despite our dependency on Customer Group A, PHN Companies, Autokeen Sdn Bhd and Ingress Technologies Sdn Bhd, we foresee these customers will continue to engage us in future due to the following:

(i) these major customers have been our customers for between 11 and 29 years as at the LPD. We believe that our long-term relationship and our ability to continuously meet their expectation over the years have made us a trusted supplier to these major customers;

(ii) throughout our business relationship with these major customers, we have been able to meet the requirements of these customers. Our performance has been continuously monitored by these major customers with each order delivered, periodic performance review, product quality rating, timely delivery, cost competitiveness and annual audit. Any complaints has been rectified and addressed accordingly;

(iii) our Group is an approved manufacturer of these major customers and their respective local automotive manufacturers, whereby our Group has complied with stringent supplier selection processes prior to being admitted to be their approved manufacturer;

(iv) it is unlikely for our customers to cease the purchase of existing parts and components from us or to appoint other manufacturers to manufacture and supply the same parts and components as the appointment of new suppliers is a lengthy process and required high upfront investment. Further, the switch from one supplier to another may lead to prolonged downtime which may cause major disruption to the supply chain of the assembly of a particular vehicle model; and

(v) these major customers have consistently provided our Group with a rolling forecast of up to 6 months for their demand for our parts and components due to our ability to meet our customers' requirements. While the forecast provided by these major customers is not secured orders; however, based on historical trend, the forecast provided is reflective of actual sales secured with these major customers.

Further, as our parts and components are ultimately supplied to the local automotive manufacturers, namely Proton and Perodua, for assembly into complete automotive vehicles, if any of our major customers, who are the Tier 1 Suppliers/Manufacturers of the local automotive manufacturers, cease to operate or fail to secure new projects/contracts with the local automotive manufacturers, we may approach other Tier 1 Suppliers/Manufacturers of the local automotive OEMs who have been awarded the new projects/contracts. As such, we will be able to replace the lost of any of our major customers as long as we continue to maintain good track record in the industry as a trusted parts and components manufacturer, along with on-going enhancement in our manufacturing capability to meet our customers' requirements and fulfil orders in a timely manner.

Therefore, we believe that with continuous improvement in our engineering expertise and manufacturing capabilities, maintenance of our product quality, timely delivery and cost competitiveness as well as our long-term business relationship with our customers, we will be able to continue securing sales from our customers.

7.14 MAJOR SUPPLIERS

Our top 5 major suppliers for the Financial Years Under Review are as follows:

FYE 2021

Name	**Products purchased**	**Purchase value**		**Length of relationship(1)**
		(RM'000)	**(%)**	**(Years)**
Hanwa Steel Centre (M) Sdn Bhd	Steel coil, steel cut sheets and accessories	9,849	21.13	11
Posco-Mkpc Sdn Bhd	Steel coil and steel cut sheets	9,573	20.54	10
PHN Companies(2)(3)	Steel coil and steel cut sheets	9,111	19.55	11
Autokeen Sdn Bhd	Steel coil and steel cut sheets	8,313	17.84	11
Nicom Steel Centre (M) Sdn Bhd	Steel coil and steel cut sheets	3,420	7.34	12
	Total	**40,266**	**86.40**	

FYE 2022

Name	**Products purchased**	**Purchase value**		**Length of relationship(1)**
		(RM'000)	**(%)**	**(Years)**
Hanwa Steel Centre (M) Sdn Bhd	Steel coil and steel cut sheets	23,538	27.56	11
Autokeen Sdn Bhd	Steel coil and steel cut sheets	18,897	22.13	11
PHN Industry Sdn Bhd(3)	Steel coil and steel cut sheets	15,699	18.38	11
Posco-Mkpc Sdn Bhd	Steel coil and steel cut sheets	15,398	18.03	10
Nicom Steel Centre (M) Sdn Bhd	Steel coil and steel cut sheets	5,467	6.40	12
	Total	**78,999**	**92.50**	

FYE 2023

Name	Products purchased	Purchase value		Length of relationship[(1)]
		(RM'000)	(%)	(Years)
Hanwa Steel Centre (M) Sdn Bhd	Steel coil and steel cut sheets	28,690	33.58	11
PHN Industry Sdn Bhd[(3)]	Steel coil and steel cut sheets	23,441	27.43	11
Autokeen Sdn Bhd	Steel coil and steel cut sheets	15,219	17.81	11
Posco-Mkpc Sdn Bhd	Steel coil and steel cut sheets	10,028	11.74	10
Tashin Steel Sdn Bhd	Steel coil and steel cut sheets	3,398	3.98	11
	Total	**80,776**	**94.54**	

Notes:

(1) Length of relationship with our major suppliers is calculated based on the first transaction with these suppliers up to the LPD.

(2) Comprises PHN Industry Sdn Bhd and Oriental Summit Industries Sdn Bhd. Oriental Summit Industries Sdn Bhd was acquired by PHN Industry Sdn Bhd in 2017. The Group's sales to Oriental Summit Industries Sdn Bhd have been transferred to PHN Industry Sdn Bhd effective from November 2021. Since then, the Group solely deals with PHN Industry Sdn Bhd.

(3) Being steel material purchased directly from the customers of the Group. Under this arrangement, the market price fluctuations of steel coils and steel cut sheets are absorbed by these customers.

For the Financial Years Under Review, the total purchases from our top 5 major suppliers collectively contributed 86.40%, 92.50% and 94.54% to our Group's total purchases respectively. These top 5 major suppliers supplied our Group with steel coils and steel cut sheets, which are the key raw materials used in the manufacturing of our automotive parts and components.

Our top 5 major suppliers in the Financial Years Under Review comprise steel suppliers approved by local automotive manufacturers, as well as their respective Tier 1 Suppliers/Manufacturers who are also our customers. We purchase steel materials from steel suppliers or from our customers depending on our customers' procurement arrangement. Please refer to Sections 7.3.1 and 7.9.1 of this Prospectus for further information on the procurement arrangements with our customers.

Whether we purchase steel materials from approved steel suppliers or from our customers, the type of steel materials required for the manufacturing of automotive parts and components are discussed and determined directly between the local automotive manufacturers and approved steel suppliers, and shared with their respective Tier 1 Suppliers/Manufacturers. Steel materials required are ultimately sourced from the same group of approved steel suppliers by the local automotive manufacturers, whereby the steel materials required are generally available. If there are shortages of supply from any approved steel suppliers, we will source the steel materials from other approved steel suppliers of the local automotive manufacturers. In addition, our major customers as well as the local automotive manufacturers who we supply automotive parts and components to, are invested to ensure there are no supply shortages or delays that will lead to any delays in the fulfilment of their orders. Therefore, we are not dependent on our major suppliers.

7.15 MATERIAL DEPENDENCY ON COMMERCIAL CONTRACTS, AGREEMENTS AND OTHER ARRANGEMENTS

Save as disclosed below, as at the LPD, our Group is not dependent on any contracts or agreements including commercial and financial contracts which are material to our business or profitability:

(i) Subsidiary 1 of Customer Group A[(1)] – Letter of Intent in respect of Manufacture of Parts dated 21 May 2013

Contracting Parties	AGSB and Subsidiary 1 of Customer Group A
Description	The letter sets out the general terms and conditions governing the manufacturing of parts for Proton GSC model P2-30A for Subsidiary 1 of Customer Group A by AGSB.
Exclusivity	Nil.
Main Product	Parts for Proton GSC model P2-30A.
Undertaking by AGSB	AGSB hereby undertakes that it shall not sell/ supply or attempt to sell/ supply the parts to any third party other than to Subsidiary 1 of Customer Group A and/ or its appointed agent. In the event of breach of such undertaking, AGSB shall compensate Subsidiary 1 of Customer Group A for any direct and indirect, incidental, consequential or special damages/ losses, including but not limited to cost of manufacture of the parts and loss of profits.
Late Delivery	AGSB is responsible to meet Subsidiary 1 of Customer Group A's delivery requirement date based on the delivery schedule(s) in the drawings and data sheet. Any delay in meeting the timeline for the deliverables that result in the following additional costs and expenses shall be fully borne by AGSB: (i) down time; (ii) recorded man-hours; and (iii) freight charges. Such costs and expenses to be borne by AGSB shall be reasonable and to be agreed mutually by the parties.
Product Quality	AGSB is responsible to ensure the strict compliance of the part quality and validation confirmation in accordance with Subsidiary 1 of Customer Group A's requirements for purpose of meeting the Design Concept Sheet (DCS)/ applicable Proton Engineering Standards and its related specifications. If AGSB fails to meet the part quality or the validation confirmation that results in the inability to proceed with the manufacture process, then AGSB shall be liable to pay to Subsidiary 1 of Customer Group A the resources and expenses incurred by Subsidiary 1 of Customer Group A, the amount of which shall be negotiated and agreed mutually by AGSB and Subsidiary 1 of Customer Group A. AGSB hereby warrants that the parts shall be of merchantable quality and fit for the purpose of or the intended use of Subsidiary 1 of Customer Group A and free from any manufacturing and assembly defects in material and workmanship and shall confirm to all of the specifications furnished by Subsidiary 1 of Customer Group A and/ or Proton and/ or its designated entity. AGSB shall indemnify and keep indemnified Subsidiary 1 of Customer Group A against any and all claims, demands, expenses, costs

	suffered or sustained directly or indirectly by Subsidiary 1 of Customer Group A whether as a result of or in connection with the parts and/ or the manufacture thereof or otherwise.
Confidentiality	AGSB shall not disclose, directly or indirectly, to any person any information (including but not limited to the technical documentation, product-related information as well as other information relating or belonging to Subsidiary 1 of Customer Group A or Proton irrespective of the form and/ or nature of the information and irrespective of the date of communication of such information) disclosed or made available to it under this Letter or the transactions pursuant to or arising from this Letter unless otherwise instructed or consented to in advance by Subsidiary 1 of Customer Group A or Proton in writing. Notwithstanding the foregoing, AGSB shall be permitted to disclose such information to its directors, officers, employees or sub-contractors on a need to know basis, strictly for the purpose of this Letter only and shall ensure that such persons are aware of and undertake to maintain the confidential nature of such information.

Sales to Subsidiary 1 of Customer Group A is also governed by additional terms set out in purchases orders issued by Subsidiary 1 of Customer Group A. The salient term of the latest purchase order issued by Subsidiary 1 of Customer Group A as at the LPD is as follows:

Payment Terms	90 days term.
Delivery	AGSB agrees that time is of the essence. AGSB shall deliver the goods and/ or services in the manner as prescribed in the purchase order as failing which Subsidiary 1 of Customer Group A shall be entitled to claim from AGSB and AGSB shall compensate Subsidiary 1 of Customer Group A for all losses incurred by Subsidiary 1 of Customer Group A because of such failure.
Confidentiality	AGSB shall ensure that all information in connection with the purchase order shall be kept confidential at all times and shall be used by AGSB for the purposes of the purchase order only unless agreed otherwise by Subsidiary 1 of Customer Group A in writing. This covenant shall survive the termination and expiry of the purchase order.

Note:

(1) The name of Customer Group A, has not been disclosed due to a confidentiality requirement in our letter of intent in respect of manufacturing of parts with Subsidiary 1 of Customer Group A. Consent was sought for disclosure of the identity of Customer Group A but was not obtained. As such, the identity of Subsidiary 1 of Customer Group A is not disclosed in this Prospectus.

(ii) Subsidiary 2 of Customer Group A[(1)] – Part Approval and Mass Production Notice for Model D87A and Letters of Appointment as Part Supplier for Model D20N, Model D38L (D12H) Aruz, Model D55L Ativa and Model D74A

Contracting Parties	AGSB and Subsidiary 2 of Customer Group A
Description	The notice and these letters set out the general terms and conditions governing the appointment of AGSB as Subsidiary 2 of Customer Group A's manufacturer to manufacture parts for models D87A, D20N, D38L (D12H) Aruz, D55L Ativa and D74A.
Exclusivity	Nil.

Main Product	Parts for models D87A, D20N, D38L (D12H) Aruz, D55L Ativa and D74A.
Warranty	For models D20N, D38L (D12H) Aruz, D55L Ativa and D74A only: The warranties given by AGSB for the vehicle parts shall be from the time the vehicle parts are delivered to Subsidiary 2 of Customer Group A's main customer for a period: (i) 36 months after initial delivery of the vehicle to the original purchaser; or (ii) 100,000km of distance traveled by the said vehicle, whichever shall occur first.
Supply for Replacement Market	For models D38L (D12H) Aruz, D55L Ativa and D74A only: AGSB undertakes to continue to supply the appointed parts for the replacement market (regardless the quantity) for a period of 10 years after the run out of the model.
Termination Notice	For models D55L Ativa and D74A only: If AGSB withdraw business, AGSB has to give a minimum of 6 months' written notice to Subsidiary 2 of Customer Group A specifying the reason of withdraw.

Sales to Subsidiary 2 of Customer Group A are also governed by additional terms set out in purchases orders issued by Subsidiary 2 of Customer Group A. The salient terms of the latest purchase order issued by Subsidiary 2 of Customer Group A as at the LPD are as follows:

Payment terms	60 days from invoice date
Delivery	AGSB agrees that time is of the essence. AGSB shall deliver the goods and/ or services in the manner as prescribed in the purchase order as failing which Subsidiary 2 of Customer Group A shall be entitled to claim from AGSB and AGSB shall compensate Subsidiary 2 of Customer Group A for all losses incurred by Subsidiary 2 of Customer Group A because of such failure.
Confidentiality	AGSB shall ensure that all information in connection with the purchase order shall be kept confidential at all times and shall be used by AGSB for the purposes of the purchase order only unless agreed otherwise by Subsidiary 2 of Customer Group A in writing. This covenant shall survive the termination and expiry of the purchase order.

Note:

(1) The name of Customer Group A, has not been disclosed due to a confidentiality requirement in the purchase orders issued by Subsidiary 2 of Customer Group A. Consent was sought for disclosure of the identity of Customer Group A but was not obtained. As such, the identity of Subsidiary 2 of Customer Group A is not disclosed in this Prospectus.

(iii) Ingress Technologies Sdn Bhd – Letter of Appointment to Supply Parts for ITSB D87A Project (Perodua) dated 26 March 2015

Contracting Parties	AGSB and Ingress Technologies Sdn Bhd ("**ITSB**")
Description	The letter set out the general terms and conditions governing the appointment of AGSB as ITSB's supplier to supply parts for ITSB's D87A Project (Perodua).
Exclusivity	Nil.

Main Product	Parts for ITSB's D87A Project (Perodua).
Product Quality	The parts to be supplied shall in every material aspect, comply with the quality, specifications, warranties and other requirements as specified by ITSB and shall at all times be supplied within the costs as quoted in the quotation.
Termination	In the event the project awarded by Perodua to ITSB is terminated or withdrawn by Perodua due to any reasons whatsoever, ITSB reserves the right to terminate this appointment at any time by written notice and ITSB shall not be liable for any costs, loss of profits, expenses, claims and damages whatsoever arising out of the termination. All samples and/or documents produced pursuant hereto shall upon termination, be returned to ITSB or destroyed/ disposed of in such manner as shall be directed by ITSB in writing.

Sales to ITSB is also governed by additional terms set out in purchases orders issued by ITSB. The salient term of the latest purchase order issued by ITSB as at the LPD is as follows:

Payment Terms	Payment shall be made within 60 days after acceptance of completed delivery unless otherwise agreed.

(iv) Autokeen Sdn Bhd – Letter of Intent to Supply Part dated 3 December 2013

Contracting Parties	AGSB and Autokeen Sdn Bhd ("**AKSB**")
Description	The Letter sets out the general terms and conditions governing the manufacturing of products for AKSB in accordance with part price quotations and purchase orders to be issued from time to time.
Exclusivity	Nil.
Main Product	Car inner body blanking parts for Perodua models Axia and Bezza
Termination	If termination occurs for any reason whatsoever, all samples and/ or documents produced pursuant to the letter of intent shall be treated as confidential and shall be surrendered to AKSB and/ or destroyed and/ or disposed in such manner as shall be instructed by AKSB in writing;

Sales to AKSB is also governed by additional terms set out in the purchases orders issued by AKSB and quotations issued by AGSB. The salient term of the latest purchase order issued by AKSB and quotation issued by AGSB as at the LPD is as follows:

Changes	AGSB reserves the right at any time, by written notice to AKSB under the quotation to provide a revised quotation for the parts, in any event, there is a discrepancy of the actual weight of the parts as compared to the weight of the parts being provided, represented, and communicated to AGSB for its use in its calculation until the cessation of the supply agreement between the parties. AGSB shall reserve the right to terminate the supply of the parts by giving a due notification, in the event AKSB not agreeable to the revised quotation.

Payment Terms	Depending on the terms of the applicable purchase order, the payment term will range from 30 days to 60 days. For delayed payments, AKSB shall be liable to pay interest at 1.5% per month calculated from each calendar date of delayed from the date of the invoice. Failing which AGSB shall have the right to suspend further the supply of parts hereunder, without prejudice to all other rights provided herein.

(v) PHN Industry Sdn Bhd ("**PHN**")

Contracting Parties (categorized by the types of document)	(A) AGSB and PHN – Notification of Toolings Transfer for Perodua Axia/ Bezza Blanking Parts, dated 27 May 2022 for Product A, as defined below ("**Notification**"); (B) AGSB, Oriental Summit Industries Sdn Bhd and PHN – 2 Novation Agreements, dated 11 October 2021[(1)] for Products B & C below respectively (collectively, "**Novation Agreements**"); and (C) AGSB and PHN – 3 Letters of Appointment to Supply Parts[(2)], dated 4 November 2016; 13 April 2016; and 20 January 2015 for Products D; E; & F below respectively (collectively, "**Letters of Appointment**"), (collectively, the "**PHN Agreements**").
Description	The Novation Agreements set out the operations of Oriental Summit Industries Sdn Bhd being novated to PHN whereas the Letters of Appointment to supply parts set out AGSB's responsibility to manufacture and produce parts as may be specifically identified in letter of appointment from time to time by PHN to AGSB, which includes the general terms and conditions governing the manufacturing of products for PHN in accordance with part price quotations and purchase orders to be issued from time to time.
Exclusivity	Nil.
Main Product	**(1) Under the Notification:** (a) Product A – parts for Models Perodua Axia/ Bezza. **(2) Under the Novation Agreements:** (a) Product B – parts for Models Iriz/Persona. (b) Product C – parts for Models Axia, Myvi, Exora and Iriz/Persona.
	(3) Under the Letters of Appointment (a) Product D – parts for Models P6-20A, P3-21A and P3-22A. (b) Product E – parts for Models P6-20A, P3-21A/ P3-22A, P2-30A/ P2-31A and P2-11C. (c) Product F – parts for Model P2-11C.
Governing Law / Jurisdiction	The laws of Malaysia/ Court of Malaysia.

<table>
<tr>
<td>Termination/ Events of Default</td>
<td>
<u>In regard to products under the Notification and Novation Agreements only:</u>
<u>(1) Termination</u>

(a) This agreement shall terminate and neither party shall have right or to take resource against the other party upon the happening of any of the events listed, whichever earlier:

(aa) either party breaches, defaults or delay in the performance of this agreement and fails to cure such breach, default or delay within 90 days after receipt of written notice by the other party of such breach, default or delay;

(bb) an administration measure such as the revocation of a license for business or an injunction for suspending business is taken by any authority or person against either party;

(cc) a petition for winding, reorganization, corporate rehabilitation or composition is filed against or on behalf of either party or any other event similar thereto occurs;

(dd) a provisional attachment, provisional injunction, compulsory execution or any other disposition similar thereto is made by any third party against all or substantially all of the assets of either party;

(ee) either party resolves its dissolution or consolidates with or merges into any other company; or

(ff) a situation of force majeure set forth in clause 8 hereof continues for more than 60 days.

(b) Notwithstanding anything herein contained, either party shall reserve the right to terminate this award by giving one (1) month notice in writing to the other party of its intention to do so prior to the expiration of the term or any other term herein agreed by the parties and upon expiry of the said notice, and subject to the settlement of all outstanding payments to AGSB, this appointment shall be absolutely determined.

<u>(2) The treatment after expiration or termination</u>

(a) In the event this agreement expires or terminates pursuant to the Termination clause hereof, any obligation of either party which has accrued at or prior to the expiration or termination of this agreement shall remain in effect and shall be performed as required under this agreement unless otherwise agreed upon by the other party in writing.

(b) The provisions of clauses on “Cost and Part(s) Price”, “Delivery” and “Payment Terms – Part(s) Price” as well as other provisions which are intended to remain binding upon the parties hereto after the expiration or termination of this agreement shall survive.

(c) Any unsettled liabilities of AGSB under this agreement shall fall due and become payable upon the date of expiration or termination of this agreement and AGSB shall immediately settle such liabilities in full.
</td>
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	(d) Whether or not this agreement remains in effect, both parties shall perform the obligations stipulated herein after the expiration or termination of this agreement. **<u>In regard to products under the Letters of Appointment only:</u>** PHN reserve the rights to revoke or terminate their appointment in the event that AGSB fail to comply with any of the terms and conditions stated without any liability to PHN, for any reason whatsoever.
Payment Terms	Payment term for part is 60 days upon end of delivery month from the date of receipt of original invoice from the supplier. All charges shall be based on the purchase order as stated in the respective PHN Agreements and any other subsequent purchase orders that prescribe new charges (with prior written agreement and approval).
Force Majeure	**<u>In regard to products under the Notification and Novation Agreements only:</u>** AGSB shall not be liable for any stoppage or disruption (delays) due to any force majeure event(s) (i.e. unforeseeable circumstance that is beyond neither PHN nor AGSB's control) which may directly or indirectly affect the progress of the development.
Confidentiality	If termination occurs for any reason whatsoever, all equipment's, samples and/or documents produced to this appointment shall be treated as confidential and shall be surrendered to us and/or destroyed and/or disposed in such manner as shall be instructed by PHN in writing. PHN will reimburse the agreed development cost incurred by AGSB within 60 days from the receipt of AGSB's invoice (if applicable).
Product Warranty	**<u>In regard to products under the Novation Agreements and Letters of Appointment only:</u>** AGSB shall warrant that the part(s) shall be free from any manufacturing and/or material defects for a period of 2 years from the date of supply of the part(s) to PHN.
Undertaking by AGSB	**<u>In regard to products under the Novation Agreements only:</u>** AGSB undertaken to supply REM Parts of certain vehicles for a further period of 10 years after the rundown of production of such vehicle and shall not modify, transfer, or dispose of any mould, tool, or jig used in the manufacture of the products without the written consent from PHN. AGSB agrees to supply REM parts to PHN Group or any party nominated by PHN Group. Failing which, PHN Group may terminate this agreement and penalty shall be imposed for any reimbursement for any losses (if any).

Notes:

(1) There are two novation agreements entered into by AGSB, Oriental Summit Industries Sdn Bhd and PHN, governing supply of different products but the terms and conditions agreed are largely similar and our Group have decided to disclose in this table altogether.

(2) There are three letters of appointment to supply parts entered into by AGSB and PHN, governing supply of different products but the terms and conditions agreed are largely similar and our Group have decided to disclose in this table altogether.

7.16 MAJOR APPROVALS, LICENCES AND PERMITS OBTAINED

Our Group is dependent on the following major approvals, licences and permits for our operations. As at the LPD, details of the major approvals, licences and permits, together with salient conditions imposed and status of compliance, are as follows:

No	Company	Approving authority/ issuer	Description of approval/ licence / approval	Licence/ Reference No.	Issuance Date/ Expiry Date	Equity and/or salient conditions imposed	Status of compliance
1.	AGSB	Kuala Langat Municipal Council ("**KLMC**")	**Business Premises and Billboard Licence** for manufacturing / selling spare parts and storage of goods at TPG Factory	Account No: 030000000102609	Validity period: 1 January 2024 to 31 December 2024	-	-
2.	AGSB	Land Public Transport Commission	**Operator's licence** for operating goods vehicles pursuant to Land Public Transport Act 2010	Licence No: 403574-H(LA) Serial No: L099592	2 September 2020 / 2 October 2025 Effective Date: 1 September 2020	(a) The licence must be renewed at least 90 days from its expiry.	Noted
						(b) Section 70(1) of the Land Public Transport Act 2010 provides that a licenced operator shall obtain the approval of the Director General of Land Public Transport before participating in the business or agreement that would cause a change in the equity structure or change in the board of directors.	Noted
						(c) Section 72(3)(a) of the Land Public Transport Act 2010 provides that a licenced operator shall inform the Director General of Land Public Transport immediately of any change of control of the licence holder.	Noted

7. BUSINESS OVERVIEW *(Cont'd)*

No	Company	Approving authority/ issuer	Description of approval/ licence / approval	Licence/ Reference No.	Issuance Date/ Expiry Date	Equity and/or salient conditions imposed	Status of compliance
3.	AGSB	MITI	**Manufacturing Licence** for manufacturing of metal stamped parts	Licence No: A024761 Serial No: A041158	16 December 2022[1]/ Nil Effective Date: 13 September 2022	(a) MITI and MIDA shall be notified of any sale of shares in AGSB.	Complied[2]
						(b) The total full-time workforce of AGSB shall comprise of at least 80% Malaysians by 31 December 2024. Employment of foreign workers including outsourced workers is subject to current policies.	To be complied[3]
						(c) AGSB shall submit information on the performance of its investment and project implementation of its projects under Industrial Co-Ordination Act 1975 and the Malaysian Investment Development Authority (Incorporation) Act 1965 when required by MIDA. Failure to submit such information may result in AGSB: (i) guilty of an offence and liable to a fine not exceeding RM1,000 or imprisonment for a term not exceeding 3 months or both and to a further fine not exceeding RM500 for each day the offence continues; or	Noted

No	Company	Approving authority/ issuer	Description of approval/ licence / approval	Licence/ Reference No.	Issuance Date/ Expiry Date	Equity and/or salient conditions imposed	Status of compliance
						(ii) commits an offence if it gives any statement or other information which is false or misleading in any material way and is liable to a fine not exceeding RM2,000 or imprisonment for a term not exceeding 6 months or both.	
						(d) AGSB shall implement its project as approved and in accordance with the laws and regulations of Malaysia.	Complied

Notes:

(1) AGSB's shareholders' funds had in its financial year ended 30 September 2007 (amounted to approximately RM3.17 million) exceeded RM2.50 million and was required to have a manufacturing licence. Between 30 September 2007 to 12 September 2022, AGSB had no manufacturing licence for TPG Factory. The manufacturing licence, which has since been issued on 16 December 2022, is effective from 13 September 2022. As at the LPD, AGSB has not received any penalty for this past non-compliance. Please refer to Section 7.20 (i) of this Prospectus for further details on this past non-compliance.

(2) AGSB has on 20 February 2024 sent a written notification to MITI and MIDA on our internal restructuring, as per the condition imposed by this manufacturing licence.

(3) As at the LPD, the total full-time workforce of AGSB comprises 57 Malaysians (representing approximately 32.39% of its total workforce of 176 employees). We have on 21 February 2024 applied to MITI for extension of time to comply with this requirement. As at the LPD, we have not received any feedback from MITI. Please refer to Section 7.21 of this Prospectus for further details.

As at the LPD, our Group has the necessary government approvals, authorisations, licences or permits of any nature whatsoever which are required under any law, decree or regulation to carry on our business and operations and all such approvals, authorisations, licences or permits are still valid and the same has not been revoked or threatened to be revoked.

7.17 INTELLECTUAL PROPERTY

As at the LPD and save as disclosed below, our Group does not have any other intellectual property rights registered and/or in the process of registration.

No.	Trademark	Issuing authority	Registered owner/ Name of Applicant	Trademark number/ Application number	Description	Status / Validity Period
1.	KHPT	MyIPO	Company	TM2023017019	Class 40[(1)]	Registered/ 15 June 2023 – 15 June 2033
2.	AUTOMEV	MyIPO	AGSB	TM2023017830	Class 40[(2)]	Registered/ 22 June 2023 – 22 June 2033

Notes:

(1) *Custom manufacture of moulded components; die casting; laser scribing; metal casting; metal fabrication and finishing services; metal stamping; welding services.*

(2) *Metal stamping; metal moulding; metal fabrication and finishing services; casting of metal; hardening of metals; metalworking; refining of metals; treating of metal.*

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7.18 PROPERTIES, PLANT AND EQUIPMENT

7.18.1 Property owned by our Group

A summary of the material land and building owned by our Group as at the LPD is as follows:

Property	TPG Factory
Title details	GM 2655, Lot 2228, in Mukim Teluk Panglima Garang, Daerah Kuala Langat, Selangor
Registered owner	AGSB
Property address	Lot 2228, Jalan Kasawari, Kawasan Perusahaan Kebun Baru, Batu 9, Kg. Kebun Baru, 42500 Telok Panglima Garang, Kuala Langat, Selangor Darul Ehsan
Description / Existing use of property	A single storey factory cum double storey office / Manufacturing and office
Approximate age of building	17 years
Date of CCC or CF	18 December 2018
Category of land use / Express conditions of land use	Industrial / Light Industry
Land area / Built-up area	16,312.87 sq. m. / 9,823.98 sq. m.
Restrictions in interest / Material encumbrance(s)	Nil / Charge (Presentation No. 852/2019) registered in favour of Alliance Bank Malaysia Berhad on 11.03.2019
Tenure / Date of expiry of lease	Freehold
Audited NBV as at 31 December 2023	Freehold land: RM13,421,500 Factory building: RM1,098,348

As at the LPD, the properties owned by our Group are not in breach of any land use conditions, current statutory requirements, land rules and/or building regulations/by-laws.

7.18.2 Properties rented by our Group

A summary of the material properties rented by our Group as at the LPD is as follows:

No.	Registered Owner(s)	Location / Address / Title Details	Existing Use	Land / Built-up Area (sq. m.)	Date of CF / CCC Issuance	Tenure of Tenancy	Rental per annum
1.	Gan Hock Huat	No. 51, Jalan Nipah 18, Taman Dato Hormat, 42500 Telok Panglima Garang, Selangor/ HSD 29926, PT 991, Pekan Teluk, Daerah Kuala Langat	Local and foreign workers' accommodation	121 / 154.22	12 January 2015	1 year with an option to renew for 1 year	RM10,800 (RM900 per month)
2.	Gan Poh Ling	No. 37, Jalan Nipah 18, Taman Dato Hormat, 42500 Telok Panglima Garang, Selangor / HSD 29933, PT 998, Pekan Telok, Daerah Kuala Langat	Local workers' accommodation	121 / 154.22	12 January 2015	1 year with an option to renew for 1 year	RM10,200 (RM850 per month)
3.	Lee Teck Eng	No. 22, Jalan Pandan 11, Taman Dato Hormat, 42500 Telok Panglima Garang, Selangor / GRN 109165, Lot 8527 Seksyen 2, Pekan Teluk, Daerah Kuala Langat	Foreign workers' accommodation	121 / 180.88	12 October 1999	1 year with an option to renew for 1 year	RM14,400 (RM1,200 per month)
4.	Subramaniam A/L Kuppu[(1)]	No. 1, Jalan Dendang 43, Taman Telok, 42500 Telok Panglima Garang, Selangor / GRN 110609, Lot 630 Seksyen 1, Pekan Teluk, Daerah Kuala Langat	Foreign workers' accommodation	303 / 111.11	30 November 2001	1 year with an option to renew for 1 year	RM17,400 (RM1,450 per month)

No.	Registered Owner(s)	Location / Address / Title Details	Existing Use	Land / Built-up Area (sq. m.)	Date of CF / CCC Issuance	Tenure of Tenancy	Rental per annum
5.	Palaniandy A/L Viran and Perimala Devi A/P Periasamy[(2)]	No. 57, Jalan Pandan 14, Taman Dato Hormat, 42500 Telok Panglima Garang, Selangor / GRN 114913, Lot 10421 Seksyen 2, Pekan Teluk, Daerah Kuala Langat	Foreign workers' accommodation	92 / 116.78	22 April 2005	1 year with an option to renew for 1 year	RM18,000 (RM1,500 per month)
6.	Yap Soh Chin and Cheong Choy Wai	No. 2, Jalan Mengkuang 14, Taman Dato Hormat, 42500 Telok Panglima Garang, Selangor / HSM 12943, PT 12158, Mukim Telok Panglima Garang, Daerah Kuala Langat	Foreign workers' accommodation	382 / 256.60	6 March 2017	1 year	RM57,600 (RM4,800 per month)
7.	Tan Boon Lai	No. 6, Jalan Pandan 10, Taman Dato Hormat, 42500 Telok Panglima Garang Selangor / GRN 111228, Lot 10476 Seksyen 2, Pekan Teluk, Daerah Kuala Langat	Foreign workers' accommodation	111 / 180.88	24 May 2006	1 year	RM20,400 (RM1,700 per month)
8.	Tan Boon Lai	No. 7, Jalan Pandan 6, Taman Dato Hormat, 42500 Telok Panglima Garang, Selangor / GRN 302807, Lot 20239 Seksyen 2, Pekan Teluk, Daerah Kuala Langat	Foreign workers' accommodation	226 / 180.88	24 May 2006	1 year	RM20,400 (RM1,700 per month)

7. BUSINESS OVERVIEW *(Cont'd)*

No.	Registered Owner(s)	Location / Address / Title Details	Existing Use	Land / Built-up Area (sq. m.)	Date of CF / CCC Issuance	Tenure of Tenancy	Rental per annum
9.	Lee Eng Hong	No. 8, Jalan Pandan 10, Taman Dato Hormat, 42500 Telok Panglima Garang, Selangor / GRN 111229, Lot 10477 Seksyen 2, Pekan Teluk, Daerah Kuala Langat	Foreign workers' accommodation	111 / 180.88	24 May 2006	2 years	RM20,400 (RM1,700 per month)
10.	Gan Wei Li	No. 41, Jalan Nipah 18, Taman Dato Hormat, 42500 Telok Panglima Garang, Selangor / HSD 29931, PT 996, Pekan Telok, Daerah Kuala Langat	Foreign workers' accommodation	121 / 161.19	12 January 2015	1 year	RM18,000 (RM1,500 per month)
11.	Ng Kim Siew	No. 17, Jalan Pandan 6, Taman Dato Hormat, 42500 Telok Panglima Garang, Selangor / GRN 252355, Lot 20145 Seksyen 2, Pekan Teluk, Daerah Kuala Langat	Foreign workers' accommodation	123 / 94.95	27 March 2012	1 year	RM15,600 (RM1,300 per month)

Notes:

(1) The registered owner, Subramaniam A/L Kuppu has, on 1 November 2022, authorised Pramkumar Nadarajan of V Pandiyan Enterprise to represent the registered owner to rent the property to AGSB.

(2) The registered owners, Palaniandy A/L Viran and Perimala Devi A/P Periasamy have, on 17 January 2023, authorised Pramkumar Nadarajan of V Pandiyan Enterprise to represent the registered owners to rent the property to AGSB.

As at LPD, save as disclosed above, the rented properties are not in breach of any of the relevant land laws and building regulations.

7.19 MATERIAL MACHINERY AND EQUIPMENT

A summary of the material machinery and equipment used and owned by our Group as at the LPD are as follows:

Machinery and equipment	Function	No. of units	Average age (year)	Audited NBV as at 31 December 2023 (RM)
Tooling services and process engineering				
Milling machines	To drill hole, bore and slot on die plate to remove metal scrap during stamping process and to make screw thread for die plate assembly	3	21	1
Surface grinding machines	To grind the die plate to produce flat and smooth surface	3	27	2
3D laser cutting machines	To perform 3D profile cutting for prototype sample and to cater small volume production	3	9	357,447
Metal Stamping				
Press machines	To stamp metal sheet into desired shape and dimension	45	12	4,430,621
Sub-assembly services				
Spot welding machines	To fuse together two or more automotive parts between two electrodes by application of heat and pressure	6	20	3
Robotic welding machines	To perform automated arc welding	3	8	75,289
				4,863,363

7.20 GOVERNING LAWS AND REGULATIONS

Our business is regulated by, and in some instances required to be licensed under specific laws of Malaysia. The relevant laws and regulations governing our Group which do not purport to be an exhaustive description of all laws and regulations of which our business is subject to are summarised below. Non-compliance with the relevant laws and regulations below may result in monetary and/or custodial penalties and/or any other orders being made.

(i) ICA 1975

Pursuant to the ICA 1975 and the Industrial Co-ordination (Exemption) Order 1976, manufacturing companies with shareholders' funds of RM2.50 million and above or engaging 75 or more full-time paid employees are required to apply for a manufacturing licence. The ICA 1975 defines "manufacturing activity" as the "making, altering, blending, ornamenting, finishing or otherwise treating or adapting any article or substance with a view to its use, sale, transport, delivery or disposal and includes the assembly of parts and ship repairing but shall not include any activity normally associated with retail or wholesale trade".

The licensing officer may also in his discretion revoke a licence if the manufacturer to whom a licence is issued:

(a) has not complied with any condition imposed in the licence;

(b) is no longer engaged in the manufacturing activity in respect of which the licence is issued; or

(c) has made a false statement in his application for the licence.

The licensing officer may also withhold or suspend the revocation of the licence if he is satisfied that the act or omission on the part of the manufacturer under the above situations was due to some cause beyond his control and there is a reasonable prospect of such act or omission being remedied within such period as the licensing officer may direct.

Upon beginning its manufacturing of automotive parts and components at the TPG Factory, AGSB was not required to apply for a manufacturing licence as its shareholders' fund did not exceed RM2.50 million and did not employ more than 75 full-time paid employees. However, AGSB's shareholders' funds had in its financial year ended 30 September 2007 (amounted to approximately RM3.17 million) exceeded RM2.50 million and was required to have a manufacturing licence. Failure to comply would attract, on conviction, a fine up to RM2,000 or to a term of imprisonment up to 6 months and to a further fine not exceeding RM1,000 for every day during which such default continues.

The manufacturing licence, which has since been issued on 16 December 2022, is effective from 13 September 2022. The delay in obtaining the manufacturing licence was due to misinterpretation of the requirement and absence of a dedicated personnel to ensure compliance with relevant laws and regulations governing the business of AGSB.

As at the LPD, AGSB has not received any notice or penalty for the abovementioned delay. Notwithstanding that MITI has the right to impose penalties on AGSB for its delay in getting a manufacturing license, we had a tele-conversation with an officer of MIDA on 21 November 2023 and were informed it is unlikely for AGSB to be subject to any retrospective sanctions from MITI as a result of operating without manufacturing licence.

(ii) <u>Factories and Machinery Act 1967 ("FMA 1967")</u>

The FMA 1967 and the relevant regulations made thereunder, including the Factories and Machinery (Notification, Certificate of Fitness and Inspection) Regulations 1970 govern the control of factories with respect to matters relating to the safety, health and welfare of person, the registration and inspection of machinery and for matters connected therein.

The FMA 1967 provides that the occupier of the factory has a duty to maintain the standards of safety of appliances and machinery in his factory, and the health and welfare of his factory workers. These include provisions requiring the taking of precautions against fire, the proper maintenance of safety appliances and machinery, the keeping of a clean factory, and the mandatory reporting of accidents and dangerous occurrences to the inspector of factories and machineries.

Section 19(1) of the FMA 1967 further states that no person shall operate or cause or permit to be operated any machinery in respect of which a certificate of fitness is prescribed, unless there is in force in relation to the operation of the machinery a valid certificate of fitness issued under the FMA 1967. In the case of any contravention, an inspector of factories and machineries appointed under the FMA 1967 shall forthwith serve upon the person aforesaid a notice in writing prohibiting the operation of the machinery or may render the machinery inoperative until such time as a valid certificate of fitness is issued. The person who contravenes Section 19(1) shall be liable of an offence and shall, on conviction, be liable to a fine not exceeding RM150,000 or to imprisonment for a term not exceeding 3 years or to both.

For the purposes of FMA 1967, the term "machinery" includes steam boilers, unfired pressure vessels, fired pressure vessels, pipelines, prime movers, gas cylinders, gas holders, hoisting machines and tackle, transmission machinery, driven machinery, materials handling equipment, amusement device or any other similar machinery and any equipment for the casting, cutting, welding or electro-deposition of materials and for the spraying by means of compressed gas or air of materials or other materials but does not include:

- any machinery used for the propulsion of vehicles other than steam boilers or steam engines;
- any machinery driven by manual power other than hoisting machines;
- any machinery used solely for private and domestic purposes; or
- office machines.

The Factories and Machinery (Repeal) Act 2022 ("**FM Repeal Act**"), which has been passed as law, has received the Royal Assent on 4 March 2022 and has been gazetted on 16 March 2022. However, as at the LPD, the date on which the FM Repeal Act comes into operation has yet to be appointed and gazetted.

The FM Repeal Act, when comes into operation, will repeal the FMA 1967. However, any registration made, or order, notice, direction, written authority, approval, certificate of fitness, special scheme of inspection or certificate of competency given or issued, under the FMA 1967 shall, on the coming into operation of the FM Repeal Act, be dealt with under the Occupational Safety and Health Act 1994 and its subsidiary legislations, which will be the law of reference for all matters related to safety and welfare of persons at work.

As at the LPD, our Group holds valid certificates of fitness issued by Department of Occupational Safety and Health Malaysia for the relevant machineries we use.

(iii) <u>Occupational Safety and Health Act 1994 ("OSHA 1994")</u>

The OSHA 1994 provides the framework to secure the safety, health and welfare among workforce and to protect others against risks to safety or health in connection with the activities of persons at work.

Pursuant to OSHA 1994, it shall be the duty of every employer to formulate a written safety and health policy with respect to the safety and health at work of his employees. Failure to comply with the general duties of employers under OSHA 1994 constitutes an offence and the employer is liable to a fine, on conviction, not exceeding RM50,000 or to imprisonment for a term not exceeding 2 years or to both.

Further, under OSHA 1994, the employer shall establish a safety and health committee at the place of work if there are 40 or more persons employed at the place of work. An occupier of a place of work is also required to employ a competent person to act as a safety and health officer at the place of work. Failure to comply with each of the requirements above would attract, on conviction, a fine not exceeding RM5,000 or to imprisonment for a term not exceeding 6 months or to both.

Similar to the FM Repeal Act, the Occupational Safety and Health (Amendment) Act 2022 ("**OSH Amendment Act**") has been passed as law, has received the Royal Assent on 4 March 2022 and has been gazetted on 16 March 2022. However, as at LPD, the date on which the OSH Amendment Act comes into operation has yet to be appointed and gazetted.

The OSH Amendment Act, when comes into operation, will provide amongst others:

(a) a right to an employee to remove himself from the danger or the work if he has reasonable justification to believe there exist an imminent danger at his place of work, and the employer has failed to take any action to remove the danger;

(b) the obligation of an employer to conduct a risk assessment in respect of the safety and health risk posed to any person who may be affected by his undertaking at the place of work and the implementation of risk control to eliminate or reduce said safety and health risk; and

(c) provisions relating to notification of occupation of place of work, installation and periodical inspection of plant, and the prescription of any plant for which a certificate of fitness is required.

Upon the OSH Amendment Act comes into operation, failure to comply with the general duties of employers under Part IV of the amended OSHA 1994 constitutes an offence and the employer is liable, on conviction, to a fine not exceeding RM500,000 or to imprisonment for a term not exceeding 2 years or to both.

As at LPD, there is no non-compliance by our Group in relation to the OSHA 1994. Our Group has formulated a documented standard operating policies and procedure on occupational safety, health and environmental plan. We have established safety and health committee and a certified safety and health officer has been appointed to monitor the safety and health related matters of our Group.

(iv) Environmental Quality Act 1974 ("EQA 1974")

The EQA 1974 sets out provisions in respect of prevention, abatement, control of pollution and enhancement of the environment. It is an offence under the EQA 1974 for any person, unless licenced to do so, to among others:

(a) emit or discharge any environmentally hazardous substances, pollutants or wastes into the atmosphere;

(b) emit or cause or permit to be emitted any noise greater in volume, intensity or quality;

(c) pollute or cause or permit to be polluted any soil or surface of any land; or

(d) emit, discharge or deposit any environmentally hazardous substances, pollutants or wastes into any inland waters,

in contravention of the acceptable conditions specified.

The EQA 1974 also empowers the Minister charged with the responsibility for environment protection to make regulations specifying acceptable conditions for the emission, discharge or deposit of environmentally hazardous substances, pollutants or wastes or the emission of noise into the environment. The failure to comply with the prescribed conditions may attract a fine up to RM100,000 or to imprisonment for a period up to 5 years or to both and to a further fine up to RM1,000 a day for every day that the offence is continued after a notice to cease the restrictions (if any) is served upon.

Among other regulations, the Environmental Quality (Scheduled Wastes) Regulations 2005 ("**Scheduled Wastes Regulations**") specify the following requirements:

(a) any person who generates scheduled wastes ("**Waste Generator**") shall, within 30 days from the date of generation of scheduled wastes, notify the Director General of Environmental Quality ("**DGEQ**") of the new categories and quantities of scheduled wastes which are generated;

(b) scheduled wastes shall be disposed of at prescribed premises only and shall, as far as practicable, before disposal, be rendered innocuous;

(c) scheduled wastes be treated at prescribed premises or at on-site treatment facilities only and the residuals from treatment of scheduled wastes shall be treated and disposed of at prescribed premises;

(d) a Waste Generator may apply to the DGEQ in writing to have the scheduled wastes generated from their particular facility or process excluded from being treated, disposed of or recovered in premises or facilities other than at the prescribed premises, on-site treatment or recovery facilities. If the DGEQ is satisfied with the application made, the DGEQ may grant a written approval either with or without conditions; and

(e) a Waste Generator shall keep an accurate and up-to-date inventory of the categories and quantities of scheduled wastes generated, treated and disposed of and of materials or product recovered from such scheduled wastes for a period up to 3 years from the date of the scheduled wastes was generated in accordance with the fifth schedule of the Scheduled Wastes Regulations.

Failure to comply with the provisions of the EQA 1974 or any regulations made thereunder shall be an offence against the EQA 1974 and where no penalty is expressly provided, the offender shall be liable to a fine not exceeding RM10,000 or to imprisonment for a period not exceeding 2 years or to both.

As at the LPD, our Group has appointed 2 licensed service providers to handle the scheduled wastes generated in our operation. Further, our Group has not received any notices, penalties or reprimands from the Department of Environment for non-compliance of the environmental laws and regulations.

(v) Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 ("EMSHAAA 1990")

The EMSHAAA 1990 prescribes the minimum standards of housing, nurseries and accommodations for employees (and their dependants, if applicable) as well as health, hospital, medical and social amenities to be provided by the employers to their employees.

The EMSHAAA 1990 imposes the duty and responsibility on employers or centralised accommodation providers to, among other things, ensure that:

(a) every accommodation provided for employees complies with the minimum standards required under the EMSHAAA 1990 and any regulations made thereunder;

(b) any accommodation that is unfit for human habitation in accordance with the relevant written laws are not to be used to accommodate employees; and

(c) no accommodation will be provided to an employee unless certified with a Certificate of Accommodation ("**CoA**").

An employer who fails to obtain the CoA commits an offence and will on conviction, be liable to a fine not exceeding RM50,000. An employer who contravenes any other provision of the EMSHAAA 1990 or any regulation made thereunder or fails to carry out any order made by the Director General of Labour, will be guilty of an offence under such provision and if no penalty is expressly provided for, the offence will on conviction, be liable to a fine not exceeding RM50,000 and to a further fine not exceeding RM1,000 a day for each day during which the offence continues.

As at LPD, our Group provides accommodations for our workers. We have obtained the CoA for the 11 rented properties occupied by our workers.

As at the LPD, our Group is in compliance with the governing laws, regulations, rules or requirements relating to its business.

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7.21 EMPLOYEES

As at the LPD, we have a total workforce of 176 employees. The following table sets out the breakdown of our employees in our Group based on job function as at FYE 2023 and as at the LPD:

	No. of employees					
	FYE 2023			As at the LPD		
Category	**Local**	**Foreign**	**Total**	**Local**	**Foreign**	**Total**
Management and professionals	13	1	14	13	1	14
Clerical and administrative	21	0	21	20	0	20
Technical personnel	10	2	12	10	2	12
Production workers	14	117	131	14	116	130
Total	**58**	**120**	**178**	**57**	**119**	**176**

The breakdown of our contractual employees are as follows:

	No. of employees	
Category	**FYE 2023**	**As at the LPD**
Management and professionals	1	1
Clerical and administrative	0	0
Technical personnel	1	1
Production workers	117	116
Total	**119**	**118**

As at the LPD, our Group has 130 production workers (representing 73.86% of our total workforce of 176 employees) working on our factory floor, out of which 116 are contractual foreign workers and 14 permanent local workers.

AGSB's manufacturing licence contains an express condition that the total full-time workforce of AGSB shall comprise at least 80% Malaysians by 31 December 2024. As at the LPD, our Group has a total of 57 Malaysian employees, representing approximately 32.39% of our total full-time workforce.

The initiatives taken by AGSB to comply with the said condition are as follows:

(i) We have been publishing online recruitment advertisements on MYFutureJobs portal. As at the LPD, AGSB is actively recruiting through the above medium;

(ii) AGSB has also signed memorandum of understanding with a skills training institution on 29 November 2023 to provide internship placement for its students, with opportunity for full-time employment with AGSB;

(iii) AGSB had also engaged with a local institute to recruit skilled and semi-skilled workers under their professional certificate programme; and

(iv) Part of the listing proceeds will be utilised to purchase automation equipment which will reduce the workforce required in the production line.

We have on 21 February 2024 applied to MITI for extension of time to comply with this requirement. As at the LPD, we have not received any feedback from MITI.

Please refer to Section 9.1.11 of this Prospectus for further details on the risk of non-compliance.

As at the LPD, our Group has a total of 119 foreign workers in Malaysia.

As the application and renewal of the work permits are an ongoing process, there will be foreign workers that are in the midst of applying for or renewing their work permits at any one point in time.

As at the LPD, our Group complies with the requirements under Minimum Wages Order 2022. None of our employees belong to any union nor are they parties to any collective agreements and we have not experienced any strikes or other disruptions due to labour disputes.

Further, our Group provides accommodations to our foreign workers. Please refer to Section 7.20 (v) of this Prospectus for further details.

7.22 EXCHANGE CONTROLS

As of the date of this Prospectus, we do not have any foreign subsidiary or associated company which requires repatriation of capital and remittance of profits by or to our Group.

7.23 ESG PRACTICES

Our Group recognised the significance of an ESG framework and its vital role in shaping our Group's future growth and development. Our Group has implemented the following ESG practices:

(i) Environmental

Our Group adopts sustainable practices to reduce or minimise the impact of our operations on the environment.

Waste management

We undertake waste management practices (pursuant to guidelines set under the EQA 1974 by the Department of Environment) in managing our waste across our business operations, such as:

(a) engaging licensed service providers to handle the scheduled wastes generated in our operation;

(b) engaging licensed scrap metal collector to collect and recycle scrap metal waste generated from our manufacturing activities; and

(c) adopting PaperSOF (an ISO document management software used to establish, approve and distribute documents electronically within our Group) and limiting paper printing by our staff.

Energy management

Our Group optimises energy usage across our business operations by adopting initiatives such as:

(i) reducing energy consumption in our manufacturing process through upgrading the motors of the machinery with servo motors that are more energy efficient compared to induction motors, especially in applications where the load varies. This is because these newer motors only consume electricity as needed to maintain the desired position or speed;

(ii) switching off the machinery, equipment and factory lights when they are not in use, especially during breaks; and

(iii) installing LED lighting throughout the TPG factory to promote energy conservation.

(ii) Social

The safety and health of our employees are our priorities, specifically mitigating any safety and health risks at our workplace in order to create a safe environment for our employees to enhance their productivity and performance.

Occupational, safety and health

We are committed to safeguarding the well-being and health of our employees by maintaining a safe and healthy workplace. In accordance with OSHA 1994, we have established safety and health committee and a certified safety and health officer has been appointed to monitor the safety and health matters of our Group.

In addition, our Group will also provide personal protection equipment, including safety shoes, helmets, earplugs, protective goggles, arm covers, gloves, aprons and masks, to our employees. This measure is aimed to ensure personal safety and minimise the potential injuries during our operations.

Labour practices

We respect and protect the labour rights of our employees, including fair wages, safe working conditions, reasonable working hours and freedom of association. We promote fair labour practices also involve providing opportunities for skill development.

Diversity and equal opportunity

We practice gender equality and cultural diversity with equal opportunities irrespective of one's age, gender and ethnicity, religion, national origin, disability, sexual orientation or any other relevant characteristics for employment, career development and advancement.

Feedback and improvement

We seek customer feedback and utilise it to improve our products and services through an annual customer and satisfaction survey form. The customer feedback is subsequently discussed and addressed (if required) among key senior management while the satisfaction survey will be compiled and discussed in the annual management review meetings.

Employee engagement

We empower our employees by supporting their personal and professional growth. We seek to enhance our employees' capabilities through training programs and continuing education such as production techniques, leadership skills and self-development training. For the Financial Years Under Review and up to the LPD, we have invested RM104,000 in personal and professional development training on our employees.

We also emphasis on bonding session with our employees through organising festival celebration and activities. These events provide a platform for cultural exchange, enabling our employees to appreciate and celebrate the rich cultural heritage and traditions within our Group. By encouraging cross-cultural understanding, we foster a sense of unity, respect, and appreciation among our employees.

(iii) Governance

Our Group recognized that good governance is not just a corporate requirement; it is the foundation upon which we build a sustainable future. In essence, our approaches on governance sustainability are to conduct business ethically and ensure compliance with all relevant laws and regulations as disclosed in Section 7.20 of this Prospectus.

Our Group has adopted the recommendations under the MCCG. Save for certain practices of the MCCG, the compliance of which could only be achieved or becomes applicable upon the listing of the Company (such as the recommended disclosures to be made in the Company's Annual Report and Corporate Governance Report), the MCCG practices our Group has adopted are as follows:

(a) at least half of our Board are independent directors;

(b) at least 30% of our Board are women directors;

(c) our Audit and Risk Management Committee comprises solely of independent directors; and

(d) our Independent Non-Executive Chairperson is not a member of any of our board committees.

In addition, we have established several policies and procedures to ensure the sufficiency and integrity of our Group's risk management and internal control system. The policies and procedures we have put in place, amongst others, are as follows:

(a) Anti-Bribery and Anti-Corruption Policy to promote ethical business conduct;

(b) Whistleblowing Policy to encourage reporting of wrongdoings and helps to maintain trust and integrity within our Group and our stakeholders; and

(c) Conflict-of-Interest Policy to manage and minimise the conflict arising from personal and financial interest of individuals with their professional responsibilities. This policy also serves to ensure that the engagement between our Group and the Audit and Risk Management Committee is free from conflict of interest, which could impair the objectivity and independence of being the members of the Audit and Risk Management Committee.

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T : +603 2732 7537 W : www.smith-zander.com

SMITH ZANDER

Date: 15 March 2024

The Board of Directors

KHPT Holdings Berhad
Lot 2228, Jalan Kasawari,
Kawasan Perusahaan Kebun Baru,
Batu 9, Kg. Kebun Baru,
42500 Telok Panglima Garang,
Kuala Langat, Selangor

Dear Sirs/ Madams,

Independent Market Research Report on the Automotive Industry and Automotive Parts and Components Industry in Malaysia ("IMR Report")

This IMR Report has been prepared by SMITH ZANDER INTERNATIONAL SDN BHD ("**SMITH ZANDER**") for inclusion in the draft Prospectus in conjunction with the proposed listing of KHPT Holdings Berhad on the ACE Market of Bursa Malaysia Securities Berhad.

The objective of this IMR Report is to provide an independent view of the industry and market(s) in which KHPT Holdings Berhad and its subsidiary ("**KHPT Group**") operates and to offer a clear understanding of the industry and market dynamics. As KHPT Group is involved in manufacturing and sale of automotive parts and components, the scope of work for this IMR Report will thus address the following areas:

(i) The automotive industry in Malaysia;
(ii) The automotive parts and components industry in Malaysia;
(iii) Key demand drivers, risks and challenges;
(iv) Competitive landscape; and
(v) Prospects and outlook.

The research process for this study has been undertaken through secondary or desktop research, as well as detailed primary research when required, which involves discussing the status of the industry with leading industry participants and industry experts. Quantitative market information could be sourced from interviews by way of primary research and therefore, the information is subject to fluctuations due to possible changes in business, industry and economic conditions.

SMITH ZANDER has prepared this IMR Report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this IMR Report presents a balanced view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in this IMR Report. SMITH ZANDER shall not be held responsible for the decisions and/or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this report.

For and on behalf of SMITH ZANDER:

DENNIS TAN TZE WEN
MANAGING PARTNER

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The research for this IMR Report was completed on 12 March 2024.

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About SMITH ZANDER INTERNATIONAL SDN BHD

SMITH ZANDER is a professional independent market research company based in Kuala Lumpur, Malaysia, offering market research, industry intelligence and strategy consulting solutions. SMITH ZANDER is involved in the preparation of independent market research reports for capital market exercises, including initial public offerings, reverse takeovers, mergers and acquisitions, and other fund-raising and corporate exercises.

Profile of the signing partner, Dennis Tan Tze Wen

Dennis Tan is the Managing Partner of SMITH ZANDER. Dennis Tan has over 26 years of experience in market research and strategy consulting, including over 21 years in independent market research and due diligence studies for capital markets throughout the Asia Pacific region. Dennis Tan has a Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada.

1 THE AUTOMOTIVE INDUSTRY IN MALAYSIA

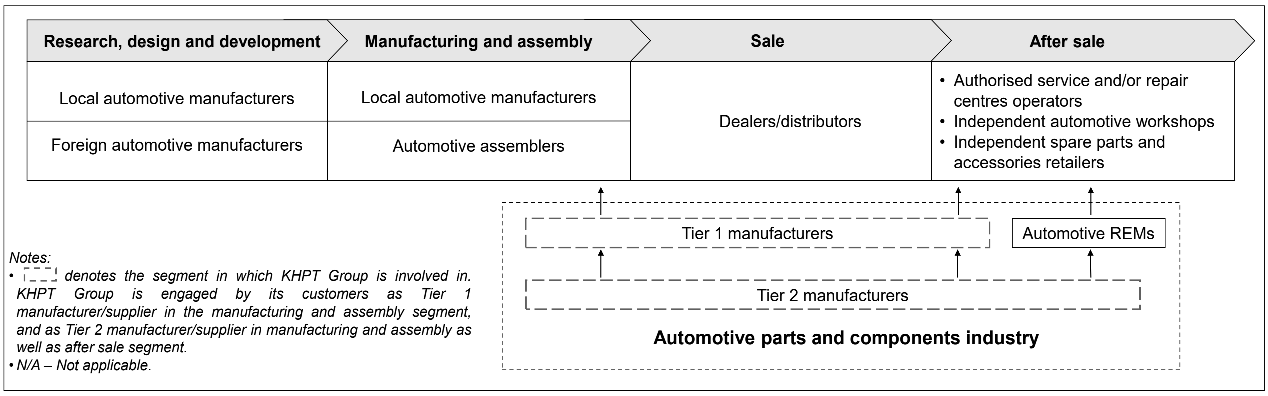
1.1 Introduction and value chain

As of 2023, Malaysia was amongst the top three largest automotive markets in Southeast Asia in terms of production and sales of motor vehicles, along with Indonesia and Thailand.[1] In 1985, Perusahaan Otomobil Nasional Berhad ("Proton"), the first local automotive manufacturer in Malaysia, launched the country's first local branded car model, namely Proton Saga.[2] This marked the launch of the manufacturing of the first local completely knocked-down ("CKD") model. In 1994, Malaysia's second local automotive manufacturer, Perusahaan Otomobil Kedua Sendirian Berhad ("Perodua"), launched its first model, Perodua Kancil.[3]

The automotive industry in Malaysia comprises the following industry players:

Industry players	Description
Local automotive manufacturers	Local motor vehicle brand owners who design, develop, manufacture and/or assemble motor vehicles, for example, Proton and Perodua.
Foreign automotive manufacturers	Foreign motor vehicle brand owners who design, develop, and/or assemble motor vehicles, such as Toyota, Honda, Nissan, Mitsubishi, BMW, Mercedes Benz, Audi and Volvo.
Automotive assemblers	Appointed by foreign automotive manufacturers to carry out the assembly of motor vehicles in Malaysia.
Tier 1 manufacturers	Appointed by local and/or foreign automotive manufacturers and/or automotive assemblers for the manufacturing and/or sub-assembly of automotive parts and components.
Tier 2 manufacturers	Engaged by Tier 1 manufacturers for the manufacturing of automotive parts and components.
Dealers/distributors	Appointed by local and/or foreign automotive manufacturers to operate showrooms and sell motor vehicles to the public.
Automotive replacement equipment manufacturers ("REMs")	Manufacturers and/or suppliers of non-genuine spare parts to independent automotive workshops and spare part retailers.
Authorised service and/or repair centre operators	Owned or appointed by local and/or foreign automotive manufacturers to provide after-sales services such as vehicle servicing, sales of spare parts, as well as repair and painting services for the vehicle models of the respective automotive manufacturers.
Independent automotive workshops	Operate automotive workshops independently from automotive manufacturers to provide vehicle servicing, sales of spare parts, as well as repair and painting services for selected or all vehicle models.
Independent spare parts and accessories retailers	Operate spare parts and/or accessories retail shops independently such as vehicle spare parts, exhaust systems, bodykits and dash cameras as well as providing modification and/or installation services.

The automotive industry value chain involving the above industry players is described as follows:



Source: SMITH ZANDER

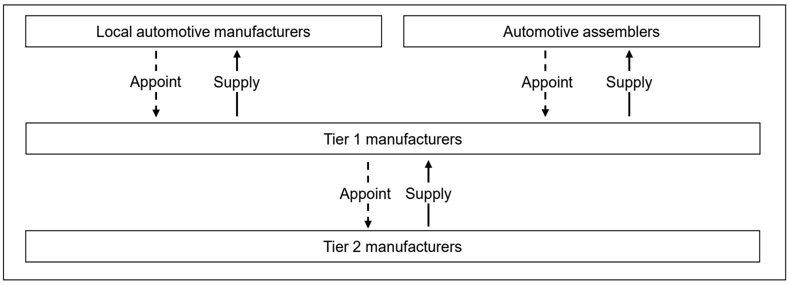
[1] *Source: ASEAN Automotive Federation*
[2] *Source: Proton company website*
[3] *Source: Perodua company website*

Research, design and development

The automotive industry value chain in Malaysia begins with the research, design and development segment. Local automotive manufacturers carry out research and development activities on latest technologies to enhance current models for facelifts as well as to design and develop new models. Foreign automotive manufacturers typically carry out research, design and development activities in their home countries.

Manufacturing and assembly

Motor vehicles are manufactured and/or assembled by local automotive manufacturers or automotive assemblers using parts and components manufactured in-house as well as parts and components sourced from third party manufacturers (i.e. Tier 1 manufacturers and Tier 2 manufacturers). The relationship between local automotive manufacturers, automotive assemblers, Tier 1 manufacturers, and Tier 2 manufacturers is depicted as follows:



Source: SMITH ZANDER

Tier 2 manufacturers manufacture parts and components according to their customers' designs and specifications, which varies for each vehicle brand/model. These parts and components are then supplied to Tier 1 manufacturers for sub-assembly into larger automotive components for onward supply to automotive manufacturers or automotive assemblers. The role of Tier 1 or Tier 2 manufacturers varies across different vehicle models as well as different parts and components, and it is dependent on the arrangement with the respective Tier 1 manufacturer, local automotive manufacturer or automotive assembler.

Generally, Tier 1 and Tier 2 manufacturers supply parts and components to local automotive manufacturers and automotive assemblers over the long term once they have been identified as qualified suppliers. This is because Tier 1 and Tier 2 manufacturers are required to pass stringent qualification processes with the respective automotive manufacturers and automotive assemblers, whereby they are assessed in various aspects, including manufacturing and technical capabilities, product accuracy and quality consistency, product costing and timeliness of delivery.

Further, local automotive manufacturers, automotive assemblers and Tier 1 manufacturers generally source different parts and components from various Tier 2 manufacturers. Parts and components that are sourced from different Tier 2 manufacturers will then be sub-assembled by Tier 1 manufacturers, automotive manufacturers or automotive assemblers to form larger components such as seats, vehicle bodies, or engines, which will then be used in the manufacturing and assembly of motor vehicles. Hence, it is crucial that parts and components sourced from different Tier 2 manufacturers are of precise measurements to ensure that they are able to be sub-assembled together.

Due to the time-consuming qualification process as well as the stringent requirement in terms of measurements and dimensions, local automotive manufacturers and automotive assemblers maintain long term engagements with their Tier 1 and Tier 2 manufacturers once they are deemed qualified.

Sale

Finished motor vehicles are sold by local and foreign automotive manufacturers to dealers/distributors, who operate showrooms and sell the motor vehicles to end-users.

After-sales

The after-sales segment includes authorised service and/or repair centre operators, independent automotive workshops, as well as independent spare parts and accessories retailers. Authorised service and/or repair centre operators source genuine spare parts and components from Tier 1 manufacturers, who manufacture the genuine spare parts and components in-house or source them from Tier 2 manufacturers. Authorised service and/or repair centre operators owned or appointed by foreign automotive manufacturers may also import genuine spare parts and components that are not manufactured by local Tier 1 or Tier 2 manufacturers. Genuine spare parts and components are identical to the automotive parts and components used in the assembly of motor vehicles, as they are manufactured according to the designs and specifications of the local or foreign automotive manufacturers.

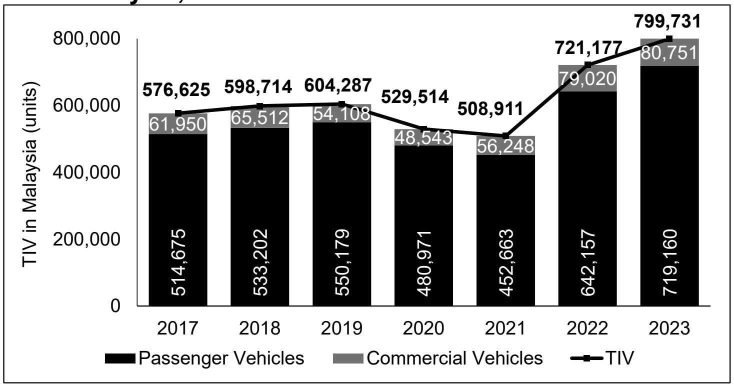
Independent automotive workshops may carry genuine spare parts and components as well as non-genuine spare parts and components; whereas independent spare parts and accessories retailers mainly carry non-genuine spare parts. Non-genuine spare parts and components are manufactured by automotive REMs, hence may not have identical specifications to genuine spare parts.

1.2 Industry performance, size and growth

The growth and outlook of the automotive parts and components industry is driven by the size and growth of the automotive industry. The size of the automotive industry in Malaysia is represented by total industry volume ("TIV"), which refers to new passenger vehicles and commercial vehicles registered in Malaysia. On average, passenger vehicles contributed 89.63% of the TIV in Malaysia from 2017 to 2023, and the remaining 10.37% was contributed by commercial vehicles.

The TIV of the automotive industry in Malaysia increased at a compound annual growth rate ("CAGR") of 2.37% from 576,625 units to 604,287 units from 2017 to 2019. Pursuant to the outbreak of COVID-19 pandemic, the TIV decreased 12.37% year-on-year ("YOY") to 529,514 units in 2020, and further decreased by 3.89% YOY to 508,911 units in 2021. This was mainly due to operational restrictions and shortages of labour faced by the industry during the movement restriction periods. Further, supply chain challenges and rising cost of freight caused shortages of certain automotive parts and components (e.g. semiconductor chips), which in turn disrupted production.

TIV in Malaysia, 2017 – 2023



Sources: Malaysian Automotive Association ("MAA"), SMITH ZANDER

Economic downturns caused by the COVID-19 pandemic also caused a decline in demand as consumers were more prudent in spending. Nevertheless, this impact was cushioned by the sales tax exemption[4] implemented by the Government which continued to drive sales of passenger vehicles amidst the COVID-19 pandemic.

The TIV recovered by 41.71% YOY to 721,177 units in 2022, supported by the reduction in COVID-19 cases, the transition to endemic phase and fulfilment of order backlogs as production activities normalised. In addition, the recovery of the economy had also stimulated demand. In 2023, the TIV grew by a further 10.89% YOY to 799,731 units, mainly due to fulfilment of pent-up car bookings, resilient domestic economy and improved supply chain environment.

In terms of passenger vehicles, the TIV increased from 514,675 units in 2017 to 550,179 units in 2019 at a CAGR of 3.39%. Pursuant to the outbreak of the COVID-19 pandemic, TIV of passenger vehicles dropped by 12.58% to 480,971 units in 2020, and further decreased by 5.89% to 452,663 units in 2021. Subsequently as operational restrictions were lifted, the TIV of passenger vehicles increased by 41.86% from 452,663 units in 2021 to 642,157 units in 2022, surpassing pre-pandemic levels. In 2023, TIV of passenger vehicles increased further by 11.99% YOY to 719,160 units, which was boosted by favourable economic conditions and new vehicle model launches.

Notwithstanding the all-time high TIV recorded in 2023, the MAA forecasts TIV of the automotive industry in Malaysia to normalise from 799,731 units in 2023 to 740,000 units in 2024, and the TIV of passenger vehicles to also normalise from 719,160 units in 2023 to 666,000 units in 2024. This is mainly due to global economic uncertainties and the anticipated dampening of consumer spending resulting from expectations of rising cost of living. However, the demand for passenger vehicles is expected to be supported by the increasing disposable income of the Malaysian population attributed to economic recovery as well as the car-centric culture in Malaysia moving forward. For more details on the factors supporting the demand for passenger vehicles, please refer to ***Chapter 3.1 Key demand drivers*** of this IMR Report.

Perodua is the highest selling vehicle brand in Malaysia, with market share by TIV ranging from 37.39% to 41.58%, between 2017 and 2023. On the other hand, prior to 2019, Proton was the third largest contributor (i.e. 13.79% market share) and fourth largest contributor (i.e. 10.81% market share) to the TIV in 2017 and 2018 respectively. In 2019, Proton became the second highest selling vehicle brand when its market share contribution to the TIV increased to 16.58% following the launch of its new X70 model in December 2018. From 2019 to 2023, Proton has maintained its market share as the second largest contributor to the TIV in Malaysia. Collectively, the market share of the local automotive manufacturers, namely Perodua and Proton, increased from 53.60% in 2017 to 60.18% in 2023, dominating the automotive industry in Malaysia.

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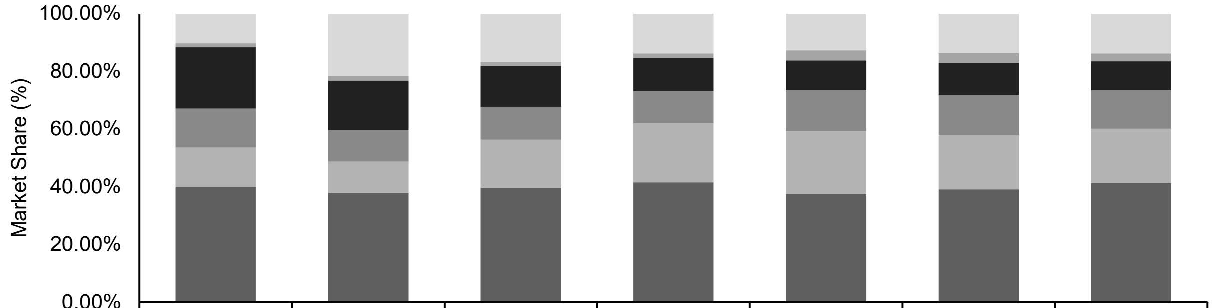
[4] *In June 2020, the Government introduced 100% sales tax exemption on CKD vehicles and 50% sales tax exemption on completely built-up ("CBU") vehicles which are foreign assembled passenger vehicles, effective from 15 June 2020 to 31 December 2020. The sales tax exemption was later announced to be extended to 30 June 2021, and was then further extended to 31 December 2021. The sales tax exemption was extended for the third time under Budget 2022 to 30 June 2022, where buyers with confirmed bookings made by 30 June 2022 are allowed to enjoy the sales tax exemption with the new passenger vehicles registered by 31 March 2023.*

TIV by brands, 2017 – 2023



	2017	2018	2019	2020	2021	2022	2023
Others	10.25%	21.65%	16.73%	13.73%	12.74%	13.70%	13.81%
Mitsubishi	1.37%	1.55%	1.35%	1.73%	3.44%	3.33%	2.72%
Honda	21.28%	17.08%	14.14%	11.42%	10.42%	11.13%	10.01%
Toyota	13.50%	10.95%	11.43%	11.05%	14.07%	13.87%	13.28%
Proton	13.79%	10.81%	16.58%	20.50%	21.95%	18.86%	18.88%
Perodua	39.81%	37.96%	39.77%	41.58%	37.39%	39.11%	41.30%

Notes:

- *Includes both passenger and commercial vehicles as breakdown for passenger vehicles is not publicly available.*
- *Others comprise Mitsubishi, Nissan, Mazda, Ford, BMW, Mercedes Benz, Audi and Volvo, amongst others.*

Sources: MAA, SMITH ZANDER

2 THE AUTOMOTIVE PARTS AND COMPONENTS INDUSTRY IN MALAYSIA

2.1 Introduction and segmentation

Automotive parts and components can be broadly segmented into metal parts, plastic parts, rubber parts, electrical and electronic parts and other parts, as follows:

Segmentation and examples of automotive parts and components

Metal parts	Plastic parts	Rubber parts	Electrical and electronic parts	Others
Body parts	Interior cabin parts	Tyres	Infotainment systems	Windshields
Seat structures	Dashboard frames	Wiper blades	Camera systems	Seat cushions
Engine parts	Airbags	Weatherstrips	Interior lightings	Rear mirrors
Absorber parts	Headlight housings	Tubes and hoses	Exterior lightings	Carpet mats
Transmission parts	Door handles	Mud flaps	Batteries	Door panel covers
Steering parts	Air vents	Engine diaphragms	Thermal systems	Seat belts
Brake parts	Bumpers	Fuel cap gaskets	Safety systems	Steering wheel leathers

Notes:

- *The list is not exhaustive.*
- *denotes the segment in which KHPT Group is involved in, namely the manufacturing of metal stamped parts comprising body parts, seat structures, engine parts and absorber parts for passenger vehicles.*

Source: SMITH ZANDER

These automotive parts and components are manufactured by industry players (e.g. Tier 1 and Tier 2 manufacturers) and supplied to local automotive manufacturers and automotive assemblers for assembly into motor vehicles. Local automotive manufacturers and automotive assemblers may also manufacture certain automotive parts and components in-house.

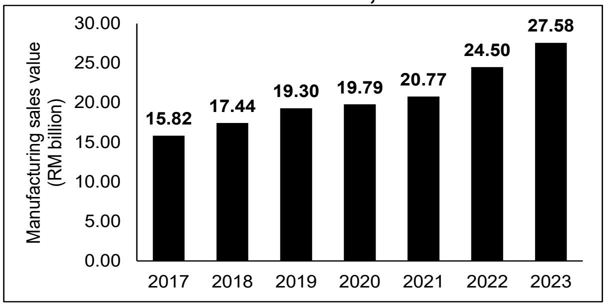
The automotive parts and components industry plays an integral role in supporting the automotive industry, as automotive industry players rely on automotive parts and components industry players for automotive parts and components. According to MIDA, there are approximately 640 automotive parts and components industry players in Malaysia, producing a wide range of parts and components including body parts, engine parts, transmission parts, steering parts, brake parts, seat structures, dashboard frames, interior cabin parts, as well as various rubber parts as well as electrical and electronics parts.

2.2 Industry performance, size and growth

As KHPT Group is involved in the manufacturing and sale of metal automotive parts and components, this section will focus on the performance of the metal automotive parts or components segment of the automotive parts and components industry. The size of metal automotive parts or components segment, in which KHPT Group is involved in, is represented by the manufacturing sales value of metal parts and accessories for motor vehicles[5].

The manufacturing sales value of metal parts and accessories for motor vehicles increased from RM15.82 billion in 2017 to RM27.58 billion in 2023 at a CAGR of 9.71%. Despite the decline in the TIV in Malaysia in 2020 and 2021 due to operational restrictions, shortages of labour and supply chain disruptions resulting from the COVID-19 pandemic, the manufacturing sales value of metal parts and accessories recorded a CAGR of 3.74% from RM19.30 billion in 2019 to RM20.77 billion in 2021. Although motor vehicles produced and registered in 2020 and 2021 decreased due to shortage of certain automotive parts and components (e.g. semiconductor chips), industry players involved in manufacturing of metal automotive parts and accessories carried on with production to fulfill orders.

Manufacturing sales value of metal parts and accessories for motor vehicles, 2017 - 2023



Sources: Department of Statistics Malaysia ("DOSM"), SMITH ZANDER

In 2022, the manufacturing sales value of metal parts and accessories for motor vehicles increased 17.96% YOY to RM24.50 billion and further increased by 12.57% to RM27.58 billion in 2023. This is attributed to industry players scaling up production to meet the demand from automotive manufacturers and automotive assemblers, with the TIV increasing by 41.71% YOY to 721,177 units in 2022 and 10.89% YOY to 799,731 units in 2023.

The continuous growth of local automotive manufacturers, namely Perodua and Proton, as depicted by their domination of the automotive industry in terms of TIV, is expected to benefit industry players who supply parts and components for the manufacturing or Proton and Perodua vehicles, including KHPT Group.

3 KEY DEMAND DRIVERS, RISKS AND CHALLENGES

3.1 Key demand drivers

- **Introduction of new vehicle models and localisation of parts and components drives the automotive parts and components industry**

Local automotive manufacturers constantly design and develop new vehicle models as part of their growth strategies to drive sales. Between 2017 and 2023, Proton and Perodua each launched 4 (i.e. Proton X50, Proton X70, Proton X90 and Proton S70) and 2 new vehicle models (i.e. Perodua Aruz and Perodua Ativa) respectively. Further, local automotive manufacturers also continuously carry out research and development activities to enhance their existing vehicle models for facelifts. This may include designing and developing new parts and components to replace older parts and components.

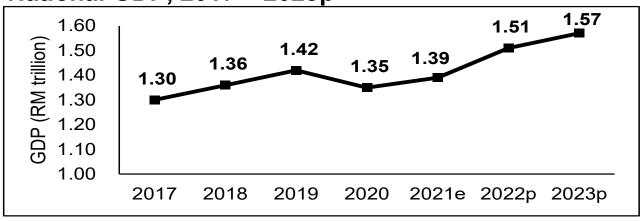
The ongoing design and development activities for new and existing vehicle models lead to the development of new automotive parts and components, which in turn leads to the localisation of automotive parts and components. The sustained demand for new automotive parts and components is expected to continue driving the growth of automotive parts and components industry players (e.g. Tier 1 and Tier 2 manufacturers) which supply parts and components for the assembly of vehicles. In addition, the commonisation of automotive parts and components (i.e. the use of same parts and components across different vehicle models) is also expected to drive growth for industry players, as existing manufacturers are expected to continue to be engaged to supply the same parts for new models, due to the stringent and lengthy qualification processes.

[5] *Only includes manufacturing sales value of parts and accessories for motor vehicles with more than 2 wheels, such as passenger vehicles, commercial vehicles, all-terrain vehicles (ATVs) and motor carts.*

▶ Economic recovery and increasing disposable income drive the demand for passenger vehicles, in turn driving the automotive parts and components industry

The gross domestic product ("GDP") of Malaysia increased at a CAGR of 4.51% from RM1.30 trillion in 2017 to RM1.42 trillion in 2019. In 2020, due to the Government-imposed lockdowns and restricted operations of non-essential businesses as containment measures to curb the COVID-19 pandemic, the GDP decreased 4.93% YOY to RM1.35 trillion. Subsequently, the GDP recovered and grew by 2.96% YOY to RM1.39 trillion in 2021, and by 8.63% YOY to RM1.51 trillion in 2022, which exceeded the pre-COVID-19 level of RM1.42 trillion in 2019. In 2023, the national GDP increased by 3.97% YOY to RM1.57 trillion, attributed to increasing domestic demand, successful containment and management of the pandemic as well as the Government's support on the cost of living.[6] According to the Ministry of Finance, economic growth is expected to sustain and the national GDP is anticipated to grow at approximately 4.00% to 5.00% in 2024[7].

National GDP, 2017 – 2023p

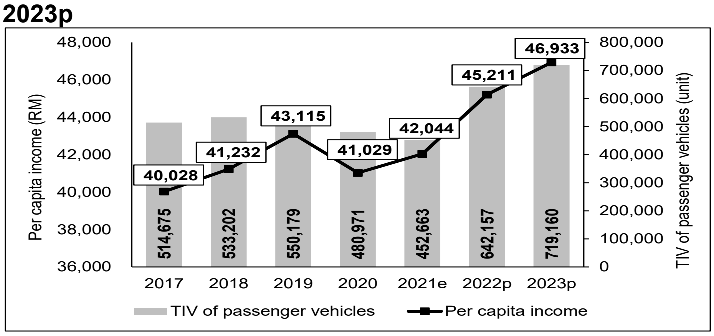


Note: e – estimate; p – preliminary.

Sources: DOSM, SMITH ZANDER

Growth in economic conditions is expected to lead to continuous recovery and increase in disposable income. The TIV of passenger vehicles generally moves in tandem with the growth in disposable income as increasing disposable income signifies greater spending power.

Per capita income and TIV of passenger vehicles, 2017 – 2023p



Note: e – estimate; p – preliminary.

Sources: DOSM, MAA, SMITH ZANDER

The disposable income of the Malaysian population, measured by per capita income, increased at a CAGR of 3.78% from RM40,028 in 2017 to RM43,115 in 2019. The TIV for passenger vehicles also increased, at a CAGR of 3.39%, from 514,675 units in 2017 to 550,179 units in 2019.

In 2020, per capita income decreased 4.84% YOY to RM41,029, in line with the adverse impacts on the economy due to the COVID-19 pandemic. Similarly, the TIV of passenger vehicles also decreased, by 12.58%, to 480,971 units in 2020. Following which, per capita income recovered by 2.47% to RM42,044 in 2021.

Despite the recovery in per capita income, the TIV for passenger vehicles dropped by 5.89% to 452,663 units due to operational restrictions, shortages of labour, as well as supply chain challenges. Further, uncertainties caused by the COVID-19 pandemic may have also resulted in more cautious spending. In 2022, per capita income recovered further by 7.53% to RM45,211, and subsequently increased 3.81% YOY to RM46,933 in 2023. In line with the increasing trend of per capita income, the TIV of passenger vehicles recorded YOY growth of 41.86% to 642,157 units and 11.99% to 719,160 units in 2022 and 2023 respectively.

▶ Car-centric culture in Malaysia drives the growth of the automotive industry, which in turn benefits automotive parts and components manufacturers

Malaysia has a car-centric culture as people generally prefer to own and drive their own vehicles. In 2021, there was a total of 15.81 million cars on the road in Malaysia.[8] This could be due to:

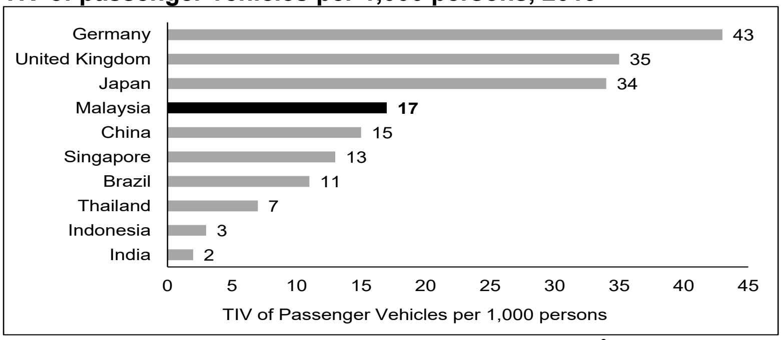
i. Affordable fuel – Certain grades of petrol and diesel are subsidised by the Malaysian Government to shield Malaysians against high crude oil prices, allowing more Malaysians to afford and enjoy lower-priced fuel.
ii. Comfort of driving – People are able to enjoy personal space while driving as public transport tends to be crowded during peak hours.

In addition, certain consumer segments deem owning vehicles as representation of financial wellbeing, as well as symbol of wealth and social status. Automotive manufacturers and their dealers/distributors leverage on the car-centric culture in Malaysia to promote car-buying through marketing activities such as roadshows, advertisements and festive season promotions, as well as extended warranties and/or free after-sales service to attract buyers.

[6] *Source: Economic Outlook 2023*
[7] *Source: Economic Outlook 2024*
[8] *Source: Road Transport Department*

The car-centric culture in Malaysia is represented by the TIV of new passenger vehicles per 1,000 persons in 2019 as compared to other selected countries. In view of the impact caused by the COVID-19 pandemic to the demand for passenger vehicles, TIV of new passenger vehicles in 2019 is used in the comparison of car ownership across the different countries.

TIV of passenger vehicles per 1,000 persons, 2019



Sources: Various associations and databases[9], SMITH ZANDER

In 2019, Malaysia recorded approximately 17 new passenger vehicles sold per 1,000 persons. Other Southeast Asian countries such as Singapore, Thailand and Indonesia recorded approximately 13, 7, and 3 new passenger vehicles sold per 1,000 persons respectively. In other developing countries such as China, Brazil and India, there were approximately 15, 11 and 2 new passenger vehicles sold per 1,000 persons in 2019 respectively.

On the other hand, TIV of new passenger vehicles per 1,000 persons in developed countries such as, Germany, United Kingdom and Japan were recorded at approximately 43, 35 and 34 respectively. As shown above, car ownership in Malaysia is relatively higher than its peers in Asia, which demonstrates the car-centric culture in Malaysia.

- **Government initiatives to drive the automotive industry**

The automotive industry is one of the sectors which the Government focuses on to drive the economy of the country. The Government has introduced various incentives to attract foreign automotive manufacturers to set up plants in Malaysia. Amongst others, the Government has announced full excise duty and sales tax exemptions on CKD electric vehicles ("EV") up to 31 December 2027, as well as full import duty and excise duty exemptions on CBU EV up to 31 December 2025. Excise duty exemption on EV helps reduce cost for EV assemblers, hence is expected to attract foreign automotive manufacturers to expand their operations in Malaysia. Further, sales tax exemption on EV could help to boost local demand for EV, which could in turn drive the growth of the automotive industry. Increase in foreign direct investments in the EV sector as well as greater demand for EV could create greater need for automotive parts and components, which will benefit industry players, particularly those involved in manufacturing parts and components that are used in EV and non-EV (i.e. internal combustion engine) vehicles, which includes parts and components such as seats and seat structures, body parts and absorber parts.

In addition, to maintain the competitiveness of the automotive industry of Malaysia in the global markets, the Government has introduced the National Automotive Policy 2020 ("NAP 2020") to enhance the digital industrial transformation, development and implementation of Industry Revolution 4.0 ("IR 4.0") in the Malaysian automotive industry from 2020 to 2030. The strategies announced in the NAP 2020 to support the transformation to IR 4.0 include expanding soft loan schemes to support supply chain activities, as well as leading automotive parts and components manufacturers towards smart manufacturing by establishing relevant training programmes. The initiatives under the NAP 2020 are expected to enhance operational efficiency which in turn reduces the cost of producing components with the use of IR 4.0 technologies, as well as to help industry players to remain competitive in the pursuit of high-quality parts and components.

3.2 Key industry risks and challenges

- **The automotive parts and components industry is dependent on the performance of the automotive industry**

The growth of the automotive parts and components industry is reliant on the performance of the automotive industry. The performance of the automotive industry generally correlates to economic conditions, as the wellbeing of the economy affects the demand for automotives. In 2020, the national GDP and per capita income decreased by 4.93% and 4.84% YOY respectively, in line with effects from the COVID-19 pandemic. Similarly, the TIV of passenger vehicles also decreased by 12.58% YOY in 2020. Please refer to ***Chapter 3.1 Key demand drivers*** of this IMR Report for further details on the relationship between per capita income and TIV of passenger vehicles. In the event that the economy experiences a decline, the demand for passenger vehicles may reduce. Such negative impact to the performance of automotive industry may negatively affect the automotive parts and components industry.

[9] *Comprise ASEAN Automotive Federation, DOSM, German Association of the Automotive Industry, International Organization of Motor Vehicle Manufacturers, Japan Automobile Manufacturers Association, MAA, and The World Bank.*

The automotive industry can also be adversely impacted by unexpected events or disruptions such as outbreak of diseases, such as the COVID-19 pandemic, which may lead to lockdowns. Further, lockdowns may also cause disruptions to business operations of automotive industry players, which may cause negative impacts on automotive parts and components industry players.

- **The automotive industry as well as the automotive parts and components industry face risks arising from political, economic, social and regulatory changes**

The performance of the automotive industry as well as automotive parts and components industry are exposed to any uncertainties in the political, economic, social and legal environment in the country. Events such as changes in political leadership, terrorisms, wars, strikes, riots, changes in tax policies, amongst others, could lead to adverse impacts on the operations of industry players, hence negatively affecting their business and financial performances. Further, any introduction and implementation of new regulations governing the automotive industry or automotive parts and components industry may also affect the operations of industry players.

In addition, any uncertainties arising from political, economic, social and regulatory changes may also cause consumers to be more cautious with their spendings, which could lead to reduce in demand for high-priced goods, including automotives. This may in turn cause negative impacts on the financial performance of industry players.

- **Competition from other industry players**

Automotive parts and components industry players compete with other industry players in terms of technical capabilities, manufacturing capacities, pricing, quality of products and services, as well as delivery timing. Industry players generally compete with each other during tendering stage. Local automotive manufacturers and automotive assemblers typically continue to engage automotive parts and components industry players that have been identified as qualified suppliers for a period of time due to the time-consuming qualification process. As such, it is important for industry players to remain competitive in order to successfully secure sales from their customers (i.e local automotive manufacturers and automotive assemblers). Failure to constantly remain competitive can cause industry players to lose their abilities to retain existing customers or secure new customers, hence affecting their business and financial performances.

4 COMPETITIVE LANDSCAPE

4.1 Overview

This section will focus on the metal stamping segment of the automotive parts and components industry in Malaysia as KHPT Group is principally involved in the manufacturing and sale of metal stamped automotive parts and components in Malaysia.

Industry players in the metal stamping segment of the automotive parts and components industry generally compete in terms of technical capabilities, manufacturing capacities, pricing, quality of products and services and delivery timing. Industry players who have strong technical capabilities in understanding and meeting customers' specifications have competitive advantage as they are able to modify and adapt their manufacturing processes to ensure that the automotive parts and components manufactured are of high quality and in accordance to customers' requirements. Further, the technical capability in process engineering also increases the competitiveness of industry players as it allows them to add value to their customers by helping their customers achieve cost efficiencies.

The metal stamping segment of the automotive parts and components industry is competitive with substantial barriers to entry. Industry players are required to go through qualification processes with their customers in various aspects, such as technical capabilities, manufacturing capacities, product consistency and product costing, prior to being appointed by their customers. These qualification processes are stringent and lengthy, hence customers will generally continue to engage with manufacturers that they have qualified to ensure consistency in quality and delivery. Automotive parts and components industry players also require high initial capital for the purchase of machinery and equipment. Further, investments are also required for the design, development and manufacture of moulds and dies, which are required in metal stamping processes where flat metal sheets are pressed against the moulds and dies to form the required shapes and dimensions.

4.2 Key industry players

The basis for selection of key industry players in the automotive parts and components industry that compete with KHPT Group is based on the following criteria:

- Companies involved in the manufacturing of metal-stamped seat structures, car body parts or other metal parts, and
- Companies which recorded more than RM30.00 million in revenue based on their respective latest available financial years.

Company[i]	Examples of metal parts and components supplied	Latest available financial year	Revenue[ii] (RM million)	Gross profit / (loss) margin (%)	Profit / (loss) after tax margin (%)
EP Manufacturing Berhad	Cross member, dash panel, door panel, car lamps, suspension, and other metal parts	31 December 2022	516.33	7.15	0.08
Autokeen Sdn Bhd[iii]	Body parts and other metal parts	30 June 2023	265.58	4.02	1.20
Erect Engineering Pressworks Sdn Bhd	Body parts and other metal parts	31 March 2023	228.22	13.25	2.84
LSF Technologies Sdn Bhd	Door hinge side, roof side rail, roof center, windshield header, center body pillar, and other metal parts	31 December 2022	226.79	7.11	1.53
Industrial Quality Management Sdn Bhd[iii]	Panel rear end assembly, front deck assembly, pedal clutch, pedal assembly brake module, and other metal parts	31 March 2023	189.62	10.04	1.32
Ingress Technologies Sdn Bhd (subsidiary of Ingress Corporation Bhd)[iii]	Front-end module, floor module assembly, body lower back, panel assembly, cross beam, and other metal parts	31 January 2023	172.09	7.22	0.45
United Vehicle Industries Sdn Bhd	Cross member assembly, floor cross, bracket oil filter, bracket air cleaner, member front panel, and other metal parts	28 February 2023	139.19	13.03	6.84
Y&L Metal Technology Sdn Bhd	Safety belt, automotive frame, car seat rail, automotive board mounting, automotive exhaust, and other metal parts	30 June 2023	117.19	28.90	17.97
KHPT Holdings Berhad	Body parts, seat structures and other parts (i.e. engine parts and absorber parts)	31 December 2022	116.25	14.74	7.57
Anshin Precision Industries Sdn Bhd	Seat structures and other metal parts	31 December 2022	58.41	4.35	(5.70)
Burnmark Industries Sdn Bhd[iii]	Cross member assembly, panel body lower back inner, lid assembly fuel filler opening, brake and acceleration pedal module, and other metal parts	31 December 2022	55.27	11.62	1.47
S.A. Networks Technical Industries Sdn Bhd	Seat structures and other metal parts	31 December 2022	52.84	5.58	0.98
Dermaga Sari Holdings Sdn Bhd	Body parts and other metal parts	31 December 2022	38.11	9.45	1.10
Aureumaex Industries (M) Sdn Bhd	Seat structures and other metal parts	31 December 2022	35.09	1.71	(30.78)

Notes:

(i) An industry player can be a Tier 2 manufacturer in certain arrangements (i.e. appointed by a Tier 1 manufacturer), and the same industry player can be a Tier 1 manufacturer in other arrangements (i.e. appointed directly by a local automotive manufacturer or automotive assembler).

(ii) Revenue of industry players may include revenue derived from other business activities (i.e. business activities other than the manufacturing of metal-stamped seat structures, car body parts or other metal parts) and/or revenue derived from countries outside Malaysia.

(iii) These companies are customers of KHPT Group. Despite being KHPT Group's customers, these companies are deemed industry players that compete with KHPT Group due to their involvement in the manufacturing of metal stamped automotive parts and components either as Tier 1 manufacturers or Tier 2 manufacturers.

- *Latest available as at the date of research completion.*
- *The identified key industry players include all industry players that were identified by SMITH ZANDER based on sources available, such as the internet, published documents and industry directories. However, there may be companies that do not have online and/or published media presence, or are operating with minimal public advertisement, and hence SMITH ZANDER is unable to state conclusively that the list of industry players identified is exhaustive.*

Sources: KHPT Group, various company websites, Companies Commission of Malaysia, SMITH ZANDER

4.3 Market share

KHPT Group captured a market share of approximately 0.41%, computed based on its revenue of RM114.08 million in the FYE 2023 against the manufacturing sales value of metal parts and accessories for motor vehicles of RM27.58 billion in Malaysia in 2023.

5 PROSPECTS AND OUTLOOK

The Malaysian automotive industry, represented by TIV, recorded a CAGR of 2.37% from 576,625 units in 2017 to 604,287 units in 2019. The TIV decreased 12.37% YOY to 529,514 units in 2020, and further decreased by 3.89% YOY to 508,911 units in 2021 pursuant to the outbreak of COVID-19 pandemic. The TIV recovered by 41.71% YOY to 721,177 units in 2022, and subsequently increased by 10.89% YOY to 799,731 units in 2023. This was mainly due to the transition to endemic phase, fulfilment of pent-up car bookings, resilient domestic economy as well as improved supply chain environment. The automotive industry is expected to normalise in 2024 after recording an all-time high TIV in 2023. MMA forecasts the TIV of the automotive industry to normalise from 799,731 units in 2023 to 740,000 units in 2024, and the TIV of passenger vehicles to also normalise from 719,160 units in 2023 to 660,000 units in 2024.

In terms of the automotive parts and components industry, the manufacturing sales value of metal parts and accessories for motor vehicles increased from RM15.82 billion in 2017 to RM27.58 billion in 2023 at a CAGR of 9.71%. In view of the anticipated normalisation of TIV in Malaysia in 2024, SMITH ZANDER forecasts the manufacturing sales value of metal parts and accessories for motor vehicle to be registered at RM25.53 billion in 2024. Moving forward, the growth of the automotive industry as well as the automotive parts and components industry is expected to be driven by the following:

► **Introduction of new vehicle models and localisation of parts and components**

Continuous design and development activities of local automotive manufacturers for new as well as existing vehicle models lead to the sustained demand for new automotive parts and components, which is expected to drive the growth of automotive parts and components industry players (e.g. Tier 1 and Tier 2 manufacturers).

► **Economic recovery and increasing disposable income**

The improving economic conditions in Malaysia is expected to lead to continuous recovery and increase in disposable income of the Malaysian population. Per capita income in Malaysia increased at a CAGR of 3.78% from RM40,028 in 2017 to RM43,115 in 2019. In 2020, per capita income decreased 4.84% YOY to RM41,029, in line with the adverse impacts on the economy arising from the COVID-19 pandemic. Following which, per capita income recovered by 2.47% to RM42,044 in 2021. In 2022, per capita income recovered further by 7.53% to RM45,211, and subsequently increased 3.81% YOY to RM46,933 in 2023. Further, according to the Ministry of Finance, economic growth is expected to sustain and the national GDP is anticipated to grow at approximately 4.00% to 5.00% in 2024. The anticipated growth of the general economy is expected to lead to higher disposable income, hence driving the demand for high-priced goods, including passenger vehicles. This will in turn drive the growth of automotive as well as automotive parts and components industry players.

► **Car-centric culture in Malaysia**

Malaysia recorded 17 new passenger vehicles sold per 1,000 persons in 2019, which was relatively higher than its peers in Asia, such as, amongst others, China (15 new passenger vehicles sold per 1,000 persons), Singapore (13 new passenger vehicles sold per 1,000 persons), Thailand (7 new passenger vehicles sold per 1,000 persons) and Indonesia (3 new passenger vehicles sold per 1,000 persons). This reflects the car-centric culture in Malaysia, as Malaysians generally prefer owning cars due to the affordability of fuel, the comfort of driving, as well as the perception of car ownership as a symbol of financial wellbeing. This is expected to sustain the demand for passenger vehicles, hence driving the growth of automotive as well as automotive parts and components industry players.

► **Government initiatives to drive the automotive industry**

The Malaysian Government has introduced and implemented various initiatives to drive the automotive industry as well as the automotive parts and components industry. This includes, amongst others, full excise duty and tax exemptions on CKD EV, full import duty and excise duty exemptions on CBU EV, as well as the NAP 2020 to enhance digital industrial transformation by providing soft loan schemes and relevant training programs. These initiatives are expected to drive the demand for EV in the local markets and provide growth opportunities to automotive industry as well as automotive parts and components industry players.

9. RISK FACTORS

YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING KEY RISK FACTORS WHICH MAY HAVE A MATERIAL ADVERSE IMPACT ON OUR BUSINESS OPERATIONS, FINANCIAL POSITION AND THE FUTURE PERFORMANCE OF OUR GROUP, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE INVESTING IN OUR COMPANY.

9.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

9.1.1 We are dependent on our major customers who contributed substantially to our Group's revenue

We are dependent on our top 4 major customers in the Financial Years Under Review, namely Customer Group A, Ingress Technologies Sdn Bhd, PHN Companies and Autokeen Sdn Bhd, who collectively contributed substantially to our Group's revenue at 90.17%, 88.87% and 90.24% in the Financial Years Under Review. If any one of these customers ceases to engage us, we may experience a significant reduction in sales, which could result in a loss of revenue, given that we may not be able to replace these customers with new customers or with additional sales from existing customers in a timely manner.

Although Customer Group A, Ingress Technologies Sdn Bhd, PHN Companies and Autokeen Sdn Bhd issued letters of intent/ letters of appointment[(1)] to appoint us as their appointed suppliers, they purchase parts and components from us by purchase orders. Generally:

(i) there is no specific duration specified in the letters of intent/ letters of appointment and we will continue supplying them with the parts and components as per their respective purchase orders to support the assembly activities by the local automotive manufacturers; and

(ii) in our agreements with Subsidiary 2 of Customer Group A and with PHN, we are required to continue supplying the parts and components for up to 10 years after the respective vehicle models are discontinued in the market.

While we have not experienced any termination of letters of intent/ letters of appointment granted to us or any termination of business relationship whereby these 4 major customers stop purchasing from us for parts and components used in vehicle models that are still actively being sold in the market, there is no assurance that we will be able to continuously maintain our relationships with these 4 major customers or secure sales to supply more parts and components to them in the future. Any loss of these major customers and our inability to replace these major customers with new customers or with additional orders from existing customers in a timely manner, could result in a loss of revenue and will have an adverse impact on our Group's financial performance.

Our ability to continue maintaining our relationship with, and securing sales from, these 4 major customers are dependent on several factors including, amongst others, our ability to meet these major customers' specifications and requirements, competitive pricing, timely delivery of products, as well as continued customer service. Please refer to Section 7.13 of this Prospectus for further information on the steps taken to ensure we are able to meet our customers' quality requirements and fulfil their orders in timely manner.

Note:

(1) The scope of these letters of intent/ letters of appointment includes undertaking by AGSB, payment terms, product quality and termination/events of default. Please refer to Section 7.15 of this Prospectus for the salient terms of these letters of intent/ letters of appointment.

9.1.2 We are dependent on the availability of technical personnel

Our Group is dependent on the availability of technical personnel for the design and manufacturing processes of our parts and components. As at the LPD, we have 12 technical personnel whereby 7 are involved in dies solution services and process engineering and 5 are involved in quality assurance.

Our technical personnel's expertise in dies solution services and process engineering as well as their in-depth industry knowledge, allow us to adapt to changing requirements quickly by developing or adjusting our manufacturing processes and techniques accordingly whilst maintaining the quality of our products, which is one of the key factors driving our business growth over the years.

We compete with other industry players within the automotive parts and components manufacturing industry to recruit and retain qualified, competent and experienced technical personnel. The loss of a substantial number of our Group's technical personnel (simultaneously or within a short span of time) without suitable and timely replacements, or our inability to attract or retain qualified, competent and experienced technical personnel, may adversely affect our ability to compete and grow in the automotive parts and components manufacturing industry.

Although we have not previously faced any shortage of technical personnel that led to major disruptions to our operations, there can be no assurance that we will be able to recruit, develop and retain adequate number of technical personnel to support the future growth and expansion of our Group.

9.1.3 We are exposed to the risk of shortages and/or delays in the supply of raw materials

The primary raw materials used in our manufacturing activities are steel coils and steel cut sheets with purchase contributions of 93.89%, 96.36% and 96.04% to our Group's total purchases respectively, in the Financial Years Under Review. Please refer to Section 7.9 of this Prospectus for the breakdown of our purchases for the Financial Years Under Review.

The nature of our operations requires us to obtain sufficient quantities of raw materials in timely manner to continue our operations and meet the demand from our customers, in order to avoid production downtime to our customers' operations which may affect the supply chain of the final production of complete vehicles. We rely on local steel suppliers who are the approved steel suppliers of our customers, as well as some of our major customers who are also our steel suppliers, for the supply of steel coils and steel cut sheets. Please refer to Section 7.9 of this Prospectus for the details of our raw materials procurement arrangements. While these raw materials are generally readily available, there can be no assurance that there will not be any shortages and/or delays in the supply of raw materials from our steel suppliers due to unforeseen reasons such as unexpected disruptions at the approved local steel suppliers' premises, disruptions to the delivery of raw materials to our TPG Factor, and/or general shortage of the relevant raw materials in the market.

While we have not encountered any shortages and/or delays in the supply of raw materials in the Financial Years Under Review and up to the LPD, there is no assurance that such incident will not occur in the future. Any prolonged shortages and/or delays in the supply of raw materials may affect our business operations. Further, there is also no assurance that we will be able to obtain raw materials at similar specifications from other steel suppliers that are approved by our customers in a timely manner. In the event that our manufacturing operations are disrupted due to shortages and/or delays in the supply of raw materials, it may adversely affect our business operations as well as cause delays in supplying parts and components to our customers.

9.1.4 Our business operations are exposed to unexpected interruptions or delays caused by equipment failures, fire, natural disasters and outbreak of infectious diseases, which may be beyond our control

We rely on a range of machinery and equipment to perform manufacturing activities of automotive parts and components as well as dies and jigs. These machinery and equipment may, on occasion, be out of service due to unanticipated failures or damages sustained during operations. Our business is also subject to loss due to events that are beyond our control such as fire, which may cause damage or destruction of the whole or part of our factory as well as machinery and equipment, resulting in interruptions to, or prolonged suspension of, our operations.

Further, our business operations may also be affected by the occurrence of unexpected power failure and adverse weather conditions or natural disasters such as floods or storms, which may lead to interruptions to the operations at our factory and/or damages to our machinery and equipment. The occurrence of these unexpected events may affect our ability to meet the agreed upon delivery schedule with our customers. This could adversely affect our relationship with our customers and our reputation in the market as well as our business and financial performance.

In addition, the outbreak of the COVID-19 pandemic had resulted in imposition of different forms of movement restrictions by the Government in 2020 and 2021, as a containment measure to curb the spread of the virus, which had led to disruptions and/or temporary suspension of our Group's business activities. Further, our operations were temporarily closed for several days in April 2021 as required by KKM due to 94 COVID-19 positive cases reported at TPG Factory. Please refer to Section 7.6.1 of this Prospectus for further information on the impact of COVID-19 pandemic on our operations and financial performance. Should there be a future outbreak of infectious disease similar to the COVID-19 pandemic, there is no assurance that our business operations and financial performance will not be adversely and materially affected.

For the Financial Years Under Review and up to the LPD, saved for COVID-19 pandemic, we have not experienced any incident of unanticipated machinery and equipment failures, fires and natural disasters, which would have led to major interruptions in our operations. However, there can be no assurance that such incidences will not happen in the future. In the event that any of these incidences occurs, it may result in interruptions to our operations and thus adversely affect our business operations and financial performance.

In the event that we have to halt our operations due to the abovementioned incidences, we will still be required to incur operating expenses such as labour costs and utility costs. Our Group's operations and financial performance may be adversely affected should the interruptions occur for a prolonged period of time.

9.1.5 We may not be able to successfully implement our future plans and business strategies

We plan to grow our Group's business through our future plans and business strategies as follows:

(i) We intend to expand our manufacturing capacity by setting up a new automated body parts production line;
(ii) We will renovate our TPG factory to accommodate the installation of new machinery and equipment; and
(iii) We intend to purchase an additional overhead crane to accommodate our expansion in manufacturing capacity.

In order to successfully implement these future plans and business strategies, we are required to purchase additional press machines, automation equipment and overhead crane as well as renovate our TPG factory. Please refer to Section 7.12 of this Prospectus for further details of our future plans and strategies.

The execution of our business strategies is also subject to additional expenditures including operational expenditures and other working capital requirements. Such additional expenditure will increase our Group's operational cost including overhead costs, which may adversely affect our profit margin if we are unable to sustain sufficient revenue by securing more sales following the implementation of our business strategies. Furthermore, the implementation of our business strategies may be influenced by factors beyond our control, such as changes in general market conditions, economic climate as well as political environment in Malaysia, which may affect the commercial viability of our business strategies. The implementation of our business strategies could also be adversely affected by a variety of other factors such as more efficient manufacturing process adopted by our competitors or attractive pricing offered by our competitors, which may affect the attractiveness of our offerings.

Hence, there can be no assurance that the effort and expenditures spent on the implementation of our business strategies will yield the expected results in growing our business in terms of financial performance and market presence. We are also not able to guarantee that we will be successful in executing our business strategies, nor can we assure that we will be able to anticipate all the business, operational and industry risks arising from our business strategies. Such failure may lead to adverse effect on our business operations and financial performance.

9.1.6 We are dependent on our Group Managing Director and Key Senior Management team for continued success and growth of our business

The future growth and continued success of our Group largely depends on the continuous contribution and involvement of our Group Managing Director and Key Senior Management team. Our Group Managing Director, Datin Eloise, who has 21 years of industry experience, is responsible in steering the overall strategic direction of our Group. With her experience as well as technical and industry knowledge in the automotive parts manufacturing industry and our business, she plays a pivotal role in formulating and implementing business strategies and policies to drive the future development and growth of our Group. Further, our Key Senior Management team is equipped with the relevant knowledge and skills in their respective fields of work to ensure smooth operation of our business. Please refer to Sections 5.1.3 (i) and 5.5.2 of this Prospectus for the profiles of our Group Managing Director and Key Senior Management team.

We recognise that our Group's continued success and future growth depend significantly on the capabilities and efforts of our Group Managing Director and Key Senior Management team. Therefore, the loss of any of our Group Managing Director and Key Senior Management team (simultaneously or within a short period of time) may have an unfavourable impact on our Group's operations and the future growth of our business. If we are unable to attract suitable talents to replace the loss of any of our Group Managing Director and Key Senior Management team in a timely manner, this may affect the results of operations, financial performance and prospects of our Group.

9.1.7 We are dependent on the availability of manual labour to support our manufacturing activities

We are dependent on the availability of manual labour, including foreign workers to carry out our manufacturing activities. As at the LPD, we have 130 production workers, out of which 116 are contractual foreign workers and 14 are permanent local workers. All our contract foreign workers have valid working permits, which are renewed annually. Please refer to Section 7.21 of this Prospectus for further details on our employees and foreign workers.

On 22 June 2020, the Human Resources Minister announced a hiring freeze on foreign workers with the aim to create more job opportunities for the local workforce in view of the adverse impact from the COVID-19 pandemic which caused high unemployment in the country. Since then, there were several extensions implemented on the hiring freeze. Based on the latest publicly available news published on 31 January 2024, the Government has further extended the freeze on the hiring of foreign workers, where the tenure of the extension will be announced on a later date. Nevertheless, as at the LPD, our Group was not affected by this hiring freeze as we have sufficient workforce to support our manufacturing activities during this hiring freeze period.

In addition, as disclosed in Note (3) in Section 7.16 of this Prospectus, AGSB is required to comply with the conditions of the manufacturing licence for manufacturing of metal stamped parts at TPG Factory in regard to the total workforce of AGSB which shall comprise at least 80% Malaysians by 31 December 2024. During this period when our Group is working to meet the requirement of 80% Malaysian workforce, the continued extensions to the hiring freeze of foreign workers may still lead to interruptions to our business operations if we are unable to hire workers to support our business operations. This may consequently cause delays in product delivery and result in production downtime to our customers' operations, which in turn lead to incurrences of charges by our customers that may affect our financial performance and reputation.

9.1.8 Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in connection with our operations

We maintain insurance at levels that are customary in our industry to protect against various losses and liabilities. As at the LPD, our Group's material insurance coverage are as follows:

No	Material insurance coverage	Aggregate coverage amount (RM)
1.	Fire	30,496,195
2.	Burglary	200,000
3.	Public liability	3,000,000(1)
4.	Employers' liability	1,000,000
5.	Fidelity Guarantee	100,000
6.	Vehicle (Private Car)	323,000
7.	Vehicle (Commercial Car)	451,000
8.	Money	35,000

Note:

(1) Any one accident.

However, our insurance may not be adequate to cover all losses or liabilities that might be incurred in our operations as a result of any unforeseen circumstances. For example, while we are insured against losses resulting from liabilities as mentioned above, we do not maintain insurance against losses at TPG Factory from the occurrence of natural disasters, wars and acts of terrorism as we consider the likelihood of these events occurring to be remote.

Moreover, we will be subject to the risk that, in the future, we may not be able to maintain or obtain insurance of the type and amount desired at reasonable rates. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our business operations and financial performance.

9.1.9 We are exposed to credit risks and default payment by customers

We generally grant our customers a credit period of 30 days to 90 days upon the delivery of goods. In the event of not receiving payment within the credit period or default in payment by our customers, our operating cash flows or financial results of operations may be adversely affected. Further, it may also lead to impairment losses on financial assets or writing-off of trade receivables as bad debts, which may adversely affect our financial performance.

Our net impairment (losses)/gains on financial assets for the Financial Years Under Review were as follows:

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**
Net impairment losses/(gain) on financial assets	-	369	(260)

Please refer to Section 12.3.2 (vi) of this Prospectus for further details on impairment losses on financial assets.

9.1.10 We may not be able to secure funding, especially on terms acceptable to us, to meet our capital requirement

Our ability to obtain external financing is subject to various uncertainties, including our future results of operations, financial condition and cash flows, the performance of the Malaysian economies, the cost of financing and the condition of financial markets, and the continued willingness of banks to provide new loans. There is no assurance that any required financing, either on a short-term or long-term basis, will be made available to us on terms satisfactory to us or at all.

If adequate funding is not available when needed, or is available only on unfavourable terms, meeting our capital needs or otherwise taking advantage of business opportunities or responding to competitive pressures may become challenging, which could have a material and adverse effect on our business, financial condition and results of operations.

The following table sets out the maturity profile of our borrowings and finance lease liabilities for the Financial Years Under Review:

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**
Bank borrowings			
Current	7,643	6,231	6,157
Non-current	3,209	1,908	651
	10,852	**8,139**	**6,808**
Lease liabilities			
Current	114	72	19
Non-current	197	122	42
	311	**194**	**61**

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

We require and hold certain licences, permits and approvals issued by various government authorities and regulatory agencies and these approvals, licences and permits are essential for the conduct of our business. See Section 7.16 of this Prospectus for further details of our major approvals, licences and permits obtained including the applicable authorities, expiration dates and status of compliance.

As at the LPD, we have obtained all major licences, permits and approvals which our Group is dependent on for our business operations in Malaysia.

According to Section 3(1) of the ICA 1975 and the Industrial Co-ordination (Exemption) Order 1976, manufacturing companies with shareholders' funds of RM2.50 million and above or employing 75 or more full-time paid employees are required to have a manufacturing licence. Section 3(2) of the ICA 1975 provides that failure to comply with Section 3(1) of the ICA 1975 is an offence and on conviction, the offender is liable to a fine not exceeding RM2,000 or to a term of imprisonment not exceeding 6 months and a further fine not exceeding RM1,000 for every day during which such default continues. We had in the past, experienced non-compliance with Section 3(1) of the ICA 1975, which has since been rectified. Please refer to Note (1) in Section 7.16 and Section 7.20(i) of this Prospectus for further details.

As at the LPD, we have not been subject to any enforcement action with respect to the foregoing. However, there can be no assurance that we will not be subject to enforcement actions by the relevant authorities, including cessation of operation or monetary penalties.

Generally, the licences, permits and approvals we require and hold are subject to a variety of conditions which are either stipulated within the licences, permits and approvals themselves, or under the particular legislation and/or regulations of the issuing authorities. Certain of these licences, permits and approvals need to be renewed on a periodic basis or reassessed by the relevant regulatory authorities. If we are unable to fulfil any new or existing terms or conditions that may be imposed, we may not be able to renew or obtain the approvals, licences and permits required for our operations. Further, regulations of the issuing authorities may become more stringent from time to time and it may be costly for us to comply with the terms and conditions of these licences, permits and approvals.

In addition, as disclosed in Note (3) in Section 7.16 and Section 7.21 of this Prospectus, AGSB has yet to comply with the conditions of the manufacturing licence for manufacturing of metal stamped parts at TPG Factory in regard to the total workforce of AGSB which shall comprise of at least 80% Malaysians by 31 December 2024.

There is no assurance that AGSB will be able to meet such condition by 31 December 2024. In the event such condition is not met by 31 December 2024 and there is no extension of time granted by MITI, MITI may take action by issuing warnings, imposing penalties or additional conditions or restrictions, suspending and/ or revoking our manufacturing licence for any breach or non-compliance of the condition. In the event of a revocation of the manufacturing licence of AGSB, our Group's operations and financial performance will be materially affected. As at the LPD, save as disclosed above, we have complied with the relevant rules, regulations and requirements that apply to our major approvals, licences and permits.

Should there be any subsequent modifications of, or additions or new terms and conditions to the current compliance standards, we may incur additional costs to comply with the new or modified standards which may adversely affect our profitability. Any breach or material non-compliance with such regulations may result in the suspension, withdrawal or termination of the relevant licences, permits and approvals, financial penalties or cessation of our operations.

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1. We are dependent on the performance of automotive market in Malaysia, specifically the demand for Proton and Perodua vehicles, for our continued success and growth

The performance of our business is dependent on the performance of automotive market in Malaysia, specifically the demand for Proton and Perodua vehicles as the parts and components we manufacture and supply are for the assembly of Proton and Perodua vehicles. Growth in the sales of Proton and Perodua vehicles translate to higher demand for parts and components required for the assembly of these vehicles, which subsequently drives the demand for our parts and components.

According to the IMR Report, in 2023, Perodua and Proton are the top 2 automotive brands sold in Malaysia in terms of total industry volume ("**TIV**"), accounting for 41.30% and 18.88% of TIV respectively. Furthermore, Perodua was consistently the top automotive brand in Malaysia in terms of TIV from 2017 to 2023, while Proton ranked second in terms of TIV in 2017 as well as from 2019 to 2023.

Furthermore, according to the IMR Report, the performance of automotive market in Malaysia is driven by the recovering economy increasing disposable of Malaysian consumers, Malaysia's car-centric culture and government incentives for the automotive industry. Any prolonged adverse economic conditions may affect businesses and employment rate which will lead to weakened disposable income to spend on large expenses like purchase of vehicles. While the sales of Proton and Perodua vehicles are less impacted by adverse economic conditions due to relatively lower pricing as compared to foreign branded vehicles, there is no assurance that the sales of local branded vehicles will remain strong during adverse economic conditions. In the event of any slowdown in the demand for Proton and Perodua vehicles it will adversely affect the demand for our parts and components, which will in turn adversely affect our financial performance.

9.2.2 We face risks arising from political, economic, social and regulatory changes

Our Group operates in Malaysia. Hence, our business, prospects, financial condition and results of operations may be affected by any adverse development or uncertainties in the political, economic, social and/or legal conditions in Malaysia.

Any adverse development in the political, economic, social and legal environment in Malaysia could materially or adversely affect our operations and financial performance. Such developments include, but not limited to, changes in political leadership, terrorism, war, strikes, riots, expropriation, nationalisation, fiscal and monetary policies of the Government such as inflation, deflation, methods of taxation, tax policies (including sales and services tax, excise, duties and tariffs) and currency exchange controls, unemployment trends, deterioration of international bilateral relationships and other matters that influence consumer confidence and spending. Our group could also be affected by new laws, regulations and guidelines that are introduced to govern manufacturing activities whether in general or specific to the automotive manufacturing industry, including automotive parts and components manufacturing industry.

Further, increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude. Unfavourable developments in the socio-political environment in Malaysia could materially and adversely affect our business, financial performance, financial conditions and prospects.

9.2.3 We face competition from other industry players

We operate in the metal stamping segment of the automotive parts and components industry in Malaysia, which is a competitive industry. Generally, we compete with other industry players during the tendering stage, where our Group, along with other industry players, receives tender requests for the manufacturing of automotive parts and components either directly from local automotive manufacturers or through their Tier 1 Suppliers/Manufacturers, prior to the launch of any new car models. At this stage, we compete with other industry players in terms of technical capabilities, manufacturing capacities, pricing, quality of products and services and delivery timing. In the event that the automotive parts and components which we manufacture and supply do not meet the requirements of local automotive manufacturers or their Tier 1 Suppliers/Manufacturers in terms of product quality, cost considerations and timeliness of delivery, we might lose our competitive edge in the industry as well as erode the confidence of our customers in our Group's products and services.

As such, failure to remain competitive may adversely impact our Group's ability to sustain the sales orders secured from our customers at current or increased levels in the future, which in turn may affect our Group's financial performance.

9.3 RISKS RELATING TO INVESTMENT IN OUR SHARES

9.3.1 No prior market for our Shares

Prior to our IPO, there has been no public market for our Shares. Hence, there is no assurance that upon Listing, an active market for the trading of our Shares will develop, or if developed, that such a market will be sustainable. There is also no assurance as to the liquidity of the market that may develop for our Shares, the ability of holders to sell our Shares or the prices at which holders would be able to sell our Shares.

There also can be no assurance that the IPO Price which has been determined after taking into consideration the factors set out in Section 4.4 of this Prospectus will correspond to the price at which our Shares will be traded on the ACE Market upon or subsequent to our Listing.

9.3.2 Delay in or failure of our Listing

The occurrence of certain events, including the following, may cause a delay in, or abortion of, our Listing:

(a) our Company or our Sole Underwriter fails to honour its obligations under the Underwriting Agreement;

(b) identified investors fail to subscribe for the portions of the IPO Shares allotted to them; and/or

(c) we are unable to meet the public shareholding spread requirements of the Listing Requirements, i.e. at least 25% of our issued share capital for which listing is sought must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the time of Listing.

In the event that we fail to fulfil any of the events above, we will return in full, without interest, monies paid in respect of all applications, in compliance with Section 243(2) of the CMSA.

Nevertheless, we will endeavour to ensure compliance of the various listing requirements for our successful listing on the ACE Market.

9.3.3 Volatility of share prices traded on Bursa Securities

The trading price and volume of our Shares could be subject to fluctuations in response to various factors, some of which are not within our control and may be unrelated or disproportionate to our financial results. These factors may include material variations in our results and operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

The performance of Bursa Securities is very much dependent on external factors such as the performance of the regional and global stock exchanges and the flows of foreign funds. Market sentiment is also influenced by factors such as the prevailing economic and political climate of the country, and the potential for growth in various sectors of the economy. Other factors that may negatively affect investor sentiment include natural disasters, and health epidemics including outbreaks of contagious diseases. These factors contribute to the volatility of trading volumes on Bursa Securities, and of the market price of our Shares.

9.3.4 Uncertainty of dividend payment

It is the intention of our Board to recommend and distribute a dividend of up to 10% of the profit attributable to the owners of the Company. However, our Group's ability to distribute dividends or make other distributions to our shareholders is subject to various factors as set out in Section 12.17 of this Prospectus. Deterioration of these factors could have an effect on our business, which in turn will affect our ability to declare dividends to our shareholders. As such, there can be no assurance (i) that dividends will be paid out in the future; (ii) on timing of any dividends that are to be paid in the future; or (iii) on the quantum of dividends that are to be paid in the future.

Furthermore, dividend payments are not guaranteed and our Board may decide, at its discretion, at any time and for any reason, not to pay dividends. If we do not pay dividends or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected and the value of any investment in our Shares may be reduced.

Please refer to Section 12.17 of this Prospectus for further information on our dividend policy.

9.3.5 The interest of our Promoter and person connected with our Promoter ("Controlling Shareholders") who control our Group may not be aligned with the interest of our shareholders

As disclosed in Section 5.1 of this Prospectus, our Controlling Shareholders will directly and indirectly hold approximately 59.27% of our enlarged issued Shares upon Listing. As a result, our Controlling Shareholders will be able to, in the foreseeable future, effectively control the business direction and management of our Group. Given that our Controlling Shareholders will directly and indirectly hold approximately 59.27% of our enlarged issued Shares upon Listing, our Controlling Shareholders will be able to vote on and pass ordinary resolutions at general meetings, specifically pertaining to transactions which do not involve the interest of our Controlling Shareholders where they are not required to abstain from voting either by our Constitution, by law and/or by the relevant guidelines or regulations. Other matters which may also be subject to significant influence from our Controlling Shareholders include the election of Directors as well as the timing and payment of dividends. There can be no assurance that the interests of our Controlling Shareholders will always be aligned with those of our other shareholders.

9.3.6 The sale, or the possible sale, of a substantial number of our Shares in the public market following our Listing could adversely affect the price of our Shares

Following our Listing, we will have in issue 402,386,413 Shares, of which up to 146,870,900 Shares, will be held by investors participating in our Listing (representing approximately 36.50% of our enlarged issued Shares) and 63.50% will be held by the Promoter and substantial shareholders via their direct interests in our Company. Our Shares will be tradable on the ACE Market of Bursa Securities following our Listing.

It is possible that Datin Eloise and Ivy See may dispose of some or all of their Shares after the moratorium period pursuant to their own investment objectives. If Datin Eloise and Ivy See sell, or are perceived as intending to sell, a substantial amount of our Shares that they hold, the market price for our Shares could be adversely affected.

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10. RELATED PARTY TRANSACTIONS

10.1 RELATED PARTY TRANSACTIONS

10.1.1 Related party transactions

Under the Listing Requirements, a "**related party transaction**" is a transaction entered into by a listed issuer or its subsidiaries that involves the interest, direct or indirect, of a related party. A "**related party**" of a listed issuer is:

(i) a director, having the meaning given in Section 2(1) of the CMSA, and includes any person who is or was within the preceding 6 months of the date in which the terms of the transaction were agreed upon, a director of the listed issuer, its subsidiary or holding company or a chief executive of the listed issuer, its subsidiary or holding company; or

(ii) a major shareholder, and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed issuer or its subsidiaries or holding company, and has or had an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is:

(a) 10.0% or more of all the voting shares in the corporation; or

(b) 5.0% or more of all the voting shares in the corporation where such person is the largest shareholder of the corporation; or

(iii) a person connected with such director or major shareholder.

10.1.2 Material related party transactions entered into by our Group

Save for those disclosed below and in Section 10.3 of this Prospectus, there is no material related party transaction, existing or proposed, entered or to be entered into by our Group which involves the interests, direct or indirect, of our Directors, major shareholders and/or persons connected with them but for the Financial Years Under Review and up to the LPD.

			Transaction Value			
Related Party	**Nature of relationship**	**Nature of transaction**	**FYE 2021**	**FYE 2022**	**FYE 2023**	**1 January 2024 up to the LPD**
			(RM)	**(RM)**	**(RM)**	**(RM)**
KHEI[1]	See Ming Hoi being the director and shareholder of KHEI, is the father of Datin Eloise and Ivy See, the directors of AGSB	Supply of labour from KHEI	242,496 (0.45% of our Group's cost of sales)	-	-	-

Note:

(1) KHEI does not have any subsidiary. Both Datin Eloise and Ivy See resigned as directors of KHEI on 5 March 2018.

Our Board is of the view that the supply of labour from KHEI was carried out at arm's length basis or normal commercial terms which are not unfavourable to our Group and comparable to those generally available to third parties.

As at the LPD, there is no outstanding balance to or from KHEI and no supply of labour from KHEI subsequent to FYE 2021.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Under the Listing Requirements, related party transactions may be aggregated to determine its materiality if the transactions:

(i) occur within a 12-month period;

(ii) are entered into with the same party or with parties related to one another; or

if the transactions involve the acquisition or disposal of securities or interests in one corporation / asset or of various parcels of land contiguous to each other.

10.2 TRANSACTIONS THAT ARE UNUSUAL IN NATURE OR CONDITION

There are no transactions that were unusual in its nature or condition, involving goods, services, tangible or intangible assets, to which our Company and our Subsidiary were a party in respect of the Financial Years Under Review and up to the LPD.

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10.3 OUTSTANDING LOANS (INCLUDING GUARANTEES OF ANY KIND)

Save as disclosed below, our Board has confirmed that there are no outstanding loan and/or financial assistance (including guarantee of any kind) made to our Group or by our Group to or for the benefit of any related parties for the Financial Years Under Review and up to the LPD:

(i) Outstanding loans

Loans made to or for the benefit of related parties	Interested related party and nature of relationship	Nature of transaction	Transaction Value FYE 2021 (RM)	FYE 2022 (RM)	FYE 2023 (RM)	1 January 2024 up to the LPD (RM)
KHPT Venture[(1)]	Datin Eloise, being the director of AGSB, was also a director and shareholder of KHPT Venture	Advances for payment of administrative fees[(2)]	8,330 (0.04% of our Group's NA)	7,734 (0.03% of our Group's NA)	12,449 (0.04% of our Group's NA)	-
		Repayment for the advances	-	-	42,679	-
Maya Berjasa Sdn Bhd ("**Maya Berjasa**")[(3)]	See Ming Hoi being the director and shareholder of Maya Berjasa, is the father of Datin Eloise and Ivy See, the directors of AGSB	Repayment for the advances	287	-	-	-
Ivy See	Ivy See is the director of AGSB	Loan from AGSB[(4)]	-	240,000 (0.85% of our Group's NA)	-	-
KHEI[(5)]	See Ming Hoi being the director and shareholder of KHEI, is the father of Datin Eloise and Ivy See, the directors of AGSB	Advances [(6)]	-	306,227 (1.09% of our Group's NA)	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Notes:

(1) KHPT Venture does not have any subsidiary and has not commenced any business operations since incorporation. Application to strike off KHPT Venture had been lodged with the Companies Commission Malaysia on 6 November 2023. As at the LPD, KHPT Venture is in the process of striking off.

(2) Administrative fees include fees for audit, tax, secretarial affairs, telephone, fax and postage, filing and stamping, rental of storage space, printing and stationery. As at the LPD, the advances were fully repaid and there is no outstanding balance.

(3) Both Datin Eloise and Ivy See resigned as directors of Maya Berjasa on 18 February 2019. As at the LPD, Maya Berjasa is in the process of striking off.

(4) AGSB has entered into a loan bond agreement dated 1 January 2022 with Ivy See for RM240,000 without interest to finance her children's education, which has to be repaid within 1 year, i.e. on or before 31 December 2022. On 26 December 2022, Ivy See has made the full repayment of the loan to AGSB by way of cheques payment. As at the LPD, Ivy See has no outstanding amounts due payable to AGSB.

(5) KHEI does not have any subsidiary. Both Datin Eloise and Ivy See resigned as directors of KHEI on 5 March 2018.

(6) Advances to KHEI was repaid within the same financial year.

Our Board is of the view that the advances or loan by the Group were not made on an arm's length basis as the advances were not on normal commercial terms as they were interest-free, unsecured and without fixed repayment terms. However, the possible interest may be earned by the Group from these advances to related parties are minimal and does not materially impact the financials of the Group.

As at the LPD, there is no outstanding balance to or from any related party and the Group's management undertakes that no new advances will be given to the related parties moving forward.

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10. RELATED PARTY TRANSACTIONS *(Cont'd)*

(ii) Financial assistance (including guarantees of any kind)

As at LPD, Datin Eloise, Ivy See and Tiu Kuang Hong have jointly or severally, provided personal guarantees for banking and / or credit facilities extended to AGSB by Alliance Bank Malaysia Berhad, Malaysian Industrial Development Finance Bhd, Maybank Islamic Berhad and Public Bank Berhad (collectively, "**Financiers of AGSB**").

Financiers	Type of facilities	Total credit facilities granted / amount guaranteed	Outstanding balance as at LPD	Guarantors
		(RM)	(RM)	
(1) Alliance Bank Malaysia Berhad	(A) Overdraft Term Loan 1 Trade Facilities	(A) 21,000,000	3,392,469	<u>Jointly and severally by:</u> Datin Eloise; and Tiu Kuang Hong
	(B) Term Loan	(B) 1,000,000	394,966	<u>Jointly and severally by:</u> Datin Eloise; and Tiu Kuang Hong
(2) Malaysian Industrial Development Finance Bhd	Term-i Financing	1,800,000	664,187	<u>Jointly and severally by:</u> Datin Eloise; Tiu Kuang Hong; and Ivy See
(3) Maybank Islamic Berhad	Cash Line-i (CL-i) Tradeline-i	6,000,000	2,300,006	<u>Jointly and severally by:</u> Datin Eloise; Tiu Kuang Hong; and Ivy See
(4) Public Bank Berhad	Hire Purchase	110,544	62,628	Datin Eloise

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

In conjunction with the Listing, we have obtained the relevant conditional approvals from all of the respective Financiers of AGSB, save for Public Bank Berhad and Maybank Islamic Berhad, to release and discharge the personal guarantees by proposing to substitute the same with a corporate guarantee from our Company. We will ensure that the same are provided in a form acceptable i.e. the conditions imposed by the respective Financiers of AGSB are satisfied, including but not limited to the followings:

No.	Financiers	Conditions imposed
(a)	Malaysian Industrial Development Finance Bhd	• the joint and several personal guarantee will only be released 6 months after a corporate guarantee from our Company is in place; and • a Board of Directors' resolution is provided from our Company to confirm the giving of corporate guarantee does not contravene Section 225 of the Act and is of commercial benefit.
(b)	Alliance Bank Malaysia Berhad	• successful Listing of the Company; • a letter of undertaking is provided by AGSB to ensure that no joint and several guarantees or similar obligations are provided to any financial institutions for all present and future credit facilities; • Datin Eloise collectively hold (directly or indirectly) not less than 51% shareholding of AGSB during the subsistence of the credit facilities with Alliance Bank Malaysia Berhad; • release of joint and several personal guarantees is agreed by other Financiers of AGSB; and • Datin Eloise will remain as directors of AGSB and the Company.

Until such release and discharge are obtained from the respective Financiers of AGSB, Datin Eloise, Ivy See and Tiu Kuang Hong will (as the case may be) continue to jointly or severally guarantee the facilities extended to AGSB.

Maybank Islamic Berhad had informed the Group's management to apply to release and/or discharge the personal guarantee upon obtaining approval from the relevant authorities for the Listing. Meanwhile for Public Bank Berhad, the outstanding balance as at LPD stood at RM0.06 million for the hire purchase facilities and the Group undertakes to fully settle the outstanding amount prior to the Listing.

Moving forward, our Group has put in place internal control and compliance procedures in relation to advances, loans and financial assistance from or to third parties, and no further advances, loans or financial assistance will be taken from or provided to any related parties by the Group unless such advances and loans are permitted under law and the Listing Requirements.

10.4 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS

10.4.1 Audit and Risk Management Committee review

In order to avoid any potential conflicts of interest, our Audit and Risk Management Committee will review the terms of all related party transactions (including the adequacy of the procedures and processes set to monitor the same) and ensure that any related party transactions (including recurrent related party transactions) are:

- carried out on normal commercial terms not more favourable to the related parties than those generally available to third parties dealing at arm's length basis; and
- are not to the detriment of our Group as a whole.

In addition, our Directors will report and disclose all recurrent related party transactions (if any) annually in our Company's annual report, documenting the required details i.e. nature of the transactions made, names of the related parties involved and their relationship with our Group.

10.4.2 Our Group's policy on related party transactions

We will be required to seek our shareholders' approval each time we enter into related party transactions in accordance with the Listing Requirements. However, if the related party transactions can be deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such related party transactions during the validity period of the mandate. The interested person shall abstain from deliberation and voting on resolution(s) pertaining to the respective transaction.

Our Group will seek such relevant shareholders' approval and an independent adviser may be required to be appointed to comment whether the related party transaction is fair and reasonable so far as the shareholders are concerned; and whether the transaction is to the detriment of minority shareholders. In such instance, the independent adviser shall also advise the minority shareholders on whether they should vote in favour of the transaction. Further, we will make disclosures in our annual report of the aggregate value of the recurrent related party transactions entered into by us based on the nature of the transactions made, names of the related parties involved and their relationship with our Group.

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11. CONFLICT OF INTEREST

11.1 CONFLICT OF INTEREST

None of our Directors or substantial shareholders has any other interest, whether direct or indirect, in any businesses or corporations which are carrying on a similar trade as our Group or which are the customers or suppliers of our Group.

The Directors' involvement in other business activities outside the Group would not give rise to any conflict of interest situations as the principal activities of those companies are not similar to the Group's business.

11.2 DECLARATION BY ADVISERS ON CONFLICT OF INTEREST

11.2.1 Principal Adviser, Sponsor, Underwriter and Placement Agent

KAF IB has confirmed that as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Sponsor, Underwriter and Placement Agent in relation to the Listing.

11.2.2 Legal Advisers

Jeff Leong, Poon & Wong has confirmed that as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Legal Advisers to our Group in relation to the Listing.

11.2.3 Reporting Accountants

Crowe Malaysia PLT has confirmed that as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Reporting Accountants to our Group in relation to the Listing.

11.2.4 Independent Market Researcher

Smith Zander International has confirmed that as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the IMR to our Group in relation to the Listing.

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12.1 HISTORICAL FINANCIAL INFORMATION

Our historical financial information throughout the Financial Years Under Review have been prepared in accordance with the MFRS and IFRS. The selected financial information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows.

We completed the Acquisition on 7 February 2024. AGSB is assumed under the common control of the Company during the Financial Years Under Review. As such, the historical financial information of our Group for the Financial Years Under Review is presented based on the combined audited financial statements of our Group.

12.1.1 Combined statements of profit or loss and other comprehensive income

The following table sets out a summary of our combined statements of profit or loss and other comprehensive income for the Financial Years Under Review which have been extracted from the Accountants' Report. It should be read with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Accountants' Report set out in Sections 12.3 and 13 respectively.

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**
Revenue	58,965	116,246	114,082
Cost of sales	(54,223)	(99,110)	(99,939)
GP	**4,742**	**17,136**	**14,143**
Other income	254	229	556
Administrative expenses	(4,389)	(4,767)	(5,094)
Other expenses	(291)	(893)	(5)(1,452)
Net impairment (losses)/gains on financial assets	-	(369)	260
PBT	**316**	**11,336**	**8,413**
Income tax expense	(163)	(2,538)	(2,880)
PAT	**153**	**8,798**	**5,533**
PAT/Total comprehensive income attributable to:-			
Owners of the Company	153	8,798	5,533
EBIT(1)	846	11,831	8,584
EBITDA(1)	2,985	13,876	10,463
GP margin (%)(2)	8.04	14.74	12.40
PBT margin (%)(3)	0.54	9.75	7.37
PAT margin (%)(4)	0.26	7.57	4.85
Adjusted PBT margin (%)(5)	N/A	N/A	8.28
Adjusted PAT margin (%)(5)	N/A	N/A	5.75
Basic/Diluted EPS (sen)(6)	0.04	2.19	1.38

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Notes:

(1) EBIT and EBITDA are calculated as follows:

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**
PAT	*153*	*8,798*	*5,533*
Less:			
Interest income	*(68)*	*(89)*	*(185)*
Add:			
Finance costs	*598*	*584*	*356*
Income tax expense	*163*	*2,538*	*2,880*
EBIT	***846***	***11,831***	***8,584***
Add:			
Depreciation	*2,139*	*2,045*	*1,879*
EBITDA	***2,985***	***13,876***	***10,463***

(2) Calculated based on GP over revenue.

(3) Calculated based on PBT over revenue.

(4) Calculated based on PAT over revenue.

(5) Included in other expenses is an impairment loss on the non-current asset held for sale of RM1.03 million, which is a one-off expense in nature. The impairment loss represented the write-down of the investment property and was recognised in other expenses. Please refer to Note (1) to the combined statement of financial position in Section 12.1.2 of this Prospectus for further details.

If the said one-off impairment loss is excluded in FYE 2023, the adjusted PBT and PAT and its related margins are as follows:

	Audited
	FYE 2023
	RM'000
PBT	***8,413***
Impairment loss on non-current asset held for sale	*1,031*
Adjusted PBT	***9,444***
Income tax expense	*(2,880)*
Adjusted PAT	***6,564***
Adjusted PBT margin (%)	*8.28*
Adjusted PAT margin (%)	*5.75*

(6) Basic and diluted EPS are calculated based on PAT for the Financial Years Under Review over our enlarged 402,386,413 Shares in issue after our IPO. There are no potential dilutive securities in issue during the respective Financial Years Under Review.

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12.1.2 Combined statements of financial position

The following table sets out the combined statements of financial position of our Group as at 31 December 2021, 2022 and 2023 which have been extracted from the Accountants' Report. It should be read with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and Accountants' Report set out in Sections 12.3 and 13 respectively.

	Audited		
	As at 31 December		
	2021	2022	2023
	RM'000	RM'000	RM'000
Non-current assets			
Property, plant and equipment	25,590	19,545	22,991
Investment property	-	[(1)]4,812	-
Total non-current assets	25,590	24,357	22,991
Current assets			
Inventories	4,840	3,760	3,817
Trade receivables	11,733	18,206	12,680
Other receivables, deposits and prepayments	599	352	3,078
Amount owing by related parties	22	30	-
Current tax assets	902	-	-
Fixed deposits with licensed banks	-	2,000	6,304
Cash and bank balances	4,591	8,088	6,080
Total current assets	22,687	32,436	31,959
Non-current asset held for sale	-	-	[(1)]3,780
Total assets	**48,277**	**56,793**	**58,730**
Equity			
Share capital	250	250	250
Retained profits	23,045	27,843	32,376
Total equity	23,295	28,093	32,626
Non-current liabilities			
Lease liabilities	197	122	42
Term loans	3,209	1,908	651
Deferred tax liabilities	1,089	1,159	948
Total non-current liabilities	4,495	3,189	1,641
Current liabilities			
Trade payables	10,628	15,011	12,725
Other payables and accruals	2,101	3,782	5,473
Amount owing to directors	1	-	-
Bankers' acceptances	5,050	5,000	4,900
Lease liabilities	114	72	19
Term loans	1,276	1,231	1,257
Bank overdrafts	1,317	-	-
Current tax liabilities	-	415	89
Total current liabilities	20,487	25,511	24,463
Total liabilities	**24,982**	**28,700**	**26,104**

12. FINANCIAL INFORMATION *(Cont'd)*

	Audited		
	As at 31 December		
	2021	2022	2023
	RM'000	RM'000	RM'000
Total equity and liabilities	**48,277**	**56,793**	**58,730**

Note:

(1) In FYE 2022, our Group has transferred Lot 2625 with the carrying amount of RM4.81 million from the property, plant and equipment to investment property.

Our Group purchased Lot 2625 in 1999 at RM0.38 million. Subsequently, Lot 2625 was revalued in 2015 at RM4.80 million as deemed cost based on a valuation performed by an independent external qualified valuer using an open market value method upon the adoption of MFRS. Lot 2625 subsequently was classified as a non-current asset held for sale upon our Group entering into a sale and purchase agreement on 1 August 2023 to sell Lot 2625 for a cash consideration of RM3.78 million, which resulted in our Group recorded an impairment loss on the non-current asset held for sale of RM1.03 million during FYE 2023.

Assuming the disposal price of RM3.78 million with Lot 2625 cost of RM0.38 million, the disposal of Lot 2625 would have resulted in our Group materialising a net gain on disposal of RM3.06 million (net of real property gain tax of 10%).

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12.1.3 Combined statements of cash flows

The following table sets out the combined statements of cash flows of our Group for the Financial Years Under Review, which have been extracted from the Accountants' Report. It should be read with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and Accountants' Report set out in Sections 12.3 and 13, respectively.

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**
Cash flows from operating activities			
PBT	316	11,336	8,413
Adjustments for:			
Depreciation of property, plant and equipment	2,139	2,045	1,879
Equipment written off	4	104	78
Bad debts recovered	-	-	(6)
Bad debts written off	-	434	7
Impairment loss on non-current asset held for sale	-	-	1,031
Impairment losses/(Reversal for) on trade receivables	-	369	(260)
Gain on disposal of property, plant and equipment	(59)	(5)	(271)
Interest expense	598	584	356
Interest income	(68)	(89)	(185)
Operating profit before working capital changes	2,930	14,778	11,042
(Increase)/Decrease in inventories	(1,876)	1,081	(57)
Decrease/(Increase) in trade and other receivables	1,224	(7,029)	3,086
(Decrease)/Increase in trade and other payables	(663)	6,066	(596)
Cash from operations	1,615	14,896	13,475
Income tax paid	(287)	(1,151)	(4,000)
Income tax refund	554	-	583
Interest paid	(590)	(572)	(349)
Interests received	68	89	160
Net cash from operating activities	**1,360**	**13,262**	**9,869**
Cash flows for investing activities			
Proceeds from disposal of property, plant and equipment	59	4	393
Purchase of plant and equipment	(345)	(915)	(5,526)
Repayment to directors	(11)	(1)	-
Addition of fixed deposit with tenure more than 3 months	-	-	(304)
Net cash for investing activities	**(297)**	**(912)**	**(5,437)**
Cash flows for financing activities			
Dividend paid	-	(4,000)	(1,000)
Proceeds from bankers' acceptances	8,800	15,450	15,600
Repayment of bankers' acceptances	(9,680)	(15,500)	(15,700)
Repayment of lease interest	(7)	(13)	(7)
Repayment of lease liabilities	(90)	(118)	(132)
Repayment of term loans	(1,170)	(1,347)	(1,231)
Repayment from a related party	-	-	42
Advances to related parties	(8)	(8)	(12)
Net cash for financing activities	**(2,155)**	**(5,536)**	**(2,440)**

12. FINANCIAL INFORMATION *(Cont'd)*

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**
Net (decrease)/increase in cash and cash equivalents	**(1,092)**	**6,814**	**1,992**
Cash and cash equivalents at the beginning of the financial year	**4,366**	**3,274**	**10,088**
Cash and cash equivalents at the end of the financial year	**3,274**	**10,088**	**12,080**

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12.2 CAPITALISATION AND INDEBTEDNESS

The table below sets out our capitalisation and indebtedness as at 31 January 2024 and after adjusting for the effects of the Acquisition and the Public Issue including the utilisation of proceeds.

	Unaudited	**I**	**II**	**III**
	As at 31 January 2024	**After the Acquisition**	**After I and the Public Issue**	**After II and utilisation of proceeds**
	RM'000	**RM'000**	**RM'000**	**RM'000**
INDEBTEDNESS				
Current				
Secured and guaranteed				
Bankers' acceptances	-	4,700	4,700	4,700
Lease liabilities	-	19	19	19
Term loans	-	1,260	1,260	1,260
	-	5,979	5,979	5,979
Unsecured and unguaranteed				
Lease liabilities	-	-	-	-
Non-current				
Secured and guaranteed				
Lease liabilities	-	40	40	40
Term loans	-	544	544	544
	-	584	584	584
Unsecured and unguaranteed				
Lease liabilities	-	-	-	-
Total borrowings	-	6,564	6,564	6,564
Total contingent liabilities	-	-	-	-
Total indebtedness	-	6,564	6,564	6,564
CAPITALISATION				
Share capital	(1) -	31,724	[•]	[•]
Merger deficit	-	(31,474)	(31,474)	(31,474)
Retained profits	(71)	34,060	34,060	31,052
Total capitalisation	(71)	34,310	[•]	[•]
TOTAL CAPITALISATION AND INDEBTEDNESS	(71)	40,874	[•]	[•]
Gearing ratio (times)(2)	-	0.19	[•]	[•]

Notes:

(1) Amount represents RM2.

(2) Computed based on total indebtedness divided by total capitalisation.

12.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following discussion and segmental analysis of our combined financial statements for the Financial Years Under Review should be read with the Accountants' Report included in Section 13 of this Prospectus.

12.3.1 Overview of our operations

(i) Principal activities

We are principally involved in the manufacturing and sale of automotive parts and components, comprising body parts, seat structures and other parts (i.e. engine parts and absorber parts). We are engaged by our customers to manufacture customised automotive parts and components according to our customers' requirements and precise technical specifications. Please refer to Section 7.1 of this Prospectus for our Group's principal activities and products.

(ii) Revenue

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which our Group expects to be entitled in exchange for transferring promised goods or services to a customer net of sales and service tax, returns, rebates and discounts. Our Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Revenue from sale of goods is recognised when our Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance.

(iii) Changes to accounting policies and estimates

Our significant accounting policies are summarised in Note 3 of the Accountants' Report set out in Section 13 of this Prospectus. There are no significant accounting policies that are peculiar to our Group because of the nature of our business activities. There were no material changes to our accounting policies and estimates during the Financial Years Under Review.

The summary of the judgements, estimates and assumptions made in applying accounting policies are disclosed in Note 3.1 of the Accountants' Report set out in Section 13 of this Prospectus. There are no key assumptions made concerning the future, and other key sources of estimation uncertainty for the Financial Years Under Review that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed in Note 3.1 of the Accountants' Report set out in Section 13 of this Prospectus. There are no instances of application of critical judgement in applying our Group's accounting policies which will have a significant effect on the amounts recognised in the combined financial statements.

(iv) Significant events subsequent to the FYE 2023

Save as the Acquisition, there were no other significant events subsequent to our audited combined financial statements for the FYE 2023.

(v) Exceptional and extraordinary items and audit qualifications

There were no exceptional or extraordinary items during the Financial Years Under Review. In addition, our audited combined financial statements for the Financial Years Under Review were not subject to any audit qualifications.

(vi) Significant factors affecting our financial condition and result of operations

Section 9 of this Prospectus details a number of risk factors relating to our business and industry in which we operate. Some of these risk factors have an impact on our Group's financial condition and result of operations. The main factors which affect our revenue and profits include but are not limited to the following:

(a) We are dependent on our major customers who contributed substantially to our Group's revenue

We are dependent on our top 4 major customers in the Financial Years Under Review, namely Customer Group A, Ingress Technologies Sdn Bhd, PHN Companies and Autokeen Sdn Bhd, who collectively contributed substantially to our Group's revenue at 90.17%, 88.87% and 90.24% in the Financial Years Under Review. If any one of these customers ceases to engage us, we may experience a significant reduction in sales, which could result in a loss of revenue, given that we may not be able to replace these customers with new customers or with additional sales from existing customers in a timely manner.

While we have not experienced any termination of letter of intent/ letter of award granted to us or any termination of business relationship whereby these 4 major customers stop purchasing from us for parts and components used in vehicle models that are still actively being sold in the market, there is no assurance that we will be able to continuously maintain our relationships with these 4 major customers or secure sales to supply more parts and components to them in the future. Any loss of these major customers and our inability to replace these major customers with new customers or with additional orders from existing customers in a timely manner, could result in a loss of revenue and will have an adverse impact on our Group's financial performance.

Our ability to continue maintaining our relationship with, and securing sales from, these 4 major customers are dependent on several factors including, amongst others, our ability to meet these major customers' specifications and requirements, competitive pricing, timely delivery of products, as well as continued customer service. Please refer to Section 7.13 of this Prospectus for further information on the steps taken to ensure we are able to meet our customers' quality requirements and fulfil their orders in timely manner.

(b) We are dependent on the availability of technical personnel

Our Group is dependent on the availability of technical personnel for the design and manufacturing of our parts and components. Our technical personnel's expertise in die solution services and process engineering as well as their in-depth industry knowledge, allow us to adapt to changing requirements quickly by developing or adjusting our manufacturing processes and techniques accordingly whilst maintaining the quality of our products, which is one of the key factors driving our business growth over the years.

We compete with other industry players within the automotive parts and components manufacturing industry to recruit and retain qualified, competent and experienced technical personnel. The loss of a substantial amount of our Group's technical personnel (simultaneously or within a short span of time) without suitable and timely replacements, or our inability to attract or retain qualified, competent and experienced technical personnel, may adversely affect our ability to compete and grow in the automotive parts and components manufacturing industry.

Although we have not previously faced any shortage of technical personnel that led to major disruptions to our operations, there can be no assurance that we will be able to recruit, develop and retain adequate number of technical personnel to support the future growth and expansion of our Group.

(c) We are exposed to the risk of shortages and/or delays in the supply of raw materials

The primary raw materials used in our manufacturing activities are steel coils and steel cut sheets with purchase contributions of 93.89%, 96.36% and 96.04% to our Group's total purchases respectively, in the Financial Years Under Review. We rely on local steel suppliers who are the approved steel suppliers of our customers, as well as some of our major customers who are also our steel suppliers, for the supply of steel coils and steel cut sheets. Any prolonged shortages and/or delays in the supply of raw materials may affect our business operations and there is no assurance that we will be able to obtain raw materials at similar specifications from other steel suppliers that are approved by our customers in a timely manner.

In the event that our manufacturing operations are disrupted due to shortages and/or delays in the supply of raw materials, it may adversely affect our business operations as well as cause delays in supplying parts and components to our customers.

(d) Our business operations are exposed to unexpected interruptions or delays caused by equipment failures, fire, natural disasters and outbreak of infectious diseases, which may be beyond our control

We rely on a range of machinery and equipment to perform manufacturing activities of automotive parts and components as well as dies and jigs. These machinery and equipment may, on occasion, be out of service due to unanticipated failures or damages sustained during operations. Our business is also subject to loss due to events that are beyond our control such as fire, which may cause damage or destruction of the whole or part of our factory as well as machinery and equipment, resulting in interruptions to, or prolonged suspension of, our operations.

Further, our business operations may also be affected by the occurrence of unexpected power failure and adverse weather conditions or natural disasters such as floods or storms, which may lead to interruptions to the operations at our factory and/or damages to our machinery and equipment. The occurrence of these unexpected events may affect our ability to meet the agreed upon delivery schedule with our customers. This could adversely affect our relationship with our customers and our reputation in the market as well as our business and financial performance.

The outbreak of the COVID-19 pandemic had resulted in imposition of different forms of movement restrictions by the Government in 2020 and 2021, as a containment measure to curb the spread of the virus, which had led to disruptions and/or temporary suspension of our Group's business activities. Please refer to Section 7.6.1 of this Prospectus for further information on the impact of COVID-19 pandemic on our operations and financial performance. Should there be a future outbreak of infectious disease similar to the COVID-19 pandemic, there is no assurance that our business operations and financial performance will not be adversely and materially affected.

For the Financial Years Under Review and up to the LPD, saved for COVID-19 pandemic, we have not experienced any incident of unanticipated machinery and equipment failures, fires and natural disasters, which would have led to major interruptions in our operations. However, there can be no assurance that such incidences will not happen in the future. In the event that any of these incidences occurs, it may result in interruptions to our operations and thus adversely affect our business operations and financial performance.

In the event that we have to halt our operations due to the abovementioned incidences, we will still be required to incur operating expenses such as labour costs and utility costs. Our Group's operations and financial performance may be adversely affected should the interruptions occur for a prolonged period of time.

(e) Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in connection with our operations

We maintain insurance at levels that are customary in our industry to protect against various losses and liabilities. We will be subject to the risk that, in the future, we may not be able to maintain or obtain insurance of the type and amount desired at reasonable rates. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our business operations and financial performance.

(f) We are exposed to credit risks and default payment by customers

We generally grant our customers a credit period of 30 days to 90 days upon the delivery of goods. In the event of not receiving payment within the credit period or default in payment by our customers, our operating cash flows or financial results of operations may be adversely affected. Additional information on credit risks and default payment is set out in Sections 9.1.9 and 12.3.2(vi).

(g) We are dependent on the performance of automotive market in Malaysia, specifically the demand for Proton and Perodua vehicles, for our continued success and growth

The performance of our business is dependent on the performance of automotive market in Malaysia, specifically the demand for Proton and Perodua vehicles as the parts and components we manufacture and supply are for the assembly of Proton and Perodua vehicles.

The performance of automotive market in Malaysia is driven by the recovering economy increasing disposable of Malaysian consumers, Malaysia's car-centric culture and government incentives for the automotive industry. Any prolonged adverse economic conditions may affect businesses and employment rate which will lead to weakened disposable income to spend on large expenses like purchase of vehicles and any slowdown in the demand for Proton and Perodua vehicles, may adversely affect the demand for our parts and components, which will in turn adversely affect our financial performance.

12.3.2 Review of results of operations

(i) Revenue

Our revenue by products and sales volume for the Financial Years Under Review are as follows:

(a) Revenue by products

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Automotive parts and components[(1)] :						
• Body parts	36,949	62.66	74,218	63.85	63,661	55.80
• Seat structures	18,367	31.15	37,465	32.23	45,104	39.54
• Other parts[(2)]	3,649	6.19	4,563	3.92	3,785	3.32
Dies solution services[(3)]	-	-	-	-	1,532	1.34
Total[(4)]	**58,965**	**100.00**	**116,246**	**100.00**	**114,082**	**100.00**

Notes:

(1) The revenue contribution from the sale of automotive parts and components includes the proceeds from the sale of steel scrap. The sale of steel scrap is a residual income from the waste generated during the manufacturing of our automotive parts and components which are our core products. The total sale of steel scrap in the Financial Years Under Review was RM3.62 million, RM7.48 million, and RM7.70 respectively, accounting for 6.13%, 6.43%, and 6.75% of our total revenue, respectively.

(2) Other parts mainly comprise engine parts and absorber parts. It also includes other parts such as leaf springs for trucks, however, contributions from the sale of these other parts were minimal for the Financial Years Under Review.

(3) There was no revenue generated by dies solution services in FYE 2021 and FYE 2022. This was due to the on-going manufacturing process of dies and jigs, where the dies and jigs were not completed in FYE 2021 and FYE 2022, resulting in the revenue not being recognised in the respective years. In FYE 2023, the aforementioned dies and jigs were completed and as such the revenue for the manufacturing of these dies and jigs was recognised, contributing to a 1.34% of our Group's total revenue for FYE 2023.

(4) Our Group's revenue for the Financial Years Under Review is derived solely from Malaysia.

(b) Sales volume by products

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	Units	**%**	**Units**	**%**	**Units**	**%**
Automotive parts and components:						
• Body parts	3,757,843	34.22	6,828,441	40.58	5,993,585	34.51
• Seat structures	5,475,719	49.87	8,242,981	48.98	10,146,074	58.41
• Other parts	1,747,537	15.91	1,756,528	10.44	1,229,653	7.08
Total	**10,981,099**	**100.00**	**16,827,950**	**100.00**	**17,369,312**	**100.00**

Comparison between FYE 2021 and FYE 2022

Our revenue increased by RM57.28 million or 97.13% to RM116.25 million for FYE 2022 (FYE 2021: RM58.97 million) due to the resumption of automotive activities resulting from the relaxation of movement controls during FYE 2022.

Revenue from the body parts and seat structures remain our primary revenue contributor, which collectively contributing RM111.68 million or 96.08% to our total revenue for FYE 2022 (FYE 2021: RM55.32 million or 93.81%).

In terms of our revenue by sales volume, total sales volume increased by 5,846,851 units or 53.24% to 16,827,950 units for FYE 2022 (FYE 2021: 10,981,099 units), for which body parts and seat structures collectively contributed 89.56% of our total sales volume for FYE 2022 (FYE 2021: 84.09%). Sales volume for:

(i) Body parts increased by 3,070,598 units or 81.71% to 6,828,441 units for FYE 2022 (FYE 2021: 3,757,843 units); and

(ii) Seat structures increased by 2,767,262 units or 50.54% to 8,242,981 units for FYE 2022 (FYE 2021: 5,475,719 units).

Body parts

Our revenue from the body parts increased by RM37.27 million or 100.87% to RM74.22 million for FYE 2022 (FYE 2021: RM36.95 million). Such an increase was in tandem with the increase in sales volume for our body parts.

The increase in revenue from the body parts was mainly contributed by the following customers:

(i) Higher sales from Autokeen Sdn Bhd, which contributed to increased revenue of RM14.06 million and sales volume of 996,047 units;

(ii) Higher sales from PHN Companies, which contributed to increased revenue of RM10.36 million and sales volume of 841,018 units; and

(iii) Higher sales from Ingress Technologies Sdn Bhd, which contributed to increased revenue of RM8.13 million and sales volume of 222,371 units.

Seat structures

Our revenue from the seat structures increased by approximately RM19.10 million or 103.97% to RM37.47 million for FYE 2022 (FYE 2021: RM18.37 million). Such an increase was in tandem with the increase in sales volume for our seat structure.

The increase in revenue from the seat structures was mainly contributed by higher sales from Customer Group A, which contributed to the increase in revenue of RM17.24 million and sales volume of 2,821,992 units.

Other parts

Our revenue for other parts increased by RM0.91 million or 24.93% to RM4.56 million for FYE 2022 (FYE 2021: RM3.65 million). The increase was mainly due to the increase in absorber parts for both Perodua and Proton's vehicle models by RM1.00 million.

Dies solution services

There was no revenue generated by dies solutions services for FYE 2022, this was due to the on-going manufacturing process of dies and jigs, where the dies and jigs were not completed in FYE 2022, resulting in the revenue not being recognised.

Comparison between FYE 2022 and FYE 2023

Our revenue decreased by RM2.17 million or 1.87% to RM114.08 million for FYE 2023 (FYE 2022: RM116.25 million), mainly due to lower revenue generated from our body parts.

Revenue from the body part and seat structures remain our primary revenue contributor, which collectively contributing RM108.77 million or 95.34% of our total revenue for FYE 2023 (FYE 2022: RM111.68 million or 96.08%).

In terms of our revenue by sales volume, total sales volume increased by 541,362 units or 3.22% to 17,369,312 units for FYE 2023 (FYE 2022: 16,827,950 units), of which the body parts and seat structures collectively contributed 92.92% of our total sales volume for FYE 2023 (FYE 2022: 89.56%).

Body parts

Our revenue from the body parts decreased by RM10.56 million or 14.23% to RM63.66 million for FYE 2023 (FYE 2022: RM74.22 million). Such a decrease was in tandem with the decrease in sales volume for our body parts by 834,856 units or 12.23% to 5,993,585 units for FYE 2023 (FYE 2022: 6,828,441 units).

The decrease in revenue from the body parts was mainly contributed by the following customers:

(i) Lower sales from Ingress Technologies Sdn Bhd, which contributed to decreased revenue of RM11.10 million and sales volume of 658,434 units;

(ii) Lower sales from Autokeen Sdn Bhd, which contributed to decreased revenue of RM5.34 million and sales volume of 344,261 units; and

(iii) Lower sales from Perodua Manufacturing Sdn Bhd, which contributed to decreased revenue of RM2.37 million and sales volume of 218,056 units.

The above decreases were partially offset by the increase in higher sales from PHN Industry Sdn Bhd, which contributed to an increase in revenue of RM8.71 million and sales volume of 885,661 units.

Seat structures

Our revenue from the seat structures increased by RM7.63 million or 20.36% to RM45.10 million for FYE 2023 (FYE 2022: RM37.47 million). Such an increase was in tandem with the increase in sales volume for our seat structures by 1,903,093 units or 23.09% to 10,146,074 units for FYE 2023 (FYE 2022: 8,242,981 units).

The increase in revenue from the seat structures was mainly contributed by higher sales from Customer Group A, which contributed to an increase in revenue of RM6.80 million and sales volume of 1,881,265 units.

Other parts

Our revenue for other parts decreased by RM0.77 million or 16.89% to RM3.79 million for FYE 2023 (FYE 2022: RM4.56 million). The decrease was mainly due to the decrease in absorber part for both Proton and Perodua's vehicle models by RM0.85 million. The decease was partially offset by the increase in engine parts for Proton's vehicle modles by RM0.07 million.

Dies solution services

We recorded a total revenue of RM1.53 million for dies solution services for FYE 2023 as our Group reached a completion stage in manufacturing dies and jigs for seat structures of Perodua's vehicle model during FYE 2023.

(ii) Cost of sales, GP and GP margin

(a) Cost of sales by cost components

The components of our cost of sales for the Financial Years Under Review are as follows:

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Material costs[(a)]	42,455	78.30	84,186	84.94	82,951	83.00
- Raw materials	41,879	77.24	83,370	84.12	82,008	82.06
- Accessories	576	1.06	816	0.82	943	0.94
Subcontractor services[(b)]	2,273	4.19	2,289	2.31	2,437	2.44
Direct labour related expenses[(c)]	4,494	8.29	6,156	6.21	7,121	7.12
Other direct costs[(d)]	2,397	4.42	3,356	3.39	4,545	4.55
Depreciation of property, plant and equipment[(e)]	1,856	3.42	1,721	1.74	1,565	1.57
Transportation related costs[(f)]	748	1.38	1,402	1.41	1,320	1.32
Total	**54,223**	**100.00**	**99,110**	**100.00**	**99,939**	**100.00**

(I) Material costs

Material costs comprised raw materials and accessories for manufacturing our parts and components, which were the largest component of our cost of sales, representing 78.30% to 84.94% of our total cost of sales for the Financial Years Under Review.

Raw material costs primarily consist of steel coils and steel cut sheets. These steel materials are generally readily available and are purchased from steel suppliers approved by our customers or from our customers.

Accessories comprise nuts, weld nuts, pins and revert and wires, amongst others. Our Group purchases accessories from third party suppliers, in which we will obtain quotations from our subcontractors/suppliers and subsequently appoint subcontractors/purchase from suppliers approved by our customers.

(II) Subcontractor services

Subcontractor services comprised costs of outsourced finishing services, laser cutting services, manufacturing services and stamping works to third party subcontractors, when required, based on the requirements of our customers.

(III) Direct labour related expenses

Direct labour related expenses comprised mainly salaries, bonusses, employees' provident fund contributions, staff welfare and related expenses.

(IV) Other direct costs

Other direct costs comprised mainly consumable tools, tooling maintenance costs, gas and wire, packaging costs and factory overheads such as factory utility expenses, upkeep of machinery, forklifts and factory costs.

(V) Depreciation of property, plant and equipment

Includes depreciation costs for our machinery and equipment used for manufacturing our parts and components.

(VI) Transportation costs

Transportation costs comprised petrol and toll charges, import and freight inwards, transportation and handling charges for purchase of spare parts for machinery.

(b) Cost of sales by products

The cost of sales by products of our Group for the Financial Years Under Review is as follows:

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Automotive parts and components:						
• Body parts	33,816	62.37	61,466	62.02	54,488	54.52
• Seat structures	17,033	31.41	34,167	34.47	41,775	41.80
• Other parts	3,374	6.22	3,477	3.51	2,852	2.85
Dies solution services(1)	-	-	-	-	824	0.83
Total	**54,223**	**100.00**	**99,110**	**100.00**	**99,939**	**100.00**

Note:

(1) There was no cost incurred for dies solution services in the FYE 2021 and FYE 2022. This was due to the on-going manufacturing process of dies and jigs, where the dies and jigs were not completed in FYE 2021 and FYE 2022, resulting in the costs not being recognised in the combined statement of profit or loss and other comprehensive income for the respective years. In FYE 2023, the aforementioned dies and jigs were completed and as such the costs for the manufacturing of these dies and jigs was recognised contributing to a 0.83% of our Group's total cost of sales for FYE 2023.

(c) GP and GP margin by products

The GP and GP margin by products of our Group for the Financial Years Under Review are as follows:

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	GP RM'000	GP Margin %	GP RM'000	GP margin %	GP RM'000	GP margin %
Automotive parts and components:						
• Body parts	3,133	8.48	12,752	17.18	9,173	14.41
• Seat structures	1,334	7.26	3,298	8.80	3,329	7.38
• Other parts	275	7.54	1,086	23.80	933	24.65
Dies solution services	-	-	-	-	708	46.21
Total GP/Overall GP margin	**4,742**	**8.04**	**17,136**	**14.74**	**14,143**	**12.40**

Comparison between FYE 2021 and FYE 2022

Our cost of sales comprised mainly material costs, representing 84.94% of our total cost of sales for FYE 2022 (FYE 2021: 78.30%). Our cost of sales increased by RM44.89 million or 82.79% to RM99.11 million for FYE 2022 (FYE 2021: RM54.22 million). The increase in our cost of sales was in tandem with the increase in our revenue.

In terms of our cost of sales by cost components, our cost components have increased in FYE 2022 compared to FYE 2021 mainly due to the following:

(i) Material costs increased by RM41.73 million or 98.28% to RM84.19 million for FYE 2022 (FYE 2021: RM42.46 million), mainly due to the increase in material costs, which increased in tandem with the increase in our sales volumes;

(ii) Direct labour related expenses increased by RM1.67 million or 37.19% to RM6.16 million for FYE 2022 (FYE 2021: RM4.49 million), mainly due to the following:

(a) Increase in average foreign worker headcount to 66 staff for FYE 2022 (FYE 2021: 56 staff);

(b) Our Group has revised the minimum wage to RM1,500 due to the minimum wages order which took effect from May 2022 onwards as well as annual salary increments; and

(c) Our Group payout lesser salaries during June to August 2021 as several closure of operations due to different forms of lockdown imposed by the Government due to resurgence of COVID-19 cases in FYE 2021 and we were not deemed as essential services during these lockdowns.

(iii) Other direct costs increased by RM0.96 million or 40.00% to RM3.36 million for FYE 2022 (FYE 2021: RM2.40 million), mainly due to an increase in the upkeep of machinery costs and utility expenses as our Group's production volumes increased to cater the increase sale orders in FYE 2022. The lower other direct costs incurred for FYE 2021 mainly resulted from the several closures of our business operations due to different forms of lockdown imposed by the Government due to resurgence of COVID-19 cases in FYE 2021.

Our cost of sales increased at a rate lower than our revenue growth rate of 97.13%. Hence, our GP increased by RM12.40 million or 261.60% to RM17.14 million for FYE 2022 (FYE 2021: RM4.74 million), and we recorded an improved GP margin from 8.04% for FYE 2021 to 14.74% for FYE 2022. This was primarily attributable to the increase in direct labour related expenses as well as depreciation of property, plant and equipment, which increased not in proportionate with the revenue growth.

Body parts

Our body parts have remained the primary contributor to our cost of sales and GP, which contributed 62.02% and 74.42% of our total cost of sales and GP for FYE 2022, respectively (FYE 2021: 62.37% and 66.07% of our total cost of sales and GP, respectively).

This segment recorded an increase in the cost of sales by RM27.65 million or 81.76% to RM61.47 million for FYE 2022 (FYE 2021: RM33.82 million), and our GP for body parts increased by RM9.62 million or 307.35% to RM12.75 million for FYE 2022 (FYE 2021: RM3.13 million), which increased in tandem with the increase in our sales volumes and revenue for FYE 2022.

We recorded an improved GP margin from 8.48% for FYE 2021 to 17.18% for FYE 2022, mainly due to the following:

(i) due to higher sales recorded for our body parts; and

(ii) our Group provided body parts manufacturing services to a customer whose business operations were affected by the flood incident in December 2021 ("**Affected Customer**"). Subsequent to the flood incident, the Affected Customer approached our Group to seek assistance in manufacturing its products to ensure no interruption to the automotive supply chain ("**Production Support**"). The said Production Support generally yield a better GP margin as the raw materials and dies were provided by the Affected Customer.

Seat structures

The cost of sales for our seat structures increased by RM17.14 million or 100.65% to RM34.17 million for FYE 2022 (FYE 2021: RM17.03 million), and our GP for seat structures increased by RM1.97 million or 148.12% to RM3.30 million for FYE 2022 (FYE 2021: RM1.33 million), which increased in tandem with the increase in our sales volumes and revenue for FYE 2022.

We recorded an improved GP margin from 7.26% for FYE 2021 to 8.80% for FYE 2022, mainly due to our direct labour related expenses and depreciation of property, plant and equipment were not increased in tandem with our revenue growth as they are fixed-in-nature.

Other parts

The cost of sales for our other parts increased by RM0.11 million or 3.26% to RM3.48 million for FYE 2022 (FYE 2021: RM3.37 million), and our GP increased by RM0.81 million or 289.29% to RM1.09 million for FYE 2022 (FYE 2021: RM0.28 million), which increased in tandem with the increase in our sales volumes and revenue for FYE 2022.

We recorded a higher GP margin for FYE 2022, which improved to 23.80% for FYE 2022 (FYE 2021: 7.54%) primarily due to our direct labour and related expenses and depreciation of property, plant and equipment were not increased in tandem with our revenue growth as they are fixed-in-nature.

Dies solution services

There was no cost of sales recorded for FYE 2022. This was due to the on-going manufacturing process of dies and jigs, where the dies and jigs were not completed in FYE 2022, resulting in the costs not being recognised in FYE 2022.

Comparison between FYE 2022 and FYE 2023

Our cost of sales comprised mainly material costs, representing 83.00% of our total cost of sales for FYE 2023 (FYE 2022: 84.94%). Our cost of sales increased by RM0.83 million or 0.84% to RM99.94 million for FYE 2023 (FYE 2022: RM99.11 million). The increase in the cost of sales was not in tandem with the decrease in our revenue mainly due to the following:

(i) The increase in other direct costs by RM1.19 million or 35.42% to RM4.55 million for FYE 2023 (FYE 2022: RM3.36 million), primarily due to higher utility expenses recorded as a result of no government subsidy (i.e: imbalance cost pass-through mechanism which was implemented by Tenaga Nasional Bhd from December 2022 onwards); and

(ii) The increase in direct labour related expenses by RM0.97 million, primarily attributable to the increase in average foreign worker headcount to 114 staff for FYE 2023 (FYE 2022: 66 staff).

The abovementioned increases were partially offset by the decrease in material costs by RM1.24 million or 1.47% to RM82.95 million for FYE 2023 (FYE 2022: RM84.19 million), mainly contributed by the decrease in the sales volume for body parts.

Our GP decreased by RM3.00 million or 17.50% to RM14.14 million for FYE 2023 (FYE 2022: RM17.14 million), primarily due to decrease in revenue coupled with the higher cost of sales resulting from the increase in direct labour related expenses and other direct costs which were increased not in proportionate with the revenue fluctuation as they are fixed-in-nature. Hence, the GP margin decreased from 14.74% for FYE 2022 to 12.40% for FYE 2023.

Body parts

Our body parts remain the primary contributor to our cost of sales and GP, which contributed 54.52% and 64.86% to our total cost of sales and GP, respectively, for FYE 2023 (FYE 2022: 62.02% and 74.42% of our total cost of sales and GP, respectively).

This segment recorded a decrease in the cost of sales by RM6.98 million or 11.36% to RM54.49 million for FYE 2023 (FYE 2022: RM61.47 million), which in tandem with the decrease in revenue.

Hence, our GP for body parts decreased by RM3.58 million or 28.08% to RM9.17 million for FYE 2023 (FYE 2022: RM12.75 million), as well as decrease in GP margin from 17.18% for FYE 2022 to 14.41% for FYE 2023. This was mainly due to decrease in revenue coupled with the higher cost of sales resulting from the increase in direct labour related expenses and other direct costs as explained above.

Seat structures

The cost of sales for our seat structures increased by RM7.61 million or 22.27% to RM41.78 million for FYE 2023 (FYE 2022: RM34.17 million), which was in tandem with the revenue growth.

However, our Group recorded marginal increase in GP for seat structures increased by RM0.03 million or 0.91% to RM3.33 million for FYE 2023 (FYE 2022: RM3.30 million) and we recorded a decrease in GP margin from 8.80% for FYE 2022 to 7.38% for FYE 2023, mainly due higher cost of sales resulting from the increase in direct labour related expenses and other direct costs as explained above.

Other parts

The cost of sales for our other parts decreased by RM0.63 million or 18.10% to RM2.85 million for FYE 2023 (FYE 2022: RM3.48 million), which was in tandem with the decrease in revenue.

Hence, our GP decreased by RM0.16 million or 14.68% to RM0.93 million for FYE 2023 (FYE 2022: RM1.09 million). However, we recorded a slight increase in GP margin from 23.80% for FYE 2022 to 24.65% for FYE 2023, primarily due to decrease in revenue and sales volume for other parts was not in proportionate with the decrease in direct labour related expenses and other direct costs.

Dies solution services

The cost of sales for our dies solution services was RM0.82 million for FYE 2023 (FYE 2022: RM Nil), which was contributed by the revenue recognition from the dies solution services for FYE 2023, resulting in the manufacturing of the new dies and jigs for seat structures of Perodua's vehicle model. This segment recorded a GP of RM0.71 million and a GP margin of 46.21% for FYE 2023.

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(iii) Other income

The breakdown of our other income for the Financial Years Under Review is as follows:

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Interest income	68	26.77	89	38.87	185	33.28
Government wage subsidies[(1)]	126	49.61	-	-	-	-
Transportation and rental of forklift charges	-	-	129	56.33	-	-
Gain on disposal of property, plant and equipment	59	23.23	5	2.18	271	48.74
Income from sales of equipment replacement parts	-	-	-	-	55	9.89
Others[(2)]	1	0.39	6	2.62	45	8.09
Total	**254**	**100.00**	**229**	**100.00**	**556**	**100.00**

Notes:

(1) Government wage subsidies are a temporary financial assistance programme by the Government introduced to assist small and medium enterprise due to the COVID-19 pandemic.

(2) Others comprise mainly income from disposal of plastic, payment in lieu of resignation notice from an employee, refund from human resource development corporation, bad debt recovered and reimbursement of training allowance received from Proton.

Comparison between FYE 2021 and FYE 2022

Our Group's other income decreased by RM0.02 million or 8.00% to RM0.23 million for FYE 2022 (FYE 2021: RM0.25 million). The decrease was mainly attributable to the following:

(i) Decrease in government wage subsidies of RM0.13 million; and

(ii) Decrease in net gain on disposal of property, plant and equipment of RM0.05 million.

However, the decrease in other income above was partially offset by the increase in transportation and rental of forklift charges received from the customers of RM0.13 million, which our Group supported the customers in storing, manufacturing and delivering of finished goods to their customers due to the flood at the customers' premises.

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Comparison between FYE 2022 and FYE 2023

Our Group's other income increased by RM0.33 million or 143.48% to RM0.56 million for FYE 2023 (FYE 2022: RM0.23 million). The increase was mainly attributable to the following:

(i) Increase in net gain on disposal of property, plant and equipment of RM0.27 million mainly contributed by the disposal of motor vehicles and plant and machineries;

(ii) Increase in interest income of RM0.10 million mainly due to fixed deposits interest income received in FYE 2023; and

(iii) Income from sales of equipment replacement parts of RM0.06 million.

However, the abovementioned increases were partially narrowed by no transportation and rental of forklift charges received from the Affected Customer of RM0.13 million as it was only generated in FYE 2022.

(iv) Administrative expenses

The breakdown of our administrative expenses for the Financial Years Under Review is as follows:

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Staff costs[(1)]	2,544	57.96	2,608	54.71	2,551	50.08
Directors' remuneration	770	17.55	814	17.08	951	18.67
Finance costs[(2)]	598	13.63	584	12.25	356	6.99
Legal and professional fees[(3)]	87	1.98	421	8.83	569	11.17
Upkeep of office equipment, fittings and motor vehicles	80	1.82	76	1.60	114	2.24
Stamp duties and penalty	-	-	1	0.02	141	2.77
Office and operations related expenses[(4)]	130	2.96	177	3.71	232	4.55
Others[(5)]	180	4.10	86	1.80	180	3.53
Total	**4,389**	**100.00**	**4,767**	**100.00**	**5,094**	**100.00**

Notes:

(1) Staff costs comprised salaries, bonuses, employees' provident fund contributions, allowances, staff welfare and related expenses.

(2) Finance costs comprised mainly term loan interests, bankers' acceptance interests and bank overdraft interests.

(3) Legal and professional fees comprised mainly audit fees, payroll outsourcing fee, consultancy fees and financial advisor fee.

(4) Office and operations related expenses comprised mainly stationery and printing expenses, leasing of office equipment, bank charges as well as software and maintenance expenses.

(5) Others comprised mainly travelling and accommodation expenses, quit rent and assessment.

Comparison between FYE 2021 and FYE 2022

Our administrative expenses increased by RM0.38 million or 8.66% to RM4.77 million for FYE 2022 (FYE 2021: RM4.39 million). The increase mainly due to consultancy fees of RM0.25 million incurred for business planning and financial advisor fees to assist our Group in seeking business financing facilities.

Comparison between FYE 2022 and FYE 2023

Our administrative expenses increased by RM0.32 million or 6.71% to RM5.09 million for FYE 2023 (FYE 2022: RM4.77 million). The increase was mainly attributable to the following:

(i) Legal and professional fees of RM0.15 million mainly due to higher audit fees as well as legal fees incurred for the sales of a freehold agricultural land;

(ii) Stamp duties and penalty of RM0.14 million primarily attributable to stamp duties for banking facilities and tax penalty due to underestimation of income tax for the year assessment 2022; and

(iii) Directors' remuneration of RM0.14 million, primarily due to annual salary increments as rewards for our Group's business growth.

The abovementioned increases were partially offset by the decrease in finance costs of RM0.23 million mainly due to the higher interest incurred for FYE 2022 as a result of deferment of principal repayment for bankers' acceptances in FYE 2022. The said deferment was granted by the financial institutions as an initiative to provide support for post COVID-19 economic recovery.

(v) Other expenses

The breakdown of our other expenses for the Financial Years Under Review is as follows:

	Audited					
	FYE 2021		**FYE 2022**		**FYE 2023**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Depreciation of property, plant and equipment	283	97.26	324	36.28	314	21.63
Impairment loss on non-current asset held for sale	-	-	-	-	1,031	71.01
Bad debts written off	-	-	434	48.60	7	0.48
Equipment written off	4	1.37	104	11.65	78	5.37
Realised loss in foreign exchange	4	1.37	31	3.47	22	1.51
Total	**291**	**100.00**	**893**	**100.00**	**1,452**	**100.00**

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Comparison between FYE 2021 and FYE 2022

Our other expenses increased by RM0.60 million or 206.90% to RM0.89 million for FYE 2022 (FYE 2021: RM0.29 million). The increase was mainly attributable to the following:

(i) A one-off bad debts written off of RM0.43 million mainly due to the disagreement on the steel material price difference adjustments with our customers. Subsequently, our Group has formalisation the back charge arrangement; and

(ii) Increase in equipment written off of RM0.10 million was related to polyboxes due to wear-and-tear.

Comparison between FYE 2022 and FYE 2023

Our other expenses increased by RM0.56 million or 62.92% to RM1.45 million for FYE 2023 (FYE 2022: RM0.89 million), mainly due to impairment loss on non-current asset held for sale for Lot 2625 to its disposal consideration as disclosed in Note (1) of Section 12.1.2 of this Prospectus. This was partially offset by the decrease in bad debt written off as there were higher bad debts written off amounting to RM0.43 million recorded in FYE 2022.

(vi) Net impairment losses/(gain) on financial assets

The breakdown of our net impairment losses/(gain) on financial assets for the Financial Years Under Review is as follows:

	Audited					
	FYE 2021		**FYE 2022**		**FYE 2023**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Net impairment losses/(gain) on financial assets	-	-	369	100.00	(260)	(100.00)

Comparison between FYE 2021 and FYE 2022

In FYE 2022, our Group recorded net impairment losses on financial assets of RM0.37 million, primarily attributable to the impairment of the amount due from a customer as a result of the uncertainties on the outcome of the negotiation for the back charge of steel material price differences adjustments prior to the formalisation of the back charge arrangement. Our Group has recovered partial of the impaired amount subsequent to FYE 2022.

Comparison between FYE 2022 and FYE 2023

In FYE 2023, our Group recorded a reversal of impairment losses on financial assets of RM0.26 million, mainly due to the reversal of trade receivables in relation to partial collection received from a customer, which impairment losses on trade receivables provided for in the prior financial year.

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(vii) Taxation

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
Taxation (RM'000)	163	2,538	2,880
Effective tax rate (%)	51.58	22.39	34.23
Malaysia Statutory tax rate (%)	24.00	24.00	24.00

Comparison between FYE 2021 and FYE 2022

Our tax expenses increased by RM2.38 million or 1,487.50% to RM2.54 million for FYE 2022 (FYE 2021: RM0.16 million) due to higher PBT recorded for FYE 2022.

Our effective tax rate for FYE 2022 of 22.39% was lower than the statutory tax rate mainly due to the following:

(i) Utilisation of unrecognised deferred tax assets of RM0.21 million, i.e., unutilised tax losses and unabsorbed capital allowances previously not recognised in the financial statements as a result of the uncertainty as to whether sufficient taxable profits will be available to utilise these unrecognised deferred tax assets; and

(ii) Certain expenses of RM0.14 million are not deductible for tax reporting purposes, mainly contributed by i.e: legal and professional fees and equipment written off.

Comparison between FYE 2022 and FYE 2023

Our tax expenses increased by RM0.34 million or 13.39% to RM2.88 million for FYE 2023 (FYE 2022: RM2.54 million) mainly due to our Group recorded under provision of income tax expenses in the prior financial year of RM0.63 million.

Our effective tax rate for FYE 2023 of 34.23% was higher than the statutory tax rate mainly due to the following:

(i) Under provision of income tax expenses in the previous financial year of RM0.63 million; and

(ii) Certain expenses of RM0.64 million are not deductible for tax reporting purposes, mainly contributed by i.e: impairment loss on non-current asset held for sale and interest restrictions on interest expenses incurred not in the production of business income as the excess funds from borrowings for working capital purposes were being placed as fixed deposits with licensed banks.

(viii) PBT, PBT margin, PAT and PAT margin

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
PBT (RM'000)	316	11,336	8,413
PBT margin (%)	0.54	9.75	7.37
PAT (RM'000)	153	8,798	5,533
PAT margin (%)	0.26	7.57	4.85

Comparison between FYE 2021 and FYE 2022

Our PBT and PBT margin increased to RM11.34 million for FYE 2022 (FYE 2021: RM0.32 million) and 9.75% for FYE 2022 (FYE 2021: 0.54%), respectively. The increase in PBT and PBT margin was mainly due to higher GP and GP margin, which are detailed in Section 12.3.2 (ii) of this Prospectus.

Correspondingly, our PAT and PAT margin increased to RM8.80 million for FYE 2022 (FYE 2021: RM0.15 million) and 7.57% for FYE 2022 (FYE 2021: 0.26%), respectively.

Comparison between FYE 2022 and FYE 2023

Our PBT and PBT margin decreased to RM8.41 million for FYE 2023 (FYE 2022: RM11.34 million) and 7.37% for FYE 2023 (FYE 2022: 9.75%), respectively. The decrease in PBT and PBT margin was mainly due to lower GP and GP margin, which are detailed in Section 12.3.2 (ii) of this Prospectus as well as higher administrative expenses and other expenses as detailed in Sections 12.3.2 (iv) and 12.3.2 (v) of this Prospectus.

Correspondingly, our PAT and PAT margin decreased to RM5.53 million for FYE 2023 (FYE 2022: RM8.80 million) and 4.85% for FYE 2023 (FYE 2022: 7.57%), respectively.

12.4 LIQUIDITY AND CAPITAL RESOURCES

Our operations are funded by a combination of internal and external sources of funds. Our internal sources of funds comprise share capital and cash generated from our operating activities, while our external sources of funds are mainly credit extended by our suppliers and/or facilities from financial institutions. Our facilities from financial institutions comprise term loans, bankers' acceptance, bank overdrafts and hire purchases.

The decision to utilise either internally generated funds or borrowings for our business operations depends on, amongst others, our cash and bank balances, expected cash inflows, future working capital requirements, future capital expenditure requirements, and the interest rates on borrowings. We carefully consider our cash position and ability to obtain further financing before making significant capital commitments.

Our Board confirms that we will have sufficient working capital to meet our present and foreseeable requirements for a period of 12 months from the date of this Prospectus, taking into consideration the following:

(i) Our cash and cash equivalents of RM14.01 million as at the LPD;

(ii) Our expected future cash flows from operations;

(iii) Our total banking facilities as at the LPD of RM23.00 million, of which RM5.03 million has been utilised; and

(iv) Our pro forma gearing level of approximately [●] times, computed based on our pro forma statements of financial position of our Group as at 31 December 2023 after the Acquisition and the Public Issue (and utilisation of proceeds).

As at the LPD, we do not foresee any circumstances which may materially affect our liquidity.

12.5 REVIEW OF CASH FLOWS

The following table sets out the summary of the combined statements of cash flows for the Financial Years Under Review, which have been extracted from the Accountants' Report set out in Section 13 of this Prospectus and should be read in conjunction thereto:

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**
Net cash from operating activities	1,360	13,262	9,869
Net cash for investing activities	(297)	(912)	(5,437)
Net cash for financing activities	(2,155)	(5,536)	(2,440)
Net (decrease)/increase in cash and cash equivalents	**(1,092)**	**6,814**	**1,992**
Cash and cash equivalents at the beginning of the financial year	4,366	3,274	10,088
Cash and cash equivalents at the end of the financial year	**3,274**	**10,088**	**12,080**

(i) FYE 2021

(a) Net cash from operating activities

For FYE 2021, our Group recorded operating cash flows before working capital changes of RM2.93 million. After adjusting for the following key items, our Group's net cash inflows from operating activities was RM1.36 million, contributed mainly by the following:

(i) Increase in inventories of RM1.88 million mainly due to our Group recorded higher finished goods as a result of the flood incident on our major customer's premises toward the end of FYE 2021 has caused a delay in delivering the finished goods;

(ii) Decrease in trade and other receivables of RM1.22 million was mainly contributed by lower trade receivables, which decreased in tandem with the decrease in our revenue for FYE 2021;

(iii) Decrease in trade and other payables of RM0.66 million was contributed mainly by lower accrual for the purchase of materials resulting from a general slowdown in the automotive industry as a result of the outbreak of the COVID-19 pandemic;

(iv) Interests paid of RM0.59 million;

(v) Income tax paid of RM0.29 million; and

(vi) Income tax refund of RM0.55 million for the year assessment 2019.

(b) Net cash for investing activities

For FYE 2021, our Group recorded net cash outflows for investing activities of RM0.30 million mainly due to the purchase of property, plant and equipment of RM0.35 million for the following:

(i) Plant and machinery of RM0.11 million for the manufacturing of automotive parts and components;

(ii) Office equipment and furniture of RM0.20 million, mainly purchase of software and license of RM0.14 million for our operations; and

(iii) Motor vehicles of RM0.04 million for our operations.

(c) Net cash for financing activities

For FYE 2021, our Group recorded net cash outflows for financing activities of RM2.16 million mainly contributed by the following:

(i) Repayment of bankers' acceptance of RM9.68 million and term loans of RM1.17 million; and

(ii) Drawdown of bankers' acceptance of RM8.80 million for payments to suppliers.

(ii) FYE 2022

(a) Net cash from operating activities

For FYE 2022, our Group recorded operating cash flows before working capital changes of RM14.78 million. After adjusting for the following key items, our Group's net cash inflows from operating activities was RM13.26 million, contributed mainly by the following:

(i) Decrease in inventories of RM1.08 million was mainly attributable to the resumption of our Group's operations at our manufacturing facilities after the relaxation of movement control. Hence, we recorded lower finished goods as at 31 December 2022. Higher finished goods at the end of the previous financial year was mainly due to the flood incident on our major customer's premises toward the end of FYE 2021, which caused a delay in delivering the finished goods;

(ii) Increase in trade and other receivables of RM7.03 million mainly due to the increase in trade receivables, which increased in tandem with our Group's revenue growth in FYE 2022 as well as higher sales towards the end of FYE 2022;

(iii) Increase in trade and other payables of RM6.07 million was mainly due to the increase in purchases, which increased in tandem with our revenue growth for FYE 2022 as well as higher purchases towards the end of FYE 2022;

(iv) Interests paid of RM0.57 million; and

(v) Income tax paid of RM1.15 million.

(b) Net cash for investing activities

For FYE 2022, our Group recorded net cash outflows for investing activities of RM0.91 million, mainly due to purchase of property, plant and equipment of RM0.92 million for the following:

(i) Plant and machinery of RM0.17 million for manufacturing of automotive parts and components;

(ii) Renovation of RM0.60 million for our office; and

(iii) Office equipment and furniture of RM0.15 million, mainly purchase of office equipment of RM0.08 million as well as software and license of RM0.06 million for our operations.

(c) Net cash for financing activities

For FYE 2022, our Group recorded net cash outflows for financing activities of RM5.54 million, mainly contributed by the following:

(i) Dividend payment of RM4.00 million;

(ii) Repayment of term loans of RM1.35 million and bankers' acceptance of RM15.50 million; and

(iii) Drawdown of bankers' acceptance of RM15.45 million for the payments to suppliers.

(iii) FYE 2023

(a) Net cash from operating activities

For FYE 2023, our Group recorded operating cash flows before working capital changes of RM11.04 million. After adjusting for the following key items, our Group's net cash inflows from operating activities was RM9.87 million, contributed mainly by the following:

(i) Decrease in trade and other receivables of RM3.09 million mainly due to the decrease in trade receivables, which resulted from lesser sales towards the end of FYE 2023 as compared to FYE 2022;

(ii) Decrease in trade and other payables of RM0.60 million mainly due to lower material purchases as a result of phased out of a Perodua's vehicle model;

(iii) Interests paid of RM0.35 million;

(iv) Income tax paid of RM4.00 million; and

(v) Income tax refund of RM0.58 million for years assessment 2020 and 2021.

(b) Net cash for investing activities

For FYE 2023, our Group recorded net cash outflows for investing activities of RM5.44 million, mainly due to the purchase of plant and machinery of RM5.53 million for the following:

(i) Plant and machinery of RM3.77 million for manufacturing of automotive parts and components;

(ii) Renovation of RM1.06 million for our office;

(iii) Motor vehicles of RM0.18 million for our operations; and

(iv) Office equipment and furniture of RM0.51 million.

(c) Net cash for financing activities

For FYE 2023, our Group recorded net cash outflows for financing activities of RM2.44 million, mainly contributed by the following:

(i) Dividend payment of RM1.00 million;

(ii) Drawdown of bankers' acceptance of RM15.60 million for the payment to suppliers; and

(iii) Repayment of term loans of RM1.23 million and bankers' acceptance of RM15.70 million.

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12.6 BORROWINGS

Our total outstanding borrowings as at 31 December 2023 stood at RM6.87 million, details of which are set out as follows. All our borrowings are interest-bearing and denominated in RM.

Type of borrowings	Purpose	Tenure of the facility	Interest rate % Per annum	Audited as at 31 December 2023 RM'000	Repayable in 12 months RM'000	Repayable after 12 months RM'000
Term loans	Refinancing of previous term loans used for working capital and purchase of machineries	5 years	4.57% - 5.82%	773	667	106
	Financing the purchase of machineries	5 years	4.00%	707	380	327
	Working capital	5 years	3.50%	428	210	218
Bankers' acceptances	Finance the trade purchases	4 months	3.70% - 5.14%	4,900	4,900	-
Lease liabilities	To lease motor vehicles under hire purchase arrangement	3 years	4.16% - 5.71%	61	19	42
			Total borrowings	6,869	6,176	693

Pro forma gearing (times)	
After the Acquisition before the Public Issue[(1)]	0.21
After the Public Issue and utilisation of proceeds[(2)]	[●]

Notes:

(1) Computed based on the pro forma combined statements of financial position after the Acquisition before the Public Issue.

(2) Computed based on the pro forma combined statements of financial position after the Acquisition, the Public Issue and utilisation of proceeds.

Our pro forma gearing ratio is expected to register approximately 0.21 times before the Public Issue, and approximately [●] times after the Public Issue (and utilisation of proceeds).

Our borrowings including term loans and bankers' acceptance are secured by one or a combination of the following:

(a) Third party charge against the factory building of our Group;

(b) Joint and several guarantees by the directors of our Group; and

(c) A fixed charge over the assets financed by the licensed bank.

Meanwhile, our hire purchase for motor vehicles are secured by assets purchased through the facilities.

Our bank borrowings carry the following interest rates for the Financial Years Under Review:

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
		% per annum	
Bank overdrafts	6.67 – 6.92	-	-
Bankers' acceptances	3.77 – 5.42	4.29 – 5.04	3.70 – 5.14
Lease liabilities	4.52 – 6.29	4.52 – 6.29	4.16 – 5.71
Term loans	3.50 – 5.42	3.50 – 6.42	3.50 – 5.82

As at the LPD, we do not have any borrowings which are non-interest bearing and/or in foreign currency. We have not defaulted on payments of principal sums and/or interests in respect of any borrowings throughout the Financial Years Under Review and the subsequent financial year up to the LPD.

As at the LPD, our Group is not in breach of any terms and conditions or covenants associated with the credit arrangement or bank loan, which can materially affect our financial position and results or business operations or the investments by holders of our securities. We do not encounter any seasonality in our borrowings trend, and there are no restrictions on our committed borrowing facilities i.e., our bankers.

For the Financial Years Under Review, we have not experienced any clawback or reduction in the facilities limit granted to us by our lenders.

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12.7 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES

From an accounting perspective, financial instruments may include fixed deposits with licensed banks, trade and other receivables, trade and other payables, and borrowings such as bank overdraft facility, term loans, bankers' acceptances and lease liabilities as shown on our combined statements of financial position. These financial instruments are used in our ordinary course of business.

As at the LPD, save for our bank borrowings as disclosed in Section 12.6, we do not utilise any other financial instruments.

We finance our operations mainly through cash generated from our operations, credit extended by our suppliers as well as external sources of funds which mainly comprise bank borrowings. The principal usages of these banking facilities are for working capital and purchase of property, plant and equipment.

Save for our finance lease liabilities, term loans for purchase of machineries and working capital which carry fixed interest rates, all of our other borrowings bear variable interest rates which are based on the banks' interest rates, including any additional margin added to or deducted from the prevailing rates depending on the different types of bank facilities as agreed upon with our respective bankers.

12.8 MATERIAL CAPITAL COMMITMENTS

Save as disclosed below, we do not have any other material capital commitments as at the LPD:

	As at the LPD
	RM'000
Approved and contracted for:	
Purchase of office equipment and furniture	816
Renovation	55
Total	**871**

The purchase of property, plant and equipment above are intended for our business operations which are expected to be funded by our internal generated funds and/or borrowings.

12.9 MATERIAL LITIGATION AND CONTINGENT LIABILITIES

We are not engaged in any governmental, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have or have had, material or significant effects on our Group's financial position or profitability, in the 12 months immediately preceding the date of this Prospectus.

There are no other contingent liabilities incurred by our Group which upon becoming enforceable, may have a material effect on our Group's financial position as at the LPD.

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12.10 KEY FINANCIAL RATIOS

The key financial ratios of our Group for the Financial Years Under Review are as follows:

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
Trade receivables turnover (days)[(1)]	76	47	49
Trade payables turnover (days)[(2)]	83	55	59
Inventory turnover (days)[(3)]	34	19	17
Current ratio (times)[(4)]	1.11	1.27	1.31
Gearing ratio (times)[(5)]	0.48	0.30	0.21

Notes:

(1) Computed based on average trade receivables over revenue for the financial year multiplied by 365 days for each financial year.

(2) Computed based on average trade payables over purchases for the financial year multiplied by 365 days for each financial year.

(3) Computed based on average inventory over material costs for the financial year multiplied by 365 days for each financial year.

(4) Computed based on current assets over current liabilities as at each financial year.

(5) Computed based on our total borrowings (including lease liabilities and bank overdrafts) over total equity as at each financial year.

12.10.1 Trade receivables turnover

Our trade receivables' turnover period (in days) for the Years Under Review is stated as below:

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**
Opening trade receivables	12,734	11,733	18,206
Closing trade receivables	11,733	18,206	12,680
Average trade receivables	12,234	14,970	15,443
Revenue	58,965	116,246	114,082
Average trade receivables turnover period (days)	76	47	49

The normal credit terms granted by our Group to our customers ranges from 30 days to 90 days. Our credit terms to customers are assessed and approved on a case-by-case basis after considering various factors such as customers relationship, customers payment history, creditworthiness as well as the quantum of the amount outstanding.

Our Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. Our Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables.

Our Group deems any receivables having financial difficulty or with significant balances outstanding for more than 90 days as credit impaired and assesses for their risk of loss individually.

The expected loss rates are based on the payment profiles of sales over a period of 1 year from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

Our average trade receivables turnover periods for FYE 2021, FYE 2022, and FYE 2023 were 76 days, 47 days, and 49 days, respectively, which were within our normal credit terms granted to our customers.

During the Years Under Review, our trade receivables are collected generally within the credit terms, and therefore, there is minimal exposure to credit risk.

The ageing analysis of our trade receivables as at 31 December 2023 is as follows:

	Trade receivables as at 31 December 2023		**Amount collected from 1 January 2024 up to the LPD**	**Balance of trade receivables which have yet to be collected as at the LPD**
	RM'000	**Percentage of trade receivables (%)**	**RM'000**	**RM'000**
	(a)	**(a)/total of (a)**	**(b)**	**(c) = (a)-(b)**
Current (not past due)	9,030	71.21	9,030	-
Past due:				
• Less than 3 months	3,650	28.79	3,630	20
• More than 3 months	-	-	-	-
• More than 6 months	-	-	-	-
• More than 1 year	-	-	-	-
	3,650	28.79	3,630	20
Total	**12,680**	**100.00**	**12,660**	**20**

As at the LPD, our Group has collected RM12.66 million or 99.84% of our trade receivables as at 31 December 2023.

For the Financial Years Under Review and up to the LPD, save for those disclosed in Section 12.3.2 (v) and Section 12.3.2 (vi) above, our Group has not encountered any disputes with our trade receivables.

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12.10.2 Trade payables turnover

Our trade payables' turnover period (in days) for the Financial Years Under Review is as follows:

	Audited		
	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Opening trade payables	10,560	10,628	15,011
Closing trade payables	10,628	15,011	12,725
Average trade payables	10,594	12,820	13,868
Total purchases	46,605	85,395	85,445
Average trade payables turnover period (days)	83	55	59

The normal credit terms granted by our trade suppliers to our Group is 60 days. To maintain good relationship with our suppliers, we will pay our suppliers as payments fall due.

Our trade payables turnover periods for the FYE 2021, FYE 2022, and FYE 2023 were 83 days, 55 days, and 59 days, respectively.

Our trade payables turnover period decreased from 83 days for FYE 2021 to 55 days for FYE 2022 mainly due to relaxation of the MCO, our Group paid our suppliers as payments fall due.

Our trade payables turnover period increased from 55 days for FYE 2022 to 59 days for FYE 2023, which relatively consistent as compared to FYE 2022.

The ageing analysis of our trade payables as at 31 December 2023 is as follows:

	Trade payables as at 31 December 2023		Amount paid from 1 January 2024 up to LPD	Balance of trade payables which have yet to be paid as at LPD
	RM'000	Percentage of trade payables (%)	RM'000	RM'000
	(a)	(a)/total of (a)	(b)	(c) = (a)-(b)
Within credit period	8,529	67.03	4,583	3,946
Exceeding credit period:				
• 1 to 30 days	4,167	32.75	4,167	-
• 31 to 60 days	-	-	-	-
• More than 60 days	29	0.22	29	-
	4,196	32.97	4,196	-
Total	**12,725**	**100.00**	**8,779**	**3,946**

As at the LPD, we have outstanding trade payables of RM3.95 million, representing 31.01% of our trade payables as at 31 December 2023. These remaining unsettled balances of RM3.95 million were within the credit period.

As at the LPD, there are also no disputes in respect of trade payables, and no legal action has been initiated by our suppliers to demand for payment.

12.10.3 Inventories

Our inventory turnover period (in days) for the Financial Years Under Review are as below:

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**
Opening inventories	2,964	4,840	3,760
Closing inventories	4,840	3,760	3,817
Average inventories	3,902	4,300	3,789
Material costs	42,455	84,186	82,951
Average inventory turnover period (days)	34	19	17

Our inventory turnover periods for the FYE 2021, FYE 2022, and FYE 2023 were 34 days, 19 days, and 17 days, respectively.

Our inventory turnover period decreased from 34 days for FYE 2021 to 19 days for FYE 2022 which is within our inventories holding policy, i.e. at least 2 weeks.

Our inventory turnover period further reduced to 17 days for FYE 2023 is relatively consistent as compared to 19 days for FYE 2022.

Reviews are made periodically by management on damaged, obsolete and slow moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

We conduct a monthly management meeting to review stockholding level and inventory ageing analysis. Approval is required from the authorised personnel at management level for replenishment of inventories and impairment on slow moving inventories, if any.

We assess whether inventories should be impaired by identifying slow moving inventories during periodic stock count, obsolete inventories will be written down to their net realisable value while damaged/stolen inventories will be written off.

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12.10.4 Current ratio

Our current ratio for the Financial Years Under Review is as follows:

	Audited		
	As at 31 December		
	2021	2022	2023
	RM'000	RM'000	RM'000
Current assets	22,687	32,436	31,959
Current liabilities	(20,487)	(25,511)	(24,463)
Net current assets	**2,200**	**6,925**	**7,496**
Current ratio (times)	1.11	1.27	1.31

Our current ratio ranges from 1.11 times to 1.31 times for the Financial Years Under Review. This indicates that our Group is able to meet our current obligations as our current assets, such as inventories and trade receivables, which can be readily converted into cash, together with our fixed deposits and bank balances is sufficient to meet our current liabilities.

As at 31 December 2022, our current ratio increased to 1.27 times mainly due increase in the following:

(i) Increase in trade receivables by RM6.47 million, which increased in tandem with our Group's revenue growth in FYE 2022;

(ii) Increase in cash and bank balances by RM3.50 million, which was attributable to an increase in internally generated funds from our business growth; and

(iii) Decrease in bank overdrafts by RM1.32 million as our Group have sufficient internally generated funds for our business operations;

The abovementioned was partially offset by the following:

(i) Decrease in inventories by RM1.08 million, this was mainly attributable to the resumption of our Group's operations at our manufacturing facilities after the relaxation of movement controls. Hence, we recorded lower finished goods as at 31 December 2022. Higher finished goods at the end of the previous financial year was mainly due to the flood incident on our major customer's premises toward the end of FYE 2021, which caused a delay in delivering the finished goods;

(ii) Increase in trade payables by RM4.38 million was primarily attributable to the increase in purchases, which increased in tandem with our revenue growth for FYE 2022 as well as higher purchases toward the end of FYE 2022; and

(iii) Increase in other payables and accruals by RM1.68 million mainly due to the following:

    (a) Increase in accruals for salaries and employees' provident fund contributions of RM0.74 million primarily attributable to increase in headcounts during FYE 2022; and

    (b) Increase in accrual for the purchase of materials of RM0.87 million as a result of our Group have received the materials but pending invoices from our suppliers.

As at 31 December 2023, our current ratio increased to 1.31 times mainly due to the following:

(i) Net increase in fixed deposits with licensed bank and cash and bank balances of RM2.30 million due to higher internally generated funds from business growth;

(ii) Increase in other receivables, deposits and prepayments of RM2.73 million due to increase in prepayments in the following:

(a) Prepayments in relations to IPO expenses of RM1.09 million;

(b) Prepayment for purchase of manufacturing software of RM0.53 million; and

(c) The net advances from customer for the dies solution services of RM0.58 million as at 31 December 2022 were recognised in profit or loss upon the completion of the dies solution services in FYE 2023;

(iii) Decrease in term loans of RM1.23 million due to scheduled term loan repayments;

(iv) Decrease in trade payables by RM2.29 million primarily attributable to lower material purchases as a result of phased out of a Perodua's vehicle model;

(v) Decrease in current tax liabilities of RM0.33 million as our Group recorded a lower PBT during FYE 2023; and

(vi) Decrease in deferred tax liabilities of RM0.21 million, primarily attributable to overprovision in the previous financial year.

The abovementioned was partially offset by the following:

(i) Decrease in trade receivables of RM5.53 million mainly due to lesser sales towards the end of FYE 2023 as compared to FYE 2022;

(ii) Increase in other payables and accruals of RM1.69 million mainly due to the following:

(a) amount payable for purchase of plant and machinery of RM1.24 million for the manufacturing of automotive parts and components. The purchase was made from a supplier in China who agreed on monthly instalment payments up to December 2024; and

(b) deposit received of RM0.38 million, being deposit of 10% for the disposal consideration for Lot 2625.

12.10.5 Gearing ratio

Our gearing ratio for the Financial Years Under Review is as follows:

	Audited		
	As at 31 December		
	2021	2022	2023
	RM'000	RM'000	RM'000
Total bank borrowings (including lease liabilities and bank overdraft)	11,163	8,333	6,869
Total equity	23,295	28,093	32,626
Gearing ratio (times)	0.48	0.30	0.21

Our gearing ratio ranged from 0.21 times to 0.48 times for the Financial Years Under Review.

Our Group's gearing ratio decreased from 0.48 times as at 31 December 2021 to 0.30 times as at 31 December 2022, mainly due to our Group's increased retained profits arising from net profits recorded during FYE 31 December 2022. The increase was narrowed by the decrease in the bank borrowings for the following:

(i) Decrease in bank overdrafts as our Group have sufficient internally generated funds for our business operations; and

(ii) Decrease in term loan due to scheduled term loan repayments.

Our Group's gearing ratio decreased from 0.30 times as at 31 December 2022 to 0.21 times as at 31 December 2023, mainly due to our Group's increased retained profits arising from net profits recorded during FYE 31 December 2023 and the decrease in the bank borrowings primarily attributable to scheduled term loan repayments.

12.11 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

Save for policies in relation to the COVID-19 pandemic, there were no government, economic, fiscal or monetary policies or factors which have materially affected our operation and financial performance during the Financial Years Under Review.

There is no assurance that our financial performance will not be adversely affected by the impact of further changes in government, economic, fiscal or monetary policies or factors moving forward. Risks relating to government, economic, fiscal or monetary policies or factors which may adversely and materially affect our operations are set out in Section 9 of this Prospectus.

12.12 IMPACT OF INFLATION

During the Financial Years Under Review, our financial performance was not materially affected by the impact of inflation. However, there is no assurance that our financial performance will not be adversely affected by the impact of inflation moving forward. Any significant increase in costs of sales in the future may adversely affect our operations and performance in the event where we are unable to pass on higher costs to our customers through an increase in selling prices.

12.13 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND COMMODITY PRICES ON OUR'GROUP'S OPERATIONS

12.13.1 Impact of foreign exchange rates

Our transactions for sales and purchases of raw materials as well as accessories are solely denominated in RM.

From FYE 2021 to FYE 2023, our purchases of machinery, machinery spare parts and upgrade of machinery from our overseas supplier amounted to RM0.11 million, RM0.28 million, and RM2.15 million, respectively.

For the Financial Years Under Review, our losses from the foreign exchange fluctuations is as follows:

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**
Realised loss on foreign exchange	4	31	22

As at the LPD, we have not entered into any forward foreign exchange contracts as our sales and purchases of raw materials as well as accessories are solely denominated in RM. The realised foreign exchange differences during the Financial Years Under Review arose from the purchases of machinery, machinery spare parts and upgrade of machinery from our overseas supplier. As such, we are subject to foreign exchange fluctuation risk for the purchases denominated in foreign currency. A depreciation of the RM against the foreign currencies will lead to higher costs of supplies for our Group.

12.13.2 Impact of interest rates

Interest coverage ratio measures the number of times a company is able to meet its interest payment obligations with its EBIT. Our interest coverage ratio for the Financial Years Under Review is as follows:

	FYE 2021	**FYE 2022**	**FYE 2023**
Interest coverage ratio (times)[(1)]	1.41	20.26	24.11

Note:

[(1)] *Computed based on EBIT over finance costs for the Financial Years Under Review.*

Our interest coverage ratio ranged from 1.41 to 24.11 times for the Financial Years Under Review, indicating that our Group has been able to generate sufficient profits from operations to meet our interest servicing obligations.

Our interest coverage ratio increased from 1.41 times for FYE 2021 to 20.26 times for FYE 2022, in tandem with the increase in our PAT recorded for FYE 2022.

Our interest coverage ratio increased from 20.26 times for FYE 2022 to 24.11 times in FYE 2023, mainly due to higher finance costs recorded for FYE 2022, as explained in Section 12.3.2 (iv) of this Prospectus.

Our financial results for the Financial Years Under Review were not materially affected by fluctuations in interest rates. However, any major increase in interest rates would raise the cost of our borrowings and our finance costs, which may have an adverse effect on the performance of our Group.

12.13.3 Impact of commodity prices

For FYE 2021 to FYE 2023, the prices of steel were subject to price fluctuations as a result of demand and supply conditions. However, we are generally able to pass on price fluctuations in the cost of these steel materials to our customers as the prices of steel materials required for the manufacturing of our parts and components are set by local automotive manufacturer after direct negotiation between the steel manufacturers and local automotive manufacturer, and shared with their respective appointed suppliers. Hence, the fluctuations in commodities prices did not have any material negative impact on our business operations and financial performance.

There is no assurance that our financial performance will not be adversely affected by the impact of commodity prices moving forward. Any significant increase in costs of sales in the future may adversely affect our operations and performance in the event where we are unable to pass on higher costs to our customers through an increase in selling prices.

12.14 ORDER BOOK

We do not enter into long-term contracts with our customers. Our sales are made based on purchase orders from our customers on an ongoing basis. Due to the nature of our business, we do not maintain an order book.

12.15 DIRECTORS' STATEMENT ON OUR GROUP'S FINANCIAL PERFORMANCE

Our Board is of the opinion that:

(a) Our revenue will remain sustainable with an upward growth trend, in line with the anticipated growth in the automotive industry as set out in the IMR Report;

(b) Our liquidity will improve further subsequent to the Public Issue given the additional funds to be raised for our Group to carry out our business strategies as stated in Section 7.12 of this Prospectus; and

(c) Our capital resources will strengthen, taking into account the amount to be raised from the Public Issue as well as internally generated funds. We may consider debt or equity funding for our capital expansion should the need arise.

In addition to the above, our Board confirms that there are no circumstances which would result in a significant decline in our revenue and GP margin or know of any factors that are likely to have a material impact on our liquidity, revenue or profitability.

12.16 TREND INFORMATION

As at the LPD, save as disclosed in this Prospectus and to the best of our Board confirms that there are no:

(i) Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations, save as disclosed in Section 12.3, Section 7, Section 8 and Section 9 of this Prospectus;

(ii) Material commitments for capital expenditure, as set out in Sections 12.8 of this Prospectus;

(iii) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group, save as discussed in Section 9 and Section 12.3 of this Prospectus;

(iv) Known trends, demands, commitments, events or uncertainties that had resulted in a substantial increase in our Group's revenue and/or profit as disclosed in this Section 12.3 of this Prospectus, business and IMR Report, as set out in Section 7 and Section 8, as well as business strategies and prospects as set out in Section 7.12 of this Prospectus;

(v) Known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position, save as disclosed in this section and Section 9 of this Prospectus; and

(vi) Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's liquidity and capital resources, save as disclosed in this section, Section 7 and Section 9 of this Prospectus.

However, our Board foresees certain risk factors as set out in Section 9 that may affect our future financial condition and results of operations.

Nevertheless, our Board is optimistic about the future prospects of our Group given our Group's competitive strengths as set out in Section 7.7 of this Prospectus, the outlook of the automotive industry in Malaysia as set out in the IMR Report in Section 8 of this Prospectus and our commitment to implement the business strategies as set out in Section 7.12 of this Prospectus.

12.17 DIVIDEND POLICY

The actual dividend that our Board may recommend or declare in any particular financial year or period will be subject to various factors, such as having profits and excess funds, which are not require to be retained to fund our business. Our Board will consider the following factors (which may not be exhaustive) when recommending dividends for approval by our shareholders or when declaring any interim dividends:

(i) the level of cash and level of indebtedness;

(ii) required and expected interest expense, cash flows, profits, return on equity and retained earnings;

(iii) our expected results of current and future level of operations;

(iv) our projected levels of capital expenditure and other investment plans; and

(v) the prior consent from our banking institutions, if any.

As we are a holding company, our ability to declare and pay dividends or make other distributions to our shareholders are dependent upon the dividends we receive from our Subsidiary, present or future. The payment of dividends by our Subsidiary is dependent on various factors, including but not limited to their distributable profits, financial performance, cash flow requirements for operations and capital expenditures, as well as other factors that their respective boards of directors deem relevant. Save for certain banking restrictive covenants which our Subsidiary are subject to, there is no other dividend restriction imposed on our Subsidiary and our Company as at the LPD.

We target a payout ratio of up to 10% of our profit attributable to the owners of our Company for each financial year on a consolidated basis after taking into account working capital, maintenance capital and committed capital requirements of our Group. The declaration and payment of any dividend is subject to the confirmation of our Board as well as any applicable law, license conditions and contractual obligations and provided that such distribution will not be detrimental to our cash requirements, or any plans approved by our Board.

Investors should note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our future dividends which are subject to modification (including non-declaration thereof) at our Board's discretion. There can be no assurance that we will be able to pay dividends or that our Board will declare dividends in the future. There can also be no assurance that future dividends declared by our Board, if any, will not differ materially from historical dividend levels.

For the Financial Years Under Review, our Subsidiary had declared the following dividends to their respective shareholders:

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**
Dividend declared and paid	-	(1)4,000	(2)1,000

Notes:

(1) RM0.40 million was paid on 5 January 2022 and RM3.60 million was paid on 29 December 2022.

(2) RM1.00 million was paid on 29 December 2023.

Please refer to Note 26 of the Accountants' Report set out in Section 13 of this Prospectus for further details.

The dividends declared and/or to be declared above were funded by internal funds sourced from the cash and bank balances of our Subsidiary. The dividends will not affect the execution and implementation of our future plans or strategies. We also believe that we have sufficient funding from our internally generated funds and bank borrowings for the funding requirements of our operations and expansion plans.

As at the LPD, there is no outstanding dividends declared but remained unpaid. Subsequent to LPD, no dividend was declared, made or paid by our Group prior to the completion of the Proposed Listing.

Please refer to Section 9.3.4 of this Prospectus for risks relating to the payment of dividends.

No inference should or can be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

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12.18 REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

Crowe

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants
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12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Malaysia
Main +6 03 2788 9999
Fax +6 03 2788 9998
www.crowe.my

Date: 13 March 2024

The Board of Directors
KHPT HOLDINGS BERHAD
Lot 2228, Jalan Kasawari,
Kawasan Perusahaan Kebun Baru,
Batu 9, Kg. Kebun Baru,
42500 Telok Panglima Garang,
Kuala Langat, Selangor.

Dear Sir/Madam

KHPT HOLDINGS BERHAD ("KHPT" or the "Company')
REPORT ON THE COMPILATION OF PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

We have completed our assurance engagement to report on the compilation of Pro Forma Statements of Financial Position of KHPT Holdings Berhad and its subsidiary (hereinafter referred to as the "Group") as at 31 December 2023 and the related notes (as set out in Appendix A which we have stamped for the purpose of identification) prepared by the Board of Directors of the Group for inclusion in the Prospectus in connection with the listing of and quotation for the entire issued share capital of the Group on the ACE Market of Bursa Malaysia Securities Berhad ("the Listing").

The applicable criteria on the basis of which the Board of Directors of the Group have compiled the Pro Forma Statements of Financial Position, and are specified in the Prospectus Guidelines issued by the Securities Commission Malaysia ("the Prospectus Guidelines") and the Guidance Note for issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants ("Guidance Note").

The Pro Forma Statements of Financial Position have been compiled by the Board of Directors of the Group to illustrate the impact of the events or transactions set out in the notes thereon to the Pro Forma Statements of Financial Position as if the events have occurred or the transactions have been undertaken on 31 December 2023. As part of this process, information about the Group's financial position has been extracted by the Board of Directors of KHPT from the Group's audited statements of financial position as at 31 December 2023.

THE BOARD OF DIRECTORS' RESPONSIBILITIES

The Board of Directors of the Group is responsible for compiling the Pro Forma Statements of Financial Position as set out in the notes to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

Crowe

REPORTING ACCOUNTANTS' INDEPENDENCE AND QUALITY CONTROL

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our firm applies International Standard on Quality Management 1 (ISQM 1), *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by the Prospectus Guidelines issued by the Securities Commission Malaysia, about whether the Pro Forma Statements of Financial Position have been compiled, in all material respects, by the Board of Directors of the Group on the basis as set out in the notes thereon to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines and the Guidance Note.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagement to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Board of Directors of the Group has compiled, in all material respects, the Pro Forma Statements of Financial Position on the basis set out in the notes thereon to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinion on any historical financial information used in compiling the Pro Forma Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Statements of Financial Position.

The purpose of Pro Forma Statements of Financial Position included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

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REPORTING ACCOUNTANTS' RESPONSIBILITIES (CONT'D)

A reasonable assurance engagement to report on whether the Pro Forma Statements of Financial Position has been compiled, in all material respects, on the basis set out in notes thereon to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines, involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the Pro Forma Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Statements of Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Pro Forma Statements of Financial Position has been compiled, in all material respects, on the basis set out in the notes thereon to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

OTHER MATTER

This letter has been prepared solely for the purpose of inclusion in the prospectus of KHPT, in connection with the Listing. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,

Crowe Malaysia PLT	**Ung Voon Huay**
201906000005 (LLP0018817-LCA) & AF 1018	03233/09/2024 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur

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APPENDIX A

KHPT HOLDINGS BERHAD

PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

		Audited	Audited		I		II		III
		AGSB As at 31.12.2023 RM'000	KHPT As at 31.12.2023 RM'000	Acquisition of AGSB RM'000	After Acquisition of AGSB RM'000	Public Issue RM'000	After I and Public Issue RM'000	Utilisation of proceeds RM'000	After II and utilisation of proceeds RM'000
ASSETS									
NON-CURRENT ASSETS									
Property, plant and equipment	6.1	22,988	4	-	22,992	-	22,992	[•]	[•]
CURRENT ASSETS									
Inventories		3,817	-	-	3,817	-	3,817	-	3,817
Trade receivables		12,680	-	-	12,680	-	12,680	-	12,680
Other receivables, deposits, and prepayments	6.2	2,770	307	-	3,077	-	3,077	[•]	[•]
Amount owing by related parties		450	-	(450)	-	-	-	-	-
Fixed deposit with licensed banks		6,304	-	-	6,304	-	6,304	-	6,304
Cash and bank balances	6.3	5,980	100	-	6,080	[•]	[•]	[•]	[•]
		32,001	407	(450)	31,958	[•]	[•]	[•]	[•]
Non-current asset held for sale		3,780	-	-	3,780	-	3,780	-	3,780
TOTAL ASSETS		58,769	411	(450)	58,730	[•]	[•]	[•]	[•]

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APPENDIX A

KHPT HOLDINGS BERHAD

PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

		Audited	Audited		I		II		III
		AGSB As at 31.12.2023 RM'000	KHPT As at 31.12.2023 RM'000	Acquisition of AGSB RM'000	After Acquisition of AGSB RM'000	Public Issue RM'000	After I and Public Issue RM'000	Utilisation of proceeds RM'000	After II and utilisation of proceeds RM'000
EQUITY AND LIABILITIES									
EQUITY									
Share capital	6.4	250	#	31,474	31,724	[•]	[•]	[•]	[•]
Merger deficit	6.5	-	-	(31,474)	(31,474)	-	(31,474)	-	(31,474)
Retained profits	6.6	32,439	(62)	-	32,377	-	32,377	[•]	[•]
TOTAL EQUITY		32,689	(62)	-	32,627	[•]	[•]	[•]	[•]
NON-CURRENT LIABILITIES									
Lease liabilities		42	-	-	42	-	42	-	42
Term loans		651	-	-	651	-	651	-	651
Deferred tax liabilities		948	-	-	948	-	948	-	948
		1,641	-	-	1,641	-	1,641	-	1,641

Notes:
- Amount represents RM2

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APPENDIX A

KHPT HOLDINGS BERHAD

PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

	Audited	Audited		I		II		III
	AGSB As at 31.12.2023 RM'000	KHPT As at 31.12.2023 RM'000	Acquisition of AGSB RM'000	After Acquisition of AGSB RM'000	Public Issue RM'000	After I and Public Issue RM'000	Utilisation of proceeds RM'000	After II and utilisation of proceeds RM'000
CURRENT LIABILITIES								
Trade payables	12,725	-	-	12,725	-	12,725	-	12,725
Other payables and accruals	5,449	23	-	5,472	-	5,472	-	5,472
Amount owing to a related party	-	450	(450)	-	-	-	-	-
Bankers' acceptances	4,900	-	-	4,900	-	4,900	-	4,900
Lease liabilities	19	-	-	19	-	19	-	19
Term loans	1,257	-	-	1,257	-	1,257	-	1,257
Current tax liabilities	89	-	-	89	-	89	-	89
	24,439	473	(450)	24,462	-	24,462	-	24,462
TOTAL LIABILITIES	26,080	473	(450)	26,103	-	26,103	-	26,103
TOTAL EQUITY AND LIABILITIES	58,769	411	(450)	58,730	[•]	[•]	[•]	[•]
Number of shares in issue ('000)	250	*	293,492	293,742	108,644	402,386	-	402,386
NA per share (RM)	130.75	-	-	0.11	-	[•]	-	[•]
Borrowings (All interest bearing debts) (RM'000)	6,869	-	-	6,869	-	6,869	-	6,869
Gearing ratio (times)	0.21	-	-	0.21	-	[•]	-	[•]
Current ratio (times)	1.31	0.86	-	1.31	-	[•]	-	[•]

Notes:
* - Amount represents 2 ordinary shares at RM1 each

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APPENDIX A

KHPT HOLDINGS BERHAD

NOTES TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

1. ABBREVIATIONS

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:

Acquisition of AGSB	:	Acquisition by KHPT for the entire equity interest of AGSB comprising 250,000 ordinary shares for a purchase consideration of RM31,724,148 which was fully satisfied by the issuance of 293,742,111 new Shares at an issue price of RM0.108 per Share
AGSB or Subsidiary	:	Automev Global Sdn Bhd *(formerly known as Kah Hong Precision Tooling Sdn Bhd)*
Bursa Securities	:	Bursa Malaysia Securities Berhad
IPO	:	Initial public offering comprising the Public Issue and Offer for Sale, collectively
IPO Price	:	The indicative issue/offer price of [•] per IPO Share pursuant to the IPO
IPO Share(s)	:	Collectively, the Issue Share(s) and Offer Share(s)
Issue Share(s)	:	108,644,300 new Share(s) to be issued pursuant to the Public Issue
KHPT or the Company	:	KHPT Holdings Berhad
KHPT Group or the Group	:	KHPT Holdings Berhad and its Subsidiary
KHPT Shares or Shares	:	Ordinary shares in KHPT
Listing	:	Listing of and quotation for the entire enlarged issued share capital of KHPT on the ACE Market of Bursa Securities
LPD	:	29 February 2024, being the latest practicable date
Offer for Sale	:	Offer for sale of 38,226,600 Shares by the offerors (namely Datin Eloise and Tiu Kuang Hong) at IPO Price
Prospectus	:	Prospectus of the Company in relation to the IPO
Public Issue	:	Public issue of 108,644,300 new Shares at IPO Price
RM and Sen	:	Ringgit Malaysia and sen, respectively
TPG Factory	:	The Group's sole principal place of business located at Lot 2228, Jalan Kasawari, Kawasan Perusahaan Kebun Baru, Batu 9, Kg. Kebun Baru, 42500 Telok Panglima Garang, Kuala Langat, Selangor Darul Ehsan

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APPENDIX A

KHPT HOLDINGS BERHAD

NOTES TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

2. INTRODUCTION

The Pro Forma Statements of Financial Position of the Group as at 31 December 2023 ("Pro Forma Statements of Financial Position") together with the notes thereon, for which the Board of Directors of the Group ("the Directors") are solely responsible, have been prepared for illustrative purposes only for the purpose of inclusion in the Prospectus to be issued in connection with the IPO in conjunction with the Listing and should not be relied upon for any other purposes.

3. BASIS OF PREPARATION

The Pro Forma Statements of Financial Position is prepared based on the audited combined statements of financial position of the Group as at 31 December 2023 which, was prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs"), and in a manner consistent with the format of the financial statements and accounting policies of the Group.

The combined financial statements used in the preparation of these Pro Forma Statements of Financial Position were not subject to any audit qualification, modification, disclaimer of opinion or emphasis of matter.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same parties before and after the business combination, and that control is not transitory. Subsidiaries acquired which have met the criteria for pooling-of-interests are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the business combination had been affected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the difference between costs of acquisition over the nominal value of share capital of the subsidiaries is taken to merger reserve or merger deficit.

The identifiable assets and liabilities of all commonly controlled entitles are accounted for at their historical costs.

The Pro Forma Statements of Financial Position together with the related notes thereon, have been prepared solely to illustrate the impact of the events and transactions set out in Note 5 to the Pro Forma Statements of Financial Position had the events occurred or transactions been undertaken on 31 December 2023. The Pro Forma Statements of Financial Position are not necessarily indicative of the financial position that would have been attained had the Listing actually occurred at the respective dates.

APPENDIX A

KHPT HOLDINGS BERHAD

NOTES TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

4. LISTING SCHEME

4.1 Acquisition of AGSB

On 28 December 2023, the Company entered into a conditional share sale and purchase agreement with Datin See Hui Pvng, Tiu Kuang Hong and See Hui Shi ("AGSB's Vendors", collectively) to acquire the entire issued share capital of AGSB of RM0.25 million comprising 250,000 AGSB's ordinary shares for a purchase consideration of approximately RM31.72 million which was entirely satisfied by the issuance of 293,742,111 new Shares on 8 January 2024, at an issue price of RM0.108 per Share to AGSB's Vendors.

The purchase consideration of approximately RM31.72 million was arrived at a willing buyer-willing seller basis and after taking into consideration the audited net assets of AGSB as at 30 September 2023 of approximately RM31.72 million. The said acquisition was completed on 7 February 2024 and AGSB has become a wholly-owned subsidiary of the Group.

4.2 Listing scheme

In conjunction with, and as an integral part of the Listing, the Company undertook the following:-

(a) IPO

Public Issue

The Public Issue of 108,644,300 Issue Shares representing approximately 27.00% of the enlarged issued share capital of KHPT at IPO Price will be allocated in the following manner:-

- 20,119,400 Issue Shares will be made available for application by the Malaysian Public via balloting;

- 10,059,700 Issue Shares will be made available for application by the eligible directors and employees of the Group; and

- 78,465,200 Issue Shares will be made available by way of private placement to selected investors.

Proposed Offer for Sale

Concurrent with the Listing, the Offer for Sale of 38,226,600 Offer Shares will be made available by way of private placement to selected investors at the IPO Price.

(b) Proposed Listing

Upon completion of the Proposed IPO, the Company will be admitted to the Official List and the entire enlarged issued share capital of approximately RM [•] million comprising 402,386,413 shares shall be listed and quoted on the ACE Market.

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APPENDIX A

KHPT HOLDINGS BERHAD

NOTES TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

5. PRO FORMA ADJUSTMENTS TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION

5.1 Pro Forma I

Pro Forma I incorporates the effects of the Acquisition of AGSB as set out in Note 4.1 to the Pro Forma Statements of Financial Position.

5.2 Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and Public Issue as set out in Note 4.2(a) to the Pro Forma Statements of Financial Position.

5.3 Pro Forma III

Pro Forma III incorporates the effects of Pro Forma II and the utilisation of proceeds from Public Issue. The proceeds from the Public Issue will be utilised as follows:-

Purposes	Amount of proceeds		Estimated timeframe for utilisation from the Listing date
	RM'000	%	
Capital expenditure [(1)]:			Within 24 months
- Purchase of press machines	[•]	[•]	Within 24 months
- Purchase of automation equipment	[•]	[•]	Within 24 months
- Renovation of TPG Factory	[•]	[•]	Within 24 months
- Purchase of one overhead crane	[•]	[•]	Within 24 months
Working capital [(2)]	[•]	[•]	Within 12 months
Estimated listing expenses [(3)]	[•]	[•]	Within 1 month
Total	[•]	[•]	

Notes:-

(1) The Group intends to allocate RM [•] *million of the gross proceeds from the Public Issue to fully fund the capital expenditure of the Group which includes the purchase of press machines, purchase of automation equipment, purchase of overhead crane and renovation of TPG Factory. As at the LPD, the Group has yet to enter into any contractual binding arrangements or issued any purchase orders in relation to the said capital expenditure of the Group.*

(2) The Group has allocated RM [•] *million of the gross proceeds from the Public Issue for the working capital requirements of the Group, which are the general administrative and daily operational expenses such as electricity, upkeep of machinery / equipment and maintenance costs. As at the LPD, the Group has yet to issue any purchase orders for the working capital requirements of the Group.*

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APPENDIX A

KHPT HOLDINGS BERHAD

NOTES TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

5. PRO FORMA ADJUSTMENTS TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION (CONT'D)

5.3 Pro Forma III (Cont'd)

Notes:- (cont'd)

(3) The estimated listing expenses of RM [•] *million directly attributable to the Public Issue will be set off against share capital and the remaining estimated listing expenses of RM* [•] *million that are attributable to the Listing will be expensed off to profit or loss. As of 31 December 2023, RM* [•] *million has been paid and debited into other receivables, deposits and prepayments.*

6. EFFECTS ON THE PRO FORMA STATEMENTS OF FINANCIAL POSITION

6.1 Property, plant and equipment

	RM'000
As at 31 December 2023/ Pro Forma I and II	22,992
Pursuant to utilisation of proceeds	
- Capital expenditure	[•]
As per Pro Forma III	[•]

6.2 Other receivables, deposits, and prepayments

	RM'000
As at 31 December 2023/ Pro Forma I and II	3,077
Pursuant to utilisation of proceeds	
- Estimated listing expenses	[•]
As per Pro Forma III	[•]

6.3 Cash and bank balances

	RM'000
As at 31 December 2023/Pro Forma I	6,080
Pursuant to Public Issue	[•]
As per Pro Forma II	[•]
Pursuant to utilisation of proceeds	
- Capital expenditure	[•]
- Working capital	[•]
- Estimated listing expenses	[•]
As per Pro Forma III	[•]

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APPENDIX A

KHPT HOLDINGS BERHAD

**NOTES TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023 (CONT'D)**

6. EFFECTS ON THE PRO FORMA STATEMENTS OF FINANCIAL POSITION (CONT'D)

6.4 Share capital

	'000	RM'000
As at 31 December 2023	*	#
Add: KHPT Shares issued pursuant to the Acquisition of AGSB	293,742	31,724
As per Pro Forma I	293,742	31,724
Pursuant to Public Issue	108,644	[•]
As per Pro Forma II	402,386	[•]
Pursuant to utilisation of proceeds		
- Estimated listing expenses	-	[•]
As per Pro Forma III	402,386	[•]

* - Amount represents 2 ordinary shares at RM1 each
\# - Amount represents RM2

6.5 Merger deficit

	RM'000
As at 31 December 2023	-
Pursuant to Acquisition of AGSB	(31,474)
As per Pro Forma I, II, and III	(31,474)

6.6 Retained profits

	RM'000
As at 31 December 2023/ Pro Forma I and II	32,377
Pursuant to utilisation of proceeds	
- Working capital	[•]
- Estimated listing expenses	[•]
As per Pro Forma III	[•]

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APPENDIX A

KHPT HOLDINGS BERHAD

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of KHPT Holdings Berhad in accordance with a resolution dated

On behalf of the Board of Directors,

See Hui Pvng | **Hideki Nomura**

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Date: 13 MAR 2024

The Board of Directors
KHPT HOLDINGS BERHAD
Lot 2228, Jalan Kasawari,
Kawasan Perusahaan Kebun Baru,
Batu 9, Kg. Kebun Baru,
42500 Telok Panglima Garang,
Kuala Langat, Selangor.

Dear Sirs/Madam

REPORTING ACCOUNTANTS' OPINION ON THE FINANCIAL INFORMATION CONTAINED IN THE ACCOUNTANTS' REPORT OF KHPT HOLDINGS BERHAD (THE "COMPANY" OR "KHPT")

OPINION

We have audited the financial information of the Company and its combined entities (collectively known as the "Group"), which comprise the combined statements of financial position as at 31 December 2021, 2022 and 2023 and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for each of the financial years ended ("FYE") 31 December 2021, 2022 and 2023 and notes to the combined financial statements, including a summary of significant accounting policies as set out on pages 4 to 64.

The historical financial information has been prepared for inclusion in the prospectus of KHPT Holdings Berhad in connection with the initial public offering and listing of KHPT Holdings Berhad on the ACE Market of Bursa Malaysia Securities Berhad ("the Proposed Listing"). This report is required by the Prospectus Guidelines issued by the Securities Commission Malaysia (the "Prospectus Guidelines") and is given for the purpose of complying with Chapter 10.03 of the Prospectus Guidelines and for no other purpose.

In our opinion, the combined financial information gives a true and fair view of the financial position of the Group as at 31 December 2021, 2022 and 2023, and of their financial performance and their cash flows for each of the FYE 31 December 2021, 2022 and 2023 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Reporting Accountant's Responsibilities for the Audit of the Financial Information* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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DIRECTORS' RESPONSIBILITIES FOR THE COMBINED FINANCIAL INFORMATION

The Directors of the Company ("Directors") are responsible for the preparation of the combined financial information of the Group that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of combined financial information that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial information of the Group, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

REPORTING ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF COMBINED FINANCIAL INFORMATION

Our objectives are to obtain reasonable assurance about whether the combined financial information of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial information.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the combined financial information of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the combined financial information of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of this report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Crowe

REPORTING ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF COMBINED FINANCIAL INFORMATION (CONT'D)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:- (Cont'd)

- Evaluate the overall presentation, structure and content of the combined financial information of the Group, including the disclosures, and whether the combined financial information of the Group represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the combined financial information of the entities or business activities within the Group to express an opinion on the combined financial information of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

RESTRICTION ON DISTRIBUTION AND USE

Our report has been prepared for inclusion in the prospectus of KHPT Holdings Berhad in connection with the listing of KHPT Holdings Berhad on the ACE Market of Bursa Malaysia Securities Berhad. As such, this report should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Crowe Malaysia

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Ung Voon Huay
03233/09/2024 J
Chartered Accountant

Kuala Lumpur

13 MAR 2024

KHPT HOLDINGS BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER

	Note	2021 RM	2022 RM	2023 RM
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	4	25,589,900	19,544,734	22,991,351
Investment property	5	-	4,811,569	-
		25,589,900	24,356,303	22,991,351
CURRENT ASSETS				
Inventories	6	4,839,980	3,759,791	3,816,788
Trade receivables	7	11,732,822	18,206,100	12,679,904
Other receivables, deposits, and prepayments	8	598,702	351,961	3,077,641
Amount owing by related parties	9	22,497	30,231	-
Current tax assets		901,754	-	-
Fixed deposit with licensed banks	10	-	2,000,000	6,304,235
Cash and bank balances		4,590,971	8,088,216	6,080,234
		22,686,726	32,436,299	31,958,802
Non-current asset held for sale	11	-	-	3,780,000
TOTAL ASSETS		48,276,626	56,792,602	58,730,153

KHPT HOLDINGS BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER (CONT'D)

	Note	2021 RM	2022 RM	2023 RM
EQUITY AND LIABILITIES				
EQUITY				
Share capital	12(a)	2	2	2
Invested capital	12(b)	250,000	250,000	250,000
Retained profits		23,044,974	27,843,347	32,376,816
TOTAL EQUITY		23,294,976	28,093,349	32,626,818
NON-CURRENT LIABILITIES				
Lease liabilities	13	196,698	121,355	41,707
Term loans	14	3,209,467	1,908,022	651,050
Deferred tax liabilities	15	1,088,515	1,159,259	948,027
		4,494,680	3,188,636	1,640,784
CURRENT LIABILITIES				
Trade payables	16	10,627,492	15,011,244	12,724,676
Other payables and accruals	17	2,100,438	3,781,801	5,472,806
Amount owing to directors	18	1,404	-	-
Bankers' acceptances	19	5,050,000	5,000,000	4,900,006
Lease liabilities	13	114,323	71,428	19,137
Term loans	14	1,276,066	1,231,170	1,256,972
Bank overdrafts	20	1,317,247	-	-
Current tax liabilities		-	414,974	88,954
		20,486,970	25,510,617	24,462,551
TOTAL LIABILITIES		24,981,650	28,699,253	26,103,335
TOTAL EQUITY AND LIABILITIES		48,276,626	56,792,602	58,730,153

KHPT HOLDINGS BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER

	Note	2021 RM	2022 RM	2023 RM
REVENUE	21	58,965,533	116,246,414	114,081,850
COST OF SALES		(54,223,215)	(99,110,092)	(99,938,765)
GROSS PROFIT		4,742,318	17,136,322	14,143,085
OTHER INCOME		254,290	228,859	556,068
ADMINISTRATIVE EXPENSES		(4,389,108)	(4,766,672)	(5,093,980)
OTHER EXPENSES		(291,364)	(892,926)	(1,452,176)
NET IMPAIRMENT (LOSSES)/GAINS ON FINANCIAL ASSETS	22	-	(368,901)	260,083
PROFIT BEFORE TAXATION	23	316,136	11,336,682	8,413,080
INCOME TAX EXPENSE	24	(162,659)	(2,538,309)	(2,879,611)
PROFIT AFTER TAXATION		153,477	8,798,373	5,533,469
OTHER COMPREHENSIVE INCOME		-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		153,477	8,798,373	5,533,469
PROFIT AFTER TAXATION/ TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-				
Owners of the Company		153,477	8,798,373	5,533,469
EARNINGS PER SHARE (SEN)				
- Basic	25	61.39	3,519.32	2,213.37
- Diluted	25	61.39	3,519.32	2,213.37

KHPT HOLDINGS BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER

	Note	Share Capital RM	Invested Capital RM	Retained Profits RM	Total Equity RM
Balance at 1.1.2020		2	250,000	23,209,283	23,459,285
Loss after taxation/Total comprehensive expense for the financial year		-	-	(317,786)	(317,786)
Balance at 1.1.2021		2	250,000	22,891,497	23,141,499
Profit after taxation/Total comprehensive income for the financial year		-	-	153,477	153,477
Balance at 31.12.2021/1.1.2022		2	250,000	23,044,974	23,294,976
Profit after taxation/Total comprehensive income for the financial year		-	-	8,798,373	8,798,373
Contribution by and distribution to owners of the Company:					
- Dividends		-	-	(4,000,000)	(4,000,000)
Balance at 31.12.2022/1.1.2023		2	250,000	27,843,347	28,093,349
Profit after taxation/Total comprehensive income for the financial year		-	-	5,533,469	5,533,469
Contribution by and distribution to owners of the Company:					
- Dividends	26	-	-	(1,000,000)	(1,000,000)
Balance at 31.12.2023		2	250,000	32,376,816	32,626,818

KHPT HOLDINGS BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER

	Note	2021 RM	2022 RM	2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation		316,136	11,336,682	8,413,080
Adjustments for:-				
Depreciation of property, plant and equipment		2,139,537	2,044,636	1,879,045
Equipment written-off		3,637	104,303	78,060
Bad debts recovered		-	-	(6,314)
Bad debts written-off		-	433,869	6,680
Impairment loss on non-current asset held for sale		-	-	1,031,569
Impairment losses/(Reversal for) on trade receivables		-	368,901	(260,083)
Gain on disposal of property, plant and equipment		(58,997)	(4,547)	(271,064)
Interest expense		597,893	584,403	355,500
Interest income		(68,640)	(89,459)	(185,538)
Operating profit before working capital changes		2,929,566	14,778,788	11,040,935
(Increase)/Decrease in inventories		(1,876,462)	1,080,189	(56,997)
Decrease/(Increase) in trade and other receivables		1,223,731	(7,029,307)	3,085,698
(Decrease)/Increase in trade and other payables		(662,654)	6,065,115	(595,563)
CASH FROM OPERATIONS		1,614,181	14,894,785	13,474,073
Income tax paid		(286,663)	(1,150,837)	(4,000,479)
Income tax refund		554,330	-	583,616
Interest paid		(590,295)	(571,629)	(348,638)
Interest received		68,640	89,459	160,073
NET CASH FROM OPERATING ACTIVITIES		1,360,193	13,261,778	9,868,645

KHPT HOLDINGS BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER (CONT'D)

	Note	2021 RM	2022 RM	2023 RM
CASH FLOWS FOR INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment		59,000	4,550	393,476
Purchase of plant and equipment	27(a)	(344,489)	(915,345)	(5,526,134)
Repayment to directors		(11,472)	(1,404)	-
Addition of fixed deposit with tenure more than 3 months		-	-	(304,235)
NET CASH FOR INVESTING ACTIVITIES		(296,961)	(912,199)	(5,436,893)
CASH FLOWS FOR FINANCING ACTIVITIES				
Dividend paid	26	-	(4,000,000)	(1,000,000)
Proceeds from bankers' acceptances	27(b)	8,800,000	15,450,000	15,600,027
Repayment of bankers' acceptances	27(b)	(9,680,000)	(15,500,000)	(15,700,021)
Repayment of lease interest	27(b)	(7,598)	(12,774)	(6,862)
Repayment of lease liabilities	27(b)	(89,844)	(118,238)	(131,939)
Repayment of term loans	27(b)	(1,170,383)	(1,346,341)	(1,231,170)
Repayment from a related party		-	-	42,679
Advances to related parties		(8,044)	(7,734)	(12,448)
NET CASH FOR FINANCING ACTIVITIES		(2,155,869)	(5,535,087)	(2,439,734)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,092,637)	6,814,492	1,992,018
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		4,366,361	3,273,724	10,088,216
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	27(c)	3,273,724	10,088,216	12,080,234

KHPT HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021, 2022 AND 2023

1. GENERAL INFORMATION

KHPT Holdings Sdn. Bhd. was a private limited company incorporated in Malaysia under the Companies Act 2016 on 20 February 2019, and is principally engaged in investment holding. The Company was subsequently converted to a public company on 1 March 2024 and assumed the name KHPT Holdings Berhad ("KHPT"), to embark on the listings of and quotation of its enlarged share capital on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

KHPT was incorporated for the purpose of acquiring the existing operating entity pursuant to the restructuring exercise as disclosed in Note 1.1 to the combined financial statements.

The information of the entities within the combined financial statements is as follows:

(a) Automev Global Sdn. Bhd. ("AGSB") (formerly known as Kah Hong Precision Tooling Sdn. Bhd.) was incorporated in Malaysia on 25 September 1996 under the Companies Act 1965, as a private limited company and is principally engaged in the manufacturing and sale of automotive parts and components.

(b) The registered office and principal place of business of KHPT and AGSB are as follows:

Registered office	:	12th Floor, Menara Symphony, No. 5 Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
Principal place of business	:	Lot 2228, Kampung Batu 9, Kebun Baru, Jalan Kasawari, 42500 Telok Panglima Garang, Selangor Darul Ehsan, Malaysia.

(KHPT and AGSB shall collectively be referred to as the "Group".)

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KHPT HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021, 2022 AND 2023

1. GENERAL INFORMATION (CONT'D)

1.1 RESTRUCTURING EXERCISE

Shareholding Restructuring

On 9 August 2023, See Hui Pvng, being one of the existing shareholders of AGSB entered into a conditional share sale agreement with See Hui Shi for the transfer of 12,500 AGSB ordinary shares, representing 5% of the total issued share capital of AGSB to See Hui Shi for a total purchase consideration of RM1,406,194. The shareholding restructuring did not involve the issuance of any new shares and was completed on 27 December 2023.

Acquisition of AGSB

On 28 December 2023, the Company entered into a conditional share sale and purchase agreement with See Hui Pvng, Tiu Kuang Hong and See Hui Shi ("AGSB's Vendors", collectively) to acquire the entire issued share capital of AGSB of RM250,000 comprising 250,000 AGSB ordinary shares for a purchase consideration of RM31,724,148.

The said purchase consideration was entirely satisfied by the issuance of 293,742,111 new ordinary shares in the Company at an issue price of RM0.108 per share to AGSB's Vendors, as follows:

Vendors of AGSB	No. of AGSB shares acquired	% of shareholding held in AGSB	Purchase Consideration (RM)	No. of shares issued
See Hui Pvng	218,750	87.50	27,758,630	257,024,352
Tiu Kuang Hong	18,750	7.50	2,379,311	22,030,657
See Hui Shi	12,500	5.00	1,586,207	14,687,102
	250,000	**100.00**	**31,724,148**	**293,742,111**

The purchase consideration of RM31,724,148 was arrived at a willing buyer-willing seller basis and after taking into consideration the audited net assets of AGSB as at 30 September 2023 of RM31,724,148. The acquisition of AGSB was completed on 7 February 2024 and became a wholly-owned subsidiary of KHPT.

KHPT HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021, 2022 AND 2023

1. GENERAL INFORMATION (CONT'D)

1.2 LISTING SCHEME

In conjunction with and as an integral part of the listing of and quotation for the entire issued share capital of KHPT on the ACE Market of Bursa Securities ("the Proposed Listing"), KHPT will implement the following:-

(a) Proposed IPO

Proposed Public Issue

The Proposed Public Issue of 108,644,300 shares representing approximately 27.00% of the enlarged issued share capital of KHPT allocated in the following manner:-

- 20,119,400 Issue Shares will be made available for application by the Malaysian Public via balloting;
- 10,059,700 Issue Shares will be made available for application by the eligible directors, employees, customers and suppliers who have contributed to the success of the Group; and
- 78,465,200 Issue Shares will be made available by way of private placement to selected investors.

Proposed Offer for Sale

Concurrent with the Listing, the Offer for Sale of 38,226,600 Offer Shares will be made available by way of private placement to selected investors at the IPO Price.

(b) Proposed Listing

Upon completion of the Proposed IPO, the Company will be admitted to the Official List and the entire enlarged issued share capital of 402,386,413 shares shall be listed and quoted on the ACE Market.

KHPT HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021, 2022 AND 2023

2. BASIS OF PREPARATION

FYE 31 DECEMBER 2021, 2022 AND 2023

For the purpose of inclusion of combined financial statements in the prospectus of KHPT Holdings Berhad in connection with the listing and quotation of the entire enlarged share capital of KHPT Holdings Berhad on the ACE Market of Bursa Securities, the combined financial statements comprise the combined statements of financial position as at 31 December 2021, 2022 and 2023, combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for each of the financial years ended 31 December 2021, 2022 and 2023.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of common controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The combined financial statements were prepared in a manner similar to the "pooling-of-interest" method, as if the entities within the Group were operating as a single economic enterprise from the beginning of the earliest comparative period covered by the relevant period or the dates of incorporation of entities within the Group, if later. Such manner of presentation reflects the economic substance of the companies, which were under common control throughout the relevant period.

The identifiable assets and liabilities of all common controlled entities are accounted for at their historical costs. The accounting policies of common controlled entities have been changed where necessary to align them with the policies adopted by the Group.

All material intra-group transactions and balances have been eliminated on combination.

These combined financial statements of the Group are prepared under the historical cost convention and modified to include other basis of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards.

KHPT HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021, 2022 AND 2023

2. BASIS OF PREPARATION (CONT'D)

2.1 During the current financial year, the Group has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 17 Insurance Contracts

Amendments to MFRS 17: Insurance Contracts

Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information

Amendments to MFRS 101: Disclosure of Accounting Policies

Amendments to MFRS 108: Definition of Accounting Estimates

Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS 112: International Tax Reform – Pillar Two Model Rules

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) did not have any material impact on the Group's combined financial statements.

2.2 The Group has not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) is expected to have no material impact on the combined financial statements of the Group upon their initial application.

KHPT HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021, 2022 AND 2023

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 4 to the financial statements.

(b) Impairment of Property, Plant and Equipment, Investment Property and Right-of-use Assets

The Group determines whether an item of its property, plant and equipment, investment property and right-of-use assets is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of property, plant and equipment, investment property and right-of-use assets as at the reporting date are disclosed in Notes 4 and 5 to the financial statements.

(c) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 6 to the financial statements.

KHPT HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021, 2022 AND 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(d) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 7 to the financial statements.

(e) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information. The carrying amounts of other receivables and amounts owing by related parties as at the reporting date are disclosed in Notes 8 and 9 to the financial statements respectively.

(f) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amount of current tax liabilities as at the reporting date is RM88,954 (2022 - current tax liabilities RM414,974; 2021 - current tax assets RM901,754).

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the combined financial statements.

KHPT HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021, 2022 AND 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 BASIS OF COMBINATION

The combined financial statements include the financial statements of the Group made up to the end of the reporting period. Accordingly, the combined financial statements have been accounted for using principles of merger accounting.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Intragroup transactions, balances, income and expenses are eliminated on combination. Intragroup losses may indicate an impairment that requires recognition in the combined financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 BASIS OF COMBINATION (CONT'D)

(b) Merger Accounting for Common Control Business Combinations

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current financial year.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholders at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the new fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party and parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included for the full financial year.

(c) Non-controlling Interests

Non-controlling interests are presented within equity in the combined statements of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in the equity of the Group.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 BASIS OF COMBINATION (CONT'D)

(e) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3.3 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The combined financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the Company's functional currency on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the combined statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the combined statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Debt Instruments (Cont'd)

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value (excluding interest expense) of these financial liabilities are recognised in profit or loss.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities (Cont'd)

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Factory building	4%
Plant and machinery	10%-25%
Motor vehicles	20%-30%
Office equipment and furniture	10%-20%
Renovation	10%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 INVESTMENT PROPERTY

Investment properties are properties which are owned or right-of-use asset held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties.

Freehold land is not depreciated.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 LEASES

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the combined statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

3.8 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

3.10 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets (or disposal group comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the non-current assets (or the disposal group) are remeasured in accordance with the Company's accounting policies. Upon classification as held for sale, the non-current assets (or non-current assets of the disposal group) are not depreciated and are measured at the lower of their previous carrying amount and fair value less cost to sell. Any differences are recognised in profit or loss. In addition, equity accounting of equity-accounted associates ceases once classified as held for sale or distribution.

3.11 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the combined statements of financial position.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 IMPAIRMENT (CONT'D)

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

3.12 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

3.13 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are the expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.16 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the combined profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the combined profit or loss attributable to ordinary shareholders of the Group and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.17 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical asset or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts. The Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Sale of Goods

Revenue from sale of goods is recognised when the Company has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

3.19 OTHER OPERATING INCOME

Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

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4. PROPERTY, PLANT AND EQUIPMENT

	At 1.1.2021	Additions	Write-off	Disposal	Depreciation charge (Note 23)	At 31.12.2021
	RM	RM	RM	RM	RM	RM
2021						
Carrying Amount						
Right-of-use asset						
Motor vehicles	239,222	237,000	-	-	(95,541)	380,681
Owned assets						
Freehold land	18,233,069	-	-	-	-	18,233,069
Factory building	1,482,179	-	-	-	(127,532)	1,354,647
Plant and machinery	6,650,884	113,200	-	-	(1,728,404)	5,035,680
Motor vehicles	17,038	-	-	(3)	(17,032)	3
Office equipment and furniture	445,926	195,887	(3,637)	-	(140,531)	497,645
Renovation	118,672	-	-	-	(30,497)	88,175
	27,186,990	546,087	(3,637)	(3)	(2,139,537)	25,589,900

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4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At 1.1.2022	Additions	Write-off	Disposal	Transfer to investment property (Note 5)	Depreciation charge (Note 23)	At 31.12.2022
	RM	RM	RM	RM	RM	RM	RM
2022							
Carrying Amount							
Right-of-use asset							
Motor vehicles	380,681	-	-	-	-	(140,305)	240,376
Owned assets							
Freehold land	18,233,069	-	-	-	(4,811,569)	-	13,421,500
Factory building	1,354,647	-	-	-	-	(127,532)	1,227,115
Plant and machinery	5,035,680	171,053	(27,611)	(2)	-	(1,593,634)	3,585,486
Motor vehicles	3	-	-	-	-	-	3
Office equipment and furniture	497,645	144,930	(76,692)	(1)	-	(147,207)	418,675
Renovation	88,175	599,362	-	-	-	(35,958)	651,579
	25,589,900	915,345	(104,303)	(3)	(4,811,569)	(2,044,636)	19,544,734

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4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At 1.1.2023	Additions	Write-off	Disposal	Depreciation charge (Note 23)	At 31.12.2023
	RM	RM	RM	RM	RM	RM
2023						
Carrying Amount						
Right-of-use asset						
Motor vehicles	240,376	-	-	(89,862)	(82,239)	68,275
Owned assets						
Freehold land	13,421,500	-	-	-	-	13,421,500
Factory building	1,227,115	-	(1,237)	-	(127,530)	1,098,348
Plant and machinery	3,585,486	3,767,773	(21,841)	(20,877)	(1,437,663)	5,872,878
Motor vehicles	3	179,224	-	(1)	(24,136)	155,090
Office equipment and furniture	418,675	516,554	(14,024)	(11,672)	(107,254)	802,279
Renovation	651,579	1,062,583	(40,958)	-	(100,223)	1,572,981
	19,544,734	5,526,134	(78,060)	(122,412)	(1,879,045)	22,991,351

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4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At Cost	Accumulated Depreciation	Carrying Amount
	RM	RM	RM
2021			
Carrying Amount			
Right-of-use asset			
Motor vehicles	701,524	(320,843)	380,681
Owned assets			
Freehold land	18,233,069	-	18,233,069
Factory building	3,188,308	(1,833,661)	1,354,647
Plant and machinery	21,551,106	(16,515,426)	5,035,680
Motor vehicles	232,473	(232,470)	3
Office equipment and furniture	977,442	(479,797)	497,645
Renovation	304,967	(216,792)	88,175
	45,188,889	(19,598,989)	25,589,900

	At Cost	Accumulated Depreciation	Carrying Amount
2022			
Carrying Amount			
Right-of-use asset			
Motor vehicles	701,524	(461,148)	240,376
Owned assets			
Freehold land	13,421,500	-	13,421,500
Factory building	3,188,308	(1,961,193)	1,227,115
Plant and machinery	21,065,990	(17,480,504)	3,585,486
Motor vehicles	232,473	(232,470)	3
Office equipment and furniture	1,027,370	(608,695)	418,675
Renovation	904,329	(252,750)	651,579
	40,541,494	(20,996,760)	19,544,734

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4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2023			
Carrying Amount			
Right-of-use asset			
Motor vehicles	294,462	(226,187)	68,275
Owned assets			
Freehold land	13,421,500	-	13,421,500
Factory building	3,186,878	(2,088,530)	1,098,348
Plant and machinery	23,595,475	(17,722,597)	5,872,878
Motor vehicles	314,185	(159,095)	155,090
Office equipment and furniture	1,392,486	(590,207)	802,279
Renovation	1,680,488	(107,507)	1,572,981
	43,885,474	(20,894,123)	22,991,351

(a) Motor vehicles with a carrying amount of RM68,275 (2022 - RM240,376; 2021 - RM380,681) which were acquired under hire purchase terms have been represented as 'right-of-use asset' following the application of MFRS 16 by the Group.

(b) Carrying amount of property, plant and equipment charged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 14 to the financial statements:-

	2021 RM	**2022** RM	**2023** RM
Factory building	1,354,647	1,227,115	1,098,348
Plant and machinery	1,518,017	1,303,499	1,088,981
	2,872,664	2,530,614	2,187,329

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5. INVESTMENT PROPERTY

	2022 RM	**2023** RM
Cost:-		
At 1 January	-	4,811,569
Transfer from property, plant and equipment	4,811,569	-
Transfer to non-current asset held for sale (Note 11)	-	(3,780,000)
Impairment loss	-	(1,031,569)
At 31 December	4,811,569	-
Represented by:-		
Freehold land	4,811,569	-

The investment property has been reclassified to non-current asset held for sale at 31 December 2023.

The carrying amount of the investment property is measured at the lower of its carrying amount and fair value less costs to sell. An impairment loss of RM1,031,569, representing the write-down of the investment property, was recognised in "Other Expenses" line item of the combined statements of profit or loss and other comprehensive income as disclosed in Note 23 to the financial statements.

6. INVENTORIES

	2021 RM	**2022** RM	**2023** RM
Raw materials	765,690	1,497,635	269,755
Work-in-progress	1,604,357	1,042,472	757,648
Finished goods	2,469,933	1,219,684	2,789,385
	4,839,980	3,759,791	3,816,788
Recognised in profit or loss:-			
Inventories recognised as cost of sales	44,728,392	86,475,193	86,475,193

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7. TRADE RECEIVABLES

	2021 RM	2022 RM	2023 RM
Trade receivables	11,732,822	18,575,001	12,679,904
Less: Allowance for impairment losses	-	(368,901)	-
	11,732,822	18,206,100	12,679,904
Allowance for impairment losses:-			
At 1 January	-	-	368,901
Addition during the financial year (Note 22)	-	368,901	-
Reversal during the financial year (Note 22)	-	-	(260,083)
Write-off during the financial year	-	-	(108,818)
At 31 December	-	368,901	-

The Group's normal trade credit terms range from 30 to 90 (2022 - 30 to 90; 2021 - 30 to 90) days.

8. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 RM	2022 RM	2023 RM
Other receivables	138,098	90,692	179,781
Goods and services tax recoverable	13,744	13,744	13,744
Deposits	58,011	64,681	136,328
Prepayments	388,849	182,844	2,747,788
	598,702	351,961	3,077,641

9. AMOUNT OWING BY RELATED PARTIES

	2021 RM	2022 RM	2023 RM
Amount owing by related parties:-			
Current			
Non-trade balance	22,497	30,231	-

The non-trade balance represents unsecured payments made on behalf. The amount owing is repayable on demand and is to be settled in cash.

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10. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 2.80% to 3.55% (2022 - 3.00%; 2021 - NIL) per annum. The fixed deposits have maturity periods ranging from 3 to 6 months (2022 - 3 months; 2021 - NIL).

11. NON-CURRENT ASSET HELD FOR SALE

Non-current asset held for sale is in respect of investment property comprising freehold agricultural land located at Lot No. 2625, Mukim of Teluk Panglima Garang, District of Kuala Langat, 42500 Selangor with a carrying amount of RM4,811,569, which the Company has committed to dispose. On 1 August 2023, the Company entered into a Sale and Purchase Agreement with an individual buyer to sell the property for a cash consideration of RM3,780,000. The sale is conditional upon full payment.

12. SHARE CAPITAL AND INVESTED CAPITAL

(a) Share capital

	2021	2022	2023
	<----------------------	Number of Shares	-------------------->
Issued and Fully Paid-Up			
Ordinary shares			
At 1 January/31 December	2	2	2

	2021	2022	2023
	RM	RM	RM
Issued and Fully Paid-Up			
Ordinary shares			
At 1 January/31 December	2	2	2

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12. SHARE CAPITAL AND INVESTED CAPITAL (CONT'D)

(b) Invested capital

	2021	2022	2023
	<---------------------- Number of Shares		--------------------->
Issued and Fully Paid-Up			
Ordinary shares			
At 1 January/31 December	250,000	250,000	250,000

	2021	2022	2023
	RM	RM	RM
Issued and Fully Paid-Up			
Ordinary shares			
At 1 January/31 December	250,000	250,000	250,000

The holders of ordinary shares are entitled to receive as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

13. LEASE LIABILITIES

	2021	2022	2023
	RM	RM	RM
At 1 January	199,267	311,021	192,783
Addition	201,598	-	-
Interest expense recognised in profit or loss	7,598	12,774	6,862
Repayment of principal	(89,844)	(118,238)	(131,939)
Repayment of interest expense	(7,598)	(12,774)	(6,862)
At 31 December	311,021	192,783	60,844
Analysed by:-			
Current liabilities	114,323	71,428	19,137
Non-current liabilities	196,698	121,355	41,707
	311,021	192,783	60,844

Certain lease liabilities of the Group are secured by the Group's motor vehicles under the hire purchase arrangements as disclosed in Note 4 to the financial statements, with lease terms ranging from 3 to 5 years and bear effective interest rates ranging from 4.16% - 5.71% (2022 - 4.52% - 6.29%; 2021 - 4.52% - 6.29%).

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14. TERM LOANS

	2021 RM	2022 RM	2023 RM
Current liabilities	1,276,066	1,231,170	1,256,972
Non-current liabilities	3,209,467	1,908,022	651,050
	4,485,533	3,139,192	1,908,022

The term loans are secured by:-

(a) third party charge against the factory building of the Group as disclosed in Note 4(b) to the financial statements;
(b) joint and several guarantees by the directors of the Group; and
(c) a fixed charge over the assets financed by the licensed bank.

	Effective Interest Rate %	2021 RM	2022 RM	2023 RM
Fixed rate term loans	3.50 - 4.00	2,243,081	1,699,747	1,135,237
Floating rate term loans	4.57 - 5.82	2,242,452	1,439,445	772,785
		4,485,533	3,139,192	1,908,022

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15. DEFERRED TAX LIABILITIES

	2021 RM	2022 RM	2023 RM
At 1 January	955,000	1,088,515	1,159,259
Recognised in Profit or Loss (Note 24)	133,515	70,744	(211,232)
At 31 December	1,088,515	1,159,259	948,027

The deferred tax consists of the tax effects of the following items:-

	2021 RM	2022 RM	2023 RM
Deferred tax liabilities:			
- Property, plant and equipment	1,088,515	1,247,795	948,027
Deferred tax assets:			
- Provisions	-	(88,536)	-
	1,088,515	1,159,259	948,027

In the previous financial year, the Group fully utilised unabsorbed reinvestment allowances (stated at gross) amounting to RM875,110.

16. TRADE PAYABLES

The normal trade credit term granted to the Group is 60 (2022 - 60; 2021 - 60) days.

17. OTHER PAYABLES AND ACCRUALS

	2021 RM	2022 RM	2023 RM
Other payables	625,199	679,681	2,121,717
Accruals	1,475,239	3,102,120	3,351,089
	2,100,438	3,781,801	5,472,806

18. AMOUNT OWING TO DIRECTORS

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing was settled in cash.

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19. BANKERS' ACCEPTANCES

The bankers' acceptances are secured by a joint and several guarantees by the Directors of the Group. The bankers' acceptances of the Group at the end of the reporting period bore effective interest rates ranging from 3.70% - 5.14% (2022 - 4.29% - 5.04%; 2021 - 3.77% - 5.42%) per annum.

20. BANK OVERDRAFT

(a) In the previous financial year, the bank overdrafts of the Group are secured by a fixed charge over certain of the Group's plant and equipment as disclosed in Note 4 to the financial statements.

(b) The bank overdrafts of the Group at the end of the reporting period bore floating interest rate at NIL% (2022 - NIL%; 2021 - 6.67% - 6.92%) per annum.

21. REVENUE

	2021	2022	2023
	RM	RM	RM
Revenue from Contracts with Customers			
Revenue recognised at a point in time			
Sales of goods	58,965,533	116,246,414	114,081,850
Represented by geographical markets:-			
Malaysia	58,965,533	116,246,414	114,081,850

22. NET IMPAIRMENT LOSSES/(GAINS) ON FINANCIAL ASSETS

	2021	2022	2023
	RM	RM	RM
Impairment losses on trade receivables	-	368,901	-
Reversal of impairment losses on trade receivables	-	-	(260,083)
	-	368,901	(260,083)

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23. PROFIT BEFORE TAXATION

	2021 RM	**2022** RM	**2023** RM
Profit before taxation is arrived at after charging/(crediting):-			
Auditors' remuneration			
- statutory audit	46,500	57,500	57,500
- special audit	-	-	46,000
Depreciation of property, plant and equipment	2,139,537	2,044,636	1,879,045
Equipment written off	3,637	104,303	78,060
Bad debts written off	-	433,869	6,680
Directors' remuneration	786,454	813,636	950,867
Impairment loss on non-current asset held for sale	-	-	1,031,569
Interest expense on financial liabilities that are not at fair value through profit or loss:-			
- bankers' acceptances	134,721	343,380	219,966
- lease	7,598	12,774	6,862
- term loans	341,881	169,023	125,190
- bank overdrafts	113,693	59,226	3,482
Net realised loss on foreign exchange	4,126	31,285	22,014
Short-term rental expenses:-			
- office equipment	14,670	19,638	33,283
- forklifts	225,129	243,177	259,122
- workers' quarters	94,300	102,580	204,090
Staff costs:-			
- salaries, wages and allowances	5,969,521	7,588,322	8,404,523
- defined contribution plan	326,480	342,182	329,362
- others	556,392	810,791	930,724
Bad debt recovered	-	-	(6,314)
Gain on disposal of property, plant and equipment	(58,997)	(4,547)	(271,064)
Interest income	(68,640)	(89,459)	(185,538)

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24. INCOME TAX EXPENSE

	2021 RM	2022 RM	2023 RM
Income tax:-			
- for the financial year	16,474	2,428,977	2,462,257
- under provision in the previous financial year	12,670	38,588	628,586
	29,144	2,467,565	3,090,843
Deferred tax (Note 15):-			
- for the financial year	130,377	215,263	178,351
- under/(over) provision in the previous financial year	3,138	(144,519)	(389,583)
	133,515	70,744	(211,232)
	162,659	2,538,309	2,879,611

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group is as follows:-

	2021 RM	2022 RM	2023 RM
Profit before taxation	316,136	11,336,682	8,413,080
Tax at the statutory tax rate of 24%	75,873	2,720,803	2,019,139
Tax effects of:-			
Non-deductible expenses	70,978	165,827	642,859
Non-taxable income	-	(32,365)	(21,390)
Utilisation of deferred tax assets previously not recognised	-	(210,025)	-
Under provision of income tax expense in the previous financial year	12,670	38,588	628,586
Under/(Over) provision of deferred taxation in the previous financial year	3,138	(144,519)	(389,583)
	162,659	2,538,309	2,879,611

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

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25. EARNINGS PER SHARE

	2021 RM	2022 RM	2023 RM
Profit after taxation attributable to owners of the Company	153,477	8,798,373	5,533,469
Weighted average number of ordinary shares in issue	250,002	250,002	250,002
Basic earnings per share (sen)	61.39	3,519.32	2,213.37

The Group has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

26. DIVIDENDS

	2021		2022		2023	
	Gross dividend per share sen	Amount of dividend net of tax RM	Gross dividend per share sen	Amount of dividend net of tax RM	Gross dividend per share sen	Amount of dividend net of tax RM
Ordinary shares						
In respect of the financial year ended 31 December 2022						
- Second interim single-tier dividend	-	-	1,440	3,600,000	-	-
In respect of the financial year ended 31 December 2023/2022						
- First interim single-tier dividend	-	-	160	400,000	400	1,000,000
	-	-	1,600	4,000,000	400	1,000,000

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27. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property and equipment is as follows:-

	2021 RM	**2022** RM	**2023** RM
Cost of plant and equipment purchased (Note 4)	546,087	915,345	5,526,134
Amount financed through lease liabilities (Note 27(b))	(201,598)	-	-
	344,489	915,345	5,526,134

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27. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

	Term Loans RM	Lease Liabilities RM	Bankers' Acceptances RM	Total RM
2021				
At 1 January	5,655,916	199,267	5,930,000	11,785,183
Changes in Financing Cash Flows				
Proceeds from drawdown	-	-	8,800,000	8,800,000
Repayment of principal	(1,170,383)	(89,844)	(9,680,000)	(10,940,227)
Repayment of interests	(341,881)	(7,598)	(134,721)	(484,200)
	(1,512,264)	(97,442)	(1,014,721)	(2,624,427)
Non-cash Changes				
Acquisition of new leases	-	201,598	-	201,598
Interest expense recognised in profit or loss (Note 23)	341,881	7,598	134,721	484,200
	341,881	209,196	134,721	685,798
At 31 December	4,485,533	311,021	5,050,000	9,846,554

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27. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:- (Cont'd)

	Term Loans RM	Lease Liabilities RM	Bankers' Acceptances RM	Total RM
2022				
At 1 January	4,485,533	311,021	5,050,000	9,846,554
Changes in Financing Cash Flows				
Proceeds from drawdown	-	-	15,450,000	15,450,000
Repayment of principal	(1,346,341)	(118,238)	(15,500,000)	(16,964,579)
Repayment of interests	(169,023)	(12,774)	(343,380)	(525,177)
	(1,515,364)	(131,012)	(393,380)	(2,039,756)
Non-cash Changes				
Interest expense recognised in profit or loss (Note 23)	169,023	12,774	343,380	525,177
At 31 December	3,139,192	192,783	5,000,000	8,331,975

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27. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:- (Cont'd)

	Term Loans RM	Lease Liabilities RM	Bankers' Acceptances RM	Total RM
2023				
At 1 January	3,139,192	192,783	5,000,000	8,331,975
Changes in Financing Cash Flows				
Proceeds from drawdown	-	-	15,600,027	15,600,027
Repayment of principal	(1,231,170)	(131,939)	(15,700,021)	(17,063,130)
Repayment of interests	(125,190)	(6,862)	(219,966)	(352,018)
	(1,356,360)	(138,801)	(319,960)	(1,815,121)
Non-cash Changes				
Interest expense recognised in profit or loss (Note 23)	125,190	6,862	219,966	352,018
At 31 December	1,908,022	60,844	4,900,006	6,868,872

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27. CASH FLOW INFORMATION (CONT'D)

(c) The cash and cash equivalents comprise the following:-

	2021 RM	2022 RM	2023 RM
Fixed deposits with licensed banks	-	2,000,000	6,304,235
Cash and bank balances	4,590,971	8,088,216	6,080,234
Bank overdrafts (Note 20)	(1,317,247)	-	-
	3,273,724	10,088,216	12,384,469
Less: Fixed deposit with tenure of more than 3 months	-	-	(304,235)
	3,273,724	10,088,216	12,080,234

28. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group include executive directors of the Group and certain members of senior management of the Group.

The key management personnel compensation during the financial year are as follows:-

	2021 RM	2022 RM	2023 RM
Directors			
Short-term employee benefits:			
- fees	30,000	30,000	27,500
- salaries, bonuses and other benefits	676,174	700,897	812,247
- defined contribution benefits	80,280	82,739	96,120
	786,454	813,636	935,867
Other Key Management Personnel			
Short-term employee benefits	355,054	416,619	484,997
Defined contribution benefits	38,607	49,197	60,616
	393,661	465,816	545,613

The estimated monetary value of benefit-in-kind provided by the Group to its directors was RM12,568 (2022 - RM19,998; 2021 - RM43,045).

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29. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control.

In addition to the information detailed elsewhere in the combined financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the combined financial statements, the Group also carried out the following transactions with the related parties during the financial year:-

	2021 RM	2022 RM	2023 RM
Advances to related parties	8,330	313,961	12,449
Repayment from related parties	(287)	(306,227)	(42,679)
Labour supplied payment to a related party	206,401	71,641	-
Labour supplied charges from a related party	(242,496)	-	-
Loan to a director	-	240,000	-
Repayment from a director	-	(240,000)	-

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the combined financial statements.

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties.

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30. OPERATING SEGMENTS

30.1 BUSINESS SEGMENT AND GEOGRAPHICAL INFORMATION

The Group operates predominantly in one business segment in Malaysia. Accordingly, the information by business and geographical segments is not presented.

30.2 MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of the Group's total revenue:-

	2021 RM	**2022** RM	**2023** RM	**Segment**
Customer A	13,523,278	30,150,288	36,967,095	Malaysia
Customer B	9,627,965	23,688,258	18,350,600	Malaysia
Customer C	14,359,904	22,490,647	11,393,611	Malaysia
Customer D	7,267,616	21,306,008	30,016,201	Malaysia

31. CAPITAL COMMITMENTS

	2021 RM	**2022** RM	**2023** RM
Purchase of office equipment and furniture	-	-	816,000
Renovation	-	-	55,000
	-	-	871,000

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32. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

32.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate receivables and borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period are disclosed in Notes 14, 19 and 20 to the financial statements.

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	2021	**2022**	**2023**
	RM	RM	RM
Effects on Profit After Taxation			
Increase of 100 basis points	(82,481)	(61,858)	(51,741)
Decrease of 100 basis points	82,481	61,858	51,741

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32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 60 days, which are deemed to have higher credit risk, are monitored individually.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 3 (2022 - 3; 2021 - 3) customers which constituted approximately 82% (2022 - 81%; 2021 - 72%) of its trade receivables at the end of the reporting period.

(ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the combined statements of financial position of the Group after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

The Group has an informal credit policy in place and the exposure to credit risk is monitored on an ongoing basis through periodic review of the ageing of the trade receivables. The Group closely monitors the trade receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group assesses whether any of the financial assets at amortised cost and contract assets are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

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32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over a year of 12 months (2022 - 12 months; 2021 - 12 months) and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables is summarised below:-

	Gross Amount RM	Individual Impairment RM	Carrying Amount RM
2021			
Current (not past due)	6,628,218	-	6,628,218
Past due:			
- less than 3 months	4,795,524	-	4,795,524
- more than 3 months	68,409	-	68,409
- more than 6 months	4,810	-	4,810
- more than 1 year	235,861	-	235,861
	11,732,822	-	11,732,822

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32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables is summarised below:- (Cont'd)

2022			
Current (not past due)	9,539,718	-	9,539,718
Past due:			
- less than 3 months	8,661,317	-	8,661,317
- more than 3 months	5,065	-	5,065
- more than 6 months	-	-	-
- more than 1 year	368,901	(368,901)	-
	18,575,001	(368,901)	18,206,100
2023			
Current (not past due)	9,030,092	-	9,030,092
Past due:			
- less than 3 months	3,649,812	-	3,649,812
- more than 3 months	-	-	-
- more than 6 months	-	-	-
- more than 1 year	-	-	-
	12,679,904	-	12,679,904

The movement in the loss allowances in respect of trade receivables is disclosed in Note 7 to the financial statements.

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32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables and Amount Owing by Related Parties

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables and amount owing by related parties.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

Allowance for Impairment Losses

No expected credit loss is recognised on other receivables and amount owing by related parties as they are negligible.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

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32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
2021						
Non-derivative Financial Liabilities						
Lease liabilities	4.52 - 6.29	311,021	340,249	130,492	209,757	-
Term loans	3.50 - 5.42	4,485,533	4,792,286	1,426,204	3,366,082	-
Bankers' acceptances	3.77 - 5.42	5,050,000	5,050,000	5,050,000	-	-
Bank overdrafts	6.67 - 6.92	1,317,247	1,317,247	1,317,247	-	-
Trade payables	-	10,627,492	10,627,492	10,627,492	-	-
Other payables and accruals	-	2,100,438	2,100,438	2,100,438	-	-
Amount owing to directors	-	1,404	1,404	1,404	-	-
		23,893,135	24,229,116	20,653,277	3,575,839	-

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32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
2022						
Non-derivative Financial Liabilities						
Lease liabilities	4.52 - 6.29	192,783	209,480	78,664	130,816	-
Term loans	3.50 - 6.42	3,139,192	3,324,785	1,353,093	1,971,692	-
Bankers' acceptances	4.29 - 5.04	5,000,000	5,000,000	5,000,000	-	-
Trade payables	-	15,011,244	15,011,244	15,011,244	-	-
Other payables and accruals	-	3,781,801	3,781,801	3,781,801	-	-
		27,125,020	27,327,310	25,224,802	2,102,508	-

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32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
2023						
Non-derivative Financial Liabilities						
Lease liabilities	4.16 - 5.71	60,844	66,312	22,116	44,196	-
Term loans	3.50 - 5.82	1,908,022	1,974,729	1,318,986	655,743	-
Bankers' acceptances	3.70 - 5.14	4,900,006	4,900,006	4,900,006	-	-
Trade payables	-	12,724,676	12,724,676	12,724,676	-	-
Other payables and accruals	-	5,472,806	5,472,806	5,472,806	-	-
		25,066,354	25,138,529	24,438,590	699,939	-

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32. FINANCIAL INSTRUMENTS (CONT'D)

32.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	2021	**2022**	**2023**
	RM	RM	RM
Lease liabilities	311,021	192,783	60,844
Term loans	4,485,533	3,139,192	1,908,022
Bankers' acceptances	5,050,000	5,000,000	4,900,006
Bank overdrafts	1,317,247	-	-
	11,163,801	8,331,975	6,868,872
Less: Fixed deposits with licensed banks	-	(2,000,000)	(6,304,235)
Less: Cash and bank balances	(4,590,971)	(8,088,216)	(6,080,234)
Net debt	6,572,830	(1,756,241)	(5,515,597)
Total equity	23,294,976	28,093,349	32,626,818
Debt-to-equity ratio	0.28	N/A	N/A

There was no change in the Group's approach to capital management during the financial year.

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32. FINANCIAL INSTRUMENTS (CONT'D)

32.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2021 RM	2022 RM	2023 RM
Financial Assets			
Amortised Cost			
Trade receivables	11,732,822	18,206,100	12,679,904
Other receivables and deposits	209,853	169,117	329,853
Amount owing by related parties	22,497	30,231	-
Fixed deposits with licensed banks	-	2,000,000	6,304,235
Cash and bank balances	4,590,971	8,088,216	6,080,234
	16,556,143	28,493,664	25,394,226
Financial Liabilities			
Amortised Cost			
Lease liabilities	311,021	192,783	60,844
Term loans	4,485,533	3,139,192	1,908,022
Bankers' acceptances	5,050,000	5,000,000	4,900,006
Bank overdrafts	1,317,247	-	-
Trade payables	10,627,492	15,011,244	12,724,676
Other payables and accruals	2,100,438	3,781,801	5,472,806
Amount owing to directors	1,404	-	-
	23,893,135	27,125,020	25,066,354

32.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	2021 RM	2022 RM	2023 RM
Financial Assets			
Amortised Cost			
Net (losses)/gains recognised in profit or loss	-	(368,901)	260,083
Financial Liabilities			
Amortised Cost			
Net losses recognised in profit or loss	(597,893)	(584,403)	(355,500)

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32. FINANCIAL INSTRUMENTS (CONT'D)

32.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

As the Group does not have any financial instruments carried at fair value, the following table sets out only the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM
2021					
Financial Liabilities					
Bank overdrafts	-	1,317,247	-	1,317,247	1,317,247
Bankers' acceptances	-	5,050,000	-	5,050,000	5,050,000
Lease liabilities	-	311,021	-	311,021	311,021
Term loans	-	4,485,533	-	4,485,533	4,485,533
2022					
Financial Liabilities					
Bankers' acceptances	-	5,000,000	-	5,000,000	5,000,000
Lease liabilities	-	192,783	-	192,783	192,783
Term loans	-	3,139,192	-	3,139,192	3,139,192
2023					
Financial Liabilities					
Bankers' acceptances	-	4,900,006	-	4,900,006	4,900,006
Lease liabilities	-	60,844	-	60,844	60,844
Term loans	-	1,908,022	-	1,908,022	1,908,022

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32. FINANCIAL INSTRUMENTS (CONT'D)

32.5 FAIR VALUE INFORMATION (CONT'D)

Fair Value of Financial Instruments Not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

(i) The fair value of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

(ii) The fair value of hire purchase payables, bankers' acceptances and trade financing that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	2021	**2022**	**2023**
	RM	RM	RM
	%	%	%
Bank overdrafts	6.67 - 6.92	-	-
Bankers' acceptances	3.77 - 5.42	4.29 - 5.04	3.70 - 5.14
Lease liabilities	4.52 - 6.29	4.52 - 6.29	4.16 - 5.71
Term loans	3.50 - 5.42	3.50 - 6.42	3.50 - 5.82

33. SIGNIFICANT EVENTS OCCURING DURING AND AFTER THE REPORTING PERIOD

On 28 December 2023, the directors of Automev Global Sdn Bhd ("AGSB") namely See Hui Pvng, See Hui Shi and Tiu Kuang Hong entered into a Share Sale Agreement with KHPT Holdings Berhad ("KHPT") for the sale of 250,000 ordinary shares, representing 100% of the total issued share capital of the Company for a total purchase consideration of RM31,724,148.

Subsequently on 8 January 2024, KHPT acquired 250,000 ordinary shares of AGSB, representing 100% of the total issued share capital of AGSB by the issuance of 293,742,111 new ordinary shares at RM0.108 per share amounting to RM31,724,148. AGSB became a wholly owned subsidiary of KHPT.

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STATEMENT BY DIRECTORS

We, See Hui Pvng and Hideki Nomura, being two of the directors of KHPT Holdings Berhad, state that, in the opinion of the directors, the combined financial statements set out on pages 4 to 64 are drawn up in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the Prospectus Guidelines issued by the Securities Commission Malaysia so as to give a true and fair view of the financial position of KHPT Holdings Berhad and its combined entities (collectively known as the "Group") as of 31 December 2021, 2022 and 2023 and of their financial performance and cash flows for each of the financial years ended.

Signed in accordance with a resolution of the directors dated 13 MAR 2024

See Hui Pvng

H-Nomura

Hideki Nomura

14. ADDITIONAL INFORMATION

14.1 EXTRACT OF OUR CONSTITUTION

The following provisions are extracted from our Company's Constitution and are qualified in its entirety by the provisions of our Constitution and by applicable law.

The words and expressions appearing in the following provisions shall bear the same meanings used in our Company's Constitution unless they are otherwise defined or the context otherwise requires.

14.1.1 Remuneration of Directors

The provision in our Constitution dealing with remuneration of Directors are as follows:

Clause 111

The fees and any benefits payable to the Directors of the Company and its subsidiaries including any compensation for loss of employment of Director or former Director shall from time to time be determined by the Company in general meeting and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine PROVIDED ALWAYS that:

(a) fee payable to Non-Executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover and which shall not exceed the amount approved by shareholders in general meeting;

(b) remuneration and other emoluments (including salary, bonus, benefits or any other elements) payable to Executive Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover. Nothing herein shall prejudice the powers of the Directors to appoint any of their members to be the employee or agent of the Company at such remuneration and upon such terms as they think fit provided that such remuneration shall not include commission on or percentage of turnover;

(c) fees of Directors and any benefits payable to Directors shall be subject to annual approval at a general meeting;

(d) any fee paid to an alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter; and

(e) the monetary fees and/or benefits payable to Non-Executive Directors of the Company, including those who are also Director of the subsidiaries includes fees, meeting allowances, travelling allowances, benefits, gratuity and compensation for loss of employment of Director or former Director of the Company provided by the Company and subsidiaries, but does not include insurance premium or any issue of securities.

Clause 112

(1) The Directors shall be paid or reimbursed for all their travelling, hotel and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending meetings of the Directors or any committee of the Directors or general meetings or otherwise.

(2) If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board provided that in the case of Non-Executive Directors, the said remuneration shall not include a commission on or percentage of profits or turnover. In the case of an Executive Director, such fee may be either in addition to or in substitution for his share in the fee from time to time provided for the Directors.

Clause 146

The remuneration of the Directors appointed to an executive position pursuant to this Constitution shall, subject to Clause 111, be fixed by the Board and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but such remuneration shall not include a commission on or percentage of turnover but it may be a term of their appointment that they shall receive pension, gratuity or other benefits upon their retirement. The remuneration of the Director(s) appointed to an executive position under Clause 145 shall be determined by the Board or any committee authorised by the Board and can either be in addition to or in lieu of his/their fees as a Director.

14.1.2 Voting and Borrowing Powers of Directors

The provisions in our Company's Constitution in respect of the voting and borrowing powers of Directors, including voting powers on contracts or arrangements in which they are interested in, are as follows:

Clause 116

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or subsidiary company or associate company or any related third party subject to the law including but not limited to the provisions of the Act and the Listing Requirements, as they may think fit.

Clause 117

The Directors shall not borrow any money or mortgage or charge any of the Company's or its subsidiaries' undertaking, property or uncalled capital, or issue debentures or other securities, whether outright or as security, for any debt, liability or obligation of an unrelated third party.

Clause 136

Subject to this Constitution, any question arising at any meeting of Directors shall be decided by a majority of votes and a determination by a majority of Directors shall for all purposes be deemed a determination of the Directors. In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote. The Chairman of the meeting shall however not have a second or casting vote where two (2) Directors form a quorum and only such a quorum is present at the meeting or only two (2) Directors are competent to vote on the question at issue. A Director present at a meeting of the Directors is presumed to have agreed to, and to have voted in favour of, a resolution of the Directors unless he expressly dissents from or votes to object against the resolution at the meeting.

Clause 140

A Director shall not participate in any discussion or vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest (and if he shall do so his vote shall not be counted).

Clause 142

A Director may vote in respect of:

(a) any arrangement for giving the Director himself or any other Directors any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; and

(b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part, under a guarantee or indemnity or by the deposit of a security.

14.1.3 Changes in capital or variation of class right

The provisions in our Company's Constitution in respect of the changes in capital and variation of class rights, which are no less stringent than those required by law, are as follows:

(i) Change in capital

Clause 62

The Company may from time to time, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and (subject to any special, limited or conditional voting rights for the time being attached to any existing class of shares) to carry such preferential rights or to be subjected to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company may, by the resolution authorising such increase, directs.

Clause 65

The Company may by ordinary resolution:

(a) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the shares from which the subdivided share is derived; or

(b) convert all or any of its paid-up shares into stock and may reconvert that stock into paid-up shares; or

(c) subdivide its share capital or any part thereof, whatever is in the subdivision, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the shares from which the subdivided share is derived; or

(d) cancel any shares which at the date of the passing of the resolution which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

Clause 66

Subject to the provisions of the Act and the requirements of the Exchange and such other relevant law, regulation or guideline, the Company may, with the sanction of an ordinary resolution, to the fullest extent permitted, to purchase its own shares and/or provide financial assistance to any person for the purpose of purchasing its own shares. Any shares in the Company so purchased by the Company and/or any person shall be dealt with in accordance with the Act, the requirements of the Exchange and/or any other relevant authority.

Clause 67

The Company may reduce its share capital by:

(a) a special resolution and confirmation by the Court in accordance with Section 116 of the Act; or

(b) a special resolution supported by a solvency statement in accordance with Section 117 of the Act.

(ii) Variation of class right

Clause 15

Subject to the provisions of Sections 71 and 91 of the Act, if at any time the share capital is divided into different classes of shares, the rights attached to shares in any class of shares (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with:

(a) a special resolution passed at a separate meeting of the shareholders of that class; or

(b) Where necessary majority of such a special resolution is not obtained at the meeting, consent in writing if obtained from the holders of not less than seventy-five per centum (75%) of the total voting rights of the shareholders of that class within two (2) months of the meeting,

shall be as valid and effectual as a special resolution carried at the meeting. To every such separate general meeting, the provisions of this Constitution relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two (2) persons who are shareholders present in person or represented by proxy holding at least one-third (1/3) of the number of issued shares of the class, excluding any shares of that class held as treasury shares and that any holder of shares of the class present in person or by proxy may demand a poll. For adjourned meeting, quorum is one person present holding shares of such class. To every such special resolution, the provisions of Section 292 of the Act shall with such adaptations as are necessary, apply.

14.1.4 Transfer of securities

The provision in our Constitution dealing in respect of the transfer of securities of our Company are as follows:

Clause 36

The instrument of transfer of any securities lodged with the Company shall be in writing and in the form approved in the Rules and shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain the holder of the securities until the name of the transferee is entered in the Record of Depositors in respect thereof. The transfer of any listed securities or class of listed securities of the Company, shall be made by way of book entry by the Bursa Depository in accordance with the Rules and, notwithstanding Sections 105, 106 and 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such listed securities.

Clause 37

Subject to the Rules and Listing Requirements, the transfer of any securities may be suspended at such times and for such periods as the Directors may from time to time determine. At least ten (10) Market Days' notice, or such other period as may from time to time be specified by the Exchange governing the Register concerned, of intention to close the Register shall be given to the Exchange. At least three (3) Market Days' prior notice shall be given to the Bursa Depository to prepare the appropriate Record of Depositors.

Clause 38

The Bursa Depository may, in its absolute discretion, refuse to register any transfer of Deposited Security that does not comply with the Central Depositories Act and the Rules. No securities shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

Clause 39

Subject to the provisions of this Constitution, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person.

Clause 40

Subject to any law in Malaysia for the time being in force, neither the Company nor the Directors nor any of its officers shall incur any liability for the act of the Bursa Depository in registering or acting upon a transfer of securities apparently made by a member or any person entitled to the securities by reason of death, bankruptcy or insanity of a member although the same may, by reason of any fraud or other causes not known to the Company or the Directors or the Bursa Depository or other officers, be legally inoperative or insufficient to pass the property in the securities proposed or professed to be transferred, and although the transfer may, as between the transferor and the transferee, be liable to be set aside and notwithstanding that the Company may have notice that such instrument or transfer was signed or executed and delivered by the transferor in the blank as to the name of the transferee, of the particulars of the securities transferred or otherwise in defective manner. And in every case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such securities and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

14.1.5 Rights, preferences and restrictions attached to each class of shares relating to voting, dividend, liquidation and any special rights

The provisions in our Constitution in respect of the rights, preferences and restrictions attached to each class of shares relating to voting, dividend, liquidation and any special rights are as follows:

Clause 13

Subject to the Act, any preference shares may with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed. The Company shall have the power to issue preference capital ranking equally with, or in priority to, preference shares already issued. Preference shareholders shall have the same rights as ordinary shareholders as regards to receiving notices, reports and audited financial statements and attending meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the share capital or winding up or during the winding up of the Company, or on a proposal for the disposal of the whole of the Company's property, business and undertaking, or where any resolution to be submitted to the meeting directly affects their rights and/or privileges attached to the shares, or when the dividend or part of the dividend on the preference shares is in arrears for more than six (6) months.

Clause 14

Notwithstanding Clause 13, the repayment of preference share capital other than redeemable preference capital or any other alteration of preference shareholders' rights, may only be made pursuant to a special resolution of the preference shareholders concerned PROVIDED ALWAYS that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing, if obtained from not less than seventy-five per centum (75%) of the total voting rights of the preference shareholders within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

Clause 60

The holders of stock shall, according to the amount of the stock held by them have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose, but no such right, privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by any such part of stock as it would not, if existing in shares, have conferred that right, privilege or advantage.

Clause 84

Subject to the Listing Requirements, any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting shall be voted by poll. Notwithstanding the above, poll may be demanded in writing:

(a) by the Chairman of the meeting; or

(b) by at least three (3) members present in person or by proxy or by attorney or in the case of a corporation by a representative and entitled to vote thereat; or

(c) by any member or members present in person or by proxy or by attorney or in the case of a corporation by a representative and representing not less than ten per centum (10%) of the total voting rights of all the members having the right to vote at the meeting, excluding any voting rights attached to shares in the Company held as treasury shares; or

(d) by a member or members present in person or by proxy or by attorney or in the case of a corporation by a representative holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid-up equal to not less than ten per centum (10%) of the total sum paid-up on all the shares conferring that right, excluding any voting rights attached to shares in the Company held as treasury shares.

Unless a poll is so demanded in accordance with the foregoing provision, a declaration by the Chairman of the meeting that a resolution has been carried or has not been carried by a particular majority or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company pursuant to Section 343 of the Act, shall be conclusive evidence of the fact without proof of the number of proportion of the validity of the votes recorded in favour of or against the resolution.

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Clause 87

Subject to any rights or restrictions for the time being attached to any class of shares at meetings of members or classes of members and Clause 74, Clause 75 and Clause 76 above, each member shall be entitled to be present and to vote at any general meeting in respect of any share or shares of which he is the registered holder and upon which all calls due to the Company have been paid, and may vote in person or by proxy or by attorney or by duly authorised representative for a corporation, and on a resolution to be decided on a show of hands, each holder of an ordinary share, and each holder of a preference share who has a right to vote, shall be entitled to one (1) vote and on a poll, every such member present in person or by proxy or attorney or representative for a corporation shall have one (1) vote for each share he holds. A proxy shall be entitled to vote on a show of hands or on a poll, on any question, at any general meeting. In a voting by poll, each proxy shall be entitled to such number of votes equal to the proportion of the member's shareholdings represented by such proxy. A proxy may only vote as directed in the proxy form. However, if the appointor or representative attend and vote on a resolution, the proxy or attorney must not vote.

Clause 88

Where the capital of the Company consists of shares of different monetary denominations, voting rights shall be prescribed in such a manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right is exercisable.

Clause 180

Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect of which the dividend is paid, but no amount paid or credited as paid on a share in advance of call shall be treated for the purposes of this Constitution as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

Clause 194

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members in specie the whole or any part of the assets of the Company (whether they consist of property of the same kind or not) and may for that purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of any such assets in trustees upon such trusts for the benefit of the members as he with the like sanction determines, but no member shall be compelled to accept any shares or other securities whereon there is any liability.

14.2 SHARE CAPITAL

(a) As at the date of this Prospectus, we only have 1 class of shares namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.

(b) None of our Group's capital is under any option or agreed conditionally or unconditionally to be put under any option as at the date of this Prospectus.

(c) No person has been or is entitled to be given an option to subscribe for any share, stock, debenture or other security of our Group, except for the Pink Form Allocation.

(d) As at the date of this Prospectus, there is no scheme involving our Directors and employees in the share capital of our Group, except for the Pink Form Allocation.

(e) As at the date of this Prospectus, save as disclosed in Sections 4.3.1 and 6.2 of this Prospectus, there is no shares, outstanding warrants, options, convertible securities or uncalled capital of our Group which have been or are proposed to be issued as fully or partly paid-up, in cash or otherwise than in cash, within the 2 years preceding the date of this Prospectus.

(f) As at the date of this Prospectus, our Group does not have any outstanding convertible debt securities, options, warrants or uncalled capital.

(g) Save as disclosed in this Prospectus, no securities will be allotted or issued on the basis of this Prospectus later than 6 months after the date of issue of this Prospectus.

(h) Save as disclosed in this Prospectus and save as provided under our Constitution and the Act, there are no other restrictions upon the holding or voting or transfer of our Shares.

14.3 DEPOSITED SECURITIES AND RIGHTS OF DEPOSITORS

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his Shares with Bursa Depository on or before the date fixed, failing which our Share Registrar will be required to transfer his Shares to the Minister of Finance, Inc. and such Shares may not be traded on Bursa Securities.

Dealing in our Shares deposited with Bursa Depository may only be affected by a Depositor by means of entries in the securities account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares will be deemed to be a shareholder of our Company and will be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

14.4 LIMITATION ON THE RIGHT TO OWN SECURITIES

Subject to Section 14.3 above, there is no limitation on the right to own our Shares, including any limitation on the right of a non-resident or non-Malaysian shareholder to hold or exercise voting rights on our Shares which is imposed by Malaysian law or by our Constitution.

14.5 MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, we are not engaged in and do not know of any material litigation, claim and/or arbitration, either as plaintiff or defendant, which has a material effect on our financial position, and our Directors confirm that there are no proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect our financial position or business.

14.6 MATERIAL CONTRACTS

Save as disclosed below, we have not entered into any contracts which are material (not being contracts entered into in the ordinary course of business) within the period covered by the Financial Years Under Review as disclosed in this Prospectus up to the date of this Prospectus:

(a) The sale and purchase agreement dated 1 August 2023 between AGSB (as vendor) and Chan Fook Long (as purchaser) for the sale of Lot 2625 for a total consideration of RM3,780,000. The transaction was completed on 31 January 2024;

(b) The share sale and purchase agreement between Datin Eloise, Ivy See, Tiu Kuang Hong (collectively as vendors) and the Company (as purchaser) dated 28 December 2023 for the Acquisition. The Acquisition was completed on 7 February 2024; and

(c) The Underwriting Agreement dated [●] entered into between our Company and KAF for the underwriting of 30,179,100 IPO Shares as set out in Section 4.3.3 of this Prospectus. Please refer to Section 4.9 of this Prospectus for the salient terms of the Underwriting Agreement.

14.7 CONSENTS

(a) The written consents of Principal Adviser, Sponsor, Underwriter and Placement Agent, Legal Advisers, Share Registrar, Issuing House and Company Secretaries for the inclusion in this Prospectus of their names in the form and context in which their names appear in this Prospectus have been given before the issue of this Prospectus, and have not subsequently been withdrawn.

(b) The written consent of the Reporting Accountants for the inclusion in this Prospectus of their name, the Accountants' Report and the Reporting Accountants' Report on the Compilation of the Pro Forma Statements of Financial Position as at 31 December 2023 in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus, and has not subsequently been withdrawn.

(c) The written consent of the IMR for the inclusion in this Prospectus of its name and IMR Report in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus, and has not subsequently been withdrawn.

14.8 RESPONSIBILITY STATEMENTS

(a) The Principal Adviser acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts relating to our IPO.

(b) This Prospectus has been seen and approved by our Directors and Promoters and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

14.9 DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at our registered office during office hours for a period of 6 months from the date of this Prospectus:

(a) our Constitution;

(b) the Industry Overview referred to in Section 8 of this Prospectus;

(c) audited financial statements of our Company for each of the 3 financial years under the Financial Years Under Review;

(d) audited financial statements of AGSB for each of the 3 financial years under the Financial Years Under Review;

(e) Reporting Accountants' Report on the Compilation of the Pro Forma Statements of Financial Position as included in Section 12.18 of this Prospectus;

(f) Accountants' Report as included in Section 13 of this Prospectus;

(g) the material contracts referred to in Section 14.6 of this Prospectus; and

(h) the letters of consent referred to in Section 14.7 of this Prospectus.

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15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC COPY OF THIS PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT OUR ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in this Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

15.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., [●]

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., [●]

Applications for the IPO Shares will open and close at the time and dates stated above.

In the event there is any change to the time and dates stated above, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspapers in Malaysia, and make an announcement on Bursa Securities' website.

Late Applications will not be accepted.

15.2 METHODS OF APPLICATIONS

15.2.1 Application by the Malaysian Public and Eligible Persons

Application must accord with this Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

No.	Types of Application and category of investors	Application method
(a)	Applications by Malaysian Public:	
	(i) Individuals	▪ **WHITE** Application Form; or ▪ Electronic Share Application; or ▪ Internet Share Application
	(ii) Non-Individuals	▪ **WHITE** Application Form only
(b)	Applications by Eligible Persons	▪ **PINK** Application Form only

15.2.2 Application by selected investors via private placement

No.	Types of Application	Application method
(a)	Applications by selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.

15.3 ELIGIBILITY

15.3.1 General

You must have a CDS Account and a correspondence address in Malaysia. If you do not have a CDS Account, you may open a CDS Account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of this Prospectus on the website of Bursa Securities. The CDS Account must be in your own name. **Invalid, nominee or third party CDS Accounts** will not be accepted for the Applications.

Only **ONE** Application Form for each category from each Applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

AN APPLICANT WHO WISHES TO APPLY FOR IPO SHARES OFFERED TO THE MALAYSIAN PUBLIC USING A JOINT BANK ACCOUNT SHOULD COMMUNICATE WITH THE FINANCIAL INSTITUTION IN CHARGE OF IPO APPLICATION TO PROVIDE THE MATCHING NAME IN THE JOINT BANK ACCOUNT AGAINST HIS/ HER CDS ACCOUNT TO THE ISSUING HOUSE. THIS IS TO ENSURE THAT THE ISSUNG HOUSE RECEIVES THE IPO APPLICATION WHERE THE NAME IN THE JOINT BANK ACCOUNT MATCHES AGAINST THE NAME IN THE CDS ACCOUNT AND TO MINIMIZE THE INCIDENT OF REJECTED IPO APPLICATION DUE TO "CDS ACCOUNT BELONGS TO OTHER PERSON". OUR COMPANY, PRINCIPAL ADVISER AND ISSUING HOUSE ARE NOT RESPONSIBLE FOR ANY ISSUE ARISING THEREAFTER

15.3.2 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfil all of the following:

(a) You must be one of the following:

   (i) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or

   (ii) a corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or

   (iii) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

(b) You must not be a director or employee of our Issuing House or an immediate family member of a director or employee of our Issuing House; and

(c) You must submit Applications by using only one of the following methods:

(i) White Application Form;

(ii) Electronic Share Application; or

(iii) Internet Share Application.

15.3.3 Application by Eligible Persons

The Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation, as well as detailed procedures on how to subscribe to the allocated Issue Shares. The Eligible Persons must follow the notes and instructions in those documents and where relevant, of our Prospectus.

15.4 PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of this Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM[●] for each IPO Share.

Payment must be made out in favour of **"MIH SHARE ISSUE ACCOUNT NO. [●]"** and crossed **"A/C PAYEE ONLY"** and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

(a) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Malaysian Issuing House Sdn Bhd
(Registration No. 199301003608 (258345-X))
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

or

P.O. Box 00010
Pejabat Pos Jalan Sultan
46700 Petaling Jaya
Selangor Darul Ehsan

(b) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at the front portion of Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan,

so as to arrive not later than 5.00 p.m. on [●] or by such other time and date specified in any change to the date and time for closing.

We, together with our Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to our Issuing House.

15.5 PROCEDURES FOR APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

15.6 PROCEDURES FOR APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS International Securities Malaysia Sdn Bhd, Malayan Banking Berhad and Public Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

15.7 AUTHORITY OF OUR BOARD AND OUR ISSUING HOUSE

Our Issuing House, on the authority of our Board reserves the right to:

(a) reject Applications which:

- (i) do not conform to the instructions of this Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
- (ii) are illegible, incomplete or inaccurate; or
- (iii) are accompanied by an improperly drawn up, or improper form of, remittance; or

(b) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(c) bank in all Application monies (including those from unsuccessful / partially successful Applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 15.9 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of our Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

15.8 OVER / UNDER-SUBSCRIPTION

In the event of over-subscription, our Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of Applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis and results of allocation of our IPO Shares derived from successful balloting will be made available to the public at the Issuing House's website at www.mih.com.my within 1 market day after the balloting event.

Pursuant to the Listing Requirements we are required to have a minimum of 25% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest or any share of revenue or benefits arising therefrom) and if such monies are not returned in full within 14 days after our Company becomes liable to do so, the provision of Section 243(2) of the CMSA shall apply accordingly.

In the event of an under-subscription of our Issue Shares by the Malaysian Public and / or Eligible Persons, subject to the reallocation provisions as set out in Section 4.3.3 of this Prospectus, any of the abovementioned Issue Shares not subscribed for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

15.9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

15.9.1 For applications by way of Application Forms

(a) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful Applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful Applications) within 10 Market Days from the date of the final ballot at your own risk.

(b) If your Application is rejected because you did not provide a CDS Account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

(c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by our Issuing House as per items (a) and (b) above (as the case may be).

(d) Our Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful Applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (b) above (as the case may be).

15.9.2 For applications by way of Electronic Share Application and Internet Share Application

(a) Our Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from our Issuing House.

(b) You may check your account on the 5th Market Day from the balloting date.

(c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by our Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institutions or Internet Participating Financial Institutions will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institutions or Internet Participating Financial Institutions will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from our Issuing House.

15.10 SUCCESSFUL APPLICANTS

If you are successful in your Application:

(a) Our IPO Shares allotted to you will be credited into your CDS account.

(b) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

(c) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as securities to be deposited in the CDS subject to the provision of the SICDA and the Rules of Bursa Depository. As such, our IPO Shares offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.

(d) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS Accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

15.11 ENQUIRIES

Enquiries in respect of the Applications may be directed as follows:

Mode of Application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services at telephone no. (03) 7890 4700
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of shares derived from successful balloting will be made available to the public at our Issuing House website at www.mih.com.my, 1 Market Day after the balloting date.

You may also check the status of your Application at the above website, 5 Market Days after the balloting date or by calling your respective ADA during office hours at the telephone number as set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of this Prospectus on the website of Bursa Securities.

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